# Tax Report 2023

June 2024

# 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 2023 and includes data for the year ended 31 December 2023.

## Preparing this report

We have referred to different frameworks and standards to inform the content and structure of this 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).

With respect to the UK, we regard this report together with **Our responsible tax principles** document as compliant with our duty to prepare and publish a group tax strategy under paragraph 16(2) of Schedule 19 of the Finance Act 2016.

We have ongoing conversations with our stakeholders, including tax authorities, investors, civil society organizations, policymakers, global tax experts and communities. Their feedback 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 their trust in bp.

In addition, transparent reporting about our tax payments and practices can enable more meaningful engagement with our stakeholders around bp's role in the energy transition.

We believe tax has a role to play in the energy transition as well as in the provision of secure, affordable lower carbon energy. The report covers our experience and observations of how the tax landscape is evolving as the world transitions to a lower carbon economy.

# Contents



### How to navigate this report

Read more on another page of this report

Read more online

★ Definitions in the glossary, **page 44**

# Introduction

## In this section




Seagull oil and gas field is the first subsea tieback to the Eastern Trough Area Project in 20 years. It produced 38,000boed in the first six months of operation.

Seagull facility in the UK North Sea

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

"If governments want to accelerate the energy transition while meeting today's energy needs, a globally competitive and stable tax regime is essential."

Our Tax Report 2023 provides an overview of our activities, with a focus on the role of tax in the energy system, helping to provide the world with secure, affordable, lower carbon energy.

As bp transitions from being an international oil company to an integrated energy company, we are investing in today's energy system while helping to build tomorrow's. We're confident in our transition strategy, and plan to deliver it as a simpler, more focused, higher-value company. But to succeed, we need competitive tax regimes with tax policies that encourage investment across the energy system.

**How tax can help support investment in the energy system**

The energy transition presents many opportunities for a company like bp, but the pace of the global transition remains uncertain. If governments want to accelerate the transition while meeting today's energy needs, a stable and competitive tax regime is an essential policy tool.

At bp, we look for policies that encourage low carbon investment, and a competitive fiscal regime more generally. This report includes examples of our advocacy for tax policies that we believe will support investment in the energy system.

We use a set of balanced criteria to assess the viability of potential investments, including investment economics and volatility (as detailed in the *bp Annual report 2023*, page 32). So the tax regime and risk of tax policy change are important factors to consider in our assessments and can, therefore, influence whether, and where, we invest.

We understand that governments sometimes need to generate revenues quickly, but energy investment involves long-term, capital-intensive projects – and so balance is required. For more information on what we think good looks like, see **page 8**.

**Total tax contribution for 2023**

Our total worldwide tax contribution for 2023 was $46.2 billion (compared to $44.2 billion in 2022). We paid $14.4 billion in direct taxes★, employer taxes and indirect taxes★ (down slightly from $14.7 billion in 2022). We saw an increase in the taxes we paid to governments on behalf of others, such as our customers and employees, from $29.6 billion to $31.8 billion. This was due in part to the removal of temporary tax reductions for consumers, put in place in 2022 to tackle the cost-of-living crisis.

We know that tax continues to be a topic of interest to our stakeholders and we hope this report helps to explain our tax activities and progress. We welcome your feedback.

**Kate Thomson**
Chief financial officer

**Jan Lyons**
SVP tax

★ See the glossary on **page 44**

# About bp

We deliver energy products and services to customers around the world, and plan to do so increasingly in ways that we believe will help drive the transition to a lower carbon future. We have operations in Europe, North and South America, Australasia, Asia and Africa.

## 2023 at a glance[a]

| 61 | 87,800 | $4.8bn | $13.8bn | $215.2bn |
|---|---|---|---|---|
| countries where we operate | employees worldwide | dividends distributed to bp shareholders | underlying replacement cost profit | total economic value generated by bp[b] |

## Tax in 2023[a]

### Total tax contribution[cde]

$46.2bn

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

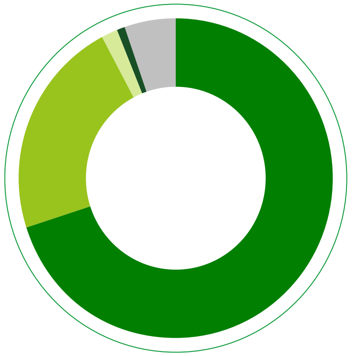
(2022 $44.2 billion)

### Total taxes paid[cd]

$14.4bn

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

(2022 $14.7 billion)



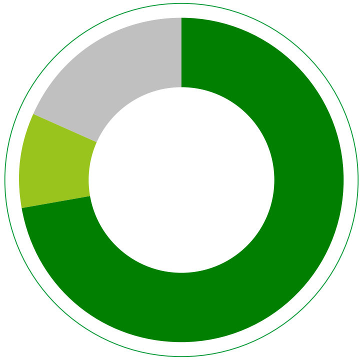
- Corporate income taxes **$10.2bn**
- Production taxes **$3.2bn**
- Property taxes **$232m**
- Custom duties **$138m**
- Employer taxes **$746m**

### Total taxes collected[cd]

$31.8bn

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

(2022 $29.6 billion)



- Excise duties **$23.0bn**
- Employee taxes **$3bn**
- Sales taxes **$5.8bn**

a Data as at 31 December 2023.
b For more information see the bp Sustainability report 2023.
c Because of rounding, totals may not agree exactly with the sum of their component parts.
d For explanations and definitions, see page 17.
e For the reconciliation of our total tax contribution to the *bp Annual Report 2023*, see page 19.

# Global outlook

Throughout 2023 energy prices remained volatile as the ongoing impact of the COVID-19 pandemic and the Russia-Ukraine war continued to be felt in energy markets. In addition, concerns about the cost of living, energy security, climate change and fair taxation continued to influence developments in tax policy around the world.

Oil and gas prices remained high for much of 2023 and so the focus on windfall profits taxes continued. Some countries, including the UK and Spain, extended the provisions already in place.

Government support for the energy transition continued in several countries but high costs, lengthy permitting procedures and supply chain constraints hampered the pace of investment in low carbon energy and the technologies required. We believe further government support – including well-designed carbon prices, mandates, subsidies and tax incentives – is required to help make lower carbon energy and technologies both competitive and affordable.

## Developments in carbon pricing

We support carbon pricing, either through emissions trading policies, such as cap and trade, or legislated pricing, such as a carbon tax, to decarbonize the economy and raise revenue that governments may use to invest in the transition.

As more countries and regions adopt carbon pricing policies, so complementary policy measures that put a carbon price on imported goods are required to prevent carbon leakage[a].

In October 2023 the first of these complementary policies, the EU carbon border adjustment mechanism★ (CBAM) came into effect, initially focused solely on data reporting and compliance. From 1 January 2026 the carbon pricing will apply.

In the UK, following a consultation on a range of potential policy measures to mitigate carbon leakage risk, the government announced that the UK will also implement a CBAM by 2027. We support a UK CBAM and suggest that, for simplicity, it should align with the EU CBAM as closely as possible.

The EU continued to seek agreement on revisions to the Energy Tax Directive in 2023. The revisions proposed a lower rate of tax for renewable transport fuels enabling them to better compete with fossil fuels. We support these proposals, which we think will encourage the uptake of low carbon liquid fuels through pricing that is competitive and can contribute to a business case for investment.

## Incentives in support of the energy transition

Many governments are also considering the viability of tax incentives to support low carbon business.

In Egypt, the government issued a tax law setting out a fiscal regime for hydrogen including a range of incentives designed to create a competitive investment environment. See **page 13**.

Following the introduction of the US Inflation Reduction Act, the US government issued guidance on a number of tax credit regimes to explain the qualifying requirements.

Many of these requirements are narrowly defined, making access to the maximum level of credits challenging. When companies were consulted, we responded by explaining how our businesses operate and requesting that the incentives apply more broadly. See **page 11** and **page 12**.

Read more about government support for low carbon energy investment on **page 8**

## Consensus needed on the use of incentives

There is currently limited consensus on which policy tools are most effective to support and accelerate investment in the energy transition. Not all governments support the growing use of tax incentives and some are concerned about the potential negative impact of CBAM on developing economies.

The EU Commission has expressed concerns that some government support from outside the EU, including tax incentives in support of the energy industry, has the potential to distort trade and competition within the EU. It has responded by introducing a new Foreign Subsidies Regulation.

This aims to ensure that companies competing for business within the EU do not gain an unfair advantage because of the financial contributions they receive from non-EU governments.

In some other countries governments are reviewing tax regimes as the impact of the OECD's★ base erosion and profit shifting★ (BEPS) Pillar Two model rules (see **page 6**), and their interaction with domestic tax rules and incentives, become better understood.

Due to the scale of the decarbonization challenge, more collaboration between governments, companies and organizations is needed to implement the best carbon mitigation policies to help the world move towards net zero.

Some global organizations are working to encourage this collaboration. For example, in 2023 the OECD launched the Inclusive Forum on Carbon Mitigation Approaches, which aims to provide valuable data to help countries identify effective carbon policies to help them meet their goals. We welcome this project and others like it.

a Carbon leakage can occur when, due to increased costs related to climate policies, businesses transfer production to countries where there are fewer constraints on emissions, potentially leading to an increase in total emissions in the country of production.

★ See the glossary on **page 44**

## Developments in international tax

The OECD's work to address tax challenges related to digitalization and globalization is encompassed under the two pillars of its BEPS initiative.

### Pillar One

During 2023 there was progress on Pillar One, which applies to large multinationals and aims to reallocate taxing rights on profits to market jurisdictions, where their customers are located. The proposed rules for Pillar One are complex and are still being developed in collaboration with tax authorities around the world.

We have continued our work with industry peers, governments, and the OECD to clarify the treatment of the extractives industry under Pillar One, because these profits, unlike those from the digital economy, are not mobile.

### Pillar Two

The Pillar Two model rules were published in 2021, and introduced a global minimum tax for multinational companies. Since then many countries have been working towards implementation, although the guidance framework is still being developed.

While we support the aim of the model rules, they do create new challenges for global tax compliance, requiring significant data collation, assurance and verification. Through various working groups, we have continued to engage with standard setters (such as the International Accounting Standards Board), with governments, and with the OECD itself to:

- Encourage the development of clear guidance.
- Raise awareness of the complexities that both businesses and tax authorities encounter.
- Help simplify the compliance process.

Pillar Two legislation came into effect at the start of 2024 in the UK, the EU, and several countries in Asia, with other countries signalling their intention to follow suit. Financial reporting under this new regime began in 2023, and we have worked with our external auditors to meet disclosure requirements. Based on historic data and forecasts for the year ended 2024, we do not expect a material Pillar Two income tax liability for 2024. See page 186 of the *bp Annual Report 2023*.

## Using technology to improve compliance

As tax authorities work towards improving efficiency and tackling tax avoidance we have seen progress in the digitalization of tax administration. For example, e-invoicing was introduced in a number of countries including Romania and Saudi Arabia and for customs and excise reporting in the Netherlands.

We are monitoring technology developments, including AI and generative AI, and increasing our own use of technology to manage and monitor tax risks more effectively while increasing our tax compliance efficiency. Read how we are working with the Dutch authorities to improve data analysis on **page 12**.

bp Pune digital hub, Pune, India

# Tax in our strategy and business model

## Our strategy

Our strategy is focused on three key areas of activity – resilient hydrocarbons, convenience and mobility and low carbon energy – which include our five transition growth engines: bioenergy, convenience, EV charging, hydrogen and renewables & power.

Our trading and shipping business remains central to the optimization of our integrated value chains.

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

## 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 29**.
- 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 2023*, page 8, for more information.
- Socio-economic factors, such as changes in customer demand for our products due to changing lifestyles, new technologies, changes in law or regulation, and global factors including COVID-19 and the Russia-Ukraine war. See the *bp Energy Outlook 2023* and pages 8-11 of the *bp Annual Report 2023* for more information.

For more information, see the **bp Energy outlook 2023**

★ See the glossary on **page 44**

## 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 oil and gas 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 or biofuel plants 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 into 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.

For more information on our strategy see the **bp Annual Report 2023 page 12**

See our tax definitions on **page 17**

# Supporting investment in the energy system through tax

There was much activity and interest internationally in tax policy during 2023. While we recognize that change may sometimes be necessary, we believe the following key features are important in developing a globally competitive and stable fiscal regime that can enable the delivery of a balanced energy system:

- Certainty – energy projects are often capital intensive and long term. Investors need to be able to plan for the long term and have confidence in reliable project economics.
- Balanced risk and reward – ensuring an appropriately fair share of revenue for the government as well as fair returns for investors over both the long and short term, considering the macroeconomic aims of the country and its social, political and economic environment.
- Administrative efficiency – tax rules should be clear and simple to administer for tax authorities and investors. And recognizing that environments can change, where changes are proposed they should be introduced prospectively and with consultation.

Balancing these features will help governments maintain an attractive environment for investment, supporting delivery of macroeconomic goals including a balanced energy system.

## Spotlight on the UK – how fiscal change can impact investment

### The North Sea

The UK North Sea oil and gas industry – which operates under a separate tax regime from the rest of the UK – has faced many changes in taxation over the last 20 years.

In that time tax rates have ranged from 30% to 75%, including rate cuts to maintain investment following the fall in oil price in 2014/2015.

In addition there have been several changes in the tax treatment of capital investment.

The long-term nature of oil and gas activity means that certainty around current and future tax regimes is important. Frequent changes undermine certainty, and can adversely affect the attractiveness of the tax regime, putting investment in future production at risk and increasing the likelihood that older assets may be decommissioned early.

However, when tax policy change is necessary and changes are well-designed with input from stakeholders, and are reflective of macroeconomic aims, it is possible for governments to maintain competitiveness, support ongoing activity and attract new investment at the same time as securing revenues. For the North Sea, when tax changes have been aimed at supporting investment, or when a tax rate increase has been balanced with appropriate support, investment levels have been maintained. Where this balance has not been achieved, investment has typically declined.

The most recent change in 2022 and 2023, driven by the UK government's response to high energy prices, was the introduction of the Energy Profits Levy (EPL). This raised the tax rate on North Sea oil and gas profits initially to 65%, and to 75% in 2023 – this is very high given the maturity of the basin and compared to the 25% rate applicable to businesses operating outside of the North Sea.

It is not unusual for high tax rates to apply to oil and gas projects across the world, but these high rates are typically balanced with suitable tax reliefs or incentives for investment that are reflective of the unique opportunities and challenges of the particular country and enable a fair balance of risk and reward. For example, the tax regime for Norway's oil and gas activity has applied a tax rate of 78% for over 30 years. But this high rate is balanced with tax relief for investment, including exploration and decommissioning expenditure, and immediate relief for losses. Coupled with the geological nature and economics of the basin, this has created certainty and confidence in the sharing of risk and reward between government and investors, allowing the basin to continue to attract investment.

### Advocating for a competitive tax regime

We engage with UK authorities, both directly and indirectly through trade bodies, to raise awareness of how the fiscal regime can continue to attract and support the investment needed across the UK to improve access to affordable, secure, lower carbon energy.

In 2023 the UK government published a call for evidence, seeking views on how the oil and gas fiscal regime can support investment consistent with the UK's energy security and net zero ambitions. The EPL was not in scope for this review.

In our response we emphasized that stability and competitiveness in the tax regime are important for such a mature oil and gas basin to support continued investment.

We also expressed our view that:

- North Sea decarbonization requires further support to help the drive to net zero.
- A clear fiscal mechanism to address 'price shocks' can support an intent towards greater fiscal certainty and stability, and should be considered within a framework of key principles. See our *bp Tax Report 2022* for our suggested principles for windfall profit taxes.

### Balance within the EPL

As oil and gas prices fall back to 'normal' levels, the EPL continues to be applied although, arguably, it is no longer taxing what could be considered 'windfall' profits. We continue to engage proactively with policymakers to explain:

- The 75% tax rate for the North Sea is very high – three times the standard rate of UK corporation tax.
- Such high levels of tax should be balanced with tax relief that incentivizes the long-term investment needed to maintain safe and secure oil and gas production in the North Sea.
- Given the long-term nature of our projects, we need certainty about the tax relief that applies to investment.

### Policy support for our low carbon businesses

#### Capital investment

In 2023 the government announced that its temporary introduction of 'full expensing' for all capital expenditure would be made permanent. This change aligns the timing of tax relief for capital investment of all businesses in the UK including the North Sea. We believe this change helps to improve the competitiveness of the UK as a whole, making it more attractive for investment, including for low carbon energy projects, and supports the UK's goals for economic growth.

#### Research and Development (R&D)

We continue to advocate for the scope of R&D spend that qualifies for tax relief during the development phase of a project to be widened to include capitalized R&D. Many low carbon energy projects require pilot plant and infrastructure investment to test technologies at scale; qualifying for relief would remove a barrier to accelerating the innovation required for these businesses.

With a globally competitive fiscal regime, we believe the UK can support both an oil and gas industry out to 2050 and beyond, and develop a thriving low carbon energy industry.

# Our responsible tax principles

## In this section




Our acquisition of TravelCenters of America added around 290 travel centres to our portfolio. This brings opportunities for our transition growth engines – EV charging, convenience, biofuels and, potentially, hydrogen.

TravelCenters of America retail site in Ohio, US

# Our responsible tax principles in action

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

## Embedding our responsible tax principles

We endorse 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. We are actively involved in 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 2023.

### Accountability and governance

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

### 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.

### 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.

### Relationships with authorities

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

### 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.

### 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.

### 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.

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

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.

## 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.

### Continuously improving our management of tax audits

We operate in 61 countries and file a significant number of tax returns across multiple tax types each year. These returns are routinely subject to audit by the tax authorities and it is important to be ready to provide a timely response. Sometimes an audit may result in a dispute about a return position and, where we disagree with the position taken by the authorities, we may appeal to an administrative or judicial decision-maker for resolution.

To help ensure timely and consistent responses to tax audits globally, our tax compliance and audit resolution teams work together to provide central oversight of our tax audits. They help us to:

- Identify tax audit trends so that we can plan audit readiness activity.
- Progress audits.
- Resolve issues more efficiently.
- Create opportunities for sharing best practice and lessons learned.

This provides an additional layer to our risk management process and is helping us to further develop our approach to managing tax audits.

## 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.

### Seeking clarity on the tax treatment of biofeedstocks in the EU

In line with our net zero ambition, we are increasing our use of biofeedstocks in the manufacture of bioenergy products. EU requirements for blending sustainable fuels require a fixed percentage of biofuels to be added to achieve a reduction in greenhouse gas emissions. As a result, we are importing more biofuel feedstocks into the EU.

However, tax legislation has not kept pace with progress in this area. Inconsistencies in the classification of imported bioproducts and interpretation of regulations by tax authorities and importers result in uncertainty regarding tax treatment, increasing uncertainty for bp.

To manage this risk, we have worked with external trade bodies at local and international levels to advocate for clear classification guidance and consistent interpretation of regulations. We hope this will help us maintain compliance, competitiveness, and our ability to meet bioenergy quota obligations.

### Preparing for CBAM compliance

In October 2023 the EU Carbon Border Adjustment Mechanism★ (CBAM) came into force. Initially the focus is on reporting imports and carbon emission data before carbon pricing on imported goods will be applied from 2026.

We support the implementation of CBAM and have been actively involved in trade body discussions to address reporting challenges with the new regulation. The first submission for importers was required on 31 January 2024.

Our tax team supported our businesses to understand the impacts on bp. In some cases contracts have been amended to clarify our suppliers' obligations to give us carbon emission data for the products we import from them. Internally, we have provided training for teams who will need to support the compliance process including colleagues in our businesses and procurement, legal, and tax, to help us prepare for the reporting.

★ See the glossary on **page 44**

## 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 311 of the *bp Annual Report 2023*. For information on bp subsidiaries★ and interests in non-controlled related undertakings incorporated in low tax jurisdictions, see **page 43**.

There is no widely recognized definition of a low tax jurisdiction. Our disclosures include details of our activities in countries where the statutory tax rate is less than 15%, aligned with the OECD 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 2023 these amounted to more than 1,900 companies. The number of companies has increased slightly from 2022, mainly due to acquisitions, including TravelCenters of America. For a list of our related undertakings see page 291 of the *bp Annual Report 2023*.

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 49 entities in 2023 (compared to 35 in 2022), including two located in low tax jurisdictions, as was the case in 2022.

### Structuring our US retail business to improve efficiency

Our recently acquired US retail businesses, TravelCenters of America and *Thorntons*, are an important part of our aim to increase investment in our transition growth engines. When making decisions about how to structure the acquired legal entities, our focus was on maximizing simplification and increasing efficiency.

The acquired companies have significantly increased the number of entities, employees and business transactions across our US retail business. To simplify operations, the new companies have been integrated under a single holding company and into a centralized accounting system. Simplifying the legal structure in this way has enabled us to meet our accountability and governance requirements more efficiently.

## 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.

### Working with Dutch tax authorities to improve data analysis

New regulations in the Netherlands require companies to provide standardized accounting data files that meet the ISO Audit Data Collection Standard[a] in a format useful for all stakeholders.

The standardized data will enable more sophisticated review, analysis, and AI application by both tax authorities and companies. The standard is expected to be rolled out in other countries. Its aim is to improve data accuracy and global audit standards, and create consistency in audits across multiple jurisdictions.

Dutch customs authorities asked our tax team to help interpret and implement the requirements. We shared our views on the challenges associated with systems implementation, data confidentiality, data volume, and storage costs.

We also suggested solutions to these challenges, including a technology solution to consolidate information from different systems into one audit file either by business or country. This means data could be optimized to support different audit requirements as well as increasing efficiency and enhancing our systems of internal control.

We hope our collaboration on this project will lead to the implementation of the standards with requirements that are simple, achievable and useful. Our work with the tax authorities will continue in 2024.

a ISO 21378: 2019 Audit Data Collection Standard.

## 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.

### Incentives in support of biogas

We are the largest renewable natural gas producer in the US. We believe it has an important role to play in helping bp and the world get to net zero. However, as a relatively new energy source, government support is essential to enable growth at the pace needed to meet net zero targets.

The tax credits offered via the Inflation Reduction Act (IRA) have already enabled us to accelerate investment across our US low carbon portfolio, including in biogas.

In 2023 guidance explaining the provisions of the Act as applied to biogas was issued. The guidance was inconsistent with our initial interpretation of the provisions and so we are engaging with the US authorities to help them better understand the biogas business sector and to demonstrate the need for a broader definition of qualifying capital expenditure in this area.

A well-designed tax incentive will continue to encourage investment in numerous biogas plants by allowing these projects to be more cost-competitive.

## 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.

### Advocating for government support for hydrogen investment

We believe hydrogen has a vital role to play in a net zero energy system and we are in action to grow our hydrogen business. To scale up hydrogen production in the near term, we are dependent on government support, policies and regulatory frameworks that enable investment.

Tax frameworks and legislation for hydrogen need to be developed. We want to help governments understand the need to create a competitive investment environment. We are engaging with governments to highlight the need for support in the form of subsidies or through tax incentives for low carbon capital expenditure.

For example, in Spain, we are working to help make the Valencia region a leader in green hydrogen production. We met with the Spanish government to explain our renewables strategy, its potential to increase our investment in Spain and create employment opportunities, as well as its alignment with Spain's net zero ambitions.

#### Exploring the potential for hydrogen in Egypt

Together with our partners in Egypt, we are exploring the opportunity to invest in a wind and solar powered hydrogen plant to produce green hydrogen and green ammonia.

Our hydrogen and tax teams met with government, to explore the potential for support through the fiscal framework and explain the challenges facing the industry including:

- The need for hydrogen market creation and offtake agreements (to make hydrogen production economically viable).
- The need for hydrogen transport infrastructure.
- The high upfront capital expenditure required.

A new law has now introduced fiscal and non-fiscal incentives for green hydrogen investments including corporate income tax credits and VAT exemptions.

These and other incentives have the potential to lower the upfront capital expenditure required for hydrogen projects, increase operational efficiency and improve the profitability of the projects, creating a more attractive environment for hydrogen investment in Egypt.

### Advocating for fiscal tools to support decarbonization in Indonesia

Since 2021 we have actively advocated for fiscal support for carbon capture and storage (CCS) projects from the government in Indonesia. In 2023 we continued to advocate for changes in tax law that will support the energy transition. Together with others, we developed a white paper to provide insight on how oil and gas companies can participate in and help progress the energy transition.

The white paper covered:

- The significance of CCS development alongside domestic oil and gas production as a key lever in the transition (i.e. supporting energy security and affordability as well as environmental sustainability).
- The benefits of a carbon pricing mechanism, and key steps to establish and set carbon pricing.
- The potential for tax incentives to attract investment.

We are also monitoring regulatory guidance related to low carbon and energy transition activities and plan to engage with government to help encourage effective climate investment.

## 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. 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 are 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, in response to regulatory requirements and on a voluntary basis, we provide information about our tax contribution and practices in some of our countries of operation as follows:

#### 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, US and EU.
- Tax transparency report in Australia.
- Best tax practices code in Spain.
- Participation 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 implementing countries where we have a presence.

### Advocating for consistency in tax transparency requirements

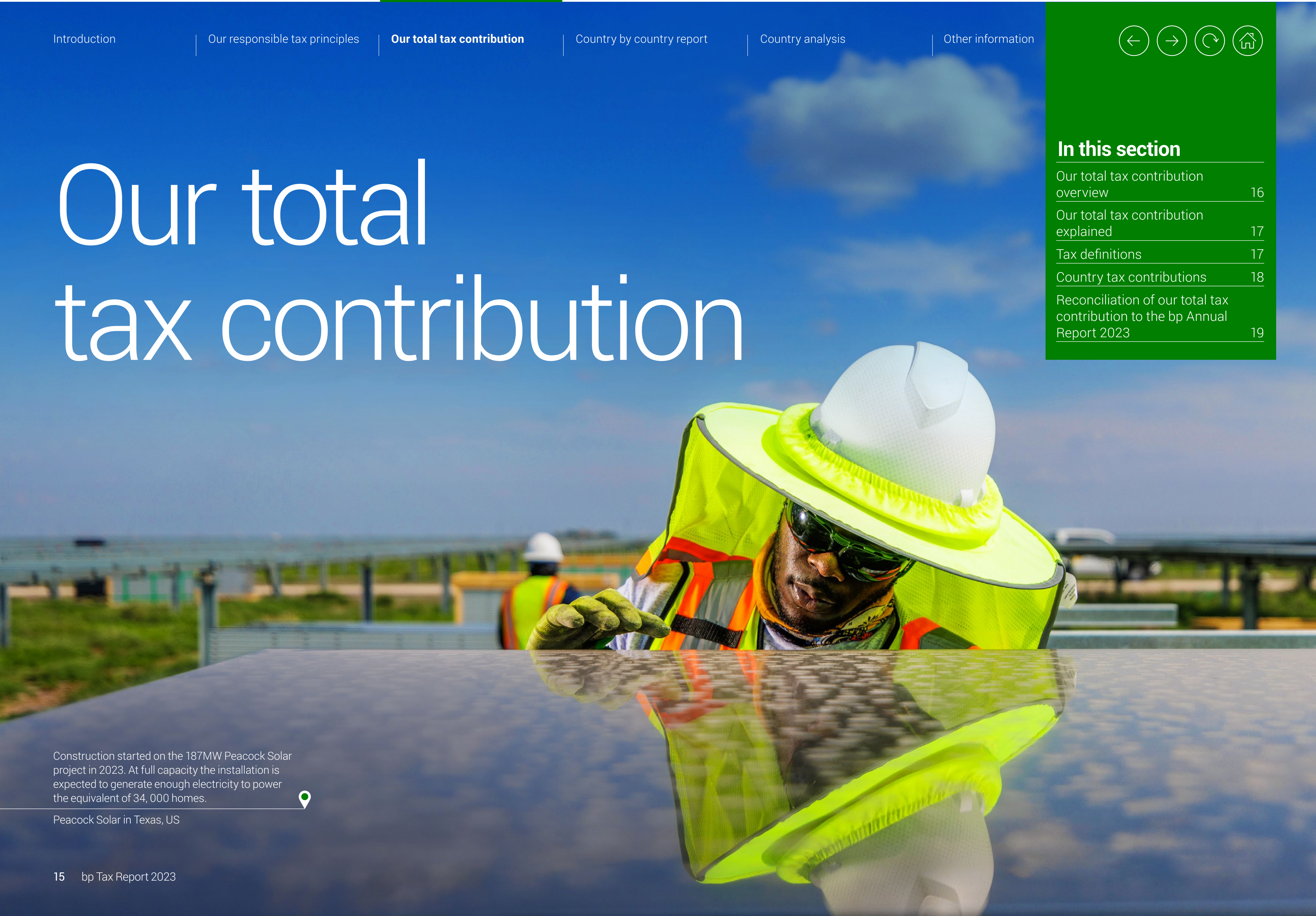
In 2023 the Australian government published proposals for public country by country reporting including far-reaching public tax and finance data disclosures for large multinationals, beyond what is currently disclosed in Australia, and under other tax regimes.

We support public country by country reporting, but we think any proposals should align with existing reporting requirements. Our response to the consultation focused on harmonization, materiality, and accessibility of data, supported by our overarching aim to provide relevant, material, and meaningful information to our stakeholders.

A second government consultation was issued in early 2024. We have responded via representative bodies and await the results of the consultation.

bp's Castellón refinery in Valencia, Spain

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 bp.com/content/dam/bp/country-sites/pl_pl/poland/home/dokumenty/Strategia%20podatkowa_Castrol%202022.pdf



# Our total tax contribution

## In this section



Construction started on the 187MW Peacock Solar project in 2023. At full capacity the installation is expected to generate enough electricity to power the equivalent of 34, 000 homes.

Peacock Solar in Texas, US

# Our total tax contribution overview

bp's total tax contribution for 2023 was $46.2 billion (2022 $44.2 billion). This comprises the taxes we paid and collected on our global operations.

## Total taxes paid[a]

$14.4bn

The $14.4 billion of taxes paid includes corporate taxes on profits, as well as other direct★ and indirect taxes★ levied on our activities (2022 $14.7bn).

Corporate income taxes
**$10.2bn**

Production taxes
**$3.2bn**

Property taxes
**$232m**

Customs duties
**$138m**

Employer taxes
**$746m**

## Total taxes collected[a]

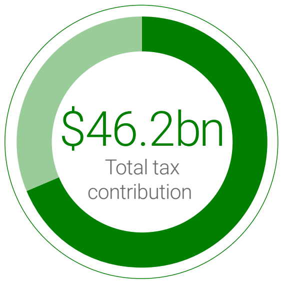
$31.8bn

The $31.8 billion of taxes collected includes amounts collected on behalf of others – for example, our customers and employees – and paid to governments[b] (2022 $29.6bn).

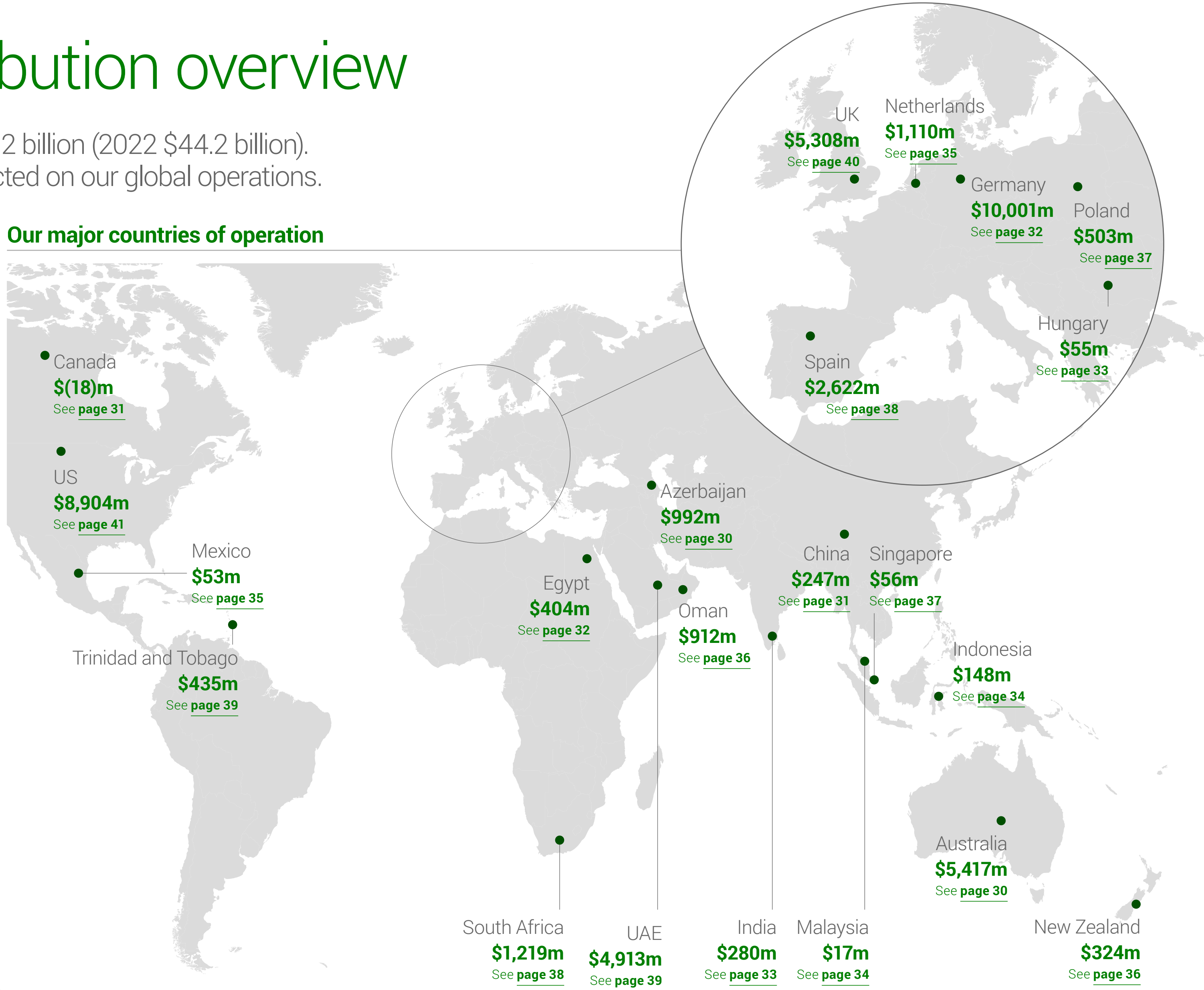
Excise duties
**$23.0bn**

Employee taxes
**$3.0bn**

Sales taxes
**$5.8bn**




## 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.
★ See the glossary on page 44
All data as at 31 December 2023.

# Our total tax contribution explained

We had operations in 61 countries in 2023. More than 98% 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 29**. Our major countries of operation for 2023[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.

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.

a Changes to major countries of operation (as defined) in 2023: Algeria removed as upstream activities were disposed of in February 2023. Canada is included in 2023 because it meets the criteria set out above.

★ See the glossary on **page 44**

# 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 29-41**.

# 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 | Total sales tax | Sub total, taxes bp collected | Total tax contribution |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia | 540 | 119 | – | – | – | **659** | 3,544 | 19 | 1,195 | **4,759** | **5,417** |
| Azerbaijan | 893 | – | – | – | 38 | **932** | | 61 | – | **61** | **992** |
| Canada | 30 | – | – | 16 | – | **46** | 37 | 37 | (138) | **(64)** | **(18)** |
| China | 20 | – | 1 | 12 | – | **33** | 43 | 24 | 147 | **214** | **247** |
| Egypt | 397 | – | – | – | – | **397** | | 6 | – | **6** | **404** |
| Germany | 53 | – | 4 | – | 68 | **126** | 7,188 | 231 | 2.456 | **9,875** | **10,001** |
| Hungary | 5 | – | – | – | 23 | **28** | – | 31 | (4) | **27** | **55** |
| India | 45 | 74 | – | 37 | 7 | **163** | – | 30 | 88 | **118** | **280** |
| Indonesia | 286 | – | – | – | – | **286** | – | 27 | (166) | **(138)** | **148** |
| Malaysia | 4 | – | – | – | – | **5** | – | 10 | 2 | **12** | **17** |
| Mexico | 24 | – | – | 1 | 1 | **26** | 5 | 11 | 11 | **27** | **53** |
| Netherlands | 458 | – | – | – | 6 | **464** | 506 | 52 | 88 | **646** | **1,110** |
| New Zealand | 66 | – | – | – | – | **66** | 251 | 15 | (8) | **258** | **324** |
| Oman* | 912 | – | – | – | – | **912** | – | – | – | **–** | **912** |
| Poland | 6 | – | 7 | – | 11 | **24** | 342 | 17 | 119 | **479** | **503** |
| Singapore | 6 | – | – | – | – | **7** | – | – | 49 | **49** | **56** |
| South Africa | 2 | – | – | – | – | **2** | 1,253 | 11 | (46) | **1,217** | **1,219** |
| Spain[b] | 372 | 170 | 4 | 5 | 29 | **579** | 1,247 | 35 | 761 | **2,043** | **2,622** |
| Trinidad and Tobago | 249 | 271 | – | 2 | 1 | **523** | – | 22 | (110) | **(88)** | **435** |
| United Arab Emirates* | 3,622 | 1,291 | – | – | – | **4,913** | – | – | – | **–** | **4,913** |
| UK | 2,000 | (82) | 51 | 13 | 344 | **2,325** | 1,489 | 1,297 | 196 | **2,982** | **5,308** |
| US[c] | (1) | 1,317 | 163 | 37 | 151 | **1,668** | 5,758 | 978 | 500 | **7,235** | **8,904** |
| **Sub Total** | **9,990** | **3,161** | **230** | **124** | **681** | **14,186** | **21,662** | **2,914** | **5,141** | **29,717** | **43,903** |
| **Rest of World** | **183** | **–** | **1** | **14** | **66** | **263** | **1,288** | **114** | **681** | **2,082** | **2,345** |
| **Total** | **10,173** | **3,161** | **232** | **138** | **746** | **14,449** | **22,950** | **3,027** | **5,822** | **31,799** | **46,248** |

a All payments are reported in US dollars. Where payments are made in local currency, foreign exchange rate differences may arise.
b The production tax data for Spain includes a tax payment made under the EU solidarity contribution 'Gravamen Temporal Energetico'. This does not fall into corporate income tax for bp accounting purposes.
c At the time of publication, TravelCenters of America reporting processes were still being integrated into bp's reporting processes and as such, tax collected data for TravelCenters of America is not included in the data for the US in 2023.
* Some information is not available for this report due to commercial reasons.

# Reconciliation of our total tax contribution to the bp Annual Report 2023

Our total tax contribution for 2023 was $46.2 billion (see **page 18**). The *bp Annual Report 2023* shows $7.9 billion as a tax charge on our profit for the year.

See page 164 of the **bp Annual Report 2023**

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

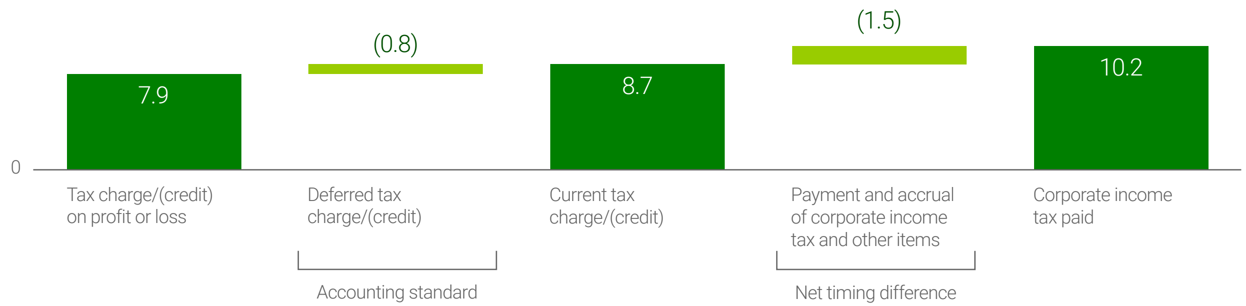
- Accounting standards: Tax disclosures in the *bp Annual Report* comply with IFRS★ accounting standards. Our tax report is a voluntary disclosure that responds to external tax transparency frameworks and enables us to offer more meaningful insights about our tax contribution in the major countries where 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 2023 regardless of the fiscal tax year to which they relate. The tax charge in the *bp Annual Report 2023* shows those corporate income taxes that are due on our 2023 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 2023* 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 20**

★ See the glossary on **page 44**

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

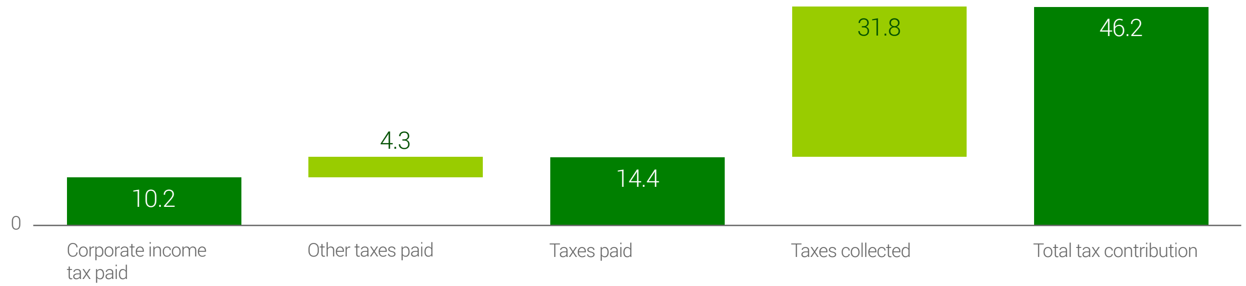
$ billion




| | 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 2023** | Page 164 | Page 198 | Page 198 | | Page 168 |
| bp Tax Report 2023 | | | | | **Page 18** |

## 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 2023** | Page 168 | Scope | | | |
| bp Tax Report 2023 | **Page 18** | **Page 18** | **Page 18** | **Page 18** | **Page 18** |

## Key definitions and 2023 data

**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 2023 we show a total tax charge of $7.9 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 2023 we show a deferred tax credit of $(0.8)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 2023 was $8.7 billion.

**Payment and accrual of corporate income tax and other items:** the net impact of corporate income taxes we accrued in the current year that 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 2023 this amounted to $(1.5) 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 2023 we paid $10.2 billion of corporate income taxes.

**Other taxes paid:** taxes, other than corporate income taxes, paid by bp on our operations, for example production taxes or employer taxes.

In 2023 we paid $4.3 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 2023 the taxes paid were $14.4 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 2023 we collected $31.8 billion of taxes.

**Total tax contribution:** comprises the taxes we paid and collected on our global operations.

In 2023 this was $46.2 billion.

# Country by country report

## In this section



bp shipping has been supporting global marine activities since 1915. About 300 chartered and owned ships are in operation at any one time, enabling us to move around 240 million tonnes of oil, gas and products a year.

bp Sponsor LNG tanker

# Country by country report

We provide data from our country by country report (CbCR) for the calendar year 2023.

In 2023 we had a taxable presence in 77[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 18** and explained further on **page 19**, 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, gains 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 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 that do not reconcile to the capital or earnings shown in the *bp Annual Report 2023*. 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 2023, 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 2023*.

a The number of countries in the country by country report reduced by one compared to 2022.

★ See the glossary on **page 44**

## Definitions

**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 29-41**.

We reconcile the data from our CbCR table 1, where relevant, to the bp Annual Report 2023 on **page 28**

ampm convenience store, New York, US

★ See the glossary on **page 44**

$

| 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 | 54,920 | 122,533 | 177,453 | 8,981 | 79 | – | 1 | (3,478) | 2 | 276 | 15% | 0% | Accounting adjustment |
| Argentina | 3,234,531 | – | 3,234,531 | (6,967,121) | 648,129 | 67,038 | 8,589 | (8,606) | 4 | 49,179 | 35% | (1)% | Loss in year |
| Australia | 14,224,742,126 | 1,084,808,938 | 15,309,551,064 | 505,287,193 | 539,533,820 | 147,623,333 | 15,559,702,358 | (2,450,464,981) | 5,586 | 2,158,655,335 | 30% | 29% | See country analysis |
| Austria | 634,299,646 | 298,765,312 | 933,064,958 | 28,435,753 | 1,229,403 | 1,775,299 | 103,599,591 | (21,758,563) | 89 | 191,646,663 | 24% | 6% | Prior period losses offset |
| Azerbaijan | 3,102,870,730 | 2,281,390,083 | 5,384,260,813 | 2,446,800,131 | 893,145,366 | 653,345,829 | – | – | 2,715 | 9,880,938,100 | 20% | 27% | See country analysis |
| Barbados | 3,739,025 | 3,045,157 | 6,784,182 | 3,764,446 | – | – | 590,709,931 | 72,838,616 | – | – | 6% | 0% | Accounting adjustment |
| Belgium | 316,616,487 | 559,773,897 | 876,390,384 | 16,886,711 | 3,599,675 | 6,040,067 | 96,621,584 | 135,832,654 | 231 | 65,224,615 | 25% | 36% | Prior period adjustment |
| Brazil | 1,113,749,246 | 16,383,221 | 1,130,132,467 | (104,293,541) | 4,251,555 | 5,658,233 | 7,733,552,632 | (4,979,153,366) | 207 | 14,627,490 | 34% | (5)% | Loss in year |
| British Virgin Islands | – | – | – | 2,000,000 | – | – | 57,319,785 | (130,485,399) | – | – | 0% | 0% | – |
| Canada | 13,676,714,778 | 3,403,266,081 | 17,079,980,859 | 513,108,077 | 30,068,264 | 42,848,241 | 5,278,048,153 | (4,749,475,008) | 116 | 8,439,729 | 26% | 8% | See country analysis |
| Chile | – | – | – | 6,152 | – | – | 1,903,832 | (739,483) | – | – | 27% | 0% | Prior period losses offset |
| China | 1,246,545,308 | 453,293,239 | 1,699,838,547 | 63,123,701 | 20,007,725 | 27,305,654 | 513,059,336 | 235,738,790 | 901 | 542,892,568 | 25% | 43% | See country analysis |
| Colombia | (223,246,039) | 224,760,407 | 1,514,368 | 4,036,498 | (720,484) | 117,722 | 4,792,040 | (42,046) | 5 | 163 | 35% | 3% | Prior period losses offset |
| Croatia | 73,960,868 | – | 73,960,868 | (618,046) | 150,492 | 36,787 | 68,535 | (1,914,343) | – | – | 18% | (6)% | Loss in year |
| Cyprus | 125,225,162 | 665,041 | 125,890,203 | (3,018,538) | 393,442 | (11,176) | – | – | 20 | 6,596,031 | 13% | 0% | Loss in year |
| Denmark | 185,307,395 | 2,199,710 | 187,507,105 | 3,500,935 | 440,172 | 292,708 | 17,881,200 | 37,386,446 | 19 | 11,986,152 | 22% | 8% | Prior period adjustment |
| Finland | 180,263,303 | – | 180,263,303 | (945,994) | 22,342 | 682,165 | 9,062,771 | (6,482,347) | 25 | 4,120,377 | 20% | (72)% | Prior period adjustment |
| France | 2,594,023,256 | 173,231,139 | 2,767,254,395 | (240,010,251) | 4,624,098 | 6,589,501 | 648,888,797 | (402,269,864) | 222 | 79,200,236 | 26% | (3)% | 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.

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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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gambia | – | – | – | (23,007) | – | – | 52,000,999 | (51,922,614) | – | – | 27% | 0% | Loss in year |
| Germany | 26,718,877,533 | 16,580,457,969 | 43,299,335,502 | (2,062,460,271) | 53,458,108 | 17,426,227 | 6,613,030,286 | (1,170,605) | 4,542 | 3,404,637,046 | 30% | (1)% | See country analysis |
| Ghana | 224,183,228 | 1,892 | 224,185,120 | (4,910,102) | – | (103,398) | 4,500,000 | (4,376,824) | – | 592,591 | 25% | 2% | Loss in year |
| Gibraltar | – | 4,379,302 | 4,379,302 | 145,430 | – | 2,630 | – | – | – | – | 13% | 2% | Accounting adjustment |
| Greece | 444,735,399 | 3,370,795 | 448,106,194 | 11,758,068 | 6,537,476 | 3,506,007 | 19,538,508 | 42,759,529 | 58 | 10,119,173 | 22% | 30% | Prior period adjustment |
| Hong Kong | 8,658,108 | 52,010,286 | 60,668,394 | 9,260,351 | (444,436) | 1,338,423 | 52,521,485 | 49,717,153 | 5 | 19,489 | 17% | 14% | – |
| Hungary | 117,498,267 | 3,953,438 | 121,451,705 | (31,791,346) | 4,926,664 | 4,783,567 | 915,714 | (19,639,935) | 2,991 | 48,613,917 | 9% | (15)% | See country analysis |
| Iceland | 195,514,990 | 236,354 | 195,751,344 | (1,365,197) | – | 1,680,191 | 4,444 | (10,877,197) | – | – | 20% | (123)% | Prior period adjustment |
| India | 1,835,190,086 | 2,673,771 | 1,837,863,857 | 624,668,059 | 44,546,961 | 42,225,547 | 19,432,801 | 59,998,767 | 2,396 | 2,780,462,591 | 25% | 7% | See country analysis |
| Indonesia | 1,493,819,158 | 68,272,589 | 1,562,091,747 | 799,002,200 | 286,104,089 | 278,543,247 | 311,884,028 | 83,732,183 | 863 | 4,814,944,051 | 22% | 35% | See country analysis |
| Ireland | – | 63,297 | 63,297 | 1,494,964 | – | – | 24,725,374 | 12,422,239 | – | – | 13% | 0% | Prior period losses offset |
| Italy | 129,785,996 | 9,266,813 | 139,052,809 | 6,298,095 | 4,164,420 | (612,422) | 40,699,459 | 11,210,400 | 73 | 236,074 | 28% | (10)% | Prior period adjustment |
| Jamaica | 1,518,519 | – | 1,518,519 | 1,518,516 | – | – | – | – | – | – | 25% | 0% | Prior period losses offset |
| Japan | 115,465,398 | 2,072,430 | 117,537,828 | 7,432,291 | 1,543,360 | 2,394,329 | 58,545,363 | 48,957,054 | 146 | 8,992,674 | 31% | 32% | – |
| Kosovo | – | 598,741 | 598,741 | 598,741 | – | – | – | – | – | – | 10% | 0% | Accounting adjustment |
| Luxembourg | 496,019,963 | 109,588,868 | 605,608,831 | 13,317,125 | 9,798,484 | 1,953,005 | 4,463,537 | 50,941,612 | 231 | 93,793,258 | 25% | 15% | Prior period adjustment |
| Malaysia | 82,830,871 | 134,956,915 | 217,787,786 | 21,854,260 | 4,441,769 | 3,028,599 | 48,417,357 | 47,681,847 | 1,208 | 31,285,621 | 24% | 14% | Prior period adjustment |
| Mauritania | 96,779,183 | 38,896,044 | 135,675,227 | (710,420,483) | – | – | – | – | 32 | 518,810 | 25% | 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.

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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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mexico | 2,547,422,523 | 1,728,913 | 2,549,151,436 | (51,699,450) | 23,749,619 | 19,120,008 | 1,188,100,543 | (489,208,027) | 933 | 239,417,830 | 30% | (37)% | See country analysis |
| Middle East Region[b] | 4,569,350,793 | 6,543,922,688 | 11,113,273,481 | 5,376,055,843 | 4,599,911,678 | 4,350,350,662 | 543,771,854 | (337,525,741) | 896 | 5,017,623,439 | 10% | 81% | Higher PSA rates |
| Mozambique | 23,398,584 | – | 23,398,584 | (21,828,326) | (3,355) | (164,102) | 27,579,411 | (133,186,928) | – | – | 32% | 1% | Loss in year |
| Netherlands | 2,141,332,002 | 17,606,020,909 | 19,747,352,911 | 798,276,366 | 458,124,548 | 249,711,513 | 14,045,413,429 | 1,121,252,739 | 1,997 | 2,221,975,861 | 26% | 31% | See country analysis |
| New Zealand | 3,122,657,597 | 17,782,620 | 3,140,440,217 | (24,626,848) | 66,377,694 | (11,581,919) | 343,066,619 | 294,890,476 | 2,485 | 449,910,024 | 28% | 47% | See country analysis |
| Nigeria | 181,168 | – | 181,168 | (274,578) | 82,649 | (70,420) | 161,150,902 | (289,100,671) | 9 | 516,597 | 30% | 26% | – |
| North Africa Region[c] | 3,460,430,746 | 57,476,684 | 3,517,907,430 | 1,418,602,369 | 420,298,374 | 732,112,226 | 377,052 | 2,069,085 | 294 | 1,779,992,127 | 23% | 52% | Higher PSA rates |
| Norway | 373,567,544 | 13,733,994 | 387,301,538 | 4,383,485 | 784,360 | (4,168,331) | 76,459,013 | 51,103,113 | 57 | 39,001,159 | 22% | (95)% | Prior period adjustment |
| Pakistan | 13,188,057 | – | 13,188,057 | 6,027,557 | 731,828 | 945,155 | 1,131,385 | 4,883,804 | – | 21,293 | 29% | 16% | Accounting adjustment |
| Panama | 287,423,064 | 74,582,285 | 362,005,350 | 7,991,685 | 403,350 | 286,992 | – | – | – | – | 25% | 4% | Petroleum free zone[d] |
| Peru | – | – | – | 124,818 | 23,549 | 23,549 | 3,886,000 | 567,636 | 14 | 2,816 | 30% | 19% | Accounting adjustment |
| Philippines | 36,392,130 | – | 36,392,130 | 478,450 | 1,179,087 | (567,474) | 2,044,524 | 4,078,821 | 6 | 380,892 | 25% | (119)% | Prior period adjustment |
| Poland | 1,682,124,585 | 795,595,507 | 2,477,720,092 | (66,830,669) | 5,718,924 | 13,497,124 | 28,446,880 | 21,014,387 | 3,885 | 738,228,614 | 19% | (20)% | See country analysis |
| Portugal | 1,540,891,074 | 314,186,627 | 1,855,077,701 | 21,978,474 | 4,458,116 | 1,893,429 | 7,107,136 | 264,800,284 | 157 | 322,030,214 | 21% | 9% | Prior period adjustment |
| Puerto Rico | (8,269,846) | 385,942 | (7,883,904) | (5,611,430) | 5,107,278 | (10,414,026) | – | – | – | – | 38% | 186% | Accounting adjustment |
| Romania | 215,532,368 | 869,342 | 216,401,710 | 9,833,123 | 1,946,381 | 1,289,759 | 14,986,892 | 38,992,806 | 24 | 1,673,586 | 16% | 13% | – |
| Russia | (433,828) | – | (433,828) | (6,964,753) | (5,105,291) | 4,702,551 | 5,159,645 | 17,703,250 | – | – | 20% | (68)% | Prior period adjustment |
| São Tomé and Principe | – | – | – | (24,557) | – | – | – | – | – | – | 25% | 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.
b Includes Iraq, Kuwait, Oman, Saudi Arabia and United Arab Emirates.
c Includes Algeria, Egypt, Libya and Morocco.
d 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%.

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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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sénégal | 29,727,280 | – | 29,727,280 | (1,008,126,545) | – | – | 16,930 | (119,928) | 72 | 2,990,071 | 30% | 0% | Loss in year |
| Singapore | 14,289,800,354 | 24,029,358,018 | 38,319,158,372 | 4,450,608,957 | 6,370,888 | 232,176,384 | 4,404,804,681 | 1,679,969,077 | 969 | 211,897,241 | 17% | 5% | See country analysis |
| Slovakia | 2,493,766 | – | 2,493,766 | 118,479 | – | – | 5,552 | 121,716 | 26 | 15,243 | 21% | 0% | Accounting adjustment |
| South Africa | 3,671,840,443 | 740,077,940 | 4,411,918,383 | (79,360,000) | 1,522,392 | 1,611,139 | 249,991,406 | (101,114,747) | 764 | 369,831,198 | 27% | (2)% | See country analysis |
| South Korea | 57,636,737 | 34,722,930 | 92,359,667 | (12,264,362) | 401,985 | 491,267 | 50,071,694 | 1,734,715 | 54 | 2,029,282 | 27% | (4)% | Loss in year |
| Spain | 8,456,112,532 | 4,190,103,188 | 12,646,215,720 | 839,598,755 | 371,724,134 | 78,371,653 | 1,728,771,587 | 2,569,053,662 | 2,321 | 1,822,977,859 | 25% | 9% | See country analysis |
| Sweden | 386,698,977 | 2,066,925 | 388,765,902 | 12,668,695 | 2,248,714 | 2,940,528 | 502,600 | 67,381,442 | 43 | 15,699,535 | 21% | 23% | – |
| Switzerland | 737,212,304 | 340,119,587 | 1,077,331,891 | 6,278,391 | 23,610,523 | (3,997,902) | 24,039 | (8,742,625) | 18 | 5,974,877 | 17%[b] | (64)% | Prior period adjustment |
| Taiwan | 26,849,516 | 2,461,608 | 29,311,124 | 2,865,734 | 105,680 | 573,147 | 1,465,082 | 3,793,217 | 16 | 406,993 | 20% | 20% | – |
| Thailand | 121,685,184 | 12,213,197 | 133,898,381 | 24,791,016 | 5,037,273 | 4,998,245 | 192,757,008 | (77,538,666) | 129 | 10,589,461 | 20% | 20% | – |
| Trinidad and Tobago | 1,936,361,675 | 372,174,532 | 2,308,536,207 | (1,274,071,690) | 249,457,573 | 114,041,492 | 744,114,202 | (224,677,633) | 834 | 4,227,812,331 | 30% | (9)% | See country analysis |
| Türkiye | 3,353,762,831 | 6,113,635 | 3,359,876,466 | (72,684,979) | 4,527,428 | 7,996,894 | 117,800,815 | (156,924,561) | 461 | 9,310,356 | 25% | (11)% | Loss in year |
| UK | 42,038,949,465 | 76,099,352,273 | 118,138,301,738 | 6,140,722,750 | 1,999,512,298 | 1,503,763,889 | 377,141,135,365 | 222,992,745,465 | 16,049 | 11,016,541,869 | 25% | 24% | See country analysis |
| USA | 49,696,889,580 | 54,535,382,892 | 104,232,272,473 | 6,463,358,800 | (668,332) | 123,123,646 | 246,899,147,587 | 14,357,881,328 | 32,425 | 52,041,869,441 | 23% | 2% | See country analysis |
| Venezuela | – | – | – | 726,373 | 34 | – | – | – | – | – | 34% | 0% | Accounting adjustment |
| Vietnam | 196,340,645 | 1,258,840 | 197,599,485 | 64,128,788 | 12,733,314 | 13,290,824 | 14,869,520 | 32,492,768 | 165 | 11,484,989 | 20% | 21% | – |
| **Total** | **214,226,527,291** | **211,304,195,339** | **425,530,722,630** | **24,942,733,502** | **10,172,843,666** | **8,674,885,255** | **685,860,057,843** | **229,766,822,895** | **87,790** | **104,718,797,407** | | | |

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 Since the sale of our Swiss retail business in 2022 our activities in the country are taxed on average at a rate of 17%.

# Country by country report: reconciliation to the bp Annual Report 2023

$ million

| | Third-party revenues | Reconciliation to bp Annual Report 2023 | Profit/(loss) before tax | Reconciliation to bp Annual Report 2023 | Corporate income taxes paid/(refunded) | Reconciliation to bp Annual Report 2023 | Tangible assets | Reconciliation to bp Annual Report 2023 |
|---|---|---|---|---|---|---|---|---|
| Country by country total | **214,227** | | **24,943** | | **10,173** | | **104,719** | |
| | (2,092) | Dividends received from joint ventures and associates, page 168 | (2,092) | Dividends received from joint ventures and associates, page 168 | | | | |
| | (1,635) | Interest and other income, page 164 | 67 | Earnings from joint ventures – after interest and tax, page 164 | | | | |
| | (369) | Gains on sale of business and fixed assets, page 164 | 831 | Earnings from associates – after interest and tax, page 164 | | | | |
| bp Annual Report 2023 | **210,130** | Sales and operating revenues, page 164 | **23,749** | Profit (loss) before taxation, page 164 | **10,173** | Income taxes paid, page 168 | **104,719** | Property, plant and equipment, page 167 |

# Country analysis

This section expands on the total tax contribution data on pages 16 to 18. It provides more detail about each of our major countries of operation in 2023, 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 2023.

Since adopting a 'green completions' approach to reduce flaring at Block 61, 406,000 tonnes of $CO_2e$ emissions have been saved – equivalent to removing 89,000 cars from the road for a year.

Block 61 gas field, Oman

# Australia

**Total tax contribution**

$5,417m

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 5,586 | $505m | $659m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $2,159m | $148m | $4,759m |

## Business activity

We have been operating in Australia for more than 100 years and as a leading fuel retailer we have around 1,200 branded retail fuel sites. Around 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.

We have several major projects in planning, including the Australian Renewable Energy Hub which, if all the planned capacity is used for green hydrogen, has the potential to become one of the largest renewables and green hydrogen hubs in the world. The Kwinana Energy Hub will incorporate the Kwinana Renewable Fuels refinery, which aims to produce sustainable aviation fuel or renewable diesel, and H2Kwinana, which aims to produce green hydrogen to support domestic and export demand.

The Geraldton Export-Scale Renewable Investment (GERI) is a proposed integrated renewables and green hydrogen project powered by renewables, still subject to regulatory approvals.

## 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 2023 we paid corporate income taxes and production taxes on our extractive activities.

The taxes we collected on behalf of others and paid to the government in 2023 were principally petroleum excise duties on product movements from bonded sites, and net goods and services tax on our domestic sales. We were also required to withhold employee income taxes from the payments we make to our employees.

The effective current corporate tax rate on our operations in 2023 was 29%, closely aligned to the statutory tax rate of 30%.

The **bp report on payments to governments 2023** shows payments in Australia of $702 million in taxes and royalties, including $48 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.

**bp in Australia**

# Azerbaijan

**Total tax contribution**

$992m

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 2,715 | $2,447m | $932m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $9,881m | $653m | $61m |

## Business activity

We have had a presence in Azerbaijan since 1992.

We signed our first production sharing agreement★ (PSA) with the state oil company SOCAR in September 1994. Since then, together with our partners, we have invested $85 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 2023 SOCAR settled $780 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 2023 the effective current corporate tax rate on our operations was 27%, 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 2023** also includes payments of $13.1 billion in production entitlements, fees and bonuses. It excludes $9.5 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.

**bp in Azerbaijan**

★ See the glossary on **page 44**

# Canada

**Total tax contribution**

$(18)m

**Employees**

116

**Profit/(loss) before tax**

$513m

**Total taxes paid**

$46m

**Tangible assets**

$8m

**Corporate tax charge/(credit)**

$43m

**Total taxes collected**

$(64)m

## Business activity

Our business in Canada is focused on offshore exploration and integrated supply and trading activities.

We hold licences in the Orphan Basin and in the Flemish Pass basin, offshore Newfoundland and Labrador. In 2023 an initial exploration well was drilled in the West Orphan Basin. We also have an interest in the Equinor-operated Bay du Nord Project located in the Flemish Pass.

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

## Tax overview

In 2023 our taxes paid comprised of corporate income tax and customs duties. The taxes we collected on behalf of others and paid to the government included motor fuels taxes. In addition we are required to withhold employee income taxes from the payments we make to our employees. We also received a net repayment of goods and services tax in accordance with the law.

The effective current corporate tax rate on our operations was 8%, compared with the statutory tax rate of 26%, due to the offset of losses carried forward from prior years.

The **bp report on payments to governments 2023** shows no payments in respect of taxes. It excludes $16 million of customs duties and $30 million of corporate income taxes relating to non-extractive activity.

**bp in Canada**

# China

**Total tax contribution**

$247m

**Employees**

901

**Profit/(loss) before tax**

$63m

**Total taxes paid**

$33m

**Tangible assets**

$543m

**Corporate tax charge/(credit)**

$27m

**Total taxes collected**

$214m

## 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, refuelling and technical services, oil products retailing, lubricants blending and marketing, oil and gas supply and trading, LNG terminal and trunk line operation, EV charging and convenience through *bp pulse*, and venturing.

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

## Tax overview

In 2023 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 2023 were principally net VAT and excise duties 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 43% compared with the statutory rate of 25%. Some of our activities made a taxable profit and some made a taxable loss in 2023. Because China taxes each company separately and does not permit taxable profits and losses to be offset, our effective corporate income tax rate was higher than the statutory rate for the year.

**bp in China**

★ See the glossary on **page 44**

# Egypt

| | | |
|---|---|---|
| **Employees** 293 | **Profit/(loss) before tax** $1,319m | **Total tax contribution** $404m |
| **Tangible assets** $1,780m | **Corporate tax charge/(credit)** $704m | **Total taxes paid** $397m |
| | | **Total taxes collected** $6m |

## Business activity

We have operated in Egypt for around 60 years. Together with our partners, we currently produce around 70% 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, a natural gas liquids 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.

We have agreed to form a new joint venture in Egypt with ADNOC that will combine the technical capabilities of both companies to develop a competitive gas portfolio. Formation of the joint venture is subject to regulatory approvals.

## 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 2023 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. We also collected payroll income tax and social security payments with respect to our employees.

In 2023 the effective current corporate tax rate on our operations was 53%, 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 2023** shows payments of $15.4 million in fees and bonuses. It excludes $8 million of tax withheld from interest income received.

The terms of our PSAs require corporate income taxes to be paid in the year following that to which the taxes relate. Accordingly, our 2023 payment related to our 2022 taxable profits.

bp in Egypt

# Germany

| | | |
|---|---|---|
| **Employees** 4,542 | **Profit/(loss) before tax** $(2,062)m | **Total tax contribution** $10,001m |
| **Tangible assets** $3,405m | **Corporate tax charge/(credit)** $17m | **Total taxes paid** $126m |
| | | **Total taxes collected** $9,875m |

## 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 2023.

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.

The effective current corporate tax rate on our operations was minus 1% compared with the statutory tax rate of 30%.

Some of our activities in Germany made a taxable profit and some made a tax loss in 2023. 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.

bp in Germany

# Hungary

**Total tax contribution**

$55m

| | | |
|---|---|---|
| **Employees** 2,991 | **Profit/(loss) before tax** $(32)m | **Total taxes paid** $28m |
| **Tangible assets** $49m | **Corporate tax charge/(credit)** $5m | **Total taxes collected** $27m |

## 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 drive innovation and operational excellence, providing services to the group including finance, 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 2023, 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 was minus 15% compared with the statutory tax rate of 9%. Despite the overall accounting loss we continue to have a corporate income tax charge because we include other local business taxes in our tax charge.

bp in Hungary

# India

**Total tax contribution**

$280m

| | | |
|---|---|---|
| **Employees** 2,396 | **Profit/(loss) before tax** $625m | **Total taxes paid** $163m |
| **Tangible assets** $2,780m | **Corporate tax charge/(credit)** $42m | **Total taxes collected** $118m |

## 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 this 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 global business services centre in India that includes a digital hub to create, grow and deliver a range of digital solutions to improve core operations and support emerging business models. 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 paid customs duties on the import of raw materials for our lubricants business in 2023 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 products and services. 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 7% 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 2023** shows no payments in respect of taxes, although it includes $16 million in production entitlements. It excludes $74 million of production taxes, which relate to non-operated projects, $45 million in corporate income taxes and $37 million of customs duty for our non-extractive activities, as well as $7 million employer taxes, which are included in this report.

bp in India

★ See the glossary on **page 44**

# Indonesia

**Total tax contribution**

$148m

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 863 | $799m | $286m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $4,815m | $279m | $(138)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 2023 we completed an expansion project in Tangguh that currently contributes approximately 35% to national gas production. A further expansion plan is in development and includes carbon capture, use and storage activities.

We hold a 100% participating interest and operate Agung 1 and 2 exploration blocks. We also hold 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 2023, 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 35%, compared with the statutory tax rate of 22%.

In addition to taxes paid, the **bp report on payments to governments 2023** also includes $411 million in production entitlements and $0.1 million of fees. It excludes $5.1 million in taxes for our non-extractive activities, which are included as corporate income taxes in this report.

**bp in Indonesia**

# Malaysia

**Total tax contribution**

$17m

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 1,208 | $22m | $5m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $31m | $3m | $12m |

## Business activity

We have had a presence in Malaysia for 60 years. We operate across a diverse business framework that includes global business services and innovation and engineering, as well as our lubricants operations.

## Tax overview

The effective current corporate tax rate on our operations was 14% in 2023, which is lower than the statutory tax rate due to prior year adjustments.

**bp in Malaysia**

# Mexico

| Total tax contribution | |
|---|---|
| | $53m |

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 933 | $(52m) | $26m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $239m | $19m | $27m |

## Business activity

bp has invested in Mexico for more than 50 years, originally focused on the marketing and distribution of lubricants. However, since 2013 when Mexican Energy Reform opened the energy sector to private investment, our presence has grown. Our activities now include retail and trading in the natural gas market.

## Tax overview

In addition to corporate income taxes, customs duties and employer taxes paid, the taxes we collected on behalf of others and paid to the government in 2023 included sales taxes, excise duties and employee taxes.

The effective current corporate tax rate on our operations in 2023 was minus 37% compared with the statutory rate of 30%. Some of our activities in Mexico made a taxable profit and some made a tax loss. 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 2023** shows hydrocarbon exploration tax of $0.2 million, which is not included within the scope of this report and fees of $77.7 million. It does not include $24 million of tax paid on non-extractive activities.

**bp in Mexico**

# Netherlands

| Total tax contribution | |
|---|---|
| | $1,110m |

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 1,997 | $798m | $464m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $2,222m | $250m | $646m |

## 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 co-processed biofuels, lubricants and aviation marketing and distribution activities and we are rolling out *bp pulse* EV charging points.

We are currently investigating the potential for hydrogen, sustainable aviation fuels and offshore wind activities.

## Tax overview

In 2023 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 2023 was 31%, which is higher than the statutory tax rate of 26% due to prior year adjustments.

**bp in the Netherlands**

# New Zealand

| | |
|---|---|
| Total tax contribution | $324m |
| Employees | 2,485 |
| Profit/(loss) before tax | $(25)m |
| Total taxes paid | $66m |
| Tangible assets | $450m |
| Corporate tax charge/(credit) | $(12)m |
| Total taxes collected | $258m |

## 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, aviation activities and 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 2023 were principally national and regional fuel taxes on motor fuels sales.

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.

Some of our activities in New Zealand made a profit and some made a loss. The effective current corporate tax rate on our operations was 47% which is higher than the statutory rate due to restrictions in the offset of taxable profits and losses.

**bp in New Zealand**

# Oman[a]

| | |
|---|---|
| Total tax contribution | $912m |
| Employees | 560 |
| Profit/(loss) before tax | – |
| Total taxes paid | $912m |
| Tangible assets | $1,802m |
| Corporate tax charge/(credit) | – |
| Total taxes collected | – |

## Business activity

We have had a presence in Oman since 2007.

We are the operator of Block 61, which has the capacity to deliver around 35% of Oman's total gas demand.

We hold a 40% interest and operate Block 61 in partnership with OQ, PPTEP, and Petronas. We also partner with Eni at Block 77.

In 2023 we signed a project development and land use agreement with Hydrom for a green hydrogen project in Al Wusta governorate, Oman. This project has the potential to generate 1.5 million tonnes of green hydrogen per year.

## 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 $912 million in corporate income taxes in 2023, of which $671.5 million 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 2023** also shows payments of $2.3 billion in production entitlements and fees.

**bp in Oman**

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

# Poland

**Total tax contribution**

$503m

**Employees**
3,885

**Profit/(loss) before tax**
$(67)m

**Total taxes paid**
$24m

**Tangible assets**
$738m

**Corporate tax charge/(credit)**
$13m

**Total taxes collected**
$479m

## 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 2023.

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 20%, which differs from the statutory tax rate of 19%. Some of our activities in Poland made a taxable profit and some made a tax loss. Despite the overall accounting loss, we continue to have a corporate income tax charge because the tax regime in Poland restricts the offset of taxable profits and losses.

bp in Poland

# Singapore

**Total tax contribution**

$56m

**Employees**
969

**Profit/(loss) before tax**
$4,451m

**Total taxes paid**
$7m

**Tangible assets**
$212m

**Corporate tax charge/(credit)**
$232m

**Total taxes collected**
$49m

## Business activity

We have operated in Singapore for 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, the taxes we collected on behalf of others and paid to the government in 2023 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 5%, 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.

bp in Singapore

★ See the glossary on **page 44**

# South Africa

**Total tax contribution**

$1,219m

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 764 | $(79m) | $2m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $370m | $2m | $1,217m |

## Business activity

bp has had a presence in South Africa for 100 years.

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 have five fuel storage terminals, in joint ventures, and we operate one in Cape Town and one in Pretoria.

## Tax overview

In 2023 our taxes paid were principally corporate income taxes.

The taxes we collected on behalf of others and paid to the government in 2023 included 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 2% compared to a corporate income tax rate of 27%. Some of our activities in South Africa made a taxable profit and some made a tax loss. Despite the overall accounting loss we continue to have a corporate income tax charge due to restrictions in the offset of taxable profits and losses.

bp in South Africa

# Spain

**Total tax contribution**

$2,622m

| Employees | Profit/(loss) before tax | Total taxes paid |
|---|---|---|
| 2,321 | $840m | $579m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $1,823m | $78m | $2,043m |

## 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 Castellón refinery, which produces fuels and biofuels.

Our retail network spans 750 sites and, in 2023 we launched a joint venture with Iberdrola to build an extensive high-speed public EV charging network across Spain and Portugal.

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 Castellón refinery, alongside planned growth in biofuels production using co-processing.

## Tax overview

In 2023 our taxes paid comprised corporate income tax, EU Solidarity Contribution, 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.

The effective current corporate tax rate on our operations was 9%, which differs from the statutory tax rate of 25% due to prior year adjustments.

bp in Spain

# Trinidad and Tobago

**Total tax contribution**

$435m

| | | |
|---|---|---|
| **Employees** | **Profit/(loss) before tax** | **Total taxes paid** |
| 834 | $(1,274)m | $523m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $4,228m | $114m | $(88)m |

## 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 interests in Atlantic LNG, an LNG liquefaction facility.

In 2023 the Ministry of Energy and Energy Industries issued an invitation for deepwater exploration bids. We were awarded three deepwater blocks together with our JV partner Shell. Exploration work is expected to begin in 2024.

We began construction on Trinidad's first commercial scale solar project together with our joint venture partners Shell and the National Gas Company. The plant is expected to be operational in 2024 and will produce 92MW of solar power, making it the largest solar power facility in the Caribbean.

## Tax overview

In 2023 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 tax regime for our extractive activities includes the application of a higher rate of tax than the statutory rate. The effective current corporate tax rate on our operations was minus 9%, compared with the statutory rate of 30%. A tax charge arises despite the accounting loss principally because we continue to account for our share of corporate income taxes on the taxable profits of Atlantic LNG, which cannot be offset by taxable losses from our other operations.

In addition to taxes paid, the **bp report on payments to governments 2023** also includes $3.8 million in fees. It excluded $101 million in taxes for our non-extractive activities, which are included as corporate income taxes in this report.

**bp in Trinidad and Tobago**

# United Arab Emirates[a]

**Total tax contribution**

$4,913m

| | | |
|---|---|---|
| **Employees** | **Profit/(loss) before tax** | **Total taxes paid** |
| 208 | – | $4,913m |
| **Tangible assets** | **Corporate tax charge/(credit)** | **Total taxes collected** |
| $3,175m | – | – |

## 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 2023.

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 2023** also includes $6 million in fees.

**bp in the United Arab Emirates**

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

# UK

**Employees**
16,049

**Profit/(loss) before tax**
$6,141m

**Tangible assets**
$11,017m

**Corporate tax charge/(credit)**
$1,504m

**Total tax contribution**
$5,308m

**Total taxes paid**
$2,325m

**Total taxes collected**
$2,982m

## Business activity

We have operated in the UK for more than a century. North Sea oil and gas and our nationwide network of bp-branded retail forecourts are currently our most established UK businesses. However, as we transition from an international oil company to an integrated energy company, the UK is one of our key regions where we are putting this strategy into action.

In 2022 we announced plans to invest up to £18 billion in the UK's energy system by the end of 2030 – expanding our *bp pulse* EV charging network, and developing new offshore wind, solar, hydrogen and carbon capture projects – while continuing to invest in established sectors like North Sea oil and gas and retail.

Our head office is in London, with other offices located predominantly around the south-east of England and our North Sea headquarters in Aberdeen. 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 75% following the increase in the new Energy Profits Levy in January 2023. This compares to a tax rate of 19% which was increased to 25% in April 2023 for non-North Sea activities. In 2023 we paid $1.9 billion in corporate income taxes on our North Sea activities, of which $776 million was Energy Profits Levy. This includes $1.1 billion paid for 2023 and $836 million paid for 2022. The remaining $425 million due for 2023 was paid in 2024 and will appear in our 2024 tax 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 costs and a net interest expense from our group financing activities. Together with the use of carried forward tax attributes, this meant we paid no taxable profit-based corporate income taxes on our non-extractive activities in 2023. However, our corporate income taxes paid also include 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 2023, 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 2023 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 average effective current tax rate across all our activities was 24%, which closely aligns to the average statutory tax rate for the year of 23.5%. Despite paying significant taxes for our North Sea extractive activities, our taxable profits from non-extractive activities were largely offset by the use of carried forward tax attributes.

In addition to taxes paid, the **bp report on payments to governments 2023** also includes $8 million in fees. It excludes $97 million in corporate income taxes for our non-extractive activities, $51 million property taxes, $13 million customs duties and $344 million of employer taxes which are included as taxes paid in this report.

**bp in the UK**

★ See the glossary on **page 44**

# US

**Total tax contribution**

$8,904m

**Employees**

32,425

**Profit/(loss) before tax**

$6,463m

**Total taxes paid**

$1,668m

**Tangible assets**

$52,042m

**Corporate tax charge/(credit)**

$123m

**Total taxes collected**

$7,235m

## Business activity

Through our heritage companies, our presence in the US dates back to the end of the 19th century. In 2023 bp invested more than $8 billion in the US – nearly half of our global investment.

Our hydrocarbons business in the US includes five operated major production platforms in the Gulf of Mexico, where we are one of the largest producers, and onshore assets in Texas and Louisiana.

Our renewables businesses include onshore wind, solar, biofuels and biogas. bp is the largest producer of renewable natural gas in the US.

Our retail sites span 46 states and Washington DC and serve more than three million customers daily.

## 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 2023 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.

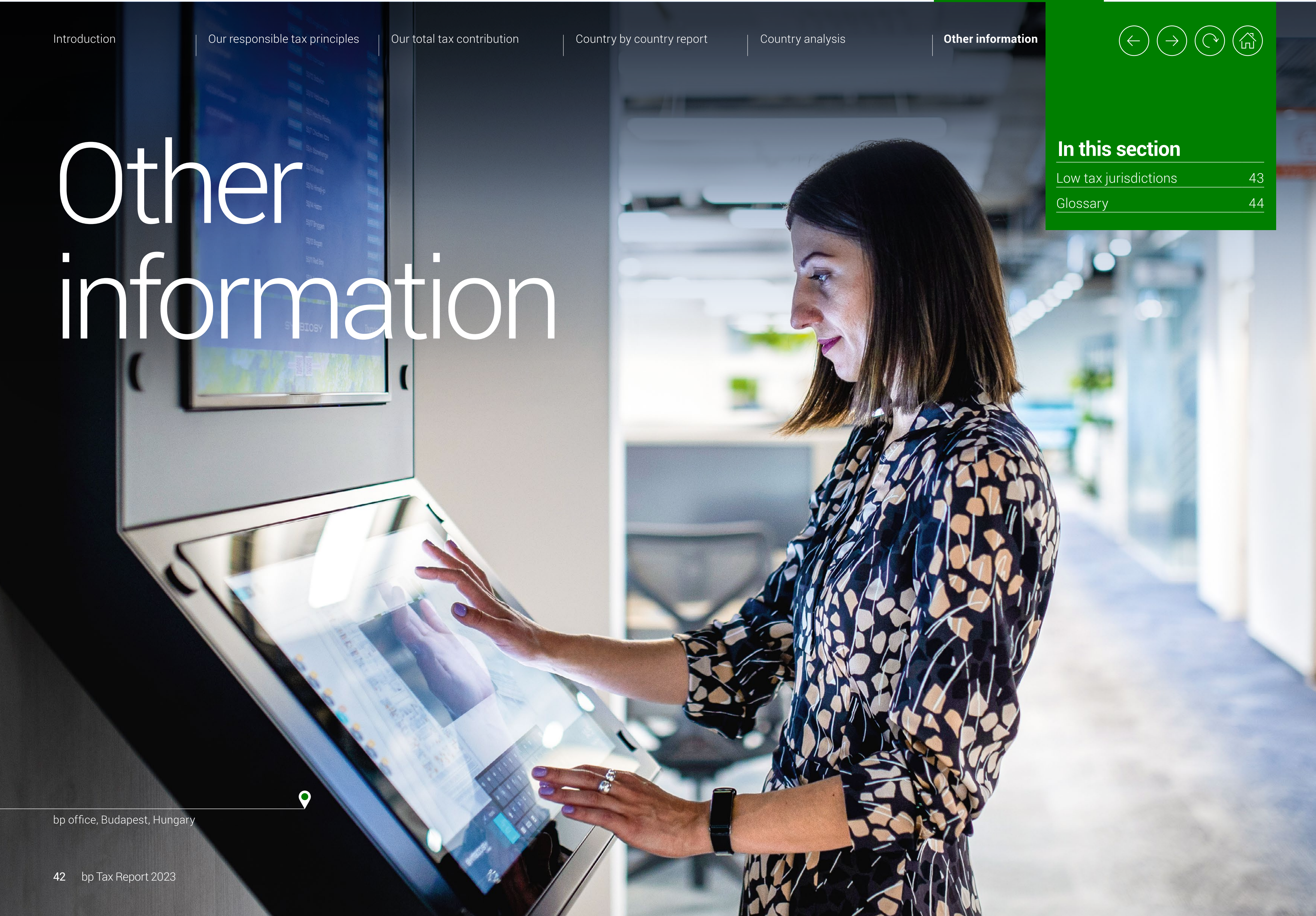
The taxes we collected on behalf of others and paid to the government during the year were principally excise taxes, such as state and federal motor fuels tax on sales of our fuel products to customers. In addition, we collected and remitted state sales and use tax in accordance with the law. We are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

The effective current corporate tax rate for the year was 2%, 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 mainly to the application of accelerated tax depreciation arising on assets placed into service in 2023.

The **bp report on payments to governments 2023** also shows payments of $65 million in fees and bonuses. It excludes $65 million of state income taxes included within corporate income taxes in this report.

bp in the US



# Other information

## In this section



bp office, Budapest, Hungary

# Low tax jurisdictions

Information on our presence as at 31 December 2023 in jurisdictions with a statutory tax rate of less than 15%[abc].

**Bahamas:** we have one subsidiary★ 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.

**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 nine 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 that 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 40**.

**Hungary:** we have one branch and one subsidiary. Information on our activities in Hungary is provided on **page 33**.

**Ireland:** we have one branch, one subsidiary, and interests in six non-controlled related undertakings that are either inactive or carry out local production, manufacturing or trading activity[d].

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

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

**United Arab Emirates:** we have two branches, three subsidiaries and interests in five 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 39**.

a Subsidiaries which are stated as inactive cannot be liquidated due to ongoing disputes or contingent liabilities.
b During 2023 one subsidiary in Bahamas was dissolved. Other interests were dissolved or disposed of in 2023 in Jersey and United Arab Emirates.
c Since the sale of our Swiss retail business in 2022 our activities in the country are taxed on average at a rate of 17% and therefore it no longer qualifies as a low tax jurisdiction for our business.
d One new non-controlling interest was acquired in Ireland in 2023, associated with our bioenergy activities.
★ See the glossary on **page 44**

# 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 that 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 issued by the International Accounting Standards Board as adopted by the UK and European Union.

**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**
A 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 that is controlled by bp. Third party refers to a party that 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.

**Contact us**

Email the corporate reporting team
at corporatereporting@bp.com

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


bp.com