Tax report 2021

December 2022

About this report

This report provides information on our approach to tax. It includes 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. It also includes data from our OECD country by country report★ for the countries where we have a taxable presence, including our corporate tax payments. It is an account of our business in 2021 and includes data for the year ended 31 December 2021.

Preparing this report

We believe tax has a role to play in the energy transition and transparent reporting about our tax payments and practices can enable more meaningful engagement with our stakeholders.

We continue to have conversations with our stakeholders, including communities, investors, civil society organizations, policymakers and global tax experts. And the feedback we receive is helping us improve our disclosures and make sure the information we provide about our tax matters is useful.

Our dialogue with these stakeholders also helps improve understanding of our activities and trust in bp.

In this report, we share our experience and observations of how the tax landscape is evolving as we transition to a lower carbon economy.

We have referred to different frameworks and standards to guide the content and structure of the report:

- The B Team's seven Responsible Tax Principles, which we have adopted in full.
- The GRI Global Standard for public reporting on tax.
- The Extractive Industries Transparency Initiative (EITI).

What's new

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

- Provided commentary about current external affairs that impact our tax matters on page 5.
- Included commentary about the impact of the energy transition on our work on page 9.

Contents

How to navigate this report

- Another page of this report
- An online reference
- Read more in another document
- ★ Definitions in the glossary, page 50

Introduction

Since the start of 2020, we have quadrupled our renewables pipeline to over 23GW.

Cedar Creek II wind farm, near New Raymer, Colorado, US

An introduction from our chief financial officer and senior vice president tax

Tax and the energy transition

Our 2021 tax report offers a comprehensive overview of our tax activities and describes how they support our transformation to an integrated energy company (IEC).

Our total tax contribution for the year 2021 was $41.3 billion, up from $34.8 billion in 2020. We paid $7.3 billion in direct taxes, employer taxes and indirect taxes, and $34.0 billion to governments on behalf of others, such as our customers and employees.

This year, Russia's military action in Ukraine, as well as having tragic consequences for people's lives, is disrupting energy supplies. This disruption is contributing to a sharp increase in energy costs.

Governments are introducing tax policy changes to help alleviate price pressures, including reductions in fuel duties and the implementation of windfall taxes. While it is global markets that shape energy prices, we recognize that our tax contributions can help governments provide support to those in need. And as our taxes are largely based on profits, if our profits increase, we rightly pay more tax.

We continue to support greater responsibility in tax matters, including improving transparency of tax payments, strategy and governance.

We're doing this alongside our efforts to help solve the energy trilemma – delivering an energy system that is more secure, more affordable, and lower carbon. We are advocating for simple, predictable tax policies that support this and our transformation to an integrated energy company.

And as low carbon business models become more common, tax legislation will need to adapt to accommodate and support the transition. This takes time and can cause uncertainty, so we will continue to work constructively with tax authorities to seek clarity, resolve issues and ensure compliance.

Thank you for your feedback on our last report. Without it we could not have made what we believe are improvements. For example, in this report we share more about the current tax issues affecting our business. Please keep providing feedback – we appreciate your challenges and support.

Murray Auchincloss
Chief financial officer

Jan Lyons
SVP tax

We are advocating for simple, predictable tax policies that support the energy transition, the countries where we operate and our transformation to an IEC.

About bp

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

2021 at a glance[a]

>65
countries where we operate

65,900
employees worldwide

$4.3bn
total dividends distributed to bp shareholders

$7.6bn
profit attributable to bp shareholders

$167.1bn
economic value generated by bp[b]

4.4GW
developed renewables to final investment decision

Tax in 2021[a]

Total tax contribution[c]

$41.3bn

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

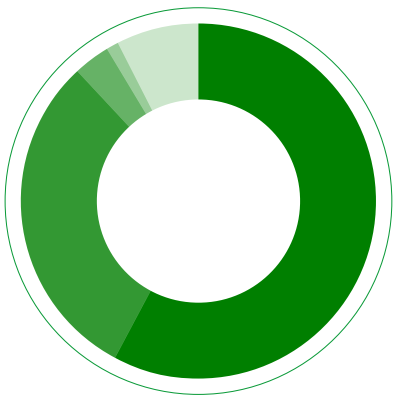
(2020 $34.8 billion)

Total taxes paid[c]

$7.3bn

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

(2020 $5.1 billion)



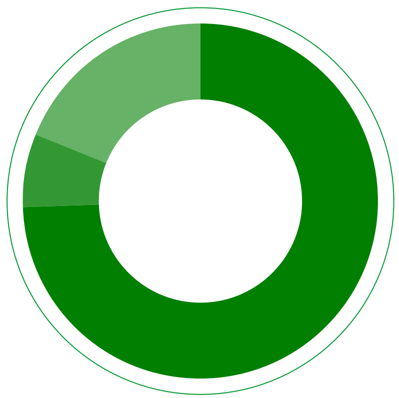
- Corporate income taxes **$4.2bn**
- Production taxes **$2.2bn**
- Property taxes **$240m**
- Custom duties **$89m**
- Employer taxes **$533m**

Total taxes collected[c]

$34.0bn

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

(2020 $29.7 billion)



- Excise duties **$25.3bn**
- Employee taxes **$2.3bn**
- Sales taxes **$6.4bn**

a Data as at 31 December 2021.
b For more information see the bp Sustainability Report 2021, page 8.
c For explanations and definitions, see page 22.

Global outlook

High energy prices and tax

COVID-19 and the measures put in place to manage it have contributed to significant volatility in oil and gas prices and refining margins.

After a contraction of 3.5% in global GDP in 2020, the global economy rebounded in 2021.

Along with the economic recovery, an increase in demand for oil and gas led to an increase in prices.

Russia's military action in Ukraine during 2022 has since added significant pressure on the supply of oil and gas and created further price increases. The impact of these higher prices has spread through the supply chain to consumers and businesses. As a result, there has been widespread debate on the implementation of windfall taxes on businesses that have benefited from the higher prices, such as energy producers and suppliers. In some countries such as Brazil, the UK and in Europe, governments have introduced new taxes. For example, the EU has adopted a solidarity contribution for 2022 and/or 2023 on the extraction of coal, oil and gas, as well as refining. At the time of writing, the three countries in which we have refineries were still discussing national implementation measures.

In May 2022 the UK government introduced a new tax, the energy profits levy (EPL), which applies to our UK North Sea business. This increased the tax rate we pay on our North Sea profits from 40% to 65% for 2022. In November 2022 the government announced a further 10% increase in the rate of EPL, taking the tax rate on North Sea profits to 75% from 2023.

The EPL also includes an incentive for North Sea investments, and as of the November update an enhanced incentive for North Sea decarbonisation expenditure. We believe it is important that these incentives are retained, given the maturity of the North Sea and to encourage continued investment in support of UK energy security and decarbonisation. The EPL and the investment incentives are due to end on 31 March 2028.

The EPL means we will pay more tax in the UK, and exactly how much more will depend on the profits from our North Sea business.

We are committed to growing our investment in the UK and intend to invest up to £18 billion in the UK's energy system by the end of 2030. As our taxes are, to a large extent, based on profits, if we make more profits we rightly pay more tax.

Low carbon projects in the UK outside of the North Sea ring fence★ will continue to be taxed at the statutory tax rate.

In addition to these new taxes, we have seen fuel tax reductions (excise duties and/or indirect taxes) in various EU countries, the UK, South Africa and Australia.

Changing tax policy

To stimulate economic recovery in the wake of the COVID-19 pandemic, many governments have pressed ahead with tax policies designed to raise revenues, support growth and encourage the transition to a low carbon economy.

Some of the actions taken are described below.

UK

The government has consulted with stakeholders on issues such as:

- The effectiveness of the UK's capital allowance regime in attracting investment.
- Developing the Emissions Trading Scheme to better align with net zero targets.

US

Significant climate and clean energy provisions were enacted in the Inflation Reduction Act to extend and enhance tax incentives for green investments in wind, solar, carbon capture and storage, hydrogen, electrification and other renewable energy sources (see page 17).

EU

Throughout 2021 and 2022, there have been a number of consultations requesting feedback from business on the EU tax policy agenda, including 'Business Taxation for the 21st century', a package of proposals to support recovery from the pandemic, generate public revenues over time, and support the energy transition.

Further consultations invited feedback on the EU's 'Fit for 55' package designed to support commitments to reduce net EU greenhouse gas emissions (see page 18).

Middle East

Oman has introduced e-filing for direct and indirect taxes. This and other digitalization measures can raise revenues by improving tax compliance and reducing the risk of tax avoidance. In addition, as countries in the region explore opportunities to develop low carbon businesses, governments are considering the fiscal frameworks required to attract investment in these long-term projects.

Engaging with governments

It is for governments to determine the taxes that companies should pay and to develop tax and other regulatory policies that support their macroeconomic aims.

We engage on these matters when we see benefit both for bp and governments, and advocate for tax policies that are fair, effective, predictable and administratively practical.

Such an approach should enable governments to benefit from tax revenues while continuing to attract investment to support energy security and develop affordable cleaner energy required to meet net zero targets.

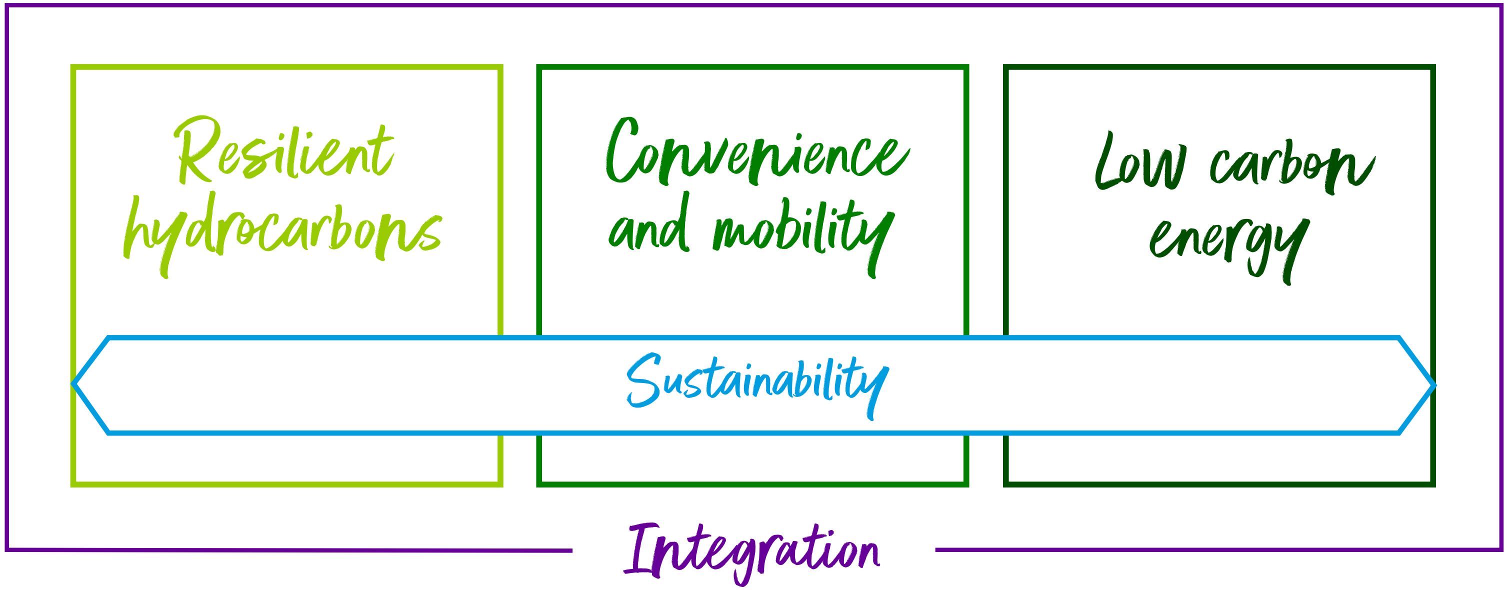
The tax implications of changing working practices

In 2021, a year during which the majority of office-based employees started returning to their workplaces, we reviewed our flexible work practices. This included office-based and remote working, taking into consideration the corporate and personal tax consequences that can potentially arise when someone works away from the office, particularly in a different country.

We engaged with business more broadly through Business at OECD (BIAC) to highlight to the OECD★ some of the tax challenges that companies face as they consider the adoption of flexible working policies and the possibility of employees working remotely.

Our strategy

An integrated energy company delivering solutions for customers.



Sustainability

Embedded across our strategy is our sustainability frame, which sets out our aims for getting to net zero, improving people's lives and caring for our planet.

Integration

Binding our strategy together is integration. Harnessing our collective capabilities to help more customers get the energy they want, creating value for our shareholders.

Three strategic focus areas

Resilient hydrocarbons

Providing the oil and gas the world needs today while investing in the energy transition.

Transition growth engines:
- **Bioenergy**

Convenience and mobility

Taking on emissions in transport and reimagining convenience for our customers.

Transition growth engines:
- **Convenience**
- **EV charging**

Low carbon energy

Building scale in wind and solar while laying the foundations for hydrogen and CCUS.

Transition growth engines:
- **Renewables**
- **Hydrogen**

Focus on transition growth businesses

Our transition growth businesses are in high-growth sectors. By 2025 we expect more than 40% of the total capital we invest to be in transition growth businesses, in five areas: bioenergy, convenience, electric vehicle charging, renewables and hydrogen.

See bp Annual Report 2021 for more information on our strategy

Tax in our business model

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 35).
- The current phase of a project, for example whether it is in development or operational.
- Energy prices, which can fluctuate significantly due to environmental, geopolitical and other reasons (see the bp Annual Report 2021, page 8 for more information).
- Socio-economic factors, such as changes in customer demand for our products due to changing lifestyles, new technologies, changes in law or regulation, and global factors including COVID-19 (see the bp Energy Outlook 2022 and the bp Annual Report 2021, page 10 for more information).

Resilient hydrocarbons

Our oil and gas production projects are long term in nature, require significant capital investment and expose us to many external risks. Some projects are subject to specific tax regimes that recognize these factors and create an appropriate balance between risk and reward for bp as an investor, and for 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, profits on oil and gas production are taxed at rates higher than statutory tax rates. However, we may benefit from tax relief and exemptions – for example, on 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 the taxes are collected from the end consumer.

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

Convenience and mobility

Our convenience and mobility businesses are taxed in the countries where they operate, under their 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 for paying them to the relevant tax authority★.

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

Low carbon energy

Our 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 their 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 income taxes.
Indirect taxes: Property taxes, customs duties, excise duties, sales taxes.
Employer and employee taxes

Integration activities

Our integration activities, such as our businesses focused on energy systems and digital, are centralized in global teams. Relevant related-party cross-border transactions are priced in line with OECD transfer pricing★ guidelines and taxed in accordance with local law.

The impact of the energy transition on tax (see page 9)

Tax definitions (see page 22)

★ See Glossary on page 50.

The impact of the energy transition on tax

The pace of the energy transition, together with our transformation to an integrated energy company, means the tax issues we are dealing with are changing.

Developments in carbon pricing

We believe a well-designed carbon price is the most efficient way to reduce greenhouse gas (GHG) emissions.

Efficiency will result in lower costs and a better chance of maintaining the public and political support needed to get to net zero. Governments around the world are exploring how best to implement carbon pricing and adapting current regimes to meet more ambitious emissions reduction targets.

For example, the EU, as part of its 'Fit for 55' package, is proposing to expand the current Emissions Trading Scheme and introduce a carbon border adjustment mechanism (CBAM) to help meet its net zero targets while preventing carbon leakage.

The package also includes a proposal to increase the minimum rates of indirect tax applied to supplies of energy, based on energy content and environmental performance of fuels.

We support both the carbon pricing and CBAM proposals, in principle, and are working with trade bodies to advocate for the development of final proposals that are fair, effective and practical to apply.

Government action on tax incentives

Governments are looking for support and investment from companies to develop low carbon infrastructure and capabilities.

New low carbon infrastructure projects can require high initial capital costs, which may make investment unattractive or unfeasible for some investors.

In addition, the challenges of climate change require new technologies to be accelerated to market where they can be tested and scaled to support rapid progression.

As a result, tax incentives based on capital expenditure and simple, well-designed regimes to support innovation are tools that could be used to help attract investment and support government priorities.

Governments have been considering how tax incentives should be implemented, for example:

- The US Federal Government provides tax credits designed to incentivize investment in and development of low carbon energy projects. For example, tax credits are provided for wind and solar as well as other renewable projects, based on either the capital cost of the project or the amount of energy produced.

  These credits improve the economic returns from renewable activity in the US, making investment more competitive and attractive to investors. Incentives of this type have been, and will continue to be, an important factor for bp in deciding whether or not to invest in low carbon activity in the US (see page 17).
- The UK government has consulted about how the capital allowances★ regime and the research and development incentives can be improved to attract investment (see page 16).
- The government in Indonesia has been considering how to effectively allow relief for the capital costs associated with carbon capture, use and storage (CCUS) projects (see page 16).

The future of fuel duty

Fuel duties on sales of petrol and diesel make up a significant proportion of the taxes we collect on behalf of others and pay to governments.

The increased use of electric and hybrid vehicles is expected to reduce fuel duties over time, and so has the potential to significantly change the profile of government revenues and our total tax contribution. Fiscal change is likely as governments look for alternative sources of income to replace lost revenue.

In some countries, governments are already taking action. For example, in Australia some states have introduced a distance-based charge to be applied to users of zero and low emission vehicles. This is not a tax on the supply of fuel and so is not collected by bp.

As the shift in vehicle usage from combustion engines to electric vehicles (EV) increases, we can expect a shift in taxation, and change to the total taxes we collect and pay to the authorities in Australia.

In the UK, the government has acknowledged the risk of lost revenues and is considering an appropriate response.

★ See Glossary on page 50.

The impact of the energy transition on tax

Uncertainty in tax treatment of new energy supplies

As we invest in our transition growth businesses – bioenergy, convenience, EV charging, renewables and hydrogen – we often find that tax legislation is not yet in place to cover the sales of new types of products and services.

This can create uncertainty in tax treatments and present challenges for compliance. For example, there has been uncertainty around how supplies of electricity to EVs should be taxed in the UK and China (see page 13).

The action we are taking

To manage the risks and opportunities created by these proposed changes to the tax landscape, we continue to engage with governments, in line with our tax principles, to seek clarity where there is uncertainty, and ensure our compliance.

Read more about how we put our responsible tax principles into action (see pages 10-19)

Carbon taxes – an explanation

A carbon tax usually takes the form of an indirect tax and puts a price on greenhouse gas emissions arising from energy consumption. The tax is typically paid by the consumer and collected by the energy provider.

Currently, there are only a small number of explicit carbon taxes that we are required to pay directly to governments or collect from our customers and pass on to governments. In 2021 the amounts paid are not significant and so we do not include this data in the report.

More often, carbon-based taxes applicable to bp, for example air passenger duty on air fares or electricity usage, are collected by our suppliers. As a result, we do not present this data in this report.

Excise duty charged on carbon-based fuels is sometimes seen as a carbon tax. The amount of excise duty that we collect from our customers is significant and is included in our total tax contribution data on page 23.

Emissions trading schemes are not governed by tax legislation. For this reason the amounts we pay to governments under these schemes are not included in this tax report.

Our responsible tax principles

Our responsible tax principles in action 12

Located 75km west of Shetland, the Clair field extends over an area of 220km², in water depths of around 140 meters.

Clair Ridge platform, UK North Sea

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.

This section provides an update on how we are continuing to apply them in bp, with examples of our progress in 2021.

We joined The B Team's Responsible Taxes Working Group in 2021 and this is helping us improve our own tax practices, see page 19.

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, policymakers, 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 50.

Our responsible tax principles in action

Our responsible tax principles offer a clear framework for responsible tax practice. In this section, we include examples of how we put these principles into action.

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.

Board oversight of key tax matters

The bp board delegates responsibility for tax matters to our senior vice president, tax. However, there are significant tax issues on which the board requires updates.

Over the last year, the tax team has provided the board risk oversight committees with regular updates on developments in international tax reform led by the OECD★, developments in US tax policy, and on proposals to introduce windfall taxes.

The updates focused on:

- The impact of developments on bp.
- Steps we are taking to mitigate impacts.
- Anticipated future developments.

Using this approach we were able to build wider understanding of our key tax issues, facilitate continued alignment of these matters with our strategy, and enable senior management to maintain close oversight of our key tax matters.

Tax risk management in action

Aim 19 of our sustainability frame is to unlock new sources of value through circularity.

To support this aim, we entered into an agreement with a UK supplier to purchase, transport, store and sell ultra-low sulphur diesel and naphtha (a petrochemical feedstock used in plastic production) made from waste plastics.

Through our tax risk review process, we identified a tax risk relating to excise taxes applicable to these new products. The taxes impacted transport and storage of the goods within the UK. Our tax team highlighted the uncertainty to the business and worked with our supplier to explain the challenges to HM Revenue & Customs (HMRC) and seek clarity to enable compliance with UK law.

★ See Glossary on page 50.

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.

Collaborating on plastic packaging tax compliance solutions

The governments of several European countries have introduced a plastic packaging tax. The tax aims to reduce waste sent to landfill by incentivizing the use of recycled plastics during plastic packaging manufacture. When first introduced, the scope of the tax was uncertain and it was unclear which businesses would be affected by the new legislation.

To help clarify the requirements of the legislation, we worked collaboratively with industry colleagues and tax authorities to:

- Identify which bp businesses were impacted by the tax.
- Reach a common understanding on the application of the rules to our businesses.
- Determine the most effective approach to compliance.
- Understand and address areas of uncertainty within the rules, supporting an effective roll out of the new taxes.

This approach enabled us to introduce an efficient, systems-driven solution to help meet our obligations, which is suitable for use in multiple countries.

Managing tax uncertainty around low carbon businesses

Tax legislation covering products and supplies for new low carbon businesses doesn't always keep up with rapid growth in the market, creating uncertainty and risk, as well as challenges for tax compliance.

When bp pulse partnered with DiDi and entered the Chinese market, there was no indirect tax regulation in place for electric vehicle (EV) charging businesses.

It was unclear which rates of value added tax (VAT) were applicable to our EV charging sales and whether they should be treated as a sale of electricity, a provision of service or a combination of both.

Understanding the issue

We worked with business colleagues to understand more about the supplies in question and spoke with other industry stakeholders to gain insights into their approach.

We also sought advice from external service providers to help formulate our position.

We openly shared our views with the Chinese tax authority, explaining the uncertainties and the reasons for our proposed approach. This helped us:

- Reduce the risk of misunderstandings with the tax authority.
- Demonstrate compliance despite the lack of regulation in relation to EVs.

Looking ahead

As EV charging businesses grow in China, the tax authority is keen to improve certainty and standardization around tax matters for these businesses.

We are still engaging constructively with the authority, to help build understanding of differing business models and assist in the development of effective tax legislation.

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 online for more information on:

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

Non-controlled related undertakings include companies where we own more than 20% of the share capital (see the bp Annual Report 2021, page 298). We provide details of bp subsidiaries★ and interests in non-controlled related undertakings incorporated in low tax jurisdictions on page 49.

There is no widely recognized definition of a low tax jurisdiction. Since 2020, our disclosures include details of our activities in countries where the statutory tax rate is less than 15%. This is the minimum taxation threshold applied by the OECD as part of the base erosion and profit shifting (BEPS)★ proposals.

★ See Glossary on page 50.

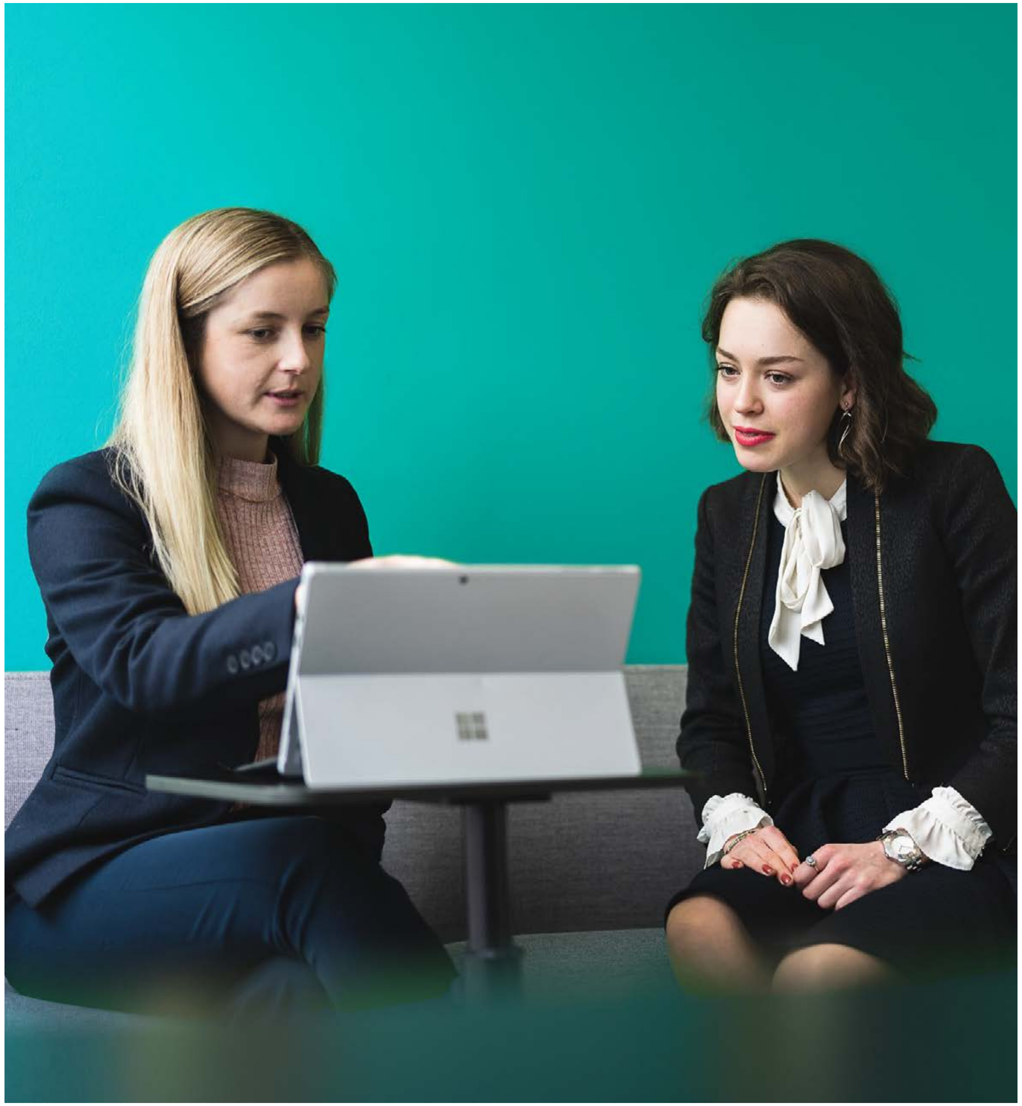
Simplifying our corporate structure

Our interests and activities are held through different entities across bp, including subsidiaries, branches★, joint arrangements★ or associates★. In 2021 these amounted to more than 1,800 companies (see the bp Annual Report 2021, page 298 for a list of our related undertakings).

Our corporate structure changes as we make commercial portfolio choices, including selling or acquiring new businesses, and as we transition to an international energy company.

Our company secretary's office leads an ongoing programme focused on simplifying our corporate structure by combining company activities or removing companies we no longer require, often through liquidation.

This programme has removed more than 225 companies in the past five years, including eight located in low tax jurisdictions.



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 online for more information on:

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

Collaborating with Spanish tax authorities on temporary fuel tax measures

In response to high energy prices in 2022, the Spanish government introduced an emergency temporary reduction – of 20 cents per litre – in the pump price of fuel, to be implemented within two days.

We quickly realized it wasn't going to be possible to update our systems within the two-day window to reflect the reduction in the way the legislation required.

We immediately engaged with the Spanish tax authority to inform them about the challenges we faced and to discuss an alternative approach that would allow us to implement the price reduction for our customers.

Finding a solution

By working collaboratively, we found a workable solution to implement the temporary reduction in price within the two-day window, despite the system challenges we faced.

The co-operative relationship we've developed with the tax authorities, in part through our participation in the best tax practices code in Spain[a], enabled us to engage with the authorities quickly and effectively to find a solution.

We also helped the tax authority understand the challenges that businesses face with complex price reduction mechanisms and were able to offer simpler alternative approaches with the same outcome.

a For more information see the bp tax report 2020, page 8.

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 online for more information on:

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

★ See Glossary on page 50.

Advocating for tax incentives that support low carbon projects

Advocacy in the UK

As part of its review of the effectiveness of capital expenditure reliefs in encouraging investment and economic growth, the UK government sought insights from stakeholders on how investment decisions are made and the relative importance of capital allowances★ to those decisions. We explained our view on two points:

- Government support, in the form of tax measures or other policy tools, has a critical role to play in advancing growth and innovation targets and in supporting the UK's net zero and energy security strategies.
- Well-designed tax incentives are a useful policy tool, but they need to be simple, certain and well understood, in order to be considered in our decision making.

Many low carbon projects require high upfront capital spend and technology investment, so we believe it would be beneficial for the capital allowance and research and development regimes to recognize this by enhancing relief to better incentivize investment in this area.

In our response we provided an example of an existing tax incentive that meets these criteria: the first-year allowances in the North Sea.

- The incentive allows costs to be offset against taxable profits on an accelerated basis.
- It enables the oil and gas industry, which is taxed at a higher rate than other UK businesses, to reduce its tax liability during periods of heavy capital investment, while paying higher amounts of tax in later years.
- The allowance is simple, certain and well understood and it is factored into our decision-making processes for investment.

As a result, this incentive has played an important role in increasing global investment in the UK continental shelf. Similar incentives could be considered for low carbon projects.

Advocacy in Indonesia

In 2021 the Indonesian government approved proposals for bp's Tangguh enhanced gas recovery and carbon capture, use and storage (CCUS) project in West Papua. The project is designed to:

- Reinject carbon emissions back into the Tangguh reservoir and increase gas production.
- Support both bp's net zero aims and the Indonesian government's carbon emission targets by reducing operational emissions.

The project requires significant capital investment and we have been working with local industry bodies and government to advocate for appropriate tax incentives to support its commercial viability.

Together we have:

- Demonstrated the importance of combining the results of our CCUS project with the results from our other activities in Indonesia to enable effective tax deductions for capital spend.
- Proposed that consideration is given to the introduction of specific tax incentives to attract investment in low carbon projects in Indonesia.
- Engaged with the Indonesian authorities on these matters in an open and constructive way. We have shared our business insights and built understanding of the challenges associated with this type of project.

We expect the final CCUS tax regulations to be issued in the coming months.

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 online for more information on:

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

As part of our aim to get bp to net zero by 2050 and to help the world get there too, we have engaged 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 for promising but emerging low carbon technologies.

Working with the OECD on international tax reform

We continue to contribute to the OECD's work to address tax challenges related to digitalization and globalization of the world economy. This work sits under Pillars 1 and 2 of the OECD's BEPS initiative, which will have a significant impact on the international tax landscape. In December 2021 the OECD published the Pillar 2 Model Rules and followed these with the accompanying Commentary in March 2022. Around the same time, the UK government then opened a public consultation on the implementation of the Pillar 2 rules in the UK and issued draft legislation, again for consultation, to implement the rules from 2024.

The Pillar 2 rules provide focus on key elements that are particularly relevant to bp

- **Safe harbours:** the rules are complex, so we are continuing to help identify mechanisms that simplify them and enable their practical implementation by business and tax authorities, while also respecting the policy intent of governments.
- **Tax credits:** the treatment of certain tax incentives, in the form of tax credits, has the potential to result in unintended consequences for bp activities in some countries. We are engaging with others to raise awareness of these consequences and find workable solutions.

Our involvement

- We have contributed to the debate around Pillar 2 for some years and continue to collaborate with the OECD and others to develop effective proposals.
- We work with trade bodies to offer constructive proposals that address the concerns of business, in support of the OECD's work and the UK government's consultation.

Promoting tax credits for sustainable energy in the US

bp has advocated for the continuation of tax incentives in the form of tax credits in the US, to advance the energy transition. US policymakers have for some time been considering long-term extensions and enhancements of tax credits for onshore and offshore wind, solar, renewable fuels and carbon capture and storage, as well as new tax credits for hydrogen production and sustainable transport.

We have supported this approach as such credits can contribute to the growth of sustainable energy opportunities.

Examples of our advocacy work

- We worked with trade bodies and the government to explain the benefits of a long-term extension of tax credits, as well as promoting alternative mechanisms, such as direct pay, and greater flexibility in how incentives are used.
- Following the advocacy efforts of bp and others, tax incentives for renewable energy were extended through to 2032 by the Inflation Reduction Act.
- We believe these incentives can help greening companies, like bp, meet their net zero targets by allowing renewable energy projects to compete with traditional energy sources.

Our responsible tax principles in action

Supporting effective tax systems

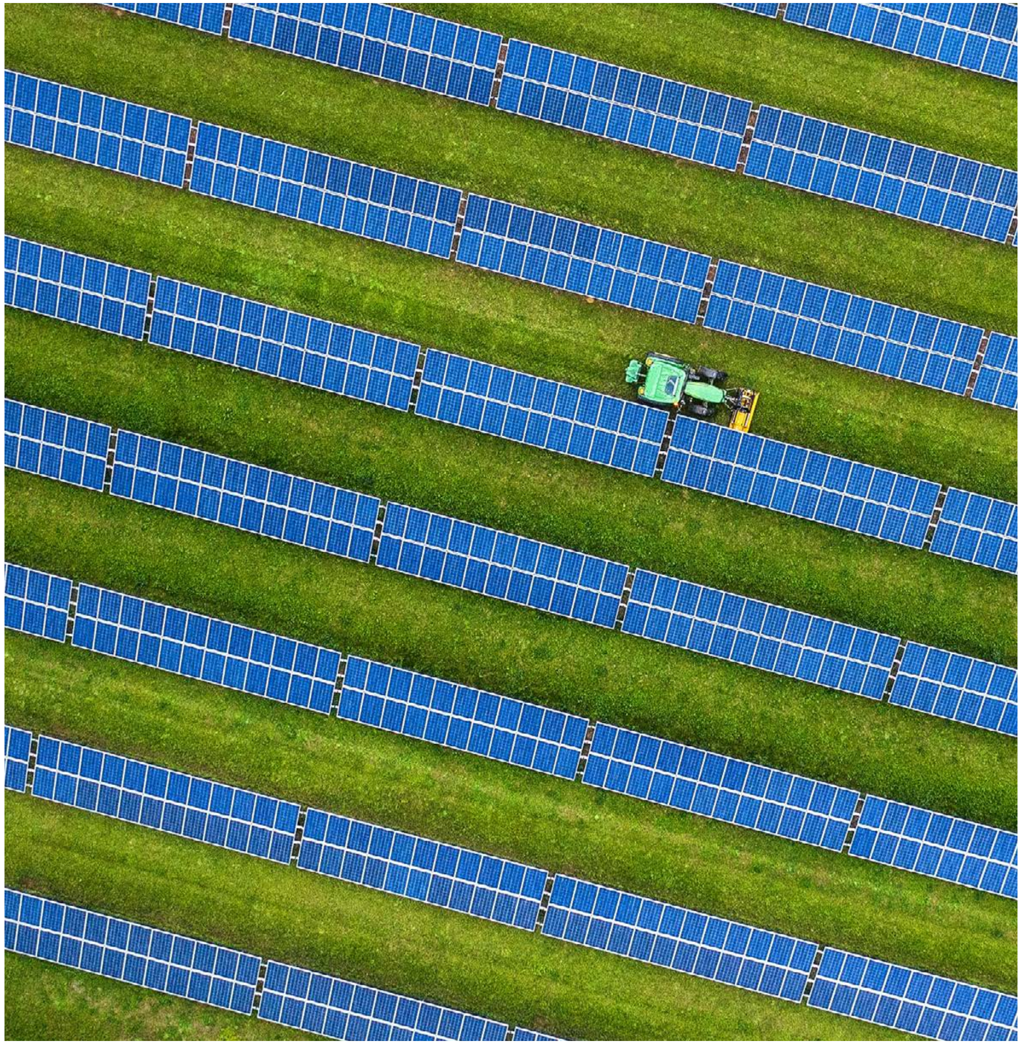
Supporting carbon pricing policies in the European Union

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

We welcome the ambitious climate and energy package and support well-designed carbon pricing policies and the Carbon Border Adjustment Mechanism (CBAM) to prevent carbon leakage. We believe these stimulate low carbon consumer demand and create increased business opportunities.

We actively engaged in the debate around this, and our advocacy includes:

- **Mandatory exemptions (rather than optional) across the EU for low carbon fuel, green electricity, green hydrogen and energy intensive businesses.** This supports a harmonized approach among member states and helps avoid market distortions and carbon leakage.
- **Lower taxation on natural gas used in industrial heating.** The proposed increase in the applicable minimum tax rate, combined with increasing energy prices would have a significant impact on energy prices and products needed by consumers, particularly those on low income or vulnerable in other ways.
- **Supporting proposals for a tax rate applicable to blended fuels based on the individual product components** with lower carbon content components being taxed at a lower rate. This provides a clear incentive to produce lower carbon fuels for blending with traditional fossil fuels.



Our responsible tax principles in action

Transparency

We provide regular information to our stakeholders, including investors, policymakers, 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 online for more information on:

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

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 in 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 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 in the Extractive Industries Transparency Initiative (EITI), we work with governments, non-governmental organizations and international agencies to improve transparency around activities, for the oil, gas and mining sectors.

We provide data under the EITI standards for many implementing countries where we have a presence:

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

Supporting the responsible tax movement with The B Team

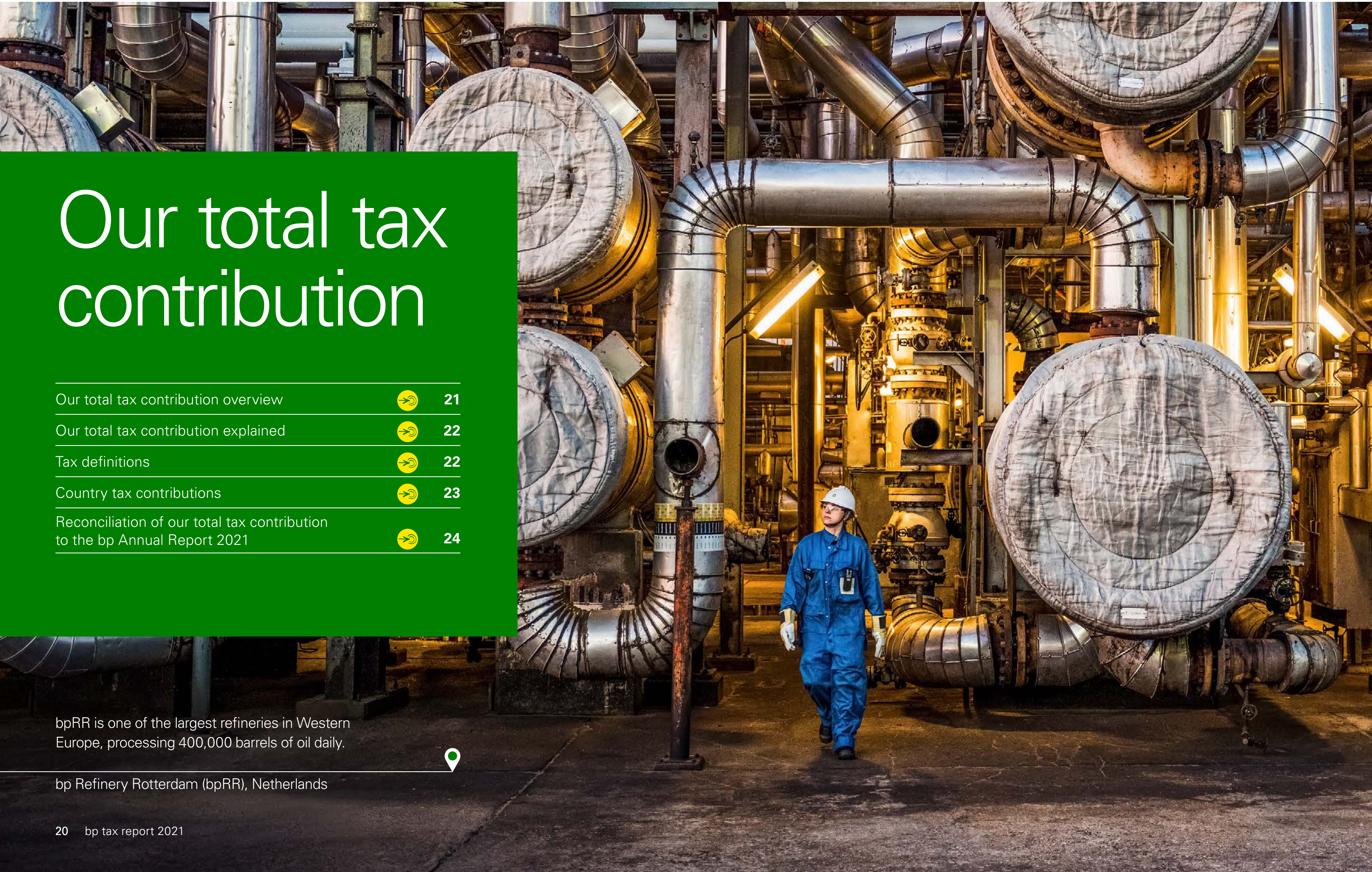
In 2021 we joined The B Team's Responsible Tax Working Group which promotes dialogue, collaboration and best practice in tax matters across a wide range of organizations.

Endorsement of The B Team's Responsible Tax Principles indicates a 'commitment to a responsible tax journey'. The principles provide a framework to assess progress over time.

As the number of organizations endorsing the principles grows, The B Team has proposed a trial review process to enable companies to better understand what peers are doing to put the principles into action.

We have volunteered to take part in the trial. The reviews are based on a combination of self-assessment and peer review, so they will give us an opportunity to learn from our peers, share best practice and develop our approach to managing our tax matters in line with The B Team's Responsible Tax Principles. It also demonstrates our support for The B Team and promoting the responsible tax movement.

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 total tax contribution

bpRR is one of the largest refineries in Western Europe, processing 400,000 barrels of oil daily.

bp Refinery Rotterdam (bpRR), Netherlands

Our total tax contribution overview

bp's total tax contribution for 2021 was $41.3 billion (2020 $34.8 billion). This comprises the taxes we paid and collected on our global operations.

Total taxes paid[a]

$7.3bn

The $7.3 billion of taxes paid includes corporate taxes on profits, as well as other direct and indirect taxes★ levied on our activities (2020 $5.1bn).

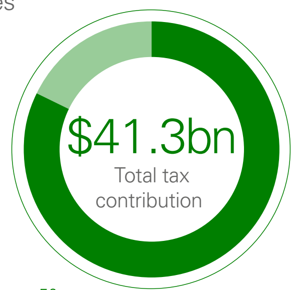
Corporate income taxes	$4.2bn
Production taxes	$2.2bn
Property taxes	$240m
Customs duties	$89m
Employer taxes	$533m

Total taxes collected[a]

$34.0bn

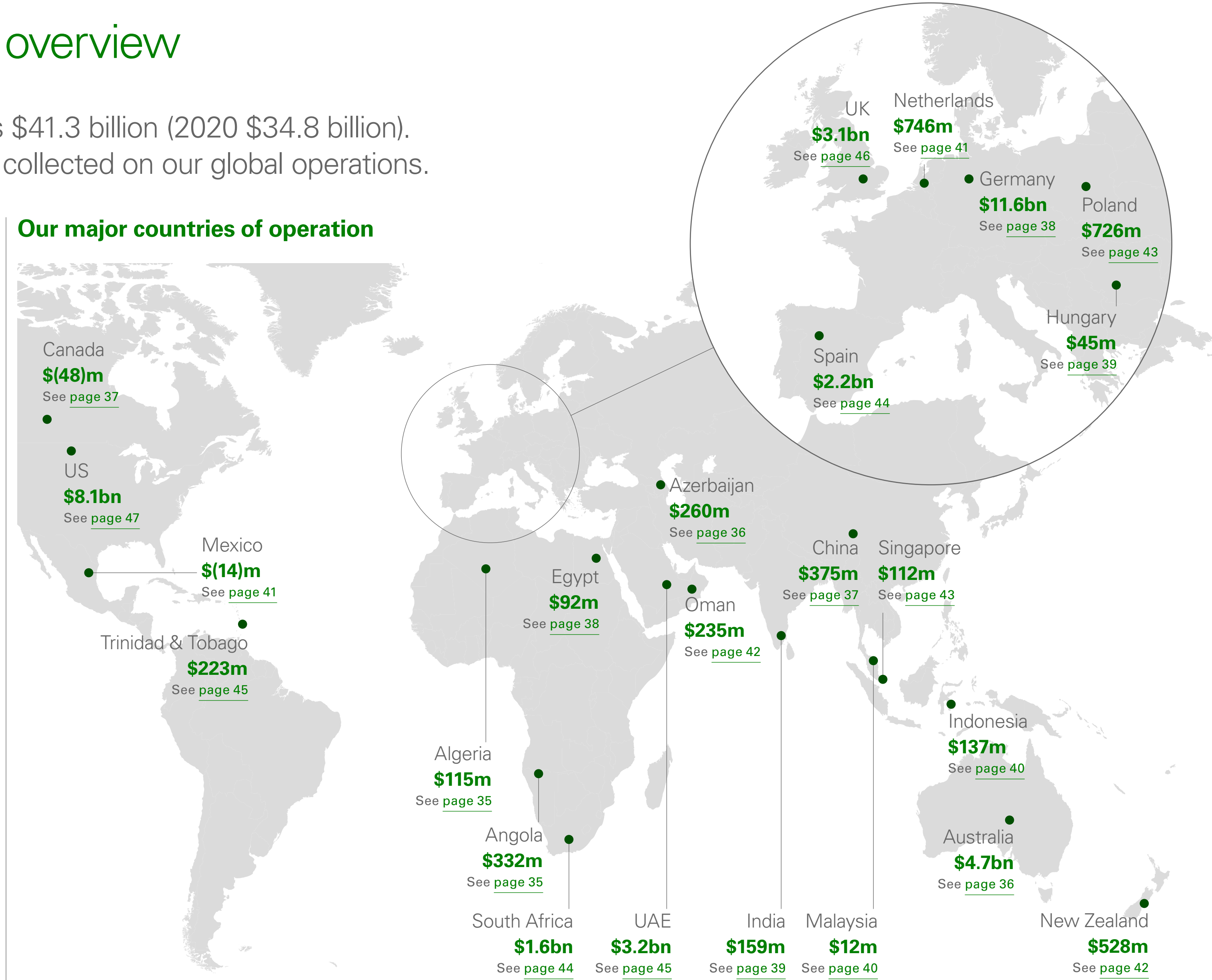
The $34.0 billion of taxes collected includes amounts collected on behalf of others – for example our customers and employees – and paid to governments[b] (2020 $29.7bn).

Excise duties	$25.3bn
Employee taxes	$2.3bn
Sales taxes	$6.4bn



★ See Glossary on page 50.

Our major countries of operation



a Because of rounding, totals may not agree exactly with the sum of their component parts.
b 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.

All data as at 31 December 2021.

Our total tax contribution explained

bp had operations in more than 65 countries in 2021. More than 96% of the total taxes we paid and 92% of total taxes we collected arose in our major countries of operation. We provide more detail on each of these in the country analysis section (see page 34), including commentaries on our main business activities and an explanation of the taxes paid and collected on our activities.

Our major countries of operation for 2021[a] were those with bp subsidiaries★ that had at least one of the following:

- More than 800 employees (threshold reduced from 1,000 in 2020).
- 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.

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 (for 2021 this includes Rosneft and bp Bunge Bioenergia) are 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 financial controls and processes.

★ See Glossary on page 50.

a Changes to major countries of operation (as defined) in 2021 from 2020: Mexico added, Belgium, Iraq, Mauritania and Senegal removed.

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 income 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 income 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 income taxes, as a result of our extractive operations. These do not fall into corporate income 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 importation 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, predominantly 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 34-47.

Country tax contributions

$ million

Country	Corporate income 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*	115	–	–	–	–	**115**	–	–	–	**–**	**115**
Angola	277	–	–	–	9	**286**	–	37	9	**46**	**332**
Australia	(22)	124	–	–	–	**102**	3,467	119	1,014	**4,600**	**4,702**
Azerbaijan	179	–	–	–	32	**211**	–	49	–	**49**	**260**
Canada	26	19	–	–	–	**45**	3	22	(118)	**(93)**	**(48)**
China	95	–	3	–	–	**98**	49	21	207	**277**	**375**
Egypt	84	–	–	–	–	**84**	–	8	–	**8**	**92**
Germany	15	–	4	–	69	**88**	8,051	218	3,256	**11,525**	**11,613**
Hungary	3	–	–	–	21	**24**	–	24	(3)	**21**	**45**
India	40	20	–	37	5	**102**	–	16	41	**57**	**159**
Indonesia	196	–	–	–	–	**196**	–	19	(78)	**(59)**	**137**
Malaysia	4	–	–	–	–	**4**	–	6	2	**8**	**12**
Mexico	7	–	–	3	–	**10**	6	4	(34)	**(24)**	**(14)**
Netherlands	(95)	–	–	1	6	**(88)**	662	56	116	**834**	**746**
New Zealand	57	–	–	–	–	**57**	402	7	62	**471**	**528**
Oman*	235	–	–	–	–	**235**	–	–	–	**–**	**235**
Poland	21	–	6	–	11	**38**	454	16	218	**688**	**726**
Singapore	29	–	–	–	–	**29**	–	–	83	**83**	**112**
South Africa	4	–	–	–	–	**4**	1,631	14	(32)	**1,613**	**1,617**
Spain	28	–	5	1	26	**60**	1,333	29	731	**2,093**	**2,153**
Trinidad & Tobago	88	228	–	1	2	**319**	–	21	(117)	**(96)**	**223**
United Arab Emirates*	2,349	873	–	–	–	**3,222**	–	–	–	**–**	**3,222**
UK	254	(58)	64	3	173	**436**	1,851	813	(39)	**2,625**	**3,061**
US	24	1,022	157	26	130	**1,359**	5,756	691	259	**6,706**	**8,065**
Subtotal	**4,013**	**2,228**	**239**	**72**	**484**	**7,036**	**23,665**	**2,190**	**5,577**	**31,432**	**38,468**
Rest of world	**166**	**–**	**1**	**17**	**49**	**233**	**1,681**	**79**	**803**	**2,563**	**2,796**
Total	**4,179**	**2,228**	**240**	**89**	**533**	**7,269**	**25,346**	**2,269**	**6,380**	**33,995**	**41,264**

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

Reconciliation of our total tax contribution to the bp Annual Report 2021

Our total tax contribution for 2021 was $41.3 billion (see page 21). Our Annual Report 2021 shows $6.7 billion as a tax charge on our profit for the year (see the bp Annual Report 2021, page 205).

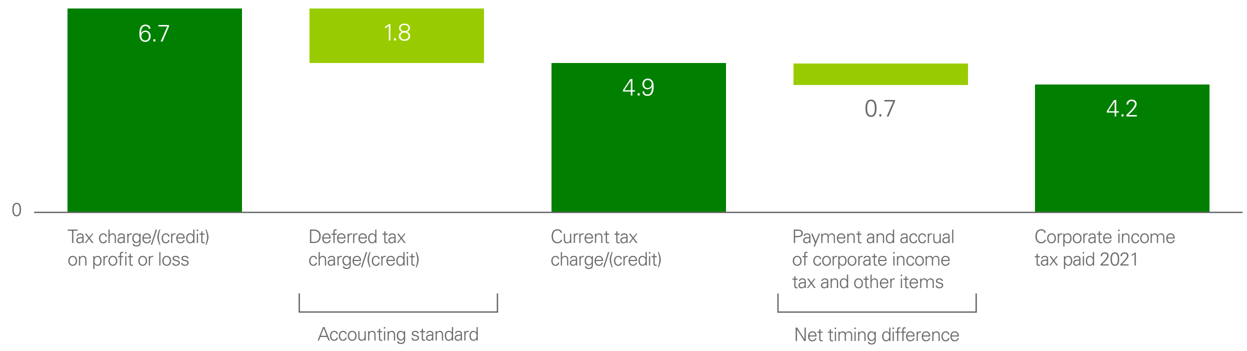
A reconciliation between the two measures is provided below and is driven by:

- **Accounting standards:** Tax disclosures in the bp Annual Report comply with IFRS★ accounting standards. bp's tax report is a voluntary disclosure that responds to external tax transparency frameworks and enables us to offer more meaningful insights about our tax contribution in the major countries where we operate. The most significant difference between the two is the IFRS requirement to account for deferred tax.
- **Timing:** Our total tax contribution comprises taxes paid and collected on a cash basis, meaning those paid and collected in 2021 regardless of the fiscal tax year to which they relate. The tax charge in the bp Annual Report 2021 shows those corporate income taxes that are due on our 2021 profit, regardless of when they are paid.
- **Scope:** Our total tax contribution includes corporate income taxes as well as other direct and indirect taxes★, both paid and collected. The tax charge/credit in the bp Annual Report concerns only corporate income taxes. Income taxes paid, separately identifiable in the group cash flow statement, are therefore a sub-set of the total tax contribution.

See page 25 for definitions of the terms used in the charts.

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

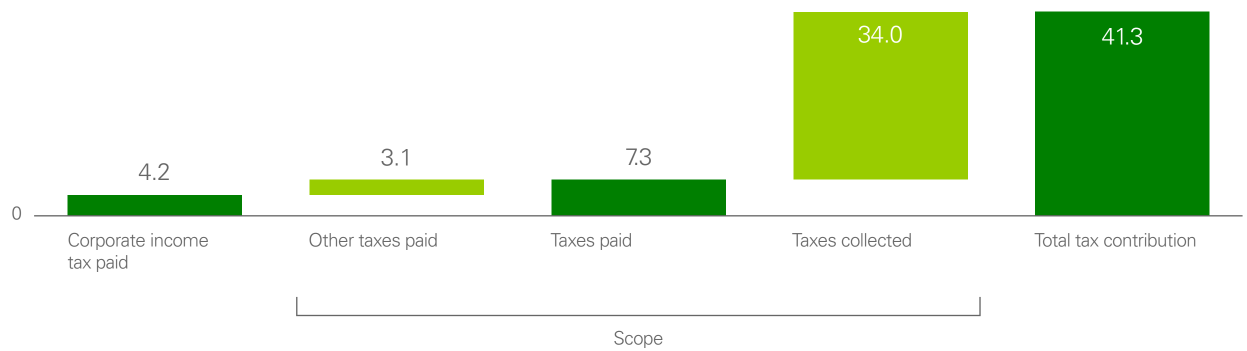
$ billion



bp Annual Report 2021	Page 205	Page 205	Page 205		Page 177
bp tax report 2021					Page 23

Reconciliation of corporate income tax paid to total tax contribution

$ billion



bp Annual Report 2021	Page 177				
bp tax report 2021	Page 23	Page 23	Page 23	Page 23	Page 23

★ See Glossary on page 50.

Reconciliation of our total tax contribution to the bp Annual Report 2021

Key definitions to support understanding of the data in our charts

Tax charge/(credit) on profit or loss: total corporate income 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 2021 we show a total tax charge of $6.7 billion.

Deferred tax: 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 ensure the current and future tax consequences of a company's accounting profit or loss are 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. For 2021 we show a deferred tax charge of $1.8 billion.

Current tax: corporate income tax we expect on the current year taxable profit or loss of our operations. Also includes corporate income 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 2021 was $4.9 billion.

Payment and accrual of corporate income tax and other items: the net impact of corporate income taxes we accrued in the current year which are not due for payment until the following year and those we paid in the current year but which were accrued in an earlier year. For example, the terms of some of our production sharing agreements (PSAs) provide that corporate income taxes are paid in the year following that to which they relate. In 2021 this amounted to $0.7 million.

Corporate income taxes paid: corporate taxes paid by bp in the current year on the taxable profits of our operations, including those that relate to the current year and those that relate to other years. In 2021 bp paid $4.2 billion of corporate income taxes.

Other taxes paid: taxes, other than corporate income taxes, paid by bp on our operations, for example production taxes or employer taxes. In 2021 we paid $3.1 billion of these taxes.

Taxes paid: corporate income taxes and other taxes paid by bp on our operations that represent a cost to us in arriving at our profit or loss for the year. In 2021 the taxes paid were $7.3 billion.

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 2021 $34.0 billion of taxes were collected.

Total tax contribution: comprises the taxes we paid and collected on our global operations. In 2021 this was $41.3 billion.

Country by country report

Our Airfield Automation digital technology aims to improve safety by reducing the risk of misfuelling. It has been rolled out in 300 locations globally including across São Paulo state in Brazil.

HBR Aviation, São Paulo, Brazil

Country by country report

We provide data from our country by country report (CbCR) for the calendar year 2021.

In 2021, we had a taxable presence in 82[a] countries and are taxed by the relevant tax authorities in each.

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 include 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. Therefore, it may not 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 income taxes, and as shown in our total tax contribution table on page 23, and explained further on page 24, we pay and collect a wide variety of taxes beyond corporate income 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 (for 2021 this includes Rosneft and BP Bunge Bioenergia) is not represented.

Our CbCR data has been sourced primarily from our 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. When 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★.

a The number of countries in the country by country report reduced by four compared to 2020. Estonia, Faroe Islands, Georgia, Malta and Ukraine were removed from the CbCR table. Morocco has been added.

★ See Glossary on page 50.

Definitions of the terms used in our country by country report

Key definitions relevant to the data in our country by country report are prescribed by the OECD.

Revenue: Revenue is split between third-party and related-party★ revenues. Third parties refer 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 with adjustment to replace earnings from joint ventures★ and associates★ with dividends received. It excludes dividends received from other bp companies.

Corporate income taxes paid: The amount of corporate income 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 income taxes exclude other taxes such as production taxes and it does not include production entitlement★.

Corporate income taxes accrued: The amount of corporate income tax accruing on our operations for the reporting period. It may not be the same as corporate income 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 2021. 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 2021, 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 2021.

Country by country report

Definitions continued

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 income tax, including, where relevant, an average of income taxes above the statutory tax rate, for example, state taxes.

Effective current corporate tax rate: The ratio of corporate income taxes accrued compared with the profits (or loss) before tax in the financial statements. For the purposes of this report, the corporate income 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.

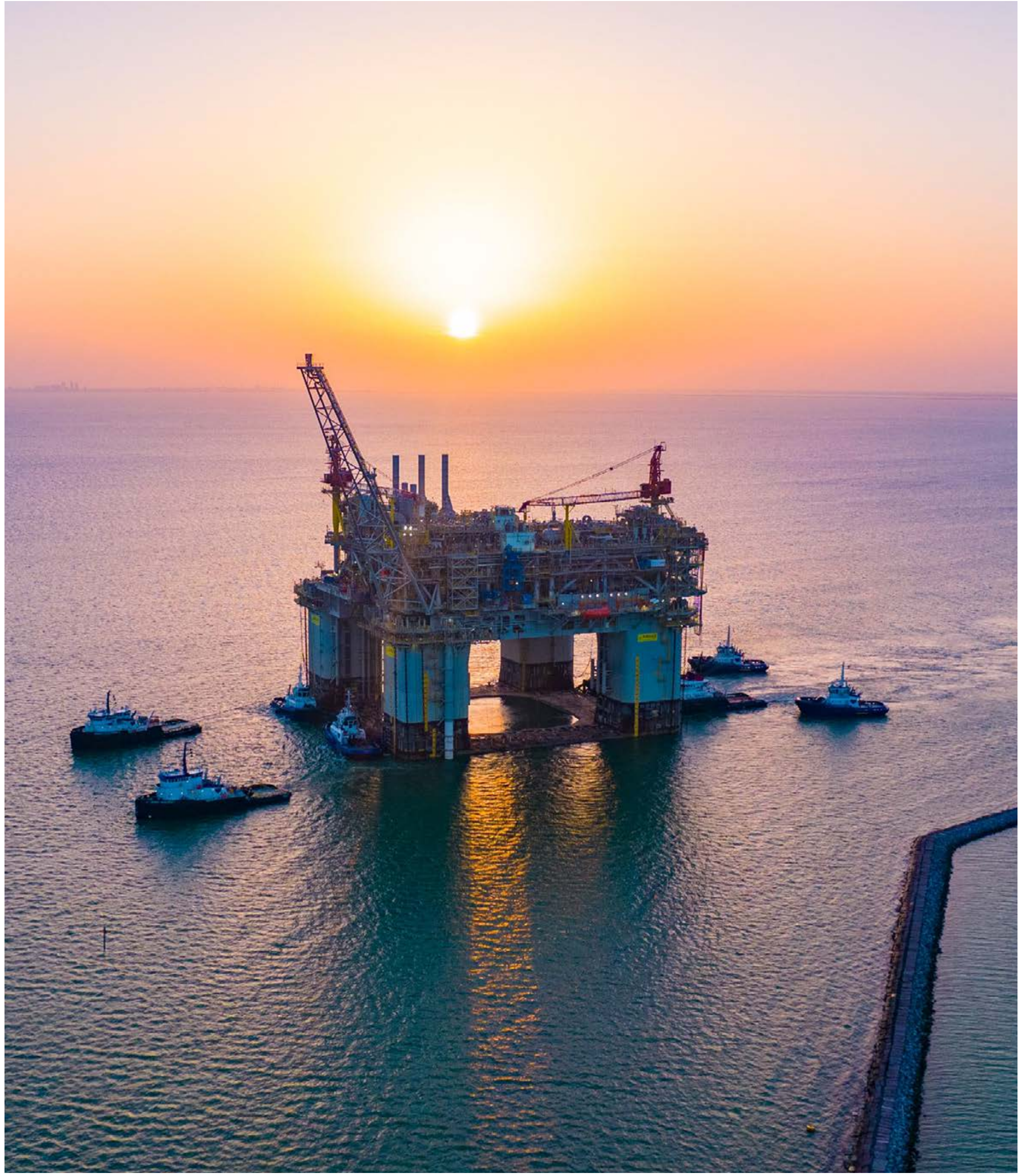
In some countries the tax regime and tax rate applicable to our extractive activities is contained in our production sharing agreements (PSAs)★ or other contracts with government.

Some of these regimes require us to pay corporate income 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. Further explanations for variances, where they exist, are offered in our country analysis for our major countries of operation on page 34.

We reconcile the data from our CbCR table 1, where relevant, to the bp Annual Report 2021 (see page 33).



★ See Glossary on page 50.

Country by country report

$

Tax jurisdiction	Third-party revenue	Related-party revenue	Total revenues	Profit (loss) before tax	Corporate income 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	11,558,640	3,981	11,562,621	1,439,341	119,260	382,980	282,600	11,810,053	12	692,119	15	27	**Prior period adjustment**
Angola	20,303,567	2,135,848,527	2,156,152,094	818,158,470	276,695,422	366,589,329	0	0	487	2,415,300,354	25	45	**See country analysis**
Argentina	2,435,049	0	2,435,049	(1,010,069)	745,178	1,137,255	67,400	(67,528)	5	30,792	35	(113)	**Prior period adjustment**
Australia	10,754,884,227	987,938,490	11,742,822,717	773,138,361	(22,123,416)	120,467,650	15,720,499,009	(1,307,925,214)	5,133	2,443,088,243	30	16	**See country analysis**
Austria	713,606,207	290,903,724	1,004,509,930	57,584,088	3,458,194	5,132,288	105,629,620	(36,320,661)	83	169,500,191	25	9	**Prior period losses offset**
Azerbaijan	2,113,104,671	1,893,080,010	4,006,184,681	2,102,833,911	179,342,208	156,569,423	0	0	2,643	11,411,912,610	20	7	**See country analysis**
Barbados	2,365	0	2,365	(968,898)	0	0	590,709,931	(408,228,787)	0	0	5.5	0	**Loss in year**
Belgium	164,353,625	650,750,659	815,104,284	2,496,164	6,710,053	859,726	98,513,107	843,972,214	228	70,897,147	25	34	**Prior period adjustment**
Brazil	492,395,109	864,423	493,259,532	166,553,802	1,133,308	2,460,912	7,631,144,714	(5,093,241,355)	197	4,222,155	34	1	**Gain on disposal**
British Virgin Islands	0	0	0	0	0	0	57,319,785	(128,851,617)	0	0	0	0	
Canada	22,352,917,031	3,871,203,728	26,224,120,759	258,813,772	26,488,538	8,599,374	9,393,726,947	(3,802,414,637)	115	2,190,227,985	26.15	3	**See country analysis**
Chile	0	0	0	(77,547)	0	0	1,944,483	(783,396)	0	0	27	0	**Loss in year**
China	1,542,028,315	531,971,092	2,073,999,407	285,166,536	95,191,318	75,491,490	369,349,566	262,399,263	846	324,224,104	25	26	**See country analysis**
Colombia	97,021	917,124	1,014,145	(1,908,788)	(402,147)	(106,510)	4,549,568	(1,100,796)	7	155	31	6	**Loss in year**
Croatia	26,476,910	0	26,476,910	(182,338)	0	0	70,024	(1,707,220)	0	0	18	0	**Loss in year**
Cyprus	64,860,673	21,361	64,882,033	7,772,160	0	0	0	0	25	3,085,281	12.5	0	**Accounting adjustment**
Denmark	95,736,929	1,737,344	97,474,273	3,586,333	494,957	1,290,768	18,284,400	95,619,618	14	7,886,511	22	36	**Prior period adjustment**
Finland	49,157,693	0	49,157,693	(1,346,798)	(303,452)	239,696	6,975,857	(4,190,865)	19	3,944,197	20	(18)	**Prior period adjustment**
France	1,617,035,417	136,388,988	1,753,424,415	24,415,037	(1,429,320)	(1,054,224)	684,002,145	(435,954,591)	223	275,695,073	27.5	(4)	**Prior period losses offset**
Gambia	0	0	0	(2,040,546)	0	0	999	(51,862,852)	0	0	27	0	**Loss in year**
Germany	20,835,556,321	8,426,137,717	29,261,694,038	(53,376,818)	15,476,642	27,575,572	6,713,690,017	1,384,631,516	4,582	5,270,203,453	29.94	(52)	**See country analysis**

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.

Country by country report

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Tax jurisdiction	Third-party revenue	Related-party revenue	Total revenues	Profit (loss) before tax	Corporate income 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
Ghana	0	0	0	31,175	0	125,874	0	738,102	0	446,296	25	404	**Prior period adjustment**
Gibraltar	0	4,102,532	4,102,532	(57,919)	0	0	0	0	0	0	12.5	0	**Loss in year**
Greece	202,700,225	12,788,186	215,488,411	11,914,186	2,037,647	2,843,028	19,921,364	12,244,752	57	9,484,712	24	24	
Hong Kong	6,059,177	42,247,747	48,306,924	14,851,087	1,817,330	2,176,542	52,607,660	37,388,714	5	2,370	16.5	15	
Hungary	34,074,866	96,451,661	130,526,527	5,304,172	2,838,734	2,323,588	966,753	28,060,446	2,717	61,283,404	9	44	**See country analysis**
Iceland	60,552,413	1,716,482	62,268,895	1,553,423	0	310,685	4,444	(4,822,418)	0	0	20	20	
India	826,115,984	31,875,825	857,991,809	1,366,006,358	39,520,583	37,356,409	21,710,460	10,393,037	1,884	3,317,083,877	25	3	**See country analysis**
Indonesia	1,043,328,163	52,521,620	1,095,849,782	421,281,846	195,512,934	199,322,370	6,908,179	12,715,937	854	4,960,824,344	22	47	**See country analysis**
Ireland	0	0	0	152,509	0	0	25,209,866	14,539,849	0	0	12.5	0	**Accounting adjustment**
Italy	102,136,006	66,063,536	168,199,542	7,006,374	(252,357)	2,931,128	41,496,963	56,070,373	95	12,478,204	27.81	42	**Prior period adjustment**
Ivory Coast	0	0	0	(31,352)	0	0	0	0	0	0	25	0	**Loss in year**
Jamaica	4	6,780	6,784	19,673	0	0	0	0	0	0	25	0	**Accounting adjustment**
Japan	136,905,366	6,036,357	142,941,722	24,409,252	9,086,135	9,073,851	59,287,773	66,784,789	136	2,795,339	30.62	37	**Prior period adjustment**
Kosovo	0	0	0	(34,646)	0	0	0	0	0	0	10	0	**Loss in year**
Luxembourg	462,561,163	113,615,168	576,176,330	27,698,975	1,883,899	6,098,783	4,551,000	52,367,974	267	109,179,181	24.94	22	
Madagascar	0	0	0	(812)	0	0	0	0	0	0	20	0	**Loss in year**
Malaysia	86,507,279	169,193,882	255,701,162	26,313,051	3,832,379	8,048,057	61,750,172	32,848,787	1,078	29,514,423	24	31	**See country analysis**
Mauritania	7,121,371	4,340,256	11,461,627	(430,568,207)	0	0	0	0	20	1,735,770	25	0	**Loss in year**
Mauritius	0	0	0	2,072	0	0	0	0	0	0	15	0	**Accounting adjustment**
Mexico	2,981,273,539	40,554,029	3,021,827,568	(222,653,795)	6,586,776	(4,442,742)	636,989,405	(316,312,776)	1,368	262,413,066	30	2	**See country analysis**
Middle East Region[b]	3,989,550,510	6,279,442,778	10,268,993,288	5,337,305,648	2,687,550,884	2,846,510,010	531,281,934	176,005,049	891	5,243,786,532	7	53	**Higher PSA rates**
Morocco	0	0	0	0	131,649	130,558	0	0	0	0	31	0	**Prior period adjustment**

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.

Country by country report

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Tax jurisdiction	Third-party revenue	Related-party revenue	Total revenues	Profit (loss) before tax	Corporate income 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
Mozambique	119,276,634	0	119,276,634	(56,257,604)	82,963	0	27,596,989	(77,184,788)	43	5,768,617	32	0	**Loss in year**
Netherlands	2,778,823,781	10,630,441,364	13,409,265,145	222,671,393	(94,949,605)	63,032,893	13,853,856,029	299,241,509	1,790	2,278,274,941	25	28	**See country analysis**
New Zealand	1,878,833,717	28,401,896	1,907,235,613	197,496,399	57,258,475	53,081,443	182,646,440	446,020,645	2,141	461,062,462	28	27	**See country analysis**
Nigeria	262	0	262	1,081,705	58,390	569,413	161,150,902	(288,749,268)	7	478,599	30	53	**Prior period adjustment**
North Africa Region[b]	3,021,343,494	97,424,688	3,118,768,182	462,615,727	199,637,923	343,531,609	663,850	(3,557,049)	266	5,369,561,911	25	74	**Higher PSA rates**
Norway	208,659,181	3,758,911	212,418,092	8,893,291	(316,287)	6,166,556	28,485,357	40,040,703	33	39,227,456	22	69	**Prior period adjustment**
Pakistan	14,927,495	0	14,927,495	4,440,088	690,204	120,170	1,787,907	4,333,426	0	0	29	3	**Prior period losses offset**
Panama	4,051,500,358	59,922,232	4,111,422,590	5,548,612	389,194	219,960	0	0	0	0	25	4	**Accounting adjustment**
Peru	0	0	0	(275,840)	224,505	224,505	3,886,000	470,942	8	5,759	29.5	(81)	**Prior period adjustment**
Philippines	43,174,820	87,544	43,262,363	175,254	1,141,860	360,397	2,211,030	691,964	32	542,267	25	206	**Prior period adjustment**
Poland	2,695,280,362	61,308,085	2,756,588,447	48,593,950	20,741,187	5,371,871	27,361,943	1,981,746	4,262	604,265,821	19	11	**See country analysis**
Portugal	1,015,720,862	151,462,397	1,167,183,259	52,636,744	(2,188,329)	1,927,755	7,246,400	224,161,638	118	292,375,371	21	4	**Loss in year**
Puerto Rico	188,548,674	31,023,839	219,572,513	24,854,707	528,703	16,905,877	0	0	0	0	37.5	68	**Prior period adjustment**
Romania	135,031,454	11,006	135,042,460	5,374,073	1,897,202	1,907,720	15,362,034	27,582,588	21	1,217,007	16	35	**Prior period adjustment**
Russia	126,773,973	61,182	126,835,155	9,902,761	2,491,298	3,085,016	5,479,561	36,325,907	177	7,776,520	20	31	**Prior year adjustment**
Sao Tome and Principe	0	0	0	(1,848,146)	0	0	0	0	0	0	25	0	**Loss in year**
Senegal	6,301	0	6,301	(381,097,980)	0	0	22,383	(19,202)	20	832,319	30	0	**Loss in year**
Singapore	18,726,580,407	10,563,398,920	29,289,979,327	(3,125,855,264)	29,113,702	(136,420,587)	5,199,938,487	(2,789,396,811)	952	159,973,302	17	4	**See country analysis**
South Africa	3,565,108,052	600,294,626	4,165,402,678	70,870,345	4,129,513	7,555,045	96,448,470	19,024,517	829	411,734,655	28	11	**See country analysis**
South Korea	61,740,390	40,065,127	101,805,517	3,351,767	713,124	529,914	7,042,684	7,405,001	46	1,261,640	27.5	16	**Prior period adjustment**
Spain	5,545,135,997	1,767,771,033	7,312,907,030	270,204,581	27,920,750	141,792,816	877,563,339	1,656,434,727	2,254	1,718,439,507	25	52	**See country analysis**

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 Algeria, Egypt and Libya.

Country by country report

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Tax jurisdiction	Third-party revenue	Related-party revenue	Total revenues	Profit (loss) before tax	Corporate income 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
Sweden	217,371,564	2,016,650	219,388,214	8,717,313	127,427	3,699,123	552,550	43,513,704	45	17,392,948	20.6	42	**Prior period adjustment**
Switzerland	588,207,842	125,481,259	713,689,101	48,796,063	5,809,107	2,886,812	21,995	(13,589,117)	39	151,407,901	14.7	6	**Prior period adjustment**
Taiwan	32,021,566	3,969,332	35,990,898	2,321,729	1,286,925	657,816	1,621,271	3,297,772	17	227,396	20	28	**Accounting adjustment**
Thailand	130,396,300	13,710,651	144,106,951	29,703,559	7,410,045	5,694,908	197,232,047	(80,217,175)	132	10,887,195	20	19	
Trinidad & Tobago	1,765,177,991	744,482,161	2,509,660,151	1,025,053,069	87,701,348	145,302,433	162,379,202	170,768,320	818	4,251,889,321	30	14	**See country analysis**
Turkey	2,723,496,481	7,338,483	2,730,834,964	55,559,481	5,959,945	26,580,732	146,559,318	(88,273,459)	455	119,109,266	25	48	**Prior period adjustment**
UK	14,616,932,347	64,702,350,381	79,319,282,728	(3,089,153,304)	254,402,200	207,610,909	396,592,587,563	179,463,515,405	14,584	10,972,407,638	19	(7)	**See country analysis**
US	31,918,481,272	25,938,442,187	57,856,923,458	6,088,458,988	24,497,893	156,463,398	240,945,809,285	22,962,617,196	12,649	47,415,296,153	21	3	**See country analysis**
Venezuela	16	0	16	(638,365)	0	0	36,498,397	3,782,670	0	0	34	0	**Loss in year**
Vietnam	155,145,985	844,723	155,990,708	46,924,247	10,498,514	8,560,092	15,801,717	25,710,414	168	8,942,821	20	18	
Total	**167,119,093,410**	**141,422,792,688**	**308,541,886,098**	**13,070,668,588**	**4,179,401,514**	**4,945,862,466**	**701,457,259,292**	**193,600,739,685**	**65,897**	**112,902,296,681**	–	–	

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.

Country by country report: reconciliation to the bp Annual Report 2021

$ million

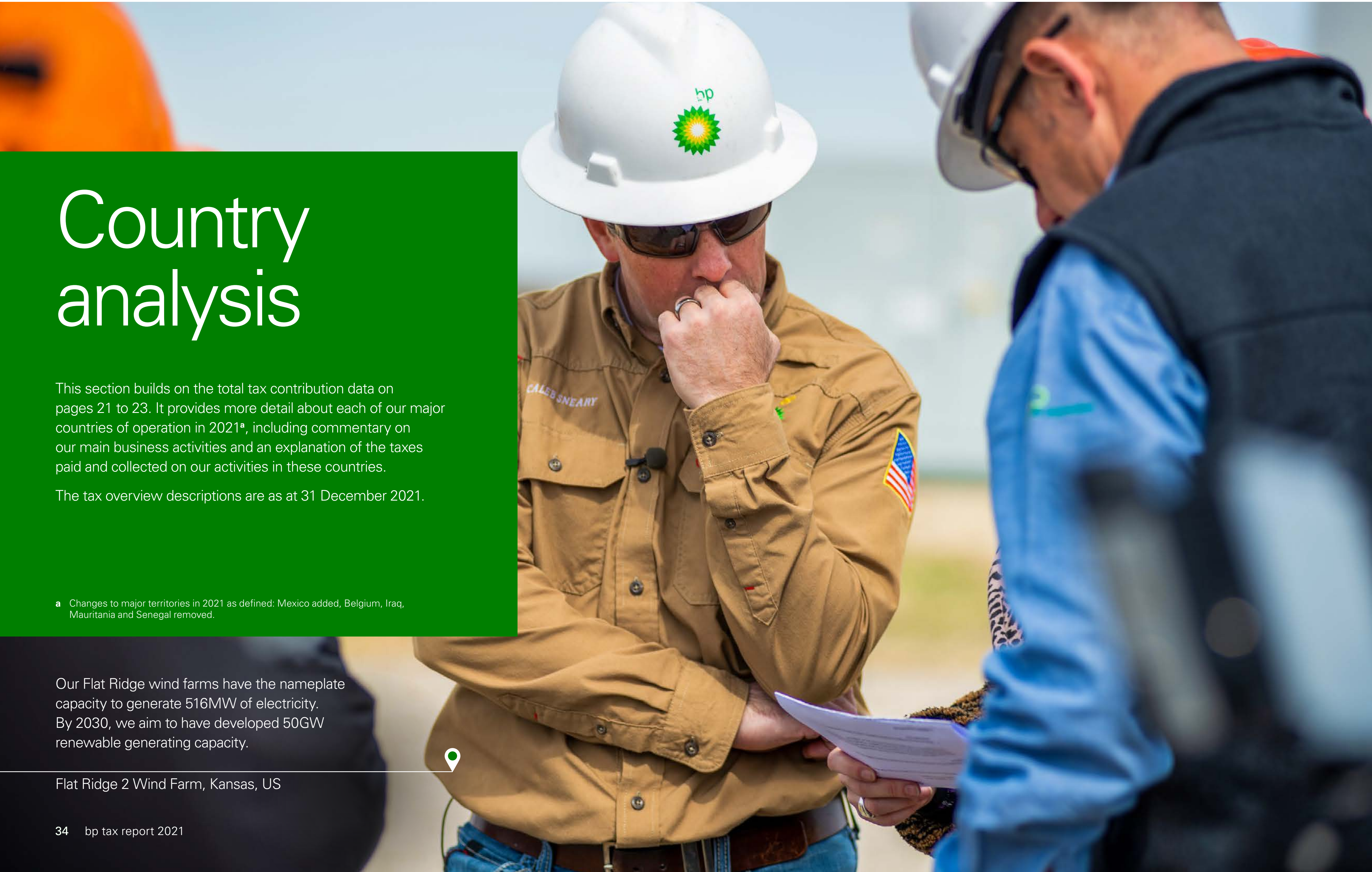
	Third-party revenues	Reconciliation to bp Annual Report 2021	Profit (loss) before tax	Reconciliation to bp Annual Report 2021	Corporate income taxes paid/(refunded)	Reconciliation to bp Annual Report 2021	Tangible assets	Reconciliation to bp Annual Report 2021
Country by country total	**167,119**		**13,071**		**4,179**		**112,902**	
	(1,842)	Dividends received from joint ventures and associates, page 177	(1,842)	Dividends received from joint ventures and associates, page 77				
	(581)	Interest and other income, page 173	543	Earnings from joint ventures – after interest and tax, page 173				
	(1,145)	Proceeds from disposals of fixed assets, page 177	3,456	Earnings from associates – after interest and tax, page 173				
	(5,812)	Proceeds from disposals of businesses, net of cash disposed, page 177						
bp Annual Report 2021	**157,739**	Sales and operating revenues, page 173	**15,227**	Profit (loss) before taxation, page 173	**4,179**	Income taxes paid, page 177	**112,902**	Property, plant and equipment, page 176

Country analysis

This section builds on the total tax contribution data on pages 21 to 23. It provides more detail about each of our major countries of operation in 2021[a], including commentary on our main business activities and an explanation of the taxes paid and collected on our activities in these countries.

The tax overview descriptions are as at 31 December 2021.

a Changes to major territories in 2021 as defined: Mexico added, Belgium, Iraq, Mauritania and Senegal removed.



Our Flat Ridge wind farms have the nameplate capacity to generate 516MW of electricity. By 2030, we aim to have developed 50GW renewable generating capacity.

Flat Ridge 2 Wind Farm, Kansas, US

Country analysis

Algeria[a]

Total tax contribution	$115m
Employees	8
Total taxes paid	$115m
Tangible assets	$432m
Total taxes collected	–

Business activity

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

In September 2022 we announced that we have agreed to sell our upstream business in Algeria to Eni, including our interests in In Salah and In Amenas. The transaction is subject to third-party approvals and pre-emption processes.

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 $115 million of corporate taxes and no further taxes were paid or collected in 2021.

Of this, $101 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.

In addition to taxes paid, the bp report on payments to governments 2021 also shows payments of $0.1 million in fees.

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

More information about bp's operations in Algeria.

Angola

Total tax contribution	$332m
Employees	487
Profit/(loss) before tax	$818m
Total taxes paid	$286m
Tangible assets	$2,415m
Corporate tax charge/(credit)	$367m
Total taxes collected	$46m

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 and communities.

On 1 August 2022 we established a new 50/50 independent joint venture★ with Eni – Azule Energy – combining both companies' Angolan businesses. Azule Energy is now the largest independent equity producer of oil and gas in Angola, with stakes in 16 licences and a participation in Angola liquid natural gas (LNG) joint venture.

Tax overview

In 2021, our extractive activities were operated under PSAs, which set out the terms of our activities, including the applicable tax regime. The regime taxed each project within a block individually and did not permit taxable profits and losses to be offset.

In addition to corporate taxes, we also paid employer 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 value added tax (VAT) related to services received.

In 2021 the effective current corporate tax rate on our operations was 45%, compared with the statutory tax rate of 25%. This is because the tax regime for our extractive activities includes the application of a higher rate of tax than the statutory rate.

In addition to taxes paid, the bp report on payments to governments 2021 also shows payments of $1.2 billion in production entitlements★, infrastructure improvements, fees and bonuses. In addition to corporate income taxes paid, it also includes $8 million of taxes paid on behalf of others and $8 million of levies, both of which are excluded from the taxes paid data in this report.

★ See Glossary on page 50.

Country analysis

Australia

Total tax contribution	
$4,702m	

Employees	Profit/(loss) before tax	Total taxes paid
5,133	$773m	$102m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$2,443m	$120m	$4,600m

Business activity

We have been operating in Australia for more than 100 years. We are one of the leading premium fuel retailers in the country with around 1,400 branded retail fuel sites. Approximately 350 of these are bp owned and more than 1,000 are owned and operated by our independent business partners.

We are engaged in the exploration and production of oil, natural gas and liquefied natural gas and the marketing of petroleum and lubricant products.

Our team in Australia is working hard on our net zero aims. In 2022, we became the operator of the Asian Renewable Energy Hub, which has the potential to be one of the largest renewables and green hydrogen hubs in the world. We're also progressing renewable and hydrogen projects at Kwinana and Geraldton.

Tax overview

Our activities are subject to corporate income 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 on our extractive activities and received a refund of corporate income taxes relating to overpayments made in prior years.

The taxes we collected on behalf of others and paid to the government in 2021 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 16%, compared with the statutory tax rate of 30%, due mainly to the use of losses carried forward from prior periods.

The bp report on payments to governments 2021 shows payments of $137.7 million in taxes and royalties, which includes an amount of $36 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	
$260m	

Employees	Profit/(loss) before tax	Total taxes paid
2,643	$2,103m	$211m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$11,412m	$157m	$49m

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 $84 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 2021 all corporate income taxes relating to our extractive activities were paid by bp since they did not relate to PSAs with a 'pay on behalf' mechanism.

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 2021, the effective current corporate tax rate on our operations was 7%, compared with the statutory tax rate of 20%. Our PSAs include the application of a higher rate of tax than the statutory rate. Despite this, a lower effective current corporate tax rate arises due mainly to the use of losses carried forward from prior periods and the reversal of impairments reported in prior years.

In addition to taxes paid, the bp report on payments to governments 2021 also includes payments of $10.4 billion in production entitlements, fees and bonuses. It excludes $7.7 million in corporate income taxes for our non-extractive activities and $32 million of employer taxes, which are included as taxes paid in this report.

★ See Glossary on page 50.

More information about bp's operations in Azerbaijan.

Country analysis

Canada

Total tax contribution
$(48m)

Employees	Profit/(loss) before tax	Total taxes paid
115	$259m	$45m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$2,190m	$9m	$(93m)

Business activity

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

In June 2022 bp agreed to sell its 50% interest in the Sunrise oil sands project in Alberta, Canada, to Calgary-based Cenovus Energy. As part of the transaction, we acquired Cenovus's interest in the Bay du Nord project in Eastern Canada, adding to our acreage position offshore Newfoundland and Labrador. The transaction closed on 31 August 2022 and we now hold interests in 12 exploration licences offshore Newfoundland and Labrador.

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

In addition to our corporate income and production taxes paid, we were required to withhold employee income taxes from the payments we make to our employees. The taxes we collected on behalf of others and paid to the government in 2021 included motor fuel taxes and we also received a net repayment of goods and services tax in accordance with the law.

The effective current corporate tax rate on our operations was 3%, compared with the statutory tax rate of 26.15% due to the offset of losses carried forward from prior years.

The bp report on payments to governments 2021 shows no payments in respect of taxes. It excludes $19 million of production taxes which relate to non-operated projects and $26 million of corporate income taxes relating to non-extractive activity.

More information about bp's operations in Canada.

China

Total tax contribution
$375m

Employees	Profit/(loss) before tax	Total taxes paid
846	$285m	$98m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$324m	$75m	$277m

Business activity

We have been operating in China since the early 1970s and are one of the leading foreign investors in the energy industry in China.

Our activities include aviation fuel supply, oil products retailing, lubricants blending and marketing, oil and gas supply and trading, LNG terminal and trunk line operation, future mobility and solutions as well as venturing.

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, Guangzhou Development Group Incorporated and Shandong Port Group, and with private companies including DiDi.

★ See Glossary on page 50.

Tax overview

In addition to corporate tax, we also paid property taxes in 2021.

The taxes we collected on behalf of others and paid to the government during 2021 are principally net VAT on importation of oil 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 26% aligns closely with the statutory rate of 25%.

More information about bp's operations in China.

Country analysis

Egypt

Total tax contribution
$92m

Employees	Profit/(loss) before tax	Total taxes paid
257	$153m	$84m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$4,938m	$188m	$8m

Business activity

We have operated in Egypt for almost 60 years. Together with its partners, bp currently produces around 60% of Egypt's gas.

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. bp is a 33% shareholder of the United Gas Derivatives Company (UGDC), a natural gas liquids (NGL) plant extracting LPG and propane, in partnership with Eni and GASCO (the Egyptian midstream gas distribution company).

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 income taxes paid in 2021[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 2021 the effective current corporate tax rate on our operations was 123%, compared with the statutory tax rate of 22.5%.

The tax regime for our extractive activities includes the application of a higher rate of tax than the statutory rate and does not allow the consolidation of taxable profits and losses.

In addition to corporate income taxes paid, the bp report on payments to governments 2021 shows payments of $2.8 million in fees and bonuses.

a The terms of our PSAs provide that corporate income taxes are paid in the year following that to which they relate. Accordingly, our 2021 payment relates to our 2020 taxable profits.

More information about bp's operations in Egypt.

Germany

Total tax contribution
$11,613m

Employees	Profit/(loss) before tax	Total taxes paid
4,582	$(53m)	$88m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$5,270m	$28m	$11,525m

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

In addition to corporate income tax we also paid property taxes and employer taxes.

The taxes we collected on behalf of others and paid to the government during the year are principally mineral oil taxes, 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.

Some of our activities in Germany made a taxable profit and some made a tax loss in 2021. Despite the overall accounting loss, we continue to have a corporate income tax charge as the tax regime restricts the offset of taxable profits and losses. The effective current corporate tax rate on our operations was minus 52% compared with the statutory tax rate of 29.94%.

More information about bp's operations in Germany.

Country analysis

Hungary

Total tax contribution
$45m

Employees
2,717

Profit/(loss) before tax
$5m

Total taxes paid
$24m

Tangible assets
$61m

Corporate tax charge/(credit)
$2m

Total taxes collected
$21m

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 2021, the majority related to the people we employ in our service centres.

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

The effective current corporate tax rate on our operations of 44% 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
$159m

Employees
1,884

Profit/(loss) before tax
$1,366m

Total taxes paid
$102m

Tangible assets
$3,317m

Corporate tax charge/(credit)
$37m

Total taxes collected
$57m

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 lubricants, oil and gas trading, fuel retail, clean energy projects through Lightsource bp, global business services including 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 and production taxes, we also paid customs duties on the import of raw materials for our lubricants business during the year and social security in respect of our employees.

The taxes we collected on behalf of others and paid to the government during 2021 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 3%. After adjusting for the reversal of impairments, the effective current tax rate aligns closely with the statutory tax rate of 25%.

The bp report on payments to governments 2021 shows no payments in respect of taxes, although it includes $3 million in production entitlements. It excludes $20 million of production taxes, which relate to non-operated projects, $40 million in corporate income taxes and $37 million of customs duty for our non-extractive activities, and $5 million employer taxes which are included in this report.

More information about bp's operations in India.

Country analysis

Indonesia

Total tax contribution
$137m

Employees	Profit/(loss) before tax	Total taxes paid
854	$421m	$196m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$4,961m	$199m	$(59m)

Business activity

We have had a presence in Indonesia for more than 55 years.

We operate the Tangguh 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 were recently awarded exploration blocks Agung 1 and 2, in addition to the participating interest in the Andaman 2 block operated by Harbour Energy.

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

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 income 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 47%, compared with the statutory tax rate of 22%.

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

In addition to taxes paid, the bp report on payments to governments 2021 also includes $401 million in production entitlements. It excludes $8 million in taxes for our non-extractive activities, which are included as corporate income taxes in this report.

More information about bp's operations in Indonesia.

Malaysia

Total tax contribution
$12m

Employees	Profit/(loss) before tax	Total taxes paid
1,078	$26m	$4m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$30m	$8m	$8m

Business activity

We have had a presence in Malaysia for more than 50 years and we operate a diversified business framework which includes global business services, innovation and engineering and our lubricants business.

Tax overview

The effective current corporate tax rate on our operations of 31% which, once adjusted for changes to prior years, aligns closely to the statutory tax rate of 24%.

More information about bp's operations in Malaysia.

Country analysis

Mexico

Total tax contribution
$(14m)

Employees	Profit/(loss) before tax	Total taxes paid
1,368	$(223m)	$10m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$262m	$(4m)	$(24m)

Business activity

We have invested in Mexico for more than 50 years.

Originally focused on the marketing and distribution of lubricants, our presence has grown since 2013 when Mexican Energy Reform opened the energy sector to private investment. Our activities in the country now include retail and trading in the natural gas market.

Tax overview

In 2021 our taxes paid included corporate income taxes and customs duties. The taxes we collected on behalf of others and paid to the government during the year included excise duties and employee taxes. Separately, we also received a sales tax refund.

The effective current corporate tax rate on our operations of 2% is lower than the statutory rate of 30% due to losses arising in the year.

The bp report on payments to governments 2021 shows hydrocarbon exploration tax of $3.5 million not included within the scope of this report and fees of $2.7 million. It does not include $7 million of tax paid on non-extractive activities.

More information about bp's operations in Mexico.

Netherlands

Total tax contribution
$746m

Employees	Profit/(loss) before tax	Total taxes paid
1,790	$223m	$(88m)
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$2,278m	$63m	$834m

Business activity

We have had a presence in the Netherlands since 1954.

We operate the Rotterdam refinery, which is one of the largest in Europe. We also have fuels, lubricants and aviation marketing and distribution activities. We are currently working on several hydrogen projects, offshore wind activities and the roll out of bp pulse fast electric vehicle chargers.

Tax overview

In 2021 our taxes paid comprised social security for our employees and customs duties and we received a refund of corporate income taxes paid in 2019 after the carry back and offset of tax losses incurred in 2020.

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 28% which closely aligns to the statutory rate of 25%.

More information about bp's operations in the Netherlands.

Country analysis

New Zealand

Total tax contribution

$528m

Employees

2,141

Profit/(loss) before tax

$197m

Total taxes paid

$57m

Tangible assets

$461m

Corporate tax charge/(credit)

$53m

Total taxes collected

$471m

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

In addition to corporate income taxes paid, the taxes we collected on behalf of others and paid to the government 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 27% which closely aligns to the statutory tax rate of 28%.

More information about bp's operations in New Zealand.

Oman[a]

Total tax contribution

$235m

Employees

577

Profit/(loss) before tax

–

Total taxes paid

$235m

Tangible assets

£2,201m

Corporate tax charge/(credit)

–

Total taxes collected

–

Business activity

We have had a presence in Oman since 2007.

We hold a 40% interest and operate Block 61 in partnership with Makarim Gas Development Limited, a subsidiary of OQ, PPTEP, and PC Oman, a wholly owned subsidiary of Petronas. We also partner with Eni at Block 77.

In 2022 we signed a multiple gigawatt agreement to deliver renewable energy 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 $235 million in corporate income taxes in 2021, 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.

After adjusting for the accounting gain arising from the divestment of our 20% interest in Block 61, the effective current corporate tax rate was higher than the statutory rate of 15%. The tax regime for our extractive activities is contained in our PSAs and includes the application of a higher rate of tax than the statutory rate.

The bp report on payments to governments 2021 also shows payments of $1,447 million in production entitlements and fees.

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

More information about bp's operations in Oman.

Country analysis

Poland

Total tax contribution
$726m

Employees 4,262	**Profit/(loss) before tax** $49m	**Total taxes paid** $38m
Tangible assets $604m	**Corporate tax charge/(credit)** $5m	**Total taxes collected** $688m

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 Air bp joint venture and in photovoltaic development through Lightsource bp.

Tax overview

In addition to corporate income 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 11%, is lower 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.

Singapore

Total tax contribution
$112m

Employees 952	**Profit/(loss) before tax** $(3,126m)	**Total taxes paid** $29m
Tangible assets $160m	**Corporate tax charge/(credit)** $(136m)	**Total taxes collected** $83m

Business activity

We have operated in Singapore for nearly 60 years.

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

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

Tax overview

In addition to corporate income taxes paid, the taxes we collected on behalf of others and paid to the government in 2021 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 4%, compared with the statutory tax rate of 17% due to 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 the base erosion and profit shifting proposals (BEPS)★ Action 5 and were not considered to be harmful.

★ See Glossary on page 50.

More information about bp's operations in Singapore.

Country analysis

South Africa

Employees	**Profit/(loss) before tax**	**Total tax contribution**
829	$71m	$1,617m
		Total taxes paid
		$4m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$412m	$8m	$1,613m

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 income taxes paid, the taxes we collected on behalf of others and paid to the government in 2021 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 11% compared to a corporate income tax rate of 28%. The lower rate was primarily due to the offset of tax losses from prior periods against our 2021 taxable profits.

More information about bp's operations in South Africa.

Spain

Employees	**Profit/(loss) before tax**	**Total tax contribution**
2,254	$270m	$2,153m
		Total taxes paid
		$60m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$1,718m	$142m	$2,093m

Business activity

We have had a presence in Spain since 1954.

We have a significant presence in the country's retail market, we operate a refinery in Castellón and lead multiple cross-business activities – fuels (through a network of 770 retail stations), aviation, petroleum coke, gas and lubricants. We are also developing clean energy projects through Lightsource bp.

Tax overview

In 2021 our taxes paid comprised corporate income taxes, customs duties, property taxes and employer taxes. The taxes we collected on behalf of others and paid to the government during the year are principally excise taxes and VAT 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 52%, 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.

Country analysis

Trinidad & Tobago

Total tax contribution
$223m

Employees	Profit/(loss) before tax	Total taxes paid
818	$1,025m	$319m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$4,252m	$145m	$(96m)

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.

Tax overview

In 2021 the taxes we paid comprised corporate income taxes, production taxes, customs duties and employer taxes.

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 14%, compared with the statutory rate of 30%. The tax regime for our extractive activities includes the application of a higher rate of tax than the statutory rate. However, a lower effective current corporate tax rate arises in the year due mainly to the use of losses carried forward from prior periods and the reversal of impairments reported in prior years.

In addition to taxes paid, the bp report on payments to governments 2021 also includes $2 million in fees. It excludes $50 million in taxes for our non-extractive activities, which are included as corporate income taxes in this report.

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

United Arab Emirates[a]

Total tax contribution
$3,222m

Employees	Profit/(loss) before tax	Total taxes paid
202	–	$3,222m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$2,995m	–	–

Business activity

In the United Arab Emirates, we are focused on finding and generating energy and exploring opportunities in support of the energy transition.

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.

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 income taxes and production taxes on our extractive activities in the year.

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.

In addition to taxes paid, the bp report on payments to governments 2021 also includes $6 million in fees.

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

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

Country analysis

UK

Total tax contribution
$3,061m

Employees
14,584

Profit/(loss) before tax
$(3,089m)

Total taxes paid
$436m

Tangible assets
$10,972

Corporate tax charge/(credit)
$208m

Total taxes collected
$2,625m

Business activity

bp's history is rooted in the UK, where we've been in operation for more than a century. We recently announced our intention to invest up to £18 billion in the UK's energy system by the end of 2030, demonstrating our firm commitment to the UK, and helping the country to deliver on its bold ambitions to boost energy security and reach net zero.

Our activities range from finding different sources of energy to delivering products and services to customers. We're focused on supporting bp's and the UK'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 (CCUS) and hydrogen. We also operate one of the UK's most-used and ultra-fast EV public charging networks, 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 income taxes in the UK and the overseas country. Corporate income taxes paid in the overseas country are usually available as a credit against any UK corporate income taxes arising on these same activities. The UK is also the holding location for our investments in new ventures.

Tax overview

UK corporate income tax rules apply a ring fence to our North Sea extractive activities. The inside ring fence (IRF) regime includes being subject to a corporate tax rate of 40% (increasing to 65% from May 2022 and to 75% from January 2023 with the introduction of the new Energy Profits Levy) compared to a tax rate of 19% for non-North Sea activities. The corporate income taxes we paid in 2021 all related to previous years. We paid no tax in relation to 2021 because brought forward tax losses were offset against taxable profits in accordance with the law. 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 income 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 income taxes on our non-extractive activities in 2021. However, our corporate income 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.

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 2021, these were principally between European Union (EU) member states or qualified for specific customs exemptions, meaning we paid only de minimise customs duties.

The taxes we collected on behalf of others and paid to the government in 2021 are principally excise duties, such as motor fuels duties on sales of fuels products. We received a net VAT repayment for 2021 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 7%, compared with the statutory tax rate of 19%. Despite the accounting loss for the period, bp UK continues to have a corporate income 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.

In addition to taxes paid, the bp report on payments to governments 2021 also includes $8 million in fees. It excludes $77 million in corporate income taxes for our non-extractive activities, $64 million property taxes, $3 million customs duties and $173 million of employer taxes which are included as taxes paid in this report.

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

Country analysis

US

Employees
12,649

Profit/(loss) before tax
$6,088m

Tangible assets
$47,415m

Corporate tax charge/(credit)
$156m

Total tax contribution
$8,065m

Total taxes paid
$1,359m

Total taxes collected
$6,706m

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

Tax overview

Our operations are subject to state and federal corporate income 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 income taxes for 2021 consist 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 employee income taxes, including payroll taxes.

The effective current corporate tax rate for the year was 3%, 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.

The bp report on payments to governments 2021 also shows payments of $27 million in fees and bonuses.

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

Other information

We are expanding our global biofuels portfolio, an essential part of reducing emissions from hard to decarbonize sectors.

Terminal Copersucar de Etanol, Paulínia, São Paulo, Brazil

Low tax jurisdictions

This section provides information on our presence as at 31 December 2021 in jurisdictions with a statutory tax rate of less than 15%[a].

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.

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 46.

Hungary: we have one subsidiary. Information on our activities in Hungary is provided on page 39.

Ireland: we have one subsidiary, which carries out local production, manufacturing or trading activity, and interests in five 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 seven 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 two subsidiaries and interests in seven 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 45.

a Subsidiaries which are stated as inactive cannot be liquidated due to ongoing disputes or contingent liabilities.

★ See Glossary on page 50.

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.

Capital allowances
Also known as tax depreciation, in which the UK allows a tax deduction for certain capital expenditure, instead of accounting depreciation, which is not normally deductible for tax purposes.

Carbon border adjustment mechanism (CBAM)
A proposed carbon tariff on carbon intensive products imported by the European Union (EU). The introduction of a CBAM in the EU should mean that those supplying carbon intensive goods to Europe will also pay a carbon price – just as companies operating within Europe already do under the EU Emissions Trading Scheme.

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.

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
HM Revenue & Customs

NGO
Non-governmental organization

Contact us
Email the corporate reporting team
at corporatereporting@bp.com

bp

bp p.l.c.
1 St James's Square
London SW1Y 4PD

bp.com