bp

Tax report 2022

June 2023

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 2022 and includes data for the year ended 31 December 2022.

Preparing this report

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

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

We have ongoing conversations with our stakeholders, including tax authorities, investors, civil society organizations, policymakers, global tax experts and communities. The feedback we receive from them helps us improve our disclosures and make sure the information we provide about our tax matters is useful.

This dialogue helps improve stakeholders' understanding of our activities and trust in bp.

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

- The B Team's seven Responsible Tax Principles, which we have adopted in full.
- The GRI Standard 207: Tax 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 issues that impact our tax matters, including our approach to windfall profit taxes (page 6), and the relevance of tax incentives for the energy transition (page 9).

Contents

How to navigate this report

Another page in this report

An online reference

★ Definitions in the glossary, page 49.

Introduction

In this section

We are in action to boost hydrocarbon production in the North Sea. Our new major projects will use existing infrastructure, removing the need for new production facilities.

Ocean GreatWhite drilling rig, UK North Sea

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

The energy trilemma and tax

2022 proved to be a volatile year. The Russia-Ukraine war and cost-of-living crisis made it clear that bp's focus needs to be on helping to keep secure, affordable and lower carbon energy flowing to where it is needed. It also highlighted the importance of our contribution to society as a responsible taxpayer.

Our 2022 tax report provides an overview of our tax activities and our thoughts on how tax can address the different elements of the energy trilemma – secure, affordable and lower carbon energy.

Total tax contribution for 2022

Our total worldwide tax contribution for 2022 was $44.2 billion (compared to $41.3 billion in 2021). We paid $14.7 billion in direct taxes★, windfall profit taxes, employer taxes and indirect taxes★ – up from $7.3 billion in 2021 due to an increase in our taxable profits. We saw a reduction in the taxes we paid to governments on behalf of others, such as our customers and employees, from $34 billion to $29.6 billion. This was partly due to action taken by governments to tackle the cost-of- living crisis, including introducing temporary reductions in indirect taxes for consumers.

Leaning into our strategy

bp's strategy sets us up to help contribute to the energy transition while helping to keep the energy flowing where it is needed today. In February 2023 we announced our aims to invest up to an additional $8 billion by 2030 into our transition growth engines – bioenergy, convenience, EV charging, hydrogen and renewables and power – and up to an additional $8 billion into resilient high-quality oil and gas projects. With this additional investment we can continue to help address the energy trilemma.

How tax can help address the energy trilemma

Companies, governments and societies must work together to respond to the energy trilemma. Tax is one important tool – alongside regulation and grants – that governments can use to tackle high energy prices and support those in need. The introduction of windfall profit taxes in some countries is an example of this response.

Tax can also be used to support the transition to lower carbon energy, by helping create an attractive environment for low carbon investment. For example, in 2022 the US government introduced the Inflation Reduction Act, including a ground-breaking suite of tax incentives. And the EU has introduced its Green Deal Industrial Plan which has relaxed state aid rules to allow member states to employ tax incentives to provide support to some low carbon businesses.

At bp, as we invest more in our transition growth engines our tax teams work to understand the impact of tax on these investments and, if there is doubt, we engage with governments to bring clarity. We include examples of this engagement in the report, and set out why we think well-designed tax policies can help address the challenges of the energy trilemma. We continue to monitor developments in the external environment to understand the impact new regulations and taxes have on our operations.

We thank you for your interest in our tax activities and report. Please let us know your thoughts; your feedback helps us to improve, and we welcome your challenge and support.

Murray Auchincloss
CFO

Jan Lyons
SVP tax

For terms with ★ refer to the glossary on page 49.

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.

2022 at a glance[a]

62	67,600	$4.4bn	$27.7bn	$246.7bn
countries where we operate	employees worldwide	dividends distributed to bp shareholders	underlying replacement cost profit	total economic value generated by bp[b]

Tax in 2022[a]

Total tax contribution[cd]

$44.2bn[d]

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

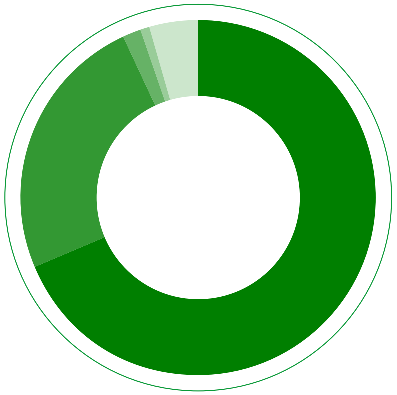
(2021 $41.3 billion)

Total taxes paid[cd]

$14.7bn

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

(2021 $7.3 billion)



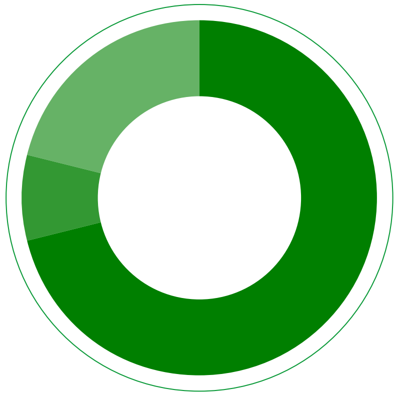
- Corporate income taxes **$10.1bn**
- Production taxes **$3.6bn**
- Property taxes **$243m**
- Custom duties **$116m**
- Employer taxes **$625m**

Total taxes collected[cd]

$29.6bn

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

(2021 $34.0 billion)



- Excise duties **$21.0bn**
- Employee taxes **$2.3bn**
- Sales taxes **$6.2bn**

a Data as at 31 December 2022.
b For more information see the bp Sustainability report 2022.
c Because of rounding, totals may not agree exactly with the sum of their component parts.
d For explanations and definitions, see page 22.
e For the reconciliation of our total tax contribution to the bp Annual Report 2022, see page 24.

Global outlook

In 2022 global events were dominated by the Russia-Ukraine war and the cost-of-living crisis. The disruptions to Russian energy supplies and resulting global energy shortages seem likely to have a lasting impact on the energy system.

The *bp Energy Outlook 2023* considers the recent disruption to energy supplies and the impacts on global prices. It considers the need to protect against further disruption and address the energy trilemma – to create a better and more balanced energy system that is not only lower carbon, but secure and affordable too. Transforming the global energy system to effectively deliver all three elements is a complex challenge. Like other energy companies, we are addressing this challenge.

During 2022 governments also responded to the energy trilemma by providing increased support for the energy transition and by taking action to address high energy prices. These changes have implications for tax.

Using tax to attract low carbon investment

As new, low carbon businesses emerge, governments are considering policies, including tax polices, that will attract investment for these new technologies while also generating tax revenues for the country. The scale of the decarbonization challenge and the pace at which it needs to be delivered in order to meet the Paris goals, plus the cost of many of the required technologies, means that government support is vital. To deliver support, governments are using a variety of tools to incentivize investment including government grants, regulations and tax.

Tax incentives

In 2022 the US Congress passed the landmark Inflation Reduction Act which provides long-term extensions and enhancements of tax credits for wind, solar, renewable fuels and carbon capture and storage (CCS), as well as new tax credits for hydrogen and sustainable transport. Through our advocacy efforts, we have actively supported many of the provisions related to climate and energy and we continue to engage with the US government to seek clarity on how the incentives will apply to our businesses (see pages 17 and 18).

We have also seen other countries and regions taking action. The EU, as part of its Green Deal Industrial Plan, relaxed state aid rules to allow additional support for a limited period, including tax incentives for strategically important businesses.

The UK government has set out its plan for how it will enhance energy security, maximize the economic opportunities of the transition and deliver on its net zero commitments. The many recommendations included the need to consider how the tax system might be used to incentivize decarbonization, possibly via the tax treatment of both capital expenditure and research and development. We continue to monitor developments to understand their impact on our business.

Carbon taxes

Increasingly, governments are setting carbon prices – over 20% of global greenhouse gas (GHG) emissions are now covered by carbon pricing which makes energy efficiency more attractive and low carbon solutions more cost competitive.

For example, in Indonesia the government is introducing carbon pricing and carbon trading mechanisms for some businesses. We are advocating for these mechanisms to extend to the oil and gas industry in Indonesia because they can encourage the development of carbon capture, use and storage technology.

There are ongoing actions to address the risk of carbon leakage. The UK has announced a consultation on a carbon border adjustment mechanism (CBAM)★. In the EU, proposals for a CBAM have been agreed and the mechanism will be implemented from 1 October 2023. We support this CBAM and are involved in trade association advocacy activities calling for its rules to be straightforward so that they are easy to apply and comply with.

We also support the EU proposal for a revised energy taxation directive which would support the uptake of greener fuels in transport. Currently all liquid fuels are taxed at a similar level, regardless of carbon intensity. Zero or very low tax for low carbon liquid fuels would facilitate fuel pricing that is both socially acceptable and able to contribute to a business case for investments.

Read more about tax incentives and other policy tools that can support the energy transition on page 9.

For terms with ★ refer to the glossary on page 49.

Global outlook

Using tax to address high energy prices

In response to high energy prices, some governments have taken action to tax the profits of companies that have benefited from price increases.

The UK government introduced the Energy Profits Levy in May 2022. It increased the rate of tax applied to the profits of oil and gas companies to 65% for 2022 and, from January 2023, the rate of tax increased to 75%. The European Commission proposed a Solidarity Contribution, which was adopted by EU member states and has now been applied to the profits of energy companies and refineries.

In addition to these new windfall profit taxes, in 2022 there were also fuel tax reductions (excise duties and indirect taxes★) in various countries, including Australia, Germany and the UK. These reductions had a notable impact on the taxes we collected from our suppliers and customers, contributing to a reduction in the total amount of tax collected from $34 billion in 2021 to $29.6 billion in 2022.

We understand the pressure caused by high energy prices and recognize that the taxes we pay can be used to support those people most in need.

During 2022, we engaged with governments – directly and through industry bodies – to respond to their proposals on applying a windfall profit tax.

We shared our view that any windfall profit tax should be:

- Based on profits not revenues – because a revenue-based approach takes no account of the costs of energy production, which often increase when energy prices are high.
- Proportionate – taxing the windfall or 'unexpected' profits only.
- Time limited and not retroactive – because a windfall is often temporary in nature and because retroactive application reduces the competitiveness of a fiscal regime and brings uncertainty.
- Balanced – with investment tax incentives or similar in sectors that are aligned with government macro-economic aims (for example, climate ambitions or energy security).
- Simple, clear and easy to administer.

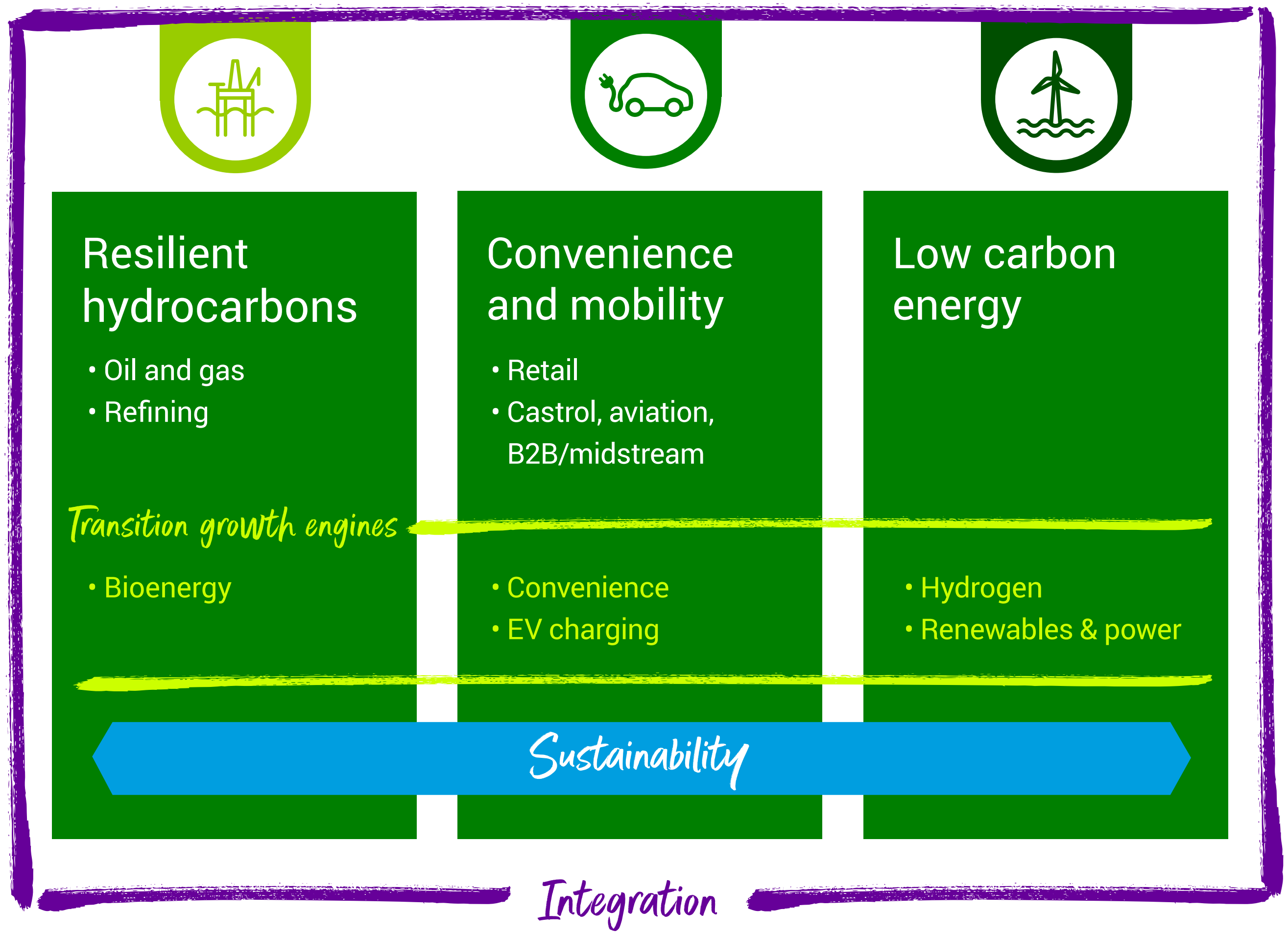
Applying tax in our new businesses

We work with our businesses as they consider investment opportunities around the world to help them understand the impact of tax on project economics. Where there is uncertainty regarding tax treatment we may approach governments for clarity on how we should apply the taxes. When investments that are strategically important to bp and governments face economic challenges, we engage directly or through industry bodies, to raise awareness of these challenges.

For terms with ★ refer to the glossary on page 49.

Our strategy

Our strategy is to become an integrated energy company. We believe we are equipped to help deliver energy security and affordability today, and to help accelerate the energy transition.



Our three-pillar strategy is focused on investing in our transition growth engines and, at the same time, investing in today's energy system. And integration connects it all.

Focus on transition growth engines
Our transition growth engines define our activities in high-growth sectors that will help bp transition to an integrated energy company. By 2025 we expect to allocate more than 40% of the total annual capital we invest to transition growth engines, rising to around 50% or about $7-9 billion in 2030.

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
Connecting our strategic focus areas together is integration. We believe we are distinctively set up to create integrated energy solutions for customers and generate attractive returns.

For more information on our strategy see our bp Annual Report 2022.

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 34).
- 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 2022, page 6 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 and the Russia-Ukraine war (see the bp Energy Outlook 2023 and the bp Annual Report 2022, pages 6-9 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 reliefs and exemptions – for example, on import taxes and value added tax (VAT), during the earlier years of the project.

Our refining and biofuel 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 products 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. They are subject to statutory tax rates and tax reliefs on capital investments, and are also subject to indirect taxes on imports and exports. 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 both domestic and international 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 countries where profits arise and are subject to indirect taxes on imports and exports. 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 those focused on energy systems, digital or shipping, are centralized in global teams. Relevant related-party cross-border transactions are priced using the arm's length principle.

Read about the role of tax in the energy transition on page 9.

See our tax definitions on page 22.

For terms with ★ refer to the glossary on page 49.

The role of tax in the energy transition

Government support for the energy transition has increased in a number of countries. But the scale of the decarbonization challenge means more action is needed and governments, companies and organizations must work together to achieve net zero.

The public policy environment is key to helping bp get to net zero and in helping the world get there too. We advocate for a policy framework that can support our strategy and sustainability frame, including our net zero ambition and aims.

We believe that a well-designed price on carbon – either a tax or a cap-and-trade system – is an economically efficient way to reduce GHG emissions. However, other support such as grants, changing regulations and tax incentives can contribute to the development of low carbon energy markets that can facilitate the energy transition. We actively advocate for policies which support this goal, including tax regimes which incentivize low carbon energy investment.

In 2022 we saw an increase in governments considering the use of targeted tax incentives to attract low carbon energy investment projects and help countries realize the economic and societal benefits of the energy transition.

Tax incentives can be used across the value chain, enabling companies like bp to deliver decarbonization projects. They help by providing direct economic support to project developers and additional support to others. For example, by incentivizing:

- Manufacturers to expand capacity to alleviate supply chain constraints (for example, wind turbines).
- Providers of finance, such as banks, which may be offered preferential tax rates on interest income received.
- Customers, by applying reduced rates of taxes to electric vehicles.

Where incentives exist and apply to our business activity, we aim to use them transparently and in the manner intended.

The diagram below provides examples of tax incentives that may be used at any point along the value chain for the development of low carbon energy.

Supporting renewable energy development with tax incentives across the value chain

Originate and develop

Objective

- Encourage R&D activity
- Attract funding

Examples of tax incentives

- Research tax credit
- Enhanced interest deductibility
- Preferential tax rate on qualifying income

Beneficiaries

- Project developer
- Component manufacturer
- Finance provider

Build

Objective

- Reduce costs to make projects economically viable

Examples of tax incentives

- Accelerated tax depreciation
- Withholding tax exemption
- VAT/customs duty deferral or exemption
- Property tax exemption
- Investment tax credit

Beneficiaries

- Project developer
- Component manufacturer

Operate

Objective

- Lower cost base to make competitive
- Accelerate renewable capital deployment

Examples of tax incentives

- Production tax credit
- Accelerated tax depreciation
- No restriction to loss utilization

Beneficiaries

- Project operator

Market

Objective

- Grow renewable energy and fuel demand through consumer and retail initiatives

Examples of tax incentives

- VAT relief for renewable energy/fuel
- Accelerated tax depreciation for infrastructure buildout

Beneficiaries

- Project developer
- Transport provider/retailer
- Customers/Consumers

Exit

Objective

- Recognize cost of decommissioning infrastructure

Examples of tax incentives

- Tax relief on decommissioning
- Loss carry-back/carry-over provision

Beneficiaries

- Project developer

The role of tax in the energy transition

Advocating for tax incentives

Aim 6 of our sustainability frame is to more actively advocate for policies that support net zero. We engage constructively on tax incentive proposals and believe that new policies are more likely to be successful if they:

- Interact effectively with the range of measures that may already exist in a country to create a globally competitive investment environment.
- Are tailored to the unique circumstances, challenges and opportunities of the country and the specific social, political and economic environment.

In addition, any tax incentives should be:

- **Efficient** – achieving the intended policy objective without a cost to government that exceeds the intended benefits.
- **Transparent and sustainable** – so that governments, societies and investors benefit from the value created through infrastructure, industries, jobs and training required in the development of low carbon energy markets.
- **Predictable and stable** – since many of our projects are capital intensive and extend for many years, certainty as to the impact of a tax incentive is needed.
- **Practical and flexible** – in terms of efficient administration and qualifying conditions given local content, workforce and supply chain constraints in relatively immature low carbon energy markets.
- **Compatible with evolving international tax rules** – which govern how tax incentives may impact a company's global minimum tax liability.

We include examples on our approach to tax incentives later in this report, including:

- Hydrogen tax credits in the US
- VAT and import duty exemptions on a solar project in Trinidad and Tobago
- A tax regime supporting offshore wind in India

Read more in our responsible tax principles in action on page 17.

Our responsible tax principles

In this section

We are accelerating EV charging, expanding charging networks in key markets. Jio-bp mobility stations bring together a range of services including EV charging.

Jio-bp service station, Navi Mumbai, India

Our responsible tax principles

Embedding our responsible tax principles

In 2020 we endorsed The B Team Responsible Tax Principles[a] which 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. In 2021 we joined The B Team's Responsible Taxes Working Group and this is helping us improve our own tax practices.

This section provides examples of how we are applying the principles and our progress in 2022.

Read more about how we have adopted the responsible tax principles.

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.

Our responsible tax principles in action

Our responsible tax principles offer a clear framework for responsible tax practice.

Accountability and governance

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

See our responsible tax principles for more information on:

- Our management systems.
- Organizational structures.
- Our beliefs and code of conduct.
- The framework for managing our tax affairs and tax risks.

Preparing for tax audits

We file many tax returns with tax authorities in the countries where we operate. Often the authorities respond with questions and challenges to help them confirm that we are paying the right amount of taxes. To ensure we can respond in a timely manner, we use our experience of previous audits to refine and improve our processes to prepare and gather the documentation that may be requested.

Supporting claims for tax credits

Governments use tax credits to incentivize investment in energy projects but these credits often only become available several years after a decision to invest is approved.

For our projects to qualify, we are required to demonstrate that we can meet certain conditions, for example those relating to domestic content or employment requirements. Our project teams need to understand these requirements and retain documentation that demonstrates we are meeting them.

Our risk management processes help identify these requirements and, with these in mind, we review and update our internal procedures to ensure our projects qualify and that our teams can collect documentation to support our claims. These processes help us respond quickly and efficiently to future audit queries.

Continuously improving our recharge processes

When one part of our business, digital services for example, provides services or activities to another part of the business, the costs are recharged to the business that benefits from them, in line with OECD★ transfer pricing★ guidelines,.

We need to be able to allocate the right amount of income and expense to the right bp business and provide evidence to show the benefits provided and amounts recharged.

Our tax team works with our central teams to improve processes to collect current information about integration activities.

Having access to this detail helps the local tax teams respond in good time, improves efficiency and reduces risk.

Our ongoing work in this area means we are better prepared to respond to queries from tax authorities.

For terms with ★ refer to the glossary on page 49.

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 for more information on:

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

Addressing the complexity of BEPS★ Pillar Two implementation

The OECD's BEPS Pillar Two model rules introduce a global minimum tax for large multinational companies. Since the publication of the rules, work on their implementation has started in countries around the world. Following consultation in 2022 the UK legislation is expected to come into effect at the start of 2024.

The model rules create new challenges for global tax compliance. We have played an active role in several working groups to help encourage the development of clear guidance, raise awareness of the technical and technological complexities that businesses and tax authorities will need to address and to simplify the compliance process.

We are assessing the compliance challenges for bp which will require the collation, assurance, verification, and submission to HMRC of a significant amount of data that is not currently collected in the prescribed form.

We have shared our initial findings with the UK government in order to highlight the scale of work required to comply with the Pillar Two regime for any company of a similar size to bp. We will continue to engage with the UK government as compliance processes and tax authority systems that enable compliance are developed further.

For terms with ★ refer to the glossary on page 49.

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 that have genuine substance. We do not seek abusive tax results.

See our responsible tax principles for more information on:

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

Non-controlled related undertakings include companies in which we own more than 20% of the share capital (see page 308 of the bp Annual Report 2022). We provide details of bp subsidiaries★ and interests in non-controlled related undertakings incorporated in low tax jurisdictions on page 48.

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) Pillar Two model rules.

An update on the ongoing simplification of our corporate structure

Our interests and activities are held through different legal entities across bp, including subsidiaries, branches★, incorporated joint ventures★ and investments. In 2022 these amounted to more than 1,900 companies. The number of companies has increased from 2021 due to acquisitions, including Archaea Energy, which added over 80 companies to our group. For a list of our related undertakings see page 308 of the bp Annual Report 2022.

Our commercial portfolio changes as we sell, or acquire new businesses, and as we continue our transition to an international energy company.

Our company secretary's office is leading a cross-functional programme focused on simplifying our corporate structure by combining company activities or removing companies we no longer require, often through liquidation. The programme removed 35 entities in 2022, including two located in low tax jurisdictions.

Our low carbon business models

As we develop new low carbon energy businesses, we are setting up business models that differ from those associated with our traditional businesses. The tax requirements – where and how the businesses are subject to tax – may also be different. Our tax teams work closely with our business teams to understand the different aspects of these new business models including:

- Business strategy.
- Ownership of assets.
- Transaction flows including intragroup transactions.
- Regulatory requirements.

Developing our understanding of these new operating models helps to ensure we pay and collect the correct taxes wherever we operate.

For terms with ★ refer to the glossary on page 49.

Our responsible tax principles in action

Relationships with authorities

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

See our responsible tax principles for more information on:

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

Adapting our approach to advance pricing agreements

In Europe we have historically built relationships with tax authorities in some of the countries where we operate, to establish a single, fixed-duration advanced pricing agreement (APA) for many of our businesses. This agreement has provided welcome certainty on tax. However, as we respond to volatility in energy markets, evolve our existing business models and develop new transition businesses, we need flexibility to adjust our tax arrangements more swiftly.

Consequently, we are now seeking more flexible bi-lateral APAs with tax authorities for individual businesses, rather than multilateral agreements covering many businesses and countries.

This new approach means we can continue to develop open and constructive relationships with tax authorities and provide certainty for our businesses, while creating the flexibility required to help our transition to an integrated energy company.

Supporting the effective design of decarbonization allowances in the North Sea

In December 2022 following the introduction of the Energy Profits Levy in May 2022, the UK government issued a consultation on the 'Investment allowance for decarbonization expenditure in the Energy Profits Levy' to understand:

- How the oil and gas industry is working to decarbonize production.
- How the legislation on the investment allowance should be designed to ensure it is effectively targeted.

Like many others in the energy industry, we supported a proposed approach to defining qualifying decarbonization expenditure that uses a decarbonization purpose test, along with a list of identified qualifying activities. Together, these acknowledge the breadth of possible decarbonization projects and the continued evolution of technology in this area.

We will continue to engage constructively with the UK government to support the effective operation of the decarbonization allowance.

Establishing workable customs processes post Brexit

The UK's withdrawal from the European Union resulted in many changes to tax requirements and regulations. One example which impacts the energy industry concerns customs duty declarations for goods transferred between the UK mainland and our UK North Sea offshore installations.

Following Brexit, the UK authorities withdrew the right for companies to use a simplified customs duty declaration process, and proposed a more complex process which was introduced in 2022.

In response, we set up a working group that includes other energy companies, and with the support of industry trade bodies we have:

- Helped HMRC understand the commercial complexities and increased supply chain risks and costs created by the new process.
- Worked with HMRC to establish an alternative process that is easier for businesses to administer and satisfies the safety and security requirements of HMRC.

We expect legislation reflecting the new process to be introduced later in 2023.

Our responsible tax principles in action

Seeking and accepting tax incentives

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

See our responsible tax principles for more information on:

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

Hydrogen tax credit in the US

The Inflation Reduction Act implemented a 'per kilogram' tax credit for the production of clean hydrogen. Before the Act was passed, we advocated for certain elements to be considered in the design of the tax credit. These included:

- The dollar value of the credit and relative credit values for blue and green hydrogen, based on respective emissions profiles.
- The period of eligibility, suggesting this be based on the point at which construction starts.
- The refundability of the credit.

These important aspects were addressed in the final rules, in line with the US government's net zero goals. The result was a cost competitive, refundable tax credit that will help address the cost challenges associated with large-scale production of hydrogen for industrial use.

VAT exemption for our Trinidad and Tobago solar project

In 2022 our joint venture with Shell received approval for a solar project in Trinidad and Tobago.

The approval of this project, which originated in 2020, is a significant milestone for the future of Trinidad and Tobago’s energy transition as its first large-scale solar project. However, like many other low carbon investments, the project needed policy support to meet the financial thresholds required for investment. The discussions between our joint venture and the government resulted in certain VAT and import duty exemptions on the import of equipment needed for the project to proceed.

Advocating for a tax regime that supports offshore wind in India

The government in India has set a target to generate 500GW of non-fossil fuel energy by 2030, including proposals to target 37GW of installed offshore wind capacity.

The government sought input from businesses to help it develop an appropriate tax regime that will attract investment in offshore wind. In response, we have suggested that targeted government support is needed to unlock the investment in low carbon energy required to meet net zero goals. We have discussed the use of tax incentives to support investment in this area, including accelerated tax relief on capital expenditure. We have also requested clarity on the tax treatment of other significant costs associated with the offshore wind business, including leases for land and decommissioning expenditure.

We believe engagement of this kind is important because the right mix of policies, incentives and supportive tax systems will be key in supporting the transition of energy systems and societies toward net zero.

Our responsible tax principles in action

Supporting effective tax systems

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

See our responsible tax principles for more information on:

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

We engage with governments and tax authorities to encourage the introduction of policies that support the energy transition including well-designed carbon pricing policies or transitional support for promising but emerging low carbon technologies.

Seeking clarity on the US Inflation Reduction Act of 2022

The US Inflation Reduction Act of 2022 includes tax incentives aimed at increasing investment in low carbon energy production and manufacturing with the goal of reducing carbon emissions by about 40% by 2030. To do this, it provides long-term extensions and enhancements to tax credits for wind, solar, renewable fuels and carbon capture and storage, as well as new tax credits for hydrogen and sustainable transport.

During the consultation period for the Act, we submitted comments, including a request for clarity concerning the application of the tax credit rules to our low carbon investments. For emerging industries such as hydrogen, carbon capture and sustainable aviation fuel, where entirely new tax credit rules are created, it is important that we understand the implication of potential credits on project financing. We also submitted comments on the unique engineering, project finance and tax features of these projects to help improve government understanding of and support for investment in these growing markets.

We expect the proposed regulations intended to refine the rules from a technical perspective to be issued during 2023. We will have the opportunity to submit further comments before they become final.

Read more on our response to the consultation.

Promoting a clear and consistent approach to the VAT treatment of EV charging across Europe

The E-mobility sector is of strategic importance to the EU because of its future growth potential and the EU's climate goals. However, there are currently no mandatory rules regarding the VAT treatment for EV charging in the region. Member states can take different positions on VAT treatment; for example, some identify EV charging as a supply of goods, whereas others consider it a service. Goods and services are treated differently for VAT purposes and so this creates inconsistency across region, leading to complexity and uncertainty for businesses.

We are working with relevant trade associations to raise awareness and understanding of these issues. The EU welcomed this work and has requested an overview of the challenges EV charging businesses face in EU member states.

We aim to help the EU introduce a clear and consistent approach for the application of VAT for EV charging.

Working with the OECD on international tax reform

The OECD's work to address tax challenges related to the digitalization and globalization of the world economy is encompassed under Pillars One and Two of its BEPS initiative. This initiative will have a significant impact on the international tax landscape and we continue to contribute to its development and implementation.

Our focus for Pillar One has been the treatment of the extractives industry under the initiative. We are working with industry peers and the OECD – advocating for a fair, workable and simple system, given the overall complexities of Pillar One. In particular, we are helping to clarify how the Pillar One regime should apply to those commodities common to the oil and gas industry.

On Pillar Two we have welcomed the Transitional Safe Harbours that broadly allow the use of data from the OECD country by country reporting★ processes that many large companies already follow. We continue to advocate for workable solutions including permanent safe harbours to reduce the compliance burden for both taxpayers and tax authorities for jurisdictions where the effective tax rate is expected to be above the 15% minimum rate as set out in the model rules.

Read more about our work to implement BEPS Pillar Two on page 14.

For terms with ★ refer to the glossary on page 49.

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.

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

See our responsible tax principles 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, on a voluntary basis and in response to regulatory requirements, we also provide information about our tax contribution and tax practices in some of our major countries of operation. This information includes:

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[b].

Voluntary reports

- Economic impact reports for the UK and US.
- Best tax practices code in Spain.

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
- Mauritania
- Mexico
- São Tomé and Príncipe
- Senegal
- Trinidad and Tobago
- UK.

a Reports of Payments to Government Regulations 2014 (2014/3209) as amended by Reports on Payments to Government (Amendment) Regulations 2015 (2015/1928).
b See: www.bp.com/content/dam/bp/country-sites/pl_pl/poland/home/dokumenty/BP%20Services_Strategia%20podatkowa_2021_fin.pdf

Our total tax contribution

In this section

Convenience is one of five transition growth engines that we intend to grow rapidly this decade. We now have 2,400 strategic convenience sites, with 250 added in 2022.

Crown point service station, Indiana, US

Our total tax contribution overview

bp's total tax contribution for 2022 was $44.2 billion (2021 $41.3 billion). This comprises the taxes we paid and collected on our global operations.

Total taxes paid[a]

$14.7bn

The $14.7 billion of taxes paid includes corporate taxes on profits, as well as other direct★ and indirect taxes★ levied on our activities (2021 $7.3bn).

Corporate income taxes
$10.1bn

Production taxes
$3.6bn

Property taxes
$243m

Customs duties
$116m

Employer taxes
$625m

Total taxes collected[a]

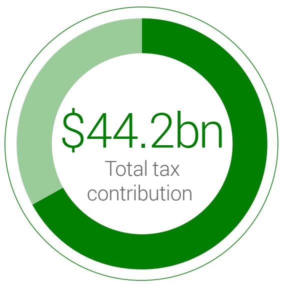
$29.6bn

The $29.6 billion of taxes collected includes amounts collected on behalf of others – for example, our customers and employees – and paid to governments[b] (2021 $34.0bn).

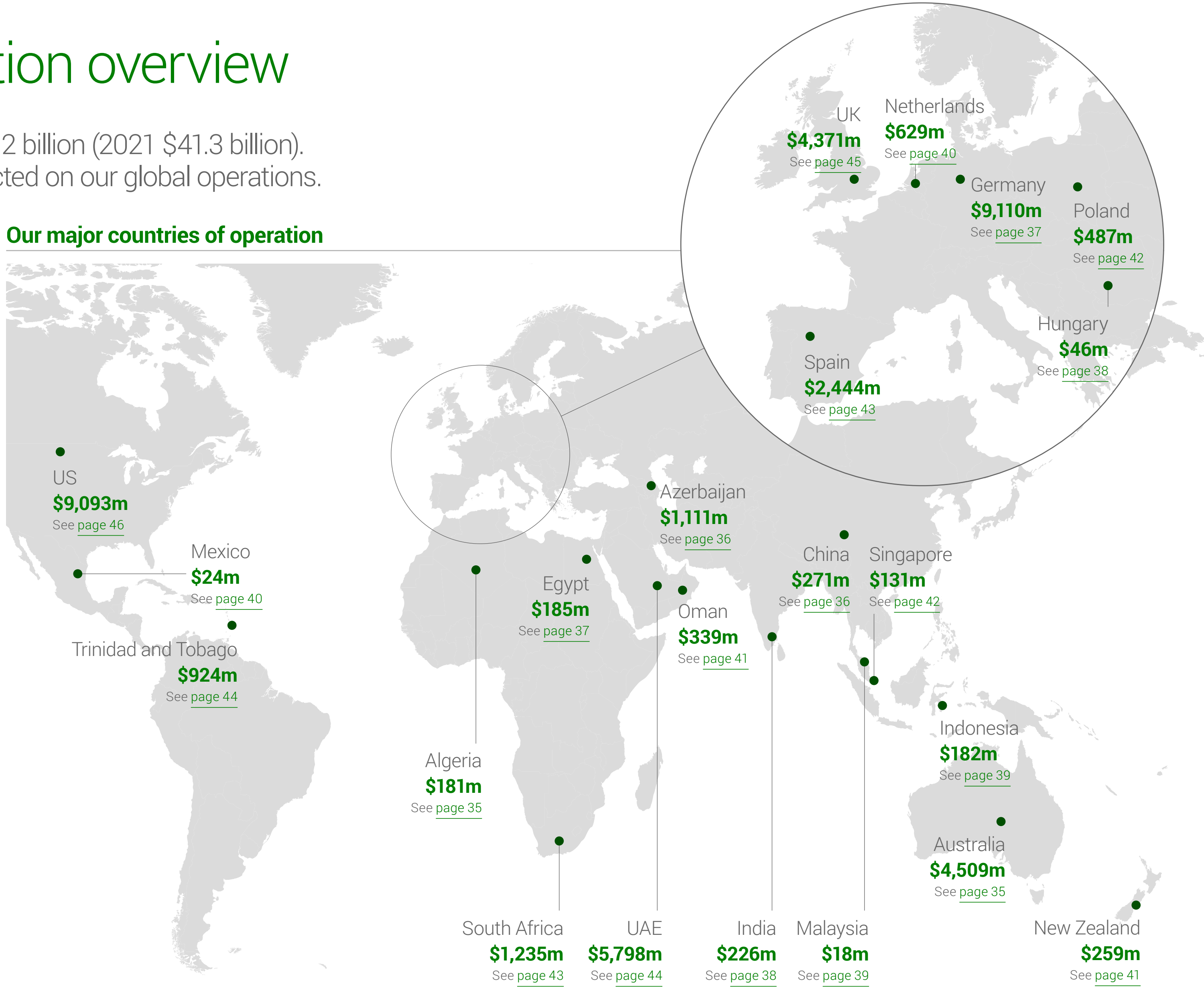
Excise duties
$21.0bn

Employee taxes
$2.3bn

Sales taxes
$6.2bn



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.
For terms with ★ refer to the glossary on page 49.

All data as at 31 December 2022.

Our total tax contribution explained

We had operations in 62 countries in 2022. More than 94% of the total taxes we paid and 93% of the total taxes we collected arose in our major countries of operation. We provide more detail about each of these including commentaries on our main business activities and an explanation of the taxes paid and collected on those activities in the country analysis section (see page 34). Our major countries of operation for 2022[a] were those with bp subsidiaries★ that had at least one of the following:

- More than 800 employees.
- Total revenue in excess of $5 billion.
- Tangible assets greater than $0.5 billion.
- Total taxes paid in excess of $0.1 billion.
- Total taxes collected over $1 billion.

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 we have a 50% or less interest are not represented within our total tax contribution data. During 2022 our Angola operations and the majority of our operations in Iraq were transferred into joint venture companies in which we now hold an interest of 50% or less. The data included for these countries within our total tax contribution report relates to the period prior to the transfer.

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.

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 34-46.

a Changes to major countries of operation (as defined) in 2022: Canada removed. Our Angola operations were transferred to a 50:50 joint venture so do not fall within the definition of a major country of operation at 31 December 2022.

For terms with ★ refer to the glossary on page 49.

Country tax contributions

$ million[a]

Country	Corporate income taxes	Production taxes	Property taxes	Customs duties	Employer taxes	Sub total, taxes bp paid	Excise duties	Employee taxes	Sales taxes	Sub total, taxes bp collected	Total tax contribution
Algeria*	181	–	–	–	–	**181**	–	–	–	**–**	**181**
Australia	279	223	–	–	–	**502**	2,627	19	1,361	**4,007**	**4,509**
Azerbaijan	1,018	–	–	–	38	**1,056**	–	55	–	**55**	**1,111**
China	40	–	1	11	–	**52**	29	31	159	**219**	**271**
Egypt	178	–	–	–	–	**178**	–	7	–	**7**	**185**
Germany	157	–	4	–	62	**223**	6,210	222	2,455	**8,887**	**9,110**
Hungary	3	–	–	–	20	**23**	–	25	(2)	**23**	**46**
India	39	45	–	31	6	**121**	–	27	78	**105**	**226**
Indonesia	345	–	–	–	–	**345**	–	25	(188)	**(163)**	**182**
Malaysia	6	–	–	–	–	**6**	–	9	3	**12**	**18**
Mexico	12	–	–	–	–	**12**	4	6	2	**12**	**24**
Netherlands	50	–	–	–	5	**55**	466	49	59	**574**	**629**
New Zealand	12	–	–	–	–	**12**	212	14	21	**247**	**259**
Oman*	339	–	–	–	–	**339**	–	–	–	**–**	**339**
Poland	16	–	6	–	9	**31**	381	15	60	**456**	**487**
Singapore	1	–	–	5	–	**6**	–	–	125	**125**	**131**
South Africa	7	–	–	–	1	**8**	1,301	14	(88)	**1,227**	**1,235**
Spain	103	–	4	2	51	**160**	1,182	33	1,069	**2,284**	**2,444**
Trinidad and Tobago	525	448	–	4	1	**978**	–	20	(74)	**(54)**	**924**
United Arab Emirates*	4,332	1,466	–	–	–	**5,798**	–	–	–	**–**	**5,798**
UK	1,383	(18)	53	11	250	**1,679**	1,468	938	286	**2,692**	**4,371**
US	433	1,372	173	30	130	**2,138**	5,784	691	480	**6,955**	**9,093**
Sub Total	**9,459**	**3,536**	**241**	**94**	**573**	**13,903**	**19,664**	**2,200**	**5,806**	**27,670**	**41,573**
Rest of World	**205**	**31**	**2**	**22**	**47**	**307**	**1,347**	**103**	**432**	**1,882**	**2,189**
Angola	442	–	–	–	5	**447**	–	24	4	28	**475**
Total	**10,106**	**3,567**	**243**	**116**	**625**	**14,657**	**21,011**	**2,327**	**6,242**	**29,580**	**44,237**

a All payments are reported in US dollars. Where payments are made in local currency, foreign exchange rate differences may arise.
* Some information is not available for this report due to commercial reasons.

Reconciliation of our total tax contribution to the bp Annual Report 2022

Our total tax contribution for 2022 was $44.2 billion (see page 23). Our Annual Report 2022 shows $16.8 billion as a tax charge on our profit for the year (see page 180 of the bp Annual Report 2022).

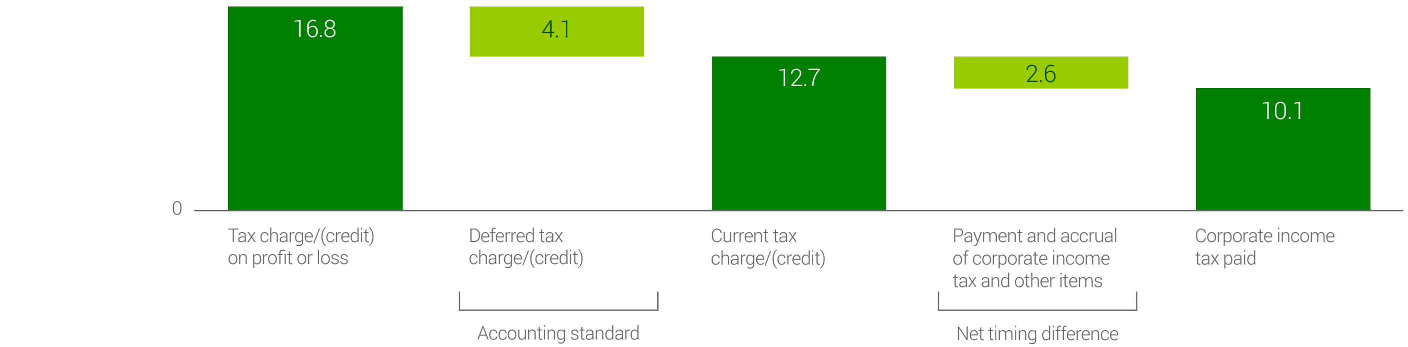
A reconciliation between the two measures is provided below. It is driven by:

- **Accounting standards:** Tax disclosures in the bp Annual Report comply with IFRS★ accounting standards. Our 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 2022 regardless of the fiscal tax year to which they relate. The tax charge in the bp Annual Report 2022 shows those corporate income taxes that are due on our 2022 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 2022 concerns only corporate income taxes. Income taxes paid, separately identifiable in the group cash flow statement, are consequently a sub-set of the total tax contribution.

For definitions of the terms used in the charts, see page 25.

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

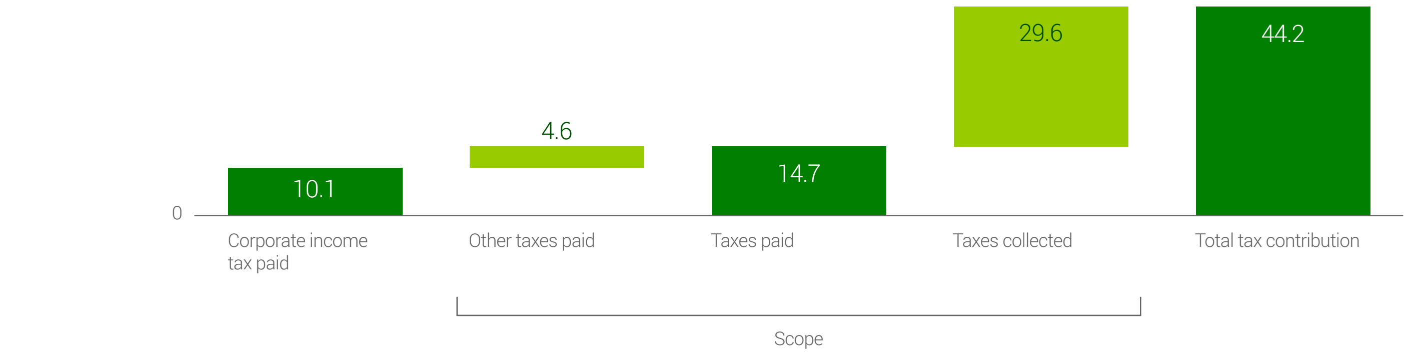
$ billion



	Tax charge/(credit) on profit or loss	Deferred tax charge/(credit)	Current tax charge/(credit)	Payment and accrual of corporate income tax and other items	Corporate income tax paid
bp Annual Report 2022	Page 180	Page 214	Page 214		Page 184
bp tax report 2022					Page 23

Reconciliation of corporate tax paid to total tax contribution

$ billion



	Corporate income tax paid	Other taxes paid	Taxes paid	Taxes collected	Total tax contribution
bp Annual Report 2022	Page 184				
bp tax report 2022	Page 23	Page 23	Page 23	Page 23	Page 23

For terms with ★ refer to the glossary on page 49.

Reconciliation of our total tax contribution to the bp Annual Report 2022

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 2022 we show a total tax charge of $16.8 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 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 or 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 2022 we show a deferred tax charge of $4.1 billion.

Current tax: corporate income tax we expect on the current year's 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 2022 was $12.7 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 2022 this amounted to $2.6 billion.

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 2022 we paid $10.1 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 2022 we paid $4.6 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 2022 the taxes paid were $14.7 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 2022 we collected $29.6 billion of taxes.

Total tax contribution: comprises the taxes we paid and collected on our global operations. In 2022 this was $44.2 billion.

For terms with ★ refer to the glossary on page 49.

Country by country report

In this section

We are growing our bioenergy business to meet increasing demand. We plan to increase biofuel production to around 100,000 bpd by 2030.

Kwinana, Western Australia

Country by country report

We provide data from our country by country report (CbCR) for the calendar year 2022.

In 2022 we had a taxable presence in 78[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 in a country 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 deregistration 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. Consequently, 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 in addition to 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% interest or less 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, if no applicable treaty exists, by the company's place of effective management★.

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 2022. 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 2022, 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 2022.

a The number of countries in the country by country report reduced by four compared to 2021.
For terms with ★ refer to the glossary on page 49.

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 pages 34-46.

We reconcile the data from our CbCR table 1, where relevant, to the bp Annual Report 2022 (see page 33).

For terms with ★ refer to the glossary on page 49.

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	18,786,629	63,477	18,850,107	(3,426,945)	(70)	(455,116.38)	1	(11,479)	2	0	15	13	–
Angola	6,497,891	2,112,549,827	2,119,047,719	1,588,493,719	442,373,037	420,340,305	0	0	17	0	25	26	–
Argentina	2,531,830	0	2,531,830	(412,357)	216,270	196,862	39,207	(39,281)	4	13,598	35	(48)	Accounting adjustment
Australia	17,391,864,918	1,793,997,354	19,185,862,272	1,570,219,400	279,357,477	517,349,591	15,161,289,225	(878,903,703)	5,274	2,156,430,343	30	33	–
Austria	1,318,840,675	302,761,750	1,621,602,425	60,472,832	4,469,599	1,131,279	99,436,912	(20,134,078)	81	159,585,296	25	2	Prior period losses offset
Azerbaijan	5,648,504,562	2,525,614,388	8,174,118,950	5,236,260,482	1,017,926,393	1,341,757,013	0	0	2,682	10,643,714,422	20	26	See country analysis
Barbados	394,726	0	394,726	(4,692,665)	0	0	590,709,931	(361,918,451)	0	0	5.5	0	Loss in year
Belgium	280,919,999	632,599,978	913,519,976	501,266,732	8,134,570	8,578,680	92,742,918	1,941,899,101	239	63,759,250	25	2	Non-taxable gain on disposal
Brazil	967,123,557	739,981	967,863,538	(286,920,698)	10,606,149	6,935,226	7,653,162,481	(4,984,017,787)	196	10,981,854	34	(2)	Prior period losses offset
British Virgin Islands	0	0	0	0	0	0	57,319,785	(131,110,094)	0	0	0	0	–
Canada	18,088,200,440	4,922,141,463	23,010,341,903	32,174,310	2,957	35,417,489	5,278,048,153	(5,157,481,978)	118	2,237,562	26.21	110	No tax consolidation
Chile	0	0	0	5,702	0	0	1,919,178	(771,378)	0	0	27	0	Accounting adjustment
China	1,010,399,852	455,387,365	1,465,787,217	35,319,112	40,214,026	40,699,583	393,934,131	142,713,491	848	372,218,099	25	115	See country analysis
Colombia	90	1,307,927	1,308,017	(2,476,549)	5,909	(71,329)	3,786,100	(692,228)	5	129	35	3	Loss in year
Croatia	81,444,998	0	81,444,998	495,621	0	89,303	65,802	(1,192,109)	0	0	18	18	–
Cyprus	166,168,274	1,107,999	167,276,273	10,662,398	183,923	455,426	0	0	24	3,114,212	12.5	4	Accounting adjustment
Denmark	212,316,500	1,316,763	213,633,264	6,134,004	844,988	1,438,344	17,214,000	94,789,666	13	10,473,730	22	23	–
Finland	173,017,259	0	173,017,259	(1,126,705)	0	(464,791)	6,566,886	(4,616,453)	20	4,112,644	20	41	Prior period adjustment
France	3,121,622,273	134,541,543	3,256,163,816	67,053,833	633,028	633,028	674,972,280	(257,938,415)	214	270,672,084	25.83	1	Prior period losses offset
Gambia	0	0	0	(37,434)	0	0	999	(51,900,287)	0	0	27	0	Loss in year

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
Germany	32,186,875,371	12,291,006,337	44,477,881,708	(509,216,412)	156,757,063	159,594,820	6,320,522,214	1,910,090,514	4,372	3,814,353,266	29.83	(31)	See country analysis
Ghana	0	0	0	174,647	0	81,684	0	539,836	0	542,364	25	47	Prior period adjustment
Gibraltar	0	4,228,144	4,228,144	8,090	0	0	0	0	0	0	12.5	0	Accounting adjustment
Greece	513,288,614	4,747,431	518,036,045	19,033,090	674,220	1,733,786	18,753,442	40,062,681	57	9,541,803	22	9	Prior period adjustment
Hong Kong	8,658,192	42,880,760	51,538,952	5,287,515	2,813,363	845,971	52,644,592	41,877,027	5	690	16.5	16	–
Hungary	116,848,016	93,045,290	209,893,306	4,637,578	3,146,606	3,906,240	841,199	21,627,044	2,865	49,966,447	9	84	See country analysis
Iceland	210,043,946	679,803	210,723,749	(4,150,095)	0	(1,140,704)	4,444	(7,831,809)	0	0	20	27	Prior period adjustment
India	1,343,049,961	78,295,626	1,421,345,587	515,234,801	38,766,199	41,100,785	19,497,415	40,809,654	2,149	3,250,450,602	25	8	See country analysis
Indonesia	1,257,310,523	227,269,464	1,484,579,987	749,415,470	344,692,702	301,107,054	6,324,340	10,526,874	839	5,175,715,380	22	40	See country analysis
Ireland	0	7,734	7,734	407,953	0	0	23,731,897	15,786,854	0	0	12.5	0	Accounting adjustment
Italy	110,816,009	29,036,074	139,852,083	18,054,696	3,841,994	6,754,424	39,064,136	35,431,886	74	2,237,948	27.81	37	Prior period adjustment
Jamaica	0	94,399	94,399	94,391	0	49,416	0	0	0	0	25	52	Prior period adjustment
Japan	117,313,016	2,770,818	120,083,834	9,426,085	4,853,657	2,368,312	51,244,483	53,592,528	137	5,671,163	30.62	25	Prior period adjustment
Kosovo	0	69,527	69,527	32,281	(9,354)	0	0	0	0	0	10	0	Accounting adjustment
Luxembourg	573,765,893	126,242,768	700,008,661	29,597,422	505,099	8,463,212	4,284,190	54,743,195	208	100,884,175	24.94	29	Additional municipal taxes
Malaysia	105,128,177	186,405,448	291,533,625	28,211,012	5,618,825	4,688,509	50,513,917	49,579,197	1,137	33,445,983	24	17	See country analysis
Mauritania	32,395,256	19,606,392	52,001,648	(349,602,031)	0	0	0	0	34	317,858,604	25	0	Loss in year
Mexico	2,877,223,345	41,522,866	2,918,746,210	(58,688,154)	12,227,017	16,979,563	771,657,730	(397,414,555)	1,357	242,357,578	30	(29)	See country analysis
Middle East Region[b]	3,211,296,899	8,302,950,089	11,514,246,987	6,582,859,666	4,796,844,878	5,070,149,223	530,536,912	(332,289,233)	882	5,061,816,408	4	77	Higher PSA rates
Mozambique	31,695,324	0	31,695,324	(32,905,116)	105,995	2,635,561	27,579,411	(111,534,801)	29	(1,848,902)	32	(8)	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, 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
Netherlands	3,580,961,710	17,058,543,947	20,639,505,657	895,191,532	49,643,719	586,393,221	13,735,181,664	610,956,651	1,840	2,249,881,135	25.80	66	**See country analysis**
New Zealand	2,936,571,489	68,169,229	3,004,740,718	88,520,430	11,860,242	29,956,408	169,374,184	230,950,852	2,401	431,442,283	28	34	**See country analysis**
Nigeria	205,139	0	205,139	200,125	256,428	(410,890)	161,150,902	(288,233,874)	9	899,206	30	(205)	**Accounting adjustment**
North Africa Region[b]	3,975,723,863	188,854,933	4,164,578,796	1,536,222,639	358,610,783	571,430,945	467,100	(1,118,397)	273	3,253,669,829	24	37	**Higher PSA rates**
Norway	444,036,042	16,536,199	460,572,241	(2,283,684)	1,366,074	484,116	28,444,036	38,730,556	47	38,898,567	22	(21)	**Prior period adjustment**
Pakistan	14,903,735	0	14,903,735	6,698,066	615,923	690,558	1,405,467	4,430,016	0	33,614	29	10	**Accounting adjustment**
Panama	1,594,202,108	97,912,943	1,692,115,051	4,533,408	354,444	499,645	0	0	0	0	25	11	**Petroleum free zone[c]**
Peru	0	0	0	37,075	56,984	56,984	3,886,000	508,180	14	5,479	29.5	154	**Accounting adjustment**
Philippines	45,733,116	0	45,733,116	4,244,936	869,901	1,872,210	2,033,197	2,958,579	7	299,694	25	44	**Prior period adjustment**
Poland	3,764,523,323	301,850,599	4,066,373,921	(7,823,576)	15,709,081	10,072,428	25,314,096	7,420,211	3,981	621,397,609	19	(129)	**See country analysis**
Portugal	1,674,423,881	320,571,736	1,994,995,617	26,622,463	663,655	5,970,623	6,821,568	237,140,226	144	287,503,801	21	22	–
Puerto Rico	361,978,543	19,823,857	381,802,400	48,276,341	0	10,633,433	0	0	0	0	37.5	22	**Prior period adjustment**
Romania	238,387,613	221,999	238,609,611	14,906,308	3,470,062	2,960,245	14,470,148	38,258,526	22	1,005,993	16	20	**Prior period adjustment**
Russia	38,698,445	137,535	38,835,980	(19,104,908)	4,656,699	3,525,605	5,509,596	23,169,506	9	0	20	(18)	**Accounting adjustment**
Sao Tome and Principe	0	0	0	(456,545)	0	0	0	0	0	0	25	0	**Loss in year**
Sénégal	231,429	0	231,429	(340,948,865)	0	0	21,070	(14,086)	58	284,670,386	30	0	**Loss in year**
Singapore	16,966,522,689	23,256,640,059	40,223,162,748	271,517,802	966,278	15,585,206	12,400,539,856	(2,542,188,351)	952	145,005,761	17	6	**See country analysis**
South Africa	4,548,073,620	898,106,343	5,446,179,963	(146,131,285)	7,120,575	4,519,290	273,296,863	(63,922,470)	828	391,948,462	28	(3)	**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, Libya and Morocco.
c Some of our activities in Panama take place in the Petroleum Free Zone and are exempt from Panama's corporate income tax rate of 25%.

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
South Korea	56,923,463	38,058,083	94,981,546	5,016,277	1,085,267	1,422,301	6,635,957	8,022,796	47	694,108	27.5	28	–
Spain	10,832,472,538	4,808,902,634	15,641,375,172	1,323,119,627	102,961,011	339,333,917	834,172,736	2,390,169,039	2,284	1,675,542,434	25	26	See country analysis
Sweden	536,756,440	953,248	537,709,689	19,429,454	117,907	3,567,565	478,200	53,256,231	44	15,902,710	20.6	18	–
Switzerland	1,006,527,287	388,277,506	1,394,804,794	286,301,522	116,574	25,964,078	21,770	(11,852,603)	15	5,860,080	14.7	9	Gain on disposal
Taiwan	28,525,297	2,771,864	31,297,161	1,111,503	52,896	212,026	1,465,273	2,339,447	16	227,823	20	19	–
Thailand	124,348,558	15,455,325	139,803,884	24,835,354	4,906,931	5,073,289	190,190,396	(77,880,846)	126	10,555,623	20	20	–
Trinidad and Tobago	3,658,744,866	1,202,739,005	4,861,483,871	3,263,159,901	524,701,634	450,027,900	173,414,202	212,316,443	806	5,290,103,660	30	14	See country analysis
Türkiye	4,111,994,744	17,996,490	4,129,991,233	(70,024,622)	14,511,143	48,183,321	136,560,387	(214,777,316)	458	45,778,506	23	(69)	Loss in year
UK	39,675,664,470	92,664,753,312	132,340,417,782	(19,495,343,050)	1,382,747,085	2,421,702,657	362,725,317,582	204,867,519,134	15,468	11,834,237,155	19	(12)	See country analysis
USA	55,140,717,114	42,416,815,968	97,557,533,083	10,955,452,233	432,951,134	123,126,661	244,787,568,588	21,982,510,509	13,699	47,687,872,834	23.43	1	See country analysis
Venezuela	9	0	9	(80,193)	0	0	36,468,397	(36,468,420)	0	0	34	0	Loss in year
Vietnam	202,900,963	1,495,403	204,396,366	63,327,489	9,666,030	11,873,365	15,269,527	34,387,755	161	9,801,851	20	19	–
Total	**246,745,095,509**	**218,120,577,004**	**464,865,672,513**	**14,574,905,440**	**10,105,844,979**	**12,668,165,857**	**673,683,887,072**	**219,262,859,723**	**67,591**	**106,043,545,333**			

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 2022

$ million

	Third-party revenues	Reconciliation to bp Annual Report 2022	Profit (loss) before tax	Reconciliation to bp Annual Report 2022	Corporate income taxes paid/(refunded)	Reconciliation to bp Annual Report 2022	Tangible assets	Reconciliation to bp Annual Report 2022
Country by country total	**246,745**		**14,575**		**10,106**		**106,044**	
	(1,700)	Dividends received from joint ventures and associates, page 184	(1,700)	Dividends received from joint ventures and associates, page 184				
	(1,103)	Interest and other income, page 180	1,128	Earnings from joint ventures – after interest and tax, page 180				
	(709)	Proceeds from disposals of fixed assets, page 184	1,402	Earnings from associates – after interest and tax, page 180				
	(1,841)	Proceeds from disposals of businesses, net of cash disposed, page 184						
bp Annual Report 2022	**241,392**	Sales and operating revenues, page 180	**15,405**	Profit (loss) before taxation, page 180	**10,106**	Income taxes paid, page 184	**106,044**	Property, plant and equipment, page 183

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 2022, 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 2022.

In the Valencia region of Spain, we've launched HyVal – a green hydrogen cluster which is expected to help decarbonize the operations of our Castellón refinery.

Castellón refinery, Valencia, Spain

Country analysis

Algeria[a]

Total tax contribution

$181m

Employees

5

Total taxes paid

$181m

Tangible assets

–

Total taxes collected

–

All assets were held for sale at 31 December 2022.

Business activity

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

In September 2022 we announced the sale of our upstream business in Algeria, including our interests in In Salah and In Amenas, to Eni. We completed the sale in February 2023.

Tax overview

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

In 2022 we paid a total of $181 million of corporate taxes. No further taxes were paid or collected.

Of this total, $150 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, including the application of a higher rate of tax than the statutory rate.

In addition to taxes paid, the bp report on payments to governments 2022 also shows payments of $0.2 million in fees.

Australia

Total tax contribution

$4,509m

Employees

5,274

Profit/(loss) before tax

$1,570m

Total taxes paid

$502m

Tangible assets

$2,156m

Corporate tax charge/(credit)

$517m

Total taxes collected

$4,007m

Business activity

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

In 2022 we became the operator of the Australian Renewable Energy Hub, which has the potential to become 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.

In 2022 we paid corporate income taxes and production taxes including royalties and excise duties on our extractive activities.

The taxes we collected on behalf of others and paid to the government in 2022 were principally petroleum excise duties on product movements from bonded sites, customs duties and net goods and services tax on our domestic sales. We were 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 in 2022 was 33%, closely aligned to the statutory tax rate of 30%.

The bp report on payments to governments 2022 shows payments in Australia of $654 million in taxes and royalties, including $145 million for condensate and oil excise, which is 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.

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

For terms with ★ refer to the glossary on page 49.

Country analysis

Azerbaijan

Total tax contribution	
$1,111m	

Employees	Profit/(loss) before tax	Total taxes paid
2,682	$5,236m	$1,056m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$10,644m	$1,342m	$55m

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 in Azerbaijan taxes each project separately 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 2022 SOCAR settled $789.7 million of corporate income taxes relating to our extractive activity on our behalf in accordance with the terms of our PSA.

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 2022 the effective current corporate tax rate on our operations was 26%, compared with the statutory tax rate of 20%. Our PSAs include the application of a higher rate of tax than the statutory rate.

In addition to taxes paid, the bp report on payments to governments 2022 also includes payments of $19.8 billion in production entitlements, fees and bonuses. It excludes $8.8 million in corporate income taxes for our non-extractive activities and $38 million of employer taxes, which are included as taxes paid in this report.

More information about bp's operations in Azerbaijan.

China

Total tax contribution	
$271m	

Employees	Profit/(loss) before tax	Total taxes paid
848	$35m	$52m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$372m	$41m	$219m

Business activity

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

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 solutions and venturing.

We conduct these activities through bp subsidiaries★ or joint ventures★. We partner with state-owned companies including CNPC, Sinopec, CNOOC, China National Aviation Fuel Group, Guangzhou Development Group Incorporated, Shandong Port Group and Avatr Tech. We also partner with private companies including DiDi, Suntien and Aulton.

Tax overview

In 2022 we paid corporate tax, as well as property taxes and customs duties on imports.

The taxes we collected on behalf of others and paid to the government in 2022 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 is 115% compared with the statutory rate of 25%. Some of our activities made a taxable profit and some made a taxable loss in 2022. Because China taxes each company and joint venture separately and does not permit taxable profits and losses to be offset, our effective corporate tax income tax rate was higher than the statutory rate for the year.

More information about bp's operations in China.

For terms with ★ refer to the glossary on page 49.

Country analysis

Egypt

Total tax contribution		$185m
Employees 267	**Profit/(loss) before tax** $1,050m	**Total taxes paid** $178m
Tangible assets $3,254m	**Corporate tax charge/(credit)** $376m	**Total taxes collected** $7m

Business activity

We have operated in Egypt for 60 years. Together with our partners, we currently produce more than 60% of Egypt's total gas supply.

We have interests in the West Nile Delta, Atoll and Zohr gas fields. We also have a 40% interest in the Natural Gas Vehicles Company, which was established in 1995 as the first company in Africa and the Middle East to commercialize natural gas as an alternative fuel for vehicles. We are 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 2022 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 2022 the effective current corporate tax rate on our operations was 36%, compared with the statutory tax rate of 23%. The tax regime for our extractive activities includes the application of a higher rate of tax than the statutory rate.

In addition to corporate income taxes paid, the bp report on payments to governments 2022 shows payments of $12.8 million in fees and bonuses.

The terms of our PSAs require corporate income taxes to be paid in the year following that to which the taxes relate. Accordingly, our 2022 payment related to our 2021 taxable profits.

More information about bp's operations in Egypt.

Germany

Total tax contribution		$9,110m
Employees 4,372	**Profit/(loss) before tax** $(509)m	**Total taxes paid** $223m
Tangible assets $3,814m	**Corporate tax charge/(credit)** $160m	**Total taxes collected** $8,887m

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.

Through our Aral brand, we have the largest network of fuel retail sites in Germany providing high-quality fuels and a seamless convenience offer nationwide. Aral Pulse, which offers ultrafast EV charging, is one of the leading EV charging businesses in Germany. We also operate a lubricants retail business, and supply aviation and shipping fuels.

Our lubricant plants in Mönchengladbach and Landau produce and distribute high-performance lubricants and metalworking fluids for industry.

Tax overview

In addition to corporate income tax we also paid property taxes and employer taxes in 2022.

The taxes we collected on behalf of others and paid to the government during the year were primarily 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 2022. Despite the overall accounting loss, we continue to incur a corporate income tax charge because the German tax regime restricts the offset of taxable profits and losses. In addition, some of our operations in Germany were impacted by the EU Solidarity Contribution.

The effective current corporate tax rate on our operations was minus 31% compared with the statutory tax rate of 29.94%.

More information about bp's operations in Germany.

Country analysis

Hungary

Total tax contribution

$46m

Employees	Profit/(loss) before tax	Total taxes paid
2,865	$5m	$23m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$50m	$4m	$23m

Business activity

Our presence in Hungary consists principally of our business service centres 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 2022, 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 VAT law.

The effective current corporate tax rate on our operations of 84% is higher than the statutory tax rate of 9% because we include other local business taxes in our tax charge.

More information about bp's operations in Hungary.

India

Total tax contribution

$226m

Employees	Profit/(loss) before tax	Total taxes paid
2,149	$515m	$121m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$3,250m	$41m	$105m

Business activity

We have had a presence in India for around 100 years and are one of the largest international energy companies in the country.

We have an established partnership with Reliance Industries Ltd across the gas value chain and we have extended the partnership to create an alliance that also covers EV charging, retail, aviation fuels and mobility under the Jio-bp brand. Our activities also include lubricants, oil and gas trading and renewable energy projects through Lightsource bp.

We have a new global business services centre in India that provides IT-enabled back-office activities. We also support staffing and training for our global marine fleet and the recruitment of skilled employees for bp's global businesses.

Tax overview

In addition to corporate and production taxes, we also paid customs duties on the import of raw materials for our lubricants business in 2022 and social security in respect of our employees.

The taxes we collected on behalf of others and paid to the government were 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 8% compared with the statutory tax rate of 25%. The lower effective current corporate tax rate arose mainly due to the use of losses carried forward from prior periods.

The bp report on payments to governments 2022 shows no payments in respect of taxes, although it includes $7.6 million in production entitlements. It excludes $45 million of production taxes, which relate to non-operated projects, $39 million in corporate income taxes and $31 million of customs duty for our non-extractive activities, as well as $6 million employer taxes which are included in this report.

More information about bp's operations in India.

For terms with ★ refer to the glossary on page 49.

Country analysis

Indonesia

Total tax contribution

$182m

Employees	Profit/(loss) before tax	Total taxes paid
839	$749m	$345m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$5,176m	$301m	$(163)m

Business activity

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

We operate the Tangguh LNG plant – a unitized development of six gas fields located in Bintuni Bay in Papua Barat province which has been producing LNG since 2009. In 2022 we signed an amendment to the Tangguh production sharing contract to include carbon capture, use and storage (CCUS) activities as part of the project. We hold a 100% participating interest and operate Agung 1 and 2 exploration blocks. We also own a participating interest in Andaman 2 block operated by Harbour Energy.

We undertake 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 in 2022, we received a net repayment of VAT, in accordance with the terms of our PSAs. We are also required to withhold employee income taxes from payments we make to our employees.

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 effective current corporate tax rate on our operations was 40%, compared with the statutory tax rate of 22%.

In addition to taxes paid, the bp report on payments to governments 2022 also includes $459 million in production entitlements and $28.2 million of bonuses. It excludes $3 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

$18m

Employees	Profit/(loss) before tax	Total taxes paid
1,137	$28m	$6m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$33m	$5m	$12m

Business activity

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

Tax overview

The effective current corporate tax rate on our operations was 17% in 2022 which is lower than the statutory tax rate due to prior year adjustments.

More information about bp's operations in Malaysia.

Country analysis

Mexico

Total tax contribution

$24m

Employees	Profit/(loss) before tax	Total taxes paid
1,357	$(59m)	$12m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$242m	$17m	$12m

Business activity

bp has invested in Mexico for more than 50 years.

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

Tax overview

In addition to corporate income taxes paid, the taxes we collected on behalf of others and paid to the government in 2022 included sales taxes, excise duties and employee taxes.

The effective current corporate tax rate on our operations in 2022 was minus 29% compared with the statutory rate of 30%. Some of our activities in Mexico made a taxable profit and some made a tax loss in 2022. Despite the overall accounting loss, we continue to have a corporate income tax charge because the tax regime in Mexico restricts the offset of taxable profits and losses.

The bp report on payments to governments 2022 shows hydrocarbon exploration tax of $3.7 million, which is not included within the scope of this report and fees of $5.2 million. It does not include $12 million of tax paid on non-extractive activities.

More information about bp's operations in Mexico.

Netherlands

Total tax contribution

$629m

Employees	Profit/(loss) before tax	Total taxes paid
1,840	$895m	$55m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$2,250m	$586m	$574m

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 EV charging points.

Tax overview

In 2022 our taxes paid comprised corporate income tax and social security for our employees.

The taxes we collected on behalf of others and paid to the government during the year were 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 in 2022 was 66%, which is higher than the statutory tax rate due to the EU Solidarity Contribution.

More information about bp's operations in the Netherlands.

Country analysis

New Zealand

Total tax contribution

$259m

Employees	Profit/(loss) before tax	Total taxes paid
2,401	$89m	$12m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$431m	$30m	$247m

Business activity

We have operated in New Zealand since 1946.

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

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

In 2022 we launched our EV charging business.

Tax overview

In addition to corporate income taxes paid, the taxes we collected on behalf of others and paid to the government in 2022 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 34% which is higher than the statutory rate due to prior period adjustments.

More information about bp's operations in New Zealand.

Oman[a]

Total tax contribution

$339m

Employees	Profit/(loss) before tax	Total taxes paid
537	–	$339m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$1,964m	–	–

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 bp and Oman formed a strategic partnership to progress world-class scale renewable energy and green hydrogen development 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 $339 million in corporate income taxes in 2022, all of which was settled by the Oman Ministry of Oil and Gas on our behalf out of production entitlement in accordance with the terms of our PSAs.

The effective current corporate tax rate 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 2022 also shows payments of $1,857 million in production entitlements and fees.

More information about bp's operations in Oman.

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

For terms with ★ refer to the glossary on page 49.

Country analysis

Poland

Total tax contribution

$487m

Employees	Profit/(loss) before tax	Total taxes paid
3,981	$(8m)	$31m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$621m	$10m	$456m

Business activity

We have had a presence in Poland since 1991. We opened our first fuel station there 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 in 2022.

The taxes we collected on behalf of others and paid to the government during the year were 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 was minus 129% which differs from the statutory tax rate of 19% due to prior year adjustments.

More information about bp's operations in Poland.

Singapore

Total tax contribution

$131m

Employees	Profit/(loss) before tax	Total taxes paid
952	$272m	$6m

Tangible assets	Corporate tax charge/(credit)	Total taxes collected
$145m	$16m	$125m

Business activity

We have operated in Singapore for nearly 60 years.

Our main business activities 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 our shipping, lubricants and aviation fuels businesses serve international markets and customers.

Tax overview

In addition to corporate income taxes paid and customs duties, the taxes we collected on behalf of others and paid to the government in 2022 were 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 6%, 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 (BEPS)★ proposals Action 5 and were not considered to be harmful.

More information about bp's operations in Singapore.

For terms with ★ refer to the glossary on page 49.

Country analysis

South Africa

Total tax contribution

$1,235m

Employees

828

Profit/(loss) before tax

$(146m)

Total taxes paid

$8m

Tangible assets

$392m

Corporate tax charge/(credit)

$5m

Total taxes collected

$1,227m

Business activity

bp has had a presence in South Africa for nearly a century.

Our activities include retail, business-to-business energy and fuel supply, lubricants and marine operations.

We have more than 500 bp-branded retail sites. We also operate nine storage depots and three coastal installations for our product imports in support of our fuels business.

Tax overview

In 2022 our taxes paid included corporate income taxes and employer taxes.

The taxes we collected on behalf of others and paid to the government in 2022 were principally customs and excise duties on sales of our fuels, lubricants and aviation fuels products to our customers.

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

The effective current corporate tax rate on our operations was minus 3% compared to a corporate income tax rate of 28%. Despite making an accounting loss, a tax charge arose due to non-tax-deductible impairments.

More information about bp's operations in South Africa.

Spain

Total tax contribution

$2,444m

Employees

2,284

Profit/(loss) before tax

$1,323m

Total taxes paid

$160m

Tangible assets

$1,676m

Corporate tax charge/(credit)

$339m

Total taxes collected

$2,284m

Business activity

We have been operating in Spain since 1954, with a significant presence in the retail fuel market as well as refining activities at our Castellon refinery, producing fuels and biofuels.

Our retail network spans more than 750 sites and, in 2022, we announced the development of the EV charging infrastructure across the country using our geographical presence to support the introduction of fast EV charging points.

In 2023 we launched HyVal, the green hydrogen cluster of the Valencia region, which is expected to play an instrumental role in decarbonizing the operations of our Castellon refinery. This transformation is expected to include green hydrogen, biofuels and renewable energy.

Tax overview

In 2022 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 were 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.

Some of our operations were impacted by the EU Solidarity Contribution.

The effective current corporate tax rate on our operations was 26%. This closely aligns with the statutory tax rate of 25%.

More information about bp's operations in Spain.

Country analysis

Trinidad and Tobago

Total tax contribution

$924m

Employees	Profit/(loss) before tax	Total taxes paid
806	$3,263m	$978m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$5,290m	$450m	$(54m)

Business activity

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

We have 16 offshore production platforms and two onshore gas and liquid processing facilities. We also have shareholdings in the midstream, with interests in Atlantic LNG, an LNG liquefaction facility.

We have received approval on our 50/50 joint venture solar power project with Shell. This will be Trinidad's first renewable energy project and the largest in the Caribbean. Construction of the plant will begin in 2023 and, when operational, it is expected to produce 112MW of solar power.

Tax overview

In 2022 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 arose in 2022 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 2022 also includes $1.9 million in fees. It excludes $21 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 and Tobago.

United Arab Emirates[a]

Total tax contribution

$5,798m

Employees	Profit/(loss) before tax	Total taxes paid
229	–	$5,798m
Tangible assets	**Corporate tax charge/(credit)**	**Total taxes collected**
$3,054m	–	–

Business activity

In the United Arab Emirates, bp is 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 2022.

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 2022 also includes $5.8 million in fees.

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

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

Country analysis

UK

Total tax contribution

$4,371m

Employees

15,468

Profit/(loss) before tax

$(19,495m)

Total taxes paid

$1,679m

Tangible assets

$11,834

Corporate tax charge/(credit)

$2,422m

Total taxes collected

$2,692m

Business activity

bp's history is rooted in the UK, where we have operated for more than a century. In 2022 we 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 are 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 CCUS and hydrogen. We also operate one of the largest rapid and ultra-fast public EV charging networks in the UK, bp pulse.

Our head office is in London, and our North Sea headquarters are in Aberdeen. We also have several offices 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 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 corporate tax rate for the inside ring fence (IRF) regime is 40%. It increased to 65% from May 2022 and to 75% from January 2023 with the introduction of the new Energy Profits Levy. This compares to a tax rate of 19% for non-North Sea activities in 2022, which was also increased to 25% in April 2023. For 2022 we paid $2.2 billion in corporate income taxes on our North Sea activities, of which $700 million was Energy Profits Levy. Of the total $2.2 billion, $1.3 billion was paid in 2022 and is reflected in this report. The remaining amount was paid in 2023 and will appear in our 2023 report. 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 payments into employee share plans, a net interest expense from our group financing activities and pension plan contributions. This meant we paid no taxable profit-based corporate income taxes on our non-extractive activities in 2022. 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 2022, these were principally between European Union (EU) member states or qualified for specific customs exemptions, meaning we paid only de minimis customs duties.

The taxes we collected on behalf of others and paid to the government in 2022 were principally excise duties, such as motor fuels duties on sales of fuels products and VAT. 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 12%, compared with the statutory tax rate of 19%. Despite the large accounting loss for the period, due to the write off of our investment in Rosneft, we continue to have a corporate income tax charge due to taxes payable on the profits arising from North Sea extractive activities and withholding tax suffered on foreign dividends, interest, royalties and intercompany charges received in the year.

In addition to taxes paid, the bp report on payments to governments 2022 also includes $6.9 million in fees. It excludes $94 million in corporate income taxes for our non-extractive activities, $53 million property taxes, $11 million customs duties and $250 million of employer taxes which are included as taxes paid in this report.

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

For terms with ★ refer to the glossary on page 49.

Country analysis

US

Total tax contribution

$9,093m

Employees

13,699

Profit/(loss) before tax

$10,955m

Total taxes paid

$2,138m

Tangible assets

$47,688m

Corporate tax charge/(credit)

$123m

Total taxes collected

$6,955m

Business activity

We have had a presence in the US since the end of the 19th century. In 2022 the US accounted for more than half of bp's global investment.

Our hydrocarbons business in the US includes operating five platforms in the deepwater Gulf of Mexico and onshore assets in Texas and Louisiana. Our renewables businesses include onshore and offshore wind, solar, biofuels and biogas.

Our convenience and mobility presence spans nearly 8,000 retail sites, including bp, ARCO/ampm, Amoco and Thorntons branded sites in 35 states.

Our trading and shipping business, the largest marketer of natural gas in North America, plays an important role in advancing the energy transition.

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 paid for 2022 consist of both federal and state income taxes.

We paid production taxes including gas and crude royalties under the terms of our licence agreements with the government; 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, customs duties and property taxes for our US offices and industrial sites.

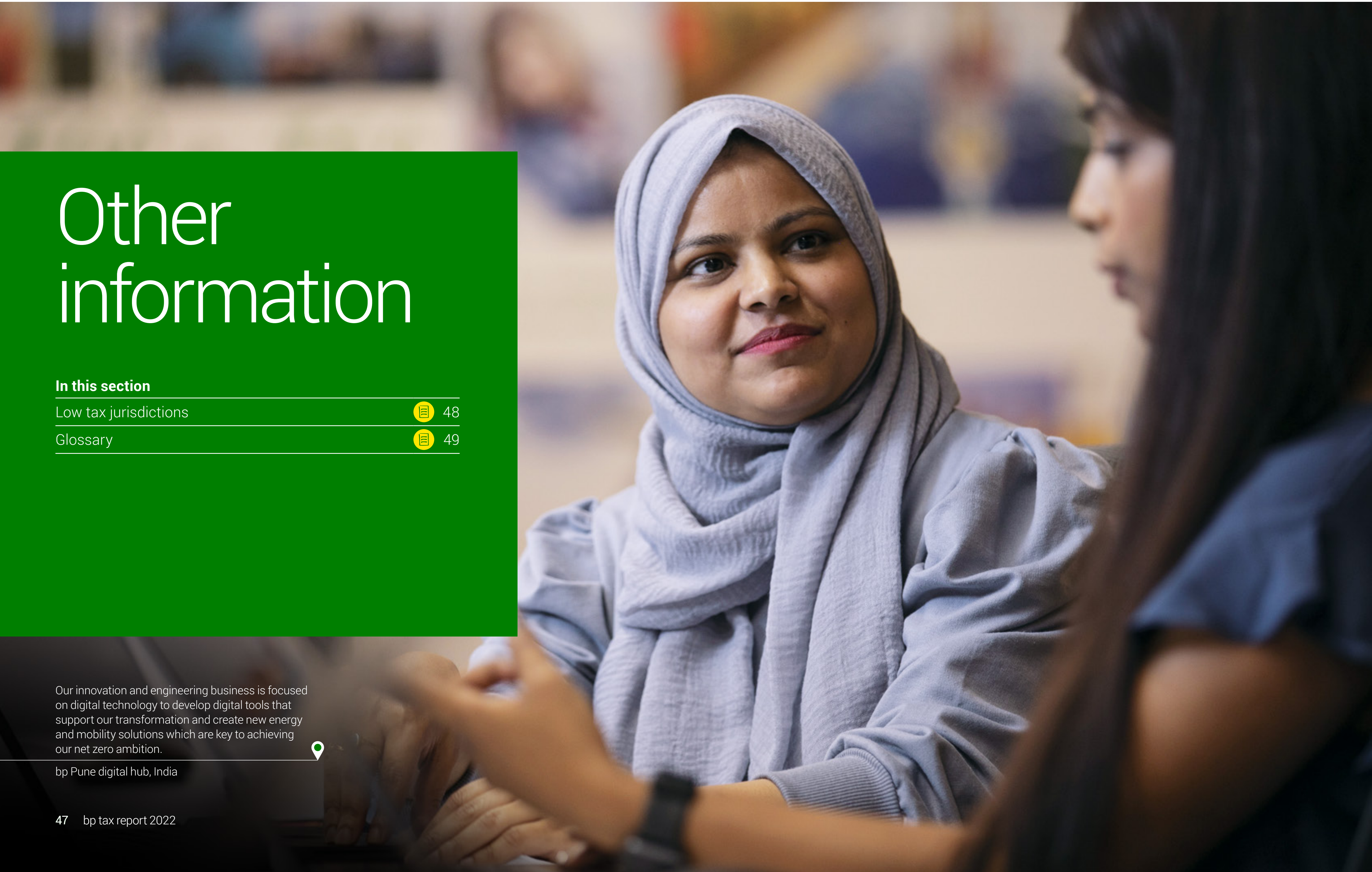
The taxes we collected on behalf of others and paid to the government during the year were principally excise taxes, such as state and federal motor fuels tax on sales of our fuel products to customers. In addition, we collected and remitted state sales and use tax in accordance with the law. We are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

The effective current corporate tax rate for the year was 1%, 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 differed from the statutory tax rate due to the use of carried forward tax attributes.

The bp report on payments to governments 2022 also shows payments of $33 million in fees and bonuses. It excludes $220 million of state minerals taxes included within production tax in this report.

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



Other information

In this section

Our innovation and engineering business is focused on digital technology to develop digital tools that support our transformation and create new energy and mobility solutions which are key to achieving our net zero ambition.

bp Pune digital hub, India

Low tax jurisdictions

This section provides information on our presence as at 31 December 2022 in jurisdictions with a statutory tax rate of less than 15%.[abc]

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 and Tobago, the country of operation.

British Virgin Islands: we have three subsidiaries. These companies hold interests or investments where the underlying profits are taxed in Indonesia and Egypt, the countries 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 Türkiye.

Cyprus: we have one branch★ and an interest in one non-controlled related undertaking which carry out local production, manufacturing or trading activity.

Gibraltar: we have a presence in Gibraltar through a branch 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 45.

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

Ireland: we have one branch and one subsidiary, which are either inactive or carry 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.

Kosovo: we have a presence in Kosovo through a branch which carries out local production, manufacturing or trading activity.

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

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

United Arab Emirates: we have two branches, four subsidiaries and interests in six non-controlled related undertakings. 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 44.

a Subsidiaries which are stated as inactive cannot be liquidated due to ongoing disputes or contingent liabilities.
b During 2022 one subsidiary in Bermuda was dissolved. Other interests were dissolved or disposed of in 2022 in British Virgin Islands, Switzerland and United Arab Emirates.
c This year we have added branches that are located in low tax jurisdictions.
For terms with ★ refer to the glossary on page 49.

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.

Branch

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

Carbon border adjustment mechanism (CBAM)

A proposed tariff on carbon intensive products implemented by a country or region to address carbon leakage. The introduction of a CBAM will mean that companies importing carbon intensive products will pay a carbon price, aligned with emissions trading schemes in place for companies operating within the country or region.

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 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 38 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.

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

A note about this report

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.

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