

# Santos

# TAX CONTRIBUTION DISCLOSURE

**31 DECEMBER 2024**





# EXECUTIVE SUMMARY

The Board and Management of Santos Ltd are pleased to present the Tax Contribution Disclosure for the year ended 31 December 2024.<sup>1</sup>

In line with the Santos Tax Policy, the Board has approved adoption of the Board of Taxation's Voluntary Tax Transparency Code (the Code) and the disclosures in this report are provided in accordance with the recommendations contained in Part A and Part B of the Code.

As an Australian headquartered business with a global footprint, we know that our stakeholders and the communities in which we operate rightly expect companies to pay their fair share of tax. Delivering on our commitment to tax transparency, we provide this disclosure as part of our tax policy and being transparent in relation to our tax contribution.

For the year ended 31 December 2024 Santos paid US\$1,013m to Australian and foreign governments for income tax, royalties, employee and other taxes and had an effective tax rate of 28%.

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<sup>1</sup> The Santos Tax Contribution Disclosure is not audited, but is based on data in the audited Santos statutory accounts (which are prepared under Australian Accounting Standards) as well as the final lodged income tax returns.



# PART A

The following disclosures are made in accordance with Part A of the Code to complement our annual disclosures in the audited statutory accounts for the year ended 31 December 2024:

- A summary of accounting profit (or accounting loss) before income tax expense
- A reconciliation of accounting profit (or accounting loss) before income tax expense to income tax expense (or income tax benefit), identifying material differences
- A reconciliation from income tax expense (or income tax benefit) to Australian income tax payable (or income tax loss), identifying material differences
- Notes on the effective tax rate

The functional currency of Santos for tax purposes is United States dollars (USD) and the statutory accounts are also presented on a consolidated basis in USD.



## ACCOUNTING PROFIT / (LOSS) BEFORE TAX EXPENSE

The majority of revenues generated by Santos in 2024 were from its operations in Australia and Papua New Guinea.

The accounting profit before tax was US\$1,749 million.

ITEM	\$US MILLION
Revenue from product sales	5,381
Cost of product sales	(3,395)
<b>Gross profit</b>	<b>1,986</b>
Other revenue (royalties, tariffs and tolls)	137
Other income (pipeline tariffs, net gain/loss on asset sales)	187
Impairment of non-current assets	(123)
Other expenses (exploration and evaluation, selling and administrative expenses)	(271)
Finance income	122
Finance costs	(291)
Share of net profit of joint ventures	2
<b>Accounting profit before tax</b>	<b>1,749</b>



## ACCOUNTING PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE TO INCOME TAX EXPENSE / (BENEFIT)

There are no current material income tax expense/(benefit) differences, as between tax expense on pre-tax accounting profit and the adjusted income tax expense.

ITEM	\$US MILLION
Accounting profit before income tax	1,749
Income tax expense/(benefit) @ 30%	526
Non temporary differences	
• Profits subject to different tax rates	(1)
• Movements in losses and deferred tax assets not recognised	42
• Non-deductible expenses	12
• Tax adjustments relating to prior years	11
• De-recognition of deferred tax liability on the sale of subsidiary	(102)
• Royalty related tax expense	(4)
• Other	1
<b>Tax expenses (benefit)</b>	<b>485</b>





## INCOME TAX EXPENSE / (BENEFIT) TO INCOME TAX PAID

The tax calculation of the Australian operations of Santos for 2024 is set out below. It is noted that Santos has increased its carried forward tax losses and credits in the year ended 31 December 2024.

Santos' historic carried forward tax losses were generated as a result of the deterioration in oil prices from late 2014, the significant past investment made by the company in exploration and development projects, including GLNG and Barossa.

**Positive adjustments in the table below are either:**

- non tax deductible amounts that have already been included as expenses in accounting profit/(loss) before tax; or
- taxable amounts that have not already been included as income in accounting profit/(loss) before tax.

**Conversely, negative adjustments in the table below are the opposite, being either:**

- tax deductible amounts that have not already been included as an expense in accounting profit/(loss) before tax; or
- non taxable amounts that have already been included as income in accounting profit/(loss) before tax.

ITEM	\$US MILLION
<b>Consolidated Global Accounting Revenue</b>	<b>5,381</b>
<b>Australian Accounting Revenue<sup>2</sup></b>	<b>2,356</b>
<b>Australian Accounting Profit before tax</b>	<b>303</b>
• Accounting depreciation and impairment	1,188
• Expenses not deductible for tax purposes	135
• Petroleum resource rent tax paid	(112)
• Tax deductible exploration and restoration costs	(278)
• Non assessable dividends from foreign subsidiaries	(15)
• Tax depreciation and other capital allowances	(924)
• Accounting Income not assessable for tax purposes	(293)
• Tax losses carried forward to future periods	59
<b>Taxable income</b>	<b>64</b>
• Tax on taxable income	19
• Tax offsets	-
<b>Income tax payable</b>	<b>19</b>

<sup>2</sup> The revenue of the Australian TCG is included in this annual disclosure so users can cross-reference Santos' tax disclosures to the annual tax data published by the ATO. The ATO currently publishes Australian TCG revenues, Australian taxable income and Australian tax paid.



## KEY TERMS

**Accounting Profit (or Accounting Loss) Before Income Tax Expense** accounting revenues less expenses before income tax expenses as determined under accounting standards

**Income Tax Expense (or Income Tax Benefit)** the total of current tax expense and deferred tax expense, which is included in the accounting profit (or accounting loss) during the current period

**Current Tax Expense** this is an estimate only of the tax payable for the current year (it is not how much tax is actually paid for the year)

**Deferred Tax Expense (or Deferred Tax Benefit)** costs can be deducted for accounting and tax over different periods. Deferred tax expense is the movement in the current year of the future differences between accounting and tax amounts (for example, balance sheet differences between exploration claimed for tax but capitalised for accounting)

**Permanent or Non-Temporary Differences** these differences reflect amounts recognised for accounting purposes that will not be recognised for tax purposes (or vice versa). They are permanent in nature as they are not expected to have any future impact (for example, the Research and Development tax concession)

**Timing or Temporary Differences** these differences reflect amounts recognised both for accounting and tax purposes, but at different times. They are timing, in that they will have a future impact on tax (for example different rates for accounting and tax depreciation of assets)

**Effective Tax Rate** this is income tax expense (or income tax benefit) divided by accounting profit (or accounting loss) before tax. It is a measure of the extent to which the taxable profits (or losses) of the company will be subject to tax. Variations typically arise from permanent or non-temporary differences between accounting and tax (for example, accounting adjustments for foreign exchange variations)

**Impairment** an adjustment to the book value of an asset in the accounts as a result of a change in assumptions about the future value of the asset (for example, the fall in oil price assumptions). This impairment is charged to accounting profit, but is not deducted for tax



# PART B

## GOVERNANCE AND TAX RISK

The Santos Board and Management are committed to the highest standards of corporate governance, which includes our approach to tax risk management.

The Santos Tax Policy has been approved by the Board and is designed to meet expectations of the community and the tax authorities, including the Australian Taxation Office (ATO) in relation to managing tax risk.

Tax risk is a specific matter within the scope of the Audit and Risk Committee, which reports to the Santos Board.

Santos aims to comply fully with its tax obligations and pays its taxes, as required in accordance with the laws, rules and regulations of each jurisdiction in which the company operates.





The following commitments define our tax strategy and are the essence of our Tax Policy

- maintaining a constructive, co-operative and transparent working relationship with tax Authorities
- conducting regular, co-operative and transparent discussions with tax authorities
- complying with our disclosure requirements with tax authorities
- honouring our responsibility to our stakeholders to be a reputable corporate citizen in relation to our tax affairs
- paying our taxes, as required
- following good practice on the voluntary public disclosure of our tax affairs to ensure appropriate transparency
- maintaining strategies to ensure compliance with this tax policy. These include:
  - the assessment and maintenance of robust internal controls and processes to ensure we have consistency across our business and meet our tax obligations
  - the identification and management of tax risks in accordance with the Santos Risk Management Policy
  - the alignment of tax outcomes with commercial strategies
  - designating board and management responsibility for taxes and reporting Protocols
  - providing adequate professional internal and external tax resources
  - pursuing certain, documented tax outcomes, including obtaining tax rulings where necessary, and
  - monitoring, engaging with stakeholders and communicating the impact of material tax changes.

## Approach to tax risk

Santos aims to comply fully with its tax obligations in accordance with the laws, rules and regulations of each jurisdiction in which the company operates. This not only includes jurisdictions where our business assets and operations are located, but also includes any locations where we hold a corporate presence, such as the United Kingdom.<sup>3</sup>

<sup>3</sup> Details of our Tax Policy and tax strategy are published here in compliance with UK tax transparency requirements for the financial year ended 31 December 2024. These are set out in paragraph 19(2) Schedule 19 of the Finance Act 2016. UK tax transparency requirements are applicable to Santos Bangladesh, Santos Sangu Field and Santos UK.





## Accepted levels of tax risk

Both globally and in Australia, Santos seeks to maintain a risk rating from tax authorities consistent with our Tax Policy. As a taxpayer in the ATO's top 100 assurance program, Santos provides a walkthrough of its annual tax return as well as regular real time updates as to the performance of the group and any material transactions being undertaken.

## Attitude to tax planning

Santos values its reputation and relationship with all tax authorities and stakeholders and seeks tax outcomes that are consistent with commercial outcomes and which are clearly understood. Santos seeks advice from independent external experts in specific circumstances, places reliance on public guidance from tax authorities and, where appropriate, seeks rulings from tax authorities.

## Approach to engagement

Santos has an open and transparent relationship with all tax authorities across a range of activities. In Australia, this includes:

- liaising with the ATO regarding potential transactions
- assisting the ATO with pre-lodgement compliance and post lodgement reviews
- participating in an ongoing dialogue regarding current issues relevant to Santos and the oil and gas industry
- adopting the Board of Taxation's Voluntary Tax Transparency Code



## GLOBAL TAX CONTRIBUTION

Santos' tax contributions during the year ended 31 December 2024 are summarised below in US\$ million:

Country	Corporate income tax	Royalty related taxes <sup>4</sup>	Other Royalties	Employee Taxes <sup>5</sup>	Other taxes	Global Total US\$ million
Australia	17	111	103	260	-	491
Timor-Leste	-	-	-	5	2	7
Papua New Guinea	420	5	47	17	-	489
USA	-	-	-	12	8	20
Singapore	3	-	-	1	-	4
Japan	2	-	-	-	-	2
<b>Total</b>	<b>442</b>	<b>116</b>	<b>150</b>	<b>295</b>	<b>10</b>	<b>1,013</b>

Santos delivered a net profit in 2024 in its Australian operations, but paid only a small amount of corporate tax in Australia. This was due to differences for tax and accounting purposes in the timing of deductions and taxation of income.

Santos continues to earn overseas income that is subject to taxes in those other jurisdictions but is not subject to tax in Australia.

<sup>4</sup> Royalty Related Taxation payments shown are for Australian Petroleum Resource Rent Tax (PRRT), Resource Rent Royalties (RRR) and Timor- Leste Additional Profits Tax (APT), which are a profits based taxes.

<sup>5</sup> Employment tax payments include employment taxes such as Australian Fringe Benefits Tax and state payroll tax, as well as Pay as You Go (PAYG) withholding payments.

# Santos

## CONTACT US

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