



America-Last and Planet-Last:

How US Tax Policy Subsidizes Oil and Gas Extraction Abroad

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Acknowledgements

Authors: **Daniel Mulé, Thomas Georges, and Zorka Milin.**

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Founded in 2011, the Financial Accountability and Corporate Transparency (FACT) Coalition is a non-partisan alliance of more than 100 state, national, and international organizations working toward a fair tax system that addresses the challenges of a global economy and promotes policies to combat the harmful impacts of corrupt financial practices.

More information about the Coalition can be found on the FACT Coalition website at <https://thefactcoalition.org/about-us/>.



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Executive Summary

According to new disclosures, US oil and gas companies pay significantly more tax to foreign petro-states than to the US federal government. In a particularly stark example, ExxonMobil reported paying nearly five times as much tax to the United Arab Emirates as to the US federal government in 2023 and 2024.

Exxon is not alone. American oil and gas companies with foreign operations are undertaxed in the US relative to the scale of their domestic oil and gas production and other key metrics. These companies' low average tax rates are tied to several industry-specific tax breaks, including policies that specifically subsidize drilling abroad. These tax subsidies reduce much-needed US public revenues, exacerbate the climate crisis, and undermine American energy independence, all without creating new domestic jobs or lowering energy prices for American consumers.

This report analyzes the financial disclosures of 11 American oil and gas companies engaged in fossil fuel exploration and extraction abroad. It analyzes the taxes they report paying, the preferential tax treatment they receive as a result of aggressive lobbying efforts, and the payments they make to foreign governments.

Key findings include:

- **Despite collectively producing more oil and gas domestically than in all other countries combined, American multinational oil and gas companies collectively pay far more tax abroad than in the US.** While any multinational company may be booking profits in tax havens by structuring its operations or moving valuable intellectual property there (as has been documented elsewhere), this report focuses mainly on a different tax issue: substantial US tax subsidies for oil and gas extraction abroad.
- **Calculations based on available information show an aggregate US federal effective tax rate of just 14.2% since 2017 on these companies' domestic profits.** This effective tax rate drops to only 12.1% when considering only current-year US federal tax expense (a closer proxy of what the company expects to pay on its income for that year), far below the 21% statutory corporate tax rate.
- **The second largest American oil company, Chevron, had an average US effective federal tax rate on its domestic profits of just 7.9% since 2017,** when calculated by current tax expense.
- **The oil and gas industry successfully lobbied for new and expanded federal tax breaks** in both 2017 and 2025, including specific incentives for foreign drilling. The largest players in the industry collectively spent almost \$20 million lobbying Congress in the six months leading up to the passage of the 2025 tax reform.

Tax subsidies for oil and gas extraction distort energy competition and accelerate the climate crisis, and research shows they don't necessarily lower prices for local energy consumers, given that oil and gas prices are set on global commodity markets. Subsidies for oil and gas extraction abroad are particularly harmful, reducing US tax revenues while also undermining US energy independence and propping up notorious petrostates like the United Arab Emirates and Venezuela.

International tax subsidies for US oil companies include:

- Exempting all income from foreign oil and gas extraction from the US global minimum tax regime (NCTI, formerly known as GILTI).
- Preferential treatment for multinational oil and gas companies allowing them to claim inappropriately large foreign tax credits.

The US Treasury has estimated that these two handouts alone will cost taxpayers more than \$75 billion over ten years. Additionally, a new provision of the 2025 tax reform allows large oil companies to reduce or eliminate their tax bills under a backstop tax (called CAMT), which seeks to ensure that all large companies pay at least 15% of their real profits.

The findings of this report underscore the need for US lawmakers to:

- Eliminate all oil and gas subsidies in the tax code – as would be done by the **End Polluter Welfare Act** and the **End Oil and Gas Tax Subsidies Act**,
- Improve how multinational corporations are taxed on their foreign income – as would be done by the **No Tax Breaks for Outsourcing Act**, and
- Require additional transparency surrounding the tax practices and foreign operations of US multinational companies – as would be done by the **Disclosure of Tax Havens and Offshoring Act**.



Glossary

American Petroleum Institute (API)

The main trade association for the US oil and gas industry, including the oil majors and internationally operating companies, it lobbies on behalf of the sector.

Bonus Depreciation

A tax incentive allowing companies to deduct the cost of assets and investments for tax purposes faster than their actual wear and tear for accounting purposes. When bonus depreciation is set to 100%, the full value of an investment is allowed to be deducted immediately, also referred to as “full expensing.”

Book Profits or Accounting Profits

Profits (also called net earnings or net income) reported pursuant to relevant accounting rules, as distinct from the taxable income reported for tax purposes.

Corporate Alternative Minimum Tax (CAMT)

A 15% minimum tax created to ensure that large, profitable corporations pay at least a baseline amount of federal tax based on their book profits.

Cash Taxes Paid

The actual amount of taxes a company pays in a given year, not including any deferred tax expenses that may be accrued on income statements for the year.

Country-By-Country Reporting (CbCR)

A report of a company’s income, taxes paid, and other basic operational and financial information for each country of operation.

Current Tax Expense

Taxes a company reports owing for the current year’s net income that are expected to be paid for that current year.

Dual Capacity Taxpayer (DCT)

A company that both pays income taxes and makes other payments to receive specific economic benefits (like rights to access oil blocks or extract oil) from a foreign government; oil companies operating abroad are dual capacity taxpayers if they make these different types of payments.

Deduction

An amount (usually associated with expenses) that reduces taxable income, lowering the amount of tax owed.

Deferred Tax Expense

Future liability for taxes that are owed but not due in the reporting year, due to timing differences between accounting rules and tax rules.

Depreciation / Amortization

For tax purposes, a reduction in taxable income taken over time equal to the cost of a physical (depreciation) or intangible (amortization) investment.

Downstream

The part of oil and gas operations involved in refining, marketing, and selling petroleum products.

Effective Tax Rate (ETR)

The percentage of profits a company owes in taxes, often lower than the official (statutory) rate. The standard calculation of ETR under GAAP takes total tax expense (including deferred taxes) as the numerator in the ETR calculation, divided by pre-tax profits. An ETR can alternatively be calculated based on current taxes only, which is a closer approximation to cash taxes paid.

Foreign Oil and Gas Extraction Income (FOGEI)

Income earned by US companies from upstream activities like extracting oil and gas abroad, subject to specific tax rules.

Foreign Oil Related Income (FORI)

Income earned by US companies from midstream and downstream activities abroad, like processing or transporting oil and gas, as distinguished from upstream activities like direct extraction (see “Foreign Oil and Gas Extraction Income (FOGEI)”).

Form 10-K

The form required by the SEC for comprehensive annual corporate reporting, which includes financial statements, performance, and risks.

Foreign Tax Credit (FTC)

A US tax credit allowing companies to offset foreign taxes paid, meant to avoid double taxation of the same income by both the US and foreign governments.

GAAP – Generally Agreed Accounting Principles

The standard US rules for how companies prepare financial statements.

GILTI – Global Intangible Low-Tax Income

Certain foreign income of US corporations that is taxed at a minimum rate in the US because it is lightly taxed abroad (reformed and renamed as Net CFC Tested Income in 2025).

GRI – Global Reporting Initiative

The most utilized framework for voluntary corporate reporting across a range of topical standards, including tax reporting

IDCs – Intangible Drilling Costs

Costs associated with drilling a well that have no salvage value (like labor) and can be deducted immediately when incurred, rather than over the life of the well, which can be 20 years or more.

Independent Drillers

Oil companies of varying size focused on upstream operations – exploration, drilling, and production – without extensive downstream operations (e.g., ConocoPhillips, EOG Resources, and Kosmos Energy).

Integrated Oil Company

Oil company that is vertically integrated by being involved in all stages of the oil supply chain: upstream, midstream, and downstream.

IRS – Internal Revenue Service

The US government agency responsible for collecting federal taxes – including corporate income tax – and enforcing tax laws, including those that apply to corporations and international income.

Midstream

The part of oil and gas operations that involves transportation and storage.

Net Income/Profits (Pre-Tax)

Income remaining after all costs (operating and financial expenses) have been subtracted from revenues; in this report, these terms refer specifically to pre-tax income – before taxes are subtracted.

OBE – Oil Barrel Equivalent

A unit of measure that standardizes energy content by expressing other fuels (like methane gas, LNG) in terms of the energy contained in one barrel of crude oil; typically, 1 OBE is equal to 1 barrel of crude oil or 6,000 cubic feet of methane gas.

Oil Major

A large, globally active oil and gas company with significant reserves, production, and market influence, that is publicly traded; many of these companies are vertically integrated (e.g., Chevron), but not all (e.g., ConocoPhillips).

Payments-to-Governments Reporting

Disclosure of the taxes, royalties, and fees companies pay to governments, as required for US-listed oil, gas, and mining companies under Dodd-Frank Section 1504.

Petrostate

A country whose economy and political system are heavily dependent on oil and gas exports. Petro-states often rely on resource revenues for public spending and may face volatility tied to global energy prices.

Profit Shifting

When multinational companies move profits to tax havens – often through transactions between subsidiaries in different jurisdictions – to reduce the taxes they pay in higher-tax countries.

Revenues

Total income earned by a company from sales before expenses are subtracted.

Royalties

Payments to governments or landowners for the right to extract natural resources.

SALT

State and local taxes.

SEC – US Securities and Exchange Commission

The US agency overseeing financial markets and corporate disclosures.

Subpart F

A part of the US tax code that taxes certain types of income earned by foreign subsidiaries of US companies.

Supermajor

The (six) largest oil majors globally, including ExxonMobil and Chevron.

Tax Haven

A jurisdiction with low or no corporate taxes, often a destination for profit shifting.

Taxable Income / Taxable Profits

The portion of a company's income that is subject to tax after deductions and exemptions; while Net Income/Profits (Pre-Tax) follows accounting rules, taxable income is calculated using tax rules, and may be significantly lower due to additional deductions, credits, and other adjustments.

Total Tax Expense/Liability

The amount a company reports owing in taxes, whether or not it has been paid yet. Includes current and deferred tax obligations, as reported on financial statements.

Undertaxed

A situation where a company pays less in taxes than expected based on economic activity or statutory rates. This report shows that US international oil and gas companies are undertaxed relative to: the location of their physical and economic activity; statutory corporate income tax rates; and cash taxes they pay in other countries.

Upstream

The part of oil and gas operations focused on exploring, drilling, and extracting oil and gas, as distinct from midstream and downstream operations.



Introduction

US oil and gas companies have an outsized influence on the global economy and continue to double down on their legacy of driving greenhouse gas emissions that caused and continue to intensify the climate crisis.

As this report shows, publicly-listed US oil and gas companies with foreign operations recorded more than \$554 billion in global income from 2018 to 2024, including record profits in 2022. Meanwhile, the two largest of these companies, Chevron and ExxonMobil, rank among the top five highest emitting companies globally, with each of them responsible for nearly \$2 trillion in climate damages, according to a 2025 peer-reviewed study in the journal *Nature*.¹ Currently, taxpayers bear the brunt of these costs, amounting to more than \$100 billion annually in the US alone.² A recent Brookings study estimates that climate change costs each US household between \$220 and \$570 each year on average, and in some cases as much as \$1000.³ Three-quarters of Americans, including majorities of both Democrats and Republicans, support taxing oil and gas companies to pay for climate damages, according to a recent poll by Oxfam and Greenpeace.⁴

Unfortunately, oil and gas production by US companies continues to be subsidized under federal tax law, to the tune of nearly \$35 billion each year, according to new research by Oil Change International.⁵ This is a staggering cost for US taxpayers, and only serves to distort the energy market at the expense of renewable sources. As Kevin Hassett, now President Trump's top economic advisor, explained in a 2006 article co-authored with economist Gilbert Metcalf:

“Ending subsidies for fossil fuel production would level the playing field among energy sources and shift us from a policy of promoting fossil fuel supply to encouraging a reduction in fossil fuel consumption.”⁶

Similarly, the Cato Institute has decried targeted tax preferences for the oil industry as a market distortion.⁷

1 Seth Borenstein, “The world’s biggest companies have caused \$28 trillion in climate damage, a new study estimates,” *Associated Press*, Apr. 2025, <https://apnews.com/article/climate-change-liability-lawsuits-damage-trillions-5ad21e47b2aa16cc90cb7669f56297f1>; Christopher W. Callahan & Justin S. Mankin, “Carbon Majors and the Scientific Case for Climate Liability,” *Nature* 640, no. 8060 (2025): 893–901, Apr. 2025, <https://doi.org/10.1038/s41586-025-08751-3>.

2 That figure was \$120 billion in 2017. Taxpayers for Common Sense, “Paying the Price of Climate Change,” 2023, <https://www.taxpayer.net/energy-natural-resources/paying-the-price>.

3 Kimberly A. Clausing et al., “Who bears the burden of climate inaction?,” *Brookings*, Sept. 2025, <https://www.brookings.edu/articles/who-bears-the-burden-of-climate-inaction>.

4 Oxfam America, “Global survey finds 8 out of 10 people support taxing oil and gas companies to pay for climate damages,” Jun. 2025, <https://www.oxfamamerica.org/press/global-survey-finds-8-out-of-10-people-support-taxing-oil-and-gas-companies-to-pay-for-climate-damages>.

5 Oil Change International, “Fossil Fuel Industry Receives \$35 Billion Each Year in Government Handouts, New Report Finds,” Sept. 2025, <https://oilchange.org/news/us-fossil-fuel-subsidies>.

6 Kevin A. Hassett & Gilbert E. Metcalf, “What Would a Rational Energy Tax Policy Look Like?,” *American Enterprise Institute*, Nov. 2006, <https://www.aei.org/articles/what-would-a-rational-energy-tax-policy-look-like>.

7 Jerry Taylor & Peter Van Doren, “Oil Subsidies in the Dock,” *Cato Institute*, Jan. 2007, <https://www.cato.org/commentary/oil-subsidies-dock>.

Removing these subsidies would have only a modest impact on oil and gas prices, according to a 2018 study by Gilbert Metcalf.⁸ That is to say,

fossil fuel subsidies are a boon for companies, but they do not secure affordable energy for American energy consumers, nor create jobs for American workers.

In the wake of federal tax legislation that included billions in additional tax breaks for the US oil and gas industry, there have been mass layoffs in the sector.⁹

Federal tax giveaways to US oil and gas producers operating abroad are particularly harmful: they significantly erode the US tax base while actively harming the planet, jeopardizing American national security and energy independence, and failing to create good-paying domestic jobs.

The oil industry is not the only US sector whose tax liabilities are not aligned with where they do business. It is well-documented that American tech and pharma companies use schemes to shift their taxable profits to tax havens by moving intellectual property, which can result in the offshoring of domestic jobs.¹⁰ However, the international tax practices of the US oil industry have received less attention: a gap this report seeks to fill. To be sure, profit-shifting also occurs in the oil industry. Petroleum, alongside pharmaceuticals and information technology, is one of the top three industries engaging in this practice, according to one recent study, which ranked ExxonMobil as the second in a list of top 20 profit-shifting corporations.¹¹ For this reason, broader international tax reforms to deter companies from shifting profits to tax havens are an important plank of the policy solutions described at the end of this report.

Beyond these broader international tax issues, the US offers substantial, industry-specific tax breaks for oil and gas production abroad. This report includes a first-of-its-kind analysis of income and tax disclosures by 11 US oil and gas companies with significant overseas operations from 2018 to 2024 (Section 1), before outlining the US tax policies that effectively subsidize large American oil companies, and particularly their foreign production (Section 2). The report also explores newly available disclosures of payments made to governments around the world by these 11 companies (Section 3), and concludes with a series of policy recommendations.

8 Gilbert E. Metcalf, “The Impact of Removing Tax Preferences for US Oil and Natural Gas Production: Measuring Tax Subsidies by an Equivalent Price Impact Approach,” *Journal of the Association of Environmental & Resource Economists*, Jan. 2018, <https://www.journals.uchicago.edu/doi/abs/10.1086/693367>.

9 Ed. Board, “Big Oil bet big on Trump. Texas workers lost,” *Houston Chronicle*, Sept. 17, 2025, <https://www.houstonchronicle.com/opinion/editorials/article/trump-oil-gas-tariffs-energy-drill-21050991.php>.

10 Brad W. Setser, “Cross-border Rx: Pharmaceutical Manufacturers and U.S. International Tax Policy,” *U.S. Senate Committee on Finance*, May 2023, <https://www.finance.senate.gov/imo/media/doc/Setser%20Senate%20Finance%20Testimony.pdf>; Stephen L. Curtis, “Corporate Offshore Profit Shifting: Research and Policy Recommendations,” *U.S. Senate Committee on the Budget*, Apr. 2024, https://www.budget.senate.gov/imo/media/doc/mr_stephen_lcurtistestimonysenatebudgetcommittee.pdf.

11 Fotis Delis et al., “Global Evidence on Profit Shifting within Firms and across Time,” *Journal of Accounting & Economics* 79, no. 2 (2025): 101744, table 6, <https://doi.org/10.1016/j.jaccoco.2024.101744>.

Scope and Data Sources

The report incorporates an analysis of data from publicly listed US oil and gas companies reporting foreign income from “upstream” operations – that is, exploring for, drilling, and extracting oil and gas. Eleven companies meet these criteria in 2024. For more details, see the Methodology Appendix.

Unless otherwise noted, all analysis of total tax expense and current tax expense in the following sections includes only federal income tax expense, except for one company (Kosmos) that does not disaggregate federal tax expense from state and local taxes (SALT).¹²

Findings

1. US oil companies with foreign operations are under-taxed in the US.

US oil and gas companies pay too little in US federal income taxes relative to their significant domestic operations, the domestic statutory corporate tax rate, the rates they pay in other countries, and the harms that their operations inflict upon the climate and communities.

This trend can be observed through several key metrics:

- The substantial disparity between the percentage of oil and gas these companies produced in the US and the share of income taxes they reported owing in the US, suggesting that they are not paying taxes according to where they generate value;
- The effective tax rates these companies report on their US profits, which have averaged well below the statutory corporate tax rate; and
- Their current-year domestic tax expense, which serves as a proxy of what a given company expects to pay on its income for that year, and, over the long term, can provide a more accurate measure of real tax liability than their already-low reported effective tax rates.

The following subsections provide additional context and analysis for each of these three metrics, drawing on data from the companies’ annual financial statements.

¹² Where tax expense data is presented for Kosmos, that data includes both federal tax and SALT, and actual federal tax expense is likely lower than the reported total.

1.1 US oil and gas companies with foreign operations owe far more income taxes abroad than in the US, even though, collectively, most of their production is in the US.

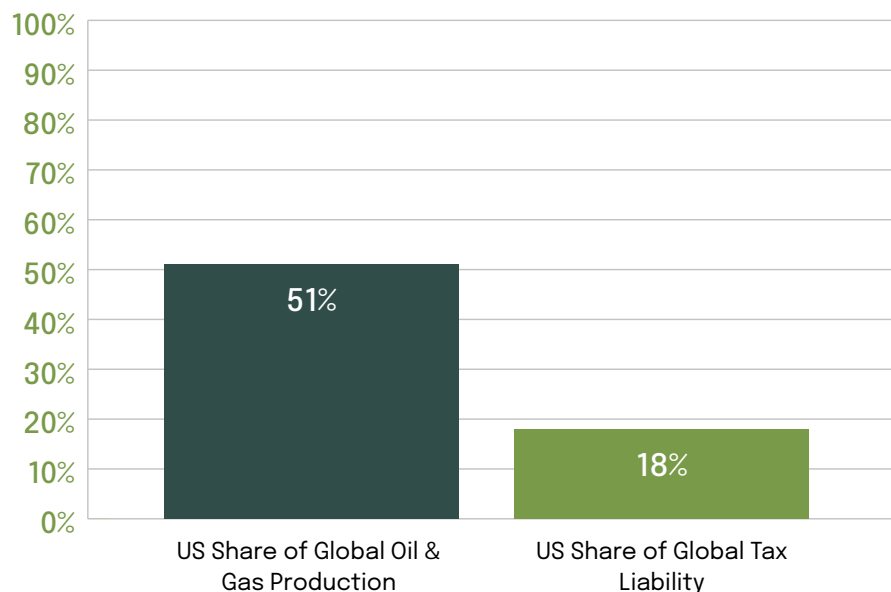
The United States is the world's leading oil and gas producer.¹³ But notwithstanding significant domestic oil and gas production, the eleven US oil and gas companies with upstream foreign income owe substantially more tax abroad than at home. Since 2017, these companies generated \$554 billion in net global income. While they collectively report owing \$135 billion in taxes abroad on this income during that period, they owed only \$29 billion in the US, across federal, state, and local levels.¹⁴

This is not due to a lack of US operations:

More than half the oil and gas these eleven American oil and gas companies produced globally was extracted in the US, yet only 18% of their income taxes were due in the US.

As this report shows, this is not just because US tax policies subsidize domestic production, but also because they subsidize production abroad.

Chart 1: Share of Oil and Gas Production and Share of Global Tax Liability Generated in the US for All Companies (2018 - 2024)



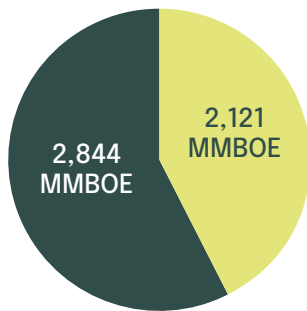
FACT analysis of SEC filings of analyzed oil and gas companies.

¹³ U.S. Energy Information Administration, "United States produces more crude oil than any country, ever," Mar. 2024, <https://www.eia.gov/todayinenergy/detail.php?id=61545>.

¹⁴ All references to domestic tax expense or taxes owed in section 1.1 include state and local taxes as well as federal taxes.

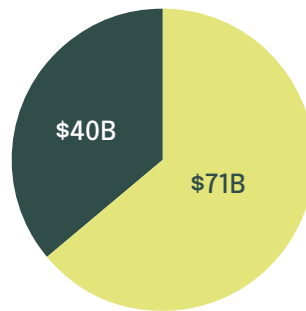
This trend is also clear for 2024, the latest year for which data is available. While domestic operations account for more than 57% of all upstream production for the analyzed companies, they make up less than a quarter of all taxes due.¹⁵

Chart 2:
Global Production 2024



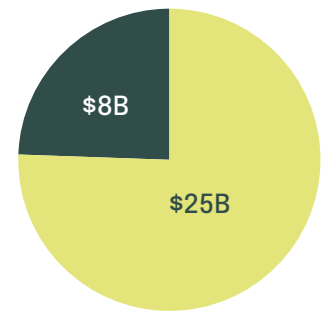
● Domestic Production
● Foreign Production

Chart 3:
Global Net Income 2024



● Domestic Net Income
● Foreign Net Income

Chart 4:
Global Taxes Owed 2024



● Total US Tax
● Total Foreign Tax

FACT analysis of SEC filings of analyzed oil and gas companies.

At the company level, of the four largest in-scope US oil and gas companies, only EOG is paying US taxes proportional to its domestic production. Given that EOG is by far the least international of these four companies, this suggests that substantial foreign operations may be a primary driver of the discrepancy between domestic production and taxes owed.

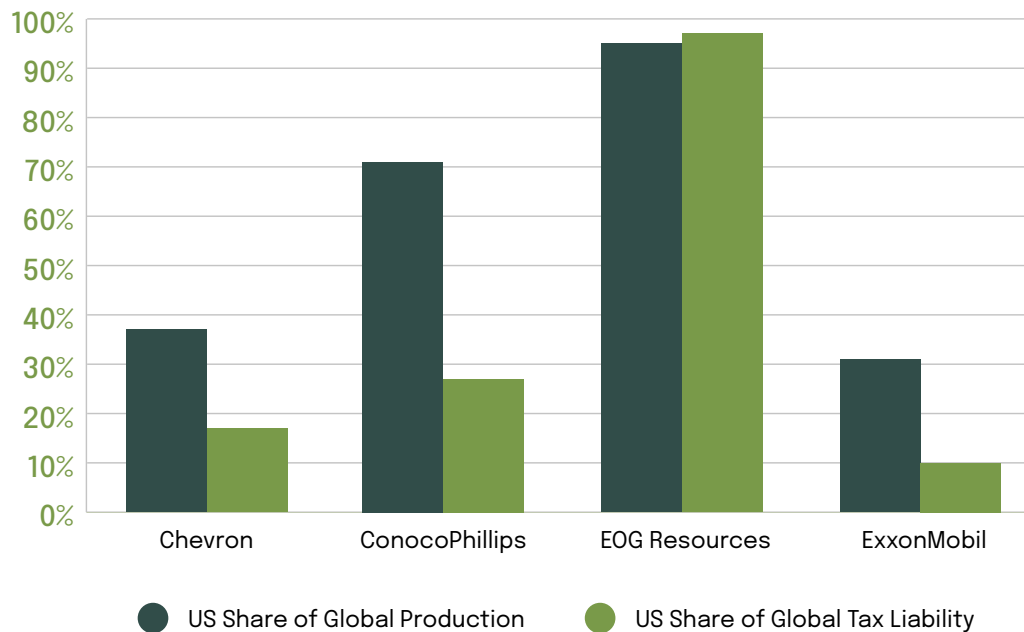
Nearly every analyzed company exhibits a substantial disconnect between the high level of US production and low US tax expense.

ExxonMobil is a clear example of this disconnect, extracting 31% of its total global oil and gas domestically, but owing only 10% of its total taxes in the US.¹⁶

¹⁵ Marathon is excluded from this calculation due to data limitations for 2024, as discussed in the Methodology.

¹⁶ This figure drops to 8.5% when only considering federal income tax expense.

Chart 5: Share of Global Production and Global Tax Liability Generated in the US (2018 – 2024): Selected Companies



FACT analysis of SEC filings of analyzed oil and gas companies.

Because corporate taxes are imposed on income rather than production, they depend on profitability. US oil and gas production may be less profitable than elsewhere, due to higher labor and other costs or the prominent role of oil shale, which is relatively costly to extract. Another reason that domestic profits are undertaxed is that they are undercounted under US tax law, which allows companies to deduct expenses associated with their foreign operations from their domestic taxable income. This misallocation costs tens of billions in lost public revenue across all sectors.¹⁷

Whatever the domestic profits may be, the question becomes, how effectively does the US tax them?

1.2 US effective tax rates are substantially lower than the US statutory tax rate or global effective tax rates.

American oil and gas companies generally report high effective tax rates (ETRs), but these are measured on a global level, which disguises the fact that their US tax liability is dwarfed by higher foreign

¹⁷ The issue of expense misallocation is by no means limited to oil, but is also common among global pharmaceutical and technology companies. There is no question that the revenue loss is significant. According to Stephen Shay, “Under a range of reasonable assumptions, however, the amounts at stake would be material, possibly in the range of \$5 billion to \$10 billion a year, or \$50 billion to \$100 billion over a 10-year budget period.” Stephen E. Shay, “Addressing an Opaque Foreign Income Subsidy With Expense Disallowance,” *Tax Notes*, Aug. 2021, <https://www.taxnotes.com/tax-notes-federal/global-intangible-low-taxed-income-gilti/addressing-opaque-foreign-income-subsidy-expense-disallowance/2021/08/02/76xcx>. See also a related, but narrower, US Treasury proposal “to restrict deductions of excessive interest of members of financial reporting groups” which was estimated to raise approximately \$40 billion over ten years. U.S. Dep’t of the Treasury, “General Explanations of the Administration’s Fiscal Year 2025 Revenue Proposals,” Mar. 2024, <https://home.treasury.gov/system/files/131/General-Explanations-FY2025.pdf>.

tax bills. Most of the analyzed companies report relatively high global ETRs: in general, between 22%-36% for 2024. For instance, ExxonMobil reported a global ETR of 33% in each of 2024, 2023, and 2022.

US ETRs are generally substantially lower than these global ETRs, reflecting the fact that these companies are paying most of their taxes to foreign governments, not the US.

Low domestic ETRs in the US oil and gas sector are longstanding and persistent. Previous research by Doug Koplow and Taxpayers for Common Sense shows that low domestic ETRs go back many decades.¹⁸

Since 2018, the analyzed companies reported a collective US effective tax rate of 14.2% on domestic income,¹⁹ substantially lower than the statutory 21% domestic tax rate.

In 2022, the most profitable year ever for the oil sector, the 11 analyzed companies averaged a US ETR on their combined domestic income of just 14.4%.²⁰

In general, the largest companies reported US tax expense substantially below the 21% domestic statutory corporate rate from 2018 to 2024. The largest US oil company, Exxon, reported \$5.7 billion in US federal taxes against \$47.2 billion in domestic profits over those seven years, for an average US federal effective tax rate of just 13.6%.²¹ Both Chevron and ConocoPhillips averaged only around 15% over the same period. The only analyzed company reporting a domestic ETR substantially above 15% is EOG Resources, the company with by far the smallest share of foreign operations.²² Together with the production data presented above, this suggests that substantial foreign operations (and the commensurate benefits of specific US subsidies for foreign extraction) may be a significant driver of low domestic tax rates.

These low domestic ETRs contradict any argument that current US corporate tax rates and policies make the US oil industry uncompetitive globally. When companies use such arguments to lobby for even more industry-specific tax breaks, policymakers should take them with a grain of salt.

18 Taxpayers for Common Sense, “Effective Tax Rates of Oil & Gas Companies: Cashing in on Special Treatment,” Jul. 2014, <https://www.earthtrack.net/document/effective-tax-rates-oil-gas-companies-cashing-special-treatment>; Douglas Koplow & Aaron Martin, “Fueling Global Warming: Federal Subsidies To Oil In The United States,” *Greenpeace*, Jun. 1998, pp. 2-8 to 2-10, <https://www.earthtrack.net/sites/default/files/fdsuoboil.pdf>.

19 This ETR is calculated based on just under \$24,702 billion in US federal tax expense, against \$173,487 billion in domestic profit. While 2020 (the onset of the COVID 19 pandemic) was a year of consistent and substantial losses for the 11 in-scope companies, removing 2020 from the data does not substantially alter this outcome. The adjusted average domestic ETR for 2018-2019 and 2021-2024 is a combined 15.1% (\$35.5 billion in reported tax expense against \$235.7 billion in total domestic profits.) Limiting this analysis to only companies that were domestically profitable over the 2018-2024 period (removing Hess, Kosmos Energy, and Apache) results in an average domestic ETR of 14.5%.

20 \$13.7 billion in reported US tax expense against \$94.8 billion in domestic profits.

21 Even accounting for additional state and local taxes, Exxon’s average ETR over the period only increases to 15.6%.

22 It is also noteworthy that EOG experienced far smaller domestic losses in 2020 relative to its average yearly income over the period than other large in-scope companies. The ability to locate losses in the US to lower domestic taxable income is another benefit of substantial foreign operations – one that is encouraged by loose US rules surrounding how expenses attributable to global operations are allocated between foreign and domestic income, as mentioned in subsection 1.1.

1.3 Financial statements may overrepresent actual domestic taxes paid over time.

The tax data in companies' financial statements, and each of the ETR metrics discussed above, rely on total tax expense, but this figure may overstate the companies' actual taxes. This is because the nominal values don't account for the time value of money that companies derive from deferring some of their taxes, or the substantial variations between deferred tax expense and taxes that are actually paid.

In any given year, a company's total tax expense includes both current tax expense and deferred tax expense.

- **Current tax expense** is what the company expects to owe in taxes for that year, and it is a closer proxy for actual cash taxes paid in the same year.²³
- **Deferred tax expense** is a non-cash accounting entry when taxes are postponed due to timing differences between when certain benefits are recognized for accounting purposes and when they are applied against an actual tax bill. Although they are not yet due in the current year, these deferred tax liabilities are recorded as future obligations on the balance sheet.

Generally, companies prefer to defer their liabilities (whether tax or non-tax) rather than pay them immediately, because that frees up cash for other uses, including new investments.

In theory, deferred taxes come due in later years, and less tax in one year means more tax in another. But in practice, new timing differences emerge continually from ongoing investment, asset additions, tax credits, and regulatory changes. The result is often a growing deferred tax balance, while actual cash taxes paid remain below total tax expense. The amount of future tax due is largely irrelevant if a given company or sector pays little to no tax year after year, while the real value of the deferred tax could shrink due to the time value of money.

The oil and gas sector has much larger deferred tax expense than many sectors due to its massive capital expenditures, depletion of oil wells and other resources, and frequent mergers and acquisitions. Taxes can be deferred for years, and some timing differences may continue indefinitely.

As a result, total tax expense and publicly-reported effective tax rates for oil and gas companies likely overstate actual taxes paid.

A more meaningful picture of taxes paid over time may be obtained by calculating an adjusted tax rate based on current tax expense.

²³ Differences between the two are largely the result of timing of when the company makes payments to the tax authorities. Cash taxes paid captures all the transactions that take place during the fiscal year and could represent some payments for prior tax years' expense or not include some payments for current year tax expense.

Effective Current and Total Federal Tax Rates on Domestic Income (2018 – 2024)

COMPANY (IN ORDER OF US PRE-TAX INCOME)	US PRE-TAX INCOME (LOSS) IN USD MILLIONS	US FEDERAL ETR	
		TOTAL TAX EXPENSE	CURRENT TAX EXPENSE
ConocoPhillips	\$44,950	14.8%	6.7%
ExxonMobil ²⁴	\$42,246	13.6%	15.1%
Chevron	\$40,847	15.2%	7.9%
EOG Resources	\$40,066	20.2%	13.1%
Occidental ²⁵	\$6,401	-10.4%	49.3%
Marathon Oil ²⁶	\$4,675	2.9%	-2.4%
Murphy Oil	\$1,680	5.3%	-1.2%
Kosmos Energy	\$(701)	N/A, loss	N/A, loss
Hess	\$(1,613)	N/A, loss	N/A, loss
Apache/APA	\$(5,065)	N/A, loss	N/A, loss
Total	\$173,487	14.2%	12.1%

FACT analysis of SEC filings of analyzed oil and gas companies.

Notes:

- + While pre-tax income (loss) and current/total tax expense (benefit) for all in-scope companies are included in the total figures, ETRs are not presented for companies that were domestically unprofitable over the period. Limiting this analysis to only domestically profitable companies does not substantially alter the aggregated average ETRs, either on a current or total tax expense basis, yielding an average current ETR of 11.5%, and an average total ETR of 14.5%.
- + Where ETRs are negative, it means that the company has a net tax benefit.
- + Ovintiv is excluded from this analysis, as the company does not disclose US-specific net income for all segments of its operations. Ovintiv's failure to disclose its US income is highly unusual among public companies with substantial foreign operations.

24 Unusually, Exxon's current federal tax expense is higher than total federal tax expense, due in part to Exxon's deferred tax benefits over the period, as well as an assumption in our calculations related to an undefined category of reported US federal tax expense ("U.S. tax on non-U.S. operations"). Exxon has been disclosing this category of tax expense for years without clarifying whether the tax is predominantly current or deferred. Although this tax expense is uncategorized in Exxon's financial statements, our calculations conservatively treat all "U.S. tax on non-U.S. operations" as current federal tax expense.

25 Occidental's ETR, both when calculated on current and total tax expense, is a clear outlier, likely owing to the dramatic tax impact of its acquisition of Anadarko Petroleum Corporation in 2019, including the assumption of substantial Anadarko debts. Occidental recognized massive losses in 2019 and 2020 due to both the COVID-19 pandemic and the Anadarko transaction, which may have created as much as \$13 billion in new tax deductions, likely informing the company's negative average domestic ETR (calculated by total tax expense) over the analyzed period. See Jesse Drucker, "Trump Administration Halts I.R.S. Crackdown on Major Tax Shelters," *New York Times*, Sept. 2025, <https://www.nytimes.com/2025/09/09/business/trump-irs-tax-shelters.html>.

26 These averages do not include Marathon Oil's 2024 data, because this data is incomplete. Marathon Oil did not report 2024 quarter 4 because it was acquired by ConocoPhillips in November 2024. In addition, Marathon's net income for 2024 is not reported separately for domestic and foreign income, and its US and foreign tax expense is not reported distinctly for current year tax expense versus total tax expense.

The calculation of US ETR based on current tax expense puts nearly all companies well below the 21% statutory rate.

Most companies owed between nothing and 13% of their same-year US income in US federal taxes on average from 2018 to 2024.

For example, ConocoPhillips' ETR, when measured by current tax expense, is less than half of its already-low ETR when measured by total tax expense. While this report only looks at a subset of multinational oil and gas companies, other research has shown that "oil, gas, and pipelines" had the second-lowest domestic ETR of any industry (second only to utilities), from 2018 to 2022.²⁷

Because these rates are seven-year averages, they demonstrate how deferred tax liability can be extended over time, dramatically reducing both the volume and actual value of taxes paid. Many factors can drive taxes negative for a year or two, but a multi-year trend is a strong indicator of deeper, underlying issues in the tax system. These issues are not unique to the oil and gas sector, but the overall trend of low domestic ETRs in the US oil and gas industry is longstanding, as is the importance of deferred tax liability to these firms.²⁸

While companies in any industry can achieve ETRs below the statutory corporate rate through general business tax breaks – including generous treatment of expenses and tax credits for specific activities – the following section analyzes certain industry-specific tax breaks that our analysis suggests likely drive low ETRs for US multinational oil and gas companies.

2. US oil companies rely on industry-specific subsidies, foreign tax credits, and aggressive lobbying to reduce their US tax bills.

US oil companies with foreign operations remain undertaxed in the US due to a combination of longstanding loopholes, generous tax breaks, and ongoing successful lobbying for even more favorable treatment.

US tax breaks for oil and gas production abroad are in addition to longstanding tax breaks for domestic production. For example, the accelerated deduction of domestic intangible drilling costs has been a part of the US tax code for over a century.²⁹ This key tax break and other domestic fossil fuel

27 Matthew Gardner et al., "Corporate Tax Avoidance in the First Five Years of the Trump Tax Law," *ITEP*, Feb. 2024, <https://itep.org/corporate-tax-avoidance-trump-tax-law>.

28 Taxpayers for Common Sense, "Effective Tax Rates of Oil & Gas Companies: Cashing in on Special Treatment," Jul. 2014, <https://www.earthtrack.net/document/effective-tax-rates-oil-gas-companies-cashing-special-treatment>.

29 Candy Woodall, "From Woodrow Wilson to Obama, Have Taxpayers Been Footing the Bill for the Oil and Gas Industry?," *PennLive*, Mar. 2016, https://www.pennlive.com/news/2016/03/from_woodrow_wilson_to_obama_h.html; U.S. Congress, "Revenue Act of 1913," Pub. L. No. 63-16, 38 Stat. 114, § II.B (1913); U.S. Congress, "Revenue Act of 1916," Pub. L. No. 64-271, 39 Stat. 756, § 12(a)(2) (1916).

subsidies have helped fuel the US shale fracking boom since the mid-2000s.³⁰ In contrast, the tax subsidies discussed in the following section support production abroad.

2.1 Oil and gas companies can maximize US credits for foreign taxes by taking advantage of an industry-specific loophole, subsidizing foreign production.

One reason for the significant gap between companies' foreign and domestic tax bills is the generous US tax treatment of foreign tax credits (FTCs), particularly for oil and gas companies. When US companies pay tax abroad, they receive a credit that offsets their domestic taxes. In contrast, when companies make tax or other payments to state and local governments, they can only deduct them from any federal taxable income – a less generous tax treatment than the dollar-for-dollar credit available for tax payments made to foreign governments.³¹

This means that American companies receive a bigger federal tax break for paying taxes to other countries than to state and local governments in the US.

Because the policy objective of offering foreign tax credits is to prevent double taxation, companies can receive credits only for foreign taxes, but not for other types of payments to governments. However, the oil and gas sector benefits from a controversial loophole.

In general, oil and gas companies frequently make non-tax payments – such as royalties or licensing fees – to access resources. US tax law treats these companies as “dual capacity taxpayers” (DCT) because they make both income tax payments and other payments for economic benefits, and provides rules for how such taxpayers can determine their foreign tax that can be credited against their federal income tax liability.³²

Because oil and gas companies pay significant income taxes abroad, they can claim these foreign taxes paid against their US federal income tax liability. In addition, DCT status can allow US oil and gas companies to characterize non-tax payments to foreign governments as income taxes to claim even larger foreign tax credits, ultimately reducing their US tax liability. This policy effectively subsidizes the foreign operations of large American oil companies. Large US multinational corporations in other sectors generally do not benefit from this subsidy.

30 Peter Erickson & Ploy Achakulwisut, “How Subsidies Aided the US Shale Oil and Gas Boom,” *Stockholm Environment Institute*, Jun. 2021, <https://doi.org/10.51414/sei2021.016>.

31 For a critique of foreign tax creditability in general, see Daniel N. Shaviro, “Rethinking Foreign Tax Creditability,” *National Tax Journal* 63, no. 4.1 (2010): 709–21, <https://doi.org/10.17310/ntj.2010.4.06>.

32 26 C.F.R. 1.901-2(a)(ii), 1.901-2A. Beyond oil companies, dual capacity taxpayers also include banks, casinos, and construction companies that receive specific economic benefits. The reforms to the relevant DCT rules that are proposed here should also apply to those companies, although they are outside of the scope of this report.

This policy is supported by the US oil industry,³³ but is deeply unpopular. Recent polling shows that

Americans overwhelmingly agree that “the US tax code should support US energy security, rather than subsidizing the development of foreign oil and gas projects.”³⁴

The scale of the DCT tax break is staggering, adding up to \$35-\$72 billion over ten years, according to the Joint Committee on Taxation (JCT) and recent US Treasury estimates, respectively.³⁵ There is no public information on FTCs claimed by individual companies, but the benefits of DCT status are likely to be extremely concentrated among a small handful of the largest oil firms. New reporting on foreign income taxes – and other payments that might be claimed as creditable by DCTs – goes beyond what is normally available in financial statements, which usually only report foreign tax expenses in aggregate. Such reporting can raise or sharpen questions related to the potential use of FTCs.

CASE STUDY 1

Are American Taxpayers Subsidizing Chevron’s Operations in Venezuela through Foreign Tax Credits?

Venezuela currently holds the largest proven crude oil reserves in the world.³⁶ Chevron has been active in Venezuela for more than a century – and Venezuelan strongman Maduro wants them to stay another 100 years.³⁷ According to one estimate, the joint venture through which Chevron operates in Venezuela generates almost one-third of the country’s total oil income.³⁸



33 American Petroleum Institute, “Modifying Dual Capacity Taxpayer Rules Leads to Double Taxation of US Companies,” Feb. 2016, <https://www.api.org/~media/files/policy/taxes/16-february/api-dual-capacity-2016.pdf>.

34 McLaughlin & Associates, “National Survey Results: 1,000 General Election Voters: Political Environment, Trends & Analysis,” Jan. 2025, <https://mclaughlinonline.com/pols/wp-content/uploads/2025/01/National-January-Presentation-RELEASE-01-28-25.pdf#page=36>.

35 This revenue estimate is contingent upon other changes to the US international tax regime, variants of which are included as recommendations at the end of this report. U.S. Treasury, “Revenue Estimates of the Administration’s Fiscal Year 2025 Revenue Proposals,” Mar. 2024, 240, <https://home.treasury.gov/system/files/131/General-Explanations-FY2025-Table.pdf>.

36 “6 Countries with the Largest Crude Oil Reserves in the World,” *Energy, Oil & Gas Magazine*, Jun. 2025, <https://energy-oil-gas.com/news/6-countries-with-the-largest-crude-oil-reserves-in-the-world>.

37 Chevron has been in Venezuela for more than 100 years, and I want them to stay for more than,” *Telesur English*, Jul. 2025, <https://www.youtube.com/watch?v=5aNFcMiflms>.

38 Global Witness, “How US Oil Giant Chevron Is Bankrolling Venezuela’s Dictator,” Dec. 2024, <https://globalwitness.org/en/campaigns/fossil-fuels/fueling-dictatorship-chevrons-ties-to-maduro>.

Chevron's operations in Venezuela have been marred by controversy due to US sanctions on Venezuela. Following the disruption of oil supplies when Russia invaded Ukraine in 2022, Chevron secured a controversial waiver from the Treasury Department that allowed it to pump oil through a joint venture with state-owned oil company Petróleos de Venezuela SA (PDVSA), despite existing US sanctions against Venezuela.³⁹ The waiver expressly prohibited Chevron from paying any taxes or royalties to the Venezuelan government.⁴⁰

However, Chevron has faced criticism about tax filings it reportedly made in Venezuela, which could have resulted in as much as \$300 million worth of associated tax payments to the Venezuelan regime.⁴¹ House Rep. Maria Elvira Salazar has said that "Chevron is not just enabling oppression; they are profiting from it." Although Chevron's tax filings have raised concerns, they appear to be consistent with current US sanctions on Venezuela, pursuant to an undisclosed waiver supplement that permitted Chevron to make certain payments essential to business operations.⁴²

Payments to Venezuela are not included in Chevron's public disclosures, although Chevron does acknowledge its "interests in Venezuelan assets operated by independent affiliates," and that its crude oil liftings in Venezuela since 2023 have positively impacted the company's results.⁴³ But Venezuela is not included in Chevron's public report on its payments to governments, which so far have covered payments made in 2023 and 2024.⁴⁴ When asked by Oxfam America about this possible gap, Chevron responded:

"Chevron has provided disclosures in accordance with U.S. Securities and Exchange Commission rules implementing Section 1504 of the Dodd-Frank Act. Chevron's Form SD discloses payments made by Chevron and excludes Chevron's proportionate share of payments made by affiliates not controlled by Chevron. Chevron supports

39 U.S. Dep't of Treasury, "Treasury Issues Venezuela General License 41 Upon Resumption of Mexico City Talks," Nov. 2022, <https://home.treasury.gov/news/press-releases/jy1127>.

40 Office of Foreign Assets Control, "General License 41," Nov. 2022, <https://ofac.treasury.gov/media/929531/download?inline>.

41 Bloomberg News, "Chevron Filed Taxes in Venezuela Despite Sanctions, Documents Show," Jan. 2015, <https://www.bloomberg.com/news/articles/2025-01-16/chevron-filed-taxes-in-venezuela-despite-sanctions-documents-show>.

42 Bloomberg News, "Biden's Secret Deal Allowed Chevron to Pay Venezuela Millions," Mar. 2025, <https://www.bloomberg.com/news/articles/2025-03-21/biden-s-secret-deal-allowed-chevron-to-pay-venezuela-millions>.

43 "Chevron Form 10K 2024," Apr. 2025, <https://www.sec.gov/Archives/edgar/data/93410/000009341025000009/cvx-20241231.htm>.

44 Chevron Corporation, "Resource Extraction Payment Report for the Fiscal Year Ended December 31, 2023," Sept. 2024, <https://www.sec.gov/Archives/edgar/data/93410/000009341024000050/cvx-20231231.htm>. "Resource Extraction Payment Report for the fiscal year ended December 31, 2024," Sept. 2025, <https://www.sec.gov/Archives/edgar/data/93410/000009341025000100/cvx-20241231.htm>.

well-designed financial disclosure and complies with all applicable legal and contractual requirements in jurisdictions where the company operates.”

It is unclear whether Chevron has paid taxes to Venezuela, due to the lack of mandatory disclosures of payments by affiliates. If Chevron were in fact making tax payments to Venezuela, directly or indirectly, it would raise significant questions surrounding whether an American company was financing oppression and corruption under Venezuelan president Nicolás Maduro’s regime, and moreover, whether US taxpayers may be underwriting such payments in the form of foreign tax credits. Current treatment of DCTs means that these latter concerns may apply to any potential tax as well as non-tax payments.

2.2 The US oil and gas industry won billions in new sector-specific international tax breaks in 2017.

US oil and gas companies operating abroad benefited from the 2017 tax law in several ways. Like all US corporations, they saw a reduction in the statutory tax rate from 35% to 21%. In addition, all companies with foreign income had to adapt to international tax changes.⁴⁵ These changes included a new minimum tax on certain foreign income, called Global Intangible Low-Taxed Income (GILTI), to discourage companies from shifting profits to tax havens. At the time when GILTI was introduced in 2017, Congress excluded certain foreign income related to oil and gas extraction.⁴⁶ Oil and gas is the only industry that was given such a sector-wide exception.

Upstream Foreign Oil and Gas Extraction Income (FOGEI) is not subject to GILTI, and a reduced tax rate applies to midstream and downstream Foreign Oil Related Income (FORI), covering activities like transport, refining, and fuel sales. At the time these provisions were passed in 2017, the FORI break was estimated to cost the Treasury \$4 billion over 10 years, while no official estimate was provided for the cost of the FOGEI exception.⁴⁷

While companies are not disclosing their tax savings from these provisions, the scale of FOGEI income that otherwise could have potentially been taxed under GILTI in recent years is significant and growing. In just the first three years following the 2017 tax law, income categorizable as FOGEI was

45 Richard Phillips, “Understanding and Fixing the New International Corporate Tax System,” *Institute on Taxation and Economic Policy*, Jul. 2018, <https://thefactcoalition.org/wp-content/uploads/2018/07/report-fixing-the-international-corporate-tax-system-201807.pdf>.

46 Daniel Mulé, “Big Oil Strikes It Rich in Tax Overhaul and Looks to Repeal Landmark Transparency Law,” *Oxfam America*, Jan. 2017, <https://politicsofpoverty.oxfamamerica.org/big-oil-strikes-it-rich-in-tax-overhaul-and-looks-to-repeal-landmark-transparency-law>.

47 Joint Committee on Taxation, “Estimated Budget Effects of the Conference Agreement for H.R. 1, The ‘Tax Cuts and Jobs Act,’” Dec. 2017, <https://www.jct.gov/getattachment/2f1d880c-ca26-429d-9044-63ac084d07cd/x-67-17-5053.pdf>.

more than \$62 billion, according to a 2021 analysis of companies' financial statements by Oxfam, Friends of the Earth, and Bailout Watch.⁴⁸

More recent data further highlights the significant rise in FOGEI since the 2017 tax law.

From 2018 to 2024, \$338 billion in potential FOGEI income likely went untaxed in the US, averaging \$48 billion a year.

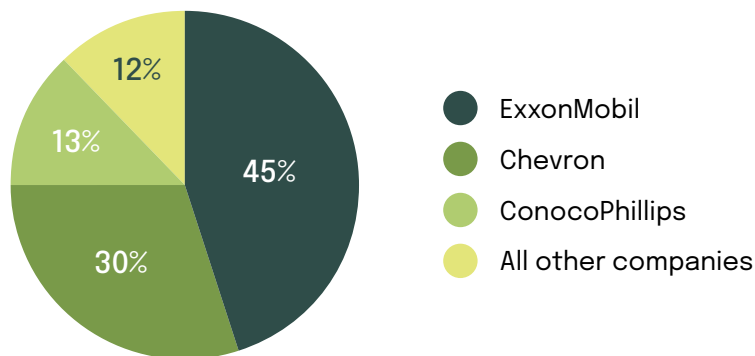
As the oil and gas sector recovered from the COVID-19 shock from 2021 to 2024, FOGEI averaged \$63 billion per year.

Income that may qualify for the FOGEI exception is extraordinarily concentrated among the largest companies. In 2021, only 12 companies were identified as potentially benefiting from the FOGEI exception, and that list remains nearly unchanged in 2025. Even among those companies,

88% of the total FOGEI from 2018–2024 was generated by the three largest US oil companies: Exxon, Chevron, and ConocoPhillips, with Exxon alone accounting for 45%.

These international tax subsidies almost exclusively benefit the largest industry players, rather than smaller, primarily domestic companies, thereby limiting competition and accelerating the growing concentration in the US oil and gas sector.

Chart 6: Companies with Greatest Total FOGEI (2018 – 2024)



FACT analysis of SEC filings of analyzed oil and gas companies.

Securing these new international tax breaks in the 2017 tax law was a major win for the handful of powerful companies that stood to benefit most heavily. Oil companies and their most significant industry lobbying group, the American Petroleum Institute (API), devoted years of lobbying to pre-

⁴⁸ Friends of the Earth, Bailout Watch, and Oxfam, “12 Guilty Fogeys: Big Oil’s \$86 Billion Offshore Tax Bonanza,” Sept. 2021, https://foe.org/wp-content/uploads/2021/09/FFS_12_Guilty_Fogeys_rd3.pdf.

serving and expanding subsidies.⁴⁹ A 2021 Congressional oversight committee memo detailed heavy lobbying on taxes from 2011 to 2021: tax issues appeared in 60% of Exxon’s lobbying reports during the period, 57% of Chevron’s, and 74% of API’s.⁵⁰

Exxon and Chevron also reported lobbying against legislation to repeal tax breaks 74 times and 30 times, respectively, and lobbying on the 2017 tax law 36 times and 11 times.⁵¹ A 2021 undercover investigation by Greenpeace revealed an Exxon lobbyist admitting that they actively worked to oppose specific climate legislation and undermine confidence in energy alternatives, while also noting that the international tax piece at stake in any revision of the 2017 tax law was worth “close to a billion dollars” for ExxonMobil.⁵² Exxon’s CEO Darren Woods issued a statement distancing the company from the lobbyist’s comments on climate policy and carbon pricing, but did not address the tax comments.⁵³

2.3 Since 2017, the oil and gas lobby has continued to secure new sector-specific federal tax giveaways.

Following the 2017 tax reform, the US oil and gas sector has seen substantially higher after-tax profits every year (except for 2020), including a record-breaking year in 2022. Even the widespread oil industry losses in 2020 became a tax windfall, as powerful players lobbied to be able to retroactively write off pandemic losses against previous years’ profits, resulting in billions of dollars of immediate tax savings.⁵⁴

Buoyed by earlier lobbying success in 2017 and 2020, the industry seized another opportunity in 2025 to push for additional tax breaks, as Congress considered changes and extensions of certain expiring 2017 tax provisions.

In November 2024, the American Petroleum Institute released a 5 Point Policy Roadmap, with one point dedicated entirely to tax. Key tax priorities included:

- Retaining the 21% corporate tax rate
- Maintaining and extending tax provisions for domestic infrastructure investment, including deductions for intangible drilling costs and full expensing, also known as “bonus depreciation”

49 Previous research indicates that oil and gas has been one of the largest spenders on lobbying of any US industry for decades. Taxpayers for Common Sense, “Well-Oiled Machine: Lobbying, Subsidies, and Profits of the Oil and Gas Industry,” Jun. 2022, <https://www.taxpayer.net/energy-natural-resources/well-oiled-machine-lobbying-subsidies-and-profits-of-the-oil-and-gas-industry>.

50 U.S. House of Representatives Committee on Oversight and Reform (117th Congress), “Analysis of the Fossil Fuel Industry’s Legislative Lobbying and Capital Expenditures Related to Climate Change,” Oct. 2021, <https://oversightdemocrats.house.gov/sites/evo-sub-sites/democrats-oversight.house.gov/files/Analysis%20of%20the%20Fossil%20Fuel%20Industrys%20Legislative%20Lobbying%20and%20Capital%20Expenditures%20Related%20to%20Climate%20Change%20-%20Staff%20Memo%20%2810.28.21%29.pdf>.

51 Ibid.

52 Lawrence Carter, “Inside Exxon’s Playbook,” *Unearthed*, Jun. 2021, <https://unearthed.greenpeace.org/2021/06/30/exxon-climate-change-undercover>.

53 Darren W. Woods, “Our position on climate policy and carbon pricing,” *ExxonMobil*, Jul. 2021, <https://corporate.exxonmobil.com/news/news-releases/statements/our-position-on-climate-policy-and-carbon-pricing>.

54 Desmond Butler, et al., “How the Cares Act gave millions to energy companies with no strings attached,” *Washington Post*, Oct. 2020, <https://www.washingtonpost.com/climate-environment/2020/10/06/cares-act-money-companies>.

— Preserving “crucial” international tax provisions⁵⁵

In the first half of 2025, as Congress was focusing on tax legislation,

Exxon, ConocoPhillips, Chevron, and API together spent more than \$19 million lobbying Congress over six months, with each lobbying on a range of tax issues.⁵⁶

These lobbying efforts appear to have paid off significantly for the oil industry. The 2025 tax reform fulfilled API’s tax wishlist, and the president of API confirmed that it “includes almost all of our priorities.”⁵⁷ Not only were existing subsidies and preferential tax treatment preserved, but they also secured a new exception for the Corporate Alternative Minimum Tax (CAMT) that Congress introduced in 2022.

To ensure corporations with more than \$1 billion in income were not avoiding most or all income taxes, Congress imposed a new alternative minimum tax at a rate of 15% of book profits, known as CAMT.⁵⁸ Because the CAMT applies to book profits as reported in corporate financial statements, normal deductions to arrive at taxable profits do not fully apply, meaning book profits are often higher than ordinarily taxable profits.⁵⁹ According to a review of 2024 corporate disclosures, several companies, including EOG Resources, APA Corporation, Ovintiv, and Marathon Oil, reported paying or expecting to pay CAMT.⁶⁰

The 2025 law introduced a carveout allowing oil and gas companies to deduct intangible drilling costs (IDCs) from income subject to CAMT. IDCs account for 60–80% of a well’s expenses, according to API.⁶¹ Reducing income subject to CAMT can completely eliminate a corporation’s CAMT liability, as CAMT only applies to large corporations that exceed certain income thresholds.

While proponents argue that allowing IDC deductions under CAMT encourages investment,⁶² doing so largely nullifies the tax for oil and gas companies with significant drilling costs. In general, IDC

55 American Petroleum Institute, “API’s 5 Point Policy Roadmap to Secure American Energy Leadership and Help Reduce Inflation,” Nov. 2024, https://www.api.org/-/media/files/misc/2024/11/api-five-point-policy-roadmap_.

56 See appendix for details on lobbying data.

57 Spencer Kimball, “Trump Megabill Gives the Oil Industry Everything It Wants and Ends Key Support for Solar and Wind,” *CNBC*, Jul. 2025, <https://www.cnn.com/2025/07/03/trump-one-big-beautiful-bill-oil-gas-coal-solar-wind-ira-tax-incentive-repeal.html>.

58 Chye-Ching Huang, Peter Richman & Sophia Yan, “Last Corporate Tax Provision Standing: The Corporate Minimum Tax,” *NYU Tax Law Center*, Jul. 2022, <https://taxlawcenter.org/blog/last-corporate-tax-provision-standing-the-corporate-minimum-tax-c28c3f9ee2d5>.

59 Lukas Ross & Alan Zibel, “Minimum Tax, Maximum Influence: While GOP Lawmakers Consider Cuts, Fossil Fuel Companies Want Relief,” *Public Citizen*, Mar. 2025, <https://www.citizen.org/article/minimum-tax-maximum-influence-while-gop-lawmakers-consider-cuts-fossil-fuel-companies-want-relief>.

60 Ibid.

61 26 U.S.C. 56A(c)(13); American Petroleum Institute (API), “Eliminating the Ability to Expense Intangible Drilling and Development Costs US Investment,” Feb. 2016, <https://www.api.org/-/media/files/policy/taxes/16-february/api-idc-2016.pdf>.

62 Alex Muresianu, “Making the Corporate Alternative Minimum Tax Less Silly,” *Tax Foundation*, May 29, 2025, <https://taxfoundation.org/blog/corporate-alternative-minimum-tax-camt-repeal>.

deductions have no shortage of critics across the political spectrum, including the Cato Institute and the Center for American Progress.⁶³

On the cusp of Congress passing the 2025 tax law, a group of Senators led by Elizabeth Warren wrote to ConocoPhillips and Ovintiv in June 2025 to demand more information on the companies' lobbying spending and expected tax cut from the CAMT provision, noting that both companies stood to "benefit tremendously from this provision."⁶⁴

The CAMT carveout for IDCs was only one piece of the nearly \$20 billion in oil and gas-specific tax handouts provided by Congress in the 2025 tax reform.⁶⁵ In addition, several general corporate tax reforms included in the legislation will likely reduce the tax bills of oil and gas companies in the coming years, including the permanent reinstatement of full expensing (also known as bonus depreciation) for certain tangible assets; immediate expensing of research and development costs; and the loosened limitation on business interest deductibility. ConocoPhillips, EOG Resources, Occidental Petroleum, and Devon Energy have told investors that because of these tax changes, they collectively expect to save more than \$1.2 billion in tax payments in 2025 alone—and likely billions more in the coming years.⁶⁶

Certain changes to the taxation of corporations' foreign profits could also benefit oil and gas companies. The 2025 tax reform not only maintained the FOGEI exception from GILTI, but actually broadened it by changing GILTI so that it no longer only targets foreign income from intangible assets, but is instead applied equally to income from tangible assets.⁶⁷ As such, the FOGEI exception now applies to an even larger volume of foreign income.

Previously, some analysts argued that it made sense to exclude oil and gas income from GILTI as it was inherently "tangible" rather than intangible income, and therefore not intended to be captured by GILTI.⁶⁸ However, by broadening GILTI beyond intangibles, the 2025 law undercuts this earlier rationale for the FOGEI exception.

63 Jerry Taylor & Peter Van Doren, "Oil Subsidies in the Dock," *Cato Institute*, Jan. 17, 2007, <https://www.cato.org/commentary/oil-subsidies-dock>. Center for American Progress, "It Is Time to Phase Out 9 Unnecessary Oil and Gas Tax Breaks," May 2016, <https://www.americanprogress.org/article/it-is-time-to-phase-out-9-unnecessary-oil-and-gas-tax-breaks>.

64 Dharna Noor, "Elizabeth Warren Presses Oil Companies on Tax Break Lobbying for Senate Bill," *The Guardian*, Jun. 26, 2025, <https://www.theguardian.com/us-news/2025/jun/26/elizabeth-warren-oil-companies-tax-break-lobbying>; "Warren, Schumer, Wyden, Whitehouse Demand Explanation from Big Oil Corporations Lobbying for Giveaways at Expense of American Families," Jun. 2025, <https://www.warren.senate.gov/newsroom/press-releases/warren-schumer-wyden-whitehouse-demand-explanation-from-big-oil-corporations-lobbying-for-giveaways-at-expense-of-american-families>.

65 Families Over Big Oil, "A \$20 Billion Giveaway to Oil and Gas Giants," Jul. 2025, <https://www.endpolluterhandouts.org/s/Final-Bill-Analysis-Fobo.pdf>.

66 Benoît Morenne & Josh Dawsey, "Oil Tycoons Bet Big on Trump. It's Paying Off," *The Wall Street Journal*, Sept. 2025, <https://www.wsj.com/politics/policy/trump-oil-industry-executives-policies-85eb74e6>.

67 Congress removed a carveout for tangible assets in the GILTI regime known as the Qualified Business Asset Investment (QBAI) exemption, which had been the proxy used to target GILTI specifically at income from intangible assets, like intellectual property. As a result, GILTI is now referred to as Net CFC Tested Income (NCTI), where CFC refers to a "Controlled Foreign Company," though this report will continue to use the historical name that applied to relevant years under consideration here.

68 Alex Muresianu & William McBride, "A Guide to the Fossil Fuel Provisions of the Biden Budget," *Tax Foundation*, Sept. 27, 2023, <https://taxfoundation.org/research/all/federal/biden-oil-gas-energy-budget>.

In contrast, the global minimum tax regime that was inspired by GILTI and agreed to by more than 130 countries at the Organization for Economic Cooperation and Development (OECD) does not categorically exclude oil and gas income. The US Treasury and certain business groups insist that there is no need to subject American companies to the OECD's global minimum tax because they are already taxed "robustly" at home.⁶⁹ In fact, as this report shows, American multinational oil and gas companies are undertaxed in the US. A "robustly" applied US international tax regime should not exempt foreign oil and gas income.

Moreover, given that FOGEI is often taxed abroad at rates above 15%, it may not be taxed under GILTI as a minimum top-up tax in any case. To ensure that FOGEI is taxed in the US, policymakers should address longstanding design flaws with the GILTI regime, including those noted in the policy recommendations at the end of this report.

3. Undertaxed at home, US oil companies make significant tax payments to countries where transparency is needed, but lacking.

While US oil companies' financial statements suggest that they are undertaxed in their home country relative to the rest of the world, they do not include a breakdown of taxes paid to foreign countries. But a new type of disclosure by oil and gas companies, first published in late 2024, reveals which countries receive significant tax and other payments. Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires US-listed "resource extraction" companies to publish their cash payments to governments.⁷⁰ Because the payments are reported on a cash basis, rather than on an expense basis, these are actual amounts that were in fact transferred from the oil and gas companies to the various governments.

This new reporting shows that the in-scope companies paid a total of \$32.2 billion in cash taxes to governments worldwide in 2023, and \$28.2 billion in 2024.⁷¹ As illustrated below, relatively little of that total was paid to the US federal government.

3.1 US oil companies pay more in taxes to petrostates abroad than to the US.

US oil and gas companies paid significantly more to foreign petrostates than to the US government in 2023 and 2024. As Bloomberg reported, Exxon paid \$7.41 billion in total tax, royalties, and other payments to the United Arab Emirates in 2023, while paying just \$6.58 billion to the US federal,

69 Lauren Vella & Michael Rapoport, "US Foreign Tax Strong Enough to Stand Alone, Official Says (1)," *Bloomberg Tax*, May 2025, <https://news.bloombergtax.com/daily-tax-report/us-foreign-tax-rules-robust-enough-to-stand-alone-official-says>.

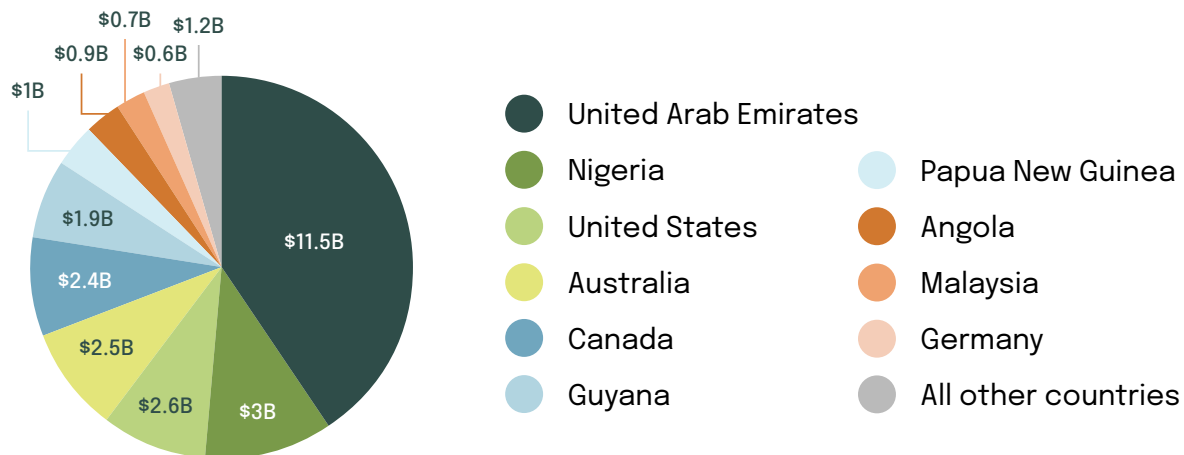
70 17 C.F.R. 240.13q-1. While the required disclosures cover a wide range of payments that oil companies make to governments, the focus here is mostly on their income tax payments, unless noted otherwise.

71 For 2024 payment disclosures, only nine companies were in scope, following ConocoPhillips's acquisition of Marathon Oil in November 2024 and Chevron's acquisition of Hess in July 2025.

state, and local governments.⁷² Chevron made total payments of \$6.25 billion to Nigeria, Angola, and Equatorial Guinea combined while paying just under \$2 billion to the US government in 2023.⁷³ This pattern has persisted in 2024. In 2024, Exxon made \$7.78 billion in total payments to the United Arab Emirates, while paying just \$5.84 billion in the US. Chevron made total payments of \$5.24 billion to Nigeria, Angola, and Equatorial Guinea combined, while paying just under \$1.59 billion to the US government in 2024.

Similarly, if we focus on cash taxes paid, Exxon paid far more tax to the United Arab Emirates (\$5.64 billion in 2023 and \$5.92 billion in 2024) than to the US federal government (\$1.16 billion in 2023 and \$1.41 billion in 2024).⁷⁴ Chevron paid more in taxes to Nigeria, Kuwait, Saudi Arabia, and Equatorial Guinea combined (\$1.83 billion in 2023 and \$1.28 billion in 2024) than to the US federal government (\$1.17 billion in 2023 and \$0.82 billion in 2024). Notably, the Chevron disclosures did not include \$300 million in tax payments reportedly made on Chevron's behalf to Venezuela, despite US sanctions (see Case Study 1 above).

Chart 7: Cash Taxes Paid by ExxonMobil to Top 10 Payee Countries (2023 – 2024) (in Billions USD)



FACT analysis of SEC filings of analyzed oil and gas companies.

72 Kevin Crowley, "Exxon Paid More Tax to UAE than Any Other Country in 2023," *Bloomberg*, Sept. 2024, <https://www.bloomberg.com/news/articles/2024-09-25/exxon-xom-paid-more-tax-to-uae-than-any-other-country-in-2023>.

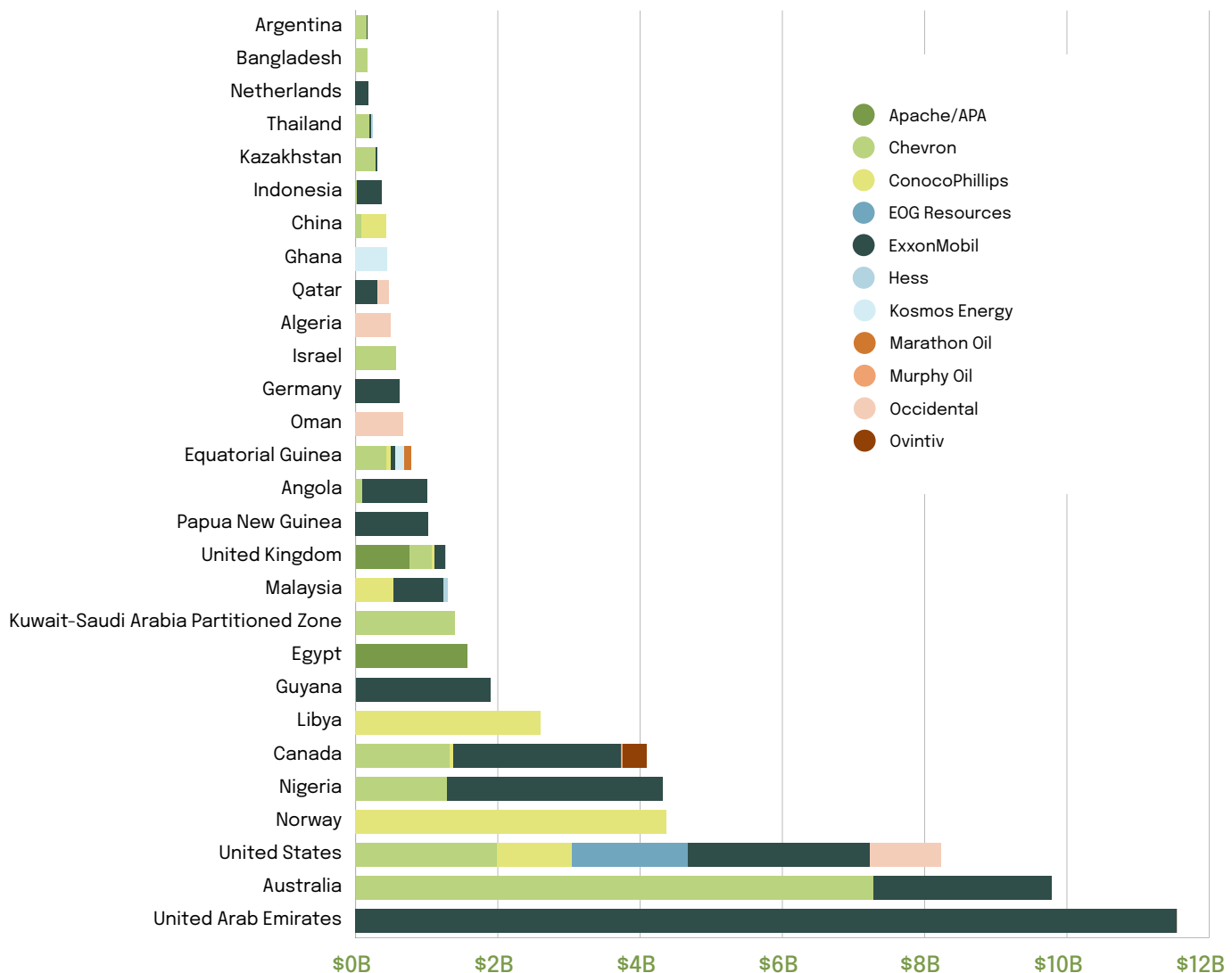
73 Kevin Crowley, "Chevron Paid More to African Petrostates than the US in 2023," *Bloomberg*, Sept. 2024, <https://www.bloomberg.com/news/articles/2024-09-24/chevron-cvx-paid-more-in-tax-to-african-petrostates-than-us-in-2023>.

74 These figures exclude Exxon's tax payments to state and local governments, which Exxon does not report separately. While Exxon reports a total sum of all payments to state and local governments in the US, it does not separately disclose how much of that sum is tax payments. For this reason, ExxonMobil figures for cash taxes paid in the US in 2023 and 2024 do not include any of the \$4.27 billion and \$3.47 billion in payments the company reported to have made to state and local governments in 2023 and 2024, respectively. No other in-scope company provided a separate disclosure for US state and local payments (including taxes), so for comparability across companies below, this figure is not taken into account. To the extent that state and local payments are taken into account for companies' reporting in other countries but not in the US, that may limit cross-country comparability, but it is a limitation of the payments-to-governments data reported.

Exxon and Chevron are not outliers; overall, sizable tax payments from analyzed companies went to a range of countries commonly considered petrostates, including the United Arab Emirates and Nigeria. Meanwhile, the US government received only 13.6% of all 2023-2024 cash tax payments reported by the analyzed companies.⁷⁵ Yet the US is where all of these companies are incorporated and headquartered, as well as generally where they produce most of their oil and gas.

Chart 8: Total Cash Taxes Paid by In-Scope Oil and Gas Companies to Countries (2023 - 2024) (in Billions USD)*

**Showing countries that received total payments of \$100m or more only*



FACT analysis of SEC filings of analyzed oil and gas companies.

⁷⁵ This reflects cash taxes paid in the US of \$4.69 billion in 2023 and \$3.54 billion in 2024, over global cash taxes paid of \$32.24 billion in 2023 and \$28.21 billion in 2024. Most companies reported clear information on cash income taxes paid in the US, but reporting by ExxonMobil, EOG Resources, and Kosmos Energy merit additional context and consideration. Please see the Methodology for detail on this report's approach to the figures reported by these three companies.

Notably, these reports do not include tax payments to countries where the oil companies are not exploring or producing, but may be present in other ways. Generally, the disclosures do not include any payments that oil companies may be making in tax havens. Further, tax and payment data alone paint an incomplete picture of companies' tax practices, raising questions that can only be answered by more complete disclosures.

3.2 US oil companies are more secretive about taxes than their global peers.

Improved tax disclosures are essential to understanding oil and gas companies' tax practices. Existing tax disclosures by US public companies – in their financial statements as well as in narrative descriptions of material risk considerations – are far behind global best practices.

Since 2019, a growing number of major European oil companies, including Shell, BP, Total, ENI, and Equinor, have voluntarily published annual tax transparency reports.⁷⁶ These reports have been broadly in line with the leading international standard for tax transparency, the Global Reporting Initiative (GRI). GRI requires tax and other financial information to be reported separately for each country, known as public country-by-country reporting (CbCR). Among other data, public CbCR includes disclosure of income tax paid on a cash basis and income tax accrued on profit/loss. This information can help stakeholders to calculate a company's ETRs and cash tax rates by country, better identifying potential risks.

Unlike their non-US peers, US oil majors Exxon, Chevron, and ConocoPhillips have refused to publish tax transparency reports. While they submit similar country-by-country reports confidentially to the IRS, they do not publicly disclose disaggregated, country-specific data on revenues, profits, or foreign taxes.



76 Shell plc, "Shell Tax Contribution Report," 2024, <https://www.shell.com/sustainability/our-approach/tax-transparency/tax-contribution-report.html>; BP, "Tax Report 2024," Jun. 2025, <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/pp-tax-report-2024.pdf>; Total Energies, "Tax Transparency Report 2022-2023," 2024, https://totalenergies.com/sites/g/files/nytnzq121/files/documents/2024-07/totalenergies_tax-transparency-report-2022-2023_2024_en.pdf.pdf; ENI, "Transparency, a Value That Guides Us in Every Field," 2024, <https://www.eni.com/en-IT/sustainability/transparency.html>; "Equinor Report on 2023 Tax Contributions," Nov. 5, 2024, <https://www.equinor.com/news/20241105-equinor-report-on-2023-tax-contributions>.

CASE STUDY 2

Good tax transparency is possible, including in the US oil sector, and is not onerous.

A single US-based international oil company, Hess Corporation, has been implementing public CbCR voluntarily, demonstrating that such disclosure is both feasible and straightforward. Hess began reporting for the 2020 financial year and has continued annually through 2024.⁷⁷ Hess's reports largely align with the GRI Standard, covering all jurisdictions and key metrics.

JURISDICTION	NUMBER OF EMPLOYEES (#)	PROPERTY, PLANT AND EQUIPMENT (\$)	PRODUCTION VOLUMES (MBOEPD)	REVENUES - THIRD PARTY (\$)	PROFIT / (LOSS) BEFORE TAX (\$)	CORPORATE INCOME TAX PAID / (REFUNDED) ON CASH BASIS	CURRENT TAX EXPENSE (\$)	DEFERRED TAX EXPENSE (\$)	TOTAL TAX EXPENSE (\$)
United States	1,585	11,127	235	6,298	160	-	-	72	72
Guyana	-	8,069	186	5,636	4,194	842	842	207	1,049
Malaysia	212	328	29	582	308	58	65	13	78
Joint Development Area (Malaysia/Thailand)	-	356	31	368					
Malaysia					16	5	14	(11)	3
Thailand					16	15	13	(9)	4
Libya (divested Nov. 2022)									
Denmark									
United Kingdom	-	-	-	-	(33)	-	-	(5)	(5)
Netherlands	-	-	-	-	(2)	-	-	-	-
Luxembourg	-	-	-	-	-	-	-	-	-
Bermuda	-	-	-	-	(18)	-	-	-	-
Cayman Islands	-	-	-	-	(280)	-	-	-	-
Other: Suriname, Canada, Mexico, and New Ventures	-	41	-	-	(7)	-	-	-	-
Total	1,797	19,921	481	12,884	4,354	920	934	267	1,201

⁷⁷ Hess Corporation, "Tax Practices," 2025, <https://www.hess.com/sustainability/how-we-operate/tax-practices>.

Hess's 2024 CbCR report revealed that although the company's largest real operations, as measured by employment and assets, were in the US, it paid no US tax in 2024. In contrast, Guyana, its next most significant location by assets and production, accounted for the bulk of the company's profits and tax payments.

Valuable information, such as the company's tax payments to Guyana, is reported in Hess's public CbCR report, but not in its 10-K and Payments to Governments report.⁷⁸ With Chevron's recent acquisition of Hess, the future of this transparency practice beyond 2024 is uncertain.

3.3 Investors have demanded US oil companies improve tax transparency.

Tax transparency is increasingly important to investors. Inadequate disclosure of non-US revenues, profits, and tax payments – without sufficient disaggregation – limits investors' ability to assess material tax risks, benchmark against peer companies, and evaluate whether a company's tax practices support long-term value creation. Altogether, investors managing more than \$10 trillion in assets have expressed support for enhanced tax transparency.⁷⁹

Several US oil companies have faced shareholder resolutions calling for improved tax transparency. Oxfam America and co-filers submitted proposals at Chevron, Exxon, ConocoPhillips, and Kosmos during the 2023 and 2024 proxy seasons.⁸⁰ Despite company opposition, the resolutions received strong investor support and drew public attention to the issue of tax transparency.

With rare exceptions, and despite investor demands, US oil and gas companies have largely refused to voluntarily increase tax transparency.⁸¹ Consequently, only mandatory requirements can ensure consistent, comparable disclosures. In 2024, an investor petition urging the SEC to require greater multinational tax transparency was signed by 87 investors managing more than \$2.3 trillion in assets.⁸²

⁷⁸ Differences between payments to governments reporting and public CbCR arise because public CbCR includes tax payments from or on behalf of minority joint venture partners, which are excluded from the other reports.

⁷⁹ Oxfam America, "Methodological Note and List of Investors: \$10 Trillion AUM in Support of pCbCR," May 2023. https://webassets.oxfamamerica.org/media/documents/10tril_AUM_Methodology_Note.pdf.

⁸⁰ Sam Meredith, "U.S. Oil Giants Exxon Mobil, Chevron and ConocoPhillips Challenged over 'Secretive' Tax Practices," CNBC, Nov. 2022, <https://www.cnbc.com/2022/11/21/exxon-mobil-chevron-and-conocophillips-challenged-over-tax-practices.html>; Aubrey Menard, "At Annual General Meeting, Kosmos Shareholders Demand Transparency," Oxfam America, Jul. 2024, <https://politicsofpoverty.oxfamamerica.org/kosmos-shareholders-demand-transparency>.

⁸¹ Zorka Milin & Thomas Georges, "GRI 207-4 in the U.S.: investor demand for public tax disclosures greatly outpaces company adoption," in *Global Reporting Initiative*, "GRI - Tax Transparency Is on the Rise – yet Depth of Disclosure Is Often Lacking," p. 27, <https://www.globalreporting.org/news/news-center/tax-transparency-is-on-the-rise-yet-depth-of-disclosure-is-often-lacking>.

⁸² FACT Coalition, "Investors with \$2.3+ Trillion in Assets Call on SEC to Require Greater Multinational Tax Transparency," Jul. 2024, <https://thefactcoalition.org/investors-with-more-than-2-3-trillion-in-assets-demand-sec-rulemaking-to-require-greater-multinational-tax-transparency>.

Policy Recommendations

US oil and gas companies continue to rely on industry-specific tax subsidies for fossil fuel production while lobbying for additional tax breaks. The fossil fuel industry continues to exert significant political power and influence, but it is not invincible. It will take leadership to end these America-last and planet-last tax policies.

Congress should repeal US subsidies for fossil fuel production at home and abroad, as laid out in the legislative proposals below.

A. Eliminate US domestic fossil fuel tax preferences.

US Treasury budget analysis has identified \$35 billion in tax preferences for domestic fossil fuels, including: immediate expensing of intangible drilling costs, use of percentage depletion for oil and gas wells, and others.⁸³ On top of this, recent tax reform legislation in 2025 has added nearly \$20 billion in further tax breaks for domestic fossil fuel companies.⁸⁴ These tax breaks should be repealed, as proposed in the **End Polluters Welfare Act** (H.R. 4714, S. 2444) and **End Oil and Gas Tax Subsidies Act** (H.R. 383).

B. End US tax subsidies for fossil fuel production abroad.

The US tax code is also generous in subsidizing oil and gas companies for their projects abroad. Such subsidies add up to nearly \$75 billion, according to the most recent government estimates.⁸⁵ To eliminate these international tax breaks, Congress must:

- **End the favorable tax treatment of certain foreign fossil fuel income.** This will be achieved by eliminating the exception for “foreign oil and gas income” (FOGEI) from the US minimum tax on foreign income (formerly known as GILTI) and treating “foreign oil related income” (FORI) as Subpart F income to ensure that it is taxable at the full corporate rate. Given the 2025 expansion of GILTI beyond intangibles, there is no reason to keep FOGEI excluded from the post-2025 version of the tax.
- **Reduce the ability of oil and gas companies to exploit murky foreign tax credit rules by improving clarity.** Currently, oil and gas companies have too much discretion in claiming tax credits for payments they make to foreign governments that are not necessarily

⁸³ U.S. Treasury, Revenue Estimates of the Administration’s Fiscal Year 2025 Revenue Proposals, 2024, 241, <https://home.treasury.gov/system/files/131/General-Explanations-FY2025-Table.pdf>.

⁸⁴ Families Over Big Oil, “A \$20 Billion Giveaway to Oil and Gas Giants,” Jul. 2025, <https://www.endpolluterhandouts.org/s/Final-Bill-Analysis-Fobo.pdf>; United to End Polluter Handouts, “Big Oil’s ‘Dear Trump’ Wishlist: Oil and Gas Chiefs Seize on Trump’s Return to Preserve at Least \$170 Billion in Giveaways — and Push for Billions More,” 2025, <https://static1.squarespace.com/static/67a4005a3d0ffd66a238d0c9/t/67acba3e97a23c3026e798f4/1739373120037/United+to+End+Polluter+Handouts+Report.pdf>.

⁸⁵ U.S. Treasury, “Revenue Estimates of the Administration’s Fiscal Year 2025 Revenue Proposals,” Mar. 2024, <https://home.treasury.gov/system/files/131/General-Explanations-FY2025-Table.pdf>. These revenue estimates are predicated on other international corporate tax changes also included in the recommendations of this report.

consistent with normal income taxes applied to companies in other business sectors. This is possible under a murky “facts and circumstances” test in the current law that allows oil and gas companies to inflate the amount treated as creditable foreign tax. Congress should close this loophole and draw a clear line to provide that oil and gas companies cannot claim more in foreign tax credits beyond what they owe under a generally applicable income tax.⁸⁶

In addition, Congress should ensure that large multinational corporations, including those in the oil and gas industry, cannot claim US tax deductions for interest and other business costs of foreign operations, if the resulting foreign income is untaxed or only lightly taxed in the US.⁸⁷

Taken together, these changes would have the effect of making the tax treatment of foreign fossil fuel income more equal to domestic fossil fuel income, promoting US energy independence and national security. Recent polling shows that Americans overwhelmingly agree that “the US tax code should support US energy security, rather than subsidizing the development of foreign oil and gas projects.”⁸⁸

C. Reform the taxation of US companies’ foreign profits to discourage the abuse of tax havens and end the global race to the bottom on corporate taxes.

The US tax code does not adequately address the risk of multinational corporations shifting profits to tax havens, including in the oil and gas sector. As such, US companies still have a substantial incentive to move profits to tax havens, denying much-needed revenues to the countries in which these corporations actually do business.

Congress should pass the **No Tax Breaks for Outsourcing Act** (H.R. 995, S. 409), a holistic legislative package that would address these deficiencies with the US international tax regime. Importantly, the reforms contained in the bill would not only increase the US minimum tax on companies’ foreign profits, but also make sure that they pay the minimum rate on profits in each country in which they operate, rather than on an aggregated basis. This is especially important for ensuring the effective taxation of oil and gas companies’ global profits, which may be adequately taxed in the aggregate, but are likely still subject to profit shifting and other aggressive tax planning risks.

86 NYU Tax Law Center, “The Tealbook: Options to Broaden the U.S. Tax Base: Tax breaks for foreign oil and gas,” <https://taxlawcenter.org/tealbook/policy-options/foreign-oil-and-gas-extraction-income-fogei-foreign-oil-related-income-fori>. Absent Congressional action, US Treasury may be able to revise the relevant regulations to eliminate the “facts and circumstances” method for determining how much of a foreign tax is creditable.

87 A step in the right direction would be to apply limitations on interest deductibility under Section 163 of the tax code, as proposed by US Treasury in the 2025 Greenbook, pp 44-46. More broadly, even without action from Congress, the US Treasury could apply Section 265 of the tax code, as suggested by Stephen Shay. Stephen Shay, “Addressing an Opaque Foreign Income Subsidy With Expense Disallowance,” *Tax Notes*, Aug. 2021, <https://www.taxnotes.com/tax-notes-federal/global-intangible-low-taxed-income-gilti/addressing-opaque-foreign-income-subsidy-expense-disallowance/2021/08/02/76xcx>.

88 McLaughlin & Associates, “National Survey Results: 1,000 General Election Voters: Political Environment, Trends & Analysis,” Jan. 22-27, 2025, <https://mclaughlinonline.com/pols/wp-content/uploads/2025/01/National-January-Presentation-RELEASE-01-28-25.pdf#page=36>.

D. Improve corporate tax transparency by mandating public country-by-country reporting.

The Securities and Exchange Commission already has the authority to mandate full public country-by-country reporting for US multinationals, including oil and gas companies. Given significant investor demand and the substantial, material risks presented by aggressive tax avoidance across sectors, the Commission should move to mandate this reporting for all publicly-traded companies.

Barring independent action by the SEC, Congress should pass the **Disclosure of Tax Havens and Offshoring Act** (S. 638, H.R. 4938), which would require the Commission to advance a rulemaking on public country-by-country reporting, in line with international best practices.



Methodology Appendix

1. Identification of the 11 publicly-listed US oil and gas companies with upstream international income

It is usually difficult to know who benefits from a specific tax break. However, the scope of FOGEI, which is restricted to foreign oil and gas extraction activities by companies, makes it easier to identify the potential universe of companies that may be benefiting from the FOGEI tax break.

A 2021 study by Oxfam, Friends of the Earth, and Bailout Watch identified 12 US companies with significant overseas oil and gas extraction activities that were likely to be the primary beneficiaries of the FOGEI tax break from 2018-2020.⁸⁹

The 2021 study identified companies held by the six largest Exchange Traded Funds (ETF) tracking the US oil and gas industry and then screened for oil and gas companies with overseas activities, yielding a list of 12 publicly listed US oil and gas companies. This included both integrated oil companies and independent drillers.

To update the scope of companies, this study reviewed the holdings of the top 10 oil and gas ETFs, including the largest two by assets under management, Energy Select Sector SPDR Fund and Vanguard Energy ETF.⁹⁰

Applying the same filters as the earlier study, this yielded a short list of about 16 possible companies. Five of these companies were ruled out:

- Pioneer Natural Resources lacks international operations (and is now an Exxon subsidiary).
- Marathon Petroleum – distinct from Marathon Oil – is too downstream-focused.
- Continental Resources has gone private, and also lacks an international presence.
- Noble Energy is now integrated into Chevron after an earlier acquisition.
- Talos Energy reported no foreign revenues or production over the analyzed period.

The remaining 11 in-scope companies are:

- Apache Corporation / APA Corporation
- Chevron Corporation
- ConocoPhillips
- EOG Resources, Inc.
- ExxonMobil Corporation
- Hess Corporation

⁸⁹ Friends of the Earth, Bailout Watch, Oxfam, “12 Guilty Fogeys: Big Oil’s \$86 Billion Offshore Tax Bonanza,” Sept. 2021, <https://foe.org/resources/12-guilty-fogeys-big-oils-86-billion-offshore-tax-bonanza>.

⁹⁰ The full list of ten ETFs included XLE, VDE, XOP, IEO, IXC, OIH, PXE, FXN, XES, IEZ.

- Kosmos Energy Ltd.
- Marathon Oil Corporation
- Murphy Oil Corporation
- Occidental Petroleum Corporation
- Ovintiv Inc.

This list is nearly identical to the list (with the exclusion of Talos Energy) that featured in the 2021 report. It includes the two supermajors ExxonMobil and Chevron, a couple of companies with some integration (notably Occidental and Ovintiv), and a range of independent drillers, including oil major ConocoPhillips. Two have recently been acquired or will soon be acquired by the majors: Marathon Oil was acquired by Conoco in November 2024, and Hess was acquired by Chevron in July 2025 after some delay. For purposes of this report’s analysis of trends over a longer time frame, Marathon Oil and Hess are still included. Also included are several smaller players that round out the list: Ovintiv, Apache (held by APA Corporation), Murphy Oil, and Kosmos Energy.

In this report, Apache and the holding company that fully owns it, APA Corporation, are treated as a single company; Apache data is used before the acquisition, and APA data is used thereafter for 2021-2024.

The scope excludes non-US-based companies listed in the US and any US-based companies that are not publicly traded.

2. Payments-to-governments data, and notes on these sources

Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the SEC rule to implement it require US-listed “resource extraction” companies to publish their cash payments to governments. Because the payments are reported on a cash basis, rather than on an expense basis, these are actual amounts that were in fact transferred from the oil and gas companies to the various governments.⁹¹

Disclosures of payments to governments by US-listed resource extraction issuers can be found on the SEC’s online EDGAR database at this link: <https://www.sec.gov/edgar/search/#/dateRange=1y&category=custom&forms=SD>.⁹²

Some companies’ disclosures merit additional notes for consideration:

- **ExxonMobil** figures for cash taxes paid in the US in this report do not include any of the \$4.27 billion and \$3.47 billion in payments the company reported to have made to state and local

⁹¹ 17 C.F.R. 240.13q-1.

⁹² Note that the SEC has used the same form name (SD or Specialized Disclosure) for these payments-to-governments reports and for other reporting, related to conflict minerals, under a different section of Dodd-Frank legislation. After accession individual reports, it is important to verify that each individual report is, in fact, a Section 1504 filing.

governments in 2023 and 2024, respectively, primarily because this report focuses on US federal income taxes, but also because the company did not specify what portion of those state and local payments were income taxes. Exxon notes that “the Regulations do not require the inclusion of payments to U.S. State and Local entities” and suggests that its reporting of this amount is “on a comparable basis to the information reported for foreign countries.” However, Exxon’s data does not include information on the type of payment or the payee for this aggregate sum, as the Regulations require for payments made to other jurisdictions. No other in-scope company provided a separate disclosure for US state and local payments (including taxes), so for consistency with other companies, these figures are not taken into account. To the extent that state and local payments are taken into account for companies’ reporting in other countries but not in the US, that may limit cross-country comparability, but it is a limitation of the payments-to-governments data reported.

- EOG Resources’ reporting for 2023 includes \$1,110,394 in tax payments that it notes “consists *primarily* of payments for US federal income taxes” (emphasis added). The company does not detail what else might be included in this figure. In this report, the full amount is considered EOG’s 2023 federal income taxes paid.

3. Lobbying Data

Lobbying data can be found by searching for LD-2 lobbying disclosure forms for corporate clients on the US Senate Lobbying Disclosure database: lda.senate.gov/filings/public/filing/search.

API’s lobbying on tax included: “HR 1141 Natural Gas Tax Repeal Act; HR 5073 Promoting Domestic Energy Production Act; HR 5376 Inflation Reduction Act of 2022 (tax provisions related to the oil and gas industry); S 187 ALIGN Act; S 224 Promoting Domestic Energy Production Act; S 796 Book Minimum Tax Repeal Act; draft Fiscal Year 2025 Budget Resolution (provisions relating to tax); efforts related to Internal Revenue Code Sections 45Q, 45V and 45Z; efforts related to international tax reform; efforts related to retention of corporate tax provisions in 2025 legislation.”)

Chevron’s lobbying on tax included: “Intangible Drilling Cost Tax Deduction Issues; Global Intangible Low-Tax Income; Foreign Oil & Gas Extraction Income; Dual Capacity Taxpayer Regulations; Minimum Tax on Book Income; Last In First Out (LIFO) Accounting Principles; Carbon Tax; Superfund tax issues; Biofuel tax issues and extensions; Clean fuel production credit; Renewable Natural Gas tax issues; General Aviation fuel taxes; Sustainable Aviation Fuel tax issues; Carbon Capture and Sequestration; Hydrogen; Inflation Reduction Act (IRA) tax credit implementation; Methane; Geothermal.”

Conoco’s lobbying on tax covered “Company tax policy priorities in the coming reauthorization of the Tax Cuts and Jobs Act (TCJA), P.L. 115-97: 21% corporate rate; Intangible drilling cost expensing; Dual capacity taxpayer rules; Current international tax regime; Bonus Depreciation; Deductibility of state and local Taxes; and S.224 and H.R.662, Promoting Domestic Energy Production Act.”

Exxon’s lobbying on tax included: “H.R. 7024 (118th Congress): Tax Relief for American Families

and Workers Act of 2024; provisions related to the extension of business tax credits; S. Con. Res. 7: An original concurrent resolution setting forth the congressional budget for the United States Government for fiscal year 2025 and setting forth the appropriate budgetary levels for fiscal years 2026 through 2034; provisions related to energy tax credits, international tax, CSALT deduction, corporate tax rate, and the Tax cuts and Jobs Act tax extension; Public Law No: 115-97 (H.R. 1- 115th Congress): Tax Cuts and Jobs Act; provisions related to the expiration of tax credits; Public Law No: 117-169 (H.R. 5376-117th Congress): Inflation Reduction Act of 2022; energy tax credit provisions, hydrogen, carbon capture and storage, biofuels, and critical minerals; Discussions related to global corporate tax and competitiveness of US companies; Discussions related to United States tax rules coordination with global minimum tax rules; Discussions related to international tax provisions.”

4. Corporate financial data from annual reports

The analysis of corporate financials in this report required sourcing data from corporate financial statements for each of the 11 in-scope companies, pulled from corporate annual reports (10-Ks) as filed with the SEC. These reports are available on the SEC website through its Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, accessible here: <https://www.sec.gov/search-filings>. Many companies also publish them in whole or in part on their own websites.

For these 11 companies, data was sourced covering the years 2018-2024 where possible. 10-K reports for each year were available for Chevron, ConocoPhillips, EOG Resources, ExxonMobil, Hess, Kosmos Energy, Murphy Oil, and Occidental.

Reports were available for only certain years for the following companies:

- **Apache/APA:** These two companies are treated as a single company, given that APA Corp is a holding company for Apache since 2021.⁹³ APA’s 10-K reports are only available for 2021-2024. Apache 10-K reports are only available for 2018-2023, and Apache data is understood to be reported by APA since 2021, including for 2024. To avoid a risk of double-counting, Apache data is used for 2018-2020, and APA data is used from 2021 onward. Note: For 2021-2023, when both companies are reporting:
 - APA’s US production and US revenues are slightly greater than Apache’s in 2022 and 2023. APA data is used for all years 2021-2024.
 - APA’s US net income is slightly less than Apache’s in 2021 and 2023 and slightly greater than Apache’s in 2022; APA’s FOGEI is slightly less than Apache’s in each year 2021-2023. APA data is used for all years 2021-2024.
 - APA’s US federal deferred tax benefit (i.e. APA’s negative deferred tax expense) is slightly greater than Apache’s in 2023; APA’s US state and local deferred tax benefit (i.e. APA’s negative deferred tax expense) is slightly less than Apache’s in 2023. APA data is used for all years 2021-2024.

⁹³ Apache Corporation, “Apache Corporation and APA Corporation Announce Completion of New Holding Company Structure,” Mar. 2021, <https://investor.apacorp.com/news-releases/news-release-details/apache-corporation-and-apa-corporation-announce-completion-new>.

- **Marathon Oil:** 10-K reports are available for 2018-2023, as Marathon was purchased by ConocoPhillips in the fourth quarter of 2024. For 2024, a quarterly report 10-Q for the third quarter provides some data for the first three quarters of 2024, but not for all metrics. In particular, the quarterly data does not separate out net income between domestic and foreign net income, nor does it specify current tax expense amongst US and foreign tax expense. Because of these data gaps across this analysis, Marathon's 2024 data has been excluded, and the data presented for Marathon only reflects years 2018-2023.
- **Ovintiv:** 10K reports are available for 2019-2024. The company was previously called Encana Corporation and was headquartered in Canada until it was redomiciled in the US in January 2020. No data from 2018 is incorporated in the calculation of Ovintiv's ETR, or is incorporated in the combined analysis across all companies.

For each company, the analysis focused primarily on reporting of the following data points:

1. Production

- US production in MM (millions) of barrel oil equivalents (BOE) = barrels of oil produced per day/year + barrels of NGL (natural gas liquids) + [(millions of Cu ft of gas produced per day/year) / 6,000]
- Foreign production in barrel oil equivalents (BOE) = barrels of oil produced per day/year + barrels of NGL (natural gas liquids) + [(millions of Cu ft of gas produced per day/year) / 6,000]

2. Net Income

- US Net Income
- Foreign Net Income

3. Income Tax Expense

- US Federal Current Year Income Tax Expense
- US State Current Year Income Tax Expense
- Foreign Current Year Income Tax Expense
- US Federal Deferred Income Tax Expense
- US State Deferred Income Tax Expense
- Foreign Deferred Income Tax Expense

4. Cash Taxes Paid

- All Segments Global Cash Taxes Paid

5. Effective Tax Rate (ETR)

- Global Effective Tax Rate (ETR) as Reported

Assumptions and particular data issues for specific companies for each of these types of data are noted below, though for many companies, the data was presented differently for some years versus others. All financial currency figures were compiled in millions \$ USD (i.e. converted if necessary).

4.1 Production

Reported data: US Domestic Production and Foreign Production were compiled for each in-scope company for each year in millions of barrels of oil equivalent (BOE) for each year (MMBOE).

Key calculations based on this data: This allows for the following simple calculations.

- Global Production = US Production + Foreign Production
- Domestic Share of Production = US Production / Global Production.

Data limitations and assumptions: Some companies did not report a specific single number for US Production and/or foreign Production in MMBOE. If they reported production data differently, it required some conversion to arrive at a comparable quantity of MMBOE. For instance, companies may have reported data:

- By country or region (and even state or subnational region for the US) – where this was the case, all domestic and all foreign production were each summed separately;
 - E.g. for foreign disaggregation: APA (2021-2024), Apache (2018-2023), Chevron (2018-2024), ConocoPhillips (2018-2024), EOG (2018-2021), ExxonMobil (2018-2024), Hess (2018-2024), Kosmos Energy (2018-2024), Marathon Oil (2018-2023), Murphy Oil (2018-2024), Occidental (2018-2024), Ovintiv (2019)
 - E.g. for US disaggregation: ConocoPhillips (2018-2024), EOG (2018-2024), Hess (2018-2024), Murphy Oil (2018-2024), Occidental (2018-2024)
- By type of product (typically crude oil, natural gas liquids, and natural gas, but also synthetic oil and bitumen) without a BOE total for US vs foreign – where this was the case, the barrels (or BOE) for oil was added to the BOE for each other product, and where natural gas was included, a standard conversion of 6 billion cubic feet (bcf) of gas per BOE (or 6,000 million cubic feet (mcf or MMCF) of gas per BOE) was applied;
 - E.g. Apache (2018-2023), ExxonMobil (2018-2024), Hess (2018-2024), Murphy Oil (2018-2024), Ovintiv (2019-2024)
- By daily production only (typically expressed in thousands of barrels of oil equivalent per day, or MBOED, rather than MMBOE, or similar distinctions like “MMCFD”) without a BOE total for US vs foreign – where this was the case, data has been adjusted to an annual amount in millions rather than thousands by multiplying by 365 days/year and dividing by 1000 thousands/million;
 - E.g. Chevron (2018-2024), ConocoPhillips (2018-2021), ExxonMobil (2018-2024), Hess (2018-2024), Marathon Oil (2018-2023), Murphy Oil (2018-2024), Occidental (2018-2024)
- With separate reporting for some or all Affiliates (typically as distinct from reporting for “Consolidated Companies” fully owned by the parent reporting company, and including equity investments, partial shareholdings in joint ventures, etc.) – where reported, the compiled production figures also include production from affiliates, equity investments, and joint ventures;

- E.g. explicitly in APA (2021-2024), Apache (2018-2023), Chevron (2018-2024), ConocoPhillips (2018-2018), ExxonMobil (2018-2024), Hess (at least 2019-2024), Murphy Oil (2018-2024)
- With some combination of the distinct disaggregation and units noted above.

Despite reporting differences, it was possible to arrive at a single production figure expressed in MMBOE, for each company and each year. It is assumed that comprehensively including all types of production and all reporting by any Affiliate companies or operations included in reporting ensures maximal coverage of each company's production each year in this compiled production figure.

4.2 Net Income (before income tax)

Reported data: US Net Income and Foreign Net Income (each before income tax) were compiled for each in-scope company for each year. For integrated companies, Upstream segment information providing Foreign Net Income provides an additional metric: Foreign Upstream Net Income. For companies that are exclusively or nearly exclusively engaged in the Upstream sector, all Foreign Net Income is assumed to be Foreign Upstream Net Income.

Key calculations based on this data: This allows for the following calculations for each company in each year where data exists.

- $\text{Global Net Income} = \text{US Net Income} + \text{Foreign Net Income}$
- $\text{Domestic Share of Net Income} = \text{US Net Income} / \text{Global Net Income}$

Additionally, this analysis uses Foreign Upstream Net Income as a close proxy for Foreign Oil and Gas Extraction Income (FOGEI) as defined in US tax law.

Data limitations and assumptions: Net Income in the US and in Foreign jurisdictions is typically reported in companies' Income Taxes information provided in a Note on Consolidated Financial Statements.

ExxonMobil's net income excludes non-controlling interest income, because Exxon only reports income, but not taxable expense, separately for its US and foreign non-controlling interests.

Ovintiv does not disclose a discrete net income figure for the US and foreign jurisdictions, instead presenting net income disaggregated as operating income or loss for distinct segments – USA Operations, Canadian Operations (foreign), China Operations (foreign, 2019 only), Market Optimization (2019-2021 only), and Corporate & Other – with Other Income and Expenses added after the fact to yield a final consolidated net income figure. This makes calculating a US effective tax rate for Ovintiv effectively impossible.

Given the lack of adequate US-specific income data, Ovintiv is omitted from the US ETR calculation in sections 1.2 and 1.3. Removing Ovintiv from the aggregate ETR calculations for all in-scope countries has little impact on the calculated ETR using either total tax expense or current tax expense.

4.3 Income Tax Expense

Reported data: Six different Income Tax Expense data points of current year income tax expense and deferred income tax expense were compiled for each in-scope company for each year, where data was available:

- US Federal Current Year Income Tax Expense
- US State (and Local) Current Year Income Tax Expense
- Foreign Current Year Income Tax Expense
- US Federal Deferred Income Tax Expense
- US State (and Local) Deferred Income Tax Expense
- Foreign Deferred Income Tax Expense

Key calculations based on this data: These data points allow for the following calculations for each company in each year where data exists:

- $\text{US Federal} + \text{State (and Local) Current Year Tax Expense} = \text{US Federal Current Year Tax Expense} + \text{US State (and Local) Current Year Tax Expense}$
- $\text{US Federal} + \text{State (and Local) Deferred Tax Expense} = \text{US Federal Deferred Tax Expense} + \text{US State (and Local) Deferred Tax Expense}$
- $\text{Global Current Year Tax Expense} = \text{US Federal} + \text{State (and Local) Current Year Tax Expense} + \text{Foreign Current Year Tax Expense}$
- $\text{Global Deferred Tax Expense} = \text{US Federal} + \text{State (and Local) Deferred Tax Expense} + \text{Foreign Deferred Tax Expense}$

Similarly, for each set of similar categories of Current Year and Deferred Year Tax Expense, a Total Tax Expense can be calculated as $\text{Total Tax Expense} = \text{Current-Year Tax Expense} + \text{Deferred Tax Expense}$. Further, Effective Tax Rate (ETR)s can be calculated based on this information and the Net Income data compiled in the prior subsection. (See the last subsection of this section for details.)

This further allows for the following calculations for each company in each year where data exists:

- $\text{Domestic Share of Total Tax Expense} = \text{US Federal} + \text{State (and Local) Total Tax Expense} / \text{Global Total Tax Expense}$
- $\text{Domestic Share of Current Tax Expense} = \text{US Federal} + \text{State (and Local) Current Tax Expense} / \text{Global Current Tax Expense}$

Data limitations and assumptions: Companies do not distinguish between State and Local (or Tribal) Taxes in the US. In this analysis, any such taxes are compiled into a single State (and Local) Tax metric for each type of tax expense (Deferred, Current Year, or Total).

Most companies provide all or most of the data for Income Tax Expense as per (a)-(f) above at the company level. One company did not disaggregate between US State (and Local) and Federal tax expenses: Kosmos Energy (2018-2024). For Kosmos, all taxes paid in the US are assumed to be federal income taxes.

Four companies provided US State (and Local) tax expense data but – unlike their reporting for US Federal tax expenses and Foreign tax expenses – they did not distinguish between Current Year and Deferred tax expenses: ExxonMobil (2018-2024), Hess (2018-2024), Murphy Oil (2018-2024), and Ovintiv (2019-2024). For these companies, all US State (and Local) taxes are assumed to be Current Year, not Deferred.

ExxonMobil includes a third, undefined, category of US federal tax expense (“U.S. tax on non-U.S. operations”) in its financial statements, in addition to current and deferred tax expense. Exxon has been disclosing this category of tax expense for years without clarifying whether the tax is predominantly current or deferred. Although this tax expense is uncategorized in Exxon’s financial statements, our calculations conservatively treat all “U.S. tax on non-U.S. operations” as current federal tax expense.

Compiled data on ExxonMobil’s tax expense also excludes any tax expense attributed to non-controlling interest income, just as non-controlling interest income is itself excluded from the compiled net income data. Taxes on non-controlling interest income are not separated by domestic and foreign tax expense and thus cannot be included in the present analysis. Given the tax and ETR focus of this study, it would not make sense to include the income without also including the tax data, so the underlying income is also excluded.

4.4 Cash Taxes Paid

Reported data: Global Cash Taxes Paid is reported by each company, and is typically found on a Cash Flow Statement or a note to such a statement. Distinct from income tax expense data points, this disclosure details what the company actually paid to (all) tax authorities on a cash accounting basis for the year.

Cash taxes paid are disaggregated by country and by project in companies’ payments-to-governments reporting (as required for years 2023 and beyond). Both cash taxes paid and income tax expense are reported in country-by-country reporting, where available.

Data limitations and assumptions: All in-scope companies reported this data, though Marathon Oil’s 2024 data is compiled for quarters 1-3 only.

4.5 Effective Tax Rate (ETR)

Reported data: The Effective Tax Rate (ETR) a company discloses is a representation of the rate at which it is taxed. Companies report their ETRs annually and their calculation is based on Global Net Income (before income taxes) for all segments and Total Tax Expense for all segments globally.

Related calculations: Based on data availability, an ETR can also be calculated using data compiled as outlined in earlier sections. A typical calculation aligning with GAAP as reported by companies would yield:

- $\text{Global ETR} = \text{Global Total Tax Expense} / \text{Global Net Income (before tax)}$

Analysis in this report primarily focuses on domestic ETRs, and specifically federal ETRs, without accounting for state and local tax expense. Unless otherwise noted, any reference to a “domestic” or “US ETR” uses the following calculation:

$$\text{US ETR} = \text{US Federal Total Income Tax Expense} / \text{US Net Income (before tax)}$$

This ETR can be calculated with the appropriate current year tax expense replacing the total tax expense.

$$\text{US Current ETR} = \text{US Federal Current Income Tax Expense} / \text{US Net Income (before tax)}$$

These calculations result in the federal tax rate figures presented in the table below. All dollar figures are in millions of USD, and are rounded to the nearest million. ETRs are rounded to the nearest percentage point.

COMPANY	PRE-TAX INCOME (LOSS)	FEDERAL TAX EXPENSE (BENEFIT)		FEDERAL TAX RATE	
		CURRENT TAX EXPENSE	TOTAL TAX EXPENSE	ETR	CURRENT TAX EXPENSE
APA/Apache	\$ (5,065)	\$ 93	\$ (1,709)	N/A, loss	N/A, loss
Chevron	\$ 40,847	\$ 3,210	\$ 6,217	7.9%	15.2%
ConocoPhillips	\$ 44,950	\$ 3,003	\$ 6,672	6.7%	14.8%
EOG Resources	\$ 40,066	\$ 5,237	\$ 8,090	13.1%	20.2%
ExxonMobil	\$ 42,246	\$ 6,371	\$ 5,726	15.1%	13.6%
Hess	\$ (1,613)	\$ (4)	\$ 124	N/A, loss	N/A, loss
Kosmos	\$ (701)	\$ (5)	\$ 25	N/A, loss	N/A, loss
Marathon Oil	\$ 4,675	\$ (114)	\$ 135	-2.4%	2.9%
Murphy Oil	\$ 1,680	\$ (20)	\$ 89	-1.2%	5.3%
Occidental	\$ 6,401	\$ 3,156	\$ (666)	49.3%	-10.4%
Total	\$ 173,487	\$ 20,927	\$ 24,702	12.1%	14.2%

FACT analysis of SEC filings of analyzed oil and gas companies.

Data limitations and assumptions: A reliable US ETR cannot be calculated for Ovintiv due to the lack of available US-specific net income figures in the company’s disclosures, as noted above in *Net income (before income tax)*.

The FACT Coalition

1100 13th Street, NW, Suite 800
Washington, DC 20005

THEFACTCOALITION.ORG

