

ROYAL DUTCH SHELL PLC

# TAX CONTRIBUTION REPORT 2018



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#### Cover image

Chaoyang district of Beijing, China

The payment of taxes is a central link between Shell and the countries and communities where we operate. It is a vital part of our contribution to national economies and people's lives.

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#### About this publication

With the Shell Tax Contribution Report, we aim to provide easily accessible and detailed information on Shell's taxes for 2018. This report builds on the information Shell discloses in its Annual Report and Form 20-F, Sustainability Report and Payments to Governments Report.

#### Digital

The Tax Contribution Report is an online digital report <https://reports.shell.com/tax-contribution-report/2018>. In the event of any conflict, discrepancy or inconsistency between the digital report and this printed version of the Tax Contribution Report, the information contained in the digital report will then prevail. This printed version is provided for the reader's convenience only.



# Introduction

With the Tax Contribution Report, we aim to provide easily accessible and detailed information on the taxes Shell paid in 2018.

This report builds on the information Shell provides in its Annual Report and Form 20-F, Sustainability Report and Payments to Governments Report.

For the first time, Shell voluntarily publishes the corporate income tax paid in each country and location for 2018.

## IN THIS CHAPTER

- 04** Message from the CFO
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# Message from the Chief Financial Officer

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Businesses and society benefit when there is transparency and trust. This report is an important step towards greater transparency around Shell's approach to paying taxes to governments around the world. We aim to offer a deeper understanding of our principles and actions in this area.

The payment of taxes is a central link between Shell and the countries and communities where we operate. It is a vital part of our contribution to national economies and people's lives.

Taxes are the largest source of government revenue in most countries. They help pay for essential public services, such as health care, transport and schools. Governments develop tax regulations to support the health of their societies and economies.

Shell is committed to compliance. Specifically, we seek to comply with the applicable tax laws in all the countries and locations in which we have a taxable presence.

In 2018, Shell companies paid \$10.1 billion in corporate income tax and \$5.8 billion in royalties around the world. On behalf of governments, we also collected some \$48.2 billion in excise duties, sales taxes and similar levies on our fuel and other products.

Shell was one of the first companies to endorse the B Team Responsible Tax Principles in 2018 because we want to make a meaningful contribution to the shaping of more transparent tax systems. We support an approach to taxation that, in our view, allows companies to help create a sustainable society.

In this Tax Contribution Report, we build on the disclosures we are legally required to make in our Annual

Report and Form 20-F, and annual Payments to Governments Report, which details the \$29.4 billion of taxes and other payments made in countries where Shell has exploration and production activities.

For the first time, we provide details of the corporate income tax we have paid in countries and locations in which we have a taxable presence, across all our businesses – Integrated Gas and New Energies, Upstream, Downstream, and Corporate, including our financing, insurance and treasury operations.

We have focused on corporate income tax because this is the area that has attracted the most questions from investors, non-governmental organisations and wider society.

But transparency is about more than just numbers. It is also about providing insight into our corporate structure and why we own entities in different countries and locations. It is about explaining why we pay the taxes we pay, and why we are not required to pay taxes in some jurisdictions.

It is about providing greater understanding of our business activities around the world: where we make our profits, and where we are investing.

I hope this report will help contribute to a wider discussion with other companies, governments, investors and non-governmental organisations. In this way, we can all contribute to building the fair, effective and stable tax regimes that benefit us all.

**Jessica Uhl**  
Chief Financial Officer

# Payments overview

## Key figures – 2018



**\$396.6**  
billion revenue



**\$360.9**  
billion total expenditure



**\$35.6**  
billion profit before  
corporate income tax



**\$10.1**  
billion corporate  
income taxes paid  
28% of pre-tax profit



**\$11.7**  
billion taxation  
charge

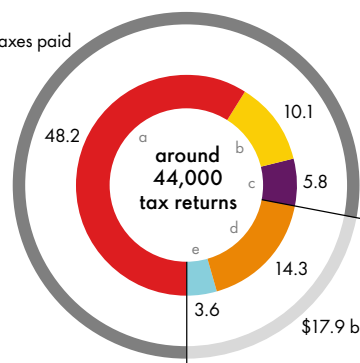


**32.9%**  
effective tax rate

## Overview of tax and other payments to governments

in \$ billion

\$64.1 billion taxes paid  
and collected



- a ■ Customs, excise duties, sales taxes and similar levies collected
- b ■ Corporate income taxes paid
- c ■ Government royalties paid
- d ■ Production entitlements
- e ■ Bonuses and fees

<sup>1</sup> Our Payments to Governments Report for 2018 shows payments in countries where Shell has upstream operations, including corporate income tax (\$8.2 billion), royalties (\$3.3 billion) and other payments to governments (\$17.9 billion), totalling \$29.4 billion.

# How businesses are taxed

Most businesses are subject to tax, regardless of whether they are multinational corporations or home-office enterprises. Governments use tax systems to raise revenues. Revenue agencies audit and collect these taxes. Taxes can include corporate income tax, value-added tax (VAT), employment taxes, excise duties and levies.

This report details our country-by-country report data for 2018, in line with the Organisation for Economic Co-operation and Development (OECD) standards, for countries and locations in which we have a taxable presence, and where the data is available for this report. The data includes corporate income tax paid, profit before tax and tangible assets.

Tax systems vary and can be complex. But the tax systems in places where Shell does business have certain basic rules in common.

## A. MOST BUSINESSES PAY CORPORATE INCOME TAX WHERE PROFITS ARE MADE

Corporate income tax is typically due by law in countries where profits are made, which should correspond to where business activity occurred. The tax due is determined by the tax system of the country or location where that activity took place. Governments design and apply tax rules to the profits generated in their countries and assess what is owed by businesses. See the example below for how these rules are applied to calculate tax due.

Sometimes a multinational enterprise like Shell faces double taxation. This is when two countries seek to tax the same business income, resulting in a company being taxed twice. We believe that profit should only be taxed once.

## Simplified example of application of local tax law

	\$
<b>Revenues</b>	<b>2,500,000</b>
Cost of operation	(500,000)
Cost of financing the business	(150,000)
Cost arising from equipment	(175,000)
Research and development	(100,000)
<b>Profit before tax per the accounts</b>	<b>1,575,000</b>
Adjustment to accounting profit based on the application of local tax laws:	
Additional research & development tax relief	(50,000)
Additional tax relief for investment in new plant and machinery	(50,000)
Denial of deduction for some finance costs (for example perhaps relief is only available up to a certain percentage per year)	25,000
Profits subject to tax	1,500,000
Tax due at statutory tax rate of 25%	375,000
Effective tax rate (375,000 / 1,575,000)	23.8%

In our Annual Report and Form 20-F we reported a corporate income tax charge of \$11.7 billion on our 2018 profits. Our effective tax rate (ETR) was 32.9%. For comparison, the average corporate income tax rate levied in 2018 by members of the OECD was 23.9%.

Our ETR is higher than the average corporate income tax rate in OECD countries partly because many apply a higher corporate income tax rate to oil and gas activities. In some cases, this tax rate can be as high as 80%. Our ETR is a blend of the different statutory tax rates applied to our various businesses and the different tax laws we have complied with.

The tax charge in our Annual Report and Form 20-F is the amount of corporate income tax we expect will be due on current-year profits, based on international accounting standards. The corporate income tax we paid in 2018 was \$10.1 billion, less than the \$11.7 billion tax charge.

The amount of corporate income tax we pay will be different to the tax charge because some tax regimes may require the payment of tax in arrears as well as in advance. For example, tax paid could include payments in relation to previous years and partial payments in relation to the current year. It would not mean we have made an underpayment of taxes.

Shell's global profit of \$35.6 billion for 2018 is assessed by the tax authorities in the countries and locations where our activities created value.

## B. TAX GENERATES REVENUE FOR GOVERNMENTS

Tax revenues enable governments to pay for public services, such as keeping communities safe and providing health care. Governments set their fiscal policies and the rules for individual and business taxes. Tax treatments – such as tax rates, reliefs, exemptions and allowances or disallowances – are typically approved by national parliaments. Like all laws, tax laws must be complied with. Audits and controls by tax authorities help to check whether companies comply with tax laws.

Governments can use targeted tax incentives for specific policy objectives, such as protecting the environment, reducing carbon emissions and encouraging advances in areas like research and development. Governments often design incentives to attract domestic and international investment, which can boost economies, create jobs and develop communities. Where offered and appropriate, we use tax incentives and exemptions where we have a qualifying business activity.

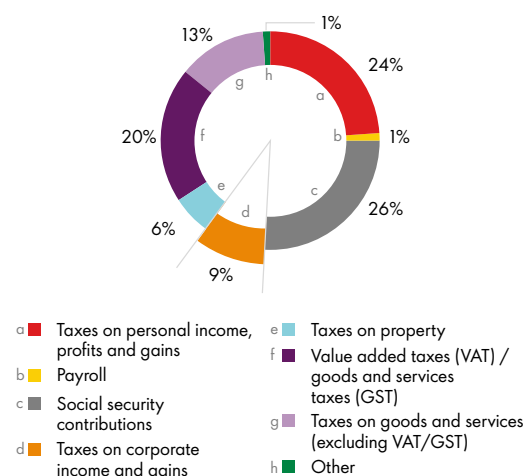
Some governments may choose to lower certain taxes, like corporate income tax. These are deliberate fiscal policy decisions and not unintended tax loopholes. They can be used to attract investment in areas where development may benefit their country and where government revenues may increase through other types of taxes such as employment tax.

## C. COMPANIES PAY MORE THAN CORPORATE INCOME TAX

Companies pay and collect a range of taxes, including corporate income tax. According to figures from the OECD, governments' largest source of revenue is personal income tax resulting from employment. Most employment taxes are paid by employees, but some are paid by companies. Governments also generate revenue through indirect taxes on products and services, often as consumption taxes borne by consumers but in some cases also by businesses. These include non-recoverable VAT, customs, excise and other duties.

The OECD data on the average split of member countries' tax revenues shows that corporate income tax raises around 9% of total tax revenues.

### Governments collect different types of taxes

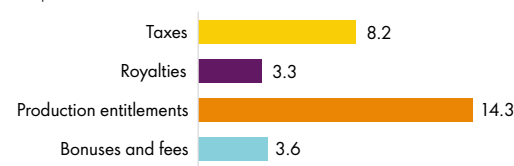


Source: OECD (2019), Revenue Statistics 2019, OECD Publishing, Paris

Companies operating in the oil and gas industry also contribute to public finances by paying royalties, bonuses, fees, and production entitlements. For example, in 2018 we paid \$14.3 billion in production entitlements. This is more than we paid in corporate income tax.

Our [Payments to Governments Report](#) shows how we directly contributed to public finances in 2018 as a result of our exploration and production activities.

### Our payments to governments in \$ billion



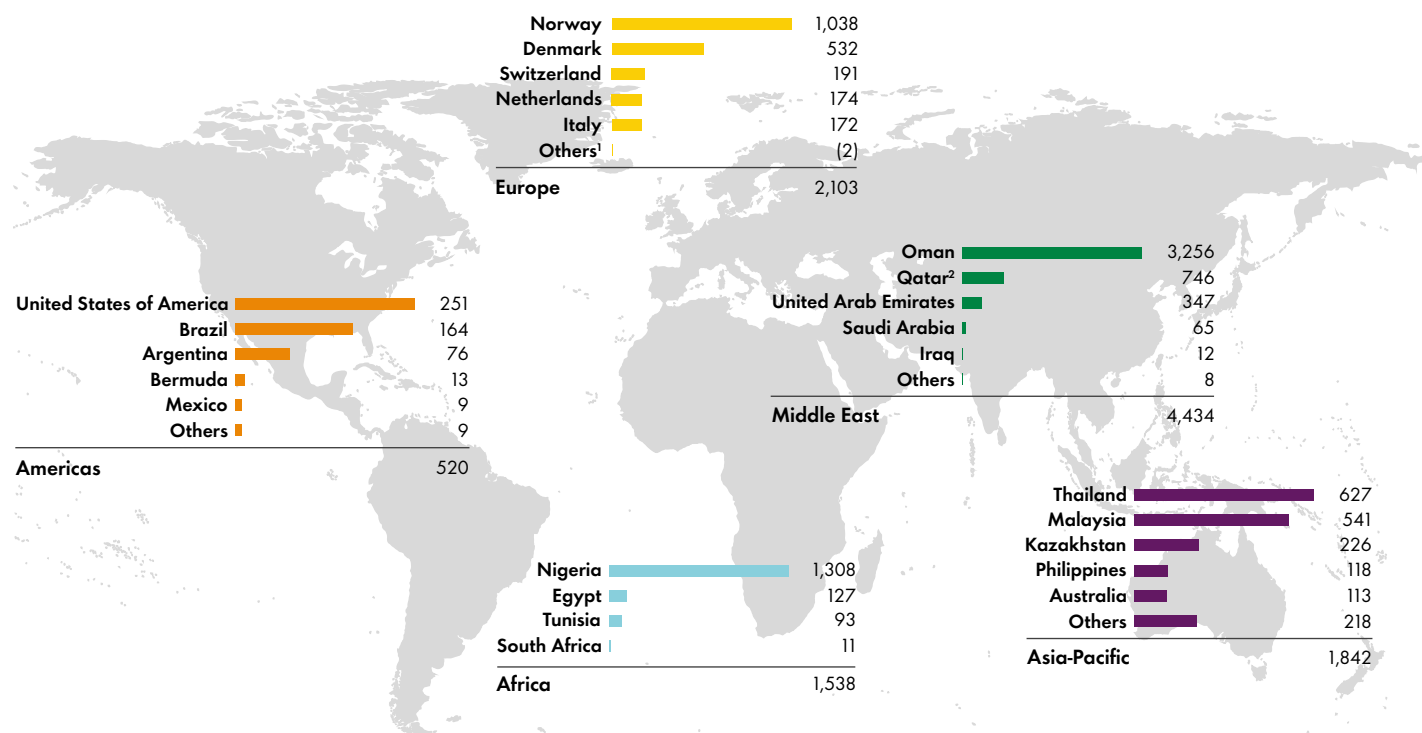
Includes payments made to governments in countries where we have upstream operations. Payments related to other businesses are excluded.

This report focuses on corporate income tax as this is a tax that has attracted interest from investors, non-governmental organisations and wider society.

# Map of income taxes paid in 2018

The world map below shows income taxes paid in line with our country-by-country report. In 2018, Shell paid \$10.4 billion of income taxes in the 99 countries and locations where we have a taxable presence. Of this, we paid \$10.1 billion in corporate income taxes, and accrued around \$300 million of withholding taxes. For more details on our country-by-country report, see the chapter on [Our tax data](#).

in \$ million\*



<sup>1</sup> Includes a refund in the United Kingdom of \$115 million related to tax paid in prior years.

<sup>2</sup> Source: 2018 Payments to Governments Report.

\*This includes rounding differences

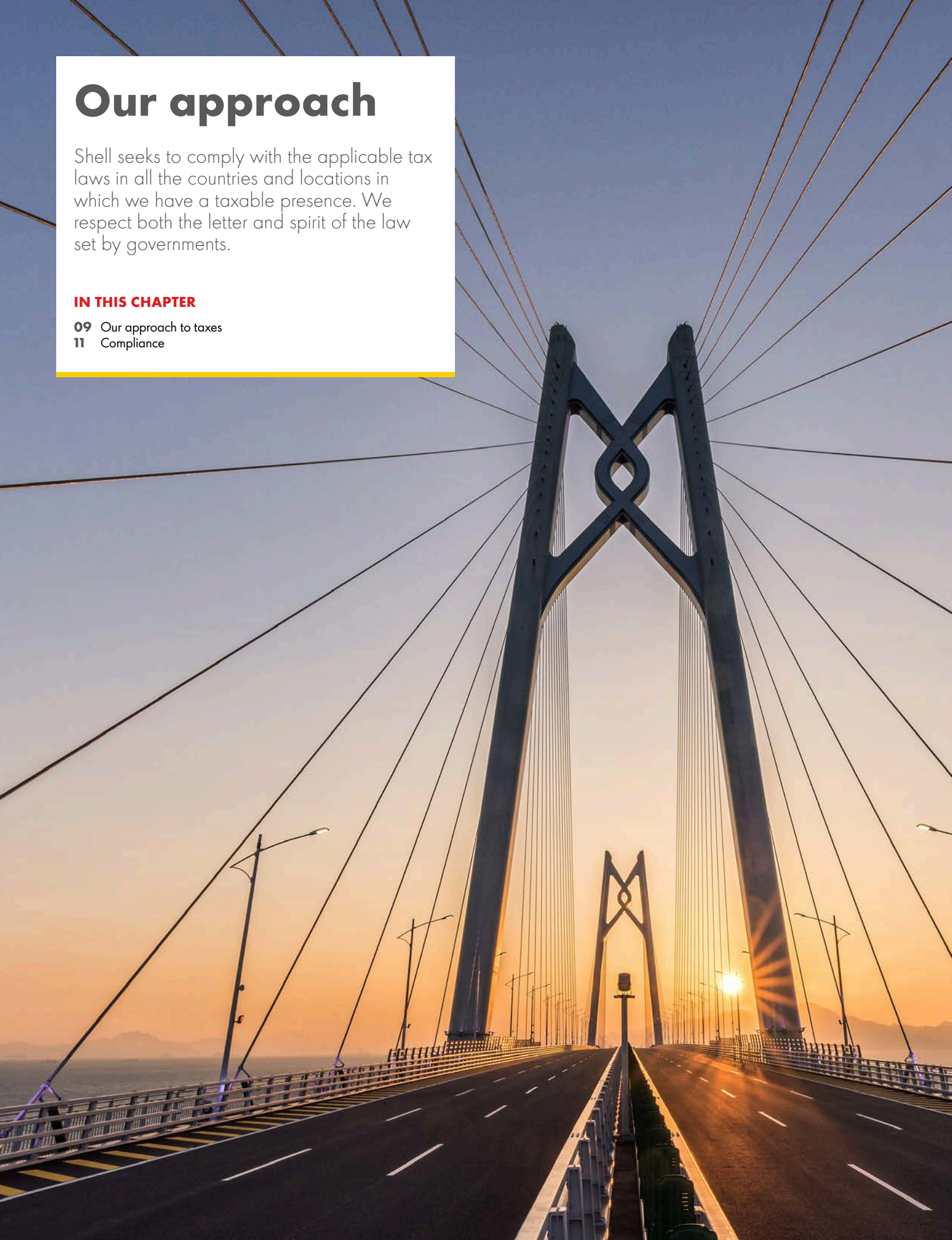


# Our approach

Shell seeks to comply with the applicable tax laws in all the countries and locations in which we have a taxable presence. We respect both the letter and spirit of the law set by governments.

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- 09 Our approach to taxes
- 11 Compliance





# Our approach to taxes

When we invest in a country or location, we seek to build long-term relationships and develop our business sustainably. We recognise our responsibility towards investors, governments, employees and the local communities we are part of. The taxes we collect and pay represent one of the ways in which we embrace this responsibility.

Our tax strategy is designed to support Shell in delivering its strategic ambitions.

## Shell's Strategic Ambitions



We do this by being committed to compliance, being transparent about our approach to tax and taxes paid and open to dialogue with governments, businesses, investors and civil society.



### Shell is committed to tax compliance

- We have a tax presence in 99 countries and locations
- We file around 44,000 tax returns and reports annually
- We seek to protect the interests of our investors by managing our tax affairs in a sustainable way



### Shell is transparent on tax matters

- We publish our approach to tax and taxes paid by country or location
- We publish payments on our extractive activities by project
- We provide tax authorities with timely and comprehensive information on potential tax issues



### Shell is open to dialogue

- We engage with society on tax matters
- We promote cooperative compliance relationships
- We give constructive input to industry groups and international organisations

The Board of Directors of Royal Dutch Shell plc approves our tax strategy, regularly reviews its effectiveness, and maintains a sound system of risk management and internal control. The Executive Vice President Taxation and Controller is responsible for tax matters and provides assurance based on our internal tax control framework. The Board of Directors, or delegated sub-committee, is updated annually on our tax risks and our adherence to our tax strategy. The Shell Responsible Tax Principles, which have been developed with the B Team, guide decisions on tax matters.

## COMPLIANCE

We are committed to compliance. Shell seeks to comply with the letter and the spirit of the tax laws wherever we have a taxable presence and expects to pay tax on profits where the business activity took place. Where offered and appropriate, we apply tax incentives and exemptions.

There can be instances when we interpret tax laws and their application differently from tax authorities and this can lead to disputes. In all cases, we seek to resolve any uncertainty directly with tax authorities, for example through advance tax agreements and a co-operative compliance approach. These offer an opportunity for early resolution, minimising the risk of future disputes. Where necessary, we will seek a clear resolution through the judicial system to test the legal principle of the tax law concerned.

Our tax and finance staff support the filing of tens of thousands of tax returns every year. When we fulfil our tax filing obligations, we aim to adhere to international best practice and aim for accuracy and timeliness.

Our tax control framework, policies and guidelines set out the standards, controls, risk management and assurance that establish boundaries for our tax activities. Our tax control framework also sets out practical guidance for our staff, including the procedures for considering tax risks. Our tax and data systems evolve continuously to deal with the growing demand for information from authorities. External auditors regularly review our tax controls as part of the audit of our financial results.

We do not condone, encourage or support tax evasion. Compliance is embedded in the Shell General Business Principles and the Code of Conduct. Employees, contract staff, and third parties with whom Shell has a business relationship may raise ethical and compliance concerns, anonymously if preferred, through the Shell Global Helpline.

We regularly monitor relevant changes and developments. For example, we review our corporate and financing structures to confirm that our presence in all countries, including low-tax jurisdictions, is grounded in substantive and commercial reasons.

Shell may seek the support of an external adviser where specialist technical expertise is required that is not available in-house, or where additional resources are required.

## TRANSPARENCY

We strive for an open dialogue on tax matters with governments, policymakers, businesses, investors and civil society. We have taken important steps over the past 15 years to be more transparent about the taxes we pay.

### Timeline

- 2003**
  - One of the initiators of the Extractive Industries Transparency Initiative (EITI)
- 2012**
  - First voluntary publication of tax payments in 14 countries
  - Publication of Shell's Approach to Tax
- 2016**
  - First publication of Payments to Governments Report in line with European regulations (covering exploration and production activities)
- 2017**
  - Publication of Shell UK Tax Strategy and Statement on Tax Evasion
  - Shell's first country-by-country report submitted to tax authorities
- 2018**
  - Pilot International Compliance and Assurance Programme
  - Shell commits to the B Team Responsible Tax Principles
- 2019**
  - First publication of Shell's Tax Contribution Report

Our participation in the development of the B Team Responsible Tax Principles reflects our ambition to align

our tax strategy more closely with emerging best practice. Our Tax Contribution Report and future publications aim to demonstrate how we are applying our Responsible Tax Principles.

## OPEN TO DIALOGUE

We welcome the opportunity to work with others in areas of shared interest. Our approach to tax considers the interests of relevant stakeholders.

We regularly engage with policy makers to support the development of tax rules and regulations based on sound tax policy principles. Through this, we hope to contribute to the development of fair, effective and stable tax systems.

We also provide input to industry groups and international organisations, such as the Extractive Industries Transparency Initiative (EITI), the B Team Responsible Tax Working Group (B Team), and the Business at OECD.

Through engagement with thought leaders, other companies, investors, and civil society, we stay informed of relevant developments. For example, we aim to support governments' ambitions to achieve contract transparency. We encourage governments to share contracts and licences, in line with the EITI's revised standard on contract transparency. This requires countries implementing the EITI standard to disclose contracts and licences that are granted, entered into or amended from 1 January 2021.

In 2018, we endorsed the B Team Responsible Tax Principles. These were developed by the B Team Tax Working Group with input from non-governmental organisations. In 2019, we adopted these principles as our own.

## Shell Responsible Tax Principles



### Principle 1. Accountability and Governance

Tax is a core part of corporate governance and responsibility and is overseen by Royal Dutch Shell plc's Board of Directors.



### Principle 2. Compliance

We are committed to complying 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.



### Principle 3: 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.



### Principle 4: Relationships with Authorities

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



### Principle 5: Seeking and Accepting Tax Incentives

Where we claim tax incentives offered by governments, we seek to ensure that they are transparent and consistent with statutory and regulatory frameworks.



### Principle 6: 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.



### Principle 7: Transparency

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



# Compliance

Shell invests significant time and resources in building processes to support accurate and timely compliance with tax legislation. In 2018, Shell filed around 6,000 direct tax returns and 38,000 indirect tax returns, with on-time delivery close to 100%. At the same time, we processed more than 24,000 separate tax payments.

A small number of returns may be submitted late. When this is the case, we carefully monitor the reasons, learn from them and pay any late filing fees. If we identify errors in our filings, we seek to address these with the relevant tax authorities.

Around 650 trained staff prepare, file and process our tax returns and payments. They are based in our Shell Business Operations centres in Poland, India, Malaysia and the Philippines. We also rely on a global team of tax experts who advise the business according to the Shell Responsible Tax Principles and tax control framework. Where appropriate, we run training sessions for non-tax staff who need to be aware of tax compliance requirements in their area.

Tax authorities are increasingly implementing or expanding digital tax platforms, for example by moving to real-time filing and payments. Shell is investing in information technology to support our compliance obligations and improve data management.

We seek to establish constructive relationships with tax authorities. In 2018, we had co-operative compliance arrangements in the UK, the Netherlands, Singapore and Italy. This involves proactive engagement with tax authorities, and assurances around our processes and controls to demonstrate we pay the taxes due on time. The arrangements are a sign of the strength of these processes and controls. We continue to explore possibilities for establishing more co-operative compliance relationships in other countries.

In 2018, Shell participated in the International Compliance Assurance Programme, a pilot aimed at

developing a multilateral approach to risk assessment and assurance with tax authorities. This gave us the opportunity to share information simultaneously with tax authorities in a number of countries. The pilot used our 2016 country-by-country report. In line with OECD standards, the report was confidential at the time and submitted to tax authorities. Tax authorities were able to ask questions and provide a high-level tax assurance assessment. We are now voluntarily publishing our 2018 country-by-country report.

## DEALING WITH UNCERTAINTY

Tax authorities assess and audit our tax returns in line with their local procedures to test for compliance. We seek to resolve any questions they may have and demonstrate why we have applied certain treatments legitimately.

Our aim is to take sustainable tax positions in support of our business investments which are of a long-term nature. In some cases, the law or how to apply it is not clear to tax payers and formal co-operative compliance arrangements are not available in all countries. In these situations, we seek to engage proactively with a tax authority to disclose our application of the law, or we apply for an advance tax agreement where both tax payer and tax authority agree the treatment that will apply before submission of the tax return. We seek clarity on our tax positions, which means our reasonable expectation is that they will be upheld in court.

Sometimes tax authorities in different countries hold conflicting views about how tax rules within treaties should be interpreted or applied. When this lack of clarity occurs, we may use a mutual agreement procedure whereby the authorities aim to resolve the issue.

If we are still unable to reach an agreement with authorities, we may have to test the application of the law through the judicial system, but we use this only when other options have not provided a resolution.



We seek to establish constructive relationships with tax authorities

# Special topics

Some aspects of tax systems attract high levels of public scrutiny. We aim to increase transparency around these topics and promote an open dialogue with governments and society.

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## Incentives

When offered and appropriate, we use tax incentives and exemptions where we have a qualifying business activity.

Governments use incentives to compete for international investment to aid their country's social and economic development. They may develop specific tax laws which offer incentives to businesses if they invest in the country or in a particular location within the country.

Incentives can include tax relief for capital expenditure on infrastructure, exemptions from certain taxes where employment targets are met, or a particular tax treatment of costs related to research and development activities.

Applying these laws can result in reduced corporate income taxes. However, other taxes, such as property taxes, taxes on goods and services and employment taxes, may increase. This is because governments expect a net economic benefit after they have granted these incentives.

## Examples of incentives

### NORWAY

Shell's Upstream business in Norway is taxed at a combined rate of 78% (special tax rate of 56% and corporate income tax rate of 22%) which is much higher than the general corporate income tax rate of 22%. At the same time, the Norwegian petroleum tax regime allows for tax deductions based on capital investment. These deductions are aimed at balancing risks and rewards between investors and the state in upstream projects, an area known for its high risk and high capital intensity, as well as its high tax rates.

For example, under the petroleum tax regime, costs incurred to acquire relevant fixed assets for production, processing and transport on the Norwegian continental shelf (NCS) may be deducted for tax purposes. Costs may be evenly deducted over a six-year period starting with the year of investment. This means tax relief is available closer to when the investment is made. The oil and gas industry may also apply an additional 5.2% on qualifying capital investments against the special tax rate, but this is limited to a period of four years.

In addition, exploration costs on the NCS are deductible when they are incurred, regardless of whether the activities lead to commercial discoveries. Exploration companies that are not in a tax-paying position may receive these costs as a refund at the combined upstream

rate of 78%. This ensures equal tax treatment between investors in tax-paying and non-tax-paying situations.

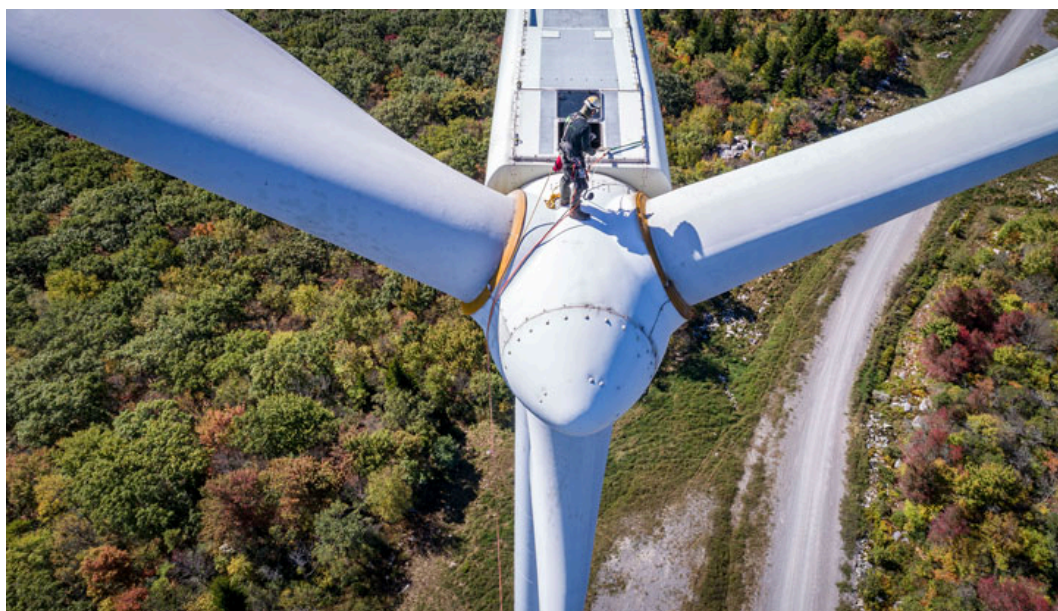
The tax rules help to reduce investment risk in the event of unsuccessful exploration, while ensuring that the state can capture a share of profits from a successful project in the form of taxes. These tax reliefs are applicable to all upstream companies working on the NCS.

### USA

In the USA, production tax credits (PTCs) are a federal tax incentive to encourage cleaner energy production and are granted for power produced from a qualifying facility, such as a wind farm. The credit is 1.5 cents (adjusted annually for inflation) for each kilowatt produced. The incentive is available for a 10-year period from the moment the facility was originally placed in service.

In 2018, Shell received around \$9.5 million of PTCs related to its interests in wind facilities in Brazos Wind Ventures, NedPower Mount Storm and Three Wind Holdings. Cumulatively, these qualifying wind facilities produced and sold around 396 million kilowatt-hours of low-carbon electricity in 2018.

PTCs are being phased out for wind facilities where construction begins after December 31, 2019.



A maintenance officer on a wind turbine at Mount Storm, West Virginia, USA

## Low-tax jurisdictions

There are different definitions of low-tax jurisdictions and so-called tax havens, but they are typically considered to mean countries with significantly lower effective tax rates compared with the average rates offered by other countries.

Governments determine the rate of corporate income tax and sometimes set low rates to attract investment from outside their borders. Most governments and international organisations, such as the OECD, respect the sovereign right of governments to determine tax matters.

Shell has a taxable presence in 99 countries and locations with different tax regimes and varying corporate income tax rates. When we are present in low-tax jurisdictions, we are there for commercial reasons, including oil or crude trading, companies that hold investments or perform other services we need such as pensions, finance and insurance, and retail sites. In line with our Responsible Tax Principles, we do not use these locations to avoid taxation on activities that take place elsewhere.

Before establishing any new business in a low-tax jurisdiction, we review the OECD's substantial activities

requirements. These ensure that companies operating in low-tax jurisdictions have real substance and are not located there purely for advantageous tax reasons.

As an international business with a presence in many different countries and locations, Shell can choose where to establish business support services or other activities which can be centralised. When we invest in a country, we consider a wide range of factors. These include accessibility to local or regional markets, the stability of the political, regulatory and social environment, local infrastructure and workforce, and the overall costs of operation. The attractiveness and stability of a country's fiscal terms are also taken into account. However, the investment must first meet our strategic, business or operational aims.

Our Responsible Tax Principles apply to all our countries of operation. In this report, we share more information about low-tax jurisdictions. Further information on entities and ownership is available in the [2018 Annual Report and Form 20-F](#).

## Our tax profile in the Netherlands

Shell has been active in the Netherlands for more than a century and our global headquarters are in The Hague. Most of Shell's activities are represented in the Netherlands.

These include our Pernis refinery, the Moerdijk chemical plant and about 500 retail sites.

Through our 50% interest in Nederlandse Aardolie Maatschappij (NAM) we produce gas and oil onshore and offshore. We invest around \$1 million every day in innovation at Shell Technology Centre Amsterdam.

Together with partners, Shell is involved in the development of solar power and offshore wind farms in the Netherlands. Our global New Energies business, which focuses on new fuels and power, is led from The Hague.

Our businesses in the Netherlands employ almost 10,000 people on a permanent basis (including NAM). In 2018, we generated more than €3 billion in turnover for more than 2,500 companies in the Netherlands through the goods and services we bought from them.

We collected and paid the Dutch government around €4.5 billion of tax from our customers, employees and shareholders. We also paid €0.5 billion in corporate income tax and royalties through our 50% interest in NAM.

We did not pay any other corporate income tax in the Netherlands in 2018. This was because there was no remaining profit to tax after the deduction of business costs and the offset of losses from previous years.

Prior-year losses include losses on operations, foreign exchange movements, interest charges on loans that fund investments, and write-offs for failed investments (liquidation losses). In 2018, no liquidation losses were claimed.

As Shell is a large international group of companies, the tax deductible costs associated with our headquarters can be relatively high compared with the operational profits generated in the Netherlands.

The effect of the tax system on the tax position of multinational companies in the Netherlands has been the subject of a recent public debate. This debate focused on why large multinationals with headquarters in the Netherlands do not pay as much corporate income tax in the Netherlands as some think they should.

In this report, we share how we are taxed globally and the corporate income tax that is due and why. We also explain that corporate income tax is just one part of our total contribution to society.



Pernis refinery and chemical plant in the Netherlands



# Advocacy

We believe it is important to hold open dialogue on fiscal matters.

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## Supporting effective tax regimes

Fair, effective and stable tax systems are beneficial because they reduce uncertainty for both governments and companies. They help countries develop sustainable budgets, and they help companies manage their investments more effectively.

Governments may seek input from different stakeholders through public consultation when they design tax policies. We believe it is important to hold an open dialogue on fiscal matters as new legislation should be effective, practical to administer and facilitate the collection of taxes.

For example, we support the implementation of government-led carbon pricing systems, including carbon tax, and recognise these as an essential tool for reducing emissions and tackling climate change.

We regularly share knowledge and best practice through participation in industry and professional associations. These include the Extractive Industries Transparency Initiative (EITI), the B Team Responsible Tax Working Group (B Team), and Business at OECD.

For example, recently Shell participated in roundtable discussions with the OECD to share insights on the implementation of country-by-country reporting to tax authorities.

Shell senior executives, including tax and government relations professionals, lead our advocacy activities. Employees who conduct advocacy work are bound by Shell General Business Principles and Code of Conduct.

### OUR WORK WITH THE EITI

We are a founder and board member of the EITI and Shell's Executive Vice President Taxation and Controller, Alan McLean, serves on the international EITI Board. The EITI is the global standard to promote the open and accountable management of extractive resources.

The EITI provides a platform for governments, non-governmental organisations and companies to provide information that supports greater transparency and responsibility in the extractive sector, including the oil and gas industry.

We encourage governments to share contracts and licences, in line with the EITI's revised standard on contract transparency. This requires countries implementing the EITI standard to disclose contracts and licences that are granted, entered into or amended from January 1, 2021. We also aim to support governments' ambitions to achieve contract transparency.

At the Global Conference of the EITI in Paris in June 2019, our Chief Financial Officer, Jessica Uhl, emphasised the importance of transparency to foster trust. She encouraged companies to join the B Team Responsible Tax Principles and to join the EITI.



Shell's Chief Financial Officer, Jessica Uhl, calls for greater transparency at the EITI conference, June 2019

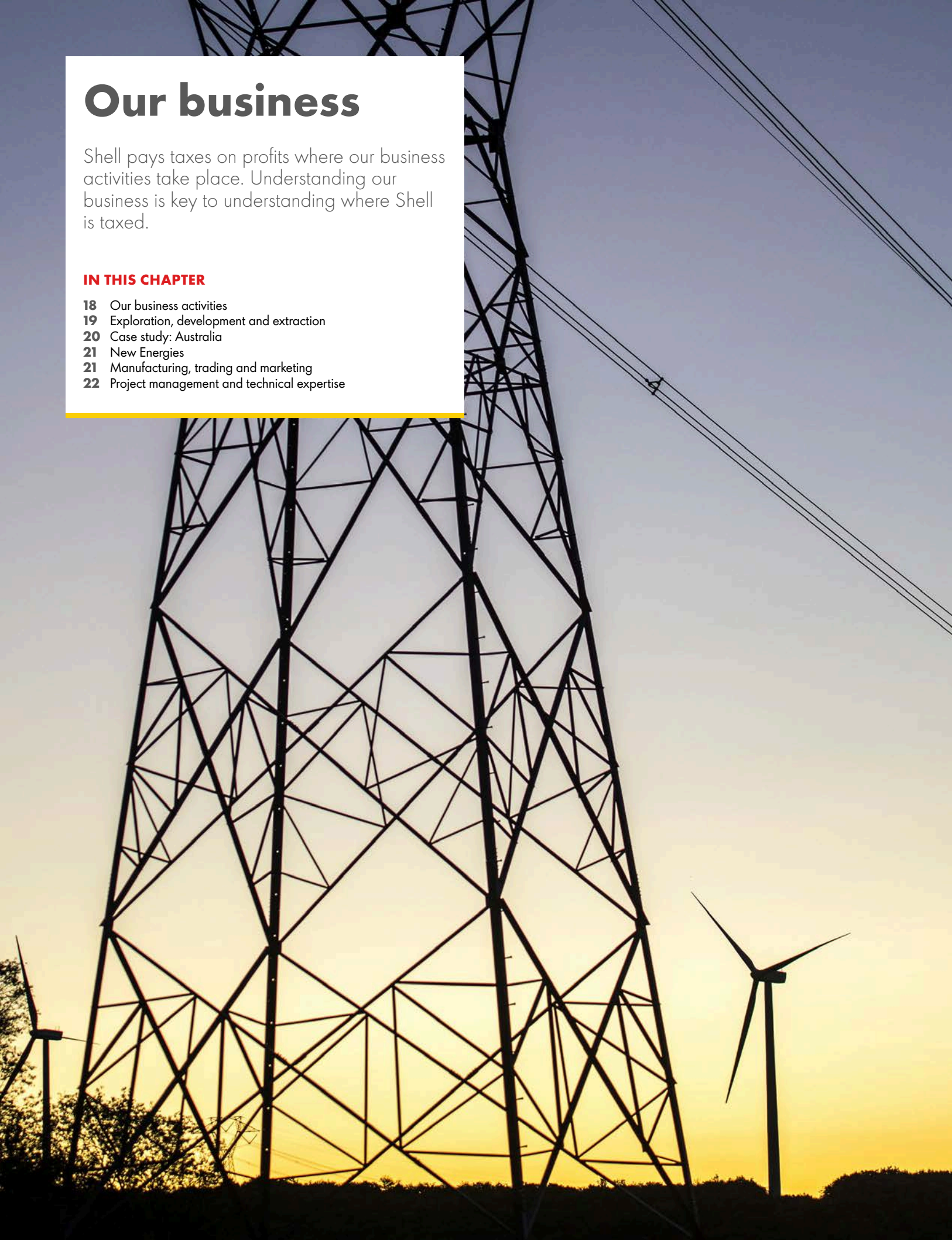


# Our business

Shell pays taxes on profits where our business activities take place. Understanding our business is key to understanding where Shell is taxed.

## IN THIS CHAPTER

- 18 Our business activities
- 19 Exploration, development and extraction
- 20 Case study: Australia
- 21 New Energies
- 21 Manufacturing, trading and marketing
- 22 Project management and technical expertise





# Our business activities

## Key figures in 2018



**82,000**  
average number of  
full-time employees



**\$15.7**  
billion in dividends  
to investors



Invested nearly  
**\$25** billion  
in capital projects



**\$3.9** billion  
of share buybacks  
completed

Shell aims to meet the world's growing need for more and cleaner energy solutions in ways that are economically, environmentally and socially responsible. Our global group of energy and petrochemical companies operates in many countries and locations and across the whole energy supply chain.

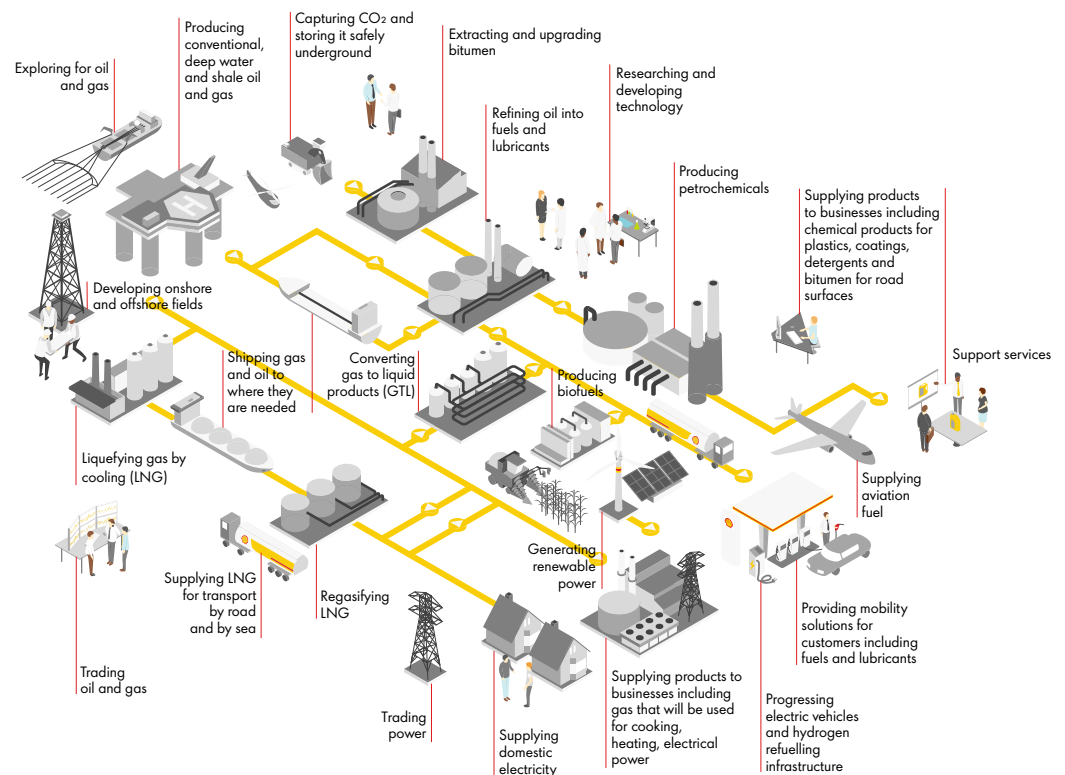
- To thrive in the energy transition by responding to society's need for more and cleaner, convenient and competitive energy; and
- To sustain a strong societal licence to operate and make a positive contribution to society through our activities.

We have the following strategic ambitions:

- To deliver a world-class investment case. This involves growing free cash flow and increasing returns, all built upon a strong financial framework and resilient portfolio;

We describe below how our activities are organised into Integrated Gas and New Energies, Upstream, Downstream and Projects & Technology, which work together to help meet energy demand.

## Shell business model



The business model, the stage in the investment cycle and business performance drives much of our taxes paid.

Our tax data reflect the varied nature of our activities. We have a large portfolio of assets and businesses in different countries and at different stages of the business cycle, from start-up to decommissioning.

Our business profits are closely linked to oil and gas prices and so are our taxes. When oil prices are lower,

we expect a lower overall effective tax rate (ETR). When the oil price is higher, we see a greater proportion of profits being taxed at higher upstream tax rates. Further details on our ETR can be found in the [2018 Annual Report and Form 20-F](#).

Business activities are supported by centralised services, such as legal, human resources and others. For more details, see the chapter [Supporting services](#).

# Exploration, development and production

Our Upstream organisation explores for, develops and produces crude oil, natural gas and natural gas liquids. Our Integrated Gas organisation manages our liquefied natural gas (LNG) activities and the production of gas-to-liquid (GTL) fuels and other products.

We need to discover resources and negotiate their extraction with governments and other stakeholders before operations can begin. We do not always find the oil and gas that we are looking for and may have to write off those early investment costs. When we find resources, we expect to invest significant sums in the early development stages of projects. There is a lead time before we realise any revenues as projects move through the development phase and into production. These projects are often long term in nature, spanning decades.

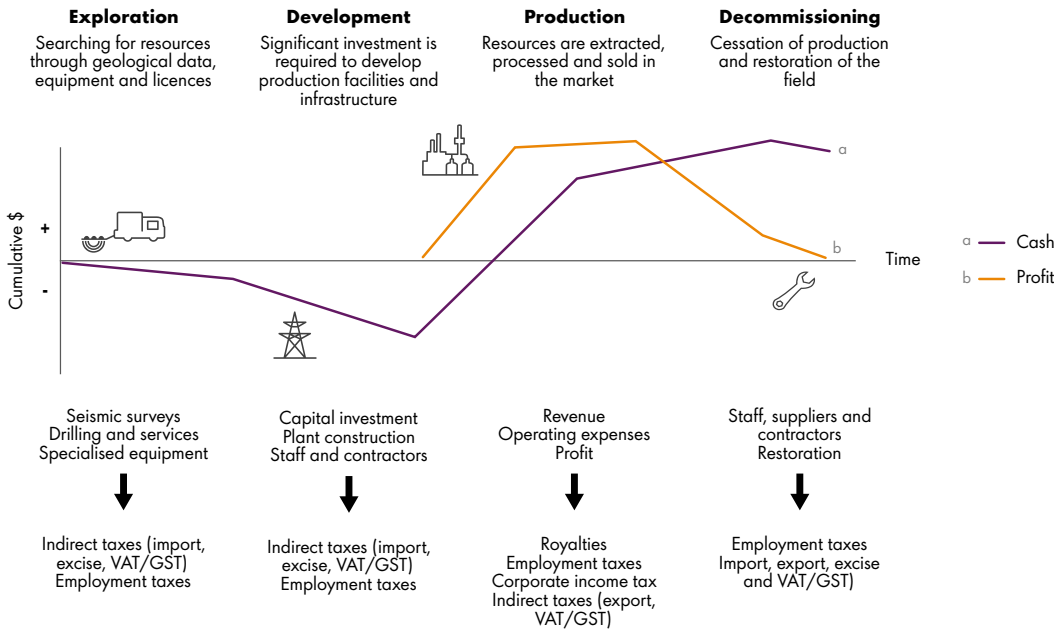
We are exposed to market risks, among others, over the lifetime of a project and this impacts the taxes we pay. Low oil or natural gas prices may sometimes mean that upstream activities incur losses even during a production phase.

Upstream and Integrated Gas operations typically bring significant employment and the infrastructure investments we make are shown in the tangible assets reported.

## TAX IN UPSTREAM AND INTEGRATED GAS

Governments often have specific oil and gas fiscal regimes with tax rates for these projects being higher than those for other industries. Upstream and Integrated Gas projects have phases and our total tax fluctuates depending on the phase of a project.

### Taxes through the business cycle



Our contributions to a country are not always found in disclosures of corporate income taxes because we may make payments as a share of the oil and natural gas that we produce, through royalties or indirect taxes.



Apptomax, a deep-water oil and gas development and Shell’s largest floating platform in the Gulf of Mexico

# Case study: Australia










Shell Australia requires significant capital investment for the exploration, construction and development phases of its projects. As in many countries Shell invests in, these major projects may take several years to become profitable and this impacts the corporate income tax payable.

Despite being in a heavy investment phase and net cash flow deficit, Shell Australia made total direct tax

payments of around A\$5.7 billion during the 10 years ended December 31, 2018. These include royalty payments, fees, duties and employment taxes among others.

For more information on Shell Australia see our separate [tax transparency report](#) which we publish as part of Australia's voluntary tax transparency code.

## Shell in Australia - key figures in 2018

 <p>More than <b>118</b> years as a significant investor in Australia</p>	 <p><b>A\$77</b> billion invested over the last <b>10</b> years<sup>1</sup></p>	 <p>Supports around <b>21,800</b> jobs in regional Australia</p>
 <p>Employs more than <b>2,000</b> people directly</p>	 <p><b>1</b> of the largest foreign investors in Australia</p>	 <p>Providing around <b>20%</b> of the gas used in eastern Australia</p>
 <p>Prelude is designed to produce over <b>3.5</b> million tonnes of LNG each year</p>	 <p>Supporting Australia's energy transition with investments in solar generation, battery storage, power retailing</p>	 <p><b>A\$5.7</b> billion total direct taxation payments during the last <b>10</b> years</p>

<sup>1</sup> Years 2007-2016.  
All figures are in Australian dollars.



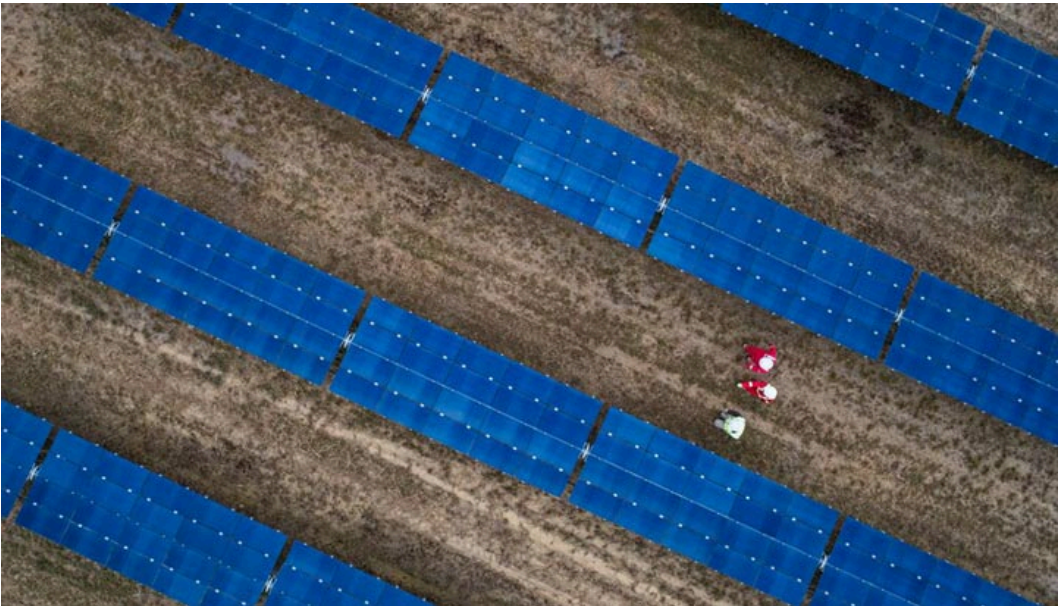
Prelude Floating Liquefied Natural Gas (FLNG) facility produces natural gas liquids off the coast of Australia



# New Energies

Our New Energies organisation focuses on new fuels for transport, such as advanced biofuels and hydrogen, as well as charging for battery electric vehicles. It also focuses on power from low-carbon sources such as wind and solar, as well as natural gas. Since setting up New Energies in 2016, we have invested around \$1.6 billion to date in power and new fuels. In the period between 2021 to 2025, our investments in New Energies could average \$2-3 billion a year.

**TAX IN NEW ENERGIES**  
In 2018, we assessed several projects in this new and emerging business area but these have not yet had a material impact on profits or taxes.



Silicon Ranch solar farm, Tennessee, USA










# Manufacturing, trading and marketing

Our Downstream organisation comprises Manufacturing, Retail, Global Commercial, Trading and Supply, and Chemicals.

Both Chemicals and Manufacturing have significant tangible assets such as refineries, as well as a significant number of employees.

In some locations, our retail operations have tangible assets such as service station sites and staff. But in others, where those sites are owned or operated by third parties, our profits may be generated without assets or staff. This is the case in Hong Kong, SAR, for example.

## Downstream in 2018

 <b>44,000</b> Shell-branded retail sites, serving more than <b>30 million</b> customers daily	 <b>100%</b> of Shell retail sites committed to reduce waste and benefit local communities	 <b>~11</b> billion global retail transactions per year. More than one for every person on the planet
 <b>4</b> global research and technology centres <b>200</b> scientists	 <b>850</b> Airports in <b>~30</b> countries worldwide Refuelling an aircraft every <b>14</b> seconds	 <b>1 in 9</b> cars and <b>1 in 10</b> trucks are protected by Shell lubricants worldwide
 <b>14</b> refineries with a refining capacity of 2.9 million barrels	 Trading hubs include <b>London, Houston, Singapore, Dubai and Rotterdam</b>	 <b>40,000</b> Shell NewMotion private electric charge points in Europe

Shell Trading and Supply is one of the largest energy trading operations in the world. This global organisation combines our network of trading companies, shipping and maritime capabilities, and an integrated network of supply and distribution activities. Trading activities include a proportion of related-party transactions as oil and gas are acquired from our Upstream and Integrated Gas organisations and sold to our Downstream organisation.

Through our main trading offices in London, Houston, Singapore, Dubai and Rotterdam, we trade crude oil, natural gas, LNG, electricity, refined products, chemical feedstocks and environmental products such as carbon emissions. We also have a trading office in the Bahamas. See [Our tax data](#) for more information on the Bahamas.

## **TAX IN DOWNSTREAM**

Downstream business activities are usually taxed at a country's standard rate of corporate income tax.

Our shipping and trading activities move oil, natural gas and other products around the world with associated import and export duties and other taxes.

Our Retail organisation handles large volumes of sales transactions that include consumption taxes and fuel duties, these are collected and paid to the relevant authorities.

## **Project management and technical expertise**

Our Projects & Technology organisation manages the delivery of our major projects and drives research and innovation to develop new technology solutions. It provides technical services and capability for our Integrated Gas, Upstream and Downstream organisation. It is also responsible for providing functional leadership across Shell in the areas of safety and environment, contracting and procurement, wells activities and greenhouse gas management.

In addition to providing services to Shell, it serves third-party customers and joint ventures. In total, more than 11,500 Shell people work in technology centres, offices and sites around the globe.

## **TAX IN PROJECTS & TECHNOLOGY**

The Projects & Technology organisation provides services, including to other companies within the group. The Projects & Technology organisation generates related-party revenues from Shell operating companies which pay for the services it provides. Services are provided on arm's length terms.



Lab analyst working inside the Laboratory in the Qatar Shell Science & Technology centre, Doha Qatar

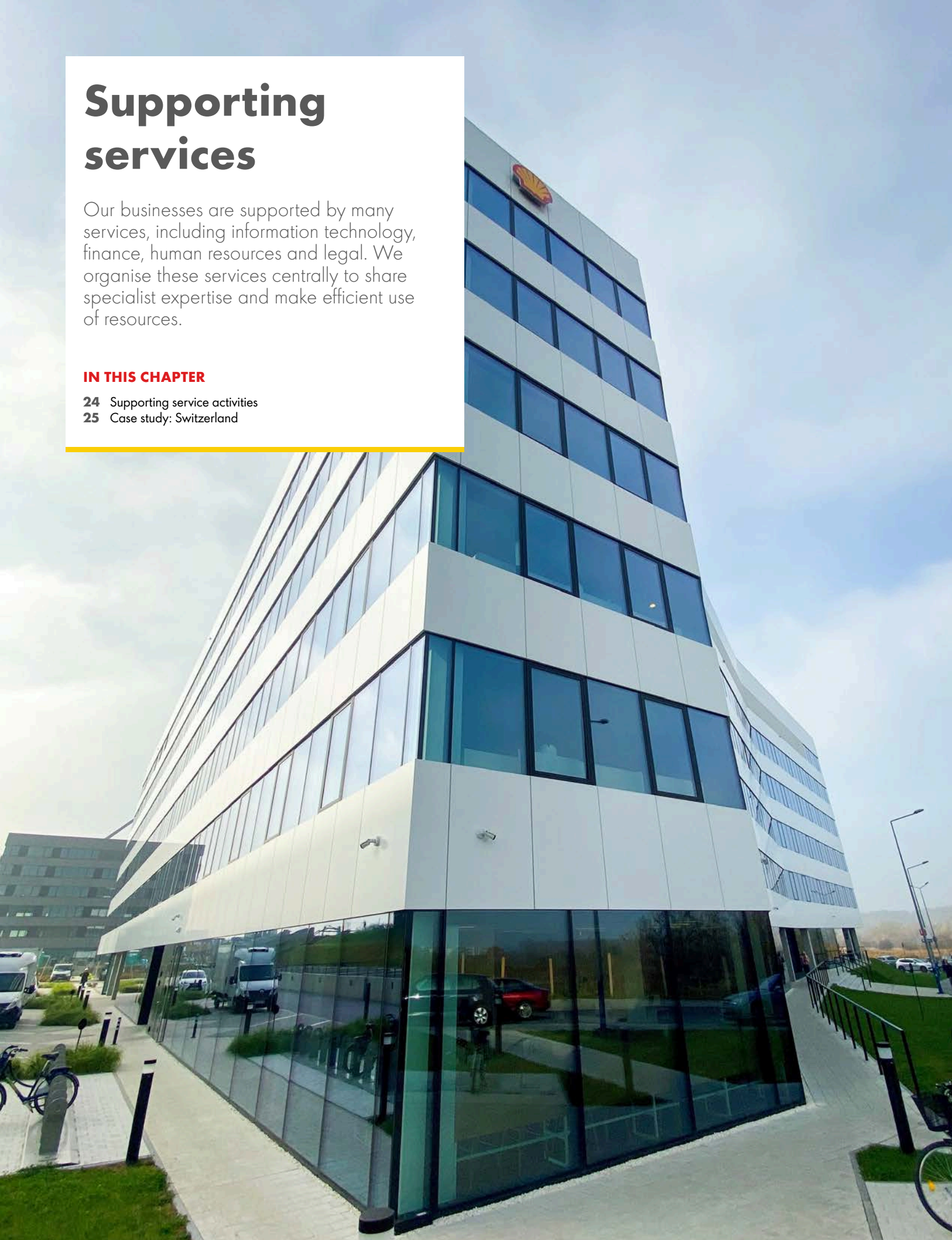


# Supporting services

Our businesses are supported by many services, including information technology, finance, human resources and legal. We organise these services centrally to share specialist expertise and make efficient use of resources.

## IN THIS CHAPTER

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- 25 Case study: Switzerland





# Supporting service activities

We centralise services to support our business and these are located where the required skills and expertise are available. This enables us to share specialised expertise and functional advice and reduce costs.

Operating companies using these centralised services pay a fee in line with industry practice. The fee is charged to the companies that benefit from the services, using methodologies endorsed by the OECD.

This is known as transfer pricing and is closely monitored by governments and tax authorities. They check that Group costs like these are allocated appropriately and not overinflated and charged to high-tax jurisdictions where they can be deducted from revenues and used to lower taxable profit.

Our centralised service activities include:

## FINANCE AND DATA OPERATIONS

Finance and Data Operations is part of the Finance organisation that provides centralised data and compliance activities to the group. These centres provide the businesses with access to reliable data and analysis which allow them to understand their financial profile and performance.

The centres are in key hub locations such as Poland, the Philippines and India. The choice of location is based on available expertise and skilled staff, as well as costs which compare favourably to alternative third-party outsourcing solutions. The centres provide significant employment opportunities, with 7,500 staff worldwide. These activities may enjoy some local tax exemptions where, for example, certain employment levels are met.

## TREASURY

Daily treasury operations include management of foreign exchange for the many different currencies that are needed by Shell around the world, advising and financing subsidiaries and joint ventures, and managing surplus funds and Shell's bank accounts.

Financing oil and gas projects, which can take years to develop, requires significant capital. Our operating

companies require a balance between equity and long-term loan funding. To provide loan financing we have capitalised lending entities in Bermuda, the Netherlands, Switzerland, Singapore and the UK.

Treasury reviews the funding needs of Shell's operating companies on a case-by-case basis. Loans are made and interest is due on those loans in the same way as if those loans had been provided to that entity by an independent bank or financial institution. The funding offer and acceptance are made by the boards of the Shell lending and borrowing companies.

## INSURANCE

The oil and gas industry can face severe, low-frequency risks and there is often a requirement to be appropriately insured against such events. Globally, there are few insurers who are able to insure against some of these risks. Shell - like other major oil and gas organisations - self-insures most of its risk exposure. This means we maintain sufficient capital and reserves in a regulated entity.

In 2018, Shell's insurance activities were carried out in Switzerland and Bermuda.







Our insurance activities use robust methodologies and processes to assess, mitigate and manage risk. This includes the valuation of risk so that it can be properly accounted for in decision-making, and analysis of the causes of losses so that they can be reduced in the future.

## INTELLECTUAL PROPERTY

Shell companies have access to specialist expertise in long-term brand building, consistent brand strategy and global marketing campaigns. Supporting services also include advice on all intellectual property including patents, industrial design, copyright and trademarks. Local operating companies focus on local execution and on shorter-term marketing strategies tailored to their markets.

For more information on our trademark management, refer to the [case study on Switzerland](#).

## Treasury in 2018

 <p>Supported by <b>200+</b> Full-time employees in 5 service centres</p>	 <p>Centralised in 2 Treasury Centres <b>London and Singapore</b></p>	 <p>Transacting in <b>59</b> currencies</p>
 <p>1 global banking system, <b>24/7</b> availability</p>	 <p><b>12+</b> million p.a. Payments and receipts \$1 trillion value</p>	 <p>Global cash management in <b>60+</b> countries</p>

## Case study: Switzerland

Shell has a significant presence in Switzerland and we employ around 120 people there. We have located supporting services there that are important to our businesses, including financing, insurance and trademark management operations. Three hundred Shell-branded retail sites serve around 80,000 customers every day. We also have a lubricants blending plant.

Switzerland is a country whose tax regime has been the subject of public scrutiny. Switzerland has recently approved new tax rules that result in a combined regional and federal tax rate of 12% from 2020. The tax reform replaces certain preferential tax regimes with a new set of internationally accepted measures.

Here we provide more information about the service activities performed in Switzerland and the essential role they have played in supporting our business activities.

### INSURANCE

Shell is exposed to material risks which are predominantly insured by one of our entities in Switzerland. We maintain sufficient capital and reserves in the event of a claim and we employ professionals with finance and specialist insurance expertise, including in-house actuarial expertise. Shell's insurance operation is licensed and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

### TRADEMARK MANAGEMENT

Shell has a number of trademarks used by both Shell companies and third parties including those that own and operate some of our retail sites. Most Shell trademarks are owned by Shell Brands International AG (SBI), which is based in Switzerland.

SBI owns, licenses, enhances and protects the value of Shell trademarks. SBI receives royalty payments from Shell operating companies and third-party licencees.

Revenues from third-party licencees account for around 50% of the total trademark royalty revenues.

Shell companies pay royalties for the use of the trademarks in the same way as third parties. This is in line with international transfer pricing standards as defined by the OECD.

Our trademarks are registered with the relevant government agencies in many jurisdictions. SBI owns and manages a portfolio of more than 15,000 registered trademarks.

### FINANCING

Shell issues bonds in the financial markets to raise funds. Some of these funds are used by a company registered in Switzerland to finance some of our operating companies. Loans are provided on arm's-length terms, which means that the interest rate charged is the same as if it had been provided by a bank. This is required under international transfer pricing rules which all companies, including Shell, must follow.

From 2020 onwards, we will no longer provide these financing operations out of Switzerland. They will be provided from one of our existing treasury service locations.

International groups like ours are exposed to movements in the value of different currencies as part of our normal business operations. Sometimes these currency movements create gains and sometimes losses. In 2018, the changing value of different currencies resulted in a loss.

Shell has hedging activities in Switzerland to reduce our exposure to these currency movements. From the end of 2019, we are substantially reducing these activities in Switzerland.



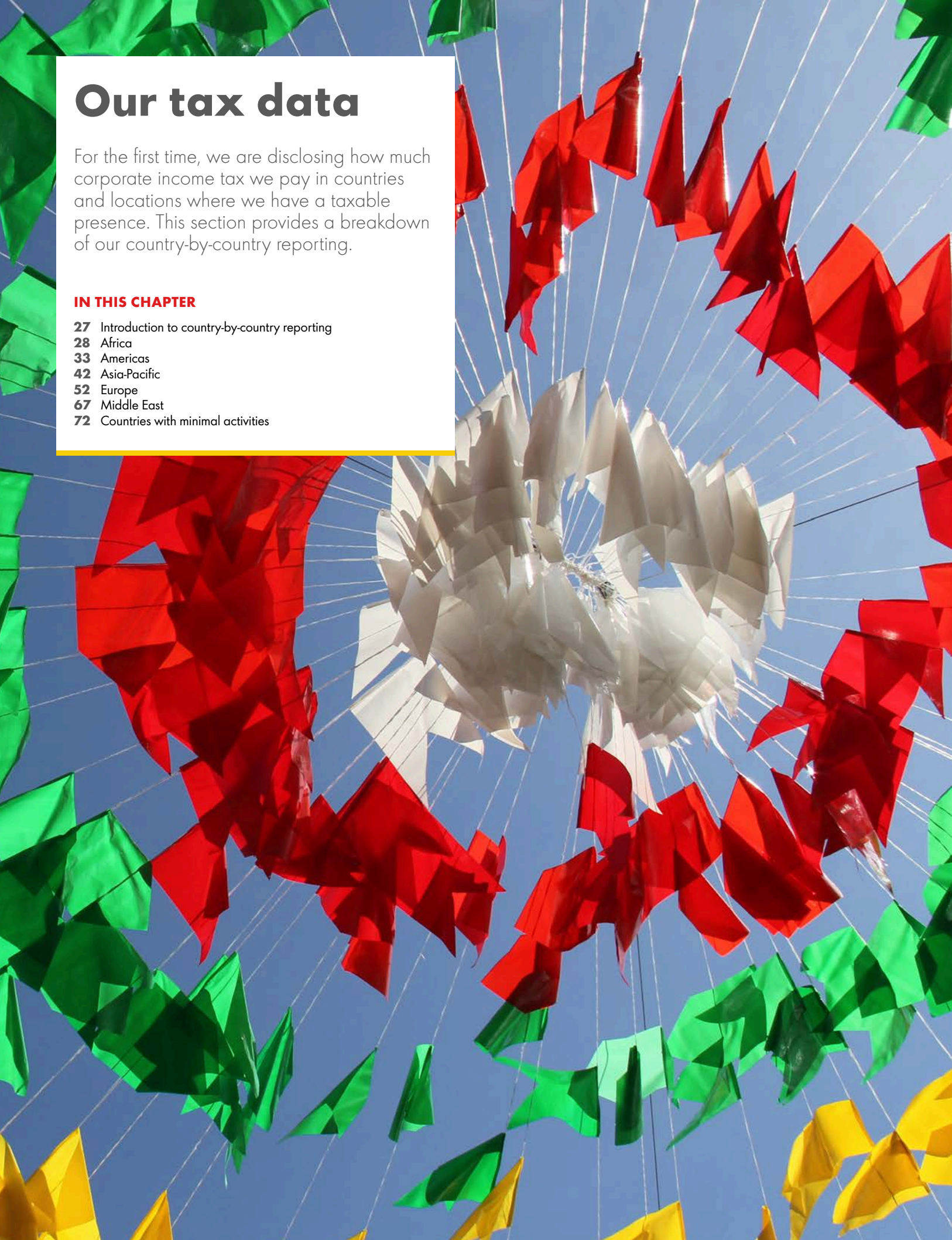
Royal Dutch Shell-branded flag with Pecten

# Our tax data

For the first time, we are disclosing how much corporate income tax we pay in countries and locations where we have a taxable presence. This section provides a breakdown of our country-by-country reporting.

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- 28** Africa
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- 72** Countries with minimal activities





# Introduction to country-by-country reporting

In this report, we disclose our country-by-country report (CbCR) data for 98 of the 99 countries and locations in which we have a taxable presence. Where country-by-country report data is not available for this report, we have provided information from our Payments to Governments Report alone<sup>1</sup>.

We share more information about our presence and purpose in each country, as well as relevant financial data which help determine Shell's overall tax and economic contribution.

The OECD developed and implemented CbCR in 2017 and all large multinational enterprises are required to file these statements with tax authorities. This is the first time we have disclosed this information to the public.

Shell has a taxable presence in 99 countries and locations and is assessed for tax by the authorities in each of them. The nature of our business varies within countries. In many locations, we have more than one kind of activity. Under OECD rules, CbCR is prepared using aggregated financial data. It is therefore not always possible to draw conclusions about a single entity, business or venture.

This report shows aggregated country data for entities that are consolidated or proportionally consolidated in the [2018 Annual Report and Form 20-F](#). We also include data for the Shell share of non-consolidated joint ventures and associates. This data is reported in the country where the entity holding the shares is based.

Shell uses International Financial Reporting Standards (IFRS) data and US dollars as the reporting currency in its CbCR. The main data source is the consolidated group reporting system, but reliance is also placed on data from local accounting systems for specific items.

The financial information taken from our consolidated group reporting system has been prepared under Shell's general financial controls. Our CbCR report has not been subject to an external audit, statement or opinion.

## CBCR DEFINITIONS

The OECD requires certain data to be included in CbCR. See below for definitions of the key country-by-country reporting terms.

## REVENUES

Revenues are disclosed as a split between those from related parties and those from unrelated parties. For CbCR, unrelated parties would include non-consolidated joint ventures and associates for the purposes of our 2018 Annual Report and Form 20-F.

Unrelated-party revenues include sales of products, interest income and dividend income.

Related-party revenues include transactions between consolidated group entities. An example of related-party revenues would be where our Trading organisation buys oil or gas from our Upstream organisation and sells it to our Downstream organisation.

Within one country or location, many of these related-party transactions may occur, as Shell entities buy and sell, or provide and receive services, to each other. Shell includes all these transactions in our aggregated CbCR data. For example, feedstock could be sold to a refinery, refined and then processed further in a chemical plant,

which is then traded by Shell, all within one country or location. In this case, each of these sales between different entities would be counted as related-party revenues. These can be large amounts.

## PROFIT BEFORE TAX

Profit or loss before tax is reported in Shell's consolidated statement of income. Any share of profit or loss from non-consolidated joint ventures and associates is reported in the country where the entity holding the shares is based.

This is the profit or loss calculated using group accounting policies. Local statutory accounts may need to comply with local accounting standards which may be different. The local statutory accounting profit or loss is the basis for the calculation of taxable profits in individual countries or locations. Local tax laws are then applied to the profit or loss.

Profit before tax shows the group accounting result but not the profits subject to tax after compliance with local tax laws.

## INCOME TAX PAID

This includes corporate income tax paid in 2018. In some cases, this may include payments made in relation to previous years as tax payments are often made in arrears. It also includes withholding tax accrued.

## TAX ACCRUED

This is the amount of corporate income tax for 2018 recorded as current-year tax in Shell's consolidated statement of income. This also includes withholding tax accrued. It does not include prior-year adjustments or deferred tax.

## STATED CAPITAL

This information is sourced from local statutory accounts and is the amount of money invested in return for shares. As we have not yet filed 2018 statutory accounts for some countries because authorities have not yet required them, some countries do not have a figure for stated capital. We intend to update these figures in this report when the local accounts have been completed and filed.

The OECD rules require aggregated data, including for stated capital. This means that when a holding company invests in a subsidiary, which then invests in another subsidiary, all within the same country, each of those investments is counted and aggregated.

## ACCUMULATED EARNINGS

Accumulated earnings reflect the profits retained and not used for any other purpose, such as to pay dividends to shareholders.

## NUMBER OF EMPLOYEES

This is the average number of employees in the year, including permanent and temporary staff on a long-term contract. Some of our businesses are labour-intensive. Others are not, for example, holding companies which hold shares in subsidiaries or joint ventures.

## TANGIBLE ASSETS

The data reported in line with CbCR comprises property, plant and equipment and inventories as at the closing balance sheet date on December 31, 2018.

<sup>1</sup> See page 70

# ALGERIA

1 EMPLOYEE

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$39,291	\$127,161	\$166,453
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(25,259,406)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$0	\$(1)

Shell has had operations in Algeria since 2005. Shell liquidated its downstream operation, Shell Marketing Algeria SPA, in December 2015 but remained active in the upstream exploration sector.

Shell Exploration New Ventures One GmbH (SENVO), which is incorporated in Germany with an Algerian branch, ceased exploration activities in 2018 after making no commercial discoveries.

## COUNTRY FINANCIAL ANALYSIS

Shell owed no corporate income tax in 2018 due to losses incurred in exploration activities.

# EGYPT

400 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$999,534,204	\$383,741,315	\$1,383,275,519
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$666,442,744	\$127,077,457	\$127,025,641
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$891,256,992	\$1,782,683	\$212,875,681

Shell has been present in Egypt since 1911 and we are active in the exploration and production of oil and gas. Shell expanded its offshore activities in Egypt when it acquired BG Group in 2016.

In 2018, Shell was the contractor for 17 ring-fenced production-sharing contracts (PSCs), which cover 13 areas in the Western Desert and four in the Mediterranean Sea. Shell was also awarded an additional five PSCs for exploration in the 2018 onshore and offshore bid round pending ratification by parliament.

Shell's downstream activity in Egypt includes the blending and marketing of lubricants.

## COUNTRY FINANCIAL ANALYSIS

Egypt set the general corporate income tax rate at 22.5% for 2018 and the corporate income tax rate for the exploration and production of hydrocarbons at 40.55%. Each concession and legal entity is ring-fenced under Egyptian tax law and its taxable income is determined individually. Consequently, the local tax base deviates from the consolidated profit before tax as reported under IFRS for CbCR. In addition, some profits that were already taxed in previous years on the basis of local accounting and tax requirements have been recognised for IFRS and therefore CbCR purposes in 2018.

The corporate income tax figure in the table relates to Shell's onshore upstream activities. No corporate income taxes on our production from Egyptian territorial waters or our downstream business were paid due to losses incurred in previous years. These were carried forward and offset against profits arising in 2018.

# GABON

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$55,387	\$576,178	\$631,565
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(2,614,177)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$8,000,000	\$0	\$9

Shell has been present in Gabon since the 1960s. Shell sold its downstream business there in 2006, keeping its exploration and production activities. In 2017, Shell divested its onshore upstream entities, but Shell Offshore Central Gabon Ltd. (SOCG), a Bermudan company, continues exploration through a branch.

## COUNTRY FINANCIAL ANALYSIS

No taxable profit was reported in 2018, as there were exploration activities and costs.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid \$121,307 in fees.

# KENYA

2 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$260,195	\$620,534	\$880,729
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(4,986,409)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,014	not available at the time of publication	\$0

Shell inherited two UK-registered entities with Kenyan branches when it acquired BG Group in 2016. These branches explored two areas off the coast of Kenya through production sharing contracts (PSCs). Exploration has been unsuccessful and Shell notified the government of its intention to relinquish the two PSCs in May 2018. The PSCs automatically lapsed on their expiry date, June 15, 2018.

## COUNTRY FINANCIAL ANALYSIS

Shell's operations in Kenya incurred losses in 2018 and have now ceased. Corporate income tax is not expected to be due, but a final assessment will be made by the tax authorities.



# MAURITIUS

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Holding investments

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$0	\$0
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(197,636)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$16,778,952	\$81,063,830

Shell has been active in Mauritius since the acquisition of Pennzoil in 2002. Shell has holding companies in Mauritius, which have investments in Indian subsidiaries. There are two dormant entities and an active business which produces oil and gas at Panna-Mukta, and carries out decommissioning work at Tapti. The Indian oil and gas business was acquired as a result of the BG Group acquisition in 2016 and is run through BG E&P Indian Ltd., under a production sharing contract (PSC) with the Indian government. Profits from the PSC are reported in the accounts of Shell India. The PSC ends in December 2019.

## COUNTRY FINANCIAL ANALYSIS

The dormant holding companies of Shell Mauritius incurred a loss for 2018 and therefore no tax was paid.

# MOZAMBIQUE

1 EMPLOYEE

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$0	\$0
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(1,489,689)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$0	\$0

Shell Mozambique BV (SMBV) established a representative office in Maputo in 2014 to support Shell's Upstream and Integrated Gas activities in the country. The representative office provides support for the proposed gas-to-liquids project.

## COUNTRY FINANCIAL ANALYSIS

SMBV's representative office operations in the country are limited as the project remains at an early stage. SMBV has incurred feasibility and other costs since inception and therefore does not yet pay corporate income tax.

# NAMIBIA

3 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$446,044	\$0	\$446,044
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(6,264,543)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$90,000,000	\$0	\$0

Shell has an interest in an exploration licence (Shell interest 45%) and is currently conducting exploration activities in its licence area with the objective of identifying commercial hydrocarbon resources.

## COUNTRY FINANCIAL ANALYSIS

Losses reflect exploration costs, for which there is no immediate tax relief. When the project starts production, these costs can be deducted against profits for tax purposes in compliance with local legislation.

# NIGERIA

2,952 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,355,512,775	\$3,345,888,914	\$4,701,401,689
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$1,986,009,386	\$1,308,136,195	\$1,075,539,394
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$8,457,460,169	not available at the time of publication	\$4,653,256,059

Shell has been present in Nigeria for 60 years. Our activities include oil and gas exploration and production.

In 2018, about 10% of Nigeria's domestic gas, most of which was used for power generation, and about 13% of Nigeria's grid-connected electricity were supplied by the joint venture Shell Petroleum Development Company Ltd. (SPDC). SPDC is the operator of a joint venture agreement in which the Nigerian National Petroleum Corporation (NNPC) holds 55%, Shell 30%, Total Exploration and Production Nigeria Ltd. (TEPNG) 10% and Nigerian Agip Oil Company Ltd. (NAOC) 5%.

Shell Nigeria Exploration and Production Company Ltd. was set up in 1993 to develop and produce Nigeria's deep-water oil and gas resources.

Shell Nigeria Gas Ltd. (SNG) currently operates a gas transmission and distribution network of around 115km in Nigeria.

## COUNTRY FINANCIAL ANALYSIS

Shell has several natural gas projects still in the exploration, development or construction phases. Divestment of producing assets and vandalisation of assets and pipelines in the Niger Delta in recent years have negatively impacted production levels. Shell paid tax in 2018 on profits from producing assets.

Our [Payments to Governments Report for 2018](#) shows that Shell paid around \$5.1 billion in production entitlements, royalties and fees.

# SOUTH AFRICA

656 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream
- Downstream
- Manufacturing

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$6,939,556,701	\$467,815,926	\$7,407,372,627
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$47,706,301	\$10,603,398	\$14,977,224
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,256,934,272	\$238,455,218	\$853,309,091

Shell has been present in South Africa since 1902. Shell has a wide network of retail sites and is active in commercial fuels, lubricants, aviation fuels, marine, and upstream exploration. Shell also jointly owns the SAPREF refinery in Durban with BP. The refinery manufactures a variety of petroleum products including petrol, diesel, paraffin, aviation fuel, liquid petroleum gas, base oil, solvents and marine fuel oil.

## COUNTRY FINANCIAL ANALYSIS

In South Africa, corporate income taxes are paid in advance, based on estimated taxable income.

# TANZANIA

28 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$29,998	\$2,133,065	\$2,163,063
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(20,253,215)	\$0	\$(5,152)
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$347,613,914	\$27,844,259	\$(37,414,842)

Shell has been active in Tanzania since 2011. Shell Exploration and Production Tanzania Ltd. (SEPTL) is a company incorporated in the UK with a branch registered in Tanzania. The principal activity of SEPTL is the exploration and development of gas in Tanzania (based on natural gas reserves in the Tanzania offshore area). SEPTL is the operator of two offshore blocks, in which it currently has a 60% interest.

Shell Deepwater Tanzania B.V. is a company incorporated in the Netherlands with a branch registered in Tanzania (SDT-Tanzania) and a branch registered in Zanzibar (SDT-Zanzibar).

SDT-Tanzania started its exploration operations in 2011 in conjunction with its joint venture partner. SDT-Tanzania does not hold a current licence in any block.

SDT-Zanzibar started its exploration activities in 2013, but with very limited operations taking place in 2018.

## COUNTRY FINANCIAL ANALYSIS

In view of the overall losses in the country, no corporate income taxes were paid.

Our [Payments to Governments Report for 2018](#) shows that Shell also paid \$727,600 in fees.



# TUNISIA

366 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$264,258,275	\$107,296,281	\$371,554,556
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$68,333,530	\$92,591,700	\$73,433,793
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$381,840,456	\$239,992,976	\$773,243,760

Shell has been present in Tunisia for almost 90 years. In 2011, Shell sold its downstream business but continued its upstream exploration. When Shell acquired BG Group in 2016, we became the owner of producing offshore gas fields and their supporting facilities, an liquefied petroleum gas extraction plant, pipelines, storage and export terminals.

## COUNTRY FINANCIAL ANALYSIS

The tax paid comprises three instalments for 2018, the fourth instalment and final payments for 2017 and previous years.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$17.9 million in royalties.

# ARGENTINA

2,003 EMPLOYEES

## AMERICAS

## MAIN BUSINESS ACTIVITIES

- Upstream
- Chemicals
- Trading and Supply
- Other downstream (divested in 2018)
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$3,097,984,440	\$233,822,582	\$3,331,807,022
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$274,172,615	\$76,005,355	\$(39,646,490)
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,285,704,146	\$392,112,692	\$(586,146,771)

Shell has been present in Argentina since 1914.

In 2018, Shell sold its Argentinian downstream business to the Raízen Group, which is a 50:50 joint venture between Shell and the Brazilian company Cosan. The Shell brand continues to be present in the country through a brand licence agreement with Raízen.

Shell still has upstream activities in the Vaca Muerta basin, a minority interest in a gas field, marketing of chemicals and trading and supply activities.

## COUNTRY FINANCIAL ANALYSIS

The tax paid relates to profits from the downstream activities before they were sold. Shell's upstream activities incurred operating losses because the Vaca Muerta assets were in the exploration phase.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$19.1 million in royalties, bonuses and fees.

# BAHAMAS

34 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$7,727,182,910	\$14,813,878,727	\$22,541,061,637
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$971,887,531	\$0	\$(145,259)
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$329,542,704	\$20,019,921	\$2,156,310,898

Shell has had a presence in the Bahamas since 2002, following its acquisition of Enterprise Oil. The acquired entity, now called Shell E&P Ireland Offshore Inc. that held upstream investments, is dormant and designated for liquidation.

In September 2018, Shell Western Supply and Trading Ltd. was transferred from Barbados to the Bahamas, including 34 employees. Shell Western Supply and Trading Ltd. is a crude oil trading business, serving West African and Latin American markets. After the expansion of our customer footprint following the global acquisition of BG Group, we wanted to enable staff to meet with customers more frequently. The location of the Bahamas allowed our staff to do this and also retained our regional presence without increased tax costs.

## COUNTRY FINANCIAL ANALYSIS

The profits reported by Shell Western Supply and Trading Ltd. reflect the economic activities there. The Bahamas do not impose corporate income tax on companies operating in the country and so Shell Western Supply and Trading Ltd. pays no tax. While companies are not subject to direct taxes, they are subject to indirect taxes and fees, including business licence fees. The Bahamas are recognised by the OECD as having high levels of tax transparency and other international information exchange standards.

# BARBADOS

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Holding investments
- Upstream and Integrated Gas
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$29,200,646	\$8,163,931	\$37,364,577
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(173,805,739)	\$132,540	\$5,047,412
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$249,298,114	not available at the time of publication	\$10,699,008

Shell has had a presence in Barbados since 1982, when a trading entity, Shell Western Supply and Trading Ltd., was set up to manage crude oil trading and shipping in the region. In September 2018, Shell Western Supply and Trading Ltd. was transferred to the Bahamas, including 34 employees. The company wanted to maintain a regional presence without increased tax costs. See [Bahamas](#) for more details.

As part of an acquisition from Repsol in 2013, Shell acquired an entity, Shell Trinidad and Tobago Resources SRL, which holds investments in LNG companies in Trinidad and Tobago. See [Trinidad and Tobago](#) for more details.

## COUNTRY FINANCIAL ANALYSIS

Shell in Barbados incurred a loss mainly due to costs associated with its investment in LNG activities in Trinidad and Tobago. As the trading business moved during the year, no employees are recorded in Barbados as at the end of the year.

# BERMUDA

3 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$25,166,839	\$618,720,462	\$643,887,302
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$683,036,942	\$12,500,000	\$12,500,000
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	not available at the time of publication	\$3,431,577,045

Shell has been present in Bermuda for more than 70 years, with reinsurance, lending and pension fund companies incorporated in Bermuda. These companies manage a small number of activities such as filing of company accounts, collecting interest and other administrative activities. We also have companies in Bermuda which have branches in overseas countries. Some countries do not allow foreign companies to establish corporate entities, but do allow operations and activities through branches.

## COUNTRY FINANCIAL ANALYSIS

Bermuda does not impose corporate income tax on companies operating there. Shell companies in Bermuda that have global activities through branches are subject to the applicable tax laws in the countries where those activities take place. The taxes paid of \$12.5 million in the table above are withholding taxes paid on income into Bermuda from overseas, for example on interest income on lending.

# BOLIVIA

86 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$189,222,377	\$251,179	\$189,473,556
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$60,610,002	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$485,107,565	not available at the time of publication	\$208,300,228

Shell Bolivia Corporation, Sucursal Bolivia is a company whose main activity is the exploration, development and exploitation of natural gas and associated liquids. Shell Bolivia Corporation is the sole shareholder of Shell Bolivia Corporation, Sucursal Bolivia, and is an entity established in the Cayman Islands. Shell Bolivia Corporation's sole shareholder is BG Overseas Ltd., a UK-registered entity. Shell acquired these entities as part of the acquisition of BG Group in 2016.

Shell Bolivia Corporation, Sucursal Bolivia is subject to tax in Bolivia and tax is not reduced as a result of its being held through a Cayman Island company.

Shell in Bolivia explores the Huacareta area, the largest undeveloped area in Bolivia and is operator of the La Vertiente area, which brings together natural gas from five different fields in a single processing plant. Shell also has a non-operator interest in the Caipipendi and Tarija West areas.

We also have two entities that are in the process of liquidation, Shell Bolivia S.A. and Pennzoil Bolivia S.A..

## COUNTRY FINANCIAL ANALYSIS

Revenues were earned from services provided to the Bolivian national oil company (YPFB).

Due to exploration costs during 2018, no income tax payments were due in 2018.

Our [Payments to Governments Report for 2018](#) shows that Shell also paid around \$1.6 million in fees.



# BRAZIL

783 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream
- Downstream
- New Energies

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$(137,701,887)	\$7,121,297,964	\$6,983,596,077
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(1,034,346,197)	\$163,621,232	\$118,863,235
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$35,229,039,649	not available at the time of publication	\$(4,144,964,955)

Shell has been active in Brazil since 1913 and has a mix of Upstream, Downstream and New Energies activities. The acquisition of BG Group in 2016 made Shell the largest international investor in Brazil's conventional deep-water oil fields. In Downstream, we have a lubricants business and a 50% interest in Raízen, which manufactures sugarcane ethanol, and supplies and distributes fuels. Raízen is one of the world's largest sugar-cane ethanol producers, responsible for more than 2 billion litres per year. In addition to the above tax, Raízen also had a tax charge of \$250 million in corporate income tax.

## COUNTRY FINANCIAL ANALYSIS

Shell in Brazil reported a 2018 loss before tax, among others due to the unitisation of the Lula and Sapinhoa fields. However, for tax purposes, the Lula unitisation has not been recognised in 2018 as a deductible tax expense. Unitisation is mandated by Agência Nacional do Petróleo and is an agreement to develop jointly fields that extend across two or more licence areas, with each owner receiving an adjusted percentage interest in the combined unit. In 2018, this resulted in an adjustment to third-party revenues which contributed to the negative revenue of \$138 million in the table above.

Despite these losses, Shell had a corporate income tax charge of \$164 million.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$2.4 billion in royalties and fees.

# CANADA

3,865 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Manufacturing
- Chemicals
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$14,173,516,376	\$13,973,790,128	\$28,147,306,503
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$4,219,484,863	\$8,093,112	\$56,345,374
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$13,909,466,615	not available at the time of publication	\$(4,269,386,049)

Shell has been operating in Canada since 1911 and has around 1,287 mineral leases, mainly in Alberta and British Columbia. We produce and market natural gas, natural gas liquids, synthetic crude oil and bitumen. In 2017, Shell divested its undeveloped oil sands interests in Canada and reduced its interest in the Athabasca Oil Sands Project (AOSP) from 60% to 10%. Shell continues to operate AOSP's Scotford upgrader and Quest carbon capture and storage (CCS) project.

Shell has a downstream business anchored in its Sarnia refinery (Ontario) and its Scotford refinery and upgrader (Alberta), as well as its two petrochemical plants near Edmonton. Shell also has around 1,400 retail sites across Canada, as well as aviation, sulphur, lubricants and supply and trading businesses.

In 2018, Shell and its partners in the LNG Canada joint venture took a positive final investment decision, and Shell reduced its ownership interest in the project to 40% from 50%.

## COUNTRY FINANCIAL ANALYSIS

Profit before tax fluctuates due to the integrated portfolio and is impacted by oil and gas prices. The Canadian upstream business encompasses assets at different stages of the business cycle, including those with an impairment of the asset value and decommissioning costs. For tax purposes, profits may be offset by losses incurred in previous years in compliance with Canadian tax law. In the table above, the tax paid amount is because of profit in entities that have not had losses in previous years.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$103 million in royalties and fees.

# CAYMAN ISLANDS

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Holding investments

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$1,340,642	\$1,340,642
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$7,041,102	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	not available at the time of publication	\$(53,828,946)

Shell's holding company in the Cayman Islands, BG Exploration and Production India Ltd., has a project office and a branch office in India involved in oil and gas exploration and production. Shell inherited this entity when it acquired BG Group in 2016. Income earned by BG Exploration and Production India Ltd. is subject to tax in India.

## COUNTRY FINANCIAL ANALYSIS

The holding company has no income and therefore pays no tax in the Cayman Islands. The \$7 million in profit before tax is that of the Indian project office, which is subject to tax in India.

# COLOMBIA

28 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$22,301,614	\$47,981,303	\$70,282,916
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(16,405,441)	\$165,905	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$476,706	\$17,871,056	\$(61,707,435)

Shell has been active in Colombia since 1956.

Shell Exploration and Production Colombia GmbH Sucursal Colombia is an entity incorporated in Germany with a Colombian branch for the exploration of oil and other hydrocarbons.

In 2017, Shell Trading and Supply began operating C.I. Shell Comercializadora Colombia S.A.S., whose main purpose is to export crude oil produced locally.

Shell Colombia S.A. has downstream activities which include the storage, distribution, purchase and sale, import and export of petroleum and chemical products.

## COUNTRY FINANCIAL ANALYSIS

Shell's Colombian entities incurred a loss in 2018, so no tax owed for that year.

Our [Payments to Governments Report for 2018](#) shows that Shell also paid \$229,091 in fees.

# HONDURAS

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$0	\$0
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$1,249,376	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$0	\$0

Shell acquired BG Group in 2016 and with it the BG Honduras (BGH) branch, which was registered in 2013. The branch conducted exploration in 2014-2016, but the project never reached the extraction phase. In 2017, the branch transferred its operating contract to a third party, AziPetrol Honduras S.A. and CaribX (UK) Ltd..

## COUNTRY FINANCIAL ANALYSIS

Most of the profit before tax figure relates to foreign exchange movements. The tax on this gain is payable in 2019 and is therefore not reflected in the 2018 data in the table above.

# MEXICO

84 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$821,239,319	\$84,073,456	\$905,312,775
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(96,307,275)	\$8,633,966	\$6,096,323
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$364,326,352	not available at the time of publication	\$(614,434,579)

Shell has been in Mexico since 1954 when it started as a chemicals business. Today, Shell's activities in Mexico include nine deep-water blocks and two shallow-water blocks, 183 retail sites, and the sale of petrochemicals and lubricants through macro-distributors.

Shell also has 100% capacity at the Altamira regasification plant and supplies Comisión Federal de Electricidad, the state-owned electric utility of Mexico, through the Manzanillo terminal as well. Shell is also active in strategic sourcing and supplier development, providing goods and services to Shell's operations worldwide.

## COUNTRY FINANCIAL ANALYSIS

Tax paid during the year reflects Mexican tax payable on profits made predominantly from the Integrated Gas business.

The overall loss is due to investments made in Upstream and Downstream businesses during the year.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$364.1 million in bonuses and fees.



# PERU

12 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Other support services

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$4,473,774	\$5,027,613	\$9,501,387
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(1,640,078)	\$122,611	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$522,287	not available at the time of publication	\$(4,570,455)

Shell has had operations in Peru since 2017, selling LNG in the Peruvian market through Shell GNL Peru SAC. Shell Operaciones Peru SAC provides advisory and support services to Shell's Peruvian operations.

## COUNTRY FINANCIAL ANALYSIS

Shell in Peru reported a taxable loss in 2018 and therefore no tax is due. Income tax instalments of \$123 thousand were remitted in the 2018 year as an estimated prepayment. Given that 2018 ultimately resulted in a net loss for tax purposes, this tax paid on account will be held over to the subsequent taxation year.

# PUERTO RICO

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$20,937	\$0	\$20,937
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(1,692,859)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$32,605,000	\$(27,790,481)

Station Manager of Puerto Rico Inc. (SMPR) was a wholly-owned subsidiary of the Shell Company (Puerto Rico) Ltd. until August 2006, when it was sold to Shell Petroleum Company Ltd.. SMPR has no active operations but maintains a small reserve for potential residual financial obligations until it is wound up.

## COUNTRY FINANCIAL ANALYSIS

SMPR reported a small amount of revenue from interest earned. As there were no activities in the country, no tax was paid or accrued.

# SAINT LUCIA

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Holding investments

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$11,375,000	\$289,942	\$11,664,942
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$62,545,102	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$469,388,335	\$(200,899,213)

Shell is present in Saint Lucia through investment holding companies it inherited as part of its 2016 acquisition of BG Group, which began business there in 2002. These entities have interests in companies doing business in Trinidad and Tobago. See [Trinidad and Tobago](#) for more information.

## COUNTRY FINANCIAL ANALYSIS

Shell in Saint Lucia earns dividend income from its investments. Saint Lucia does not tax dividends as they are paid from profits that have already been taxed in the country where the activities that generated the profits take place. Shell's entities in Saint Lucia hold shares. Administrative activities are outsourced and there are no full-time employees.

# TRINIDAD AND TOBAGO

450 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$353,265,997	\$263,994,407	\$617,260,404
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(64,453,148)	\$(67,506)	\$21,131,680
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$334,600,937	not available at the time of publication	\$(319,133,168)

Shell has been active in Trinidad and Tobago since 1913. Following Shell's 2013 acquisition of Repsol's LNG business and the 2016 acquisition of the BG Group, Shell has a larger presence in Trinidad and Tobago.

Shell's portfolio in Trinidad and Tobago includes exploration and production activities through both operated and non-operated ventures, as well as gas and oil pipelines and LNG facilities.

## COUNTRY FINANCIAL ANALYSIS

In Trinidad and Tobago, tax filings for production sharing contracts (PSCs) are assessed individually by legal entity or asset. This means that losses in one PSC may not be offset against profits arising elsewhere. Overall, Trinidad and Tobago reported a loss for accounting purposes but some individual assets were in production. As a result, \$21 million of corporate income tax was accrued on these profits.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$97.2 million for production entitlements, royalties and fees.

# USA

17,049 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream
- Downstream
- New Energies
- Manufacturing
- Chemicals
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$90,452,264,545	\$100,888,502,494	\$191,340,767,039
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$1,744,487,116	\$250,540,918	\$136,646,467
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$59,529,484,433	not available at the time of publication	\$1,618,959,425

Shell's presence in the USA began more than 100 years ago. Shell has interests in 50 states, employing more than 17,000 people. Shell's exploration and production areas include the Marcellus and Utica shale gas formation in Pennsylvania and West Virginia; Permian Basin shale oil in West Texas; and deep-water oil off the coast of the USA in the Gulf of Mexico. Shell produces 426,000 barrels of oil equivalent per day in the USA. There are five major refinery locations in Texas, Louisiana, Washington and California. Shell also has manufacturing and chemical facilities located in Alabama (Mobile), Louisiana (Norco and Geismar) and Texas (Deer Park). The crude and product trading organisation buys and sells more than 5 million barrels of hydrocarbons every day. The gas and power trading organisation buys and sells 7 billion cubic feet of natural gas per day, sells 270 million megawatt-hours of power annually, and has more than 10,000 megawatts of generation capacity with a third coming from renewable sources. The supply organisation provides biofuels and has three hydrogen fuelling stations operating in California. There are more than 13,000 Shell-branded retail sites in the USA and 2,000 Jiffy Lube locations.

## COUNTRY FINANCIAL ANALYSIS

The tax paid in 2018 includes the net amount of corporate income taxes paid to the US federal and state governments which may relate to more than one tax-paying year. The amount of tax paid at the state and federal level includes offsets for operating losses incurred during previous years. These losses were the result of many factors, including the decision to make significant investments in the US Upstream, Manufacturing, and Chemical businesses during a period of low oil and gas prices, the decision to abandon exploration activities in Alaska, and the decision to divest a number of non-producing onshore oil and gas leases.

Our [Payments to Governments Report for 2018](#) also shows payments of around \$869.3 million in royalties and fees.

# URUGUAY

1 EMPLOYEE

## MAIN BUSINESS ACTIVITIES

- Upstream
- Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$752,255	\$295,129	\$1,047,384
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$263,474	\$78,182	\$47,642
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$584	\$16,701,984	\$75,438,761

Shell has been present in Uruguay since the acquisition of BG Group in 2016. BG Uruguay SA (BGU), a wholly-owned Shell subsidiary, provides services and advice to Gasoducto Cruz del Sur SA (GCDS), a midstream business under the concession agreement for the construction and operation of a pipeline between Punta Lara (Argentina) and Montevideo (Uruguay). In 2017, BGU agreed to relinquish three offshore exploration blocks to the Uruguayan government.

## COUNTRY FINANCIAL ANALYSIS

Profit is generated from the provision of services and the tax reflects the Uruguayan tax payable on the profits.



# VENEZUELA

52 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$(724,266)	\$0	\$(724,266)
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(41,644,257)	\$36,053	\$33,642
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,017,015	\$823,525,355	\$(869,014,759)

Shell has been present in Venezuela for 106 years, and has upstream and downstream activities. In 2018, Shell divested its interest in the Petroregional del Lago non-operated venture and its lubricants business. Shell has an interest in several gas projects in the north-east of the country and the Dragon offshore field.

## COUNTRY FINANCIAL ANALYSIS

Shell companies in Venezuela recorded tax losses during 2018 due to reduced revenues and the divestment of the lubricants business. The sales value from the divestment will be reflected in the holding company accounts which will be outside of Venezuela. The figure shown under tax paid relates to withholding taxes, not corporate income taxes.

# AUSTRALIA

1,964 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,632,823,583	\$7,289,372,515	\$8,922,196,098
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$2,346,377,013	\$112,920,109	\$18,623
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$41,477,919,484	\$53,429,502,044	\$2,981,060,754

Shell has been present in Australia since 1901. Our activities are mostly in the upstream sector, especially in exploration for natural gas, and the development and production of liquefied natural gas (LNG). There is also an emerging new business in domestic energy trading. Since 2009, a quarter of Shell's new investments globally have been made in Australia. This amounts to around \$50 billion invested in Australia over that period. Shell Australia is comprised of two income tax groups: Shell Energy Holdings Australia Ltd. and QGC Upstream Holdings Pty Ltd. (QGC).

## COUNTRY FINANCIAL ANALYSIS

Shell Australia's 2018 revenue from contracts with customers and related parties includes sales of LNG, condensate, liquefied petroleum gas and domestic gas. Shell Australia is investing in future projects which are yet to generate profit. The Shell Energy Holdings and QGC tax groups are in a loss position after using capital allowances, carry-forward losses and incentive credits (for research and development, for example). The tax paid figure for 2018 includes payments relating to previous years.

Our [Payments to Governments Report](#) for 2018 also shows around \$166.2 million of payments in royalties, bonuses and fees.

# ASIA-PACIFIC

# BRUNEI

5 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$147,557,682	\$3,098,587	\$150,656,269
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$25,798,798	\$137,680	\$137,659
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$332,266,105	\$335,254,874	\$7,239,223

Shell has been present in Brunei for more than 60 years and our activities are mainly carried out by non-Shell-operated joint ventures. The figures above are for Shell's wholly-owned entities in Brunei that carried out exploration and production activities.

## COUNTRY FINANCIAL ANALYSIS

The taxes paid and accrued are low due to exploration costs and associated tax relief for capital expenditure, as well as losses available from prior years.

Our Payments to Governments Report for 2018 shows that Shell also paid around \$1.4 million in fees.

# CHINA

1,768 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Manufacturing
- Chemicals
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$2,120,948,471	\$970,185,709	\$3,091,134,180
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$342,104,201	\$52,311,423	\$50,922,050
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$910,221,049	not available at the time of publication	\$(1,621,443,255)

Shell has been present in China for more than a century where it now has Upstream, Integrated Gas, Downstream and Projects & Technology activities. Downstream businesses in China, in particular retail, are highly regulated but as part of China's "open door" policy in recent years the market is starting to open up. Our China Downstream businesses have experienced strong growth over the past 10 years.

## COUNTRY FINANCIAL ANALYSIS

Our corporate income tax in 2018 was mainly in relation to income from our Downstream businesses. The accumulated loss of \$1.6 billion is mostly a result of some earlier unsuccessful upstream project investments which Shell decided to exit due to unfavourable exploration results.

Our Payments to Governments Report for 2018 also shows that Shell paid around \$1.3 million in production entitlements.

# HONG KONG, SAR

177 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,875,190,092	\$140,734,420	\$2,015,924,512
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$85,286,661	\$18,954,479	\$14,046,591
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$185,036,129	\$249,196,848	\$184,748,686

Shell has been active in Hong Kong since 1913. Activities include more than 40 retail sites, the production of lubricants and the sale of aviation fuels and bitumen. Shell Hong Kong does not carry out any activities outside of Hong Kong.

Shell sold its liquefied petroleum gas (LPG) marketing business in Hong Kong to DCC Energy in 2017. Shell-branded LPG products will continue to be available in Hong Kong via a long-term brand licence agreement with DCC LPG.

## FINANCIAL ANALYSIS

The tax paid figure reflects a payment for 2017 and a provisional payment for 2018.

# INDIA

7,287 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$907,748,369	\$662,183,986	\$1,569,932,355
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$237,415,073	\$23,104,800	\$35,140,299
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$860,073,571	\$864,928,972	\$130,824,883

Shell has been present in India for almost 26 years, mostly in downstream activities. In 2008, business service units – Shell Business Operations, and Projects & Technology – started their operations.

Shell is also present as a non-Shell-operated venture in Integrated Gas and Trading and Supply through Hazira Group Companies (Shell 74%, Total 26%) and Shell-MRPL Aviation (Shell 50%, MRPL 50%).

Since acquiring BG Group, Shell's presence in India now extends to Upstream and Integrated Gas with BG Exploration and Production India Ltd., and Mahanagar Gas Ltd. (MGL) in City Gas Distribution.

## COUNTRY FINANCIAL ANALYSIS

Tax paid during the year relates to profits arising from business activities, including on the services rendered through Shell Business Operations and Projects & Technology operations.

Shell claims tax exemption for its Shell Business Operations relating to information technology activities as it is located in a special economic zone.

Our Payments to Governments Report for 2018 also shows that Shell paid around \$305.7 million in production entitlements and royalties.



# INDONESIA

324 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$626,713,781	\$167,454,005	\$749,167,787
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(26,440,914)	\$3,397,819	\$319,679
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,435,925,263	\$887,521,619	\$(329,059,337)

Shell's presence in Indonesia goes back more than 100 years when the discovery of crude oil in Sumatra led to the formation of Royal Dutch Petroleum Company.

Shell has upstream and downstream activities in Indonesia. In Downstream, Shell's business activities include the marketing of fuels, lubricants, and bitumen. In Upstream, Shell is a partner of Inpex, the operator of the Masela production sharing contract, which includes the Abadi gas field. Shell has a 35% interest in this pre-development stage project.

## COUNTRY FINANCIAL ANALYSIS

In 2018, revenues mostly came from the downstream marketing business. The loss was due to lower sales volumes of the retail business and investment in the Upstream business which has not yet started commercial production. No profits were made in Upstream as the reserves have not been developed.

As of 2018, the accumulated earnings figure was negative as a result of prior-year losses in the retail business when sales volumes fell because of the local government fuel subsidy policy.

Tax paid of \$3.4 million reflects payments made in advance which, as a loss was reported, will be refundable.

# JAPAN

48 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Manufacturing
- Chemicals
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$835,628,225	\$18,827,823	\$854,456,048
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(5,461,382)	\$1,123,374	\$969,580
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$63,501	\$3,264,200	\$(2,463,295)

Shell has been active in Japan's energy industry for more than 100 years. In 2018, there were two Shell entities in Japan. Shell Japan Ltd. (SJL), has an LNG marketing and New Energies business, as well as new business development activities and Projects & Technology. Shell Chemicals Japan Ltd. (SCJL) had operated the chemicals business for more than 50 years but was divested in 2018.

## COUNTRY FINANCIAL ANALYSIS

The loss before tax includes the loss on sale of the chemicals business in SCJL as well as profits on the LNG marketing and New Energies businesses.

Almost all the tax paid is in respect of the chemicals business and includes the final 2017 corporate income tax paid in 2018.

# KAZAKHSTAN

87 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$46,889,746	\$2,230,930,184	\$2,277,819,930
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$773,016,351	\$225,623,526	\$217,092,407
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$11,621,971,882	not available at the time of publication	\$0

Shell has been present in Kazakhstan since 1993. We have interests in the Karachaganak and Kashagan projects (Shell interest 29.25% and 16.81% respectively) which generate revenues from oil and gas sales, and in the Pearls project (Shell interest 55%) which is in the exploration phase. Shell has decided not to progress the Pearls project. We also have a minority interest in the Caspian Pipeline Consortium, which allows for the transport of Caspian oil to the coast of the Black Sea.

## COUNTRY FINANCIAL ANALYSIS

The Kashagan project began production in November 2016 and started to generate revenues, but reported a taxable loss during 2016-2018.

The tax paid amount in 2018 primarily relates to profits generated from the Karachaganak project which are also disclosed in our Payments to Governments Report for the same year. Additional taxes were also paid on income from ancillary services provided which are not required to be reported in the [Payments to Governments Report](#). They are included in the table above.

# MACAO, SAR

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$30,058,112	\$0	\$30,058,112
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$17,963,266	\$0	\$1,381,222
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$2,266,312	\$0	\$6,989,823

Shell has been present in Macao since 1998 and its operations include retail sites and the distribution of lubricants and fuel products. Shell conducts its business through locally appointed agents and dealers. Since 2012, Shell Macau Ltd. has purchased fuel products directly from third-party suppliers and the value of the third-party purchases accounted for more than 95% of total purchases. The Macao business does not have any activities or own any assets in Hong Kong.

## FINANCIAL ANALYSIS

Profit is derived from the downstream global marketing business from Macau and tax on this is paid in Macau. Shell has no staff in Macau and relies on administrative support from affiliate companies.

# MALAYSIA

4,541 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$7,001,804,243	\$2,272,476,998	\$9,274,281,240
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$1,556,145,053	\$540,833,989	\$562,587,328
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$4,126,911,296	not available at the time of publication	\$1,986,347,565

Shell has been present in Malaysia since 1891. Shell Malaysia has a number of production sharing contracts (PSC) for oil and gas production, including its deep-water platforms in Sabah. Shell MDS (Malaysia) Sdn. Bhd. (Shell MDS) produces gas-to-liquids products, high-quality waxes, specialty chemicals and transport fuels, which are marketed in more than 50 countries. Shell Malaysia has around 950 retail sites. In March 2018, Shell completed the divestment of its 50% interest in the North Sabah enhanced oil recovery PSC (North Sabah EOR PSC) to Sea Hibiscus Sdn. Bhd, a third party. We also have Shell Business Operations in Malaysia which provide support services to other Shell companies.

## COUNTRY FINANCIAL ANALYSIS

Shell pays corporate income tax at the rate of 24% for downstream entities and petroleum income tax of 38% for upstream entities. The sale of North Sabah EOR PSC resulted in a gain of \$245 million, but this capital gain is not taxable.

The tax accrued in the table above includes a deep-water investment tax allowance on qualifying capital investment in the Baram Delta enhanced oil recovery PSC (BDO EOR PSC) which reduces the tax due for that PSC. In addition, there were four fields (Betty, Tukau, West Lutong and Baram) under the BDO EOR PSC, which were relinquished in the first quarter of 2018. This resulted in the remaining value of the assets being deductible for tax purposes. This also reduces the tax payable amount.

The goods and services tax was revoked and a sales and service tax (SST) was reintroduced on September 1, 2018 on taxable services procured from local service providers, as well as on imported services, at the rate of 5%. No credit is given on SST paid on business purchases. Therefore, SST incurred is a cost to the business and reduces the profit.

Our [Payments to Governments Report](#) for 2018 also shows around \$4.4 billion of payments in production entitlements, royalties and fees.

# MONGOLIA

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$0	\$0
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$169,718	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$32,681,790	\$(23,236,988)

Shell's presence in Mongolia is due to legacy upstream assets from the BG Group, which was acquired in 2016. BG Group entered Mongolia in 2015 and holds two exploration licences. Shell is withdrawing from Mongolia and ceased business activities in 2016. Shell completed its exit on February 1, 2017. Liquidation of the company is under way and is currently expected to be completed in 2020.

## COUNTRY FINANCIAL ANALYSIS

The small profit recorded for 2018 is due to the write-off of remaining costs, which is treated as other income. The accumulated loss resulted from the exploration costs incurred by the company for past activities.



# MYANMAR

5 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$4,375	\$2,319,233	\$2,323,609
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(20,268,123)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$11,947,891	\$50,000	\$0

Shell has been present in Myanmar since 2014. Shell has entered into production sharing contracts with Myanmar Oil and Gas Enterprise (MOGE) and other joint venture partners to explore for oil and gas.

## COUNTRY FINANCIAL ANALYSIS

Shell's Myanmar activities are in the exploration phase with no production to generate income yet and therefore no corporate income tax is owed.

# NEW ZEALAND

268 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$825,098,810	\$158,995,449	\$984,094,258
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$915,616,109	\$55,835,816	\$46,309,204
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$339	\$7,557,680,761	\$774,283,766

Shell has been in New Zealand for more than 100 years. However, we have divested our interests in New Zealand as part of a global strategic review of investments. The Downstream retail business was sold in 2010 and the Upstream oil and gas assets were divested 2017 and 2018. In 2017, Shell sold its interest in Kapuni and in 2018 Shell completed the sale of its interests in the Māui, Pohokura, and Tank Farm assets, and the sale of Shell's interest in (and operatorship of) the Great South Basin venture.

## COUNTRY FINANCIAL ANALYSIS

In compliance with New Zealand law, the divestment in 2018 is not taxable. Shell paid tax on profits prior to the sale.

Related-party revenues in 2018 arise from sales of oil and gas to the regional trading company in Singapore.

Our [Payments to Governments Report for 2018](#) also shows around \$43.8 million of royalties paid.

# PAKISTAN

436 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,533,716,918	\$1,502,301	\$1,535,219,219
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$147,568	\$(543,716)	\$7,078,882
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$192,760,725	\$23,325,126	\$31,273,261

Shell has been present in Pakistan since 1947.

During 2018, Shell Petroleum Company Ltd., a UK-registered company, sold 28.57% of its interest in Pakistan Refinery Ltd., retaining a 3.57% holding. Shell Petroleum Company Ltd. also has a 76.11% interest in Shell Pakistan Ltd. Shell Pakistan Ltd. has a wide retail network and sells petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils.

## COUNTRY FINANCIAL ANALYSIS

The devaluation of the Pakistani rupee in 2018 resulted in a cost base increase that impacted financial performance of Shell Pakistan Ltd. in 2018. A loss in the previous year resulted in a tax credit for 2018. Tax accrued in 2018 is calculated in compliance with the minimum tax regime in Pakistan as 0.5% of turnover.

# PHILIPPINES

4,498 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Manufacturing
- Chemicals
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$3,712,678,840	\$380,279,014	\$4,092,957,854
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$411,299,499	\$117,769,487	\$144,916,540
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,145,406,735	\$561,264,588	\$(59,820,604)

Shell has been present in the Philippines for 105 years. Shell has an interest in and operates the Upstream joint venture in the Malampaya gas field. Shell has more than 1,000 retail sites in the Philippines, as well as marketing activities including commercial fuels, lubricants and aviation. We also have Shell Business Operations in the Philippines which provide support services to other Shell companies.

Shell also has a 55% interest in Pilipinas Shell Petroleum Corporation (PSPC), an integrated fuel refining and marketing company in the Philippines. PSPC was listed on the Philippine Stock Exchange in 2016.

## COUNTRY FINANCIAL ANALYSIS

The total tax paid in 2018 was mainly due to profits in Upstream. Downstream profits were negatively impacted by depressed regional refining margins.

In 2016, PSPC was granted an income tax holiday (ITH) by the Philippine Board of Investments, as a result of new qualifying investments to modernise its refinery. In 2017, PSPC filed an application to apply the ITH, and the corresponding tax benefit was recorded in 2018 accounts.

In addition to corporate income taxes paid on the Shell share of the upstream joint venture profits, our [Payments to Governments Report](#) also shows around \$556.5 million of production entitlements in 2018.

# SINGAPORE

3,162 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Manufacturing
- Chemicals
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$90,544,003,793	\$52,799,451,364	\$143,343,455,156
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$2,135,392,026	\$8,385,604	\$46,972,306
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$7,650,880,931	not available at the time of publication	\$1,597,220,391

Shell has had a presence in Singapore since 1891. Today, our activities include refining and manufacturing of petroleum and petrochemical products, lubricants and greases, as well as trading and supply activities. Shell operates a network of retail sites in Singapore; owns and operates ships, tankers and cargo carriers; and acts as an LNG aggregator for its customers, arranging importation and shipping of LNG from its network of suppliers to match buyers' needs. We have treasury operations in Singapore and provide pension fund management and pension trustee services for Shell in Asia-Pacific.

## COUNTRY FINANCIAL ANALYSIS

Shell in Singapore generates significant revenue from the wide range of business activities undertaken there but also incurs substantial operational costs. The table above shows that profit before tax was more than \$2 billion in 2018.

In 2018, Shell's manufacturing and chemical businesses in Singapore continued to make capital investments. Under the group relief regime in Singapore, current-year capital allowances arising from such investments may be offset against the taxable profits of entities within the Shell Singapore group of companies. In addition, any current-year losses can also be offset.

On the basis of significant contributions to the local Singapore economy, including but not limited to local employment, local business expenditure, strategic partnerships with local industry participants and new business activities, some Shell Singapore companies have also been awarded tax incentives.

# SOUTH KOREA

140 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$194,786,634	\$49,520,352	\$244,306,987
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$32,518,294	\$6,726,888	\$7,156,887
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$45,866,771	\$6,538,695	\$72,392,632

Shell has been active in the Republic of Korea since the early 1960s. Shell markets products, mainly lubricants and chemicals there. We also provide marketing support services to Shell overseas companies.

## COUNTRY FINANCIAL ANALYSIS

Profit is made predominantly from the downstream marketing business. The tax reflects the Korean tax payable on the profits.

# TAIWAN

5 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$0	\$0
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(44,650)	\$31,590	\$9,206
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$840,096	\$(74,074,632)

Our activities in Taiwan provide support services to Shell overseas companies, we do not own any tangible assets there.

## FINANCIAL ANALYSIS

Shell in Taiwan made a small taxable profit and so a small amount of tax was payable.

# THAILAND

516 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$4,906,753,639	\$68,686,804	\$4,975,440,443
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$1,048,155,628	\$626,967,994	\$572,593,776
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$496,032,967	\$16,216,038	\$22,742,208

Shell Thailand was established 127 years ago, and its activities include Downstream and Integrated Gas. Shell is strengthening its non-fuel retail businesses in Thailand and expanding and renovating retail sites across the country.

## COUNTRY FINANCIAL ANALYSIS

Thailand has three different types of taxes: 20% corporate income tax on taxable profits, 10% branch profit remittance tax, and 50% petroleum income tax rate for integrated gas entities.

In June 2018, Shell sold its interest in the Bongkot concession to a third party. Shell's gain on the sale was taxed at the 50% petroleum income tax. This is reflected in the higher tax paid figure.

Our [Payments to Governments Report for 2018](#) also shows around \$78.3 million of royalties paid.



# VIETNAM

79 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$56,867,323	\$0	\$56,867,323
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$8,619,437	\$0	\$1,653,592
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$13,102,882	\$14,558,874	\$9,093,797

Shell Vietnam Ltd. was established in 1995 and has sales and marketing operations as well as oil and lubricant production activities. In addition to direct sales, Shell Vietnam has a countrywide network of distributors.

## COUNTRY FINANCIAL ANALYSIS

The tax accrued figure of \$1.7 million relates to provisional tax for 2018.

# ALBANIA

40 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$65,060	\$445,028	\$510,088
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(11,569,025)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$382,605,240	\$0	\$0

Shell has been present in Albania since 2012 and has been exploring for oil there through an Albanian branch of a Dutch company, Shell Upstream Albania B.V..

## COUNTRY FINANCIAL ANALYSIS

The loss before tax arises as a result of exploration costs. As the fields have not been developed or started production there are no profits to tax.

Our [Payments to Governments Report](#) for 2018 also shows that Shell paid around \$1.5 million in bonuses.

# EUROPE

# AUSTRIA

85 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,026,055,426	\$36,753,094	\$1,062,808,520
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$27,380,384	\$4,303	\$4,149
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$126,470,294	\$483,568,813	\$879,076,679

Shell has been present in Austria since 1924.

Shell Austria's downstream activities include around 260 retail sites, a lubricant distribution network, aviation fuel supply, and fleet solutions.

Shell Austria's upstream activities include the processing and distribution of petroleum products as well as natural gas and oil production in Egypt (through holding exploration concessions rights).

## COUNTRY FINANCIAL ANALYSIS

Shell Austria had a loss carry-forward position in 2018. Tax payments were made in compliance with the corporate income tax regime.

# BELGIUM

307 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$763,673,189	\$367,809,610	\$1,131,482,799
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$54,078,753	\$21,579,285	\$21,054,719
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$226,786,823	not available at the time of publication	\$259,518,330

Belgian Shell S.A. was incorporated in 1919 and is based in Brussels.

Shell operates a network of more than 200 retail sites across the country serving 55,000 customers every day. Shell also sells lubricants, greases and LNG.

Shell's trading and supply activities include the supply of fuels to our Downstream business and the purchase of products for sale to both industrial and retail customers.

Shell has two manufacturing units in Ghent, one for lubricants and one for catalysts.

## COUNTRY FINANCIAL ANALYSIS

Tax paid in 2018 includes tax paid in arrears on profits from previous years.

# BULGARIA

52 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream
- Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$189,728,053	\$6,189,531	\$195,917,584
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(7,993,819)	\$802,828	\$160,104
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$80,446,387	\$44,914,642	\$(2,452,316)

Shell has been present in Bulgaria since 199. We are active in the downstream sector and explores for oil and gas.

In 2018, Shell Bulgaria had a network of 102 retail sites across the country.

Since 2015, Shell has been active in the upstream sector through Shell Exploration and Production (LIX) B.V. Bulgaria branch (SEPLIX). SEPLIX has been exploring for oil and natural gas deposits in the Black Sea. In 2017, SEPLIX transferred the rights and obligations of the exploration to Shell International Exploration and Development Italia S.P.A. and its Bulgaria branch (SIEDI). SEPLIX was deregistered in February 2018. By the end of 2018, both Shell entities had directly invested more than \$41.7 million in exploration in Bulgaria.

## COUNTRY FINANCIAL ANALYSIS

A loss was reported in 2018, primarily as a result of exploration costs. Taxes paid in 2018 are in relation to profitable downstream activities.

Our [Payments to Governments](#) report for 2018 also shows that Shell paid \$163,914 in fees.

# CYPRUS

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$140,037	\$140,037
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(3,387,817)	\$(7,569)	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$177,175,656	not available at the time of publication	\$0

Oryx Caspian Pipeline LLC, a Shell US entity, has an interest in Caspian Pipeline Consortium (CPC), a project to transport crude oil with the participation of Russia, Kazakhstan and other international oil companies. It has a branch registered in Cyprus. In 2018, the Cyprus branch did not receive any income from its holdings.

In 2016, through its acquisition of BG Group, Shell acquired a UK-incorporated entity, BG Cyprus Ltd., which has a branch in Cyprus.

## COUNTRY FINANCIAL ANALYSIS

As the branches did not make any profit, no corporate income tax was due.

# CZECH REPUBLIC

79 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$552,054,027	\$9,319,915	\$561,373,942
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$18,451,671	\$5,453,258	\$3,505,817
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$103,297,978	\$115,451,146	\$34,489,219

Shell has been active in the Czech Republic since 1991 through its Downstream business.

Shell Czech Republic a.s. has a network of 172 retail sites across the country and supplies international airports with aviation fuel. Shell also sells natural gas to commercial customers.

## COUNTRY FINANCIAL ANALYSIS

Profits are mostly made by the downstream operations. The tax paid in the table above includes corporate income tax in relation to profits arising in 2017, as well as a prepayment of tax in relation to 2018.

# DENMARK

287 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Manufacturing

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,773,669,741	\$1,575,705,150	\$3,349,374,891
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$688,055,437	\$532,037,857	\$430,025,978
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$961,949,369	\$207,411,264	\$(1,515,051,035)

Shell has been active in Denmark since 1913 and has an office in Copenhagen. Shell's exploration and production activity in Denmark is carried out through a branch of a Dutch company, Shell Olie- og Gasudvinding Danmark B.V. (SOGU).

SOGU also has a subsidiary, Shell Olie- og Gasudvinding Danmark Pipelines ApS, that holds an interest in the pipeline that transports gas from the Danish Continental Shelf to the European continent.

In October 2018, Shell Overseas Holdings Ltd., the UK shareholder of SOGU, agreed to sell its interest in SOGU to Norwegian Energy Company ASA (Noreco) for \$1.9 billion. The transaction's effective date was January 1, 2017 and completion took place on July 31, 2019 following receipt of regulatory approval by the Danish authority.

Shell retains its downstream presence in Denmark through A/S Dansk Shell, which includes the Fredericia refinery and a network of Shell-branded retail sites. The refinery takes crude oil from the Danish part of the North Sea and converts it into gasoline, diesel and jet fuel. The products are sold from the refinery to a large number of fuel companies.

## COUNTRY FINANCIAL ANALYSIS

Shell's Danish branch of SOGU is taxable in Denmark and most of the tax paid in the table above relates to the upstream activities there.



# FINLAND

27 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

■ Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$258,916,774	\$0	\$258,916,774
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$3,892,334	\$79,394	\$973,084
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$10,219,563	\$13,173,767	\$5,295,446

Shell Aviation Finland Oy covers activities such as the purchase, sale, storage, transport and marketing of aviation fuels. The company has long-term sales contracts with customers.

## COUNTRY FINANCIAL ANALYSIS

Despite the profit in 2018, tax has been reduced as the company has a loss carried forward from previous years.

# FRANCE

317 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

■ Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$2,106,689,530	\$416,203,362	\$2,522,892,893
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$20,512,631	\$(5,228,032)	\$(24,425,405)
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$413,635,461	\$526,603,425	\$243,912,256

Shell has been present in France since 1919. Our main operations involve the supply and marketing of petroleum products and services. Shell has 85 retail sites in France, a lubricants blending plant in Nanterre and a research centre for bitumen close to Strasbourg. In 2017, a New Energies team was created to develop activities in renewable energy. Shell also has a number of interests in joint ventures and subsidiaries.

## COUNTRY FINANCIAL ANALYSIS

Shell paid no corporate income tax for 2018 due to losses carried forward from prior years and tax credits for research and development. The tax paid figure is a refund as a result of losses arising in previous years.

# GERMANY

3,339 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Manufacturing
- Chemicals
- Trading and Supply
- New Energies
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$19,929,188,849	\$11,383,836,408	\$31,313,025,257
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$162,588,180	\$69,111,597	\$43,086,247
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$5,382,135,772	not available at the time of publication	\$(2,394,614,523)

Shell has been present in Germany since 1902. We operate an extensive retail network, refine and supply heating fuels, aviation fuels and petrochemicals, and supply lubricants, power and natural gas. The business is grouped together as Deutsche Shell Holding GmbH, based in Hamburg.

Research and development is also undertaken by the Shell Technology Centre in Hamburg.

## COUNTRY FINANCIAL ANALYSIS

In the period 2009-16, Shell was not profitable in Germany, causing a loss carry-forward position which has been used to offset taxable profits in the tax years from 2017 onwards. This was due to a number of different reasons, including a surplus of fuels in Europe. German tax law allows Shell to offset 60% of its yearly tax profits with a loss carry-forward and to pay a minimum tax on the remaining 40%. Shell paid \$69 million in corporate income tax in 2018 as a result of this rule, but continues with an overall loss carry-forward position.

Our [Payments to Governments](#) report for 2018 shows that Shell received a refund of around \$10 million in taxes. This refund is in relation to withholding taxes on dividends received from a joint venture.

# GIBRALTAR

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$5,775,835	\$0	\$5,775,835
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$300,000	\$29,204	\$30,000
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$0	\$0

Shell LNG Gibraltar Ltd. is an incorporated joint venture between Shell (51%) and the government of Gibraltar. It was set up for the purpose of constructing and operating the first LNG regasification terminal in Gibraltar, replacing diesel with LNG for power generation. The construction and operation of the terminal is managed by Gasnor A.S. (a Shell company registered in Norway), based on a technical service agreement with the joint venture. Construction started in late 2016 and the terminal was mechanically complete in September 2018.

## COUNTRY FINANCIAL ANALYSIS

The amounts above represent Gasnor's branch activity in Gibraltar for the construction and operation of the terminal. Tax is paid in arrears and no corporate income tax was due during the construction phase. The tax accrued is the expected corporate income tax on profits arising in 2018, but is due and payable in 2019.

# GREENLAND

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$63,637	\$63,637
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(317,560)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$578,629	\$(158,694,463)

Shell has been present in Greenland since 2011. In December 2013, a consortium including Shell Greenland A/S was awarded exploration licences in the Greenland Sea. The company held a 29.17% interest in these licences, which were operated by Chevron. The licences were surrendered with effect from December 31, 2017.

## COUNTRY FINANCIAL ANALYSIS

Due to minimal activities in 2018, the company incurred a loss and therefore no tax was due.

# HUNGARY

85 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$710,191,916	\$25,581,761	\$735,773,677
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$24,583,408	\$1,472,107	\$1,194,640
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$94,015,140	\$49,894,253	\$(137,647,425)

Shell has been operating in Hungary since 1925. Shell Hungary Zrt. leads the downstream business operations, including a wide network of retail sites.

## COUNTRY FINANCIAL ANALYSIS

Tax paid relates to the taxable profits arising from the downstream business.

# IRELAND

75 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$620,200,510	\$149,920,053	\$770,120,564
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(336,418,363)	\$642,376	\$1,567
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$1,898,703,755	\$(5,459,185)

Shell has been active in Ireland since 2002. Shell E&P Ireland Ltd. (SEPII) held a 45% interest in the Corrib gas field together with Statoil Exploration (Ireland) Ltd. (36.5%) and Vermilion Energy (18.5%). Shell divested its 45% interest in the Corrib gas project to Canada Pension Plan Investment Board in November 2018.

Shell is also present in Ireland through Shell and Topaz Aviation Ireland Ltd.. The principal activity of the company is the marketing and distribution of aviation fuels and derivatives.

## COUNTRY FINANCIAL ANALYSIS

Profit is made predominantly from the downstream marketing business and the tax reflects the Irish tax payable on the profits.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid \$769,208 in fees.

# ISLE OF MAN

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$0	\$0
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(263,015)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	not available at the time of publication	\$(8,773,452)

Two inactive companies are included in the Isle of Man CbCR. These were acquired in 1999 as part of the acquisition of Pennzoil-Quaker State. These entities are in the process of being liquidated.

Shell's current operations on the Isle of Man are now limited to the administration and provision of marine personnel for shipping. The income generated from these activities is included in the [UK](#) section of this report.

## COUNTRY FINANCIAL ANALYSIS

The loss before tax is a result of foreign exchange movements during 2018.



# ITALY

201 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,355,790,016	\$499,867,937	\$1,855,657,953
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$404,746,861	\$172,136,810	\$100,638,437
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,889,342,344	\$1,163,190,947	\$(1,431,968,411)

Shell has been present in Italy since 1912. Shell's upstream activities include interests in the Val d'Agri and Tempa Rossa oil fields located in Basilicata, and exploration interests in two onshore areas: Po Valley and southern Apennines. Shell's downstream operations include the production and sale of lubricants and the sale of natural gas and electricity.

## COUNTRY FINANCIAL ANALYSIS

The tax paid exceeds the tax accrued as it includes a final tax payment in respect of 2017 and because the estimated advance payments for 2018 were higher than the accrued liability.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$55.1 million in royalties.

# LUXEMBOURG

10 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$356,879,944	\$306,199	\$357,186,144
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(521,289,374)	\$(4,297,233)	\$6,377
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$55,813,299	\$20,616,096,863	\$(2,649,580,815)

Shell has been present in Luxembourg since 1920. Shell has 38 retail sites in Luxembourg and has a petroleum terminal in Bertrange.

Shell Luxembourg also provided financing and hedging services to other companies in Shell. The finance entity in Luxembourg is now in the process of liquidation.

## COUNTRY FINANCIAL ANALYSIS

Shell Luxembourg reported a loss before tax of around \$521 million in 2018. The loss arises as a result of an impairment and the disposal of financial assets held by Shell Luxembourg.

A tax refund was received relating to previous years.

# NETHERLANDS

8,263 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- New Energies
- Downstream
- Manufacturing
- Chemicals
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$36,216,349,690	\$62,260,236,490	\$98,476,586,180
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$3,733,780,266	\$173,557,292	\$197,115,210
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$7,806,212,376	not available at the time of publication	\$149,831,122,838

Shell has been present in the Netherlands for more than 100 years. All Shell's activities are represented in the Netherlands, and Shell's global headquarters are in The Hague.

Shell's activities include a refinery in Pernis, a chemical complex in Moerdijk, a technology centre in Amsterdam, and retail sites across the country. Shell is also involved in the development of solar power and offshore wind farms.

Shell produces gas and oil through its 50% interest in Nederlandse Aardolie Maatschappij BV (NAM). In the table above, the Shell share of NAM is included in related-party revenues, profit before tax and accumulated earnings.

Shell's global Upstream, Integrated Gas and New Energies, and Projects & Technology businesses are all based in the Netherlands. Many support services are also performed at Shell's headquarters, including holding and treasury activities.

## COUNTRY FINANCIAL ANALYSIS

In 2018, Shell realised a profit before tax of around \$0.5 billion in the Netherlands. The taxable profit is slightly higher.

The profit before tax in the table contains an additional \$3.2 billion. This includes the share of profit or loss from joint ventures and associates held by Shell in the Netherlands but with activities abroad. These profits are subject to tax in countries where those joint ventures and associates are located.

The tax paid of \$174 million and the tax accrued of \$197 million relate mainly to withholding taxes. These are taxes incurred on dividends, interest and service fees received by Shell companies in the Netherlands. These taxes are paid to foreign governments.

No corporate income tax was paid as the \$0.5 billion taxable profit was offset with losses from previous years. Shell paid around \$0.5 billion of corporate income tax and royalties through its participation in NAM.

# NORWAY

662 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,122,334,766	\$2,625,395,458	\$3,747,730,225
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$1,677,107,373	\$1,037,562,418	\$1,130,596,250
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,475,498,841	\$104,184,227	\$1,190,822,381

Shell has been present in Norway since 1912. The main activity of A/S Norske Shell is the exploration and production of oil and gas on the Norwegian continental shelf. The company is a partner in 32 production licences and operates 13 of them. There are three Shell-operated fields which are producing: Ormen Lange (Shell interest 17.8%), Knarr (Shell interest 45%) and Gaupe (Shell interest 60%). The company also has interests in the producing fields Troll (Shell interest 8.1%), Kvitebjørn (Shell interest 6.45%), Sindre (Shell interest 3.22%) and Valemon (Shell interest 3.22%), which are operated by partners.

In 2018, A/S Norske Shell divested its interest in the Draugen asset (44.56%) and its share in the non-operated Gjøa field (12%).

## COUNTRY FINANCIAL ANALYSIS

In addition to the taxes paid in the table above, our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$3.2 billion in production entitlements and fees.

# POLAND

3,569 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,154,506,296	\$224,954,418	\$1,379,460,714
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$48,695,960	\$3,464,479	\$8,315,681
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$420,108,903	\$526,758,014	\$3,265,091

Shell Polska Sp. z o.o. was established in 1992. More than 8,000 people are directly and indirectly employed by Shell. Shell operates 420 retail sites in Poland, offers a wide range of oils and lubricants for transport and industry, as well as fleet solutions and services for transport. The company also runs Shell Business Operations in Krakow. Its employees provide Shell with financial, logistic, procurement, human resources and customer services.

During 2012-2018, Shell Polska invested more than \$395 million in Poland, mainly in its sites and in the expansion of the Shell Business Operations centre in Krakow.

## COUNTRY FINANCIAL ANALYSIS

Tax paid in the table above includes corporate income tax paid on profits arising in 2017, as well as prepayment for taxable profits in 2018. The Shell Business Operations centre operates in a special economic zone which provides a partial tax exemption from corporate income taxes.

# RUSSIA

505 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$2,153,012,625	\$1,084,991,820	\$3,238,004,445
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$218,584,750	\$41,272,374	\$38,452,344
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$771,849,245	\$259,076,334	\$(16,081,171)

Shell has been present in Russia since 1892, but left in 1918 when activities were nationalised, returning in 1983 to open a representative office. We started a lubricants business in Russia in 1992 and are now active in exploration and production, oil and gas transportation, and marketing. We have more than 250 retail sites and provide technological and advisory services to Russian companies.

## COUNTRY FINANCIAL ANALYSIS

The tax paid figure represents corporate income tax paid by 100% Shell companies, primarily Shell downstream and trading activities.

# SLOVAKIA

31 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

■ Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$334,215,921	\$3,488,461	\$337,704,382
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$21,522,476	\$5,572,262	\$4,519,720
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$68,048,200	\$21,552,293	\$2,624,693

Shell has been active in Slovakia since 1991.

Shell Slovakia s.r.o. was incorporated in 1993, following the separation of Czechoslovakia into two countries. In 2018, Shell supplied aviation fuel to the international airport in Bratislava and natural gas to the wholesale market. Shell also had a network of 89 retail sites across the country.

## COUNTRY FINANCIAL ANALYSIS

Profits are predominantly earned from downstream operations. Tax paid in the table above includes corporate income tax in respect of profits made in 2017, as well as prepayment of tax in relation to 2018.

# SLOVENIA

18 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

■ Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$241,398,794	\$0	\$241,398,794
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(2,339,652)	\$1,265,660	\$(485,922)
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$12,037,818	\$2,823,560	\$26,190,536

Shell has been present in Slovenia since 1994 and operates through Shell Adria d.o.o., a wholly-owned subsidiary of a UK entity, Shell Overseas Holdings Ltd.. Shell Adria's primary business activity is the sale of retail fuel via a network of nine retail sites. The company also provides Shell fleet solution services for businesses in other countries, including Croatia, Serbia, North Macedonia, Bosnia, Italy and Greece.

## COUNTRY FINANCIAL ANALYSIS

Shell Adria's 2018 results were impacted by provisions for bad debts. In Slovenia, these provisions are not deductible for tax purposes in the year they are provided for but only in the year when the write-off criteria are met. Therefore, Shell Adria paid corporate income tax despite incurring a loss.



# SPAIN

128 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$523,034,974	\$217,840,800	\$740,875,774
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$709,735	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$41,125,461	\$52,914,593	\$(1,277,763,821)

Shell has been active in Spain since 1920 and was the first foreign energy company to establish there. A network of Shell-branded retail sites operates across the country.

Shell owns and operates a lubricants blending plant located in Tarragona. The plant supplies the Iberian market, North Africa and several Mediterranean countries.

Shell Spain's LNG trading and supply operations have expanded since the acquisition of LNG assets from Repsol in 2013.

## COUNTRY FINANCIAL ANALYSIS

The profit for the year was offset against the carry-forward losses from previous years, which resulted in no tax paid during the year 2018.

# SWEDEN

8 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$206,971,073	\$35,738,899	\$242,709,972
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$4,738,066	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$6,352,131	\$27,995,671	\$(9,210,952)

Shell Aviation Sweden AB covers activities such as the purchase, sale, storage, transport and marketing of aviation fuels. The company serves several airports in Sweden, but with most activity in the airline hubs of Stockholm and Gothenburg.

## COUNTRY FINANCIAL ANALYSIS

Despite the overall taxable profits in 2018 there is no tax paid, as the company has a loss carry-forward from previous years.

# SWITZERLAND

112 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,095,224,847	\$3,413,968,202	\$4,509,193,048
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$1,412,499,471	\$190,610,005	\$162,489,283
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$160,381,336	\$18,137,883,507	\$10,128,030,783

Shell has been active in Switzerland for more than 100 years. Our activities in Switzerland include operating a large network of retail sites and marketing fuels. They also include the production of lubricants and the sale of bitumen and aviation fuels. Shell conducts financial and insurance activities, and trademark management and licensing services for operations around the globe.

From 2020 onwards, we will no longer provide funding to Group operating companies and will also reduce the hedging of currency exposures.

## COUNTRY FINANCIAL ANALYSIS

Profit in 2018 includes interest income from financing, currency exchange rate movements, insurance premiums and trademark licence fees, as well as from downstream activities. As a result primarily of currency movements, significant exchange differences may arise in Switzerland and can contribute to volatility in the results. In 2018, Shell companies paid around \$191 million in taxes in respect of Shell's activities in Switzerland.

# TURKEY

650 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream
- Downstream
- Chemicals
- Trading and Supply

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$4,866,034,044	\$455,940,404	\$5,321,974,448
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$32,129,962	\$19,505,119	\$12,410,316
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$305,164,307	\$200,917,096	\$361,450,908

Shell has been active in Turkey since 1923. We resumed our upstream activities in 2011, mainly in partnership with NOC Turkish Petroleum. We have an unconventional exploration project in the south-east Turkey and a deep-water project in the western Black Sea. In 2006, Shell established a 70% joint venture with local distribution company Turcas to expand our branded retail network.

## COUNTRY FINANCIAL ANALYSIS

In 2018, Shell Turkey recorded an overall profit across a number of entities, but there is no consolidation for tax purposes. In Turkish tax law, losses are not set off against profits made in different entities.

# UKRAINE

12 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$609,664	\$603,864	\$1,213,528
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(127,631,440)	\$(138,322)	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$539,741	\$20,885,536	\$(313,066,063)

Shell has been present in Ukraine since 2006 and is active in upstream and downstream. Shell conducts exploration activities and operates 132 retail sites. Shell also operates a number of joint ventures in Ukraine which pay taxes locally. These numbers are not included in the country-by-country reports because the accounting principles of the ventures are based on equity accounting. They are reported in the shareholder location.

## COUNTRY FINANCIAL ANALYSIS

Shell paid no corporate income tax in Ukraine as a result of losses from upstream activities.

# UNITED KINGDOM

5,169 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream
- Downstream
- Chemicals
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$56,405,198,677	\$51,666,398,633	\$108,071,597,310
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$730,654,322	\$(114,910,894)	\$(86,301,988)
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$13,873,522,278	not available at the time of publication	\$16,588,887,883

Shell has been present in the UK since 1897. We have explored for and produced oil and gas in the North Sea for more than 50 years. We are one of the region's biggest producers and supply around 10% of the UK's total oil and gas needs. We also supply, trade and market products made from oil and gas.

Support activities include our Projects & Technology teams based in Aberdeen and London. They support the delivery of major projects around the world, from developing gas-to-liquids plants to deep-water exploration. Every year Shell spends more than £200 million on research and development in the UK. There is also a treasury team in London that provides cash management and financial services.

## COUNTRY FINANCIAL ANALYSIS

In 2018, Shell paid \$135 million in corporate income tax, which relates to profits earned in 2017 in the UK continental shelf. These fields were divested in November 2017. Shell also received a \$79 million refund of corporate income tax in respect of the decommissioning of the Brent field. The taxable profits of the remaining portfolio were offset by losses brought forward which resulted in no further corporate income tax payments in 2018.

In the UK, Shell is also subject to petroleum revenue tax (PRT) on several fields. When a company in the UK incurs losses for PRT purposes, these can be rolled back and the previous year's tax is refunded. The income received from these refunds is taxed at 40%. During 2018, Shell received PRT refunds in the UK. These included around \$95 million relating to the decommissioning of the Brent and Miller fields, and around \$150 million (including interest) related to the Fulmar field which was sold to Repsol in 2007.

Our [Payments to Governments Report for 2018](#) also shows around \$6.2 million in fees paid.

# IRAN

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- No activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$0	\$0
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(10,595,838)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$0	\$0

In early 2016, following implementation day of the Iran nuclear deal, Shell explored how to progress business opportunities in the energy sector with the Iranian government. However, following geopolitical developments in 2018, Shell suspended its Iran-related activities until further notice.

## COUNTRY FINANCIAL ANALYSIS

The loss of \$10.6 million in 2018 mainly relates to a bad debt provision (\$10.5 million) and other expenses.

The activities listed above have been conducted outside the USA by non-US affiliates of Royal Dutch Shell plc. None of the payments disclosed were made in US dollars, nor are any of the balances disclosed below held in US dollars. However, for disclosure purposes, all have been converted into US dollars at the appropriate exchange rate.

For more details, refer to the [Section 13\(R\) of the US Securities Exchange Act of 1934](#) and the Shell Annual Report and Form 20-F for 2018 (p. 262).

# IRAQ

604 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$187,360,810	\$307,189,453	\$494,550,263
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$11,937,578	\$11,900,234	\$5,263,188
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$(187)	not available at the time of publication	\$0

In 2013, Shell entered into a joint venture with South Gas Company called Basrah Gas Company (BGC). BGC focuses on processing gas that otherwise would have been flared, supplying this to the government of Iraq for power generation in Iraq.

## COUNTRY FINANCIAL ANALYSIS

Taxes are paid in arrears. The tax paid in 2018 relates to the 2017 tax year and taxable profits.

Our [Payments to Governments Report for 2018](#) also shows that Shell paid around \$2.2 billion in production entitlements.



# JORDAN

5 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$635,047	\$340,872	\$975,919
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(1,261,258)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,462,651	\$0	\$0

Shell has two entities with activities in Jordan: Jordan Oil Shale Company B.V. (JOSCo), incorporated in the Netherlands, and Shell Business Development Middle East Ltd. (SBDME), incorporated in the UK.

SBDME was established to provide technical and management services to projects and businesses in Jordan, mainly to exploration and production businesses.

JOSCo has an oil shale concession agreement (OSCA) with the government of Jordan and the Natural Resources Authority, which gives it exclusive rights to explore for, assess and develop oil shale, and to produce and sell products derived from the oil shale.

An OSCA is an agreement that makes provision for minimum expenditure commitments towards the sustainable development of Jordan as well as bonus, tax and royalty payments.

## COUNTRY FINANCIAL ANALYSIS

Prior to production, no corporate income tax is due as no profits have been realised. Taxes and other payments to government are applicable when production starts.

# KUWAIT

154 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$270,808,258	\$46,863,678	\$317,671,936
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$160,972,360	\$8,705,882	\$21,436,250
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$229	\$0	\$0

Shell has been active in Kuwait since 1948.

In 2010, Shell Kuwait Exploration and Production B.V. and Kuwait Oil Company (KOC) signed an enhanced technical services agreement (ETSA) to jointly develop the Jurassic gas fields in the north of Kuwait. In 2016, Shell Kuwait Exploration and Production B.V. signed two additional ETSA's to provide services to KOC for the North Kuwait Heavy Oil Field and North Kuwait Conventional Oil Field. Shell supports KOC's operations with the provision of technical and other support services. The ETSA's support KOC by providing access to Shell's know-how, intellectual property, technologies and consultancy services.

In 2016, Shell Global Solutions International B.V. was awarded a plant reliability, integrity, and maintenance contract by Kuwait National Petroleum Company (KNPC) aimed at improving the reliability of the Mina Ahmadi and Mina Abdullah refineries.

Our work with both KNPC and KOC aims to contribute to enhanced oil, gas and refining operational performance in the country. It also aims to develop the skills of local employees by providing training and consultancy services.

## COUNTRY FINANCIAL ANALYSIS

The tax paid amount relates to the tax liability for 2017 profits and therefore is not directly linked with the profit before tax in 2018. The tax accrued amount is in respect of the profits for the year 2018.

# OMAN

334 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$1,441,805,024	\$7,126,863,542	\$8,568,668,566
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$3,326,904,167	\$3,256,275,643	\$3,710,123,805
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$168,377,042	\$76,488,213	\$40,941,160

Shell has been present in Oman since 1958 and is active in exploration, production, trading and retail. Shell has a 34% interest in Petroleum Development Oman (PDO), which accounts for more than 70% of the country's crude oil production and nearly all its natural gas supply. Shell's portion of tax is paid by Shell Oman Trading Ltd. (SOMANT) on profits derived from trading the hydrocarbons produced, at the total rate of 83.75%.

Shell holds a 30% interest in Oman Liquefied Natural Gas LLC (OLNG), which operates two LNG trains and holds a 36.8% interest in another LNG project (Qalhat LNG). OLNG purchases and processes natural gas into LNG and sells it. Its taxable income is subject to a 15% tax rate in Oman.

In 2018, Shell sold its 17% stake in the Mukhaizna production sharing agreement. This was an unincorporated upstream joint project subject to a 55% tax rate.

Shell has a 49% interest in Shell Oman Marketing Company SAOG (SOM), which provides services and sells a wide range of Shell automotive, aviation and marine products, including fuels, lubricants and greases. SOM has more than 180 Shell retail sites. Its taxable income is subject to a 15% tax rate in Oman.

## COUNTRY FINANCIAL ANALYSIS

Profit is made predominantly from the Upstream business and the tax reflects the Oman tax payable on the profits.

# PALESTINIAN TERRITORIES

0 EMPLOYEES

## MAIN BUSINESS ACTIVITY

- No activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$(0)	\$0	\$(0)
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(329,731)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$(161)	not available at the time of publication	\$0

Shell acquired BG Great Britain Ltd. (BGGB) through its acquisition of BG Group in 2016. BGGB is a UK-registered entity with a branch in the Palestinian Territories which held the Gaza Marine exploration licence. In 2017, Shell decided to divest its interest in the Gaza Marine licence and de-register the branch of BGGB in the Palestinian Territories. The sale of the interest was completed in 2018. Shell received no proceeds for this sale because the payment of any proceeds is contingent upon production start-up, which is uncertain. The deregistration of the branch in the Palestinian Territories is ongoing.

## FINANCIAL ANALYSIS

Shell reported a small loss in the Palestinian Territories due to the administrative costs of the branch.

# QATAR

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas

Qatar Shell GTL Ltd. acts as contractor and operator for the State of Qatar (represented by Qatar Petroleum) with regard to the Pearl gas-to-liquids (GTL) project. In return, Qatar Shell GTL receives a share of production. Shell has a development and production sharing agreement with the State of Qatar.

Qatar Shell Services Company W.L.L. provides technical services to Qatar Petroleum in exploration and production. Qatar Shell Research and Technology Centre QSTP LLC carries out research and development for Shell and supports Qatar's national research strategy.

Separately, Shell holds a 30% interest in Qatar Liquefied Gas Company Ltd. (4), a liquefied natural gas project which is 70%-owned by Qatar Petroleum.

## PAYMENTS TO GOVERNMENTS

Country-by-country report data for Qatar is not available for this report.

In our Payments to Governments Report, Shell disclosed that we paid around \$1.4 billion in corporate income tax, production entitlements and other fees to the State of Qatar in 2018. Of this, about \$745.8 million was for corporate income tax.

For further information, see our [Payments to Governments Report](#).

# SAUDI ARABIA

31 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Downstream
- Manufacturing

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$2,392,435,000	\$3,802,708,559	\$6,195,143,559
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$120,248,000	\$64,512,000	\$24,049,000
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$255,253,550	not available at the time of publication	\$143,915,720

Shell has been present in Saudi Arabia for 75 years. Our activities include oil refining through Saudi Aramco Shell Refinery Company (SASREF), and the marketing of lubricants through Al Jomaih and Shell Lubricating Oil Co. Ltd. (JOSLOC).

In 2019, Shell sold its 50% interest in SASREF to Saudi Aramco.

## COUNTRY FINANCIAL ANALYSIS

Corporate income taxes are paid in arrears in Saudi Arabia. The tax paid in 2018 is on profit made in 2017. The tax accrued relates to the amount of tax payable at the corporate income tax rate of 20% on the 2018 taxation year profits.

# SYRIAN ARAB REPUBLIC

0 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- No activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$0	\$0	\$0
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$(148,645)	\$0	\$0
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$0	\$0	\$0

Syria Shell Petroleum Development B.V. (SSPD) has suspended all its activities in association with Al Furat Petroleum Company (AFPC) and Al Badiah Petroleum Company (ABPC) as of the December 2, 2011. Such suspension was executed in compliance with the restrictions set out in the applicable laws and regulations.

Whilst SSPD has ceased all its activities in association with AFPC and ABPC, it still fulfils minimum contractual obligations under the production sharing contracts such as tax and social security obligations and other pre-sanctions related liabilities in full compliance with the applicable sanctions.

Shell South Syria Exploration Ltd. (SSSEL) also declared force majeure in December 2011 and suspended all its activities in Syria.

There are no Shell staff in Syria.

## COUNTRY FINANCIAL ANALYSIS

The loss before tax of \$148,645 arose in SSPD and SSSEL and is the result of write-offs on receivables from the government and exchange rate fluctuations.

# UNITED ARAB EMIRATES

540 EMPLOYEES

## MAIN BUSINESS ACTIVITIES

- Upstream and Integrated Gas
- Downstream
- Chemicals
- Trading and Supply
- Other support activities

THIRD-PARTY REVENUES	RELATED-PARTY REVENUES	TOTAL REVENUES
\$15,633,035,671	\$15,754,334,700	\$31,387,370,371
PROFIT BEFORE TAX	TAX PAID	TAX ACCRUED
\$1,522,265,384	\$346,849,575	\$212,144,027
TANGIBLE ASSETS	STATED CAPITAL	ACCUMULATED EARNINGS
\$1,572,996,755	\$0	\$0

Shell has been active in the UAE since 1939. Dubai is the regional headquarters of four Shell business lines – trading, marketing, chemicals and upstream. Under applicable corporate laws, Shell businesses are set up as branches of foreign entities.

Upstream is represented by Shell Abu Dhabi B.V. (SAD BV) and Shell Exploration and Production International Ltd (SEPIL). SAD BV holds an interest in a non-operated venture, its revenues being subject to tax on the basis of the concession agreement with the government of UAE. SEPIL is a regional hub for the business and provides specialised services to Shell entities in the Middle East.

Trading is represented by Shell International Trading Middle East (SITME), which engages in product trading and shipping activities in the Arabian Sea, the Persian Gulf and certain parts of Africa. In 2009, it started LNG trading activities in the Middle East, the Indian subcontinent, the East coast of Africa,

South Africa and part of North Africa. From 2014 the scope of LNG trading was extended to Europe, the Americas (excluding USA, Baja and Western Canada), and the Caribbean, following the acquisition of Repsol's LNG business and SWLNG BV's LNG trading business.

Downstream is represented by Shell Markets (Middle East) Ltd. (SMME) and Shell Trading (M.E.) Private Ltd. (STME). SMME sells, markets and distributes aviation, marine, specialty and lubricant products. SMME also provides administrative, management and other support services to other Shell affiliates. STME's main activity is the marketing and distribution of petroleum and related products.

## COUNTRY FINANCIAL ANALYSIS

The tax paid in the UAE relates mainly to upstream activities. Revenues are taxed as per the agreement with the government.



## Countries with minimal activities

Countries included in the table below had dormant companies or minimal activities in 2018.

	Revenue			Profit Before Tax (\$)	Tax Paid (\$)	Tax Accrued (\$)	Stated Capital (\$)	Accumulated Earnings (\$)	Number of employees	Tangible Assets (\$)
	Third-Party Revenues (\$)	Related-Party Revenues (\$)	Total Revenues (\$)							
Cambodia	0	125,454	125,454	119,734	0	0	34,050,000	(16,399,416)	0	0
Chile	13,699	0	13,699	(744,421)	0	0	10,000	1,538,090	0	0
Cook Islands	0	0	0	0	0	0	2,256,810	11,861	0	0
Dominican Republic	154	49,738	49,893	242,923	0	0	0	0	0	0
El Salvador	0	0	0	0	0	0	N/A	(53,000)	0	0
Guam	0	826,398	826,398	807,870	0	0	N/A	(15,781,058)	0	0
Guatemala	0	0	0	0	0	0	N/A	0	0	0
Jamaica	0	0	0	0	0	0	N/A	0	0	0
Libya	124,855	0	124,855	(488,153)	0	0	0	0	1	1
Panama	66	2,612	2,678	(20,778)	0	0	0	0	0	0
Portugal	0	0	0	(145,521)	(16,771)	0	9,807,324	(948,673)	0	0

N/A = Not available at the time of publication

## Our tax data by country and location

	Revenue			Profit Before Tax (\$)	Tax Paid (\$)	Tax Accrued (\$)	Stated Capital (\$)	Accumulated Earnings (\$)	Number of employees	Tangible Assets (\$)
	Third-Party Revenues (\$)	Related-Party Revenues (\$)	Total Revenues (\$)							
Albania	65,060	445,028	510,088	(11,569,025)	0	0	0	0	40	382,605,240
Algeria	39,291	127,161	166,453	(25,259,406)	0	0	0	(1)	1	0
Argentina	3,097,984,440	233,822,582	3,331,807,022	274,172,615	76,005,355	(39,646,490)	392,112,692	(586,146,771)	2,003	1,285,704,146
Australia	1,632,823,583	7,289,372,515	8,922,196,098	2,346,377,013	112,920,109	18,623	53,429,502,044	2,981,060,754	1,964	41,477,919,484
Austria	1,026,055,426	36,753,094	1,062,808,520	27,380,384	4,303	4,149	483,568,813	879,076,679	85	126,470,294
Bahamas	7,727,182,910	14,813,878,727	22,541,061,637	971,887,531	0	(145,259)	20,019,921	2,156,310,898	34	329,542,704
Barbados	29,200,646	8,163,931	37,364,577	(173,805,739)	132,540	5,047,412	N/A	10,699,008	0	249,298,114
Belgium	763,673,189	367,809,610	1,131,482,799	54,078,753	21,579,285	21,054,719	N/A	259,518,330	307	226,786,823
Bermuda	25,166,839	618,720,462	643,887,302	683,036,942	12,500,000	12,500,000	N/A	3,431,577,045	3	0
Bolivia	189,222,377	251,179	189,473,556	60,610,002	0	0	N/A	208,300,228	86	485,107,565
Brazil	(137,701,887)	7,121,297,964	6,983,596,077	(1,034,346,197)	163,621,232	118,863,235	N/A	(4,144,964,955)	783	35,229,039,649
Brunei	147,557,682	3,098,587	150,656,269	25,798,798	137,680	137,659	335,254,874	7,239,223	5	332,266,105
Bulgaria	189,728,053	6,189,531	195,917,584	(7,993,819)	802,828	160,104	44,914,642	(2,452,316)	52	80,446,387
Cambodia	0	125,454	125,454	119,734	0	0	34,050,000	(16,399,416)	0	0
Canada	14,173,516,376	13,973,790,128	28,147,306,503	4,219,484,863	8,093,112	56,345,374	N/A	(4,269,386,049)	3,865	13,909,466,615
Cayman Islands	0	1,340,642	1,340,642	7,041,102	0	0	N/A	(53,828,946)	0	0
Chile	13,699	0	13,699	(744,421)	0	0	10,000	1,538,090	0	0
China	2,120,948,471	970,185,709	3,091,134,180	342,104,201	52,311,423	50,922,050	N/A	(1,621,443,255)	1,768	910,221,049
Colombia	22,301,614	47,981,303	70,282,916	(16,405,441)	165,905	0	17,871,056	(61,707,435)	28	476,706
Cook Islands	0	0	0	0	0	0	2,256,810	11,861	0	0
Cyprus	0	140,037	140,037	(3,387,817)	(7,569)	0	N/A	0	0	177,175,656
Czech Republic	552,054,027	9,319,915	561,373,942	18,451,671	5,453,258	3,505,817	115,451,146	34,489,219	79	103,297,978
Denmark	1,773,669,741	1,575,705,150	3,349,374,891	688,055,437	532,037,857	430,025,978	207,411,264	(1,515,051,035)	287	961,949,369
Dominican Republic	154	49,738	49,893	242,923	0	0	0	0	0	0
Egypt	999,534,204	383,741,315	1,383,275,519	666,442,744	127,077,457	127,025,641	1,782,683	212,875,681	400	891,256,992
El Salvador	0	0	0	0	0	0	N/A	(53,000)	0	0
Finland	258,916,774	0	258,916,774	3,892,334	79,394	973,084	13,173,767	5,295,446	27	10,219,563
France	2,106,689,530	416,203,362	2,522,892,893	20,512,631	(5,228,032)	(24,425,405)	526,603,425	243,912,256	317	413,635,461
Gabon	55,387	576,178	631,565	(2,614,177)	0	0	0	9	0	8,000,000
Germany	19,929,188,849	11,383,836,408	31,313,025,257	162,588,180	69,111,597	43,086,247	N/A	(2,394,614,523)	3,339	5,382,135,772
Gibraltar	5,775,835	0	5,775,835	300,000	29,204	30,000	0	0	0	0
Greenland	0	63,637	63,637	(317,560)	0	0	578,629	(158,694,463)	0	0
Guam	0	826,398	826,398	807,870	0	0	N/A	(15,781,058)	0	0

## Our tax data by country and location

	Revenue			Profit Before Tax (\$)	Tax Paid (\$)	Tax Accrued (\$)	Stated Capital (\$)	Accumulated Earnings (\$)	Number of employees	Tangible Assets (\$)
	Third-Party Revenues (\$)	Related-Party Revenues (\$)	Total Revenues (\$)							
Guatemala	0	0	0	0	0	0	N/A	0	0	0
Honduras	0	0	0	1,249,376	0	0	0	0	0	0
Hong Kong, SAR	1,875,190,092	140,734,420	2,015,924,512	85,286,661	18,954,479	14,046,591	249,196,848	184,748,686	177	185,036,129
Hungary	710,191,916	25,581,761	735,773,677	24,583,408	1,472,107	1,194,640	49,894,253	(137,647,425)	85	94,015,140
India	907,748,369	662,183,986	1,569,932,355	237,415,073	23,104,800	35,140,299	864,928,972	130,824,883	7,287	860,073,571
Indonesia	626,713,781	167,454,005	794,167,787	(26,440,914)	3,397,819	319,679	887,521,619	(329,059,337)	324	1,435,925,263
Iran	0	0	0	(10,595,838)	0	0	0	0	0	0
Iraq	187,360,810	307,189,453	494,550,263	11,937,578	11,900,234	5,263,188	N/A	0	604	(187)
Ireland	620,200,510	149,920,053	770,120,564	(336,418,363)	642,376	1,567	1,898,703,755	(5,459,185)	75	0
Isle of Man	0	0	0	(263,015)	0	0	N/A	(8,773,452)	0	0
Italy	1,355,790,016	499,867,937	1,855,657,953	404,746,861	172,136,810	100,638,437	1,163,190,947	(1,431,968,411)	201	1,889,342,344
Jamaica	0	0	0	0	0	0	N/A	0	0	0
Japan	835,628,225	18,827,823	854,456,048	(5,461,382)	1,123,374	969,580	3,264,200	(2,463,295)	48	63,501
Jordan	635,047	340,872	975,919	(1,261,258)	0	0	0	0	5	1,462,651
Kazakhstan	46,889,746	2,230,930,184	2,277,819,930	773,016,351	225,623,526	217,092,407	N/A	0	87	11,621,971,882
Kenya	260,195	620,534	880,729	(4,986,409)	0	0	N/A	0	2	1,014
Kuwait	270,808,258	46,863,678	317,671,936	160,972,360	8,705,882	21,436,250	0	0	154	229
Libya	124,855	0	124,855	(488,153)	0	0	0	0	1	1
Luxembourg	356,879,944	306,199	357,186,144	(521,289,374)	(4,297,233)	6,377	20,616,096,863	(2,649,580,815)	10	55,813,299
Macao, SAR	30,058,112	0	30,058,112	17,963,266	0	1,381,222	0	6,989,823	0	2,266,312
Malaysia	7,001,804,243	2,272,476,998	9,274,281,240	1,556,145,053	540,833,989	562,587,328	N/A	1,986,347,565	4,541	4,126,911,296
Mauritius	0	0	0	(197,636)	0	0	16,778,952	81,063,830	0	0
Mexico	821,239,319	84,073,456	905,312,775	(96,307,275)	8,633,966	6,096,323	N/A	(614,434,579)	84	364,326,352
Mongolia	0	0	0	169,718	0	0	32,681,790	(23,236,988)	0	0
Mozambique	0	0	0	(1,489,689)	0	0	0	0	1	0
Myanmar	4,375	2,319,233	2,323,609	(20,268,123)	0	0	50,000	0	5	11,947,891
Namibia	446,044	0	446,044	(6,264,543)	0	0	0	0	3	90,000,000
Netherlands	36,216,349,690	62,260,236,490	98,476,586,180	3,733,780,266	173,557,292	197,115,210	N/A	149,831,122,838	8,263	7,806,212,376
New Zealand	825,098,810	158,995,449	984,094,258	915,616,109	55,835,816	46,309,204	7,557,680,761	774,283,766	268	339
Nigeria	1,355,512,775	3,345,888,914	4,701,401,689	1,986,009,386	1,308,136,195	1,075,539,394	N/A	4,653,256,059	2,952	8,457,460,169
Norway	1,122,334,766	2,625,395,458	3,747,730,225	1,677,107,373	1,037,562,418	1,130,596,250	104,184,227	1,190,822,381	662	1,475,498,841
Oman	1,441,805,024	7,126,863,542	8,568,668,566	3,326,904,167	3,256,275,643	3,710,123,805	76,488,213	40,941,160	334	168,377,042
Pakistan	1,533,716,918	1,502,301	1,535,219,219	147,568	(543,716)	7,078,882	23,325,126	31,273,261	436	192,760,725

## Our tax data by country and location

	Revenue			Profit Before Tax (\$)	Tax Paid (\$)	Tax Accrued (\$)	Stated Capital (\$)	Accumulated Earnings (\$)	Number of employees	Tangible Assets (\$)
	Third-Party Revenues (\$)	Related-Party Revenues (\$)	Total Revenues (\$)							
Palestinian Territories	[0]	0	[0]	(329,731)	0	0	N/A	0	0	[161]
Panama	66	2,612	2,678	(20,778)	0	0	0	0	0	0
Peru	4,473,774	5,027,613	9,501,387	(1,640,078)	122,611	0	N/A	(4,570,455)	12	522,287
Philippines	3,712,678,840	380,279,014	4,092,957,854	411,299,499	117,769,487	144,916,540	561,264,588	(59,820,604)	4,498	1,145,406,735
Poland	1,154,506,296	224,954,418	1,379,460,714	48,695,960	3,464,479	8,315,681	526,758,014	3,265,091	3,569	420,108,903
Portugal	0	0	0	(145,521)	(16,771)	0	9,807,324	(948,673)	0	0
Puerto Rico	20,937	0	20,937	(1,692,859)	0	0	32,605,000	(27,790,481)	0	0
Russia	2,153,012,625	1,084,991,820	3,238,004,445	218,584,750	41,272,374	38,452,344	259,076,334	(16,081,171)	505	771,849,245
Saint Lucia	11,375,000	289,942	11,664,942	62,545,102	0	0	469,388,335	(200,899,213)	0	0
Saudi Arabia	2,392,435,000	3,802,708,559	6,195,143,559	120,248,000	64,512,000	24,049,000	N/A	143,915,720	31	255,253,550
Singapore	90,544,003,793	52,799,451,364	143,343,455,156	2,135,392,026	8,385,604	46,972,306	N/A	1,597,220,391	3,162	7,650,880,931
Slovakia	334,215,921	3,488,461	337,704,382	21,522,476	5,572,262	4,519,720	21,552,293	2,624,693	31	68,048,200
Slovenia	241,398,794	0	241,398,794	(2,339,652)	1,265,660	(485,922)	2,823,560	26,190,536	18	12,037,818
South Africa	6,939,556,701	467,815,926	7,407,372,627	47,706,301	10,603,398	14,977,224	238,455,218	853,309,091	656	1,256,934,272
South Korea	194,786,634	49,520,352	244,306,987	32,518,294	6,726,888	7,156,887	6,538,695	72,392,632	140	45,866,771
Spain	523,034,974	217,840,800	740,875,774	709,735	0	0	52,914,593	(1,277,763,821)	128	41,125,461
Sweden	206,971,073	35,738,899	242,709,972	4,738,066	0	0	27,995,671	(9,210,952)	8	6,352,131
Switzerland	1,095,224,847	3,413,968,202	4,509,193,048	1,412,499,471	190,610,005	162,489,283	18,137,883,507	10,128,030,783	112	160,381,336
Syrian Arab Republic	0	0	0	(148,645)	0	0	0	0	0	0
Taiwan	0	0	0	(44,650)	31,590	9,206	840,096	(74,074,632)	5	0
Tanzania	29,998	2,133,065	2,163,063	(20,253,215)	0	(5,152)	27,844,259	(37,414,842)	28	347,613,914
Thailand	4,906,753,639	68,686,804	4,975,440,443	1,048,155,628	626,967,994	572,593,776	16,216,038	22,742,208	516	496,032,967
Trinidad and Tobago	353,265,997	263,994,407	617,260,404	(64,453,148)	(67,506)	21,131,680	N/A	(319,133,168)	450	334,600,937
Tunisia	264,258,275	107,296,281	371,554,556	68,333,530	92,591,700	73,433,793	239,992,976	773,243,760	366	381,840,456
Turkey	4,866,034,044	455,940,404	5,321,974,448	32,129,962	19,505,119	12,410,316	200,917,096	361,450,908	650	305,164,307
Ukraine	609,664	603,864	1,213,528	(127,631,440)	(138,322)	0	20,885,536	(313,066,063)	12	539,741
United Arab Emirates	15,633,035,671	15,754,334,700	31,387,370,371	1,522,265,384	346,849,575	212,144,027	0	0	540	1,572,996,755
United Kingdom	56,405,198,677	51,666,398,633	108,071,597,310	730,654,322	(114,910,894)	(86,301,988)	N/A	16,588,887,883	5,169	13,873,522,278
United States of America	90,452,264,545	100,888,502,494	191,340,767,039	1,744,487,116	250,540,918	136,646,467	N/A	1,618,959,425	17,049	59,529,484,433
Uruguay	752,255	295,129	1,047,384	263,474	78,182	47,642	16,701,984	75,438,761	1	584
Venezuela	(724,266)	0	(724,266)	(41,644,257)	36,053	33,642	823,525,355	(869,014,759)	52	1,017,015
Vietnam	56,867,323	0	56,867,323	8,619,437	0	1,653,592	14,558,874	9,093,797	79	13,102,882

N/A = Not available at the time of publication

Source: Country-by-country report data 2018

# Disclosure cautionary note

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this **report** "Shell", "Shell Group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to Royal Dutch Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this **report** refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as "joint ventures" and "joint operations", respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as "associates". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

This **report** contains forward-looking statements (within the meaning of the US Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially

from those expressed in the forward-looking statements included in this **report**, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this **report** are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Royal Dutch Shell's Form 20-F for the year ended December 31, 2018 (available at [www.shell.com/investor](http://www.shell.com/investor) and [www.sec.gov](http://www.sec.gov)). These risk factors also expressly qualify all forward-looking statements contained in this **report** and should be considered by the reader. Each forward-looking statement speaks only as of the date of this **report**, December 17, 2019. Neither Royal Dutch Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this **report**.

We may have used certain terms, such as resources, in this report that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. US investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website [www.sec.gov](http://www.sec.gov).



# Definitions

## Advance tax agreements

These are formal or informal rulings and clearances which tax authorities provide when there are complex transactions, unclear regulations or substantial values involved. These agreements reduce uncertainty and should always be in line with the letter and spirit of the law.

## Appropriate substance

Appropriate substance means that there should be an adequate number of employees, with suitable qualifications to perform their job and appropriate physical presence in the relevant jurisdiction. Many businesses will for good reason outsource some of their activities to third-party service providers but the core income generating activities would not.

## Arm's length principle

This valuation principle is commonly applied to commercial and financial transactions between related companies. It says that transactions should be valued as if they had been carried out between unrelated parties, each acting in his own best interest.

## Artificial arrangements

These are transactions or activities which are undertaken without a core commercial purpose.

## Base erosion

This is when a country's tax base, which is the amount the government can raise in taxes, may be eroded by some companies engaging in profit shifting. As a result of perceived abuses by some, the OECD launched the BEPS project to protect members against base erosion.

## BEPS

The OECD project to tackle artificial base erosion and profit shifting (BEPS). The guidance and legislation introduced to support the BEPS project means that companies are taxed "where their economic activities take place and value is created".

## BOE

BOE stands for barrel of oil equivalent which is used by energy companies as a way of combining oil and gas and refined products into a single measure.

## Branch

A branch is an office or business presence in a location other than where the corporate entity is established.

## Capital projects

These are long-term, capital-intensive investment projects with a purpose to build upon, add to, or improve a capital asset. Capital projects are defined by their relatively large scale and cost, and require considerable planning and resources.

## Commercial reasons or commercial considerations

Commercial reasons or commercial considerations refer to activities undertaken with a view to making a profit. Being present in a country should be as a result of commercial activities and should have the appropriate substance to perform those activities. The management and directorships of the operating company should be in the country of operation.

## Consumption taxes

A tax due on the purchase of goods and services. Typically, this is a percentage of the sales price of the item or service. It is an indirect tax as it is levied and administered by the retailers or service providers but it is borne or paid by the individual purchasing the item. The companies that charge the tax have to administer the collection and payment on behalf of the government.

## Cooperative compliance

This can vary between countries but at its essence means that taxpayers and tax authorities have open and proactive discussions on matters that may impact a taxpayer's tax return and seek to resolve any areas of interpretation.

## Corporate income tax

This is a direct tax imposed on companies' profits. It is sometimes levied at a national level but can also be levied on a state or local basis.

## Country

Throughout this report, "country" is used as the primary descriptor for a geographical area because that is the word used by the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project in their proposal for Country-by-Country Reporting (CbC Reporting), which is one of the four minimum reporting standards to which over 100 countries have committed, covering the tax residence jurisdictions of nearly all large MNE groups. In this report "Country" may also refer to locations, jurisdictions or territories which have their own tax regimes or discrete rules.

## Country-by-country report

Country-by-country reporting (CbCR) was introduced for all large multinational enterprises (MNE) as part of the OECD BEPS project. The report should disclose aggregate data on income, profit, taxes paid and economic activity among tax jurisdictions in which the MNE operates. The report is filed with the main tax authority (typically the tax authority in the country in which the MNE has its head office) who can exchange it with tax authorities in other countries.

## Customs duty

A tax imposed on goods as they either leave or enter a country. Customs duties are also in addition to other indirect taxes such as excise, VAT or GST. It is therefore possible to have goods which are subject to excise duty, customs duty and VAT.

## Dividend

After payment of costs and taxes, a company may choose to make a dividend payment to its shareholders as a return on their investment in the company. After payments of dividends, any remaining surplus is termed 'retained earnings' and is available for reinvestment into the business.

## Double taxation

This arises where the same income is taxed twice by two or more different tax jurisdictions.

## **Effective tax rate (ETR)**

This is the ratio of tax compared with the profits in the financial statements. See [How businesses are taxed](#) for an illustration.

## **EITI**

EITI stands for the Extractive Industries Transparency Initiative. This is a global standard for the good governance of resources like oil and gas. EITI requires disclosure of information such as publication of data showing how much money governments receive from resource extraction.

## **Employment taxes**

These are wage taxes and may include social security contributions.

## **Excise duties**

This is a tax on manufacturers and is due at the point of production rather than sale. Companies which manufacture products that are subject to excise duties are responsible for reporting and paying these taxes. Excise taxes are in addition to other forms of indirect tax, such as customs duties, VAT or GST, and typically form part of the cost of the product.

## **Fiscal policy**

A government's approach to taxes and spending. The policy will vary depending on different electoral parties, governing systems and between countries.

## **GST**

A goods and services tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services.

## **Holding company**

The principal purpose of this type of company is to hold and manage investments in other companies or joint ventures. Holding companies differ from operating companies, for example they will need less staff but they still have commercial value as a way to manage and administer all the different investments within a group.

## **Incentives**

These are tax laws typically designed by governments to stimulate investment and encourage growth. Incentives can include tax relief for capital expenditure on infrastructure, exemptions from certain taxes where employment targets are met, or a particular tax treatment of costs related to research and development activities. Sometimes incentives are offered to encourage certain types of behaviour to meet a stated policy objective. For example, governments may offer cash grants towards the costs of improving energy efficiency.

## **Indirect taxes**

Taxes raised on goods and services rather than income and profits. Examples include VAT, sales tax, excise duties, stamp duty, services tax, registration duty and transaction tax.

## **Intellectual property**

Intangible property that is the result of creativity. This can include patents, trademarks, and copyrights.

## **International Compliance Assurance Programme**

The International Compliance Assurance Programme (ICAP) is a voluntary programme for a multilateral cooperative risk assessment and assurance process. It is designed to be an efficient, effective and coordinated approach to provide multinational groups willing to engage actively, openly and in a fully transparent manner with increased tax certainty with respect to certain of their activities and transactions.

## **Low-Tax or Nil Rate Jurisdiction**

See [Tax Haven](#).

## **Multinational Enterprise or Corporation**

A multinational enterprise (MNE) or multinational corporation is a company or group of companies with business establishments in two or more countries.

## **Non-recoverable VAT**

A business can typically reclaim the VAT charged on its purchases against the VAT it charges others on sales that it makes. The government therefore should receive VAT from the end consumer and not at each stage of the supply chain. However, a business may have non-recoverable VAT costs, where offset is not available or permitted.

## **OECD**

OECD stands for the Organisation for Economic Cooperation and Development which is an intergovernmental economic organisation with 36 member countries, founded in 1961 to stimulate economic progress and world trade.

## **Permanent establishment**

This describes the activities that take place in a country that requires the filing of a tax return and possibly the payment of taxes in that country. This is another name for a taxable presence.

## **Production entitlement**

This is the host government's share of production. It includes the government's share as a sovereign entity or through its participation as an equity or interest holder in projects within its home country.

## **Production sharing contracts or concessions**

A production sharing contract (PSC) is a contractual arrangement between the holders of a resource, typically a country's government, and a resource extraction company concerning how much oil or gas each party would receive. The company bears the mineral and financial risk of the initiative. It explores, develops and, if successful, manages production. Costs are recovered through the sales of oil or gas and what is left over is split depending on the terms of the contract.

## **Profit before tax**

These are profits after the deduction of operating costs but before the deduction of tax. This number forms the basis on which we apply the local tax laws and then pay corporation tax.

## **Profit shifting**

This is the term used to describe artificial arrangements whereby companies move profits from one jurisdiction to another jurisdiction in order to minimise tax payments.

## **Revenue**

This represents the total income earned by a company. It includes income from customers or other group companies and income received as royalties and interest income.

## **Revenue agency**

See Tax authority.

## **Royalties**

Royalties are generally payment due for the use of an asset. Mineral royalties are payments to governments or other owners for the rights to extract oil and gas resources, typically at a set percentage of revenue less any deductions that may be taken. See also Trademark Royalties.

## **Sales taxes**

See Consumption taxes.

## **Statutory tax rate**

This is the tax rate imposed by law in a country.

## **Tangible assets**

A tangible asset is an asset that has a physical form (e.g. property, plant and equipment and inventories).

## **Tax authority**

Also known as a revenue agency. This is the body responsible for administering the tax laws of a particular country or regional or local authority.

## **Tax Charge**

The aggregate of current tax and deferred tax included in the determination of profit or loss for the period in our Annual Report and Form 20-F.

## **Tax haven**

There are a number of different definitions of the term 'tax haven' but typically this is considered to mean one country offering significantly lower tax rates or other tax features as compared to the average rates or features offered by other countries.

## **Taxable presence**

See Permanent establishment.

## **The B Team**

The B Team is a not-for-profit initiative aimed at ensuring that business becomes a driving force for social, environmental and economic benefit. Shell is a founding member of The B Team Responsible Tax Working group but is not a member of the overall B Team initiative. Through The B Team, Shell and other companies have been able to give a voice to the companies' views in the debate on fair taxation. The B Team Responsible Tax Principles, which Shell has helped to develop, reflect the views of leading companies and civil-society organisations on a responsible approach to tax.

## **Trade tariffs**

A tax on imports or exports between sovereign states. See also Customs duty.

## **Trademark Royalties**

Payments for the right to use trademarks. Trademarks are a legally registered name, word, symbol or design which identifies the goods or services of a particular business or company.

## **Transfer pricing**

This refers to the setting of the price for goods and services sold between related entities within a group. Transfer pricing should be based on the arm's length principle. This means that profits are allocated to the countries where the relevant economic activity takes place and cannot be artificially taken somewhere else.

## **VAT**

Value-added tax (VAT) is a specific type of turnover tax levied at each stage in the production and distribution process. Although VAT ultimately bears on individual consumption of goods or services, liability for VAT is on the supplier of goods or services. VAT normally utilises a system of tax credits to place the ultimate and real burden of the tax on the final consumer and to relieve the intermediaries of any final tax cost. See also Non-recoverable VAT.

## **Withholding taxes**

A withholding tax is an income tax to be paid to the government by the payer of the income rather than by the recipient of the income. The tax is thus withheld or deducted from the income due to the recipient. Withholding taxes usually apply to royalties, interest or dividends.

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- Detailed operational information including maps
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