Our tax report 2019

Published 9 December 2020

About this report

This report builds on the information we already provide on tax, including our report on payments to governments published in 2020. It provides more detailed information about how we approach tax matters and the tax payments we make.

It is an account of our business and structure in 2019 and includes data for the year ended 31 December 2019.

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- ★ Definitions in the glossary on page 53

Why tax matters

We want to help facilitate more informed conversations with our stakeholders about our contribution to economic development and the part we play in society, as well as the rigour of our tax practices. These stakeholders include communities, investors, civil society organizations, policy makers and global tax experts.

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

New disclosures:

- The total tax contribution for our global operations. This covers all our business activities and details the taxes we pay directly to governments on our own behalf, along with taxes we collect and pay to governments on behalf of others.
- Data from our OECD★ country by country report table 1, which shows financial data and the corporate income tax payments made for all bp subsidiaries, together with commentaries by country where our tax rate differs from the statutory tax rate.
- Summary activities of bp subsidiaries by country in alignment with our OECD country by country report table 2.
- Details of bp companies located in countries considered to be low tax jurisdictions[1].

Read more about the scope of tax data disclosed on page 22.

1 Using the European Commission's list of non-co-operative jurisdictions for tax purposes.

Contents

Introduction

What's in this chapter:

Introduction from our chief financial officer

I am pleased to introduce bp's first tax report. It builds on our longstanding practice of disclosing information on tax by going beyond our statutory obligations to share bp's global total tax contribution. And it aligns with our aim to be recognized as an industry leader for the transparency of our reporting.

As well as setting out our tax contribution, this report is about increasing transparency in order to show that we manage the taxes we pay and collect responsibly, that we are playing our part and contributing to society, and that our relationships with governments are conducted on an open and constructive basis.

This report also seeks to help stakeholders begin evaluating the potential impacts of policy changes in support of the energy transition, such as incentives for investment in low carbon activities.

In 2019 our presence in 79 countries generated $283 billion in economic value, which includes supporting around 50,000 suppliers and more than 70,000 employees. And we contributed $9.2 billion in direct taxes, royalties, employee taxes and indirect taxes to governments globally.

Additionally, we collected and paid $33.7 billion to governments on behalf of others, such as our customers, suppliers and employees.

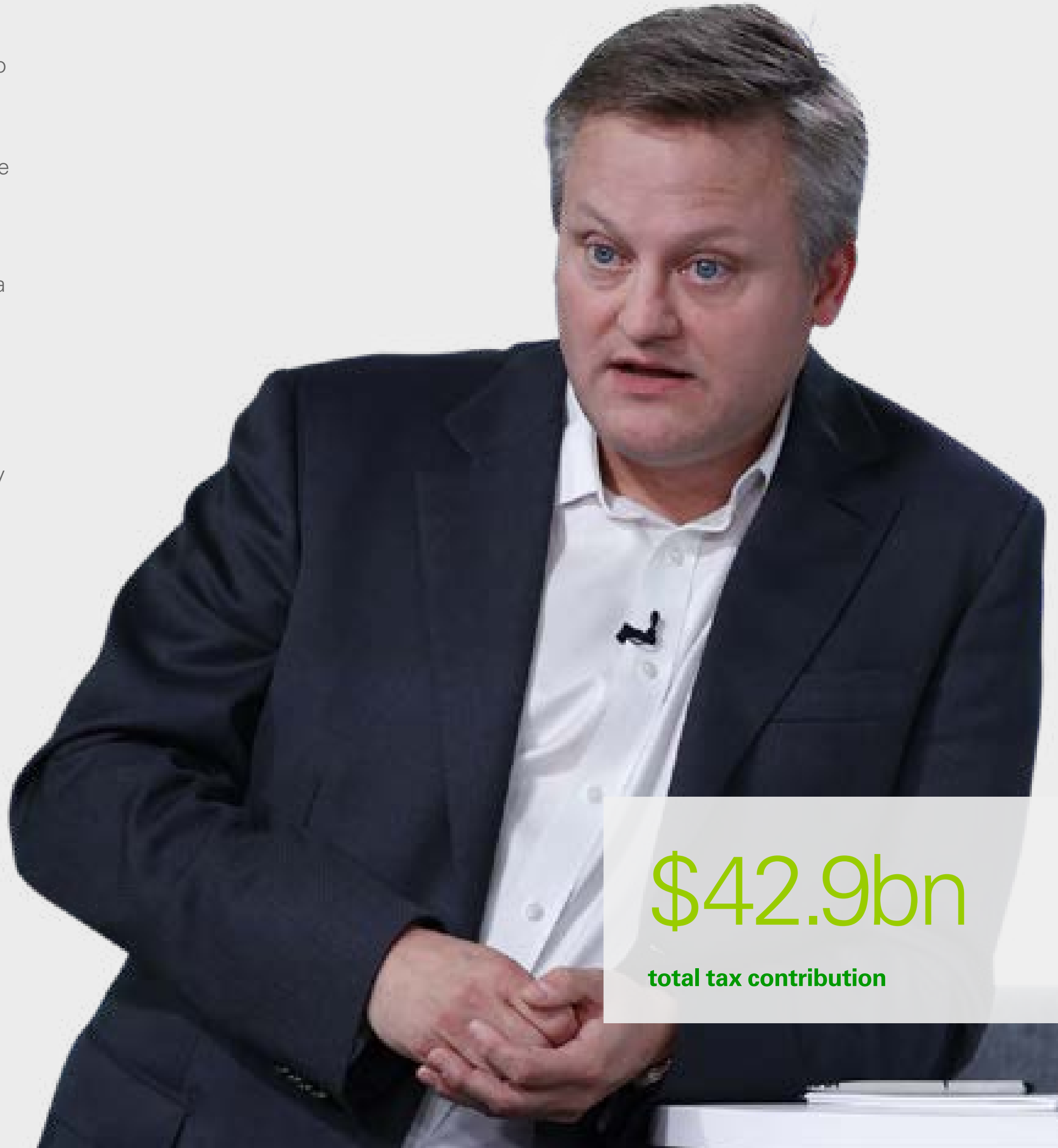
As the global economy seeks to recover from the COVID-19 pandemic and policy makers address the fiscal impacts of the energy transition and the ongoing digital revolution, tax will undoubtedly be a critical component of building a sustainable future.

We know that our size, scale and the nature of our activities means our tax contributions are often hugely significant for local and national economies. To achieve our net zero ambition and transform from an International Oil Company to an Integrated Energy Company, we need to maintain and build on the trust and the support of our partners, investors, policy makers, customers and trade associations. This report is an important step on that journey.

We recognize that there will be areas where we can improve our disclosures, or make things more easily understood. We welcome feedback and constructive challenge from our stakeholders.

I look forward to sharing further progress with you in the future.

Murray Auchincloss
Chief financial officer



$42.9bn
total tax contribution

About bp: Reinventing bp

From IOC to IEC

On 4 August 2020 we set out our new strategy, financial framework and investor proposition. We are accelerating bp's transition from an International Oil Company and Integrated Energy Company focused on delivering solutions for customers. Resilient and focused hydrocarbons are key to our transformation, but as the wave of major projects completes over the next few years, capital intensity is expected to fall.

We plan to continue high-grading our portfolio, while limiting exploration to existing regions. This will result in lower production and refining throughput over time, and we expect this to change the amount of taxes we pay in some countries.

We expect oil and gas production to fall from around 2.6mmboed in 2019 to around 1.5mmboed in 2030. The cash generated by hydrocarbons will be key to supporting our transition into two growth areas: low carbon electricity and energy, and customer convenience and mobility.

We expect to direct 40% or more of our investment into these areas by 2030. As we transition to an Integrated Energy Company, new businesses will take time to establish and we expect this to change the amount and types of taxes we pay in some countries while over time creating new tax contributions elsewhere.

In delivering our strategy, we will engage with governments around the world to advocate for policies that support net zero, including carbon pricing, see page 18.

We aim to provide an update on our new strategy and the implications on our tax payments in our tax report 2020.

> "bp is pivoting from an International Oil Company to an Integrated Energy Company. Over the next decade we plan to scale-up our low carbon electricity and energy businesses significantly, transform our convenience and mobility offer, focus our valuable oil, gas and refining portfolio and make it more resilient."

Bernard Looney
Chief executive officer

The impact of the global pandemic

The COVID-19 pandemic has made 2020 an extremely challenging year for individuals, countries and businesses. First and foremost it has been a humanitarian crisis. And for bp, it has had an adverse impact on the demand for our products and on their prices. As a consequence, our tax contribution has been affected.

We're working to support local communities and governments in countries where we have a presence. Tax authorities around the world have also taken action to help individuals and businesses in these unprecedented circumstances.

Our approach to COVID-19 related tax policy developments around the world has been to balance our need to preserve cash with the need to do what's right for the local communities. This supports our purpose – reimagining energy for people and our planet.

Many governments have extended tax filing or payment deadlines, accelerated tax repayments, introduced temporary tax rate reductions, or allowed tax payments to be adjusted to take account of the impact of COVID-19 on businesses. In some cases we have used these provisions. When we felt that our use of a provision would have a significant adverse impact on the community, we chose not to use it.

The economic cost and disruption resulting from the pandemic is likely to have an enduring impact on the global economy with the potential for weaker demand for energy over a sustained period. We anticipate further impact on our tax contribution, and will provide more information on this in future reports.

About bp: Tax in our 2019 business model

2019 in numbers

Countries where we operate

79

Employees worldwide

70,100

Total dividends distributed to bp shareholders

$8.3bn

Profit attributable to shareholders

$4bn

Economic value generated

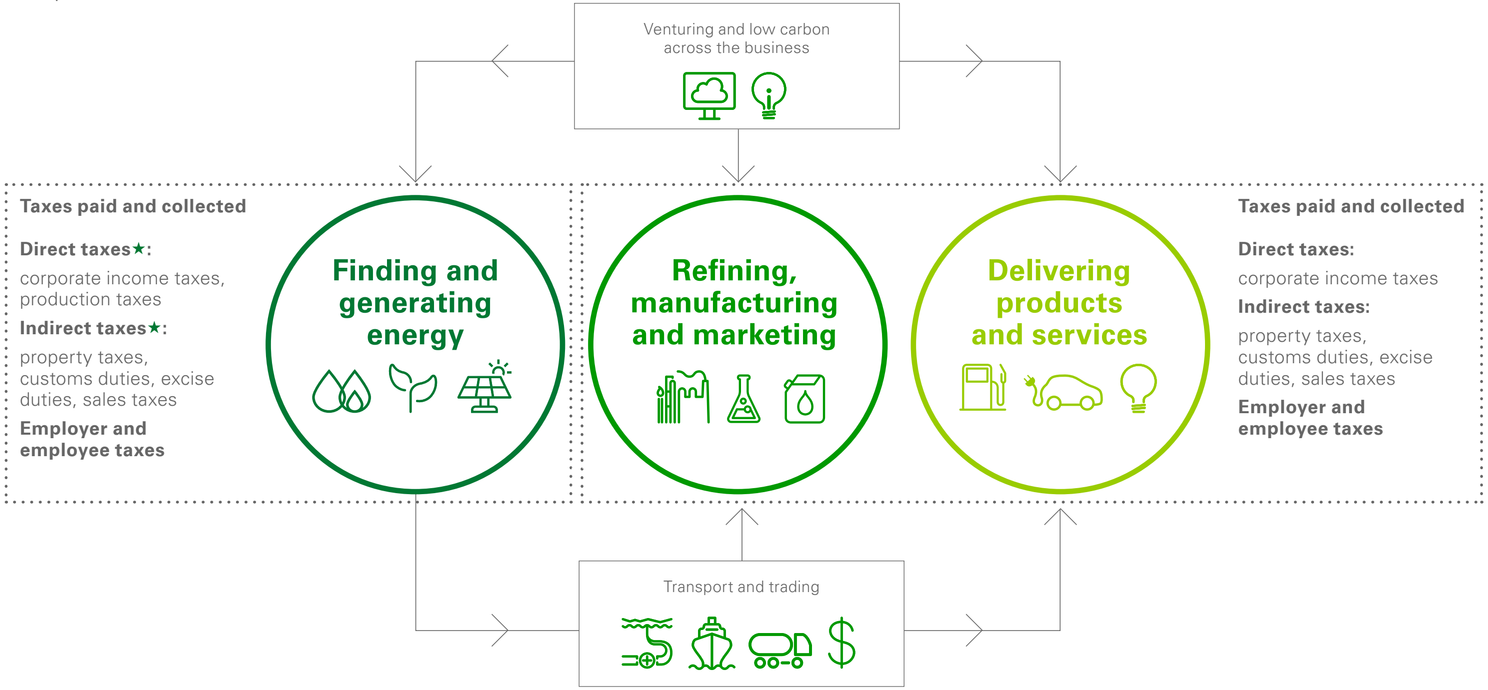
$283bn

We recognize the importance of creating social value in ways that are compatible with the energy transition. We're determined to do this through our activities as an energy provider, employer, taxpayer, supply chain participant and investor in local communities.

For more information see the bp Sustainability Report 2019, page 44.

Tax in our 2019 business model[1]

These taxes contribute to a government's capacity to progress socio-economic development in the countries where we operate.



1 Provides a historical account of our business, structure and activities in 2019.
★ See Glossary on page 53.

For more information on our 2019 activities and performance, see the bp Annual Report 2019.

About bp: Tax in our 2019 business model

Our tax contribution

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

- The applicable country's tax regime, see page 34.
- The current phase of a project, for example development or production, see Finding and generating energy.
- Energy prices, which can fluctuate significantly due to environmental, geopolitical or other reasons, see the bp Annual Report 2019, page 13 for more information.
- Socio-economic factors such as changes in customer demand for our products because of shifting lifestyles, new technologies, changes in law or regulation, or global factors including the COVID-19 pandemic, see the bp Energy Outlook 2020 for more information.

Finding and generating energy

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

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

Decisions about investment in low carbon businesses can be made and acted on more rapidly. These projects are also typically characterized by more stable returns over time. Low carbon businesses are generally subject to statutory tax rates and reliefs. Some countries also offer incentives to encourage investment.

Refining, manufacturing and marketing

Delivering products and services

These businesses are taxed in the country in which our activity takes place, under its applicable tax regime – where statutory tax rates and tax relief on capital investments apply. Where there are related-party cross-border transactions, we price them using the arm's length principle★.

Some countries offer incentives and reduced rates of tax to businesses to support investment, employment and economic development.

Many countries recognize the value of encouraging research and development and offer tax relief to companies undertaking innovative science or technology projects. When our activity qualifies for this kind of tax relief, we apply it in line with local legislation.

In our marketing and customer-facing retail businesses, we are responsible for collecting indirect taxes, such as fuels duties and VAT, from our customers and paying these taxes to the relevant tax authority★.

★ See Glossary on page 53.

Our journey to tax transparency

We have provided information relating to tax and our economic contribution for many years, working constructively with governments and civil society around the world to develop disclosure standards that provide accurate and useful information.

We talk to different stakeholder groups about our approach to tax on a regular basis to understand their views and expectations. For more information on our engagement with stakeholders, see page 16.

Our disclosures include:

- Economic contribution reports for the UK, US and Australia.
- Payments to governments for our extractive activities on a country by country and project basis under national reporting regulations[1].

Read more.

We participate in a number of voluntary tax disclosure initiatives offered by tax authorities. These help improve stakeholder understanding of our business, build trust, promote good governance and improve transparency of tax payments. They include the tax transparency code in Australia and the best tax practices code in Spain[2].

In the UK we participate in the UK total tax contribution survey for the 100 Group prepared by PwC.

Our goal is to be transparent about how we approach tax matters and our tax payments.

Greater transparency means providing relevant and meaningful insights about our total tax contribution in the major countries where we operate.

Preparing this report

In preparing this report we gathered feedback from different expert individuals and groups.

We've also referred to different frameworks, guidance and standards including:

The B Team's seven responsible tax principles, which we endorse.

The GRI (Global Reporting Initiative) standard for comprehensive tax disclosure at a country by country level.

The International Business Council (IBC) of the World Economic Forum – Stakeholder Capitalism Metrics.

Our commitment to the EITI.

We have included all business activities and 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, see page 21.

This year, we are also publishing data from our OECD country by country report (CbCR). This contains financial data for all the countries where we have a taxable presence, including our corporate income tax payments, see page 26.

OECD country by country report

Many organizations, including the European Commission and the GRI, are looking for consensus and convergence in tax transparency, encouraging businesses to make a country by country tax report publicly available.

The OECD CbCR focuses specifically on corporate income taxes, rather than the wider range of taxes that businesses typically pay.

We have filed this report with the UK's HM Revenue & Customs (HMRC) since 2017, in line with OECD rules.

Although we are not formally required to publish this report, after listening to our stakeholders we believe it can help improve their understanding of our activities, deepen their trust in our approach to tax and make useful information more easily accessible. This is why we've included data from it in this report, see page 26.

1 Reports of Payments to Government Regulations 2014 (2014/3209) as amended by Reports on Payments to Government (Amendment) Regulations 2015 (2015/1928).
2 Código de Buenas Prácticas Tributarias as regulated in the Reforzamiento de las buenas prácticas de transparencia fiscal empresarial de las empresas adheridas al Código de Buenas Prácticas Tributarias.

Our journey to tax transparency

Working with EITI

We believe transparency, accountability and consultation are important for good governance of our industry in-country and are also in our long-term best interests. As a founding member of the Extractive Industries Transparency Initiative (EITI), we work with governments, NGOs and international agencies to improve transparency about oil, gas and mining activities.

In 2019 we supported the development of the new global EITI Standard, which takes extractives transparency further forward.

The Standard aims to make disclosure and open data a routine part of government and corporate reporting.

Implementing countries are required to:

- Disclose any contracts and licences that are granted, entered into or amended after 1 January 2021.
- Document the government's policy on the disclosure of contracts and licences that govern the exploration and exploitation of oil, gas and minerals.

This contract transparency enables all parties to understand the terms on which the oil, gas and mining activities take place.

Communities affected by extractive operations, civil society organizations and people living in resource-rich countries can access information, including:

- The legal framework and tax regime governing extractive activities.
- The flow of revenue from royalties and taxes to national, regional or local governments.
- How those revenues are allocated.
- Any mandatory social payments made by companies in local communities.

By highlighting policies, payments and public financial management in this structured way the EITI can help identify corruption risks, support reform, broaden involvement in decision making and improve general societal understanding of our industry.

"Our membership on EITI's international board allows us to support accountability and good governance in countries where we operate, by participating in structured dialogue with civil society and governments to ensure that transparency continues to advance in practice. This report is another element of our approach – and we want it to serve as the basis of broader dialogue and collaboration with others on a responsible approach to tax."

Dominic Emery
bp chief of staff and EITI board member

Our tax principles

What’s in this chapter:

Our tax principles

Endorsing The B Team responsible tax principles

To help become an industry leader for the transparency of our reporting, we want to align with emerging best practice in tax transparency and support its continuing development. This is also an important way to build public trust in bp.

With this aim in mind, we are endorsing The B Team[1] responsible tax principles alongside a growing number of businesses. The principles set out a demonstrably responsible approach to tax and support stable, secure and sustainable communities. They were developed jointly by businesses, civil society and institutional investors.

These principles align closely with our purpose, strategy and support for sustainable development. A sustainable approach is inherent in all of these elements and detailed in our sustainability frame. We can only be sustainable by being a safe, focused, responsible, well-governed and transparent organization – and this extends to our approach to tax.

We look forward to joining The B Team's responsible taxes working group in 2021, which promotes dialogue, collaboration and best practice in tax matters across a broad cross-section of business. We believe this engagement will help us further improve our own tax practices.

We're committed to:

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

Our purpose and our code of conduct inform the responsible approach we take to managing our taxes.

More information

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

Our responsible tax principles

The B Team has set out seven principles that offer a clear framework for responsible tax practice. We have adopted them all.

Accountability and governance

Tax is a core part of corporate responsibility and governance and is overseen by the 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.

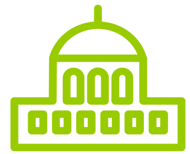
Transparency

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

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

Our tax principles in action

We aim to demonstrate how we are applying our tax principles in bp and we intend to provide an annual update on our progress, expanding our disclosures accordingly.



Accountability and governance

Board oversight

Our system of internal control★ governs how we conduct our business and manage associated risks. It includes our management systems, organizational structures, processes, standards, code of conduct, values and behaviours.

Under this system, the group head of tax derives responsibility for our tax function, tax risks and our approach to tax matters from the board.

Responsibilities of the group head of tax

- Ownership of bp's tax principles, and the tax policies and procedures that put them into practice.
- Putting policies, procedures and training in place to support the bp tax team.
- Building team understanding and compliance with the tax principles.
- Maintaining and implementing our policies and procedures consistently.
- Reporting, at least annually, to key risk oversight and governance committees about the effectiveness of our policies and procedures to help senior leadership maintain close oversight of our tax activities.

Values and behaviours

Our tax principles are aligned with the bp code of conduct and our values and behaviours. Together these set out what's expected of everyone at bp:

- Respect the world in which we operate and those we work with.
- Act in a manner that is safe, ethical and consistent with applicable laws and regulations, including not accepting or offering bribes or other inducements.
- Aim to work with others who share our commitments to safety and ethics and compliance.

We do not tolerate the facilitation of tax evasion by people who act for or on behalf of bp.

Our code of conduct makes all employees responsible for speaking up and raising questions and concerns about compliance with our code if they believe something is unethical or unsafe. This responsibility includes concerns relating to tax. These can be raised with line managers or other senior leaders and supporting teams, such as human resources, legal, ethics and compliance, or through our confidential 24-hour helpline 'Open Talk', which is available globally and managed by an independent company.

We also conduct training sessions on relevant tax matters for our colleagues in other business areas to build awareness and understanding, as well as encouraging people to speak up with any concerns or questions. For example, in our trading and shipping business we offer regular training on tax matters including permanent establishment compliance, transfer pricing principles and indirect taxes in the trading business. We have also developed an elearning module which is available across the group and which provides training on the requirements of the UK Criminal Finances Act 2017.[1] These training offers also highlight the group-wide channels available for employees to raise concerns.

Our tax principles are applicable across the bp group and are available to all employees on the bp intranet. We're also raising awareness and understanding of our tax principles through communications aimed at all employees and specific training sessions with the bp tax team.

Regular tax training is available to all members of the tax team, and we work with external service providers to deliver specific technical tax training on topics such as relevant changes in tax laws. For example, in 2019 we held sessions on DAC6[2], changes in lease accounting and the potential tax implications from Brexit. A wide range of online learning, development and mentoring programmes are also available to everyone in the tax team.

Tax risk management

Tax risks may sometimes arise as a consequence of our global presence, multiple activities, and on occasion the complexity and uncertainty about the interpretation or application of tax laws. We manage tax risks in the same way we do other group risks. Under our system of internal control, we follow the bp risk management system and policies, to ensure we act appropriately and consistently.

This risk management system and policies, together with our tax governance procedures, require us to:

- Understand the tax and business environment, and assess specific risks and bp's potential exposure to them.
- Determine how best to deal with these risks to manage our overall exposure.
- Manage and identify risks in appropriate ways.
- Monitor and seek assurance about the effectiveness of our risk management and intervene to improve it when necessary.
- Report internally on a periodic basis about how significant risks are being managed, monitored and assured and about the improvements being made.

1 The Criminal Finances Act 2017 introduced the new crime of failing to prevent the facilitation of tax evasion.

2 Directive 2011/16/EU on Administrative Cooperation to introduce mandatory automatic exchange of information in relation to cross-border arrangements that present certain features indicative of potential aggressive tax planning.

★ See Glossary on page 53.

Our tax principles in action

Accountability and governance continued

Assessing our tax risks

We don't prescribe 'acceptable' levels of tax risk, but the way we assess risk guides us in consistently determining the potential tax risk for any business transaction. This approach enables us to consider all the relevant factors involved, and if necessary, ask appropriately qualified tax professionals to decide what the likely risk is.

We take five key factors into account when we assess tax risk:

1. **Tax reputation:** the extent to which any business transaction has the potential to damage bp's reputation.
2. **Tax technical strength and accounting treatment:** the tax technical strength of a business transaction.
3. **Tax systems and operations:** the practical steps needed to implement and maintain the business transaction and whether or not additional resources, including system changes, may be needed.
4. **Tax impact on economics:** the extent to which tax impacts the economic value associated with any business transaction.
5. **External factors and ability to exit:** the likelihood of future changes to the external environment, for example the oil and gas environment or tax legislation, and bp's ability to exit the business transaction in light of future changes.

Managing our tax risks

Our system of internal control uses a 'three lines of defence' model to manage risks.

- The first line of defence involves our tax team working with business colleagues to make sure business transactions are implemented in line with existing policies and procedures, and appropriate controls and processes are in place to mitigate any risks.
- The second line of defence involves selected senior leaders in the tax team critically reviewing the effectiveness of our policies, controls and processes in mitigating risk. Our senior leaders may draw on their own experience and the advice of tax technical experts to suggest improvements.
- The third line of defence relies on our internal audit team, which periodically reviews our tax risk management policies, verifies adherence to them and tests their effectiveness in managing tax risks. The audit team may recommend improvements. These are then discussed more widely before an action plan to implement them is agreed.

Reporting our tax risks

Significant tax risks and disputes are reported to the group financial risk committee on a regular basis. This reporting process enables the committee to provide governance and oversight of financial risks, including tax risks, along with assurance that material tax risks are being managed and reported in accordance with approved bp group policies.

Our external auditor also reviews significant risks and disputes and the bp board audit committee is briefed on an annual basis.

Enabling compliance with permanent establishments

Our trading and shipping business buys and sells oil and gas products and makes frequent use of local marketing agents.

These activities carry a risk of inadvertently creating a taxable presence (or permanent establishment (PE)★) in a country where the trading business has no operations. This could expose bp to unexpected taxes or penalties.

To help prevent this, our tax team functions as the first line of defence, making sure colleagues in the business understand the importance of compliance and providing guidance about what and what not to do. The team carries out periodic reviews, to make sure the business is adhering to guidelines and to test the continued validity of our no-PE status.

To provide a second line of defence, senior tax team members support local tax teams by sharing their wider experience of PE matters, including international developments, to ensure that the way the business is working is compliant and fit for purpose.

Our internal audit team provides the third line of defence. It periodically reviews the effectiveness of our activities in managing PE risks and recommends improvements if needed. These may require us to update our policies or improve the training and guidelines we provide for colleagues in the business.

★ See Glossary on page 53.

Our tax principles in action

Compliance

We are committed to complying with tax laws in a responsible manner, wherever we operate. We adhere to all relevant tax laws and prepare and file tax returns as required.

We report on, and pay, our taxes on time. We provide complete, accurate and timely information to relevant tax authorities, in response to requests from them or on a voluntary basis in countries where it's common practice to have early discussions with them. If we identify an error in a bp tax return, we alert the relevant tax authority and take steps to rectify the error.

In many countries, the bp tax team undertakes compliance activities, but we also use external service providers. We may do this if we don't have a local tax team in the location or need additional resources to work more efficiently.

We plan our tax activities efficiently, in ways that support our business, reflect commercial and economic realities, and are based on reasonable interpretations of the law. The way we assess tax risks helps us make sure our tax planning process takes into account all relevant factors.

We don't engage in artificial tax arrangements. Because our businesses operate in many different countries and under differing tax regimes, there will be times when tax law is complex or unclear. In these instances, we try to minimize the risk of uncertainty or disputes.

If possible, we may engage openly and constructively with the relevant tax authority to resolve misunderstandings and agree a shared understanding of the tax law or reach certainty concerning the tax treatment of a specific business transaction. To enable this, we fully disclose all material facts and circumstances to the tax authority.

We may also request expert advice from external service providers. If we cannot reach consensus with a tax authority, we may progress the matter through relevant legal channels.

In action

Working together for a fair tax outcome

In 2019, we engaged closely with tax authorities in seven countries to establish an advanced pricing agreement (APA)★. The APA covers the taxation of our businesses in Europe, which include refining and blending of our products as well as their distribution, marketing and sales.

Our businesses operate across Europe under a highly integrated model, so it was important for us to agree the tax allocation of profits or losses.

Our tax and business teams worked with tax authorities over many months, sharing our business models, financial data, and business and tax assumptions, to allow the tax authorities to fully understand the businesses, our economic activity, and risks and value drivers at each stage of the business chain.

Our collaborative approach is:

- Mitigating the risk of inappropriate allocation of business results between the countries.
- Increasing tax authorities' trust in bp through our open and constructive approach.
- Helping our businesses plan with greater certainty.
- Creating an agreed methodology for allocating profits or losses among the seven countries, creating a fair tax outcome for each tax authority and for bp.

★ See Glossary on page 53.

Our tax principles in action

Business structure

As a global group, our interests and activities are held or operated through different entities including subsidiaries★, branches★, joint arrangements★ or associates★. These are established in many different countries, and are subject to the laws and regulations applicable in each country in which they operate and have a business presence.

Our business structures have real substance. They reflect commercial and economic reality, as well as applicable legal requirements. For example, we will establish an entity in a country where our oil and gas resources are located, or where we have a refinery or manufacturing site. Consequently, we will pay and collect taxes in this country in accordance with its laws and regulations and in line with the value that our operations generate.

Low tax jurisdictions

Some of the countries in which we have a presence are considered to offer significantly lower tax rates than those offered by most other countries. These are commonly known as 'low tax jurisdictions'.

There is no standard definition of a low tax jurisdiction. We have used the European Commission's list of non-co-operative jurisdictions for tax purposes to identify bp companies in low tax jurisdictions, and we provide more information on them in this report.

The list was first issued in December 2017 and has been regularly updated since then.

The list assesses countries against agreed tax good governance criteria. These include tax transparency, compliance with international standards on information exchange, the existence of fair tax competition, and the extent to which a country has implemented the OECD base erosion and profit shifting (BEPS★) measures and economic substance requirements for zero tax countries.

The Commission publishes a blacklist of countries it considers to be non-compliant with these criteria, along with a greylist of countries that have committed to address deficiencies identified in their tax regimes, making reference to the Commission's criteria. We believe this approach – considering 'low tax jurisdictions' in the wider context of tax good governance rather than simply by reference to countries' statutory tax rates – provides a more holistic basis for low tax jurisdiction disclosures.

There were four bp subsidiaries located in countries on the blacklist at the end of 2019: one in Oman and three in Trinidad & Tobago. We also had interests in five non-controlled related undertakings in these countries: one in Oman and four in Trinidad & Tobago. In addition, bp had 57 subsidiaries in countries on the greylist at the end of 2019 and interests in 31 non-controlled related undertakings located in these countries. As explained in the bp Annual Report 2019, non-controlled related undertakings include companies where we own greater than 20% of the share capital.

Where we do have a presence in a low tax jurisdiction, we do so for commercial reasons, including:

- Local production, manufacturing or trading activity.
- Companies that hold investments for the group, where the underlying profits of the investments are taxed in the country of the operation.
- A neutral location, with an established and respected body of company law, for our joint venture★ partners, who may include government parties.
- When we acquire a business investment and inherit the seller's investment structure, this may include investments in low tax jurisdictions, particularly where there are multi-national joint venture partners.
- Inactive companies that can't be liquidated due to ongoing disputes or contingent liabilities.

In line with our responsible tax principles, we don't use these locations for tax avoidance, and don't support their use for this purpose by others we work with, for example, suppliers or our joint venture partners. Our ongoing programme of corporate simplification is intended to simplify our overall structure and when possible, remove the need for bp entities in low tax jurisdictions.

Transfer pricing

A number of our businesses operate across multiple countries and have international supply chains, including trading and shipping, lubricants marketing and aviation businesses. Their activities give rise to many intra-group cross-border transactions.

Sometimes it's more efficient or commercially necessary for us to conduct an activity centrally, for example, when common services or supporting activities are needed for more than one business activity or site. This includes:

- Technical and operational advice.
- Operational and support services, such as accounting and IT.
- Product trading and financial and insurance services.

These activities also give rise to related party★ transactions that are often cross-border in nature.

We consider the transfer pricing★ of cross-border transactions carefully and conduct intra-group transactions on an arm's length basis, in accordance with current OECD principles. We use a price that matches the amount an unrelated party would charge for the same transaction.

For a full list of our related undertakings, see the bp Annual Report 2019, page 273.

For more information on bp subsidiaries and non-controlled related undertakings located in low tax jurisdictions, see page 50.

★ See Glossary on page 53.

Our tax principles in action

Relationships with authorities

We try to build and maintain open, constructive relationships with tax authorities, based on mutual respect, transparency and trust.

This supports tax authorities in developing their capability and improving their understanding of our industry, business and relevant tax aspects, and allows appropriate focus on areas of potential risk or uncertainty. It also enables tax authorities to approach bp for insights on tax matters they may be considering, such as proposed administrative changes or introducing new tax policies.

We interact with many different tax authorities in different ways, according to local custom and practice. We always act respectfully, in line with our code of conduct and values, while also protecting bp's interests within the law.

We follow established procedures and channels when dealing with tax authorities. This may involve direct engagement or sometimes using a third-party service provider, for example, in locations where we don't have a local tax team. And where it's common practice to do so, we try to build co-operative relationships with tax authorities, establishing early, constructive dialogue about any possible areas of tax uncertainty or to inform them of our significant transactions.

Tax authorities in Angola, Azerbaijan and Egypt have sought our help to pilot, test and discuss new electronic tax or customs duties platforms as they've moved to digitalize their tax administration processes. In recent years, we've also provided training and practical business insights to support capability development initiatives for tax authorities in Colombia, India, Indonesia and Mexico.

Working with HMRC

In the UK, we meet regularly with HMRC to make progress on our ongoing tax matters and provide updates about significant business transactions impacting our UK taxes.

This helps provide certainty for both parties and forms part of an active move towards discussing business activities in a current timeframe. We may also work with HMRC to determine the appropriate tax treatment of our business transactions, for example, some of our recent North Sea business divestments.

Compliance arrangements

We have co-operative compliance arrangements in place with a number of tax authorities, including in Australia and the Netherlands.

Compliance arrangements help us collaborate to:

- Improve business knowledge and understanding of our business and tax processes.
- Share information about any significant business transactions and their tax impacts.
- Identify any areas requiring further discussion, in good time.

This constructive approach provides greater focus on these relevant aspects of tax, brings greater and earlier certainty about tax impacts, and helps us build trust in bp.

In action

Policy improvements in India

India has recently introduced a goods and service tax (GST). This has created a number of complicated issues for companies like bp, which operate under production sharing agreements.

Supported by industry groups, we led discussions with the Indian government to improve its understanding of the issues that we and other businesses face.

We then worked together to find practical solutions. We shared experiences from other countries to help the government formulate a GST regime that meets their policy objectives and aligns with international best practice.

We believe this collaboration benefits all involved:

- For business, it improves clarity and simplicity in implementation and compliance.
- For government, it supports policy objectives designed to make it easier to do business in India.

Our tax principles in action

Seeking and accepting tax incentives

National governments sometimes introduce tax incentives and exemptions. They do this to:

- Support the development of particular business sectors or country capability.
- Attract foreign and domestic investment.
- Generate employment and provide social and economic development.

To support their macro-policy aims, governments may offer tax incentives for certain business activities. For bp these may be related to our oil and gas activity, international trading or investments to support the energy transition.

Incentives take many forms, including:

- Accelerated tax relief for eligible capital expenditure.
- Increased tax deductions or tax credits for expenditure, for example on technology or research and development.
- Tax rate reductions or exemptions from certain direct or indirect taxes.

Incentives may reduce a country's tax revenues in the short term, but governments typically consider the longer-term benefits of continued current and new investment in business activity, employment, capability building and increased tax revenues.

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

Oil and gas tax regimes

Significant upfront capital investment is typically required to find and develop oil and gas before production starts and cash flow is generated. Some oil and gas tax regimes recognize the significant risks taken by companies such as ours during the exploration and development stages, and may offer incentives, including accelerated tax relief on this expenditure. Other tax regimes only offer tax relief once production starts, meaning tax relief for unsuccessful exploration may not be available.

Some regimes also offer relief, often in the early stages of a project, from transactional taxes, such as customs duties or VAT, recognizing there will be no cash flow from the activity until production starts.

Oil and gas tax regimes typically tax profits at rates higher than the statutory rate of tax once production starts. In combination with tax reliefs, this enables a government to offer a competitive regime for the project, balancing risk and reward at the various stages of activity.

The long-term nature of oil and gas activity means that certainty and predictability about current and future tax regimes are important to bp. Governments play an important role in maintaining the competitiveness of the tax regime to support ongoing activity and attract new investments.

For more information about the tax regimes applicable in our major countries of operation, see our country analysis on page 34.

In action

Encouraging low carbon investments in the US

In 2018, the US government enhanced its existing tax incentive regime for carbon capture, use and storage (CCUS) in order to encourage investment in the process and contribute to a reduction in US carbon emissions.

We welcomed the move and engaged with the US government to help ensure its rules had the desired effects. Much of our contribution is publicly available.

We focused on the need for flexibility in the tax regime – reflecting that CCUS is an evolving activity supported by fast-developing technology. We shared business and technical insights with the US government to build knowledge and understanding. We also highlighted practical implementation issues to help it develop an incentive regime that will encourage investment in CCUS.

Our tax principles in action

Supporting effective tax systems

Industry groups, governments and external bodies

Governments develop tax and other regulatory policies that support their wider macroeconomic aims.

By establishing and maintaining fair, effective, predictable and administratively practical tax regimes, governments can benefit from tax revenues while also attracting and retaining sustainable investment from around the world.

For governments that aspire to lead in the energy transition by creating the right investment climate, dialogue with stakeholders including companies like bp, will be increasingly important as they shape tax and other regulatory policies.

Open, well-informed debate between governments, businesses, investors, academic bodies, non-governmental organizations and wider society plays a vital role in supporting the development of public policy and solutions.

We work with many governments, contributing to sustainable growth, jobs creation and investment in people. We engage with them across our global businesses and also with international organizations such as the OECD to support the development of tax laws.

We participate in initiatives which we believe will be beneficial for governments and bp, while also promoting wider discussion of relevant issues. We contribute to initiatives that may simplify tax regimes, encourage investment and sustainable growth, build trust and support the energy transition. We always try to help balance any government's need to raise revenue with its desire to maintain a sustainable investment climate.

We engage directly with governments if this is common practice but also through trade associations or similar bodies if appropriate.

We belong to many trade associations around the world, which we aim to assess regularly on the basis of their alignment with our views and values. Some of these organizations lobby and advocate on tax matters.

For more information on trade associations and climate, see our participation in trade associations report.

We actively participated in many tax related trade associations in 2019. They included:

- American Petroleum Institute – contributing to discussions on tax reform under the 2017 Tax Cuts and Jobs Act and tax incentives for CCUS.
- Business Europe – contributing to discussions about the energy tax directive and carbon border adjustment proposals.
- The tax committee of the Confederation of British Industry – contributing to several of its working groups, including indirect tax issues associated with the UK leaving the EU and UK employment taxes discussions on IR35.
- European Business Initiative on Taxation – contributing to the OECD international tax discussions on the taxation of the digital economy, and wider ongoing BEPS debate.
- The International Tax and Investment Center (ITIC) – participating as a board member in the development of a number of oil and gas international tax technical papers, which support policies to encourage economic growth in non-OECD countries.
- Organisation for International Investment (now the Global Business Alliance) – a body that considers tax policy matters relevant to US inbound investors.
- The Tax Executives Institute – participating in a number of their chapters, including in Asia and the US, contributing to its focus on tax administration, compliance and audit issues.
- The US Council for International Business – engaging in dialogue with the US Treasury Department on regulations relating to US tax reform under the Tax Cuts and Jobs Act, and international tax matters under discussion at the OECD.

We also participate in many local tax committees in countries where we operate. These included:

- ACEPA[1], the oil and gas industry tax committee of Angola – which we lead, and which helped shape the new VAT regime introduced in 2019.
- American Chamber of Commerce branches in Angola, Azerbaijan, Egypt and Indonesia.
- China Petroleum and Chemical Industry Federation – which considered consumption tax reform.
- Fuels Europe – for which we lead the customs and excise working group.
- Indonesia Petroleum Association, which we co-chair and which considered issues including the application of VAT to the oil and gas industry during 2019.
- The UK oil industry tax committees – which consider North Sea tax policy matters on both direct and indirect taxes.

1 Associação das Companhias de Exploração e Produção de Angola.

Energy transition

Assessing how tax can be used to tackle the environmental challenges that the world faces is very important to bp.

To support our ambition to be a net zero company by 2050 or sooner and to help the world get to net zero, we engage with governments and tax authorities to encourage the introduction of policies that support the energy transition. This includes well-designed carbon pricing policies, either as a tax or as a cap-and-trade system.

We believe this is the most efficient way to reduce greenhouse gas emissions and incentivize all stakeholders, including energy producers and consumers, to play their part.

More information

Advocacy in bp.

Our carbon pricing principles.

Our tax principles in action

Supporting effective tax systems continued

Business partners

We partner with many stakeholders in our business activities, including customers, suppliers and joint venture partners. They each play an important part in delivering our strategy and we develop and strengthen relationships with those who commit to working in accordance with our code of conduct. We ask our partners to share our expectations with their employees, suppliers and business partners.

Where it's appropriate to do so, we formalize these expectations in our contractual relationships. For example, we have contract clauses available which, in addition to requiring compliance with applicable tax laws, require that our suppliers will not facilitate a tax evasion offence and that they have policies and procedures in place to prevent such an offence occurring.

We engage constructively with our business partners to positively influence their actions, including those related to tax matters.

We complete appropriate due diligence checks on our suppliers, regularly engage with them to review performance and conduct compliance audits in line with our contractual relationships to ensure they continue to adhere to bp requirements. We also help them identify areas for improvement.

In action

Tax in the digital economy

The OECD is working to unite countries in determining where profits from the digital economy should be taxed.

The growth of digital businesses means governments and international bodies now need to adapt longstanding international tax rules to ensure new business models are taxed appropriately.

The OECD's proposals are wide ranging, and they could potentially impact on routine business activities in our industry, for example, the sale of oil and gas products. We believe these transactions are neither the intended targets of the proposals, nor would they normally be considered to be part of the digital economy. We are engaging in the debate about this, and working with industry groups to explain the potential impact of the proposals on the oil and gas industry.

With others in our industry, we have tried to show that profits from extractive activities, unlike those from the digital economy, are not mobile. Typically, they're highly taxed in the country where the extracted resources are located, with little or no ability for 'shifting' to jurisdictions with lower tax rates. Additionally, any attribution of profit to a local marketing activity, as proposed by the OECD, would likely draw profits away from these source countries, which are often developing, leading to a potential risk of double taxation. The current proposals from the OECD recognize these unintended consequences and do not include extractive activities.

The OECD is also working towards a global minimum tax, in order to tackle the remaining BEPS issues in the global economy. We are working with industry groups and trade associations to help policy makers design a model that avoids unintended consequences.

One issue that's especially relevant to long-term capital-intensive projects such as ours, is the treatment of capital expenditure and accounting provisions for future spend. Until this issue is resolved there remains a risk that projects (many of them in developing economies), which are highly taxed while underway, are additionally and unnecessarily subject to a minimum tax payable to tax authorities typically located in more developed economies. We don't believe this to be an appropriate or intended outcome of the OECD proposal.

Transparency

In preparing and drafting our report, we engaged with a number of external stakeholders, including investors and civil society groups, see page 8. They have provided us with valuable insights and we believe our report reflects their contributions and needs. But we know there will be areas where we can improve and we welcome feedback at approachtotax@bp.com.

Our intention is to update this report annually.

With respect to the UK, we regard this report as compliant with our duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016.

For more information see bp.com/tax.

Our total tax contribution

What's in this chapter:

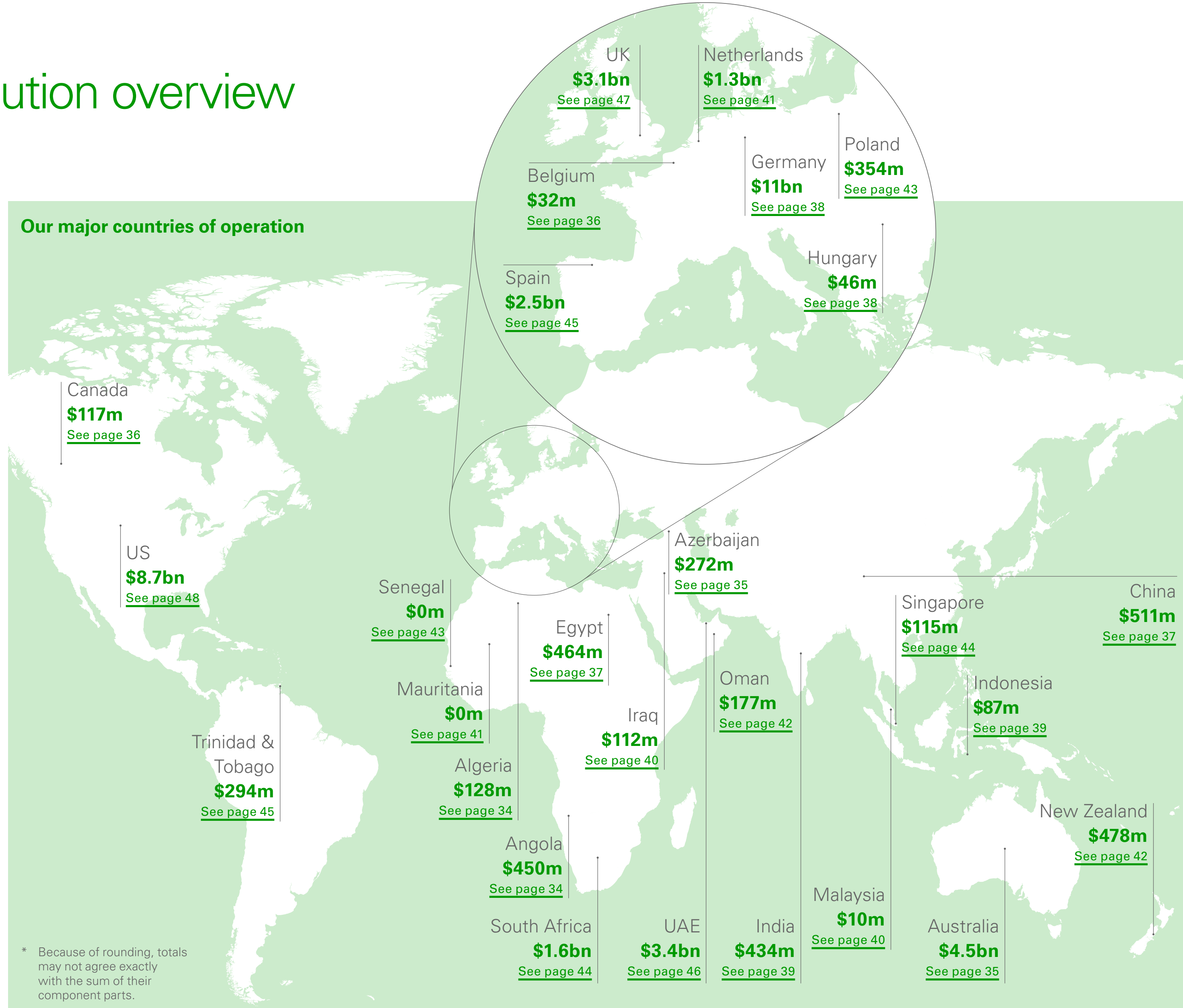
Our total tax contribution overview

bp’s total tax contribution for 2019 was **$42.9 billion**. This comprises the taxes we paid and collected on our global operations.

- The $9.2 billion of taxes paid includes corporate income taxes on profits, as well as other direct and indirect taxes levied on our activities.
- The $33.7 billion of taxes collected includes amounts that we collected on behalf of others – for example our customers, suppliers and employees – and paid to governments[1].

Total taxes bp paid*	Total taxes bp collected*
$9.2bn	$33.7bn
Corporate income $5.4bn	Excise duties $26.7bn
Production taxes $2.6bn	Employee taxes $2.4bn
Property taxes $382m	Sales taxes $4.5bn
Customs duties $141m	
Employer taxes $598m	

Our major countries of operation



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

1 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.

Our total tax contribution explained

We had operations in 79 countries in 2019. More than 98% of the total taxes we paid and 93% of total taxes we collected arose in our major countries of operation. The country analysis on page 34 provides more detail about each of these countries, including commentary on our main business activities and an explanation of the taxes paid and collected on our activities.

In this report, our major countries of operation for 2019 are defined as those that had at least one of the following in 2019:

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

We provide our total tax contribution on a country basis for all bp subsidiaries in that country, including all companies that bp controls. For subsidiaries in which we own less than a 100% interest, our total tax contribution represents only bp's share of taxes paid and collected.

For information on bp's share of the corporate income tax paid by joint ventures and associates, including Rosneft, see the bp Annual Report 2019: Notes 16 and 17.

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.

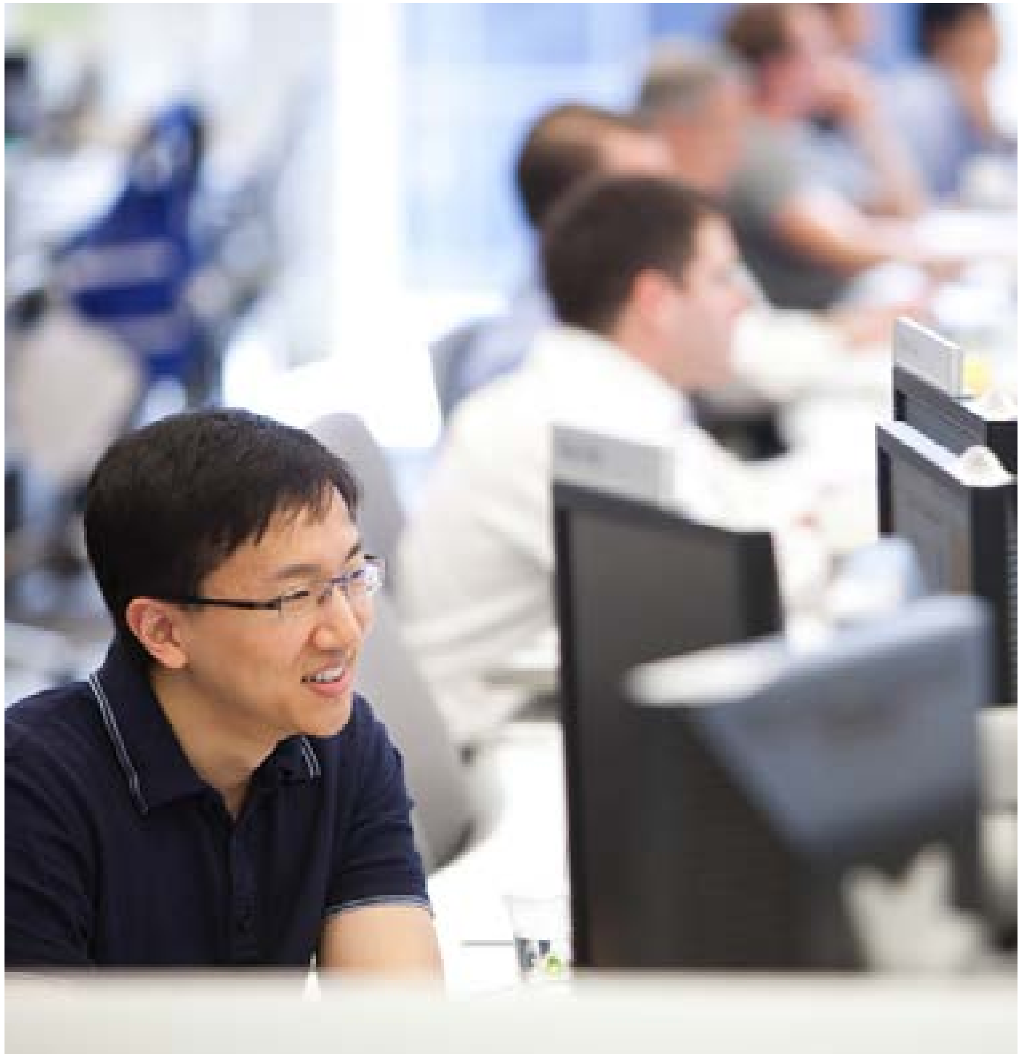
The data we've shared is taken from our financial reporting systems. These are subject to bp's general financial controls and processes. This data has been subject to internal review and third-party assurance by our external auditor, Deloitte.

More information

Country analysis, see page 34.

Tax definitions, see page 23.

Assurance statement, see page 55.



Tax definitions

Taxes paid

Taxes paid are taxes that bp pays 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 excludes other taxes such as production taxes, and it does not include production entitlement★.[1]
- **Production taxes**: taxes and royalties paid by bp, typically in addition to corporate income taxes, as result of our extractive operations. As such, 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 importing of goods across a border. Most imports made by bp are covered by free trade agreements or our goods are covered by specific exemptions. However, we pay customs import duties in some countries, predominately with respect to our lubricants business.
- **Employer taxes**: paid by bp as a result of our employment of individuals, such as employer national insurance in the UK or employer social security tax in the US.

Taxes collected

Taxes collected are taxes that are generated by our operations, but which 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 it is common for employers to be 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. These are sometimes 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 bp operates, the sales taxes collected are offset against the sales taxes incurred with the net being paid to the government. We have shown the net collection and payment and provided further details, where relevant, in the individual country analysis on pages 34 to 48.

1 bp corporate income tax paid aligns with bp income tax paid on the group cash flow statement, see page 156 of the bp Annual Report 2019.

★ See Glossary on page 53.

Country tax contributions

$ million

Country	Corporate income taxes	Production taxes	Property taxes	Customs duties	Employer taxes	Subtotal taxes bp paid	Excise duties	Employee taxes	Sales taxes	Subtotal taxes bp collected	Total tax contribution
Algeria*	128	–	–	–	–	**128**	–	–	–	**–**	**128**
Angola	414	–	–	–	9	**423**	–	26	1	**27**	**450**
Australia	322	129	–	–	–	**451**	3,099	19	971	**4,089**	**4,540**
Azerbaijan	172	–	–	–	32	**204**	–	68	1	**68**	**272**
Belgium	16	–	–	–	15	**31**	1	21	(21)	**–**	**32**
Canada	61	7	–	–	–	**69**	(16)	28	36	**48**	**117**
China	74	–	–	20	–	**94**	43	28	345	**417**	**511**
Egypt	456	–	–	–	–	**456**	–	7	–	**7**	**464**
Germany	(78)	–	3	1	62	**(12)**	9,104	213	1,726	**11,043**	**11,031**
Hungary	3	–	–	–	19	**22**	–	27	(4)	**24**	**46**
India	59	2	–	30	4	**96**	–	16	323	**339**	**434**
Indonesia	233	–	–	–	–	**233**	–	29	(175)	**(146)**	**87**
Iraq*	112	–	–	–	–	**112**	–	–	–	**–**	**112**
Malaysia	8	–	–	–	–	**8**	–	–	2	**2**	**10**
Mauritania	–	–	–	–	–	**–**	–	–	–	**–**	**–**
Netherlands	242	–	–	–	–	**242**	782	65	233	**1,080**	**1,322**
New Zealand	40	–	–	–	–	**40**	386	13	40	**439**	**478**
Oman*	177	–	–	–	–	**177**	–	–	–	**–**	**177**
Poland	26	–	6	–	10	**41**	186	16	111	**313**	**354**
Senegal	–	–	–	–	–	**–**	–	–	–	**–**	**–**
Singapore	52	–	–	–	–	**52**	–	–	63	**63**	**115**
South Africa	6	–	–	38	1	**45**	1,542	16	(46)	**1,513**	**1,557**
Spain	107	–	4	–	–	**111**	1,589	24	795	**2,409**	**2,520**
Trinidad & Tobago	79	288	–	–	1	**369**	–	29	(104)	**(75)**	**294**
United Arab Emirates*	2,512	898	–	–	–	**3,410**	–	–	–	**–**	**3,410**
UK	61	(20)	60	–	234	**334**	2,378	754	(390)	**2,741**	**3,075**
US	33	1,324	307	37	163	**1,863**	5,647	992	233	**6,871**	**8,735**
Sub-total	5,314	2,628	380	127	550	**8,999**	24,740	2,392	4,139	**31,271**	**40,270**
Rest of world	122	–	2	14	50	**188**	1,985	62	383	**2,430**	**2,618**
Total	5,437	2,628	382	141	600	**9,187**	26,725	2,454	4,522	**33,701**	**42,887**

* Some information is not available for this report.

Country by country report

What's in this chapter:

Country by country report

In this section we provide data from our country by country report (CbCR) for the calendar year 2019.

We have a taxable presence in 94 countries and are taxed by the relevant tax authority in each of them.

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

In line with OECD requirements, our CbCR is provided to the UK's HMRC, and this is the first time we have made data from this report available publicly. We are including data from both the financial and legal entity information that forms our CbCR.

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

In addition, the CbCR tax data requirements are focused on corporate income taxes, and as shown in our total tax contribution table on page 24, we pay and collect a wide variety of taxes beyond corporate income taxes.

The CbCR data is provided on a country or regional basis for all bp subsidiaries and our permanent establishments. This includes all companies that bp controls. For subsidiaries in which we own less than a 100% interest, our report represents only bp's share of the assets, liabilities, income, expenses and cash flows.

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

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

Definitions

We have provided some definitions to support understanding of the data in our country by country report.

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

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

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

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

Corporate 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 or provisions for uncertain tax liabilities are excluded.

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

The total figure therefore includes cumulative amounts which do not reconcile to the capital or earnings shown in the bp Annual Report 2019. 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.

★ See Glossary on page 53.

Country by country report

Employees: The number of employees is reported as at 31 December 2019, 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 2019.

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.

Effective corporate income tax rate: The ratio of corporate income taxes accrued compared with the profits 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 corporate income tax rate varies by country based on several factors including the tax rate applicable in the country.

Our effective corporate income 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 corporate income 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 corporate income 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 corporate income tax rate and the statutory tax rate by country where one exists. And further explanations for variances, where they exist, are offered in our country analysis for our major countries of operation, see page 34.

We reconcile the data from our CbCR table 1 to the bp Annual Report 2019, where relevant, see page 32.

★ See Glossary on page 53.

Country by country report

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Tax jurisdiction	Third-party revenue	Related-party revenue	Total revenues	Profit (loss) before tax	Corporate income taxes paid/ (refunded)	Corporate income taxes accrued	Stated capital	Accumulated earnings	Number of employees	Tangible assets	Statutory corporate income tax rate %***	Effective corporate income tax rate %	Commentary
Albania	18,894,810	1,456,725	20,351,535	4,164,978	158,611	624,833	274,800	11,355,734	13	958,466	15	15	
Angola	51,263,186	2,755,651,687	2,806,914,873	954,919,296	414,282,860	415,894,772	–	–	609	4,057,652,323	30	44	**See country analysis**
Argentina	2,195,752	–	2,195,752	(1,604,333)	451,722	248,319	115,681	(115,888)	8	71,142	30	(15)	**Loss in year**
Australia	11,994,313,507	974,971,513	12,969,285,020	683,580,048	322,194,167	238,841,083	15,135,900,186	(1,065,340,382)	5,756	3,110,687,892	30	35	**See country analysis**
Austria	1,021,134,008	248,770,636	1,269,904,645	73,664,120	1,801,725	2,818,812	104,454,124	(6,053,660)	149	204,336,535	25	4	**Prior period losses offset**
Azerbaijan	789,883,481	1,902,715,194	2,692,598,675	959,070,007	171,520,334	213,198,953	–	–	2,724	12,310,582,524	20	22	**See country analysis**
Barbados	48,687	–	48,687	(88,152)	–	–	587,649,931	(353,901,103)	–	–	0	0	
Belarus	–	–	–	–	–	–	–	–	–	–	18	0	**No activity**
Belgium	1,179,688,131	686,940,680	1,866,628,811	37,567,625	15,999,832	1,095,439	1,090,315,273	859,751,860	628	595,068,135	29.58	3	**See country analysis**
Bolivia	2,516	–	2,516	(153,092)	–	–	–	–	–	–	25	0	**Loss in year**
Brazil	1,021,480,557	365,018	1,021,845,576	113,881,171	(2,934,204)	1,880,917	8,094,848,265	(3,162,485,740)	279	17,860,562	34	2	**Prior period losses offset**
British Virgin Islands	–	–	–	–	–	–	57,319,785	(132,316,070)	–	–	0	0	**No profits**
Canada	12,201,453,036	3,620,828,067	15,822,281,104	417,566,585	60,796,142	5,627,699	9,947,786,543	(1,394,230,618)	168	3,233,548,189	26.5	1	**See country analysis**
Chile	–	–	–	54,019	–	–	2,083,264	(848,407)	1	–	27	0	**Business ceasing**
China	3,064,150,905	466,367,500	3,530,518,405	191,186,785	73,932,872	69,025,713	1,116,082,490	(113,518,878)	1,205	763,368,764	25	36	**See country analysis**
Colombia	15,129,517	178,012,479	193,141,996	681,448	1,500,613	141,408	5,586,375	(4,718,613)	8	191	33	21	**Prior period losses offset**
Croatia	38,017,210	(13,070)	38,004,140	(99,431)	–	–	69,917	(1,149,776)	–	–	18	0	**Loss in year**
Cyprus	94,219,362	697,023	94,916,385	4,074,271	233,520	465,951	–	–	27	4,623,811	12.5	11	
Denmark	177,761,637	1,513,686	179,275,323	6,045,395	2,244,177	1,444,384	19,083,722	36,087,148	13	7,308,995	22	24	
Estonia	1,126,992	8,658,036	9,785,028	557,461	11,036	–	(1,209,324)	1,174,380	–	–	20	0	**Prior period losses offset**
Faroe Islands	317,194	–	317,194	(4,904,652)	–	(882,837)	4,456,788	(5,118,092)	–	1,553	18	18	
Finland	148,803,596	1,233	148,804,828	749,493	239,595	141,103	6,900,815	(591,808)	22	1,223,922	20	19	
France	1,965,721,413	196,782,239	2,162,503,652	23,676,866	813,117	11,931,574	731,457,526	(399,980,005)	311	239,456,659	33.3	50	**Prior period adjustments**
Gambia	–	–	–	(6,706,610)	–	–	999	(6,706,610)	–	–	31	0	**Loss in year**
Georgia	–	–	–	–	–	–	–	–	431	–	6	0	**No profits**

Country by country report

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Tax jurisdiction	Third-party revenue	Related-party revenue	Total revenues	Profit (loss) before tax	Corporate income taxes paid/ (refunded)	Corporate income taxes accrued	Stated capital	Accumulated earnings	Number of employees	Tangible assets	Statutory corporate income tax rate %***	Effective corporate income tax rate %	Commentary
Germany	19,576,379,496	7,917,006,357	27,493,385,853	130,302,795	(77,560,182)	12,652,292	2,427,010,438	1,176,254,807	4,676	4,705,201,470	33	10	**See country analysis**
Ghana	–	–	–	95,691	48,545	27,873	–	1,017,063	2	302,554	25	29	
Gibraltar	–	2,891,790	2,891,790	61,463	–	(9,257)	–	–	–	–	10	(15)	**Prior period adjustments**
Greece	324,228,292	8,824,728	333,053,020	19,383,612	7,590,215	2,382,470	19,679,062	25,223,804	86	10,147,976	28	12	**Prior period adjustments**
Hong Kong	204,551,412	1,428,173,299	1,632,724,710	17,007,946	–	1,941,914	172,280,053	27,261,926	5	43,215	16.5	11	**Prior period adjustments**
Hungary	71,941,344	83,235,832	155,177,176	13,891,271	2,953,117	3,028,248	1,069,963	38,171,900	2,586	11,600,732	19	22	**See country analysis**
Iceland	157,506,097	406,320	157,912,417	(1,644,774)	–	(328,955)	4,444	(2,310,265)	–	–	37.6	20	**Loss in year**
India	642,294,223	4,814,318	647,108,541	244,218,820	59,401,297	58,816,749	12,130,968	(405,823,284)	811	2,956,164,758	25.17	24	**See country analysis**
Indonesia	1,701,075,796	37,540,412	1,738,616,208	536,146,310	233,488,741	212,033,603	167,080,712	(8,034,133)	1,289	3,882,166,786	25	40	**See country analysis**
Ireland	–	–	–	447,981	–	(43,011)	24,642,976	3,912,640	–	–	12.5	(10)	**Prior period adjustments**
Isle Of Man	–	–	–	(10,103)	–	–	–	–	–	–	0	0	
Italy	570,317,458	96,267,969	666,585,427	34,881,148	6,814,710	8,455,582	14,000,875	48,324,303	114	13,945,495	27.9	24	
Ivory Coast	–	–	–	(7,327,207)	–	–	–	–	–	–	25	0	**Loss in year**
Jamaica	41,503,746	150,648	41,654,394	551,530	120,467	138,678	–	–	–	–	25	25	
Japan	186,045,377	6,783,060	192,828,437	29,873,494	9,689,805	10,951,843	62,636,900	73,483,764	177	7,178,920	30.62	37	**Prior period adjustments**
Kazakhstan	–	–	–	(43,525)	(728)	–	–	–	–	–	20	0	**Loss in year**
Kosovo	–	–	–	(69,930)	–	–	–	–	–	–	10	0	**Loss in year**
Luxembourg	513,333,578	62,484,934	575,818,512	23,078,777	10,819,688	6,503,284	4,502,043	41,724,024	28	133,209,510	27.69	28	**Prior period adjustment**
Madagascar	–	–	–	(3,674,018)	–	–	–	–	–	–	20	0	**Loss in year**
Malaysia	298,375,676	162,370,927	460,746,603	32,855,084	7,639,195	7,409,850	74,449,687	25,889,966	1,063	19,251,004	24	23	**See country analysis**
Malta	4,510	–	4,510	(2,026)	–	–	260,906	(513,981)	–	–	35	0	**Loss in year**
Mauritania	–	(244,211)	(244,211)	(13,728,727)	–	–	–	–	25	626,325,844	25	0	**See country analysis**
Mauritius	–	50,204	50,204	50,204	–	–	4,431,017	(73,536)	–	–	15	0	**Prior period losses offset**
Mexico	3,143,686,433	8,588,710	3,152,275,144	21,393,012	14,486,481	10,638,271	460,711,060	(62,423,626)	248	268,432,080	30	50	**Prior period adjustments**
Middle East region*	2,226,838,588	6,288,955,631	8,515,794,220	4,085,079,693	2,810,331,790	2,953,882,815	531,281,936	(342,641,517)	1,054	5,647,061,596	4.25	72	**Higher PSA tax rates**

Country by country report

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Tax jurisdiction	Third-party revenue	Related-party revenue	Total revenues	Profit (loss) before tax	Corporate income taxes paid/ (refunded)	Corporate income taxes accrued	Stated capital	Accumulated earnings	Number of employees	Tangible assets	Statutory corporate income tax rate %***	Effective corporate income tax rate %	Commentary
Mozambique	116,904,164	–	116,904,164	(10,017,212)	–	(3,205,508)	28,581,340	(3,135,256)	102	23,066,321	32	32	
Namibia	–	–	–	(937)	–	–	–	–	–	–	35	0	**Loss in year**
Netherlands	3,179,885,108	9,426,956,729	12,606,841,837	320,079,627	241,892,557	90,004,828	13,799,544,388	515,187,410	2,061	2,291,043,101	25	28	**See country analysis**
New Zealand	2,026,295,707	24,738,576	2,051,034,283	119,035,998	39,668,842	25,731,106	22,566,996	364,421,347	2,294	413,330,978	28	22	**See country analysis**
Nigeria	734	–	734	(58,672)	89,593	179,594	306,596,414	(297,326,945)	8	670,342	30	(306)	**Loss in year**
North Africa region**	3,602,167,616	510,462,402	4,112,630,018	(282,708,002)	583,611,210	432,037,653	650,488	(1,762,765)	374	7,971,586,362	21.9	(153)	**Loss in year**
Norway	386,692,794	4,285,217	390,978,012	8,304,397	5,342,152	3,124,521	28,486,524	37,918,114	40	37,814,696	22	38	**Prior period adjustments**
Pakistan	14,407,542	–	14,407,542	6,884,699	961,816	1,090,995	2,058,802	4,619,269	–	13,680	29	16	**Prior period adjustments**
Panama	2,930,676,215	46,879,633	2,977,555,848	(32,635,879)	–	–	–	–	–	–	25	0	**Loss in year**
Peru	–	–	–	60,950	1,957	1,957	3,886,000	1,547,965	9	240	29.5	3	**Prior period adjustments**
Philippines	40,067,058	610,760	40,677,818	2,330,799	1,103,626	751,525	2,230,286	4,488,651	44	822,808	30	32	
Poland	2,311,461,788	76,229,421	2,387,691,209	141,882,660	25,654,992	26,533,656	2,105,680	10,241,717	4,767	639,055,334	19	19	**See country analysis**
Portugal	993,511,233	4,624,538	998,135,771	31,286,253	6,389,865	5,232,005	6,720,420	148,641,718	148	261,550,944	21	17	
Puerto Rico	137,191,293	22,942,155	160,133,448	(1,610,527)	6,130,891	(722,377)	–	–	–	–	37.5	45	**Loss in year**
Romania	172,517,541	126,281	172,643,823	20,555,338	4,051,027	2,977,530	1,255,306	32,783,094	16	2,074,688	16	14	
Russia	282,193,528	84,999,190	367,192,719	194,529,379	4,455,498	19,177,982	5,931,157	30,618,432	254	7,470,928	20	10	**Prior period adjustments**
Sao Tome and Principe	–	–	–	(7,634,798)	–	–	–	–	–	414,052	25	0	**Loss in year**
Senegal	–	–	–	(22,377,118)	–	–	–	–	24	612,642,822	30	0	**See country analysis**
Singapore	40,090,736,330	17,750,006,494	57,840,742,824	1,157,477,169	51,754,549	74,005,630	1,122,416,314	1,300,323,858	1,521	100,395,071	17	6	**See country analysis**
Slovakia	–	–	–	–	–	–	–	–	–	–	21	0	**No activity**
Somalia	–	–	–	–	–	–	34,014,971	(34,014,971)	–	–	0	0	**No activity**
South Africa	3,679,007,702	673,942,175	4,352,949,878	(40,457,730)	6,415,432	3,659,613	109,477,880	332,798,398	1,004	710,460,720	28	(9)	**See country analysis**
South Korea	48,796,362	29,732,093	78,528,455	2,478,399	467,860	927,895	7,252,926	7,625,161	129	1,563,220	25	37	**Prior period adjustments**
Spain	5,167,854,121	1,505,296,955	6,673,151,077	186,531,083	106,675,406	34,209,600	883,486,714	1,653,165,141	1,876	1,681,318,750	25	18	**See country analysis**

Country by country report

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Tax jurisdiction	Third-party revenue	Related-party revenue	Total revenues	Profit (loss) before tax	Corporate income taxes paid/ (refunded)	Corporate income taxes accrued	Stated capital	Accumulated earnings	Number of employees	Tangible assets	Statutory corporate income tax rate %***	Effective corporate income tax rate %	Commentary
Sweden	364,699,791	12,060,175	376,759,966	5,146,956	1,798,977	1,306,188	1,484,024	48,007,450	57	12,691,839	21.4	25	
Switzerland	675,978,215	9,012,948	684,991,163	72,254,148	4,826,186	8,487,342	–	–	60	152,766,401	14.35	12	
Taiwan	28,924,155	2,447,586	31,371,742	5,332,753	979,325	1,077,450	1,497,155	5,671,602	23	143,437	20	20	
Thailand	148,307,218	25,626,390	173,933,608	44,432,824	8,674,329	9,203,989	219,541,511	(87,155,040)	171	15,174,416	20	21	
Trinidad & Tobago	2,227,144,266	515,607,098	2,742,751,364	(208,311,279)	79,398,635	87,395,556	162,379,202	26,600,887	788	6,197,514,823	30	(42)	**See country analysis**
Turkey	2,656,799,465	12,582,019	2,669,381,484	40,196,096	473,533	3,835,803	324,438,675	76,586,612	583	204,840,727	22	10	**Prior period adjustment**
Ukraine	15,428,964	–	15,428,964	2,956,460	500,181	591,193	870	4,903,431	13	47,991	18	20	
United Kingdom	65,469,323,624	56,246,932,866	121,716,256,490	(617,917,432)	60,663,755	335,710,729	382,929,622,497	191,680,315,384	15,346	18,483,983,622	19	(54)	**See country analysis**
US	82,930,124,308	36,588,729,676	119,518,853,983	(2,972,785,850)	32,538,304	(180,526,518)	224,873,684,800	28,028,140,915	13,681	49,982,819,046	21	6	**See country analysis**
Venezuela	583	–	583	(4,358,808)	(1,087)	–	36,695,230	(414,202,679)	–	–	34	0	**Loss in year**
Vietnam	187,666,489	862,874	188,529,363	78,263,211	12,960,412	14,118,828	15,526,047	41,274,498	191	9,021,915	20	18	
	283,328,451,437	**150,727,713,827**	**434,056,165,264**	**6,859,846,771**	**5,436,549,078**	**5,247,899,138**	**665,811,482,816**	**218,419,020,723**	**70,100**	**132,642,080,876**			

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

Country by country report: reconciliation to the bp Annual Report 2019

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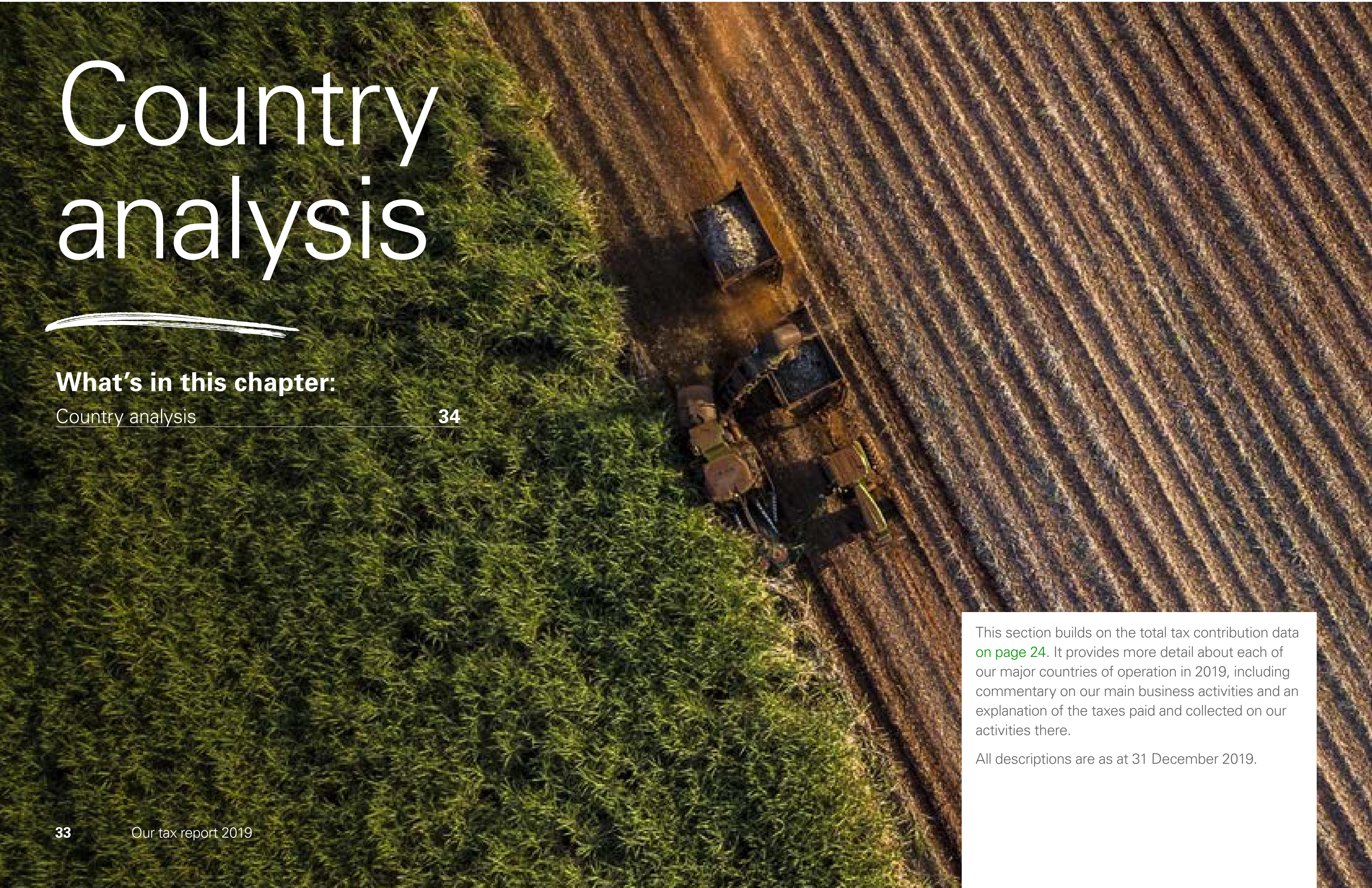
	Third-party revenues	Reconciliation to bp Annual Report 2019	Profit (loss) before tax	Reconciliation to bp Annual Report 2019	Corporate income taxes paid/(refunded)	Reconciliation to bp Annual Report 2019	Tangible assets	Reconciliation to bp Annual Report 2019
Country by country total	**283,328,451,437**		**6,859,846,771**		**5,436,549,078**		**132,642,080,876**	
	(769,000,000)	Interest and other income, page 152.	576,000,000	Earnings from joint ventures – after interest and tax, page 152.				
	(2,201,000,000)	Proceeds from disposals of fixed assets, businesses, net cash disposed, page 175.	2,681,000,000	Earnings from associates – after interest and tax, page 152.				
	(1,962,000,000)	Dividend from joint ventures and associates, page 229.	(1,962,000,000)	Dividend from joint ventures and associates, page 229.				
bp Annual Report 2019	**278,397,000,000**	Sales and other operating revenues, page 152.	**8,154,000,000**	Profit before taxation, page 152.	**5,437,000,000**	Income taxes paid, page 156.	**132,642,000,000**	Property, plant and equipment, page 155.



Country analysis

What's in this chapter:

This section builds on the total tax contribution data on page 24. It provides more detail about each of our major countries of operation in 2019, including commentary on our main business activities and an explanation of the taxes paid and collected on our activities there.

All descriptions are as at 31 December 2019.

Algeria*

Total tax contribution
$128m

Employees		Total taxes paid
15		$128m
Tangible assets		**Total taxes collected**
$754m		-

Business activity

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

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

Tax overview

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

We paid a total of $128 million of corporate income taxes and no further taxes were paid or collected in 2019. Of this, $115 million was settled by Sonatrach on bp's behalf out of production or revenue entitlement, in accordance with the terms of our PSAs.

The effective corporate income tax rate on our operations was higher than the statutory tax rate of 23%. The tax regime for our extractive activities is contained in our PSAs, and this includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2019 also shows payments of $0.1 million in fees.

More information about bp's operations in Algeria.

* Some information is not available for this report.

Angola

Total tax contribution
$450m

Employees	Profit/(loss) before tax	Total taxes paid
609	$955m	$423m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$4,058m	$416m	$27m

Business activity

We have had a presence in Angola since the 1970s.

We own operated interests in Blocks 18 and 31 in the country and non-operated interests in Blocks 15, 17 and 20. We also have an interest in the Angola liquid natural gas (LNG) plant in Soyo.

Tax overview

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

In 2019 Angola replaced its existing consumption tax regime with a value added tax (VAT) on goods and services, which applied from 1 October.

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

The effective corporate income tax rate on our operations was 44% compared with the statutory tax rate of 30%. The tax regime in our PSAs includes the application of a higher rate of tax than the statutory rate.

Our report on payments to governments 2019 also shows payments of $1.2 billion in production entitlements and infrastructure improvements and includes $29 million in taxes which are excluded from this report as they relate to amounts paid on behalf of others.

More information about bp's operations in Angola.

Australia

Total tax contribution
$4,540m

Employees	Profit/(loss) before tax	Total taxes paid
5,756	$684m	$451m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$3,111m	$239m	$4,089m

Business activity

We have operated in Australia since 1919. We have activities across every state and territory in the country. These include everything from finding energy to delivering products and services to customers.

We have exploration activities in the Carnarvon basin and a gas joint development in the Browse basin. We have an interest in the Woodside-operated North West Shelf project, and we operate the Kwinana refinery.

We sell products and services to customers through our retail network, and provide marine, aviation and lubricant products to our business customers.

Tax overview

Our activities are subject to corporate income taxes on a consolidated basis. This means they are taxed together as a single activity, with taxable profits and losses from our activities being offset. We paid corporate income taxes and production taxes including royalties and excise duties on our extractive activities.

The taxes we collected on behalf of others and paid to the government in 2019 are principally petroleum excise duties on product movements from bonded sites, customs duties, and net goods and services tax on sales of our domestic aviation, fuels and lubricants products and domestic gas sales. We are also required to withhold employee income taxes, including state-based taxes, from the payments we make to our employees.

The effective corporate income tax rate on our operations was 35% compared with the statutory tax rate of 30%, which was due to non-deductible foreign exchange movements.

Our report on payments to governments 2019 shows payments of $478 million in taxes and royalties, which includes an amount of $27.3 million for condensate and oil excise included in this report as excise duties collected.

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

More information about bp's operations in Australia.

Azerbaijan

Total tax contribution
$272m

Employees	Profit/(loss) before tax	Total taxes paid
2,724	$959m	$204m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$12,311m	$213m	$68m

Business activity

We have had a presence in Azerbaijan since 1992.

We signed our first PSA with the state oil company SOCAR in September 1994. Since then, together with our partners, we've invested $72 billion in the Azeri-Chirag-Deepwater Gunshali and Shah Deniz fields, as well as the BTC pipeline and Southern Gas Corridor projects.

Tax overview

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

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

In 2019 all of our corporate income taxes were paid by bp since they did not relate to PSAs with a 'pay on behalf' mechanism.

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

The effective corporate income tax rate on our operations is 22%. Although our PSAs include the application of a higher rate of tax than the statutory rate, they also permit the carry forward of losses. This combined effect means that our effective corporate income tax rate for 2019 closely aligns with the statutory rate of 20%.

Our report on payments to governments 2019 shows payments of $10.7 billion in production entitlement, taxes, fees and bonuses. It excludes $13 million in taxes for our non-extractive activities, which are included as corporate income taxes in this report.

More information about bp's operations in Azerbaijan.

Belgium

Total tax contribution
$32m

Employees	Profit/(loss) before tax	Total taxes paid
628	$38m	$31m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$595m	$1m	$0m

Business activity

We have had a presence in Belgium since 1909.

We have a chemical production centre in Geel, a facility for the production of lubricants in Gent, and an office in Brussels.

We also operate an aviation and shipping fuels business.

Tax overview

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

The effective corporate income tax rate on our operations was 3% compared with the statutory tax rate of 29.58%. Once adjusted for changes to prior years, our effective corporate tax rate is 31%, which aligns closely to the statutory tax rate.

More information about bp's operations in Belgium.

Canada

Total tax contribution
$117m

Employees	Profit/(loss) before tax	Total taxes paid
168	$418m	$69m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$3,234m	$6m	$48m

Business activity

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

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

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

Tax overview

Our corporate income tax payments included amounts related to 2018, which we agreed and settled with the Canadian tax authority in the year. We also show production taxes in the form of royalties for our non-operated extractive projects.

The taxes we collected on behalf of others and paid to the government during the year are principally net goods and services tax on sales of our domestic gas sales and carbon and motor fuels taxes.

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

The effective corporate income tax rate on our operations was 1% compared with the statutory tax rate of 26.5%. The lower rate was primarily due to accelerated tax depreciation on capital expenditure in our oil sands projects and the offset of tax losses from prior periods against our 2019 taxable profits.

Our report on payments to government 2019 shows payments of $16.6 million in taxes, which relate to the settlement of prior period taxes in relation to a business bp no longer owns, so are excluded from this report. The $7 million of production taxes included in this report are excluded in our report on payments to government since they relate to non-operated projects.

More information about bp's operations in Canada.

China

Total tax contribution
$511m

Employees	Profit/(loss) before tax	Total taxes paid
1,205	$191m	$94m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$763m	$69m	$417m

Business activity

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

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

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

Tax overview

In addition to corporate income tax, we also paid customs duties on the import of raw materials for our lubricants business in 2019.

The taxes we collected on behalf of others and paid to the government during 2019 are principally net VAT on importation of certain oil and chemical products, and excise duties on the sale of our products.

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

The effective corporate income tax rate on our operations was 36% compared with the statutory rate of 25%. Some of our activities in China made a taxable profit and some made a tax loss in 2019. As China's tax regime taxes each company and joint venture individually 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.

More information about bp's operations in China.

Egypt

Total tax contribution
$464m

Employees	Profit/(loss) before tax	Total taxes paid
358	($600m)	$456m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$7,218m	$292m	$7m

Business activity

We have operated in Egypt for almost 60 years.

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

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

Tax overview

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

The corporate income taxes paid in 2019[1], were settled by the Egyptian General Petroleum Corporation (EGPC) on bp's behalf out of production entitlement, in accordance with the terms of our PSAs. In addition, we also collected payroll income tax and social security payments with respect to our employees.

In 2019 the effective corporate income tax rate on our operations was minus 49% compared with the statutory tax rate of 22.5%.

Despite the accounting loss in the period, bp Egypt continues to have a corporate income tax charge as the tax regime for our extractive activities does not allow the consolidation of taxable profits and losses.

Our report on payments to governments 2019 also shows payments of $5.4 million in fees and bonuses.

More information about bp's operations in Egypt.

1 The terms of our PSAs provide that corporate income taxes are paid in the year following that to which they relate. Accordingly, our 2019 payment relates to our 2018 taxable profits.

Germany

Total tax contribution
$11,031m

Employees	Profit/(loss) before tax	Total taxes paid
4,676	$130m	($12m)
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$4,705m	$13m	$11,043m

Business overview

We have operated in Germany for more than 100 years.

We have major offices in Hamburg and Bochum, and we operate the second-largest refining system in Germany. This includes our Lingen refinery and the Gelsenkirchen, Scholven and Horst plants, which belong to Ruhr Oel GmbH. We also operate a fuels and lubricants retail business, and supply aviation and shipping fuels.

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

Tax overview

Our negative corporate income taxes in the year primarily relates to the refund of an overpayment of 2018 corporate income taxes, which we paid in advance.

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

The effective corporate income tax rate on our operations was 10% compared with the statutory tax rate of 33% due, primarily, to accelerated tax deductions being available for capital expenditure.

For information on the APA, which covers the taxation of our businesses in Europe, see page 14.

More information about bp's operations in Germany.

Hungary

Total tax contribution
$46m

Employees	Profit/(loss) before tax	Total taxes paid
2,586	$14m	$22m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$12m	$3m	$24m

Business overview

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

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

We also operate a fuels and lubricants retail business, and supply aviation fuels.

Tax overview

Of the total taxes we paid and collected in 2019, the majority related to the people we employ in our service centres.

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

The effective corporate income tax rate on our operations of 22% aligns closely to the statutory tax rate of 19%.

More information about bp's operations in Hungary.

India

Total tax contribution
$434m

Employees	Profit/(loss) before tax	Total taxes paid
811	$244m	$96m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$2,956m	$59m	$339m

Business overview

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

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

Our 50:50 joint venture, India Gas Solutions Private Limited, is also part of our gas value chain alliance with RIL to source and market gas in India.

Tax overview

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

The taxes we collected on behalf of others and paid to the government during 2019 are principally our net goods and services tax on sales of our lubricants, aviation and fuels products. We are also required to withhold employee income taxes from payments we make to our employees.

The effective corporate income tax rate on our operations of 24% aligns closely to the statutory tax rate of 25.17%.

Our report on payments to governments 2019 shows payments of $0.2 million in production entitlements. It excludes $59 million in taxes for our non-extractive activities, which are included as corporate income taxes in this report. It also excludes $2 million in taxes for a joint operation★ where bp is not the operator, which are included as production taxes in this report.

More information about bp's operations in India.

★ See Glossary on page 53.

Indonesia

Total tax contribution
$87m

Employees	Profit/(loss) before tax	Total taxes paid
1,289	$536m	$233m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$3,882m	$212m	($146m)

Business overview

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

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

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

Tax overview

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

In addition to our corporate income taxes paid, we received a net repayment of VAT, in accordance with the terms of our PSAs and the VAT law.

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

The effective corporate income tax rate on our operations was 40% compared with the statutory tax rate of 25%. The tax regime for our extractive activities is contained in our PSAs, and this includes the application of a higher rate of tax than the statutory rate.

Our report on government payments 2019 also shows payments of $610 million in production entitlements and bonuses. It excludes $12 million in taxes for our non-extractive activities, which are included as corporate income taxes in this report.

More information about bp's operations in Indonesia.

Iraq*

Total tax contribution
$112m

Employees		Total taxes paid
138		$112m
Tangible assets		**Total taxes collected**
$135m		-

Business overview

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

In 2009 we became the first International Oil Company to return to Iraq after a period of 35 years. We were awarded a technical service contract to increase production at the Rumaila oil field, partnering with the state-owned South Oil Company, recently renamed Basra Oil Company (BOC).

Tax overview

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

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

Our report on payments to governments 2019 also shows payments of $3.1 million in fees and infrastructure improvements.

More information about bp's operations in Iraq.

* Some information is not available for this report.

Malaysia

Total tax contribution
$10m

Employees	Profit/(loss) before tax	Total taxes paid
1,063	$33m	$8m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$19m	$7m	$2m

Business overview

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

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

Tax overview

The effective corporate income tax rate on our operations of 23% aligns closely to the statutory tax rate of 24%.

More information about bp's operations in Malaysia.

Mauritania

Total tax contribution
-

Employees	Profit/(loss) before tax	Total taxes paid
25	($14m)	-

Tangible assets	Corporate income tax charge/(credit)	Total taxes collected
$626m	-	-

Business overview

We have operated in Mauritania since 2016.

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

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

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

Tax overview

As our activities are pre-production, we paid and collected only de minimis taxes in the year.

Our report on payments to governments 2019 shows payments of $6.9 million in fees and bonuses.

More information about bp's operations in Mauritania.

Netherlands

Total tax contribution
$1,322m

Employees	Profit/(loss) before tax	Total taxes paid
2,061	$320m	$242m

Tangible assets	Corporate income tax charge/(credit)	Total taxes collected
$2,291m	$90m	$1,080m

Business overview

We have had a presence in the Netherlands since 1954.

We operate the Rotterdam refinery, which is one of the largest in Western Europe.

We also have fuels, lubricants and aviation marketing and distribution activities.

Tax overview

Our corporate income taxes paid include instalment payments for 2019, as well as settlement payments for prior periods.

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

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

The effective corporate income tax rate on our operations of 28% aligns closely to the statutory rate of 25%.

More information about bp's operations in the Netherlands.

New Zealand

Total tax contribution
$478m

Employees	Profit/(loss) before tax	Total taxes paid
2,294	$119m	$40m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$413m	$26m	$439m

Business overview

We have operated in New Zealand since 1946.

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

We have a national network of bp-branded independent retailers and distributor partners, as well as a terminals and logistics operation.

Our wider operations include lubricants and aviation activities.

Tax overview

In addition to corporate income taxes paid, the taxes we collected on behalf of others and paid to the government in 2019 are principally national and regional fuel taxes on motor fuels sales.

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

The effective corporate income tax rate on our operations was 22% compared with the statutory tax rate of 28% due to tax depreciation and a small non-taxable gain on the sale of assets.

More information about bp's operations in New Zealand.

Oman*

Total tax contribution
$177m

Employees		Total taxes paid
607		$177m
Tangible assets		**Total taxes collected**
$3,411m		-

Business overview

We have had a presence in Oman since 2007.

We hold a 60% interest in the bp-operated Khazzan and Ghazeer gas fields in Block 61 where we partner with the Oman Oil Company for Exploration & Production and PC Oman, a wholly owned subsidiary of Petronas, and we partner with ENI in Block 77.

We also have lubricants sales and distribution activities, and aviation and marine fuel activities at Salalah Port in southern Oman.

Tax overview

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

We paid a total of $177 million in corporate income taxes in 2019, all of which was settled by the Oman Ministry of Oil and Gas on our behalf out of production entitlement in accordance with the terms of our PSAs.

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

Our report on payments to governments 2019 also shows payments of $859.7 million in production entitlements, fees and infrastructure improvements.

More information about bp's operations in Oman.

* Some information is not available for this report.

Poland

Total tax contribution
$354m

Employees	**Profit/(loss) before tax**	**Total taxes paid**
4,767	$142m	$41m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$639m	$27m	$313m

Business overview

We have had a presence in Poland since 1995 when we opened our first fuel station.

Our activities in the country include marketing, distribution and sales of fuels and lubricants.

Tax overview

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

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

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

The effective corporate income tax rate on our operations of 19% aligns to the statutory tax rate of 19%.

More information about bp's operations in Poland.

Senegal

Total tax contribution
-

Employees	**Profit/(loss) before tax**	**Total taxes paid**
24	($22m)	-
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$613m	-	-

Business overview

We have operated in Senegal since 2016.

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

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

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

Tax overview

As our activities are pre-production, we paid and collected only de minimis taxes in the year.

Our report on payments to governments 2019 shows payments of $0.9 million in fees.

More information about bp's operations in Senegal.

Singapore

Total tax contribution
$115m

Employees	Profit/(loss) before tax	Total taxes paid
1,521	$1,157m	$52m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$100m	$74m	$63m

Business activity

We have operated in Singapore for over 50 years.

Our main activities in the country include an oil, gas, chemicals, carbon and finance trading business for the Eastern Hemisphere, covering the Middle East, Southern and East Africa, Australia, India, South-east Asia and China.

We also have consumer and industrial lubricants activities, which supply the domestic market, and we operate a marine lubricants blending plant which serves domestic and international customers.

Singapore is our regional headquarters for shipping and corporate functions.

Tax overview

In addition to corporate income taxes paid, the taxes we collected on behalf of others and paid to the government in 2019 are principally our net goods and services tax on sales of our lubricants and fuels products.

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

The effective corporate income tax rate on our operations was 6% compared with the statutory tax rate of 17% due to incentives accorded by the Singapore government as part of their policy of encouraging investment and the development of local capability. These incentives were reviewed by the OECD Forum on Harmful Tax Practices under BEPS Action 5 and were not considered to be harmful.

More information about bp's operations in Singapore.

South Africa

Total tax contribution
$1,557m

Employees	Profit/(loss) before tax	Total taxes paid
1,004	($40m)	$45m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$710m	$4m	$1,513m

Business overview

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

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

We have more than 500 bp-branded retail sites in the country and a 50% share in the largest refinery in Sapref, located in Durban.

We also operate nine storage depots and three coastal installations for our fuels business.

Tax overview

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

The taxes we collected on behalf of others and paid to the government in 2019 are principally customs and excise duties on sales of our fuels, lubricants and aviation fuels products to our customers.

We received a net repayment of VAT in accordance with VAT law. We are also required to withhold employee income taxes, under pay-as-you-earn (PAYE), from payments we make to our employees.

The effective corporate income tax rate on our operations was minus 9% compared with the statutory tax rate of 28%.

Despite the accounting loss, we continue to account for corporate income taxes with respect to taxable profits in legal entities, which cannot be offset by taxable losses from our other operations.

More information about bp's operations in South Africa.

Spain

Total tax contribution
$2,520m

Employees	Profit/(loss) before tax	Total taxes paid
1,876	$187m	$111m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$1,681m	$34m	$2,409m

Business overview
We have had a presence in Spain since 1954.

We operate the Castellon refinery near Valencia and have fuels, aviation, petroleum coke, gas and lubricants activities.

Tax overview
In addition to corporate income taxes, we also paid real estate taxes on our properties.

Our corporate income taxes paid includes payments for both 2018 and 2019 following the introduction of instalment payment legislation in the three Basque country provinces.

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

The effective corporate income tax rate on our operations was 18% compared with the statutory tax rate of 25%. Once adjusted for changes to prior years, our effective corporate tax rate is 28%, which aligns closely to the statutory tax rate.

More information about bp's operations in Spain.

Trinidad & Tobago

Total tax contribution
$294m

Employees	Profit/(loss) before tax	Total taxes paid
788	($208m)	$369m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**
$6,198m	$87m	($75m)

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

We have 15 offshore production platforms and two onshore gas and liquid processing facilities.

We also have shareholdings in the midstream, with interests in Atlantic LNG, a four train LNG facility and in Atlas Methanol, a methanol production joint venture with Methanex.

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

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

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

The effective corporate income tax rate on our operations was minus 42% compared with the statutory rate of 30%. Despite the accounting loss, 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.

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

Our report on payments to governments 2019 also shows payments of $1.5 million in fees. It excludes $26 million in taxes, which are included as corporate income taxes in this report.

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

United Arab Emirates*

Total tax contribution
$3,410m

Employees	**Total taxes paid**
246	$3,410m
Tangible assets	**Total taxes collected**
$2,054m	-

Business overview

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

We hold 10% equity interests in ADNOC Onshore, ADNOC LNG and the National Gas Shipping Company Ltd (NGSCO).

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

Tax overview

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

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

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

Our report on payments to governments 2019 also shows payments of $6.3 million in fees.

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

* Some information is not available for this report.

UK

Employees	Profit/(loss) before tax	Total taxes paid	Total tax contribution
15,346	($618m)	$334m	$3,075m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**	
$18,484m	$336m	$2,741m	

Business overview

We have had a presence in the UK for more than 100 years.

Our activities in the country include everything from finding energy to delivering products and services to customers.

Our head office is located in London, and our North Sea headquarters are in Aberdeen. We also have several offices located in south-east England, and conduct significant research and development activities at sites across the country.

Our central treasury and financing services, and much of the group's external debt, are located in the UK. The UK therefore has third-party interest costs and receives interest income from its group financing activities.

We often hold overseas operations directly through overseas branches of UK companies and these activities are subject to corporate income taxes in the UK and the overseas country. Corporate income taxes paid in the overseas country are usually available as a credit against any UK corporate income taxes arising on these same activities. The UK is also the holding location for our investments in new ventures, such as bp Chargemaster.

Tax overview

UK corporate tax rules apply a ring fence★ to our North Sea extractive activities. The inside ring fence (IRF) regime applies to our North Sea activities, which includes being subject to a corporate income taxes rate of 40%, compared to a rate of 19% for non-North Sea activities.

Tax relief on our recent heavy investment in the North Sea, together with a more focused portfolio and challenging external environment, meant we paid no North Sea corporate income taxes in 2019. With respect to production taxes, we received a net refund of petroleum revenue tax paid in prior years resulting from the carry back of tax losses in accordance with the law.

Our non-extractive UK activities are subject to corporate income taxes on a consolidated basis, meaning they are taxed together as a single activity, with taxable profits and losses from our activities being offset. Typically, taxable profits from fuels and lubricants retail, trading activities, and our Guernsey regulated captive insurance company are offset by taxable losses from our head office, including pension plan contributions, payments into employee share plans and a net interest expense from our group financing activities. This meant we paid no taxable profit-based corporate income taxes on our non-extractive activities in 2019.

However, our corporate income taxes paid also includes withholding taxes[1] 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 2019, these were principally between European Union (EU) member states or qualified for specific customs exemptions, meaning we paid only de minimis customs duties. However, this position may change following the UK's departure from the EU.

The taxes we collected on behalf of others and paid to the government in 2019 are principally excise duties, such as motor fuels duties on sales of fuels products to customers. We received a net VAT repayment for 2019 in accordance with the VAT law. We are also required to withhold employee income taxes, under pay-as-you-earn (PAYE), from payments we make to our employees.

The effective corporate income tax on our operations was minus 54% compared with the statutory rate of 19%. Despite the accounting loss for the period, bp UK continues to have a corporate income tax charge due to prior year positions being settled in the year.

Our report on payments to governments 2019 also shows payments of $7.7 million in fees. It excludes $61 million in taxes for our non-extractive activities, which are included as corporate income taxes in this report.

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

1 Withholding taxes suffered by bp in relation to dividends received from Rosneft are excluded from corporate income taxes, since Rosneft is not a bp subsidiary.

★ See Glossary on page 53.

US

Employees	Profit/(loss) before tax	Total taxes paid	Total tax contribution
13,681	($2,973m)	$1,863m	$8,735m
Tangible assets	**Corporate income tax charge/(credit)**	**Total taxes collected**	
$49,983m	($181m)	$6,871m	

Business overview

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

Our activities in the country include everything from finding energy to delivering products and services to customers.

We operate four production platforms in the deepwater Gulf of Mexico and onshore assets located primarily in the south-western region of the US.

And we operate three refineries: Cherry Point in Washington, Toledo in Ohio (which is 50% owned by bp), and Whiting in Indiana.

In addition, we own two petrochemical sites: Cooper River in South Carolina and Texas City in Texas. And we have more than 7,200 retail sites across the country.

Our US marketing and trading business supplies a wide range of products that support a low carbon energy future. We also provide renewable power energy.

Tax overview

Our overall accounting loss for the year was as a result of continuing investment in our operations and a lower sales price for our products.

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 is made up of state income taxes paid and a federal tax refund.

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

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

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

The effective corporate income tax rate for the year was 6% 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 corporate income tax rate differs from the statutory tax rate due to tax deductions for accounting losses being available in future periods.

Our report on payments to governments 2019 also shows payments of $65.7 million in production entitlements, fees and bonuses. The higher taxes and royalties shown relate to payments made as operator on behalf of our partners.

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

Other information

What's in this chapter:

Low tax jurisdictions

The following table shows bp companies incorporated in jurisdictions on the European Commission **blacklist** as at 31 December 2019.

Country of incorporation	Company name	bp ownership %	Activity
Oman	BP Global Investment Salalah & Co LLC	100	Owns a concession to develop and operate the Salalah port and to supply marine fuels through a branch in Oman. Taxed in Oman at 15%.
Oman	BP Dhofar LLC	49	Inactive.
Trinidad & Tobago	BP Alternative Energy Trinidad & Tobago Limited	100	Established to hold bp's investment in the company which is evaluating the construction and operation of a solar plant in Trinidad. Taxed in Trinidad at 35%.
Trinidad & Tobago	BP Trinidad Processing Limited	100	Purchases and transports gas for LNG processing at Atlantic LNG facility no. 4, together with its marketing and sale. Taxed in Trinidad at 35%.
Trinidad & Tobago	Mayaro Initiative for Private Enterprise Development	70	Not for profit organization promoting the development of small businesses and economic development in the Mayaro region of Trinidad. Taxed in Trinidad at 30%.
Trinidad & Tobago	Atlantic LNG Company of Trinidad and Tobago	34	Owns Atlantic LNG processing facility no. 1 and operates facilities no. 1 to 4 in Trinidad. Taxed in Trinidad at 35%.
Trinidad & Tobago	Atlantic LNG 2/3 Company of Trinidad and Tobago Unlimited	42.5	Owns Atlantic LNG processing facility no. 2 and 3 in Trinidad. Taxed in Trinidad at 35%.
Trinidad & Tobago	Atlantic LNG 4 Company of Trinidad and Tobago Unlimited	37.78	Owns Atlantic LNG processing facility no. 4 in Trinidad. Taxed in Trinidad at 35%.
Trinidad & Tobago	Atlas Methanol Company Unlimited	36.90	Owns a methanol processing facility in Trinidad. Taxed in Trinidad at 35%.

The following table shows bp companies incorporated in jurisdictions on the European Commission **greylist** as at 31 December 2019.

Country of incorporation	Company name	bp ownership %	Activity
Bahamas	ARCO Oman Inc	100	In liquidation.
Bahamas	ARCO Trinidad Exploration and Production Company Limited	100	Inactive.
Bahamas	BP Exploration (El Djazair) Limited	100	Owns an interest in one PSA in Algeria through an Algerian branch. Taxed in Algeria at 38%.
Bahamas	PAE E&P Bolivia Limited	50	Owns an interest in a gas asset in Bolivia through a branch in Bolivia. Taxed in Bolivia at 25%.
Bahamas	Pan American Energy Investments Ltd	50	Holds minority interests in a number of subsidiaries of the Pan American Energy Group. Annual profits <$5m.
Barbados	BP (Barbados) Holding SRL	100	Holds investments in LNG companies in Trinidad, with profits taxed in Trinidad at 35%. Incurred a loss in 2019.
Barbados	BP Train 2/3 Holding SRL	100	Holds investments in LNG companies in Trinidad, with profits taxed in Trinidad at 35%. Incurred a loss in 2019.
Bermuda	BP LNG Shipping Limited	100	Inactive.
British Virgin Islands	Amoco Bolivia Services Company Inc	100	Inactive.
British Virgin Islands	BP Egypt East Delta Marine Corporation	100	Holds an interest in one PSA in Egypt through an Egyptian branch. Taxed in Egypt at 40.55%.
British Virgin Islands	BP Middle East Enterprises Corporation	100	Holds investments in a natural gas conversion business in Egypt. Annual profits <$0.4m.
British Virgin Islands	Stonewall Resources Ltd	50	In liquidation.
British Virgin Islands	Wiriagar Overseas Ltd	100	Holds an interest in one PSA in Indonesia through an Indonesian branch. Taxed in Indonesia at >40%.

Continued on next page

Low tax jurisdictions

Country of incorporation	Company name	bp ownership %	Activity
Cayman Islands	Azerbaijan Gas Supply Company Limited	23.06	Established as a condition of the Shah Deniz PSA, Azerbaijan and in a neutral location for all co-venturers, to aggregate and sell gas on behalf of the co-venturers. PSA does not permit a profit or loss.
Cayman Islands	Azerbaijan International Operating Company	30.37	Established as a condition of the ACG PSA, Azerbaijan and in a neutral location for all co-venturers to operate the PSA on behalf of all co-venturers. PSA does not permit a profit or loss.
Cayman Islands	BTC International Investment Co.	30.10	Established at the request of a BTC co-venturer and in a neutral location for all co-venturers to hold an interest in the operator of the BTC pipeline. Annual profits <$0.1m.
Cayman Islands	Georgian Pipeline Company	30.37	Operates the Western Route Export Pipeline (WREP) in Georgia on behalf of the ACG co-venturers for the transportation of ACG crude oil through Georgia, and established in a neutral location for all co-venturers. PSA does not permit a profit or loss.
Cayman Islands	South Caucasus Pipeline Company Limited	28.83	Owns the SCP pipeline which transports natural gas from the Shah Deniz field in Azerbaijan through Georgia to Turkey and established in a neutral location for all co-venturers. Taxed in Azerbaijan at 27% and Georgia at 25%.
Cayman Islands	South Caucasus Pipeline Holding Company Limited	28.83	Established at the request of a SCP co-venturer and in a neutral location for all co-venturers to hold an interest in the operator of the SCP pipeline. Annual profits <$0.1m.
Cayman Islands	South Caucasus Pipeline Option Gas Company Limited	28.83	Established as a condition of the agreement with government for the SCP pipeline, and in a neutral location for all co-venturers, to purchase Shah Deniz gas for onward sale to the Georgian government. Agreement with government does not permit a profit or loss.

Country of incorporation	Company name	bp ownership %	Activity
Cayman Islands	The Baku-Tbilisi-Ceyhan Pipeline Company	30.10	Owns the BTC pipeline, and established in a neutral location for all co-venturers. Taxed in Azerbaijan at 27%, Georgia at 30%, and Turkey at 30% – the countries in which the pipeline is located.
Namibia	Castrol Namibia (Pty) Limited	100	In liquidation.
Thailand	BP-Castrol Thailand Limited	57.59	Engaged in lubricants manufacture, blending, marketing and sale in Thailand. Taxed in Thailand at 20%.
Thailand	BP Holdings (Thailand) Limited	81.18	Holds investments in bp's lubricants companies in Thailand. Taxed in Thailand at 20%.
Thailand	BP Oil (Thailand) Limited	90.4	Holds investments in bp's lubricants companies in Thailand. Taxed in Thailand at 20%.
Thailand	Pacroy (Thailand) Co Ltd	39.5	Holds investments in bp's lubricants companies in Thailand. Taxed in Thailand at 20%.
Thailand	SOFAST Limited	63.09	Holds investments in bp's lubricants companies in Thailand. Taxed in Thailand at 20%.
Turkey	BP Akaryakit Ortakligi	70	Inactive.
Turkey	BP Dogal Gaz Ticaret Anonim Sirketi	100	Inactive.
Turkey	BP Petrolleri Anonim Sirketi	100	Undertakes lubricants production, and fuels & lubricants distribution and marketing activities in Turkey. Taxed in Turkey at 22%.
Turkey	Ambarli Depolama Hizmetleri Limited Sirketi	50	Owns a fuels storage facility in Turkey. Taxed in Turkey at 22%.
Turkey	ATAS Anadolu Tasfiyehanesi Anonim Sirketi	68	Owns a fuels storage facility in Turkey. Taxed in Turkey at 22%.
Turkey	Cekisan Depolama Hizmetleri Limited Sirketi	35	Owns a fuels storage facility in Turkey. Taxed in Turkey at 22%.
Vietnam	Castrol BP Petco Limited Liability Company	65	Engaged in lubricants manufacture, blending, marketing and sale in Vietnam. Taxed in Vietnam at 18%.

Low tax jurisdictions

In addition to the companies listed in the previous pages, we have 37 subsidiaries and interests in 16 non-controlled related undertakings incorporated in Australia, which is also on the Commission's greylist.

These companies are taxed in Australia at the statutory tax rate of 30%. We provide information on our activities in Australia on page 35.

We note that during 2020 the European Commission removed Oman and the Cayman Islands from its blacklist and greylist respectively and accordingly our disclosures for 'low tax jurisdictions' for 2020 will reflect these changes.

Glossary

Advanced pricing agreement
An arrangement that determines, in advance of controlled transactions, an appropriate set of criteria for the determination of the transfer pricing for those transactions over a fixed period of time.

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary

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

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

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

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

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

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

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

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

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

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

Abbreviations

ACG oil field
Azeri-Chirag-Gunashli oil field in Azerbaijan

BTC pipeline
Baku-Tbilisi-Ceyhan pipeline, located in Azerbaijan, Georgia and Turkey

EITI
Extractive Industries Transparency Initiative

GRI
Global Reporting Initiative

SCP
South Caucasus pipeline, located in Azerbaijan and Turkey

Assurance statement

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

Scope of work

We have provided independent limited assurance, in accordance with the International Standard for Assurance Engagements ("ISAE") 3000 (Revised)[1], on selected tax related information ("subject matter"), for the financial year ended 31 December 2019.

The subject matter is reported in the bp tax report 2019 ("the Report").

Selected subject matter for assurance

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

The above subject matter has been assessed against BP's definitions as stated in the Report ("measurement criteria").

Key assurance procedures

To form our conclusions, we undertook the following procedures:

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

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

Our conclusion

Based on our procedures described in this report, nothing has come to our attention that causes us to believe that the selected subject matter stated above presented in the Report, for the financial year ended 31 December 2019 has not been prepared, in all material respects, in accordance with BP's definitions.

The basis of our work and level of assurance

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

Inherent limitations

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

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

The process an organisation adopts to define, gather and report data on its non-financial performance may not be subject to the formal processes adopted for financial reporting. Therefore, data of this nature can be subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard.

This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, BP has defined the scope of its reporting and the method of calculation within the report.

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

Our independence and competence

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

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

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

Roles and responsibilities

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

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

Deloitte LLP, London
7 December 2020

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