

ExxonMobil Australia – Tax Facts

The ExxonMobil Australia group of companies (ExxonMobil Australia) has been operating in Australia since 1895.

With a total investment of \$40 billion, of which \$18 billion has been invested in recent years, we are a substantial investor in the Australian economy and a major contributor to the wealth of the nation.

We directly employ more than 900 people across our business, and indirectly support many thousands of additional jobs through our contractors and suppliers.

Our reliable supply of natural gas and transportation fuels to Australian customers supports a range of local manufacturers and thousands of Australian jobs. Our people are working hard every day to help ensure Australians have access to a reliable supply of energy, where and when they need it.

Paying our fair share

Over
\$14b

in Petroleum Resource Rent Tax paid since 1990

Since 1990, when Petroleum Resource Rent Tax (PRRT) was first applied to the Gippsland Basin, ExxonMobil Australia has paid over \$14 billion in this tax alone.



When income tax is included, on average more than \$600 million has been paid to the Federal Government each year for almost three decades.

ExxonMobil Australia continues to be in an income tax loss position as the Australian operations recover the recent significant capital investments in long-lived producing assets. This recovery has been slowed by the decline in oil prices in 2020, partly caused by the coronavirus pandemic.

Through these investments, ExxonMobil Australia continues to contribute to Australia's economic wellbeing by creating jobs, investing in the future and bringing reliable supplies of energy to help fuel growth.

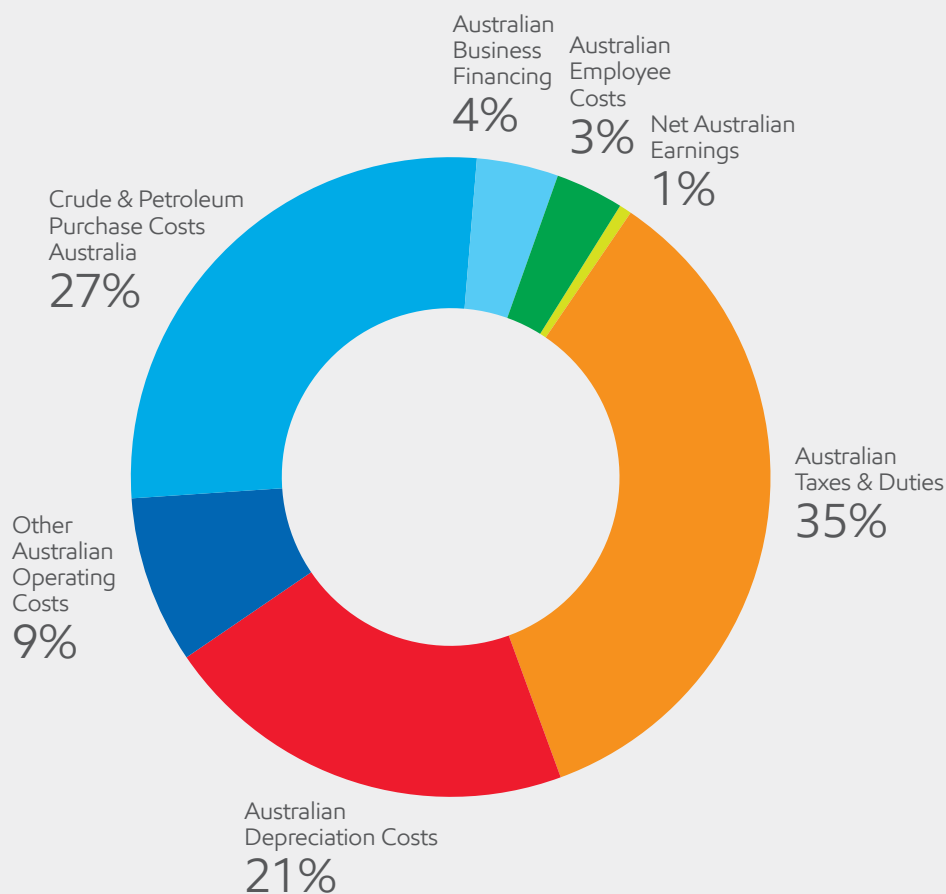
ExxonMobil Australia also pays a range of other taxes annually, for example in 2020 we collected or paid:

Excise	\$2378m
GST	\$519m
PRRT	\$185m
Interest Withholding Tax	\$18m
Payroll Tax	\$21m
Fringe Benefits Tax	\$16m
Local Government Rates	\$11m
Land Tax	\$3m

Our investments will continue to benefit the Australian economy

We have recently invested more than \$18 billion in Australian oil and gas projects, including investments in the Kipper Tuna Turrum project in the Gippsland Basin, as well as the Chevron operated Gorgon project in Western Australia, of which ExxonMobil is a 25 per cent joint venture participant. As these multi-billion investments were completed in 2017 and have started production, the amount of tax paid by ExxonMobil Australia is anticipated to increase significantly over the coming years. Over the next decade, the total tax payable is projected to continue to be in the billions of dollars.

Where does our Australian revenue go?



In 2020, the ExxonMobil Australia income tax group had GST inclusive revenue of more than \$10 billion. However, crude oil, LNG, and refined products purchased by the group cost \$2.7 billion, and tax payments to Australian governments cost over \$3.1 billion. These two costs alone accounted for about 60% of our revenue even before we produced and transported a single litre of petrol to our customers.

ExxonMobil Australia utilised carried-forward tax losses in 2020 and expects to do so again in 2021 before returning to an income tax paying position in the early 2020s.

Tax Strategy

In an average year, we pay over \$2 billion in total taxes.

As a large and high-profile taxpayer, ExxonMobil Australia holds a documented, longstanding reputation with tax authorities for integrity and professionalism, and we have an open and ongoing dialogue with the ATO and other revenue authorities. We file our returns in an accurate and timely manner and stand behind our return positions.

We are continually investing substantial capital in exploring, developing and producing oil and gas as well as distributing and marketing refined products. In addition, ExxonMobil Australia manages its operations by buying new assets and selling pieces of existing businesses that may be worth more to other parties. In each case, we will work to ensure that the correct amount of tax under the law is paid on each of those transactions.

International Related Party Dealings

The vast majority of our international related party dealings continue to be with affiliates in Singapore, the USA, and PNG. These dealings are predominately for the sale and purchase of refined product, raw materials and LNG, the provision or receipt of services, and the cost of financing.

Refined Product and Raw Materials

- ExxonMobil Australia continued to purchase crude oil in 2020 for use in its Altona refinery and refined product for sale in the Australian market from affiliated companies based in Singapore and the USA.

These products are globally traded with transparent market prices, and the prices ExxonMobil Australia pays closely match what an independent purchaser would pay for the same products.

- ExxonMobil Australia sells crude oil, condensate and LPG through the same Singapore and US companies.
- ExxonMobil Australia purchased and sold a number of cargo's of LNG from the same Singapore related company during the year.
- In 2020, the fee paid to the Singapore affiliate for arranging the sale and purchase of crude oil and refined product was around \$6 million and represented less than 0.30 per cent of the value of the transactions.
- ExxonMobil's pricing of inter-affiliate sales and purchases of crude oil and refined product is subject to intensive, ongoing scrutiny by revenue authorities around the world and historically, no adverse findings have been made.

Services

- The largest single dealing in services is with our affiliate in PNG, for whom ExxonMobil Australia has both provided services and contracted services, thereby bringing revenue into Australia for taxation purposes.
- While ExxonMobil Australia procures services from affiliates in other countries, this is done on an arm's-length commercial basis with prices at or below what could be achieved on the market.
- Further, the total expense incurred from ExxonMobil Australia procuring services is less than the revenue gained from ExxonMobil Australia providing services, creating a net tax revenue benefit for Australia.
- ExxonMobil believes that the global integration of its business lines and functional organisations allows it to capture significant value across the supply chain.

Finance

- ExxonMobil Australia has historically held very low levels of finance primarily for working capital purposes. We have required borrowings to fund our investments, including to support the \$18 billion invested in recent years.
- ExxonMobil Australia is financed by a mixture of shareholders equity, related party debt, and internal capital.
- The related party debt is predominately term debt denominated in Australian dollars and owed to US incorporated affiliates.
- While debt increased during a period of significant investment up to 2018, we also continued to inject billions of dollars of long-term equity into Australia, and because recent investments have started production we have already repaid billions of dollars of debt.
- Following a review of financing structures and related party loan pricing, on 3rd April 2018 the Australian Taxation Office issued an amended income tax assessments to ExxonMobil Australia Pty Ltd for the 2010 and 2011 income years, which may also have implications for the 2012 to 2017 income years. While we paid an amount of \$42 million to the ATO in 2018 relating to the 2010 and 2011 income years, we stand by the pricing of our loans and resolution of the amended returns may require negotiations extending over a number of years.
- ExxonMobil Australia withholds and remits interest withholding tax at a rate of 10 per cent on interest accruing on these loans. Withholding tax is paid to the ATO at least quarterly.



Tax Reconciliations

Reconciliation of Accounting Profit to Income Tax Expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable¹ 2020

Profit / (loss) from continuing operations before tax	(237)
PRRT benefit / (expense)	546
Profit / (loss) after PRRT expense from operations	308.9
Tax at the Australia Tax Rate of 30%	93
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-
Overseas tax differential	46
Capital gains tax losses utilised	-
Impairment charge	115
Sundry items	(14)
Income Tax Expense/(Benefit) charged to P/L	240
Under / (over) provision in prior years	(0)
Uncertain tax provision	-
Total income tax expense / (benefit)	240
PRRT expense / (benefit)	(546)
Total tax expense / (benefit)	(306)

Income Tax Expense to Income Tax Payable

(b) Numerical reconciliation of tax expense / (benefit) reported to tax payable (receivable)

	Income Tax	PRRT	TOTAL
Total tax expense / (benefit) reported in ExxonMobil Australia (EMA) 2020 consolidated profit and loss statement	240	(546)	(306)
<i>Global Effective Tax Rate²</i>	78%		
Less: Tax expense / (benefit) recognised by entities in foreign tax jurisdictions	137		137
Add: Tax expense / (benefit) recognised by entities outside EMA accounting group that are within EMA tax group	-		
Tax expense / (benefit) relating to entities within ExxonMobil Australia tax group	103	(546)	(443)
<i>Australian Effective Tax Rate²</i>	376%		
Less: Under / (over) provision in years prior to 2020	(6)		(6)
Add: Under / (over) provision in 2020	(3)		(3)
Effects of timing differences between accounting recognition and assessability/ deductability for tax purposes			
<i>PRRT (mainly arising from capital expenditure deductions)</i>	(220)	735	514
<i>Accelerated tax depreciation</i>	(237)		(237)
<i>Unrealised foreign exchange gains</i>	-		-
<i>Defined benefit liabilities</i>	80		80
<i>Site restoration</i>	307		307
<i>Asset impairment</i>	(17)		(17)
<i>Other</i>	(41)		(41)
Effects of past losses utilised in the current year	22		22
Tax payable/(loss carried forward) arising from 2020³	(0)	189	188

¹ As Reported in 2020 EMA Consolidated Financial Statements, Note 5(b)

² Accounting income tax expense as a percentage of accounting profit / (loss) before tax, calculated in accordance with Australian accounting standard AASB 112 Income Taxes.

³ Per EMA tax group 2020 consolidated corporate income tax return and PRRT returns