# Tax report 2020

17 November 2021

# About this report

This report builds on our first tax report published in 2020. It provides detailed information about how we approach tax matters and the tax payments we make.

It is an account of our business in 2020 and includes data for the year ended 31 December 2020.

## Preparing this report

We have continued to engage in conversations with our stakeholders, including communities, investors, civil society organizations, policy makers and global tax experts. This dialogue helps build understanding about our contribution to economic development and role in society, as well as the rigour of our tax practices.

We believe transparent reporting about our tax payments can enable more meaningful engagement with our stakeholders about the energy transition. And we can begin to help them assess the financial resources available and the potential tax implications of a government's strategic and energy policy decisions related to the transition.

To help us improve on our previous report, we listened to feedback from our stakeholders and worked with different expert individuals and groups to help ensure the information we provide about our tax matters is useful, improves understanding of our activities and deepens trust in bp.

We also referred to different frameworks and standards:

- The B Team's seven responsible tax principles, which we have adopted in full.
- The GRI global standard for public reporting on tax.
- The International Business Council of the World Economic Forum – stakeholder capitalism metrics.
- Our commitment to the Extractive Industries Transparency Initiative.

And we have been monitoring developments in the public country by country report debate in the EU.

We have included details of the taxes we pay directly to governments on our own behalf, along with those we collect and pay to governments on behalf of others, on page 20. We also include data from our OECD country by country report★ for the countries where we have a taxable presence, including our corporate tax payments, see page 25.

We asked Deloitte to assure the data relating to our taxes paid and collected in this report, their statement is on page 52.

## New content

In response to stakeholder feedback on our previous report we have:

- Adapted our disclosures on low tax jurisdictions to include details of our activities in countries where the statutory tax rate is less than 15%. For more information see page 50.
- Explained how the tax information contained in this report and that in the bp Annual Report 2020 relate to each other on page 23.
- Made data from our country by country report available in excel format online.

★ See Glossary on page 51.

# Contents


| | |
|---|---|
| **Introduction** | **2** |
| Introduction from our chief financial officer | 3 |
| About bp | 4 |
| The impact of the COVID-19 pandemic | 5 |
| Our strategy and business model | 6 |
| Tax in our business model | 7 |
| How tax fits into our sustainability frame | 8 |
| **Our responsible tax principles** | **9** |
| Our responsible tax principles | 10 |
| Our responsible tax principles in action | 11 |
| **Our total tax contribution** | **19** |
| Our total tax contribution overview | 20 |
| Our total tax contribution explained | 21 |
| Country tax contributions | 22 |
| Reconciliation of our total tax contribution to the bp Annual Report 2020 | 23 |
| **Country by country report** | **25** |
| Country by country report | 26 |
| Country by country report: reconciliation to the bp Annual Report 2020 | 32 |
| **Country analysis** | **33** |
| Country analysis | 34 |
| **Other information** | **49** |
| Low tax jurisdictions | 50 |
| Glossary | 51 |
| Assurance statement | 52 |


### How to navigate this report

- Another page of this report
- A website
- Download another document
- Read more in another document
- Definitions in the glossary, page 51

# Introduction

## What's in this chapter:


Introduction from our chief financial officer 3

About bp 4

The impact of the COVID-19 pandemic 5

Our strategy and business model 6

Tax in our business model 7

How tax fits into our sustainability frame 8


Thunder Horse, bp's largest platform in the Gulf of Mexico, is located 240km southeast of New Orleans.

# Introduction from our chief financial officer

We are well into the second year of our transformation from an international oil company (IOC) to an integrated energy company (IEC), and our aim to be recognized as an industry leader for the transparency of our reporting is core to that, so I'm pleased to introduce our second annual tax report.

The report is dedicated to sharing a comprehensive overview of how our tax activities and contributions are supporting our transformation. By way of introduction to this year's report, I would like to highlight three things.

First, as you might expect, bp – like so many other businesses – was hit hard by the pandemic and our tax contributions were therefore lower in 2020 than in 2019. However, we believe they are still substantial at $34.8 billion (2019 $42.9 billion). That is made up of $5.1 billion in direct taxes★, royalties, employee taxes and indirect taxes★ we paid to governments globally and $29.7 billion we collected and paid to governments on behalf of others, such as our customers, suppliers, and employees.

Second, 2020 was also the year we launched our sustainability frame to underpin our strategy. This is relevant to our tax activities where the frame connects our business activities with the needs of society and the environment.

This includes the significant tax contributions we make, which provide governments with financial resources to support their communities, and our advocacy for well-designed tax policies that attract investment and support the energy transition.

And third, I hope you agree we have enhanced this year's report compared to the last one. We asked for your feedback on the 2019 report and you responded constructively – thank you. We have made some changes in response, including adapting our disclosures around low tax jurisdictions, and providing an explanation of how the tax information in this report and that in the bp Annual Report 2020 relate to one another.

Finally, I'm sure there is more we can do to keep improving our transparency on tax matters. If you think so too, please let us know and we will do our best to act on your feedback.

**Murray Auchincloss**
Chief financial officer

"We are well into the second year of our transformation from IOC to IEC, and our aim to be recognized as an industry leader for the transparency of our reporting is core to that."

**Total tax contribution 2020**

$34.8bn

(2019 $42.9 billion)

★ See Glossary on page 51.

# About bp

Through our scale, reach and range of activities we deliver energy products and services to customers around the world, and we are doing so increasingly in ways that we believe will help drive the transition to a lower carbon future.

## 2020 at a glance

**72**
countries where we operate

**63,600**
employees worldwide

**$6.4bn**
total dividends distributed to bp shareholders

**$20.3bn**
loss attributable to bp shareholders

**$188bn**
economic value generated[b]

## Tax in 2020[a]

### Total tax contribution

**$34.8bn**

comprises the taxes we paid and collected on our global operations.

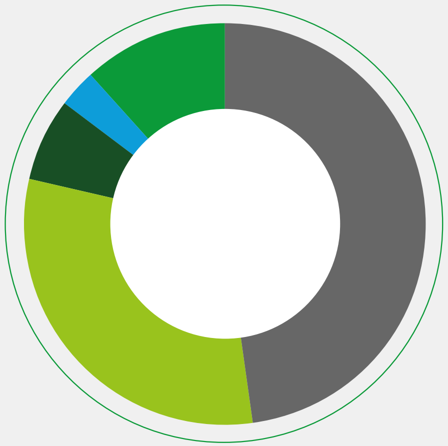
(2019 $42.9 billion)

### Total taxes paid

**$5.1bn**

includes corporate taxes on profits, as well as other direct and indirect taxes levied on our activities.

(2019 $9.2 billion)



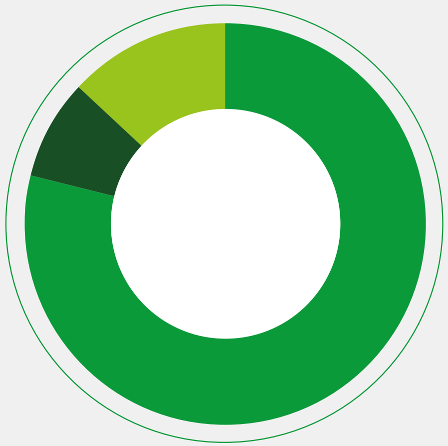
- Corporate taxes **$2.4bn**
- Production taxes **$1.6bn**
- Property taxes **$343m**
- Custom duties **$152m**
- Employer taxes **$594m**

### Total taxes collected

**$29.7bn**

includes amounts that we collected on behalf of others – for example our customers, suppliers and employees – and paid to governments.

(2019 $33.7 billion)



- Excise duties **$23.5bn**
- Employee taxes **$2.4bn**
- Sales taxes **$3.8bn**

a Data as at 31 December 2020.
b For more information see the bp Sustainability Report 2020, page 21.

# The impact of the COVID-19 pandemic

The COVID-19 pandemic has created wide-ranging challenges for individuals, societies and businesses. Beyond the health and humanitarian crisis, businesses have also been deeply affected, with supply chains negatively impacted, fluctuations in demand for products and services, and the need to adapt rapidly and introduce new models and ways of working.

Throughout 2020, the pandemic had an adverse impact on our business, including on the demand for our products and on their prices.

## Our tax team has focused on:

### 1. Protecting our people

Our first priority is always our people's safety and health. To help minimize COVID-related risks for our tax teams across the world, we implemented continuity plans that helped us transition to home working, while still meeting our compliance obligations, submitting tax returns, paying our taxes and supporting our businesses day-to-day. The increasingly sophisticated digital technologies that we and a number of tax authorities now use made these tasks easier. For example, many tax authorities★ accept digital tax returns and electronic tax payments. And where digital alternatives were not already up and running, we worked with tax authorities to establish appropriate ways to continue to meet our tax compliance obligations, as well as helping authorities, including those in Angola, Egypt, and Trinidad & Tobago, quickly transition to electronic means to receive our tax payments, tax returns and undertake tax audits.

### 2. Strengthening our finances

Many governments offered support related to businesses' tax obligations. This included extending tax filing or payment deadlines, accelerating tax repayments, introducing tax repayments, or allowing tax payments to be adjusted to take account of the impact of COVID-19.

Our financial position and cashflows were significantly impacted by adverse market conditions. We approached these COVID-19-related tax policy developments by balancing our need to preserve cash with the need to support local communities. In some cases, we used these provisions, but not when doing so would have had a significantly negative impact on a community. We sought no pandemic relief in the form of grants or furlough funding from any government anywhere in the world.

### 3. Supporting communities where we live and work

The impact of the pandemic on our businesses meant that our 2020 tax contribution of $34.8 billion was lower than the prior year (2019 $42.9bn), but it remained significant.

We offered help to the communities where we work around the world, supporting their response to the pandemic. For example, we supplied more than 10 million litres of free fuel to emergency service vehicles across the UK in 2020. Both VAT and excise duty continued to be paid to the UK government in respect of the donated fuel in accordance with the law.

★ See Glossary on page 51.

### In action: excise duty deferral in the UK

In 2020 the UK government offered companies the opportunity to defer payment of excise duties collected from the sale of fuels, including petrol and diesel.

bp decided not to use deferrals when duties or taxes had already been collected from our customers, and instead we paid the duties on time.

## Looking forward

We expect many governments to focus on raising revenue in order to stimulate economic recovery and build a sustainable future, progressing the energy transition, and encouraging investment.

Governments can use a number of tax policy tools, including:

- Administrative measures designed to improve compliance, tackle tax avoidance and raise revenues.
- Environmental taxes intended to influence behaviour and consumer choices, and that may also raise revenues.
- Tax incentives to encourage investment in the energy transition and other opportunities.

### Action being taken

- In Europe, the EU published its tax policy agenda Business Taxation for the 21st Century to support recovery from the pandemic, generate public revenues over time, and support the energy transition.
- In the US proposals for fiscal reform have the potential to raise revenue, while others, such as extending existing tax credits, support the energy transition, see page 16.
- In the UK, the government implemented an increase in the future statutory tax rate together with new measures to encourage investment, see page 47.
- In the Middle East and Africa there is a focus on digitization and real-time reporting to improve tax administrative processes and encourage wider tax compliance.

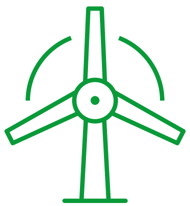
We continue to engage with governments and tax authorities on the implementation of fair, effective, predictable and practical tax regimes which balance the need to raise revenues with the need to attract new investment opportunities, and retain existing ones.

# Our strategy and business model

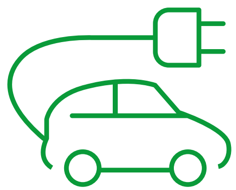
In August 2020 we announced our new strategy to become an integrated energy company focused on delivering solutions for customers.

**Our strategy is focused on three areas of activity:**

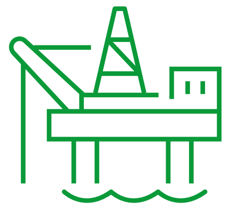
## Low carbon electricity and energy



## Convenience and mobility



## Resilient and focused hydrocarbons



We plan to leverage **three sources of differentiation** to help us amplify value.

- Integrating energy systems
- Partnering with countries, cities and industries
- Driving digital and innovation

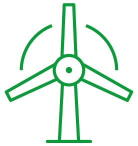
**Our tax contribution**

The amount of tax we contribute across our business activities depends on many factors, including:

- The applicable country's tax regime, see page 33.
- The current phase of a project, for example in development or operational.
- Energy prices, which can fluctuate significantly due to environmental, geopolitical and other reasons, see the bp Annual Report 2020, page 10 for more information.
- Socio-economic factors, such as changes in customer demand for our products because of shifting lifestyles, new technologies, changes in law or regulation, and global factors including the COVID-19 pandemic, see the bp Energy Outlook 2020 and the bp Annual Report 2020 pages 8-14 for more information.

For more information on our 2020 activities and performance, see the bp Annual Report 2020 pages 15-19.

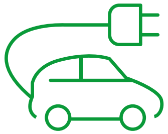
# Tax in our business model



## Low carbon electricity and energy

Low carbon energy production businesses are largely domestic in nature. These businesses require upfront capital investment including land acquisition, licences, leases and development costs. They are subject to statutory tax rates and reliefs in the country in which the operations are located. Some countries offer incentives to encourage investment in support of the energy transition or enhanced tax relief for research and development by companies undertaking innovative science or technology projects. When our activities qualify for this kind of tax relief, we apply it in line with local legislation.

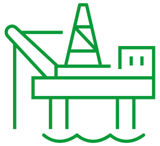
**Direct taxes:** Corporate taxes.
**Indirect taxes:** Property taxes, custom duties, excise duties, sales taxes.
**Employer and employee taxes**



## Convenience and mobility

Our convenience and mobility businesses are taxed in the country where they operate, under its applicable tax regime – where statutory tax rates and tax relief on capital investments apply. We price any related-party★ cross-border transactions using the arm's length principle★. In our marketing and customer-facing businesses, we are responsible for collecting indirect taxes★ from our customers, including fuels excise duties and VAT, and paying them to the relevant tax authority.

**Direct taxes:** Corporate taxes.
**Indirect taxes:** Property taxes, customs duties, excise duties, sales taxes.
**Employer and employee taxes**



## Resilient and focused hydrocarbons

Our oil and gas production projects are long term in nature. They require significant capital investment and expose us to many external risks. Some projects are subject to specific tax regimes, which recognize these factors and seek to find an appropriate balance between risk and reward for bp as an investor, and a government as the owner of the resource. If we do not find the energy we are looking for, we write off our investment costs.

It can take many years for our hydrocarbon projects to reach production, and some never do. In many countries, tax rates on the profits of oil and gas production are higher than statutory tax rates, however, we may benefit from reliefs and exemptions on some taxes, for example, import taxes and value added tax (VAT), during the earlier years of the project.

Our refining activities are taxed at the statutory tax rate in the countries where the refineries are located. We price any related-party cross-border transactions, for example the purchase of feedstock or the sale of a product, using the arm's length principle.

The sale of product from the refinery can also be subject to indirect taxes including customs duties, excise duties and VAT. Deferrals and exemptions from these taxes are sometimes available if we can demonstrate that these taxes are collected from the end consumer.

**Direct taxes:** Corporate taxes, production taxes.
**Indirect taxes:** Property taxes, customs duties, excise duties, sales taxes.
**Employer and employee taxes**

## Three sources of differentiation

These activities are not embedded within our businesses but are centralized into global teams who work to maximize opportunities by bringing together bp's multiple capabilities. Relevant related-party cross-border transactions are priced in line with OECD★ transfer pricing★ guidelines and taxed in accordance with local law.

★ See Glossary on page 51.

# How tax fits into our sustainability frame

Our sustainability frame connects the business opportunity of the energy transition with the needs of society and the environment. We believe the taxes we pay and collect can have a role to play in getting to net zero, improving people's lives and caring for the planet.


1.

### Our focus areas

The taxes we pay and collect help support sustainable economic growth in the countries where we operate. Governments can use taxes to help fund development plans to build vital infrastructure, create jobs, and facilitate a just energy transition.

We advocate for predictable, well-designed tax policies. These can attract investment from businesses, generating important revenue for governments for the long term and helping to reduce inequalities. Tax policies can also help drive behavioural change in support of the energy transition and protecting the environment.

For more information on our tax advocacy activities, see page 16.

2.

### Our values and foundations

bp is committed to doing business ethically. Our code of conduct sets clear expectations for how we work. It underscores the belief that how we deliver is as important as what we deliver.

Our code of conduct informs the responsible approach we take to managing taxes. Our responsible tax principles are aligned with the code.

We're committed to:

- Complying with tax laws in a responsible manner.
- Paying and reporting on our taxes on time.
- Being transparent about our tax principles and the taxes we pay.
- Having an open and constructive dialogue with stakeholders, including governments and tax authorities.

3.

### Engaging stakeholders

We believe transparency helps us form stronger relationships with governments. They can use the information we provide to better assess their available financial resources, improve compliance processes and plan for the long term. Transparency in tax practices means taxpayers and governments can be held to account. It can help identify corruption risk and support effective tax policy reform.

As part of our commitment to engage with our stakeholders, we aim to have open and constructive conversations about our tax activities with them, especially governments and tax authorities.

We also participate in a number of voluntary tax disclosure initiatives designed to improve stakeholder understanding of our business and the rigour of our tax practices, promote good governance and improve the transparency of tax payments.

For example, bp is a founding member of the Extractive Industries Transparency Initiative (EITI), which brings together companies, non-governmental organizations and international agencies to improve transparency by encouraging the disclosure of payments made to and received by governments in relation to oil, gas and mining.

**More information**

- Our sustainability frame.
- Reimagining energy – our purpose, ambition and aims.
- The bp code of conduct.

# Our responsible tax principles

**What's in this chapter:**


Our responsible tax principles 10
Our responsible tax principles in action 11



We're aiming to roll out more than 70,000 electric vehicle charging points by 2030 (2020 10,100).

# Our responsible tax principles

## Embedding our responsible tax principles

We endorsed The B Team responsible tax principles[a] in 2020. The principles set out a responsible approach to tax and support stable, secure and sustainable communities.

They were developed collaboratively by businesses, civil society and institutional investors.

We provide details of how we have adopted the responsible tax principles online, and this section provides an update on how we are continuing to apply them in bp with examples of our progress against each in 2020.

We also joined The B Team's responsible taxes working group in 2021 and this is helping us further improve our own tax practices.

### Accountability and governance

Tax is a core part of corporate responsibility and governance and is overseen by our board of directors.

### Relationships with authorities

We seek, wherever possible, to develop co-operative relationships with tax authorities★, based on mutual respect, transparency and trust.

### Transparency

We provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid.

### Compliance

We comply with the tax legislation of the countries in which we operate and pay the right amount of tax at the right time, in the countries where we create value.

### Seeking and accepting tax incentives

Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.

### Business structure

We will only use business structures that are driven by commercial considerations, are aligned with business activity and which have genuine substance. We do not seek abusive tax results.

### Supporting effective tax systems

We engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.

a The B Team is a global non-profit initiative that brings together a group of global leaders from business, civil society and government to achieve better ways of doing business, which prioritize the wellbeing of people and the planet.

★ See Glossary on page 51.

# Our responsible tax principles in action

Our responsible tax principles offer a clear framework for responsible tax practice. Examples of our principles in action in 2020 are set out here.

## Accountability and governance

**Tax is a core part of corporate responsibility and governance and is overseen by our board of directors.**

See our responsible tax principles online for more information on:

- Our management systems.
- Organizational structures.
- Code of conduct.
- Values and behaviours.
- The framework for managing our tax affairs and tax risks.

## Testing our approach to transfer pricing

Many of our businesses operate across multiple countries and have international supply chains, which result in intra-group cross-border transactions.

Our tax team works closely with our businesses to understand their operating models and business transactions, and the associated value drivers and risks. Where we identify intra-group cross-border transactions, we price them on an arm's length basis, in accordance with OECD★ principles. This is called transfer pricing★.

We help our business colleagues understand the importance of these principles and the potential risks of not adhering to them.

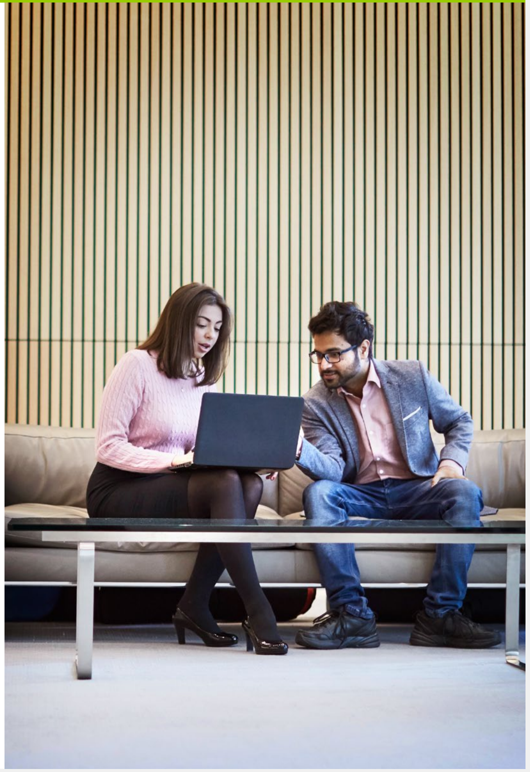
In 2020 we reviewed the transfer pricing applied in our business models.

The COVID-19 pandemic created a volatile and challenging environment for our businesses. The environment also provided a live setting in which our teams could review whether or not our approach to transfer pricing for our international business models is robust.

### The focus of our review

- The impact of COVID-19 on our business models.
- Whether losses or profits were consistent with the activities performed, the assets utilized and the risks assumed in that part of the value chain.

The review confirmed that our approach to transfer pricing remained robust and resulted in reasonable and expected outcomes for our businesses. We have concluded that the business systems and processes underpinning our compliance with our transfer pricing approach are operating effectively.



★ See Glossary on page 51.

# Our responsible tax principles in action

## Compliance

**We comply with the tax legislation of the countries in which we operate and pay the right amount of tax at the right time, in the countries where we create value.**

See our responsible tax principles online for more information on:

- Our approach to tax compliance.
- Tax planning and dealing with uncertainty.

## Getting ahead of new tax requirements with HMRC

The speed of change in the digital economy has driven many countries to introduce new taxes to capture revenues. This has important implications for our businesses and how we comply with our tax obligations.

The OECD is working with governments to agree a global approach to taxing profits from the digital economy (see page 16) and some countries are also taking action to introduce new digital services taxes to capture revenues more quickly. These changes could affect us as we reinvent bp and grow our digital activities, so it is important that we are aware of developments in our businesses and in tax law to be well prepared to meet our tax compliance obligations.

In 2020 Her Majesty's Revenue and Customs (HMRC) introduced a new digital service tax in the UK. This tax potentially applies to the digital payment platforms we use at our retail sites.

Our tax team engaged directly with HMRC to clarify whether the new requirements applied to our business. We explained our business model, the role of digital platforms in our business, the customer interfaces, and the transactions that flow through the platforms. As a result of working collaboratively, we now have a better understanding of the situations where the new tax may apply.

This means we can support our businesses to plan for any future tax costs and compliance obligations associated with growth from digital innovation planning.

**This collaboration helped:**

- Improve HMRC's understanding of our business, especially as digital technologies become increasingly important.
- Build trust in our approach to tax through open and constructive dialogue.
- Our businesses plan for future growth with greater certainty.

# Our responsible tax principles in action

## Business structure

**We will only use business structures that are driven by commercial considerations, are aligned with business activity, and which have genuine substance. We do not seek abusive tax results.**

See our responsible tax principles for more information on:

- How we structure our operations.
- Our presence in low tax jurisdictions.
- Transfer pricing.

As explained in the bp Annual Report 2020 page 274, non-controlled related undertakings include companies where we own greater than 20% of the share capital. We provide details of bp subsidiaries and interests in non-controlled related undertakings incorporated in low tax jurisdictions on page 50.

## Improving our business structure disclosures

There is no widely recognized definition of a low tax jurisdiction.

In 2019 we used the European Commission's list of non-co-operative jurisdictions for tax purposes to identify bp companies in low tax jurisdictions.

However, in response to feedback from stakeholders that reporting against this list is not far reaching enough, our disclosures from 2020 now include details of our activities in countries where the statutory tax rate is less than 15%.

15% is the minimum taxation threshold proposed by the OECD as part of the base erosion and profit shifting (BEPS)★ proposals.

★ See Glossary on page 51.

# Our responsible tax principles in action

## Relationships with authorities

**We seek, wherever possible, to develop co-operative relationships with tax authorities, based on mutual respect, transparency and trust.**

See our responsible tax principles for more information on:

- How we work with tax authorities, including HMRC, in the UK.
- Compliance arrangements with tax authorities.

## Modernizing tax in Egypt

As digital technology becomes increasingly commonplace, the Egyptian tax authority has been updating its processes to create efficiencies.

One innovation in this area is e-invoicing – the digital processing of invoices. E-invoicing provides real-time visibility of a business's transactions through invoice data in digital format. This enables the tax authority to monitor revenues and expenditures to anticipate profitability and estimate tax revenues.

### Collaboration with the tax authority

In 2020 we worked with the Egyptian tax authority to improve its understanding of our gas projects in the country.

We explained the different transactions with our partners that contribute to the profit (or loss) of the project, and those that do not.

This helped us reach agreement on which transactions required an e-invoice and which did not. We also helped the tax authority to improve the way it uses the new digital platform to monitor business profitability.

### Delivering a positive outcome for both parties

- The new system was introduced efficiently.
- We are clearer on our compliance obligations.
- The tax authority is successfully gathering real-time data to monitor business activity, enabling it to anticipate tax revenues.

## Our responsible tax principles in action

### Seeking and accepting tax incentives

**Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.**

See our responsible tax principles for more information on:

- Tax incentives and how bp uses them.
- Tax incentives within oil and gas tax regimes.

### Innovation in sustainability: supporting R&D through tax policy tools

Innovation has been at the heart of bp for a long time and for a number of years we've used available tax incentives in countries including the UK and US for our eligible research and development (R&D) spend. This supports our continuing drive for innovation and allows us to accelerate our R&D activities.

In March 2021, the UK government launched a consultation on the efficacy and scope of the UK's existing R&D tax incentive regimes.

The government recognizes that innovation is at the heart of the UK strategy to boost productivity and economic growth – and having globally competitive tax incentives that encourage innovation are an important part of this.

Given our use of the tax incentives, and the importance of R&D to bp and our net zero aims, we responded to the government consultation by contributing a written submission. We also advocated through trade bodies, for example the Confederation of British Industry (CBI).

We focused on the necessity of further R&D to develop and advance technology for offshore wind, carbon capture, use and storage and hydrogen opportunities together with the digital platforms underpinning these and other activities.

**Our recommendation:**

- We believe the current R&D tax incentives work well, but think it would be beneficial to widen their scope so they take better account of innovation focused on unlocking commercial development of sustainable opportunities.
- We aim to continue our work with the UK government and other stakeholders to help shape the tax incentives available for innovation in support of net zero.

# Our responsible tax principles in action

## Supporting effective tax systems

**We engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.**

See our responsible tax principles for more information on:

- Our involvement with industry groups, governments and external bodies,
- Working with business partners.
- How tax can support the energy transition.

We participate in various advocacy initiatives, directly and through trade associations. In 2020 we contributed to debates in which we felt our input would benefit governments and bp, for example proposals to simplify tax regimes and encourage economic growth and sustainable development.

As part of our net zero aims, we continue to engage with governments and tax authorities to encourage the introduction of policies that support the energy transition, including well-designed carbon pricing policies or transitional support to promising but emerging low carbon technologies.

## International tax reform

The OECD is looking for ways to address tax challenges arising from the digitalization and globalization of the world economy under its base erosion and profit shifting (BEPS) initiative.

Many key elements of its proposals to modernize international tax systems have now been endorsed by the G20 and in October the OECD published its implementation plan.

We recognize the need for change in the international tax system and welcome steps towards achieving certainty on those changes. The growth of digital businesses and the subsequent impact on the global economy means we believe it is right for governments and international bodies to work together to adapt longstanding international tax rules appropriate for new business models.

Throughout their design process, we, and others in our industry, have engaged in discussions to increase understanding of our business and help develop effective proposals that deliver the outcome intended by governments and international bodies and avoid unintended consequences.

We've also helped identify mechanisms for the proposals that will be simple and practical for businesses and tax authorities to implement. This includes the use of deferred tax accounting to take account of the differences in tax and accounting treatment of capital expenditure and provisions for future spend.

## Supporting carbon pricing policies in the EU

As part of the European Green Deal, the EU has committed to reducing net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels.

Revisions to the Energy Taxation Directive, which sets out how energy is taxed and proposals for the introduction of a Carbon Border Adjustment Mechanism (CBAM), form part of a package of policy reforms designed to meet this commitment

In 2020 we actively engaged in the debate around this, offering our views through trade bodies, as well as responding directly to consultations.

We believe well-designed carbon pricing policies provide the right incentives for energy producers and consumers to play their part in reducing emissions.

**We advocated for:**

- Carbon pricing mechanisms based on the amount of greenhouse gases emitted per Joule of energy.
- An effective CBAM that will enable EU industries to advance their decarbonization efforts and will create a level playing field for European industry by reducing the risk of carbon emissions being shifted elsewhere.

## Advocating for policies in support of the energy transition

An important part of our net zero aims is to be more active in advocating for progressive climate policies.

US federal tax incentives in the form of tax credits are an important policy tool, contributing to the growth of sustainable opportunities in the US – including in wind, solar, and other renewables.

We advocate, alongside others, for the continuation of these tax credits.

For example, tax credits for energy production from renewable sources such as wind and solar were due to expire in 2020.

- Following the advocacy efforts of bp and others, the credit has initially been extended to 2021.
- We've been working with trade bodies and the government to explain the likely benefits of a long-term extension of these tax credits, together with greater flexibility in how they are used.
- We believe this policy tool can help greening companies, like ours, invest in sustainability, by allowing them to compete with traditional energy sources.

# Our responsible tax principles in action

## Transparency

**We provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid.**

This report forms an important part of our commitment to transparency.

Our goal is to be transparent about our tax payments and how we approach tax matters. Greater transparency means providing relevant and meaningful insights about our total tax contribution and how we approach tax matters in the major countries where we operate.

See our responsible tax principles for more information on:

- Our tax principles.
- Our approach to tax matters.

Following feedback from stakeholders we have:

- Focused our low tax jurisdiction disclosures on countries where the statutory tax rate is less than 15%, see page 50.
- Included an explanation of how tax information in this report and that in bp's Annual Report 2020 relate to each other on page 23.

We know there will continue to be areas where we can improve and we welcome feedback at *approachtotax@bp.com*.

## Embedding our responsible tax principles within bp

We use the bp tax report in discussions with business colleagues and tax authorities, to help them understand our approach to tax matters.

In Spain, we used the report in our annual tax transparency discussions with the tax authority. Typically, in meetings like these a variety of tax matters are discussed, including portfolio projects, business changes and transfer pricing matters.

In 2021 our meeting also included a self-assessment risk discussion based on the OECD's 19 risk indicators. Our Spanish tax team was able to share the relevant data and narrative sections of the bp tax report that address these indicators. This allowed the tax authority to see that our Spanish activities are low risk from a tax perspective.

In addition to this tax report, we also provide information about our contribution and tax practices in some of our major countries of operation in response to regulatory requirements and voluntarily. These include:

### Regulatory reports

- Report on payments to governments for our extractive activities on a country-by-country and project basis under national reporting regulations[a].
- Annual statement setting out our approach to tax in Poland (provided for the first time in 2021 under new rules)[b].

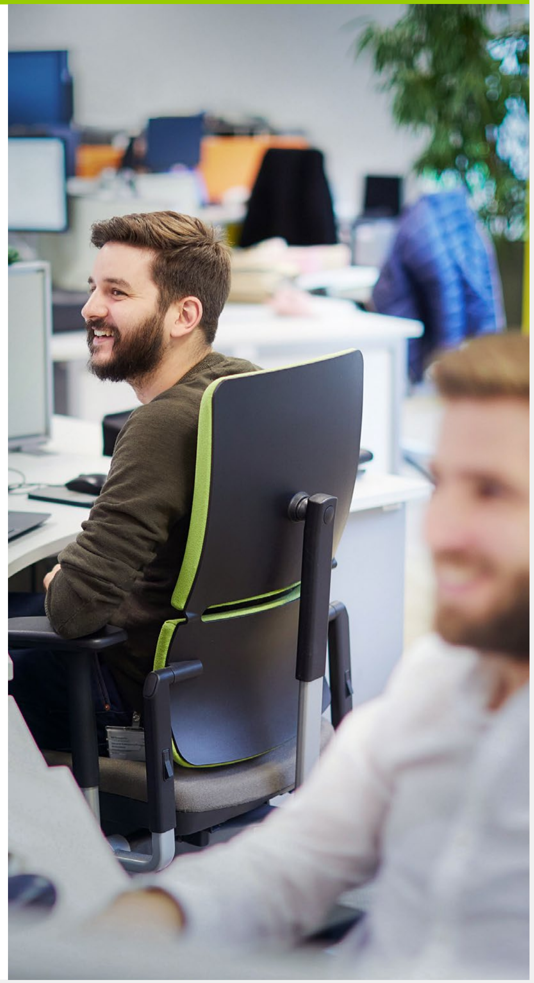
### Voluntary reports

- Economic impact reports for the UK, US and Australia.
- Tax transparency code in Australia.
- Best tax practices code in Spain[c].

We also participate in the UK total tax contribution survey for the 100 Group prepared by PwC.

Through our membership of the EITI, we work with governments, non-governmental organizations and international agencies to improve transparency around activities, including tax payments to governments, for the oil, gas and mining sectors. We provide data under the EITI standards for multiple implementing countries where we have a presence:

- Indonesia
- Iraq
- Mauritania
- Mexico
- Senegal
- Trinidad and Tobago
- UK



a Reports of Payments to Government Regulations 2014 (2014/3209) as amended by Reports on Payments to Government (Amendment) Regulations 2015 (2015/1928).
b Informacja o realizowanej strategii podatkowej za rok podatkowy.
c Código de Buenas Prácticas Tributarias as regulated in the Reforzamiento de las buenas prácticas de transparencia fiscal empresarial de las empresas adheridas al Código de Buenas Prácticas Tributarias.

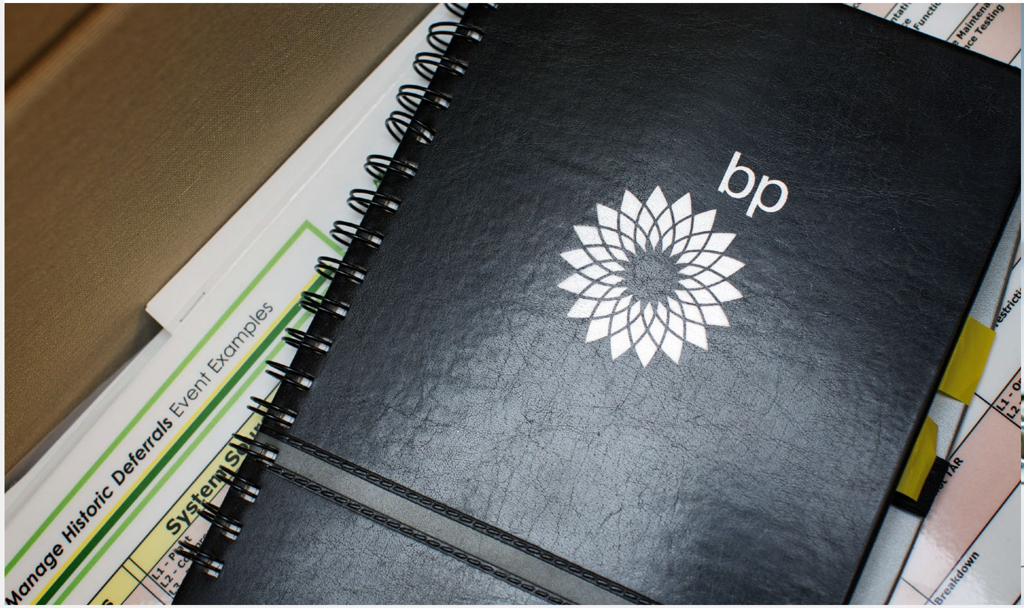
## Our responsible tax principles in action

### Supporting the GRI standard for tax disclosures

The GRI introduced a new global standard [GRI 207: Tax 2019] for public reporting on tax (including reporting tax payments on a country-by-country basis), which came into effect on 1 January 2021.

We were proud to be among the first companies globally to use the standard to help us prepare our 2019 tax report, before it came into effect. And in 2021 we were delighted to be asked to share our experience to enrich the GRI training materials on tax to support other organizations in using the standard to prepare their reports.

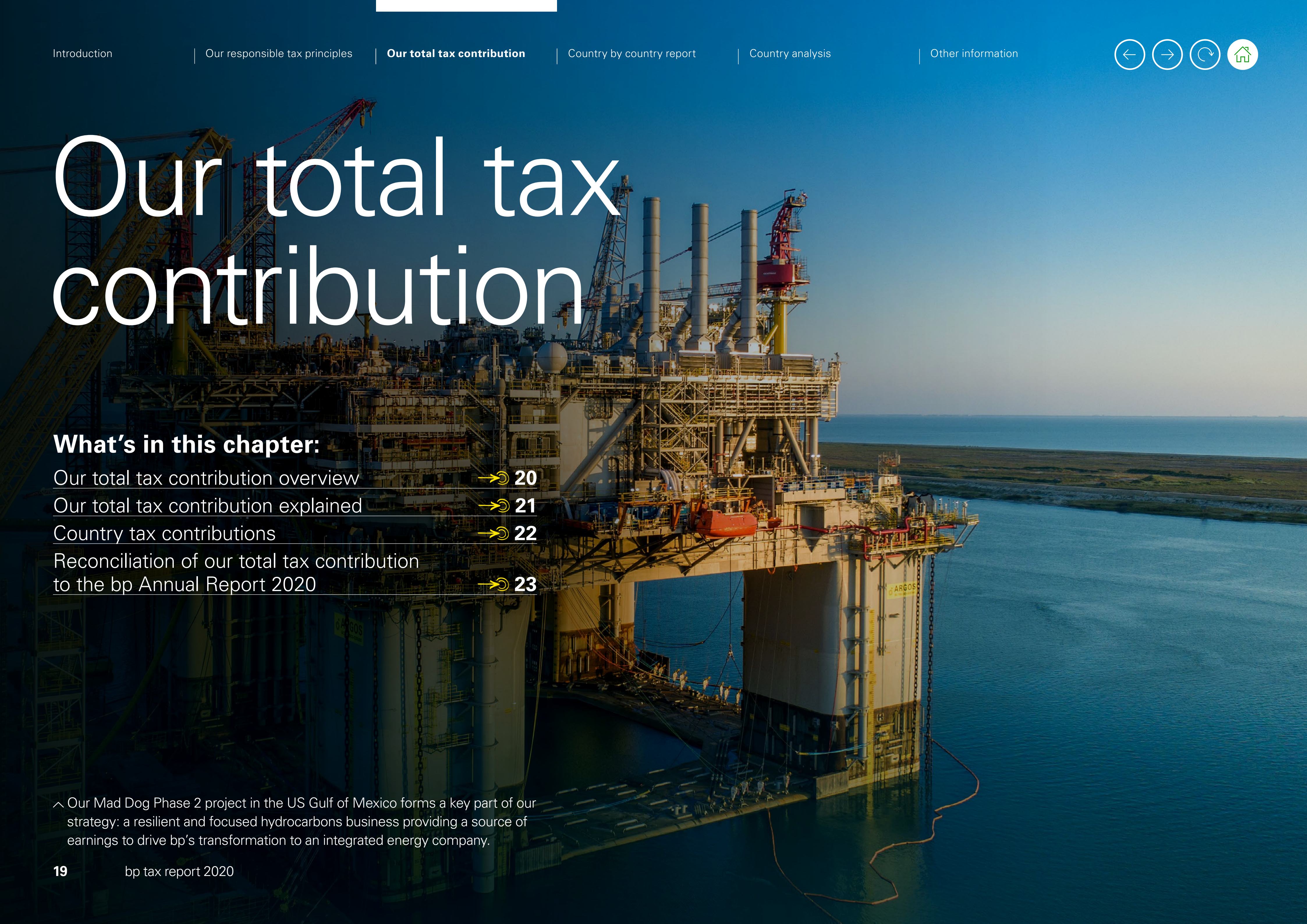
This included sharing our experience of developing our first tax report and discussing how the standard helped us focus our disclosures. These materials are available on the GRI Academy. We also provided input to the GRI 11: Oil & Gas Sector Standard draft, specifically the section related to taxes and other payments to governments.




### Working with The B Team to encourage tax transparency

In 2021 we joined The B Team's responsible taxes working group, which promotes dialogue, collaboration and best practice in tax matters across a broad cross-section of organizations.

We are contributing to its work on improving governance and encouraging societal engagement on tax matters. Working with the B Team, we led a discussion on tax transparency with a cross section of civil society stakeholders to build mutual understanding and trust around a number of important tax issues, including low tax jurisdictions, tax incentives and tax policy advocacy, the data which can inform these issues and how it can best be made accessible and understood. As a result of these conversations our disclosures now include details of our activities in countries where the statutory tax rate is less than 15% and we are making our country by country report available in Excel format.



# Our total tax contribution

## What's in this chapter:

Our total tax contribution overview 20
Our total tax contribution explained 21
Country tax contributions 22
Reconciliation of our total tax contribution to the bp Annual Report 2020 23

Our Mad Dog Phase 2 project in the US Gulf of Mexico forms a key part of our strategy: a resilient and focused hydrocarbons business providing a source of earnings to drive bp's transformation to an integrated energy company.

# Our total tax contribution overview

bp's total tax contribution for 2020 was $34.8 billion (2019 $42.9bn). This comprises the taxes we paid and collected on our global operations.

- The $5.1 billion of taxes paid includes corporate taxes on profits, as well as other direct and indirect taxes★ levied on our activities (2019 $9.2bn).
- The $29.7 billion of taxes collected includes amounts that we collected on behalf of others – for example our customers, suppliers and employees – and paid to governments[a] (2019 $33.7bn).

**$5.1bn**

Total taxes paid[b]

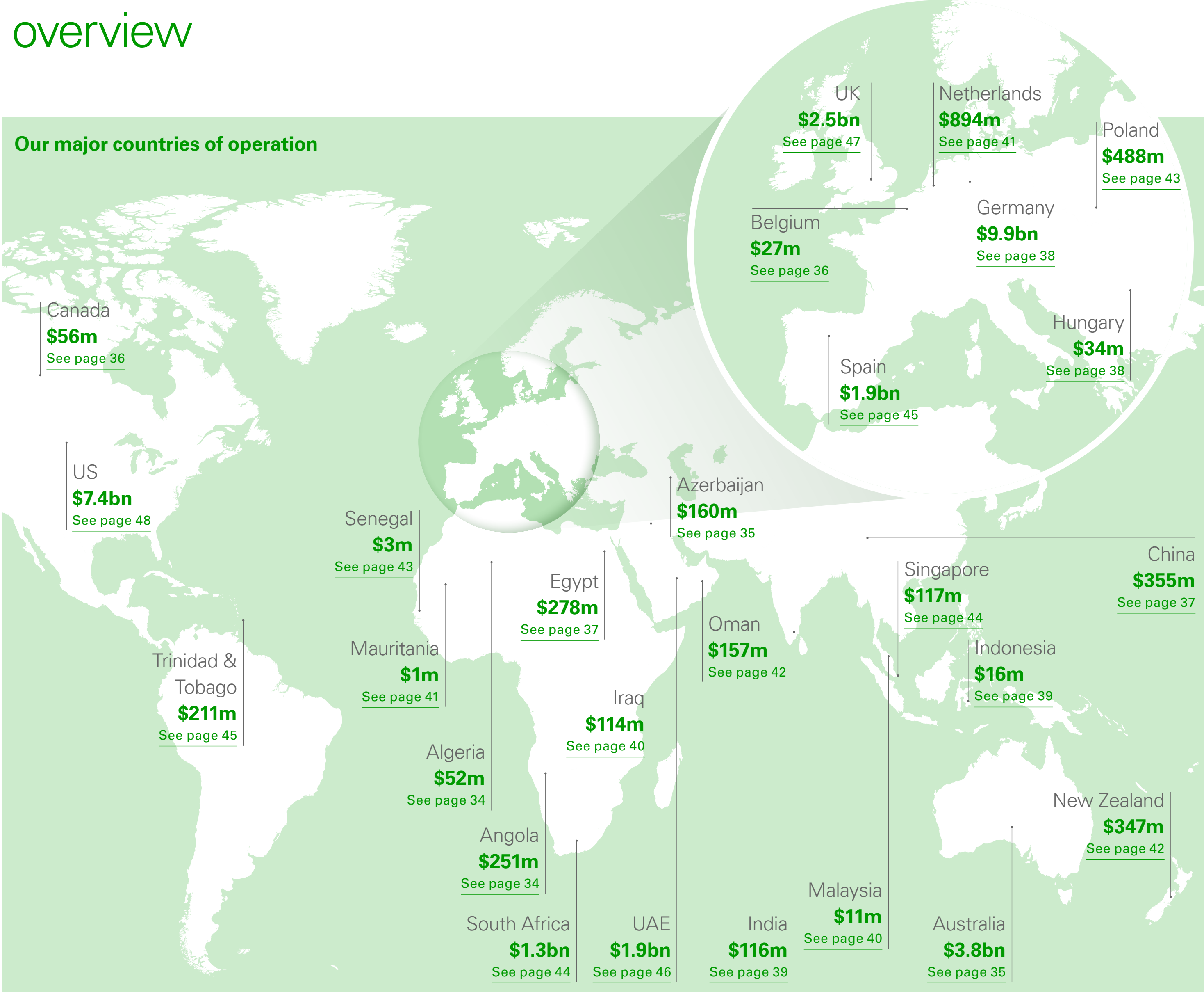
- Corporate taxes $2.4bn
- Production taxes $1.6bn
- Property taxes $343m
- Customs duties $152m
- Employer taxes $594m

**$29.7bn**

Total taxes collected[b]

- Excise duties $23.5bn
- Employee taxes $2.4bn
- Sales taxes $3.8bn


★ See Glossary on page 51.




a In this report the term government includes any government department which is responsible for national, regional or local tax collection, tax administration or tax policy.
b Because of rounding, totals may not agree exactly with the sum of their component parts.

All data as at 31 December 2020.

# Our total tax contribution explained

bp had operations in 72 countries in 2020. More than 96% of the total taxes we paid and 92% of total taxes we collected arose in our major countries of operation. The country analysis section, starting on page 33 provides more detail on each of these countries, including commentary on our main business activities and an explanation of the taxes paid and collected on our activities.

In the bp tax report 2019 we defined our major countries of operation as those with bp subsidiaries★ that had at least one of the following:

- More than 1,000 employees.
- Total revenue in excess of $5 billion.
- Tangible assets greater than $0.5 billion.
- Total taxes paid in excess of $0.1 billion.
- Total taxes collected over $1 billion.

During 2020 both COVID-19 and bp's transition from an international oil company to an integrated energy company resulted in atypical data across the above thresholds, leading to some of our 2019 major countries falling below the stated thresholds for 2020. Given the extraordinary environment and recognizing that this was a year of transition for bp we have chosen to continue to provide details of our activities in the same countries reported on for 2019. No other countries additionally met the thresholds for 2020. We will review our approach for our 2021 tax report.

We report our total tax contribution on a country basis for all bp subsidiaries in each country, including all companies that bp controls. For subsidiaries in which we own less than a 100% interest, our total tax contribution represents only our share of taxes paid and collected. The taxes paid and collected by joint ventures in which bp has a 50% or less interest (including Rosneft and BP Bunge Bioenergia) is not represented within our total tax contribution data.

We report our taxes paid and collected on a cash basis. This means they are reported during the period in which they are paid or collected. We believe this is the most meaningful way to demonstrate our annual tax contribution in each country.

We report refunds as negative amounts in the period we receive them.

All amounts are rounded to the nearest $1 million.

The data we share is taken from our financial reporting systems. These are subject to our general financial controls and processes. This data is subject to internal review and third-party assurance by our external auditor, Deloitte.

For an explanation of how our total tax contribution relates to tax information in bp's Annual Report 2020, see page 23.

For information on bp's share of the corporate tax paid by joint ventures and associates, including Rosneft, see the bp Annual Report 2020: Notes 16 and 17.

# Tax definitions

## Taxes paid

Defined as taxes we pay to governments based on our operations and which represent a cost to us in arriving at our profits for a year. These include:

- **Corporate taxes:** paid by bp on the taxable profits of our operations. It also includes taxes withheld on payments to a bp company in the period. Corporate taxes exclude other taxes such as production taxes, and it does not include production entitlement★.
- **Production taxes:** taxes and royalties paid by bp, typically in addition to corporate taxes, as a result of our extractive operations. These do not fall into corporate tax for bp accounting purposes and are usually included in cost of sales.
- **Property taxes:** paid by bp as a result of owning, selling, transferring, leasing or the occupation of property. These include business rates levied on property use and stamp taxes on purchase or sale of property.
- **Customs duties:** paid by bp on the importing of goods across a border. Most imports made by bp are covered by free trade agreements or our goods are covered by specific exemptions. However, we pay customs import duties in some countries, predominately with respect to our lubricants business.
- **Employer taxes:** paid by bp as a result of our employment of individuals, including employer national insurance in the UK or employer social security tax in the US.

## Taxes collected

Defined as taxes that are generated by our operations, but do not represent a cost to bp. Instead our business activity gives rise to these taxes and bp collects and pays them to governments on behalf of others. These include:

- **Excise duties:** taxes, duties and levies imposed by governments arising on the sale or consumption of specific bp products. Where they apply to the sale of our products, bp is responsible for collecting and paying them to governments on behalf of our customers, for example motor fuel taxes on the sale of fuel at a bp retail site.
- **Employee taxes:** taxes withheld by bp as an employer on behalf of our employees. In many countries employers are required to withhold personal income taxes from the salaries paid to employees and pay these taxes to the government on the employee's behalf.
- **Sales taxes:** consumption taxes imposed by governments on the sale of certain goods or services. Also called ad valorem taxes, value added taxes or indirect taxes★. Where required, we charge sales taxes to customers on the sale of our products. We also incur sales taxes when purchasing certain goods and services. In most countries where we operate, the sales taxes collected are offset against the sales taxes incurred with the net being paid to the government. We report the net collection and payment and provide further details, where relevant, in the individual country analysis on pages 34 to 48.

★ See Glossary on page 51.

# Country tax contributions

$ million

| Country | Corporate taxes | Production taxes | Property taxes | Customs duties | Employer taxes | Subtotal taxes bp paid | Excise duties | Employee taxes | Sales taxes | Subtotal taxes bp collected | Total tax contribution |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Algeria* | 52 | – | – | – | – | **52** | – | – | – | **–** | **52** |
| Angola | 205 | – | – | – | 9 | **214** | – | 30 | 7 | **37** | **251** |
| Australia | (26) | 73 | – | – | – | **47** | 3,004 | 18 | 723 | **3,745** | **3,792** |
| Azerbaijan | 103 | – | – | – | 22 | **125** | – | 35 | – | **35** | **160** |
| Belgium | 6 | – | – | – | 20 | **26** | 1 | 27 | (27) | **1** | **27** |
| Canada | 13 | 2 | – | – | – | **15** | (8) | 29 | 19 | **40** | **56** |
| China | 59 | – | – | 18 | – | **77** | 39 | 26 | 213 | **278** | **355** |
| Egypt | 271 | – | – | – | – | **271** | – | 7 | – | **7** | **278** |
| Germany | (102) | – | 3 | 1 | 66 | **(32)** | 8,016 | 233 | 1,678 | **9,927** | **9,895** |
| Hungary | 4 | – | – | – | 17 | **20** | – | 22 | (8) | **14** | **34** |
| India | 32 | 2 | – | 24 | 4 | **61** | – | 14 | 40 | **55** | **116** |
| Indonesia | 40 | – | – | – | – | **40** | – | 33 | (57) | **(24)** | **16** |
| Iraq* | 114 | – | – | – | – | **114** | – | – | – | **–** | **114** |
| Malaysia | 4 | – | – | – | – | **4** | – | 8 | – | **8** | **11** |
| Mauritania | – | – | – | – | – | **–** | – | 1 | – | **1** | **1** |
| Netherlands | (2) | – | – | – | 6 | **3** | 669 | 48 | 174 | **890** | **894** |
| New Zealand | (17) | – | – | – | – | **(17)** | 336 | 7 | 21 | **365** | **347** |
| Oman* | 157 | – | – | – | – | **157** | – | – | – | **–** | **157** |
| Poland | 38 | – | 6 | – | 10 | **54** | 271 | 16 | 146 | **433** | **488** |
| Senegal | – | – | – | – | – | **–** | – | 3 | – | **3** | **3** |
| Singapore | 60 | – | – | – | – | **60** | – | – | 57 | **57** | **117** |
| South Africa | 5 | – | – | 55 | – | **60** | 1,273 | 11 | (29) | **1,255** | **1,315** |
| Spain | (42) | – | 4 | – | 23 | **(14)** | 1,283 | 27 | 588 | **1,898** | **1,884** |
| Trinidad & Tobago | 75 | 163 | – | 1 | 2 | **241** | – | 25 | (56) | **(30)** | **211** |
| United Arab Emirates* | 1,322 | 572 | – | – | – | **1,895** | – | – | – | **–** | **1,895** |
| UK | 64 | (48) | 27 | – | 220 | **263** | 1,646 | 916 | (330) | **2,231** | **2,495** |
| US | (82) | 803 | 301 | 32 | 150 | **1,203** | 5,213 | 752 | 223 | **6,189** | **7,391** |
| | | | | | | | | | | | |
| **Sub-total** | **2,352** | **1,567** | **341** | **131** | **549** | **4,941** | **21,742** | **2,289** | **3,383** | **27,414** | **32,354** |
| **Rest of world** | **86** | **0** | **2** | **21** | **45** | **154** | **1,732** | **67** | **455** | **2,253** | **2,408** |
| **Total** | **2,438** | **1,567** | **343** | **152** | **594** | **5,095** | **23,474** | **2,356** | **3,838** | **29,667** | **34,762** |

* Some information is not available for this report due to commercial reasons.

# Reconciliation of our total tax contribution to the bp Annual Report 2020

Our total tax contribution for 2020 was $34.8bn, see page 20. bp's Annual Report 2020 shows $(4.2)bn as a tax credit on our loss for the year, see bp Annual Report 2020, page 184.

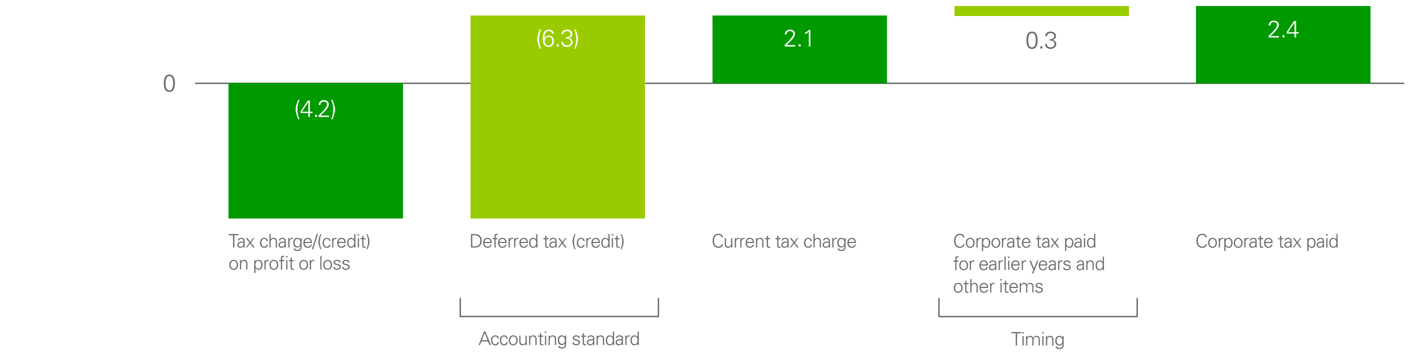
These numbers are very different but there are a few reasons for this, which we explain below and also summarize in the charts to the right.

- **Accounting standards:** bp's Annual Report complies with IFRS★ accounting standards, which dictate how we report on tax. The bp tax report 2020 includes voluntary disclosures that respond to external tax transparency frameworks. These enable us to offer meaningful insights about our tax contribution in the major countries where we operate. Information on deferred tax, one of the key tax adjustments required by IFRS and relevant to us, is provided below.
- **Timing:** the time at which a tax is paid or collected impacts on whether it is included in the data, and this is different for each. Our total tax contribution includes taxes paid and collected on a cash basis, meaning we include taxes paid and collected in 2020 regardless of the year to which they relate. The tax charge/(credit) in bp's Annual Report 2020 shows those taxes that are due on our 2020 profit or loss, regardless of when they are paid.
- **Scope:** the scope of the taxes reported in each is different. Our total tax contribution comprises the taxes we paid and collected in 2020, including corporate taxes as well as other direct and indirect taxes★. The tax charge/(credit) in bp's Annual Report 2020 shows only corporate taxes due by bp on our operations.

★ See Glossary on page 51.

## Reconciliation of tax charge/(credit) to corporate tax paid

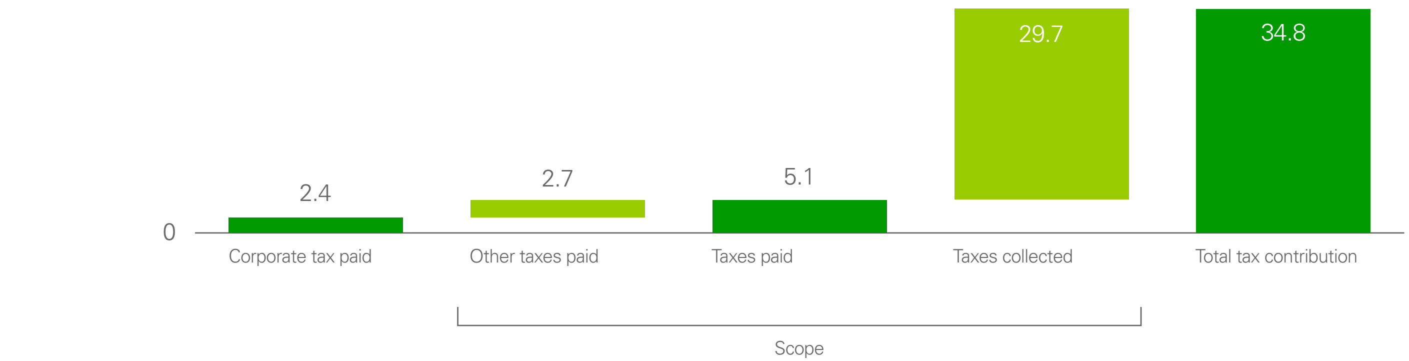
$ billion




| | | | | | |
|---|---|---|---|---|---|
| bp Annual Report 2020 | Page 184 | Page 184 | Page 184 | | Page 159 |
| bp tax report 2020 | | | | | Page 22 |

## Reconciliation of corporate tax paid to total tax contribution

$ billion




| | | | | | |
|---|---|---|---|---|---|
| bp Annual Report 2020 | Page 159 | | | | |
| bp tax report 2020 | Page 22 | Page 22 | Page 22 | Page 22 | Page 22 |

# Definitions

Key definitions to support understanding of the data in our charts.

**Tax charge/(credit) on profit or loss:** total corporate taxes we accrue on our accounting profit or loss for the year. It is made up of two elements: current tax and deferred tax.

For 2020 we show a tax credit of $4.2bn, which comprises a deferred tax credit and a current tax charge.

**Deferred tax credit:** an accounting requirement reflecting the change in the future corporate taxes we expect on the realization of the assets and liabilities in our balance sheet together with adjustments in respect of prior years. For 2020 we show a deferred tax credit of $6.3bn on a loss before taxation for the year of $24.9 billion, see the bp Annual Report, page 155.

Deferred taxes arise where there is a mismatch in timing between the tax treatment and the accounting treatment of an asset or liability shown in our balance sheet. The intent of deferred taxes is to allow the current and future tax consequences of a company's accounting profit or loss to be recognized in the same accounting period.

For example, the tax law of a country may allow faster tax relief for certain capital expenditure than the IFRS standard permits for accounting depreciation. In this case a deferred tax charge recognizes the future corporate taxes due on that timing difference.

Conversely, where for example tax law permits tax losses to be carried forward and set against taxable profits of future periods, a deferred tax credit is recognized to the extent that a company anticipates it will have sufficient future taxable profits against which the tax loss may be set.

Deferred tax only recognizes differences between tax law and accounting standards which impact the timing of when an asset or liability is realized/settled. In most cases where items are permanently excluded under a country's tax law, for example disallowed expenditure or exempt income, this does not result in the recognition of deferred tax.

**Current tax charge:** corporate taxes we expect on the taxable profit or loss of our operations for 2020. Also includes corporate taxes for prior years that were not previously included, for example where expected payments resulting from tax audits are now clearer. Our current tax charge for 2020 was $2.1bn.

**Corporate taxes paid for earlier years and other items:** corporate taxes we paid in 2020 but which relate to an earlier year. For example, the terms of some of our PSAs provide that corporate taxes are paid in the year following that to which they relate. This is partly offset by other items including withholding taxes and amounts accrued in 2020 but not yet paid. In 2020 this amounted to $0.3bn.

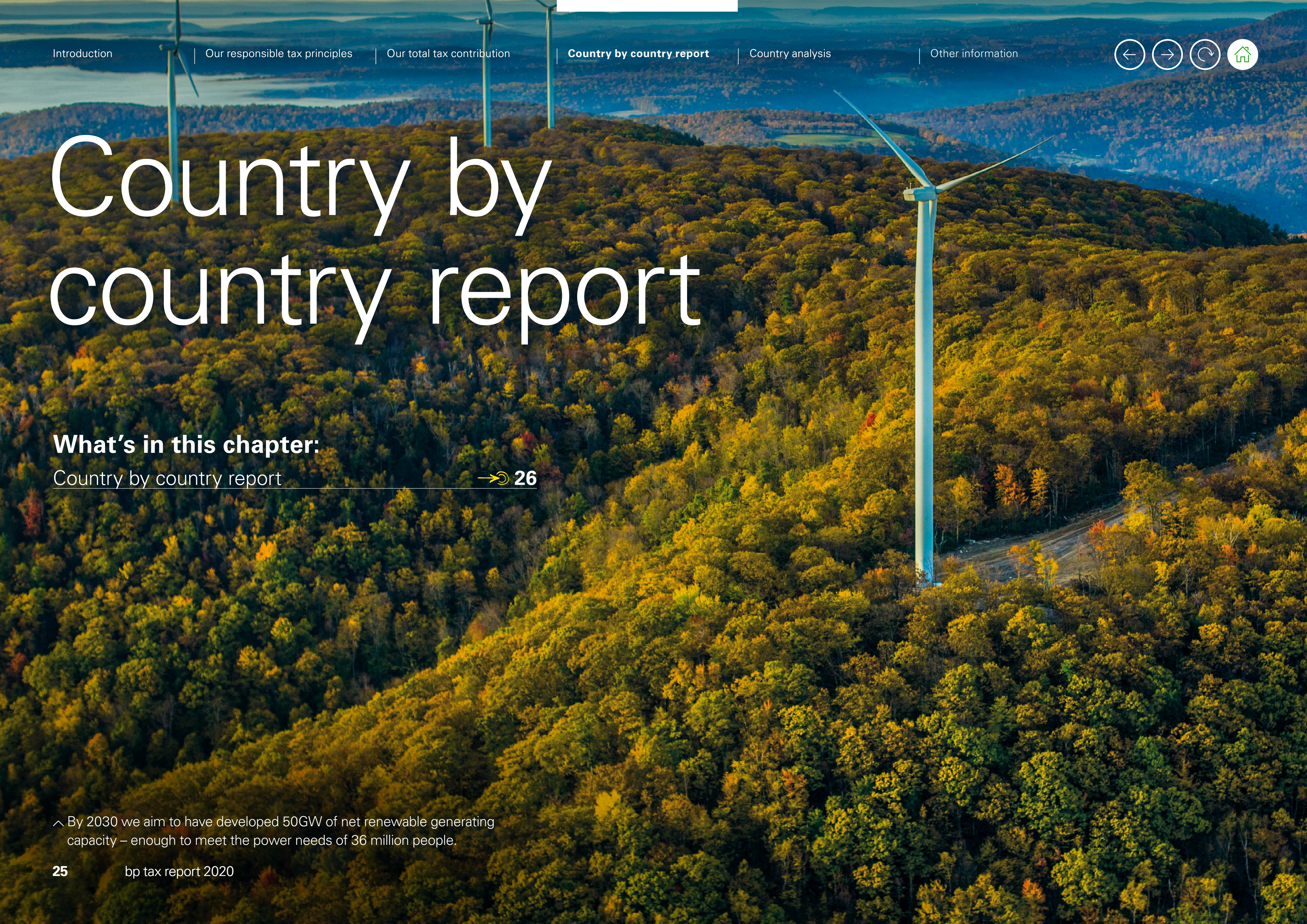
**Corporate taxes paid:** corporate taxes paid by bp in 2020 on the taxable profits of our operations, including those that relate to 2020 and those that relate to other years. In 2020 we paid $2.4bn in corporate taxes.

**Other taxes paid:** taxes other than corporate taxes paid by bp on our operations, for example production taxes or employer taxes. In 2020 we paid $2.7bn of these taxes.

**Taxes paid:** corporate taxes and other taxes paid by bp on our operations and represent a cost to us in arriving at our profit or loss for the year. In 2020 taxes paid were $5.1bn.

**Taxes collected:** taxes that are generated by our operations, but do not represent a cost to bp. Instead, our business activity gives rise to these taxes and bp collects and pays them to governments on behalf of others. In 2020 taxes collected were $29.7bn.

**Total tax contribution:** comprises the taxes we paid and collected on our global operations. In 2020 our total tax contribution was $34.8bn.



# Country by country report

## What's in this chapter:

Country by country report 26

By 2030 we aim to have developed 50GW of net renewable generating capacity – enough to meet the power needs of 36 million people.

# Country by country report

We provide data from our country by country report (CbCR) for the calendar year 2020.

We have a taxable presence in 86 countries and are taxed by the relevant tax authority.

The basis for determining the countries in which we have a taxable presence differs from that used to describe the countries where we have operations.

A taxable presence may include early-stage activities that are sufficient to register for taxes but where we may not yet have an active business. Conversely, it may also include countries where we no longer have active business activities, but where we have yet to complete a tax de-registration process.

In line with OECD★ requirements, our CbCR is provided to HMRC in the UK. We are including data from both the financial and legal entity information that forms our CbCR.

Our business activities vary between countries and there are many countries where we have more than one business activity. It may not therefore always be possible to reach conclusions about a specific business or bp company from the data presented.

In addition, the CbCR tax data requirements are focused on corporate taxes, and as shown in our total tax contribution table on page 22, and explained further on page 23, we pay and collect a wide variety of taxes beyond corporate taxes.

The CbCR data is provided on a country or regional basis for all bp subsidiaries and our permanent establishments. This includes all companies that bp controls. For subsidiaries in which we own less than a 100% interest, our report represents only bp's share of the assets, liabilities, income, expenses and cash flows. Data for joint ventures★ in which bp has a 50% or less interest (including Rosneft and BP Bunge Bioenergia) is not represented within this data.

Our CbCR data has been sourced primarily from bp's consolidation reporting systems which use IFRS★ and are subject to bp's group financial control processes. Data is reported in US dollars and rounded to the nearest dollar.

Financial data for our companies is included in the report in relation to the country in which a company is resident for tax purposes. Where a company is resident in more than one tax jurisdiction, it is included in the jurisdiction determined by the applicable tax treaty or, where no applicable treaty exists, by the company's place of effective management★.

## Definitions

Key definitions to support understanding of the data in our country by country report.

**Revenue:** Revenue is split between third-party and related-party★ revenues. Third parties refers to all parties that we do not control.

Third-party revenues include sales and other operating revenues, interest and other income, proceeds from sale of businesses and fixed assets, and dividends from all shareholdings other than from bp companies.

Related-party revenues include aggregated revenues from sales and other operating income, central group services, royalty payments, interest, and premiums with bp companies. Related-party revenues exclude dividends from bp companies.

**Profit or (loss) before tax:** The profit or loss is calculated using bp's group accounting policies. It excludes dividends received from other bp companies.

**Corporate taxes paid:** The amount of corporate taxes paid by, or refunded to, bp on the taxable profits of our operations. It also includes taxes withheld on payments to a bp company in the period. Corporate taxes exclude other taxes such as production taxes and it does not include production entitlement★.

**Corporate taxes accrued**: The amount of corporate tax accruing on our operations for the reporting period. It may not be the same as corporate taxes paid or refunded in the period. Deferred taxes and provisions for uncertain tax liabilities are excluded.

**Stated capital and accumulated earnings:** The capital invested in bp's subsidiary★ companies and the earnings accumulated from their operations. These amounts are shown in aggregate, meaning the accumulated earnings of a subsidiary are shown both in that subsidiary and also in its holding company.

The total figure therefore includes cumulative amounts which do not reconcile to the capital or earnings shown in the bp Annual Report 2020. Where a bp company operates in a territory through a branch★ or permanent establishment★ the stated capital and accumulated earnings are reported in the country of incorporation of the company.

**Employees:** The number of employees is reported as at 31 December 2020, on the basis of the normal work jurisdiction of the employee and does not include third-party contractors.

**Tangible assets:** Includes property, plant and equipment as defined in the bp Annual Report 2020.

★ See Glossary on page 51.

# Country by country report

**Statutory tax rate:** The tax rate imposed by law in a country and accepted as generally applicable to taxable profits. For the purpose of this report, it refers to the generally applicable rate of corporate tax.

**Effective current corporate tax rate:** The ratio of corporate taxes accrued compared with the profits (or loss) before tax in the financial statements. For the purposes of this report, the corporate taxes accrued includes current taxes, including prior period adjustments, and excludes deferred taxes.

Our effective current corporate tax rate varies by country based on several factors including the tax rate applicable in the country.

Our effective current corporate tax rate may be higher than the statutory tax rate in some countries where our operations are subject to higher tax rates because of specific tax legislation or due to the contractual obligations applicable to our oil and gas activities.

Our effective current corporate tax rate may be lower than the statutory tax rate in some countries, for example where our operations have a current year tax loss, or had a tax loss in an earlier year and country tax legislation allows this loss to offset a current year taxable profit. In addition, where our business activities are eligible for an incentive, exemption or a lower tax rate, our effective current corporate tax rate may be lower.

In some countries the tax regime and tax rate applicable to our extractive activities is contained in our production sharing agreements (PSAs)★ or other contracts with government.

Some of these regimes require us to pay corporate taxes on our taxable profits to the tax authority★, and some require our government partner to take responsibility for doing so.

With respect to the latter situation, such a mechanism is often referred to as a ‘pay on behalf’ regime. Where this is the case, the terms of our PSAs or other contracts take this into account in the production or revenue entitlement of our government partner.

We have expanded, where possible, our CbCR table 1 to explain the main reason for a difference between bp’s effective current corporate tax rate and the statutory tax rate by country where one exists. And further explanations for variances, where they exist, are offered in our country analysis for our major countries of operation, see page 33.

We reconcile the data from our CbCR table 1 to the bp Annual Report 2020, where relevant, see page 32.

★ See Glossary on page 51.

# Country by country report

$

| Tax jurisdiction | Third-party revenue | Related-party revenue | Total revenues | Profit (loss) before tax | Corporate taxes paid/(refunded) | Corporate taxes accrued | Stated capital | Accumulated earnings | Number of employees | Tangible assets | Statutory corporate tax rate %[a] | Effective current corporate tax rate % | Commentary |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Albania | 3,818,916 | 37,438 | 3,856,354 | (1,009,656) | 855,501 | (129,559) | 297,300 | 11,339,554 | 12 | 883,200 | 15 | 13 | |
| Angola | 54,643,206 | 1,580,836,792 | 1,635,479,998 | (932,777,789) | 205,124,468 | 201,657,153 | – | – | 522 | 2,729,075,801 | 30 | (22) | **See country analysis** |
| Argentina | 2,317,531 | | 2,317,531 | (2,835,596) | 366,513 | 208,088 | 6,082,293 | (3,042,211) | 6 | 48,958 | 30 | (7) | **Loss in year** |
| Australia | 7,726,718,372 | 400,866,679 | 8,127,585,051 | (965,038,451) | (25,930,962) | 246,982 | 16,098,136,905 | (1,850,407,642) | 5,440 | 2,624,158,824 | 30 | 0 | **See country analysis** |
| Austria | 510,873,340 | 265,637,064 | 776,510,404 | 1,665,144 | 2,851,892 | (236,980) | 114,593,934 | (18,588,907) | 137 | 197,216,288 | 25 | (14) | **Prior year adjustment** |
| Azerbaijan | 845,787,277 | 1,507,792,661 | 2,353,579,939 | (292,752,320) | 103,331,557 | 105,480,845 | – | – | 2,597 | 11,518,719,549 | 20 | (36) | **See country analysis** |
| Barbados | 18,885 | – | 18,885 | (143,635) | – | – | 587,649,931 | (425,725,418) | – | – | 5.5 | 0 | **Loss in year** |
| Belgium | 786,210,820 | 560,255,632 | 1,346,466,451 | (720,922,883) | 6,295,072 | 4,896,896 | 830,290,442 | 545,609,710 | 258 | 69,492,677 | 29 | (1) | **See country analysis** |
| Brazil | 287,420,491 | 326,081 | 287,746,573 | (2,487,867,917) | 3,175,682 | 1,184,195 | 7,736,321,638 | (5,408,677,665) | 213 | 6,800,624 | 34 | 0 | **Loss in year** |
| British Virgin Islands | – | – | – | – | – | – | 57,319,785 | (132,576,111) | – | – | 0 | 0 | |
| Canada | 16,059,584,112 | 2,576,160,821 | 18,635,744,933 | (3,616,832,606) | 12,823,105 | 20,403,300 | 9,276,614,948 | (4,001,292,058) | 155 | 2,279,584,350 | 26.5 | (1) | **See country analysis** |
| Chile | – | – | – | 42,324 | – | – | 2,156,183 | (853,073) | 1 | – | 27 | 0 | **Prior period losses offset** |
| China | 2,463,507,796 | 622,075,691 | 3,085,583,487 | (143,870,986) | 58,906,621 | 36,286,572 | 364,298,660 | 303,118,503 | 822 | 284,775,953 | 25 | (25) | **See country analysis** |
| Colombia | 7,425,689 | 114,353,828 | 121,779,517 | (143,981) | (2,704,176) | 1,009,533 | 5,355,141 | (1,503,280) | 7 | 183 | 32 | (701) | **Prior year adjustment** |
| Croatia | 5,460,123 | (11,256) | 5,448,867 | (382,961) | – | – | 75,753 | (1,657,737) | – | – | 18 | 0 | **Loss in year** |
| Cyprus | 27,601,084 | 126,570 | 27,727,654 | (7,040,868) | 181,879 | (56,870) | – | – | 27 | 4,346,679 | 12.5 | 1 | **Loss in year** |
| Denmark | 63,629,015 | 1,582,332 | 65,211,347 | (643,048) | 362,536 | (631,636) | 19,843,200 | 39,826,930 | 12 | 7,394,978 | 22 | 98 | **Prior year adjustment** |
| Estonia | – | – | – | – | (232,475) | – | – | – | – | – | 20 | 0 | **No profits** |
| Faroe Islands | 640,817 | – | 640,817 | 4,991,904 | 77,932 | – | – | 4,661,277 | – | – | 18 | 0 | **Prior period losses offset** |
| Finland | 40,231,151 | – | 40,231,151 | (2,457,483) | 124,183 | (367,314) | 7,570,707 | (2,899,299) | 20 | 4,379,351 | 20 | 15 | |
| France | 1,045,474,253 | 112,103,449 | 1,157,577,703 | (115,772,609) | 949,224 | (5,567,673) | 742,328,846 | (519,851,339) | 267 | 286,328,828 | 31 | 5 | **Prior year adjustment** |

## Country by country report

$

| Tax jurisdiction | Third-party revenue | Related-party revenue | Total revenues | Profit (loss) before tax | Corporate taxes paid/(refunded) | Corporate taxes accrued | Stated capital | Accumulated earnings | Number of employees | Tangible assets | Statutory corporate tax rate %[a] | Effective current corporate tax rate % | Commentary |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gambia | – | – | – | (43,115,697) | – | – | 999 | (49,822,307) | – | – | 31 | 0 | **Loss in year** |
| Georgia | – | – | – | – | – | – | – | – | 415 | – | 15 | 0 | **No profits** |
| Germany | 12,983,500,696 | 5,435,170,388 | 18,418,671,084 | (830,330,837) | (102,106,248) | (1,414,126) | 7,417,993,203 | 856,956,567 | 4,669 | 5,483,932,369 | 30 | 0 | **See country analysis** |
| Ghana | – | – | – | (142,684) | – | (6,909) | – | 853,769 | 2 | 902,596 | 25 | 5 | **Loss in year** |
| Gibraltar | – | 2,974,532 | 2,974,532 | 57,373 | – | (5,432) | – | – | – | – | 10 | (9) | **Prior year adjustment** |
| Greece | 105,724,752 | 7,550,311 | 113,275,063 | (1,072,202) | (2,731,596) | 3,324,144 | 21,589,393 | 19,734,492 | 81 | 10,685,116 | 24 | (310) | **Prior year adjustment** |
| Hong Kong | 101,313,974 | 655,938,938 | 757,252,912 | (55,507,351) | 2,751,688 | 853,473 | 52,931,841 | 24,911,933 | 4 | 3,325 | 16.5 | (2) | **Loss on disposal** |
| Hungary | 21,314,828 | (91,109) | 21,223,720 | 11,921,171 | 3,688,355 | 5,053,168 | 1,062,898 | 28,846,672 | 2,699 | 76,719,772 | 9 | 42 | **See country analysis** |
| Iceland | 28,346,367 | 711,270 | 29,057,637 | (4,250,858) | | (495,967) | 4,444 | (6,065,157) | – | – | 20 | 12 | **Prior year adjustment** |
| India | 391,379,715 | 2,021,123 | 393,400,837 | (1,529,589,363) | 32,314,016 | 29,132,929 | 22,081,993 | (2,373,615,447) | 954 | 1,948,891,252 | 25 | (2) | **See country analysis** |
| Indonesia | 1,000,104,531 | 67,507,090 | 1,067,611,621 | 43,545,654 | 39,506,428 | 149,258,169 | 7,022,806 | 24,364,428 | 943 | 4,724,607,958 | 25 | 343 | **See country analysis** |
| Ireland | – | – | – | 176,196 | – | – | 27,359,579 | 7,492,779 | – | – | 12.5 | 0 | **Accounting adjustment** |
| Italy | 81,512,116 | 58,973,357 | 140,485,473 | (4,813,999) | 2,909,252 | (1,394,448) | 15,360,000 | 57,473,700 | 112 | 14,785,400 | 24 | 29 | **Loss in year** |
| Ivory Coast | – | – | – | (8,833,616) | – | – | – | – | – | – | 25 | 0 | **Loss in year** |
| Jamaica | 13,258,481 | 23,312 | 13,281,793 | 11,555 | 80,986 | 4,728 | – | – | – | – | 25 | 41 | **Accounting adjustment** |
| Japan | 152,756,923 | 5,918,631 | 158,675,554 | 25,206,832 | 9,346,845 | 8,413,510 | 66,124,076 | 76,007,006 | 163 | 5,269,041 | 30.62 | 33 | |
| Kosovo | 662 | | 662 | (81,106) | – | – | – | – | – | – | 10 | 0 | **Loss in year** |
| Luxembourg | 364,768,809 | 54,237,350 | 419,006,159 | 7,119,085 | 6,163,544 | 2,376,128 | 4,939,076 | 39,803,068 | 213 | 132,140,677 | 24.94 | 33 | **Prior year adjustment** |
| Madagascar | – | – | – | (1,994,803) | – | – | – | – | – | – | 20 | 0 | **Loss in year** |
| Malaysia | 266,159,416 | 135,489,150 | 401,648,566 | 9,333,518 | 3,856,071 | 2,546,270 | 64,007,217 | 25,683,561 | 1,055 | 21,921,641 | 24 | 27 | **See country analysis** |
| Malta | – | – | – | (4,791) | – | – | – | – | – | – | 35 | 0 | **Loss in year** |
| Mauritania | – | 2,000 | 2,000 | (1,167,355,559) | – | – | – | – | 47 | 2,681,780 | 25 | 0 | **See country analysis** |

# Country by country report

$

| Tax jurisdiction | Third-party revenue | Related-party revenue | Total revenues | Profit (loss) before tax | Corporate taxes paid/(refunded) | Corporate taxes accrued | Stated capital | Accumulated earnings | Number of employees | Tangible assets | Statutory corporate tax rate %[a] | Effective current corporate tax rate % | Commentary |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mauritius | – | – | – | – | – | – | 4,431,017 | (73,536) | – | – | 15 | 0 | **No profits** |
| Mexico | 2,282,904,173 | 16,971,784 | 2,299,875,956 | (13,999,626) | 8,457,896 | 18,780,696 | 504,593,514 | (97,867,332) | 241 | 291,132,118 | 30 | (134) | **No consolidation** |
| Middle East Region[b] | 1,544,385,154 | 4,340,774,283 | 5,885,159,437 | 2,475,059,120 | 1,604,509,755 | 1,391,877,306 | 531,281,891 | (350,951,275) | 1,005 | 5,260,870,563 | 7.23 | 56 | **Higher PSA tax rates** |
| Mozambique | 70,101,386 | 123 | 70,101,509 | (33,306,825) | (113,364) | 12,586,229 | 23,483,807 | (48,629,240) | 100 | 19,190,283 | 32 | (38) | **Prior year adjustment** |
| Netherlands | 2,769,721,744 | 6,008,730,919 | 8,778,452,663 | 184,295,626 | (2,324,979) | (87,455,983) | 14,123,542,468 | 384,017,694 | 2,024 | 2,221,959,219 | 25 | (47) | **See country analysis** |
| New Zealand | 1,412,459,682 | 8,053,753 | 1,420,513,435 | (80,031,196) | (17,436,802) | (11,081,078) | 177,949,897 | 313,106,565 | 2,067 | 481,712,789 | 28 | 14 | **See country analysis** |
| Nigeria | 690 | – | 690 | (262,828) | (63,687) | (4,579) | 161,150,902 | (289,220,249) | 9 | 957,172 | 30 | 2 | **Loss in year** |
| North Africa Region[c] | 1,690,801,262 | 97,883,120 | 1,788,684,382 | (865,741,065) | 323,092,853 | 102,524,597 | 663,034 | (4,306,447) | 327 | 7,277,546,891 | 22.2 | (12) | **Loss in year** |
| Norway | 153,218,419 | 2,971,881 | 156,190,301 | (9,462,676) | 1,447,908 | (1,092,562) | 28,497,196 | 33,239,666 | 48 | 40,060,819 | 22 | 12 | **Loss in year** |
| Pakistan | 8,082,598 | | 8,082,598 | 1,184,358 | 324,256 | 257,615 | 1,988,688 | 4,494,430 | – | 13,193 | 35 | 22 | **Prior year adjustment** |
| Panama | 2,651,513,122 | 90,319,594 | 2,741,832,716 | (45,861,242) | 88,653 | – | – | – | – | – | 25 | 0 | **Loss in year** |
| Peru | – | – | – | 7,399 | 195,983 | 195,983 | 3,886,000 | 1,428,233 | 7 | 5,828 | 29.5 | 2649 | **Forex differences** |
| Philippines | 30,592,025 | 155,199 | 30,747,224 | 1,770,411 | 673,494 | 673,181 | 2,357,149 | 3,010,401 | 43 | 675,532 | 30 | 38 | **Prior year adjustment** |
| Poland | 1,726,011,027 | 60,744,972 | 1,786,755,999 | 61,603,044 | 38,137,612 | 15,291,961 | 2,138,640 | 12,541,198 | 4,518 | 636,959,573 | 19 | 25 | **See country analysis** |
| Portugal | 648,309,645 | 2,865,037 | 651,174,681 | 17,984,913 | 6,434,911 | (2,583,426) | 7,372,800 | 186,803,490 | 144 | 315,001,067 | 21 | (14) | **Prior year adjustment** |
| Puerto Rico | 102,483,262 | 865,779 | 103,349,041 | (19,409,738) | – | (6,847,420) | – | – | – | – | 18.5 | 35 | **Loss in year** |
| Romania | 89,566,501 | 17,804 | 89,584,305 | 8,708,124 | 2,730,068 | 2,105,030 | 1,355,206 | 42,499,384 | 19 | 1,978,866 | 16 | 24 | **Prior year adjustment** |
| Russia | 101,506,408 | – | 101,506,408 | 2,505,327 | 501,122 | (742,951) | 5,485,296 | 27,196,700 | 187 | 5,713,829 | 20 | (30) | **Prior year adjustment** |
| Sao Tome and Principe | – | – | – | (47,272,932) | – | – | – | – | – | 25,018 | 25 | 0 | **Loss in year** |
| Senegal | (53) | – | (53) | (1,128,502,930) | – | – | – | (14,660) | 46 | 1,715,297 | 30 | 0 | **See country analysis** |

# Country by country report

$

| Tax jurisdiction | Third-party revenue | Related-party revenue | Total revenues | Profit (loss) before tax | Corporate taxes paid/(refunded) | Corporate taxes accrued | Stated capital | Accumulated earnings | Number of employees | Tangible assets | Statutory corporate tax rate %[a] | Effective current corporate tax rate % | Commentary |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Singapore | 24,969,961,022 | 9,684,015,247 | 34,653,976,269 | 1,558,594 | 60,291,394 | 18,642,854 | 1,123,326,375 | 205,838,002 | 1,027 | 95,435,253 | 17 | 1196 | **See country analysis** |
| South Africa | 2,313,507,623 | 417,308,834 | 2,730,816,457 | (377,975,127) | 4,823,002 | 15,488,184 | 105,592,186 | (17,259,389) | 962 | 471,488,946 | 28 | (4) | **See country analysis** |
| South Korea | 49,210,207 | 27,172,772 | 76,382,979 | 3,539,742 | 606,235 | 783,128 | 7,714,665 | 7,582,904 | 86 | 2,499,551 | 25 | 22 | |
| Spain | 3,323,539,603 | 1,286,330,576 | 4,609,870,179 | (278,699,368) | (41,546,676) | (94,257,562) | 940,403,587 | 1,563,860,714 | 2,207 | 1,857,339,633 | 25 | 34 | **See country analysis** |
| Sweden | 146,450,700 | 1,999,821 | 148,450,520 | (14,081,756) | (1,358,005) | (3,061,818) | 611,050 | 42,436,943 | 51 | 20,246,837 | 21.4 | 22 | |
| Switzerland | 322,990,510 | 21,128,259 | 344,118,769 | 26,969,386 | 6,389,747 | 5,203,554 | – | – | 53 | 166,583,639 | 14.84 | 19 | |
| Taiwan | 24,827,122 | 3,038,752 | 27,865,873 | 4,997,658 | 1,157,323 | 988,372 | 1,600,683 | 5,804,052 | 19 | 121,579 | 20 | 20 | |
| Thailand | 125,966,671 | 15,690,822 | 141,657,493 | 36,382,245 | 8,087,883 | 7,677,617 | 219,870,627 | (89,303,664) | 155 | 13,460,398 | 20 | 21 | |
| Trinidad & Tobago | 1,307,469,791 | 328,340,736 | 1,635,810,527 | (2,877,057,611) | 75,074,458 | 52,893,072 | 162,379,202 | 126,358,615 | 972 | 3,393,673,899 | 30 | (2) | **See country analysis** |
| Turkey | 1,569,332,442 | 10,569,464 | 1,579,901,906 | (65,893,374) | 473,972 | (21,644,177) | 261,802,674 | (21,977,369) | 568 | 180,510,375 | 22 | 33 | **Prior year adjustment** |
| Ukraine | 13,438,266 | – | 13,438,266 | 2,261,963 | 521,275 | 383,888 | – | – | 13 | – | 18 | 17 | |
| UK | 46,120,899,600 | 36,364,288,551 | 82,485,188,151 | (799,177,364) | 63,595,924 | 151,449,520 | 391,989,936,791 | 188,635,300,644 | 14,136 | 13,028,650,876 | 19 | (19) | **See country analysis** |
| US | 46,784,100,754 | 19,194,458,531 | 65,978,559,285 | (6,443,703,853) | (82,398,044) | 2,197,155 | 238,949,527,249 | 16,647,195,922 | 10,483 | 46,605,120,725 | 21 | 0 | **See country analysis** |
| Venezuela | 159 | – | 159 | (1,910,208) | – | – | 36,468,397 | (43,831,309) | – | – | 34 | 0 | **Loss in year** |
| Vietnam | 155,989,406 | 1,208,098 | 157,197,503 | 64,025,710 | 13,431,491 | 11,708,734 | 15,601,315 | 34,707,190 | 185 | 9,528,815 | 20 | 18 | |
| | **187,950,845,067** | **92,154,474,838** | **280,105,319,904** | **(23,043,010,995)** | **2,438,143,553** | **2,144,966,293** | **692,944,425,496** | **194,584,094,574** | **63,555** | **114,835,925,752** | | | |

a For regions, this is weighted statutory tax rate calculated based on the statutory tax rate applicable in each country in the region, weighted by the profits and losses before tax in the respective countries.
b Includes Iraq, Kuwait, Lebanon, Oman, Saudi Arabia and United Arab Emirates.
c Includes Algeria, Egypt and Libya.

# Country by country report: reconciliation to the bp Annual Report 2020

$

| | Third-party revenues | Reconciliation to bp Annual Report 2020 | Profit (loss) before tax | Reconciliation to bp Annual Report 2020 | Corporate taxes paid/ (refunded) | Reconciliation to bp Annual Report 2020 | Tangible assets | Reconciliation to bp Annual Report 2020 |
|---|---|---|---|---|---|---|---|---|
| **Country by country total** | **187,950,845,068** | | **(23,043,010,995)** | | **2,438,143,553** | | **114,835,925,752** | |
| | (662,552,766) | Interest and other income, page 155 | (302,000,000) | Earnings from joint ventures★ after interest and tax, page 155 | | | | |
| | (5,480,301,238) | Fixed asset and business disposal proceeds, page 178 | (101,000,000) | Earnings from associates★ after interest and tax, page 155 | | | | |
| | (1,441,828,308) | Dividend from joint ventures & associates | (1,441,828,308) | Dividend from joint ventures & associates | | | | |
| **bp Annual Report 2020** | **180,366,162,756** | Sales and other operating revenue, page 155 | **(24,887,839,303)** | Profit before taxation, page 159 | **2,438,143,553** | Income taxes paid, page 159 | **114,835,925,752** | Property, plant and equipment, page 189 |

★ See Glossary on page 51.

# Country analysis

## What's in this chapter:

Country analysis 34

This section builds on the total tax contribution data on page 22. It provides more detail about each of our major countries of operation in 2020, including commentary on our main business activities and an explanation of the taxes paid and collected on our activities there.

All descriptions are as at 31 December 2020.

Since 2017, Lightsource bp has grown its global footprint from five to 15 countries and doubled its workforce from 300 to 600 people.

# Algeria*

**Total tax contribution**
**$52m**

**Employees**
17

**Total taxes paid**
$52m

**Tangible assets**
$597m

**Total taxes collected**
–

## Business activity

We have had a presence in Algeria since the mid-1950s.

We have interests in two major gas projects in the country: In Salah and In Amenas, where we partner with Sonatrach and Equinor to supply gas to the domestic and European markets.

## Tax overview

Our extractive activities are operated under production sharing agreements (PSAs), which set out the terms of our activities, including the applicable tax regime.

We paid a total of $52 million of corporate taxes and no further taxes were paid or collected in 2020. Of this, $48 million was settled by Sonatrach on bp's behalf out of production or revenue entitlement, in accordance with the terms of our PSAs.

The effective current corporate tax rate on our operations was higher than the statutory tax rate of 26%. The tax regime for our extractive activities is contained in our PSAs, and this includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 also shows payments of $0.1 million in fees.

* Some information is not available for this report due to commercial reasons.

More information about bp's operations in Algeria.

# Angola

**Total tax contribution**
**$251m**

**Employees**
522

**Profit/(loss) before tax**
($933m)

**Total taxes paid**
$214m

**Tangible assets**
$2,729m

**Corporate tax charge/(credit)**
$202m

**Total taxes collected**
$37m

## Business activity

We have invested more than $30 billion in Angola. For nearly half a century, we have contributed to the development of Angola's energy industry, and to the building of the country's institutions, people, and communities.

We own and operate interests in Blocks 18 and 31 in the country and have non-operated interests in Blocks 15, 17, 29 and the Angola LNG plant.

## Tax overview

Our extractive activities are operated under PSAs, which set out the terms of our activities, including the applicable tax regime. The regime taxes each project within a block individually and does not permit taxable profits and losses to be offset.

In addition to corporate taxes, we also paid training tax with respect to our employees, and we are required to withhold employee income taxes from payments we make to our employees. We also collected and paid irrecoverable VAT related to services received.

In 2020 the effective current corporate tax rate on our operations was minus 22%, compared with the statutory tax rate of 30%. Despite the accounting loss, bp Angola continues to have a corporate tax charge as the tax regime does not allow the consolidation of taxable profits and losses.

The tax regime for our extractive activities also includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 also shows payments of $666 million in production entitlements and infrastructure improvements.

More information about bp's operations in Angola.

# Australia

**Total tax contribution**
**$3,792m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 5,440 | ($965m) | $47m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $2,624m | – | $3,745m |

## Business activity

We have operated in Australia since 1919. Our activities span every state and territory, and include everything from finding energy to delivering products and services to customers.

We have exploration activities in the Carnarvon basin including a gas joint development in the Browse basin and an interest in the Woodside-operated North West Shelf project. We sell products and services through our national retail network, and provide marine, aviation and lubricant products to our business customers.

We made the decision to cease refining crude oil at the Kwinana refinery in early 2021 and convert it to a fuels import terminal.

## Tax overview

Our activities are subject to corporate taxes on a consolidated basis. This means they are taxed together as a single activity, with taxable profits and losses from our activities being offset. We paid production taxes including royalties and excise duties on our extractive activities and received a refund of corporate taxes relating to overpayments made in prior years.

The taxes we collected on behalf of others and paid to the government in 2020 are principally petroleum excise duties on product movements from bonded sites, customs duties, and net goods and services tax on our domestic sales. We are also required to withhold employee income taxes, including state-based taxes, from the payments we make to our employees.

The effective current corporate tax rate on our operations was zero, compared with the statutory tax rate of 30%, due to the loss made in the year.

Our report on payments to governments 2020 shows payments of $92 million in taxes and royalties, which includes an amount of $22 million for condensate and oil excise included in this report as excise duties collected.

In accordance with the tax transparency code in Australia, we publish a tax transparency report.

More information about bp's operations in Australia.

# Azerbaijan

**Total tax contribution**
**$160m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 2,597 | ($293m) | $125m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $11,519m | $105m | $35m |

## Business activity

We have had a presence in Azerbaijan since 1992.

We signed our first PSA with the state oil company SOCAR in September 1994. Since then, together with our partners, we've invested $78.5 billion in the Azeri-Chirag-Deepwater Gunashli and Shah Deniz fields, as well as the Baku-Tbilisi-Ceyhan pipeline and the South Caucasus Pipeline projects.

## Tax overview

Our extractive activities are operated under PSAs and other governmental contracts, which include the applicable tax regime.

The regime taxes each project individually and does not permit taxable profits and losses to be offset. Tax regimes under some of our PSAs provide for a 'pay on behalf' mechanism, which requires SOCAR to settle our taxes out of production entitlement★ .

In 2020 all our corporate taxes were paid by bp since they did not relate to PSAs with a 'pay on behalf' mechanism.

★ See Glossary on page 51.

We also make social security payments with respect to our employees and are required to withhold employee income taxes from payments to our employees.

In 2020, the effective current corporate tax rate on our operations was minus 36%, compared with the statutory tax rate of 20%. Despite the accounting loss, we continue to have a corporate tax charge as the tax regime does not allow the consolidation of taxable profits and losses.

The tax regime for our extractive activities also includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 shows payments of $6.2 billion in production entitlement, taxes, fees and bonuses. It excludes $8 million in taxes for our non-extractive activities, which are included as corporate taxes in this report.

More information about bp's operations in Azerbaijan.

# Belgium

**Total tax contribution**
**$27m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 258 | ($721m) | $26m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $69m | $5m | $1m |

## Business activity

We have had a presence in Belgium since 1909.

We have a facility for the production of lubricants in Gent, and an office in Brussels. We also operate an aviation and shipping fuels business. Towards the end of 2020 we disposed of our petrochemicals business in the country.

## Tax overview

We paid corporate taxes and employer social security and received a net repayment of VAT in accordance with VAT law. We are also required to withhold payroll and social security taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was minus 1%, compared with the statutory tax rate of 29%. The 2020 accounting loss includes a non-deductible loss arising on the disposal of our petrochemicals business. After adjusting for this and prior year changes, the effective current corporate tax rate aligns closely to the statutory tax rate.

More information about bp's operations in Belgium.

# Canada

**Total tax contribution**
**$56m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 155 | ($3,617m) | $15m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $2,280m | $20m | $40m |

## Business activity

We have had a presence in Canada for more than 50 years.

We hold interests in 10 exploration licences in the Eastern Newfoundland Region, offshore Newfoundland and Labrador. We also have interests in Canada's oil sands.

Our trading business spans the country, making us one of the top oil and natural gas marketers and traders in Canada.

## Tax overview

We pay corporate taxes and production taxes in the form of royalties for our non-operated extractive projects.

The taxes we collected on behalf of others and paid to the government during the year are principally net goods and services tax on sales of our domestic gas sales and carbon and motor fuels taxes. We also received an excise tax refund of $8 million in accordance with the law.

We are also required to withhold employee income taxes from the payments we make to our employees.

The effective current corporate tax rate on our operations was minus 1%, compared with the statutory tax rate of 26.5%. Some of our activities in Canada made a taxable profit and some made a tax loss in 2020. As Canada's tax regime taxes each company individually and does not permit taxable profits and losses to be offset, we recorded a tax charge for 2020, despite our accounting loss.

Our report on payments to government 2020 shows a refund of $5 million in taxes, which relates to the settlement of prior period taxes in relation to a business bp no longer owns, so is excluded from this report. The $2 million of production taxes included in this report are excluded in our report on payments to government since they relate to non-operated projects.

More information about bp's operations in Canada.

# China

**Total tax contribution**
**$355m**

| Employees | Profit/(loss) before tax | Total taxes paid |
| --- | --- | --- |
| 822 | ($144m) | $77m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $285m | $36m | $278m |

## Business activity

We have operated in China since the early 1970s and are one of the leading foreign investors in the oil and gas industry.

Our activities include fuels, lubricants, aviation and electric vehicle charging businesses, and gas supply and trading.

We conduct these activities either through bp subsidiaries or joint ventures. We partner with state-owned companies including PetroChina, Sinopec, CNOOC, China National Aviation Company and Dongfeng Motor Corporation, and with private companies including Shandong Dongming Petrochemical Companies and DiDi.

Towards the end of 2020 we divested our petrochemical business in the country.

## Tax overview

In addition to corporate tax, we also paid customs duties on the import of raw materials for our lubricants business in 2020.

The taxes we collected on behalf of others and paid to the government during 2020 are principally net VAT on importation of certain oil and chemical products, and excise duties on the sale of our products.

We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was minus 25%, compared with the statutory rate of 25%. Some of our activities in China made a taxable profit and some made a tax loss in 2020. As China's tax regime taxes each company and joint venture★ individually and does not permit taxable profits and losses to be offset, we recorded a tax charge for 2020, despite our accounting loss.

★ See Glossary on page 51.

More information about bp's operations in China.

# Egypt

**Total tax contribution**
**$278m**

| Employees | Profit/(loss) before tax | Total taxes paid |
| --- | --- | --- |
| 309 | ($927m) | $271m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $6,680m | $81m | $7m |

## Business activity

We have operated in Egypt for almost 60 years.

We have interests in the West Nile Delta, Atoll and Zohr gas fields in the country. We also have a 40% interest in the Natural Gas Vehicles Company, which was established in 1995 as the first company in Africa and the Middle East to commercialize natural gas as an alternative fuel for vehicles.

We also partner with TAQA Arabia in a lubricants manufacturing and distribution business.

## Tax overview

Our extractive activities are operated under PSAs, which set out the terms of our activities, including the applicable tax laws and regulations.

The corporate taxes paid in 2020[a] were settled by the Egyptian General Petroleum Corporation (EGPC) on bp's behalf out of production entitlement, in accordance with the terms of our PSAs. In addition, we also collected payroll income tax and social security payments with respect to our employees.

In 2020 the effective current corporate tax rate on our operations was minus 9%, compared with the statutory tax rate of 22.5%.

Despite the accounting loss, bp Egypt continues to have a corporate tax charge as the tax regime does not allow the consolidation of taxable profits and losses.

The tax regime for our extractive activities also includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 also shows payments of $4.4 million in fees and bonuses.

a The terms of our PSAs provide that corporate taxes are paid in the year following that to which they relate. Accordingly, our 2020 payment relates to our 2019 taxable profits.

More information about bp's operations in Egypt.

# Germany

**Total tax contribution**
**$9,895m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 4,669 | ($830m) | ($32m) |

| Tangible assets | Corporate tax charge/(credit) | Total taxes collected |
|---|---|---|
| $5,484m | ($1m) | $9,927m |

## Business activity

We have operated in Germany for more than 100 years.

We have major offices in Hamburg and Bochum, and we operate the second-largest refining system in Germany.

This includes our Lingen refinery and the Gelsenkirchen, Scholven and Horst plants, which belong to Ruhr Oel GmbH. We also operate a fuels and lubricants retail business, and supply aviation and shipping fuels.

Our lubricant plant in Mönchengladbach produces and distributes high performance lubricants and metalworking fluids for industry. And in Landau, we manufacture various cooling lubricants and industrial cleaners.

## Tax overview

We received a refund of corporate taxes in the year that relates to the refund of an overpayment of 2017, 2019 and 2020 corporate taxes, which we paid in advance..

The taxes we collected on behalf of others and paid to the government during the year are principally mineral oil tax, and net VAT on sales of our domestic fuels and lubricants products. We are also required to withhold employee income taxes from the payments we make to our employees.

The effective current corporate tax rate on our operations was zero, compared with the statutory tax rate of 30%, due to our tax loss for the year.

More information about bp's operations in Germany.

# Hungary

**Total tax contribution**
**$34m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 2,699 | $12m | $20m |

| Tangible assets | Corporate tax charge/(credit) | Total taxes collected |
|---|---|---|
| $77m | $5m | $14m |

## Business activity

Our presence in Hungary consists principally of our business service centres located in Budapest and Szeged, which opened in 2009 and 2017 respectively.

Our service centres provide support services to the group including accounting, procurement, indirect tax compliance, human resources support and information technology services.

We also supply aviation fuels.

## Tax overview

Of the total taxes we paid and collected in 2020, the majority related to the people we employ in our service centres.

We also received a sales tax repayment with respect to VAT incurred on local purchases in accordance with the Hungarian VAT regulations.

The effective current corporate tax rate on our operations of 42% is higher than the statutory tax rate of 9% since we include other local business taxes in our tax charge.

More information about bp's operations in Hungary.

# India

Total tax contribution
**$116m**

| | | |
|---|---|---|
| Employees<br>954 | Profit/(loss) before tax<br>($1,530m) | Total taxes paid<br>$61m |
| Tangible assets<br>$1,949m | Corporate tax charge/(credit)<br>$29m | Total taxes collected<br>$55m |

## Business activity

We have a century-long business presence in India and are one of the largest international energy companies in the country.

In addition to our gas value chain alliance with Reliance Industries Ltd (RIL), our activities include Castrol lubricants, oil and gas trading, fuel retail, clean energy projects through Lightsource bp, IT-enabled back-office activities, staffing and training for our global marine fleet.

Our 50:50 joint venture, India Gas Solutions Private Limited, is also part of our gas value chain alliance with RIL to source and market gas in India. Reliance BP Mobility Limited, our 49% joint venture with RIL is a leading private sector retail fuel marketer and supplier of aviation fuel.

## Tax overview

In addition to corporate taxes, we also paid customs duties on the import of raw materials for our lubricants business during the year.

The taxes we collected on behalf of others and paid to the government during 2020 are principally our net goods and services tax on sales of our lubricants, aviation and fuels products. We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was minus 2% compared with the statutory tax rate of 25%. The impact of certain expenses being disallowed for tax purposes means that we recorded a tax charge for 2020 despite our accounting loss.

More information about bp's operations in India.

# Indonesia

Total tax contribution
**$16m**

| | | |
|---|---|---|
| Employees<br>943 | Profit/(loss) before tax<br>$44m | Total taxes paid<br>$40m |
| Tangible assets<br>$4,725m | Corporate tax charge/(credit)<br>$149m | Total taxes collected<br>($24m) |

## Business activity

We have had a presence in Indonesia for more than 50 years.

We operate the Tangguh liquid natural gas (LNG) plant in the country. The plant is a unitized development of six gas fields located in Bintuni Bay in Papua Barat province and has been producing LNG since 2009.

We also have retail and marketing activities for motor and aviation fuels and lubricants.

Towards the end of 2020 we divested our petrochemical business in the country.

## Tax overview

Our extractive activities are operated under PSAs, which set out the terms of our activities including the applicable tax regime.

In addition to our corporate taxes paid, we received a net repayment of VAT, in accordance with the terms of our PSA. We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was 343%, compared with the statutory tax rate of 25%. Some of our activities in Indonesia made a taxable profit and some made a tax loss in 2020. The tax regime for our activities does not permit our taxable profits and losses to be offset. This together with the impact of certain expenses being disallowed for tax purposes and the non-allowable loss on the sale of our petrochemicals business gives rise to the high effective current corporate tax rate.

The tax regime for our extractive activities is contained in our PSAs, and also includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 also shows payments of $362.8 million in production entitlements. It excludes a net refund of $8 million in taxes for our non-extractive activities, and a refund of $78 million in relation to prior years for our extractive activities, which are included as corporate taxes in this report.

More information about bp's operations in Indonesia.

# Iraq*

**Total tax contribution**
**$114m**

**Employees**
85

**Total taxes paid**
$114m

**Tangible assets**
$34m

**Total taxes collected**
–

## Business activity

We have a long history of oil exploration and production in Iraq. This history stretches back to the 1920s when the company that would eventually come to be known as bp helped Iraq locate, produce and export oil.

In 2009 we became the first International Oil Company to return to Iraq after a period of 35 years. We were awarded a technical service contract to increase production at the Rumaila oil field, partnering with the state-owned Basra Oil Company (BOC), PetroChina and the State Organization for Marketing of oil (SOMO). bp employees are seconded to the Rumaila Operating Organisation.

Since 2014, Air bp have supplied and provided jet fuel services in Northern Iraq. They are the majority stakeholder in MMAFCO, a joint venture.

## Tax overview

We pay corporate taxes in accordance with the terms of our contract with the government of Iraq.

The effective current corporate tax rate on our operations was higher than the statutory tax rate of 15%. The tax provisions for our extractive activities are contained in our contract with the government, and this includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 also shows payments of $3 million in fees and infrastructure improvements.

* Some information is not available for this report due to commercial reasons.

More information about bp's operations in Iraq.

# Malaysia

**Total tax contribution**
**$11m**

**Employees**
1,055

**Profit/(loss) before tax**
$9m

**Total taxes paid**
$4m

**Tangible assets**
$22m

**Corporate tax charge/(credit)**
$3m

**Total taxes collected**
$7m

## Business activity

We have had a presence in Malaysia for more than 50 years and our activities include lubricants sales and marketing businesses.

We also operate a lubricants blending plant in Port Klang, Selangor. In 2010 we opened a business service centre in Kuala Lumpur which accounts for the majority of our in-country employees. Our service centre provides support services to the group including accounting, procurement, indirect taxes compliance, human resources support and information technology services.

Towards the end of 2020 we divested our petrochemical business in the country.

## Tax overview

The effective current corporate tax rate on our operations of 27% aligns closely to the statutory tax rate of 24%.

More information about bp's operations in Malaysia.

# Mauritania

**Total tax contribution**
**$1m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 47 | ($1,167m) | – |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $3m | – | $1m |

### Business activity

We have operated in Mauritania since 2016.

We partner with Kosmos Energy and SMH and have a 62% interest in and operate offshore Blocks C-6, C-8, C-12 and C-13.

In 2018, we announced Phase 1 of the cross-border Greater Tortue Ahmeyim development across the border of Mauritania and Senegal, following agreement between their governments and partners bp, Kosmos Energy and National Oil Companies PETROSEN and SMH.

Greater Tortue Ahmeyim is in development and our remaining extractive activities are in exploration and appraisal phases.

### Tax overview

As our activities are pre-production, we paid and collected only de minimis taxes in the year, including employee income taxes which we are required to withhold from payments we make to our employees.

Our report on payments to governments 2020 shows payments of $2.5 million in fees.

More information about bp's operations in Mauritania.

# Netherlands

**Total tax contribution**
**$894m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 2,024 | $184m | $3m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $2,222m | ($87m) | $890m |

### Business activity

We have had a presence in the Netherlands since 1954.

We operate the Rotterdam refinery, which is one of the largest in Western Europe. We also have fuels, lubricants and aviation marketing and distribution activities.

Towards the end of 2020 we divested our petrochemical business in the country.

### Tax overview

Our tax payments comprised social security paid for our employees.

The taxes we collected on behalf of others and paid to the government during the year are principally excise duties and net VAT on sales of our fuels, lubricants and aviation products to our customers.

We are also required to withhold employee income taxes including wage tax and social security tax from payments we make to our employees.

The effective current corporate tax rate on our operations was minus 47%, compared to the statutory rate of 25% due to the non-taxable gain on the sale of our petrochemical business. Once adjusted for this, the effective current corporate tax rate closely aligns to the statutory tax rate of 25%.

More information about bp's operations in the Netherlands.

# New Zealand

| Employees | Profit/(loss) before tax | Total tax contribution |
|---|---|---|
| 2,067 | ($80m) | **$347m** |

| | | |
|---|---|---|
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes paid** |
| $482m | ($11m) | ($17m) |
| | | **Total taxes collected** |
| | | $365m |

## Business activity

We have operated in New Zealand since 1946.

We sell fuel products and services in the country and operate more than 100 retail sites.

We have a national network of bp-branded independent retailers and distributor partners, as well as a terminals and logistics operation. Our wider operations in the country include lubricants and aviation activities.

## Tax overview

We received a refund of corporate taxes in the year that relates to an overpayment of 2019 corporate taxes. The taxes we collected on behalf of others and paid to the government in 2020 are principally national and regional fuel taxes on motor fuels sales.

We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was 14%, compared with the statutory tax rate of 28%. Once adjusted for impairments and changes to prior years, our effective current corporate tax rate aligns closely with the statutory tax rate.

More information about bp's operations in New Zealand.

# Oman*

| Employees | Total tax contribution | Total taxes paid |
|---|---|---|
| 600 | **$157m** | $157m |

| Tangible assets | Total taxes collected |
|---|---|
| $2,384m | – |

## Business activity

We have had a presence in Oman since 2007.

We hold a 40% interest and operate Block 61 in partnership with the Oman Oil Company for Exploration & Production, PC Oman, a wholly owned subsidiary★ of Petronas and PPTEP. We partner with Eni at Block 77.

We also have lubricants sales and distribution activities in Oman.

## Tax overview

Our extractive activities are operated under PSAs, which set out the terms of our activities, including the applicable tax regime.

We paid a total of $157 million in corporate taxes in 2020, all of which was settled by the Oman Ministry of Oil and Gas on our behalf out of production entitlement in accordance with the terms of our PSAs.

The effective current corporate tax rate on our operations was higher than the statutory tax rate of 15%. The tax regime for our extractive activities is contained in our PSAs, and this includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 also shows payments of $741.9 million in production entitlements, fees and bonuses.

★ See Glossary on page 51.

* Some information is not available for this report due to commercial reasons.

More information about bp's operations in Oman.

# Poland

**Total tax contribution**
**$488m**

| | | |
|---|---|---|
| **Employees** 4,518 | **Profit/(loss) before tax** $62m | **Total taxes paid** $54m |
| **Tangible assets** $637m | **Corporate tax charge/(credit)** $15m | **Total taxes collected** $434m |

## Business activity

We have had a presence in Poland since 1991 and our first fuel station opened in 1995.

Our activities in the country include marketing, distribution and sales of fuels and lubricants. We are also active in sales of jet fuel through our joint venture, Lotos-Air bp.

## Tax overview

In addition to corporate taxes, we paid real estate tax on our land and buildings and social security with respect to our employees.

The taxes we collected on behalf of others and paid to the government during the year are principally VAT and excise taxes on the sale of our fuels and lubricants products.

We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations of 25%, is higher than the statutory tax rate of 19%. Once adjusted for changes to prior years, our effective current corporate tax rate aligns closely with the statutory tax rate.

More information about bp's operations in Poland.

# Senegal

**Total tax contribution**
**$3m**

| | | |
|---|---|---|
| **Employees** 46 | **Profit/(loss) before tax** ($1,129m) | **Total taxes paid** – |
| **Tangible assets** $2m | **Corporate tax charge/(credit)** – | **Total taxes collected** $3m |

## Business activity

We have operated in Senegal since 2016.

We have a 60% interest in offshore blocks St Louis Profond and Cayar Profond, and partner with Kosmos Energy and Société des Pétroles du Sénégal (PETROSEN).

In 2018, we announced Phase 1 of the cross-border Greater Tortue Ahmeyim development across the border of Mauritania and Senegal, following agreement between their governments and partners bp, Kosmos Energy and National Oil Companies PETROSEN and SMH.

Greater Tortue Ahmeyim is under development and our remaining extractive activities are in exploration and appraisal phases.

## Tax overview

As our activities are pre-production, we paid and collected only de minimis taxes in the year, including employee income taxes which we are required to withhold from payments we make to our employees.

Our report on payments to governments 2020 shows payments of $0.8 million in fees.

More information about bp's operations in Senegal.

# Singapore

**Total tax contribution**
**$117m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 1,027 | $2m | $60m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $95m | $19m | $57m |

## Business activity

We have operated in Singapore for over 50 years.

Our main business activities in Singapore include oil, gas, biofuel, carbon and finance trading for the Asia Pacific and Middle East region.

Singapore is also the regional headquarters from which bp's shipping, lubricants and aviation fuels businesses serve international markets and customers.

## Tax overview

In addition to corporate taxes paid, the taxes we collected on behalf of others and paid to the government in 2020 are principally our net goods and services tax on sales of our lubricants and fuels products.

We are not required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was 1,196%, compared with the statutory tax rate of 17%; this high rate is due to the very low level of accounting profits made in the year, combined with the impact of certain expenses being disallowed for tax purposes.

The effective current corporate tax rate is also impacted by incentives accorded by the Singapore government as part of their policy of encouraging investment and the development of local capability. These incentives were reviewed by the OECD★ Forum on Harmful Tax Practices under BEPS★ Action 5 and were not considered to be harmful.

★ See Glossary on page 51.

More information about bp's operations in Singapore.

# South Africa

**Total tax contribution**
**$1,315m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 962 | ($378m) | $60m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $471m | $15m | $1,255m |

## Business activity

We have had a presence in South Africa for more than 100 years.

Our activities in the country include crude oil importation and refining, and marketing and sales of aviation fuels and lubricants.

We have more than 500 bp-branded retail sites in the country and a 50% share in the largest refinery, Sapref, located in Durban. We also operate nine storage depots and three coastal installations for our fuels business.

## Tax overview

In addition to corporate taxes, we also paid customs duties on the import of raw materials for our lubricants business during the year.

The taxes we collected on behalf of others and paid to the government in 2020 are principally customs and excise duties on sales of our fuels, lubricants and aviation fuels products to our customers.

We received a net repayment of VAT in accordance with VAT law. We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was minus 4%, compared with the statutory tax rate of 28%. Once adjusted for changes to prior years the effective current corporate tax rate is close to 0% due to our tax loss for the year.

More information about bp's operations in South Africa.

# Spain

**Total tax contribution**
**$1,884m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 2,207 | ($279m) | ($14m) |

| Tangible assets | Corporate tax charge/(credit) | Total taxes collected |
|---|---|---|
| $1,857m | ($94m) | $1,898m |

## Business activity

We have had a presence in Spain since 1954.

We have an 8% share of the country's retail market. We operate a refinery in Castellón, lead multiple cross-business activities – fuels (through a network of more than 750 retail stations), aviation, petroleum coke, gas and lubricants, and we are developing clean energy projects through Lightsource bp.

## Tax overview

We received a refund of corporate taxes in the year that relates to an overpayment of 2019 corporate taxes. We paid real estate taxes on our properties in the year.

The taxes we collected on behalf of others and paid to the government during the year are principally excise taxes on sales of our fuels and aviation fuels products to customers. We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was 34%, compared with the statutory tax rate of 25%. Once adjusted for changes to prior years, the effective current corporate tax rate aligns closely to the statutory tax rate.

More information about bp's operations in Spain.

# Trinidad & Tobago

**Total tax contribution**
**$211m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 972 | ($2,877m) | $241m |

| Tangible assets | Corporate tax charge/(credit) | Total taxes collected |
|---|---|---|
| $3,394m | $53m | ($30m) |

## Business activity

We have had a presence in Trinidad & Tobago since 1962.

We have 15 offshore production platforms and two onshore gas and liquid processing facilities. We also have shareholdings in the midstream, with interests in Atlantic LNG, a four train LNG facility.

Towards the end of 2020 we disposed of our petrochemicals business in the country.

## Tax overview

Our corporate taxes paid include unemployment levy and environmental green levy and our share of Atlantic LNG's corporate taxes.

Despite a taxable loss for our extractive activities, we paid production taxes including gas and crude royalty under the terms of our licence agreements with the government, since these are calculated by reference to production volume and are unrelated to taxable profit.

We received a net repayment of VAT in accordance with the terms of the VAT law. We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was minus 2%, compared with the statutory rate of 30%. Despite the accounting loss, we continue to account for our share of corporate taxes on the taxable profits of Atlantic LNG, which cannot be offset by taxable losses from our other operations.

The tax regime for our extractive activities includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 also shows payments of $1.7 million in fees.

More information about bp's operations in Trinidad & Tobago.

# United Arab Emirates*

**Employees**
221

**Tangible assets**
$2,798m

**Total tax contribution**
**$1,895m**

**Total taxes paid**
$1,895m

**Total taxes collected**
–

## Business activity

In the United Arab Emirates, we are focused on finding and generating energy in Abu Dhabi, with interests including contractual joint ventures with Abu Dhabi National Oil Company (ADNOC).

We hold 10% equity interests in ADNOC Onshore, ADNOC LNG and the National Gas Shipping Company Ltd (NGSCO). bp is the asset leader for the Bab Field.

In addition, we have lubricants, aviation fuel and trading businesses based in Dubai.

## Tax overview

Our extractive activities are operated under a concession agreement, which sets out the terms of our activities including the applicable tax regime.

We paid corporate taxes and production taxes in the year. Most of our other activities in Abu Dhabi are not subject to further taxes.

The effective current corporate tax rate on our operations was higher than the statutory tax rate. The tax regime for our extractive activities is contained in our concession agreement, and this includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2020 also shows payments of $9.2million in fees.

* Some information is not available for this report due to commercial reasons.

More information about bp's operations in the United Arab Emirates.

# UK

**Total tax contribution**
**$2,495m**

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 14,136 | ($799m) | $263m |

| Tangible assets | Corporate tax charge/(credit) | Total taxes collected |
|---|---|---|
| $13,029m | $151m | $2,231m |

## Business activity

bp's history is rooted in the UK; where we've been in operation for more than a century.

Our activities range from finding different sources of energy to delivering products and services to customers. We're focused on supporting bp's net zero aims by reducing emissions from our existing operations in the North Sea, entering the UK offshore wind market, and advancing new and emerging renewable energy technologies such as carbon capture, use and storage and hydrogen. We also operate the largest public electric vehicle charging network in the UK, bp pulse.

Our head office is located in London, and our North Sea headquarters are in Aberdeen. We also have several offices located in south-east England and conduct significant research and development activities at sites across the country. Our central treasury and financing services, and much of the group's external debt, are located in the UK. The UK therefore has third-party interest costs and receives interest income from its group financing activities. We often hold overseas operations directly through overseas branches of UK companies and these activities are subject to corporate taxes in the UK and the overseas country. Corporate taxes paid in the overseas country are usually available as a credit against any UK corporate taxes arising on these same activities. The UK is also the holding location for our investments in new ventures. Towards the end of 2020 we divested our petrochemical business in the country.

## Tax overview

UK corporate tax rules apply a ring fence★ to our North Sea extractive activities. The inside ring fence (IRF) regime applies to our North Sea activities, which includes being subject to a corporate tax rate of 40%, compared to a tax rate of 19% for non-North Sea activities. Tax relief on our recent heavy investment in the North Sea, together with a more focused portfolio and challenging external environment, meant we paid no North Sea corporate taxes in 2020. With respect to production taxes, we received a net refund of petroleum revenue tax paid in prior years resulting from the carry back of tax losses in accordance with the law.

Our non-extractive UK activities are subject to corporate taxes on a consolidated basis, meaning they are taxed together as a single activity, with taxable profits and losses from our activities being offset. Typically, taxable profits from fuels and lubricants retail, trading activities, and our Guernsey regulated captive insurance company are offset by taxable losses from our head office, including pension plan contributions, payments into employee share plans and a net interest expense from our group financing activities. This meant we paid no taxable profit-based corporate taxes on our non-extractive activities in 2020. However, our corporate taxes paid also includes withholding taxes suffered by bp companies, predominantly in relation to the receipt of interest income from bp subsidiaries in overseas countries on inter-company lending from the UK. Withholding taxes suffered by bp in relation to dividends received from Rosneft are excluded from our corporate taxes paid, since Rosneft is not a bp subsidiary.

We paid employer national insurance contributions for our employees and business rates for our UK offices and industrial sites. Although we undertook cross-border product transactions during 2020, these were principally between European Union (EU) member states or qualified for specific customs exemptions, meaning we paid only de minimis customs duties.

The taxes we collected on behalf of others and paid to the government in 2020 are principally excise duties, such as motor fuels duties on sales of fuels products. We received a net VAT repayment for 2020 in accordance with the VAT law. We are also required to withhold employee income taxes from payments we make to our employees.

The effective current corporate tax rate on our operations was minus 19%, compared with the statutory rate of 19%. Despite the accounting loss for the period, bp UK continues to have a corporate tax charge largely due to withholding tax suffered on foreign dividends, interest, royalties and intercompany charges received in the year and changes to prior years.

Our report on payments to governments 2020 also shows payments of $7.1 million in fees. It excludes $64 million in taxes for our non-extractive activities, which are included as corporate taxes in this report.

More information about bp's operations and contribution in the UK.

★ See Glossary on page 51.

# US

**Total tax contribution**
**$7,391m**

**Employees**
10,483

**Profit/(loss) before tax**
($6,444m)

**Total taxes paid**
$1,203m

**Tangible assets**
$46,605m

**Corporate tax charge/(credit)**
$2m

**Total taxes collected**
$6,189m

## Business activity

We have had a presence in the US since the late 1800s.

Our US resilient and focused hydrocarbons businesses include deepwater platforms in the Gulf of Mexico and onshore assets located primarily in the south-western region of the US.

And our renewables businesses include onshore and offshore wind, biogas and solar businesses.

Our retail presence includes bp, ARCO, Amoco and Thorntons branded sites, along with more than 1,000 ampm convenience stores.

Our US marketing and trading business supplies a wide range of products that support a low carbon energy future.

Towards the end of 2020 we divested our petrochemical business in the country.

## Tax overview

Our overall accounting loss for the year was as a result of continuing investment in our operations and a lower sales price for our products, together with a challenging external environment, including as a result of COVID-19.

Our operations are subject to state and federal corporate tax. Federal tax is assessed on a consolidated basis, meaning expenditure from one activity can be offset against income from a different activity.

State and local taxes apply to bp in multiple jurisdictions where income is allocated or apportioned to the specific jurisdictions in different ways based on the varying local laws.

Our corporate taxes for 2020 is made up of state income taxes paid and a federal tax refund; the latter relates to several prior years.

We paid production taxes including gas and crude royalties under the terms of our licence agreements with the government, since these are calculated by reference to production volume and are unrelated to taxable profit.

We also paid federal and state social security tax for our employees and property taxes for our US offices and industrial sites.

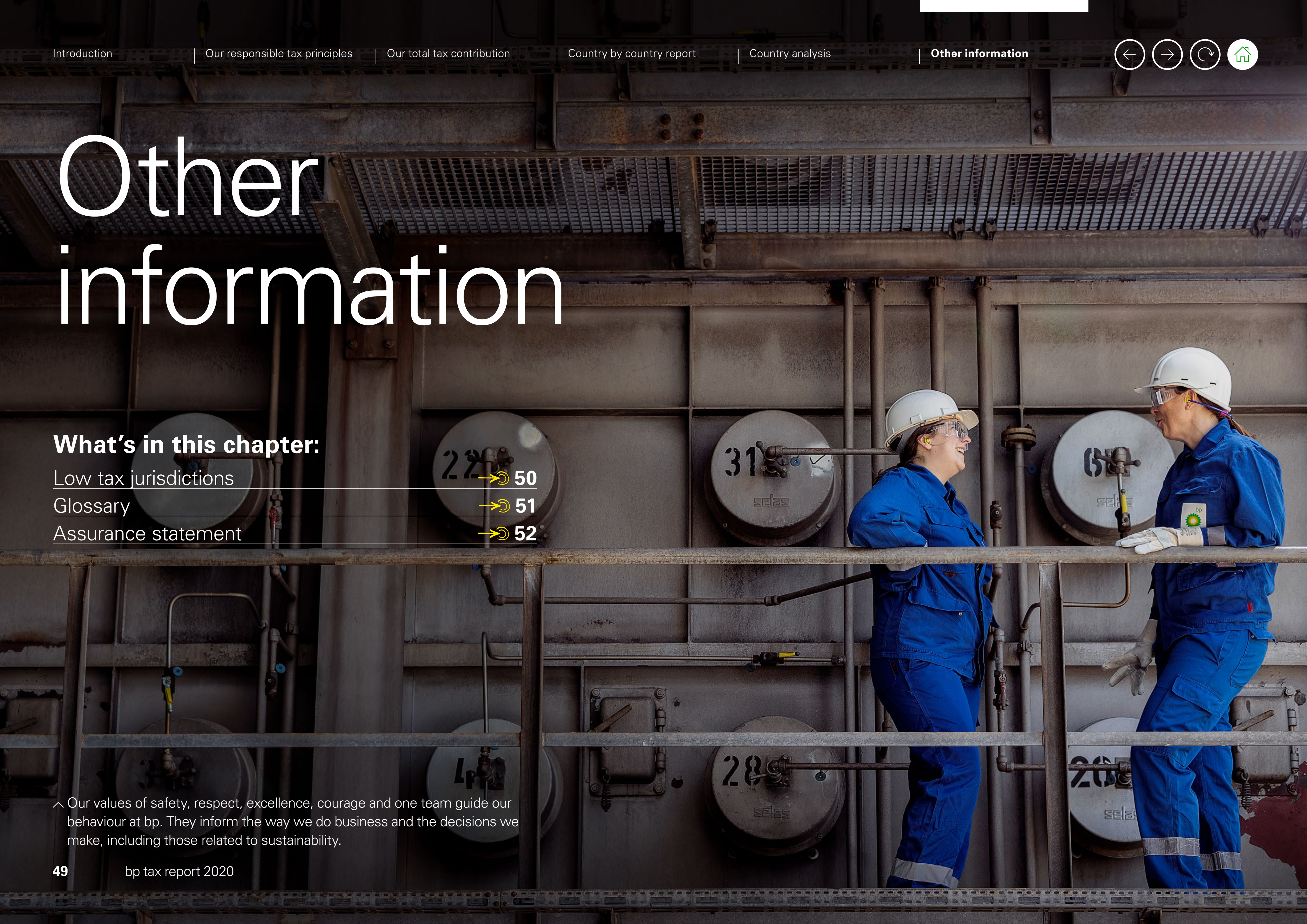
The taxes we collected on behalf of others and paid to the government during the year are principally excise taxes, such as state and federal motor fuels tax on sales of our fuel products to customers. In addition, we collected and remitted state sales and use tax in accordance with the law. We are also required to withhold payroll taxes from payments we make to our employees.

The effective current corporate tax rate for the year was zero, compared with a combined statutory rate of approximately 23.4% (equivalent to the 21% federal rate plus a 2.4% blended state rate).

Our effective current corporate tax rate differs from the statutory tax rate due to the use of carried forward tax attributes.

Our report on payments to governments 2020 also shows payments of $43.7 million in production entitlements, fees and bonuses.

More information about bp's operations and contribution in the US.



# Other information

## What's in this chapter:


Low tax jurisdictions 50
Glossary 51
Assurance statement 52


Our values of safety, respect, excellence, courage and one team guide our behaviour at bp. They inform the way we do business and the decisions we make, including those related to sustainability.

# Low tax jurisdictions

This section provides information on our presence as at 31 December 2020 in jurisdictions with a statutory tax rate of less than 15%.

**Bahamas:** we have two subsidiaries★ and interests in two non-controlled related undertakings. These companies are either inactive or hold interests or investments where the underlying profits are taxed in the country of operation, including Algeria and Bolivia.

**Barbados:** we have two subsidiaries which hold investments where the underlying profits are taxed in Trinidad & Tobago, the country of operation.

**Bermuda:** we have one subsidiary, which is inactive.

**British Virgin Islands:** we have four subsidiaries. These companies are either inactive or hold interests or investments where the underlying profits are taxed in Indonesia and Egypt, the country of operation.

**Cayman Islands:** we have interests in eight non-controlled related undertakings. These companies were established in a neutral location for our joint ventures★ in Azerbaijan, Georgia and Turkey.

**Cuba:** bp has a joint arrangement★ in Cuba which imports, manufactures, markets and sells lubricants.

**Cyprus:** we have interests in one non-controlled related undertaking which carries out local production, manufacturing or trading activity.

**Guernsey:** we have two subsidiaries. One holds nominee pension investments and shows no profit or loss. The other is bp's Guernsey regulated captive insurance company the profits of which are subject to tax in the UK. Information on our activities in the UK is provided on page 47.

**Hungary:** we have one subsidiary. Information on our activities in Hungary is provided on page 38.

**Ireland:** we have one subsidiary, which carries out local production, manufacturing or trading activity, and interests in three non-controlled related undertakings. The latter were established in a neutral location for our Lightsource bp joint venture.

**Jersey:** we have interests in two non-controlled related undertakings. These companies were established in a neutral location for our joint venture in Algeria.

**Paraguay:** we have interests in one non-controlled related undertaking, which is inactive.

**Switzerland:** we have one subsidiary and interests in eight non-controlled related undertakings. These companies are either inactive or carry out local production, manufacturing or trading activity and one was established in a neutral location for our joint ventures in Azerbaijan, Georgia and Turkey.

**United Arab Emirates:** we have one subsidiary and interests in six non-controlled related undertakings on our activities in the United Arab Emirates. The effective current corporate tax rate on our operations was higher than the statutory tax rate. The tax regime for our extractive activities is contained in our concession agreement, and this includes the application of a higher rate of tax than the statutory rate. Further information is provided on page 46.

★ See Glossary on page 51.

# Glossary

### Arm's length principle
The valuation principle commonly applied to commercial and financial transactions between related parties. It says that transactions should be valued as if they had been carried out between unrelated parties, each acting in their own best interest.

### Associate
An entity over which the bp group has significant influence and that is neither a subsidiary nor a joint arrangement of the group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

### Base erosion and profit shifting (BEPS)
Refers to tax planning strategies which seek to exploit gaps and mismatches in tax rules to avoid paying tax. The OECD BEPS project guidance and legislation seeks to ensure that companies are taxed where their economic activities take place and where value is created.

### bp
Unless otherwise stated or the context otherwise requires, the term 'bp' and terms such as 'we', 'us' and 'our' are used in this report for convenience to refer to one or more of the members of the bp group instead of identifying a particular entity or entities. BP p.l.c. and each of its subsidiaries are separate legal entities.

### Branch
A business presence or an office located in a country other than that where the company is incorporated.

### Direct taxes
Taxes imposed on taxable income and profit, including capital gains and net worth.

### Indirect taxes
Taxes imposed on goods or services rather than income and profit.

### International Financial Reporting Standards (IFRS)
Accounting standards adopted by the European Union and issued by the International Accounting Standards Board.

### Joint arrangement
An arrangement in which two or more parties have joint control.

### Joint control
Contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

### Joint operation
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. In this report a joint operation may or may not be a separate legal entity.

### Joint venture
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. In this report a joint venture is a separate legal entity.

### Organisation for Economic Co-operation and Development (OECD)
An intergovernmental economic organization with 37 member countries, founded in 1961 to stimulate economic progress and world trade.

### OECD country by country report
A report developed by the OECD as part of its work on base erosion and profit shifting which large multinational enterprises are required to prepare. It contains aggregate data on the global allocation of income, profit, taxes paid and economic activity among tax jurisdictions in which it operates.

### Permanent establishment (PE)
Describes a situation where the activities carried on by a company in a foreign country are sufficient to require the filing of a tax return and possibly the payment of taxes in that country. Also referred to as a taxable presence.

### Place of effective management
The test suggested in the tie-breaker rule of the OECD model tax treaty to determine the residence of a company where under the domestic laws of both contracting states the company is resident in both of them. The test dictates that in such cases the company would, for treaty purposes, be resident in the state in which its place of effective management is situated.

### Production entitlement
This is the host government's share of production under a PSA, which provides that production be shared between the host government and the other parties to the PSA. The host government typically receives its share or entitlement in kind rather than being paid in cash.

### Production sharing agreement (PSA)
An arrangement through which an oil and gas company bears the risks and costs of exploration, development and production. In return, if exploration is successful, the oil company receives entitlement to variable physical volumes of hydrocarbons, representing recovery of the costs incurred and a stipulated share of the production remaining after such cost recovery.

### Related party
Refers to a party which is controlled by bp. Third party refers to a party which is not controlled by bp.

### Ring fence
Theoretical enclosure established by tax legislation around certain profits, losses, transactions or groups of transactions in order to isolate them for tax purposes.

### Subsidiary
An entity that is controlled by the bp group. Control of an investee exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

### System of Internal Control
bp's management systems, organizational structures, processes, standards, code of conduct and behaviours, which together govern how we conduct the business of bp and manage associated risks.

### Tax authority
The body of government responsible for administering the tax laws of a country, region or local authority.

### Transfer pricing
Refers to the setting of the price for a good or service sold or provided between related parties within a group.

## Abbreviations

### EITI
Extractive Industries Transparency Initiative

### GRI
Global Reporting Initiative

### HMRC
Her Majesty's Revenue and Customs

### NGO
Non-governmental organization

# Assurance statement

**Independent assurance statement by Deloitte LLP to BP International Ltd ('bp') on selected tax information**

**Scope of work**

We have provided independent limited assurance, in accordance with the International Standard for Assurance Engagements ('ISAE') 3000 (Revised)[a], on selected tax related information ('subject matter'), for the financial year ended 31 December 2020. The subject matter is reported in the bp Tax Transparency Report 2020 (the Report). Under ISAE 3000 an assurance engagement may be performed as a reasonable assurance or limited assurance engagement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is designed to enhance the intended users' confidence about the subject matter information but is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. To achieve limited assurance ISAE 3000 requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance.

Selected subject matter for assurance

- Total taxes paid by bp ($m) (Group level)
- Total taxes collected by bp ($m) (Group level)

The above subject matter has been assessed against bp's definitions as stated in bp's Tax Transparency Report (reporting criteria).

a ISAE 3000 (Revised) International Standard for Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board.

**Key assurance procedures**

To form our conclusions, we undertook the following procedures:

- Obtained an understanding of the subject matter by reviewing public information relating to bp and industry practices and performance during the year;
- Obtained an understanding and analysed the key structures, systems, processes, procedures and controls relating to the aggregation, validation and reporting of performance data being assured. This comprised:
  - Audit procedures over bp's financial statements audit procedures performed separately by Deloitte;
  - Interviewing management at bp, specifically those with operational responsibility for collating the subject matter at a Group level, and with selected personnel with operational responsibility for the subject matter, based on a selected sample of material transactions and balances;
  - Understanding the consolidation process from the entity responsible for the transaction to ultimate disclosure in the Report for a selected sample of material transactions, including gathering and reviewing data at selected points of consolidation;
  - Performing non-statistical sample testing back to source data to check accuracy, cut-off, and occurrence of transactions for a sample of material tax transactions; and
  - Reviewing the content of external reporting against the findings of our work and identifying areas for improvement where necessary.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

**Our conclusion**

Based on our procedures described in this report, nothing has come to our attention that causes us to believe that the selected subject matter stated above presented in the bp Tax Transparency Report 2020, for the financial year ended 31 December 2020 has not been prepared, in all material respects, in accordance with bp's reporting criteria.

**The basis of our work and level of assurance**

We conducted our limited assurance work in accordance with ISAE 3000. To achieve this, the ISAE 3000 requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

**Inherent limitations**

Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial information, such as that may be included in the Report, is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating, and sampling or estimating such information.

Our work has been undertaken so that we might state to bp those matters we are required to in this report and for no other purpose.
Our procedures are limited to those stated above and have not included an assessment of the correct tax treatment of individual transactions and balances as according to the relevant laws and regulations of the local tax jurisdictions.

The process an organisation adopts to define, gather and report data on its non-financial performance may not be subject to the formal processes adopted for financial reporting. Therefore, data of this nature can be subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, bp have defined the scope of its reporting and the method of calculation within the report.

While we acknowledge that this report will be published on the bp website, the maintenance and integrity of that website is the responsibility of bp. The work that we carried out does not involve consideration of the maintenance and integrity of that website and, accordingly, we accept no responsibility for any changes that may have occurred to this statement and the Report, since they were initially presented on the website.

## Assurance statement

**Our independence and competence**
We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.

We have confirmed to bp that we have maintained our independence and objectivity throughout the year and that there were no events or prohibited services provided which could impair our independence and objectivity.

We have applied the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Roles and responsibilities**
bp is responsible for the preparation of the information and statements contained within the Report. It is responsible for selecting appropriate KPIs with which to describe the entity's performance and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to independently express conclusions on the subject matter as defined within the scope of work above to bp in accordance with our letter of engagement. Our work has been undertaken so that we may notify bp of those matters we are required to inform them of in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than bp for our work, for this report, or for the conclusions we have formed.

**Deloitte LLP, London**
22 October 2021