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Dear Sir/Madam

### Public Country-by-Country Reporting

Thank you for the opportunity to comment on the *Treasury Laws Amendment (Measures for Future Bills) Bill 2023: Multinational tax transparency – Tax changes* Exposure Draft 05/04/2023 (ED) and accompanying Explanatory Materials (EM).

bp operates in over 60 countries around the world with a primary listing on the London Stock Exchange and a secondary listing in the US.

bp's strategy is to transition from an international oil company producing resources to an integrated energy company delivering solutions for customers and communities. Our ambition is to be a net zero company by 2050 or sooner and help the world get to net zero. Our strategy will reshape our business as we decarbonise and diversify into different forms of energy, such as renewables, biofuels and hydrogen. Oil and gas will get smaller over time but will remain an important part of bp.

bp has been operating in Australia for over 100 years and employ around 5,200 employees and long-term contractors across the country, with operations in every State and Territory. In addition to a large network of retail sites providing fuel and other convenience to our customers, in 2022 we started the rollout of our electric vehicle charging network, initially targeting 600 charge points across Australia, and are working with partners exploring other decarbonized transport solutions like hydrogen for mobility. After successfully operating the Kwinana refinery for more than 65 years, we are now exploring options to produce renewable fuels and hydrogen at the site. We are also exploring another hydrogen project near Geraldton (Project GERI) and have taken an equity share and operatorship of the Australian Renewable Energy Hub (AREH) in the Pilbara that, if developed, will provide green electrons and hydrogen to support the decarbonization of the region and for export.

We have a 50 per cent share in Lightsource bp, one of Australia's largest renewable energy developers, and are a partner in the North-West Shelf LNG Project, Browse Joint Venture, and are exploring options with partners for a large-scale, multi-user Carbon Capture and Storage Hub in the North West.



bp has supported transparency on tax for many years, and as a founding member of the Extractive Industries Transparency Initiative (EITI), we have worked with governments, NGOs and international agencies to help develop disclosure standards which are workable, proportionate and effective in improving accountability about oil, gas and mining activities.

In February 2020 we published 10 Sustainability Aims for bp to get to NetZero (or sooner), and help the world get there too. One of these aims (Aim 9) is to be recognised as an industry leader for the transparency of our reporting. For us, greater transparency on tax means providing relevant, material and meaningful insights about tax 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 helps to build trust in bp and contributes to building understanding of tax matters with stakeholders more broadly.

We provide relevant, material and meaningful information to our stakeholders since we believe this strikes an appropriate balance between providing disclosures consistent with industry practice and broader societal expectations, and a proportionate compliance burden.

We believe that it is helpful for disclosures to converge towards a harmonised international standard.

Such an approach mitigates against commercial harm and improves the quality and comparability of the information provided, to help improve accountability, and better contribute to building understanding of tax matters with stakeholders.

In 2020 we were proud to be one of the first large corporates to adopt the new GRI tax standard for comprehensive tax disclosure at a country by country (CbC) level, with the publication of our tax report 2019<sup>1</sup>. Since then, we have published our tax report annually. It describes our approach to tax governance and risk, discloses taxes paid and collected for our global activities, and includes our OECD CbC report.

Our experience to date on tax transparency leads us to offer the following comments in response to the proposals under consultation.

*Alignment with existing tax disclosure standards:* we suggest that the draft proposals align to the disclosure requirements of the OECD CbC report<sup>2</sup> or the EU public CbC Directive<sup>3</sup>. Such an approach would avoid disproportionate compliance burdens for taxpayers, without undermining the policy intent of the proposal, and mitigate against the risk of stakeholder misunderstanding or confusion with otherwise multiple, differing disclosures.

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<sup>1</sup> See: <https://www.bp.com/en/global/corporate/sustainability/our-approach-to-sustainability/tax-transparency.html>

<sup>2</sup> See <https://www.oecd.org/ctp/transfer-pricing-documentation-and-country-by-country-reporting-action-13-2015-final-report-9789264241480-en.htm>

<sup>3</sup> Council Directive (EU) 2021/2101, amending the Accounting Directive 2013/34/EU



*Accessibility of data:* we suggest that the following elements of the proposal be removed:

- *BEPS Pillar 2 effective tax rate (ETR):* bp, like many other companies, is considering what is needed to build toward compliance with Pillar 2. The calculations and data requirements are complex and we anticipate that significant changes to our systems and processes will be required, since the data requirements for Pillar 2 do not fall naturally out of our existing systems. So we have welcomed the introduction of the transitional safe harbour rules, which are critical in allowing us time to prepare. The proposal's requirement for country Pillar 2 ETRs during this transitional period undermines the purpose of the safe harbours, agreed to by the Inclusive Framework, including Australia.. Given this, we would expect the safe harbours to be respected.
- *Cross border related party expenses:* whilst we anticipate that our global accounting systems contain detailed information on expenses and income for our group, we do not believe it to be readily available in the form set out in the draft proposal.
- *Tangible and intangible asset data:* the OECD CbC report requires the provision (albeit on a confidential basis) of tangible asset net book values by country to tax authorities. It does not require reporting of intangible assets, nor does it require a listing of a groups' tangible and intangible assets. Such disclosures for a group of our size and scale are likely to run to millions of items. We don't believe that this approach offers meaningful or useful information to users, nor do we anticipate that this information is readily accessible in the form set out in the draft proposal.

*Materiality:* in line with providing relevant and meaningful information, and proportionate compliance burden, we suggest the draft proposal include a materiality threshold, perhaps to only require disclosures for the major countries of a group. Our tax report provides country level total tax contribution data for our ~25 major countries<sup>4</sup> of operation (out of >65 countries), which covers more than 90% of our taxes paid and collected.

We would be pleased to discuss our suggestions in more detail.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Bill Barton', with a long horizontal line extending to the right.

Bill Barton  
Public Officer  
BP Australia Pty Ltd

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<sup>4</sup> for bp, Australia is included in the ~25 major countries.