

ExxonMobil Australia – Tax Facts



\$4.6 billion

in Federal taxes to be paid for 2022 in helping to fund roads, hospitals and schools across our nation:

- \$750m in Corporate Income Tax
- \$800m in Petroleum Resource Rent Tax
- \$3,100m in other taxes



More than

\$15 billion

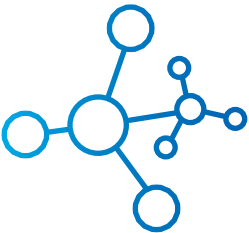
in Petroleum Resource Rent Tax since 1990



Gippsland Basin Joint Venture supplies

40%

of the Australian east coast gas market, powering Australian jobs, industry and the economy



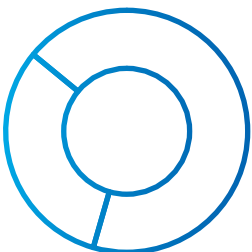
100%

of Gippsland gas is sold locally and taxed in Australia, providing essential energy that Australian homes and businesses rely on



\$41 billion

invested in Australia, including \$19 billion in recent projects, such as West Barracouta (2021), delivering critical domestic gas supplies



Gippsland Basin Joint Venture supplies

70%

of Victoria's natural gas, relied on for heating, cooking and manufacturing

Tax Strategy

In an average year, we pay over \$3 billion in total taxes. ExxonMobil Australia utilised carried-forward tax losses in 2021 and expects to resume paying income tax for 2022.

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 Pty Ltd and its affiliates (ExxonMobil Australia) continued to purchase crude oil for use in its Altona refinery, until its closure in August 2021, 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 cargoes of LNG from the same Singapore related company during the year.
- In 2021, the fee paid to the Singapore affiliate for arranging the sale and purchase of crude oil and refined product was around \$5 million and represented about 0.15 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 2021

Profit / (loss) from continuing operations before tax	2,082
PRRT benefit / (expense)	168
Profit / (loss) after PRRT expense from operations	2,250
Tax at the Australia Tax Rate of 30%	675
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-
Overseas tax differential	43
Capital gains tax losses utilised	
Impairment charge	
DIT impact of tax rate change	(38)
Sundry items	6
Income Tax Expense/(Benefit) charged to P/L	686
Under / (over) provision in prior years	(8)
Uncertain tax provision	
Total income tax expense / (benefit)	678
PRRT expense / (benefit)	(168)
Total tax expense / (benefit)	510

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) 2021 consolidated profit and loss statement	678	(168)	510
<i>Global Effective Tax Rate²</i>	30%		
Less: Tax expense / (benefit) recognised by entities in foreign tax jurisdictions	155		155
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	523	(168)	355
<i>Australian Effective Tax Rate²</i>	28%		
Less: Under / (over) provision in years prior to 2021	(7)		(7)
Add: Under / (over) provision in 2021	(4)		(4)
Effects of timing differences between accounting recognition and assessability/ deductability for tax purposes			
<i>PRRT (mainly arising from capital expenditure deductions)</i>	(128)	702	574
<i>Accelerated tax depreciation</i>	7		7
<i>Interest Capitalised</i>	33		33
<i>Defined benefit liabilities</i>	(60)		(60)
<i>Site restoration</i>	(5)		(5)
<i>Other</i>	56		56
Effects of past losses utilised in the current year	(414)		(414)
Tax payable/(loss carried forward) arising from 2021³	-	534	534

¹ As Reported in 2021 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 2021 consolidated corporate income tax return and PRRT returns