

Tax contribution

As a part of its general policy of open communications Neste Oil has published voluntary tax information beyond legal requirements already for several years. Our current tax contribution (tax foot print) has been compiled taken into account the relevant issues of confidentiality, business rationale, and cost-efficiency.

We are committed to following a relevant legal framework, as well as OECD Transfer Pricing Guidelines. Taxes and duties are paid, collected, remitted, and reported in accordance with all relevant local laws and regulations.

We believe in a fair and consistent tax system. Whenever we comment on tax laws or changes in practices, we focus especially on fairness, clarity, feasibility, and overall reasonability.

We have active companies in a couple of low tax jurisdictions because of sound business reasons. The captive insurance company in Guernsey pays corporate income tax in Finland according to Finnish tax laws. The income derived from shipping joint ventures in Bermuda is taxed according to Finnish tax laws in Finland only when the funds are repatriated to Finland.

Tax strategy

Our tax strategy is to support the company's business decisions by providing efficient tax optimization solutions and to ensure their proper implementation from a tax perspective. Tax planning

reflects changes that take place in the company's businesses and our overall strategy.

Tax management

Our President & CEO is ultimately responsible for making decisions regarding tax management. Major tax planning implications and decisions are only implemented after approval by the Board of Directors.

Our operational tax organization is divided into Head office tax organization and local country financial organizations outside Finland.

High-quality tax compliance is the cornerstone of our approach to tax management. We complete tax returns carefully in accordance with relevant tax laws and regulations and file them by the due dates without unnecessary delay. In all communication with the tax authorities we are acting honestly in a respectful and professional manner.

Taxes of 2013–2014	2014	2014	2014		2013	2013	2013
	Finland	Other countries	Group in total		Finland	Other countries	Group in total
Taxes borne, MEUR							
Corporate income tax	3	18	21		76	18	94
Real estate tax	1	6	7		1	6	7
Employer's charges	41	7	48		43	7	50
Environmental taxes	22	0	22		23	1	24
Customs duty	2	12	14		2	1	3
Total taxes borne, MEUR	69	43	112		145	33	178
Taxes collected, MEUR							
VAT/GST, remitted	1,034	186	1,220		997	214	1,211

Taxes of 2013–2014	2014			2013		
	Finland	Other countries	Group in total	Finland	Other countries	Group in total
Excise taxes	1,693	249	1,942	1,480	204	1,684
Withholding taxes	77	10	87	69	8	77
Employee's social security	14	3	17	15	3	18
Total taxes collected, MEUR	2,818	448	3,266	2,561	429	2,990
Total taxes borne and collected, MEUR	2,887	491	3,378	2,706	462	3,168
Revenue	9,312	5,699	15,011	10,525	6,713	17,238
Earnings before taxes	-112	190	78	296	265	561
Personnel (on average)	3,477	1,512	4,989	3,645	1,452	5,097

Taxes presented in the tax table include such material taxes and levies which we are liable to pay or collect according to local law. Levies are divided by type and by split between Finland and other countries. From a materiality point of view the table introduces the key feature of our global tax contribution illustrating the significance of Finland and volume of indirect taxes. Other countries are grouped in order to keep competition-related business information confidential. In the absence of the consistent global concept of public aid, we have not included public aid received in the report. This said, we have received a Blender's Tax Credit of 89 MEUR which will be received from the government of the United States in 2015.

Such taxes or levies which are included in the purchase price of a product or a service are not reported in this overview unless we are liable to report such tax or levy. If a foreign Group company was liable to pay tax in Finland, such tax is reported among Finland in our figures, and not in corresponding foreign figures. This tax footprint report is disclosed in the Sustainability section of Neste Oil's online Annual Report 2014, and it is part of the quantitative sustainability performance information on which external assurance is provided at a limited assurance level.

Key term definitions:

Corporate income tax – All current taxes that are based on the taxable profit of a company during the respective calendar year and current tax adjustments for prior years (deferred taxes are excluded).

Customs duty – Legislative duties levied on imports and exports payable to EU or to governments in other customs territories during a fiscal year.

Environmental taxes – Taxes and levies imposed for environmental reasons.

Excise taxes – Taxes collected for certain products delivered for consumption or taken into use for the periods of a fiscal year. Excise duties include strategic stockpile fees.

Real estate tax – Any taxes and duties paid based on ownership, possess, or usage of real estates as defined in respective legislation.

Taxes – Material, compulsory taxes, duties, charges, and levies payable to government and governmental body. Furthermore, statutory pension payments are included in employer's charges and employee's social security regardless of whether the payee is a government or governmental body.

Taxes borne – Taxes that the Group is obliged to pay to governments and governmental bodies on its own behalf.

Taxes collected – Taxes which the Group is obliged to pay to governments and governmental bodies on behalf of another person or corporation, such as withholding taxes collected from the salary of personnel.

VAT/GST, remitted – Net amount amounting to VAT payable less the VAT deductible remitted to governments for the VAT periods of a fiscal year. VAT includes similar sales taxes.

Withholding taxes – Tax charged on salaries, dividends, royalties and interest on behalf of individual or corporation.