

Neste's tax footprint

We comply with the applicable local legislation in paying, collecting, remitting and reporting on taxes and fees. We are committed to following the OECD Transfer Pricing Guidelines.

Our data on payment of taxes in 2015 has been compiled taking into account the points of view of materiality, confidentiality, business reasons and cost-effectiveness.

The taxes and tax-like fees paid and remitted by Neste are a significant source of income to public administration. With taxes paid and remitted we support the functioning of society and the provision of local services. The countries in which we operate also benefit from the income taxes paid by our employees. Neste remits almost EUR 2 billion of excise duties to the State of Finland, making the group the country's biggest payer of excise duties.

Management of tax affairs in the group

Our CEO is ultimately responsible for decision-making regarding decisions on tax affairs at Neste. Significant tax planning measures and decisions are only implemented following the approval of the Board of Directors.

Our operational tax organization is divided into the tax organization at the head office and local financial organizations operating outside Finland. High-quality tax returns and reports are the cornerstone of our management of tax affairs. We complete tax returns carefully in accordance with the applicable local laws and regulations and submit them by the deadline without undue delay. All communication and contacts with the tax authorities are honest, respectful and professional.

Neste has companies operating in Bermuda and Guernsey for business-related reasons. Even though these are low-tax countries, Neste Corporation pays corporation tax on the result of the insurance company operating in Guernsey to Finland, and the income of the shipping business of the affiliated companies in Bermuda are taxed in accordance with Finnish tax legislation only when funds are repatriated to Finland.

Tax strategy

The task of the tax organization is to offer tax-efficient solutions to support the group's business. This aims to ensure that we do not pay double or triple taxes on our business operations. Our tax planning is focused on business changes and implementing the group's business strategy.

[Read more about tax strategy](#)

Tax figures

Taxes of 2014-2015

| | 2015 Finland | 2015 Other countries | 2015 Group in total | 2014 Finland | 2014 Other countries | 2014 Group in total |
|--|-----------------|----------------------------|---------------------------|-----------------|----------------------------|---------------------------|
| Taxes borne, MEUR | | | | | | |
| Corporate income tax | 20 | 35 | 55 | 3 | 18 | 21 |
| Real estate tax | 2 | 6 | 8 | 1 | 6 | 7 |
| Employer's charges | 49 | 8 | 57 | 46 | 7 | 53 |
| Environmental taxes | 21 | 0 | 21 | 22 | 0 | 22 |
| Customs duty | 2 | 6 | 8 | 2 | 12 | 14 |
| Total taxes borne, MEUR | 94 | 55 | 149 | 74 | 43 | 117 |
| Taxes collected, MEUR | | | | | | |
| VAT/GST, remitted | 830 | 172 | 1 002 | 1 034 | 186 | 1 220 |
| Excise taxes | 1 782 | 279 | 2 061 | 1 693 | 249 | 1 942 |
| Withholding taxes | 82 | 10 | 92 | 77 | 10 | 87 |
| Employee's social security | 15 | 3 | 18 | 14 | 3 | 17 |
| Total taxes collected, MEUR | 2 709 | 464 | 3 173 | 2 818 | 448 | 3 266 |
| Total taxes borne and collected, MEUR | 2 803 | 519 | 3 322 | 2 892 | 491 | 3 383 |
| Revenue | 6 740 | 4 391 | 11 131 | 9 312 | 5 699 | 15 011 |
| Earnings before taxes | 293 | 341 | 634 | -112 | 190 | 78 |
| Personnel (on average) | 3 354 | 1 553 | 4 907 | 3 477 | 1 512 | 4 989 |

The table presents the essential taxes and tax-like fees which we are liable to pay or collect in accordance with the local legislation. Payments to Finland and other countries are presented by tax type. From the point of view of materiality, the table presents our global key tax figures, which indicate the significant weight of Finland and the high amount of indirect taxes. Data on other countries is presented combined due to competition-related reasons to maintain the confidentiality of our business data.

The international definition of public subsidies is vague, and therefore we have not included public subsidies in our report. The Blender's Tax Credit (BTC) was approved retroactively for 2015 in the United States on December 18, 2015. The decision improved Neste's comparable operating profit by over EUR 100 million in 2015.

Taxes and fees included in the purchase price of a product or service and for which we do not have a statutory reporting obligation are not included in the summary data. If our

foreign group company has paid taxes to Finland, such taxes are presented in the figures for Finland and not in the corresponding figures for other countries.

This tax footprint report is part of the sustainability reporting of Neste's Annual Report.

Definitions of tax concepts

Value added taxes, remitted – Net value added tax rendered for to states, i.e. taxation for value added tax to be paid and deducted for the tax periods of the financial year. Value added taxes include corresponding sales taxes.

Withholding taxes – Tax collected on salaries, dividends, royalties and interest on behalf of the actual taxpayer, such as a natural person or a company.

Collected taxes – Taxes collected by Neste as prescribed by law and rendered for to states or other public administration on behalf of the taxpayer, such as tax withheld in advance from employees' salaries.

Real estate tax – All taxes and fees for which liability to pay arises from the ownership, occupation and/or use of properties or other similar assets.

Taxes borne – Taxes and fees that Neste must pay to states or other public administration as prescribed by law.

Customs duty – Statutory customs duties paid on imports and exports, paid to the EU or states of another customs territory during the financial year.

Excise duties – Taxes rendered for to the state for the tax periods which must be collected when certain products are handed over for consumption or taken into use. Excise duties also include stockpile fees.

Taxes – Essential and mandatory taxes, fees and other obligations levied by the state or other public administration. In addition, statutory pension contributions are included in employer's contributions and employee's social security contributions regardless of whether the payment was made to the state or other public administration.

Corporate income tax – All income taxes recorded on the result for the financial year and income taxes recognized during a calendar year as a result of adjustments to income for previous financial years (does not include deferred taxes).

Environmental taxes – Taxes and fees levied due to environmental impacts.