

## APPENDIX 5. TAXATION IN OIL INDUSTRY

### Average tax rates effective in the reporting periods for the taxation of oil and gas companies in Russia

Indicator	12 months		
	2019	2018	Δ, %
<b>EXPORT DUTY</b>	<b>\$/TONNE</b>		
Crude oil	93.70	128.48	(27.1)
Light petroleum products	28.07	38.52	(27.1)
Diesel fuel	28.07	38.52	(27.1)
Gasoline	28.07	38.52	(27.1)
Naphtha	51.48	70.62	(27.1)
Heavy petroleum products	93.70	128.48	(27.1)
<b>MINERAL EXTRACTION TAX</b>			
Crude oil, ₽ /tonne	13,039	12,455	4.7

### Export duties on oil and petroleum products

Export duty rates for crude oil and petroleum products are calculated by the Ministry of Economic Development of the Russian Federation in accordance with the Methodology for Calculating Export Duties on Crude Oil and Certain Categories of Petroleum Products approved by Resolution of the Government of the Russian Federation No. 276 of 29 March 2013.

#### Export duty on crude oil

The export duty rate for crude oil is determined under one of the following procedures:

a) in accordance with Clause 4 of Article 3.1 of Federal Law of the Russian Federation No. 5003-1 of 21 May 1993 'On the Customs Tariff', export duty rates for crude oil must not exceed the marginal duty rate calculated as follows:

Urals price quote (P), \$/tonne	Maximum export duty rate
≤109.50	0%
109.50 < P ≤ 146.00	35% × (P – 109.50)
146.00 < P ≤ 182.50	12.78 + 45% × (P – 146.00)
>182.50	29.20 + 30% × (P – 182.50) as at 2018 C <sub>oil</sub> × (29.20 + 30% × (P – 182.50)) as from 2019 <sup>1</sup>

Oil exported to Kazakhstan is exempt from export duty on oil. Crude oil exports to Kyrgyzstan and Belarus within indicative limits are exempt from export duties;<sup>1</sup>

b) in accordance with Clause 6.2 of Article 3.1 of Federal Law of the Russian Federation No. 5003-1 of 21 May 1993 'On the Customs Tariff', the Government of the Russian Federation may set a protective export duty rate for crude oil calculated as follows:

/ 1 / C<sub>oil</sub> = 0.833 in 2019, 0.667 in 2020, 0.5 in 2021, 0.333 in 2022, 0.167 in 2023, and 0 as from 2024

Urals price quote (P), \$/tonne	Maximum export duty rate
$\leq 182.50$	0%
$P > 182.50$	$29.20 + 45\% \times (P - 182.50)$

This procedure shall be applied for six months starting from the month following changes in crude oil prices by more than 15% over three consecutive months;

c) in accordance with Subclause 4 of Clause 5 of Article 3.1 of Federal Law of the Russian Federation No. 5003-1 of 21 May 1993 'On the Customs Tariff', starting from 1 January 2019, a procedure shall be established for applying special formulas for calculating the export duty on oil with special physical and chemical properties produced within specified geographical areas. This reduced duty rate shall be applied until stipulated volumes of oil exported using the special formula for calculating export duty rates are achieved for each such geographical area:

$R_{\xi} = (P - 182.5) \times 30\% - 56.57 - 0.14 \times P$ , where P is the Urals oil price, \$/tonne;

d) in accordance with Clause 1.1 of Article 35 of Federal Law of the Russian Federation No. 5003-1 of 21 May 1993 'On the Customs Tariff', oil produced at a new offshore field shall be exempt from export duty:

- until 31 March 2032, for fields located entirely in the Sea of Azov or with at least 50% of their area in the Baltic Sea, the Black Sea (up to 100 metres deep), the Pechora Sea or the White Sea, the Sea of Okhotsk (south of 55° N), or the Russian sector of the Caspian seabed;
- until 31 March 2042, for fields with at least 50% of their area in the Black Sea (over 100 metres deep), the Sea of Okhotsk (north of 55° N), or the Barents Sea (south of 72° N);
- indefinitely, for fields with at least 50% of their area in the Kara Sea, the Barents Sea (north of 72° N), or the Eastern Arctic (the Laptev Sea, the East Siberian Sea, the Chukchi Sea, and the Bering Sea).

In accordance with Clause 5 of Article 11.1 of the Tax Code of the Russian Federation, a new offshore field is defined as an offshore field where commercial hydrocarbon production commenced on or after 1 January 2016;

d) in accordance with Clause 7 of Article 35 of Federal Law of the Russian Federation No. 5003-1 of 21 May 1993 'On the Customs Tariff', starting from 1 January 2019, oil produced at subsurface sites subject to EPT shall be exempt from export duty for a period when the Cy coefficient applied to the MET rate for oil is less than 1.

### Export duty on petroleum products

In accordance with Article 3.1 of Federal Law of the Russian Federation No. 5003-1 of 21 May 1993 'On the Customs Tariff', the export duty rate for certain categories of petroleum products shall be set by the Government of the Russian Federation. At the same time, petroleum products exported to Tajikistan, Belarus, Armenia and Kyrgyzstan within indicative limits shall be exempt from export duties.

Resolution of the Government of the Russian Federation No. 276 of 29 March 2013 establishes the following procedure for determining export duty rates for petroleum products:

$R_{pp} = C \times R_{co}$ , where  $R_{co}$  is the export duty rate for crude oil and C is the estimated coefficient for individual categories of petroleum products.

The following coefficients have been established for calculating export duty rates for petroleum products:

Light and middle distillates	
Diesel fuel	0.3
Lubricants	
Naphtha	0.55
Gasoline	0.3

In accordance with Clause 6.2 of Article 3.1 of Federal Law of the Russian Federation No. 5003-1 of 21 May 1993 'On the Customs Tariff', the Government of the Russian Federation may set a protective export duty rate on certain categories of petroleum products equal to 60% of the export duty on crude oil. This procedure shall be applied for six months starting from the month following changes in crude oil prices by more than 15% over three consecutive months.

### Excise tax on petroleum products

The excise tax on petroleum products in the Russian Federation is paid by petroleum-product producers. In addition, the tax is paid by legal entities importing excisable goods into the Russian Federation.

In accordance with Article 193 of the Tax Code of the Russian Federation, the following excise tax rates have been established for petroleum products (₽ /tonne):

Indicator	2018	2019		2020	2021
		1 January – 31 May	1 June – 31 December		
<b>GASOLINE</b>					
below Euro 5	13,100	13,100	13,100	13,100	13,624
Euro 5	11,213	8,213	12,314	12,752	13,262
straight-run	13,100	13,100	13,912	14,720	15,533
<b>DIESEL FUEL</b>	<b>7,665</b>	<b>5,665</b>	<b>8,541</b>	<b>8,835</b>	<b>9,188</b>
<b>ENGINE OILS</b>	<b>5,400</b>	<b>5,400</b>	<b>5,400</b>	<b>5,616</b>	<b>5,841</b>
<b>MIDDLE DISTILLATES</b>	<b>8,662</b>	<b>6,665</b>	<b>9,241</b>	<b>9,535<sup>1</sup></b>	

In accordance with Clause 13.1 of Article 181 of the Tax Code of the Russian Federation, starting from 1 January 2019, a new excisable product is introduced: crude oil feedstock. The excise tax shall be paid by crude oil feedstock owners having a registration certificate for oil feedstock processing operations at their own production facilities or at production facilities owned by third-party providers of processing services. The excise tax rate for crude oil feedstock is calculated as follows:

$$E_{\text{COF}} = ((P_{\text{oil}} \times 7.3 - 182.5) \times 0.3 + 29.2) \times R \times F_{\text{pc}} \times C_{\text{corr}} \times C_{\text{reg}}$$

$P_{\text{oil}}$  – is the average Urals oil price on global markets, \$/tonne.

$R$  – is the average US dollar/Russian rouble exchange rate.

$F_{\text{pc}}$  – is a specific coefficient that reflects the petrochemical-products mix.

/ 1/ For the period from 1 January through 31 March; starting from 1 April, the excise tax rate for middle distillates shall be calculated using the following formula:  $E_{\text{md}} = (E_{\text{df}} + 750) - D_{\text{df}} \times C_{\text{df\_comp}}$ , where  $E_{\text{df}}$  is the excise tax rate set for the fiscal period for diesel fuel;  $D_{\text{df}}$  and  $C_{\text{df\_comp}}$  are values determined under the procedure set in Clause 27 of Article 200 of the Tax Code of the Russian Federation. If the  $D_{\text{df}}$  value determined under the procedure set in Clause 27 of Article 200 of the Tax Code of the Russian Federation is more than 0, the  $D_{\text{df}}$  value shall be assumed to be equal 0.

$C_{corr}$  – equals to 0.167 for 2019, 0.333 for 2020, 0.5 for 2021, 0.667 for 2022, 0.833 for 2023, 1 as from 2024.

$C_{reg}$  – is a coefficient that reflects regional characteristics of petrochemical-products markets. For production facilities located in the Omsk Oblast,  $C_{reg}$  equals to 1.05.

When calculating the tax on crude oil feedstock, tax deductions may be applied. Tax deductions shall be applied to excise amounts multiplied by 2 and increased by  $C_{DAMP}$ :

$C_{DAMP} = ((D_{MG} + F_{MG}) \times V_{MG} + (D_{DF} + F_{DF}) \times V_{DF}) \times C_{COMP}$  for the period from January through June 2019.

$C_{DAMP} = D_{MG} \times V_{MG} \times C_{MG\_COMP} + D_{DF} \times V_{DF} \times C_{DF\_COMP} + D_{FE\_MG} \times V_{FE\_MG} + D_{FE\_DF} \times V_{FE\_DF}$  as from July 2019.

$V_{MG}/V_{DF}$  – is the volume of Euro 5 motor gasoline with an octane number of 92 or higher (Euro 5 diesel fuel) sold or used for own needs in the Russian Federation.

$C_{COMP}$  – equals to 0.6 for the period from January through June 2019.

$C_{MG\_COMP}$  – equals to 0.75 for the period from July through December 2019 and 0.68 starting from 1 January 2020.

$C_{DF\_COMP}$  – equals to 0.7 for the period from July through December 2019 and 0.65 starting from 1 January 2020.

$D_{MG}/D_{DF}$  – is the difference between the average export alternative price and the nominal average wholesale price for Euro 5 gasoline with an octane number of 92 (Euro 5 diesel fuel) in the Russian Federation.

$V_{FE\_MG}/V_{FE\_DF}$  – is the volume of Euro 5 motor gasoline with an octane number of 92 or higher (Euro 5 diesel fuel) sold at delivery locations in the Far Eastern Federal District.

$D_{FE\_MG}$ ,  $D_{FE\_DF}$  – are Far Eastern allowances calculated as the sum of  $\text{₽}2,000$  and  $D_{MG}$  or  $D_{DF}$ . If  $D_{FE\_MG}$  or  $D_{FE\_DF}$  is greater than 2,000 or less than 0,  $D_{FE\_MG}$  or  $D_{FE\_DF}$  shall be assumed to be equal to 2,000 or 0 respectively.

$F_{MG}$ ,  $F_{DF}$  – is a compensatory allowance for motor gasoline (diesel fuel) equal to:

- 0, if  $D_{MG}$  ( $D_{DF}$ ) is less than or equal to 0 or
- $F_{MG} = 5,600$  and  $F_{DF} = 5,000$ , if  $D_{MG}$  ( $D_{DF}$ ) is greater than 0.

In accordance with Federal Law No. 326-FZ of 29 September 2019, starting from 1 April 2019, the tax rate for middle distillates shall be calculated using the following formula:

$$E_{MD} = (E_{DF} + 750) - D_{DF} \times C_{DF\_COMP}$$

$E_{DF}$  – is the excise tax rate set for diesel fuel.

If  $D_{DF}$  is greater than 0, it shall be assumed to be equal to 0 for the purposes of the excise tax rate calculation for middle distillates.

## Mineral extraction tax (MET)

### MET on crude oil

a) In accordance with Article 342 of the Tax Code of the Russian Federation, the following formulas shall be used to calculate the MET rate for crude oil:

MET on crude oil

$919 \times C_p - D_m$

$Dm = C_{MET} \times C_p \times (1 - C_d \times C_r \times C_e \times C_{dp} \times C_{can}) - Cc$  for 2018.

$Dm = C_{MET} \times C_p \times (1 - C_d \times C_r \times C_e \times C_{dp} \times C_{can}) - Cc - C_{MAN} \times S_{ov} - C_{MGDF}$  as from 2019.

$C_{MET} = 559$ .

$C_p$  is a coefficient that reflects global oil price changes and is calculated using the following formula:

$C_p = (P - 15) \times R / 261$ , where P is the average monthly Urals price on the Rotterdam and Mediterranean markets (\$/bbl) and R is the average monthly US dollar/Russian rouble exchange rate.

$C_d$  is a coefficient that reflects the degree of depletion of a specific subsurface site. This coefficient reduces the MET rate for oil from highly depleted subsurface sites. The degree of reserve depletion is determined as  $N/V$ , where N is cumulative oil production from a specific subsurface site, and V is initial extractable oil reserves of all categories at a specific subsurface site as at 1 January 2006. If the degree of depletion of a specific subsurface site is greater than or equal to 0.8 and less than or equal to 1,  $C_d$  shall be calculated using the following formula:  $C_d = 3.8 - 3.5 \times N/V$ . If the degree of depletion of a specific subsurface site exceeds 1,  $C_d$  shall be assumed to be equal to 0.3. In other cases,  $C_d$  shall be assumed to be equal to 1. If a subsurface site contains an oil deposit(s) with  $C_e$  lower than 1, the  $C_d$  coefficient shall be assumed to be equal to 1.

$C_r$  is a coefficient that reflects the size of reserves of a specific subsurface site. This coefficient reduces the MET rate for smaller subsurface sites. If initial extractable oil reserves ( $V_r$  – initial extractable oil reserves of all categories at a specific subsurface site as at 1 January of the year preceding the tax year) are less than 5 mt, and depletion is less than or equal to 0.05 as at 1 January 2012 (or as at 1 January of the year when the relevant licence was issued, if the licence was issued after 1 January 2012),  $C_r$  shall be calculated using the following formula:  $C_r = 0.125 \times V_r + 0.375$ .

$C_e$  is a coefficient that reflects the level of complexity of oil extraction. It ranges from 0.2 to 1, depending on the level of complexity of oil extraction from a specific deposit:

- 0.2, when oil is extracted from a specific deposit with confirmed permeability of no more than  $2 \times 10^{-3} \mu\text{m}^2$  and the net pay thickness of no more than 10 m;
- 0.4, when oil is extracted from a specific deposit with confirmed permeability of no more than  $2 \times 10^{-3} \mu\text{m}^2$  and the net pay thickness of more than 10 m;
- 0.8, when oil is extracted from a specific deposit classified in the State Mineral Reserves register as forming part of the Tyumen Formation pay zone;
- 1, when oil is extracted from other hydrocarbon deposits.

$C_{dp}$  is a coefficient that reflects the degree of depletion of a specific hydrocarbon deposit.  $C_{dp}$  applies to subsurface sites that contain deposits where  $C_e < 1$ . This coefficient reduces the MET rate for oil from highly depleted deposits. The degree of depletion of a deposit with  $C_e < 1$  is calculated as  $N_{dp}/V_{dp}$ , where  $N_{dp}$  is cumulative oil production from a specific deposit, and  $V_{dp}$  is initial extractable oil reserves of all the categories at a specific deposit as at 1 January of the year preceding the tax year. If the degree of depletion of a specific deposit is greater than or equal to 0.8 and lower than or equal to 1, the  $C_{dp}$  coefficient shall be calculated using the following formula:  $C_{dp} = 3.8 - 3.5 \times N_{dp}/V_{dp}$ . If the degree of depletion of a specific deposit exceeds 1,  $C_{dp}$  shall be assumed to be equal to 0.3. In other cases,  $C_{dp}$  shall be assumed to be equal to 1. For other deposits at the site in question (with  $C_e$  equal to 1), the  $C_{dp}$  coefficient shall be assumed to be equal to the  $C_d$  value calculated for the entire site.

$C_{can}$  is a coefficient that characterises the region of production and the properties of oil. This coefficient reduces the MET rate for oil for subsurface sites located entirely or partially in regions with challenging climatic and geological conditions (including the Yamal Peninsula in the Yamalo-Nenets Autonomous Okrug, the Irkutsk Oblast, and the Republic of Sakha (Yakutia)).  $C_{can}$  shall be assumed to be equal to 0 until the first day of the month following the month when at least one of the following conditions is met: (1) the limit on cumulative oil production from the subsurface site is reached, or (2) the stipulated period expires. After the tax incentive period expires,  $C_{can}$  shall be assumed to be equal to 1.

$C_e$  is set at ₰357 for 2018 and ₰428 as from 2019.

$$C_{MAN} = ED \times R \times C_{corr} - FM.$$

ED is a coefficient calculated as follows:

Urals price quote (P), \$/tonne	ED, \$/tonne
≤ 109.50	0%
109.50 < P ≤ 146.00	35% × (P – 109.50)
146.00 < P ≤ 182.50	12.78 + 45% × (P – 146.00)
> 182.50	29.20 + 30% × (P – 182.50)

R is the average US dollar/Russian rouble exchange rate.

C<sub>corr</sub> – equals to 0.167 in 2019, 0.333 in 2020, 0.5 in 2021, 0.667 in 2022, 0.833 in 2023, and 1 as from 2024.

Fm is a coefficient that reflects the introduction of a protective export duty rate for crude oil (for details, see paragraph b) of the Export Duty on Crude Oil section) by the Government of the Russian Federation

Sov – equals to 0.1 for oil with viscosity of at least 10,000 mPa•s (in situ). In other cases, Sov equals to 1.

$$C_{MGDF} = A_{MG} \times I_{MG} + A_{DF} \times I_{DF}$$

A<sub>MG</sub>/A<sub>DF</sub> is a coefficient that reflects an allowance for motor gasoline (125 for the period from January through September 2019, 200 for the period from October through December 2019, and 105 as from 2020) or diesel fuel (110 for the period from January through September 2019, 185 for the period from October through December 2019, and 92 as from 2020).

I<sub>MG</sub> and I<sub>DF</sub> – is a binary coefficient for motor gasoline (diesel fuel) equal to 0 if D<sub>MG</sub> (D<sub>DF</sub>) does not exceed 0. If D<sub>MG</sub> (D<sub>DF</sub>) exceeds 0, I<sub>MG</sub> (I<sub>DF</sub>) is set at 1.

- b) In accordance with Clause 2.1 of Article 342 and Clause 6 of Article 338 of the Tax Code of the Russian Federation, the following ad valorem MET rates have been set for oil produced at new offshore fields (as a percentage of its value):
- 30% for a five-year period from the start of commercial hydrocarbon production, for fields located entirely in the Sea of Azov or with at least 50% of their area in the Baltic Sea;
  - 15% for a seven-year period from the start of commercial hydrocarbon production, for fields with at least 50% of their area in the Black Sea (up to 100 metres deep), the Sea of Japan, the Pechora Sea or the White Sea, the Sea of Okhotsk (south of 55° N), or the Russian sector of the Caspian seabed;
  - 10% for a 10-year period from the start of commercial hydrocarbon production, for fields with at least 50% of their area in the Sea of Okhotsk (north of 55° N), the Black Sea (over 100 metres deep), or the Barents Sea (south of 72° N);
  - 5% for a 15-year period from the start of commercial hydrocarbon production, for fields with at least 50% of their area in the Kara Sea, the Barents Sea (north of 72° N), or the Eastern Arctic (the Laptev Sea, the East Siberian Sea, the Chukchi Sea, and the Bering Sea).

In addition, the tax legislation stipulates a reduced tax rate for oil extracted from deposits classified as forming part of the Bazhenov Formation pay zone, provided that the requirements of the Russian Tax Code are met. In accordance with Clause 3.2 of Article 343.2 of the Tax Code of the Russian Federation, as from 1 January 2019, a tax deduction may be applied for subsurface sites listed in Subclause 4 of Clause 5 of Article 3.1 of Federal Law No. 5003-1 of 21 May 1993 'On the Customs Tariff', which is calculated as C<sub>man</sub> × Veo, where Veo is the amount of crude oil extracted at a subsurface site and exported from Russia under preferential crude oil export duty rates.

c) In accordance with Article 342.6 of the Tax Code of the Russian Federation, the following formula shall be used to calculate the MET rate for crude oil produced at subsurface sites subject to excess-profits tax (EPT):

$$\text{MET on crude oil} = (50\% \times (P - 15) \times 7.3 \times C_y - ED) \times R$$

P is the average monthly Urals price on the Rotterdam and Mediterranean markets, \$/bbl.

**R** is the average monthly US dollar/Russian rouble exchange rate.

**ED** is the export duty rate for crude oil, \$/tonne.

**Cy**—is a coefficient that reflects the time period from the date when commercial oil production commenced at the subsurface site. This coefficient reduces the MET rate for oil from new subsurface sites located entirely or partially in Western (including the Khanty-Mansi Autonomous Okrug-Yugra and the Yamalo-Nenets Autonomous Okrug) and Eastern Siberia (including the Irkutsk Oblast and the Republic of Sakha (Yakutia)). The Cy coefficient is applied until the end of the stipulated time period starting from the year following the year when the degree of depletion for a subsurface site exceeded 1%. The Cy coefficient for active sites is set at 1.

#### Effective MET rate for crude oil across the group

Indicator	12 months		Δ, %
	2019	2018	
Standard MET rate for crude oil	13,039	12,455	4.7
Effective MET rate for oil (after Cd, Cr, Ce, Cdp and Ccan are applied)	9,873	10,301	(4.2)
Difference between the standard and effective MET rates for crude oil, P /tonne	3,166	2,154	
Difference between the standard and effective MET rates for crude oil, %	24.3	17.3	

For the 12 months of 2019, the effective MET rate for crude oil was P9,873 per tonne, which is P3,166 per tonne lower than the average standard rate set in accordance with the tax legislation. This deviation was due to reductions in the MET rate for crude oil in accordance with the tax legislation, including the application of the Cd, Cr, Ce, Cdp and Cy coefficients.

#### MET on natural gas and gas condensate

In accordance with Article 342 of the Tax Code of the Russian Federation, MET on natural gas and gas condensate is the following:

Indicator	2018	As from 2019
Natural gas, P /'000 m <sup>3</sup>	$35 \times Ufe \times Ccom + Tg$	$35 \times Ufe \times Ccom + Tg$
Gas condensate, P /tonne	$42 \times Ufe \times Ccom \times Cadj$	$42 \times Ufe \times Ccom \times Cadj + 0.75 \times Cman$

**Ufe** – is the base value of a unit of fuel equivalent calculated by the taxpayer based on natural gas and gas condensate prices, as well as the ratio of their respective production volumes.

**Ccom** is a coefficient that reflects the complexity of mineral extraction from a deposit. This coefficient reduces the MET rate and is assumed to be equal to the lowest of the following five reduction coefficients: Creg (reduction based on location), Cdep (reduction for depleted sites), Cd (reduction for deposits located at a depth of more than 1.7 km), Cs (reduction for subsurface sites that are part of a regional gas supply system) and Ctur (reduction for deposits classified as forming part of the Turonian pay zones).

**Tg** is an indicator reflecting the cost of natural gas transportation (assumed to be equal to 0 in 2017–2019, according to the Federal Anti-Monopoly Service of the Russian Federation).

**Cadj** is an adjustment coefficient equal to  $6.5/Cg$ , where Cg is a coefficient reflecting the export margin per unit of fuel equivalent.

For the 12 months of 2019, the effective MET rate for natural gas was P620 / 1,000 m<sup>3</sup>, which is P38 lower than the average standard rate set in accordance with the tax legislation. This deviation was due to reductions in the MET rate for natural gas in accordance with the tax legislation, including the application of the Cc coefficient.

## Excess-profits tax (EPT)

Federal Law No. 199-FZ of 19 July 2018 introduced a tax on excess profits from hydrocarbon production, effective as from 1 January 2019. The EPT shall be levied on income from hydrocarbon production at a rate of 50% minus an estimated export duty and transportation costs, as well as actual capital and operating expenses associated with developing a subsurface site.

The new tax regime involves reducing the total amount of fiscal payments that depend on gross values (MET and export duty for crude oil) by changing the MET calculation formula and implementing a system of tax concessions on MET and the export duty for certain categories of pilot projects.

An exhaustive list of pilot sites in Western and Eastern Siberia potentially subject to EPT was drawn up for the trial period of the new fiscal regime. The Gazprom Neft portfolio includes pilot sites of all categories.

## Tax benefits

The applicable tax legislation stipulates the following types of tax benefits, which are applied by the group subsidiaries (including reduced tax rates, and reduction coefficients applied to the MET rate for crude oil and natural gas):

Tax benefits applied in 2019	Eligible entities in the Group
<b>MET ON NATURAL GAS</b>	
$C_{com}$ coefficient applied to the MET rate	Gazpromneft-Noyabrskneftegaz JSC Gazpromneft-Yamal LLC Gazprom Neft Orenburg LLC
<b>MET ON CRUDE OIL</b>	
$C_r$ coefficient applied to the MET rate	Gazpromneft-Noyabrskneftegaz JSC Gazprom Neft Orenburg LLC
$C_d$ coefficient applied to the MET rate	Gazpromneft-Noyabrskneftegaz JSC Gazpromneft-Vostok LLC Yuzhuralneftegaz JSC Gazpromneft-Khantos LLC
$C_e$ coefficient applied to the MET rate	Gazpromneft-Noyabrskneftegaz JSC Gazpromneft-Vostok LLC Gazpromneft-Khantos LLC Gazprom Neft Orenburg LLC
$C_{op}$ coefficient applied to the MET rate	Gazpromneft-Noyabrskneftegaz JSC
$C_y$ coefficient applied to the MET rate	Gazprom Neft PJSC Gazpromneft-Angara LLC Gazpromneft-Yamal LLC Gazpromneft-Khantos LLC Meretoyakhaneftegaz LLC
Reduced rate for oil produced from the Bazhenov Formation pay zone	Bazhenov Technology Centre LLC
Reduced MET rate for production at a new offshore field in the Pechora Sea	Gazprom Neft Shelf LLC
<b>PROFIT TAX</b>	
Reduced rate of 16% (a 4% tax rate reduction in accordance with the local legislation of the Khanty-Mansi Autonomous Okrug-Yugra)	Gazpromneft-Noyabrskneftegaz JSC
Reduced rate of 17% (a 3% tax rate reduction in accordance with the local legislation of the Khanty-Mansi Autonomous Okrug-Yugra)	Gazpromneft-Khantos LLC
Reduced rate of 16.5% (a 3.5% tax rate reduction in accordance with the local legislation of the Yamalo-Nenets Autonomous Okrug)	Gazpromneft-Noyabrskneftegaz JSC Gazpromneft-Yamal LLC



Tax benefits applied in 2019	Eligible entities in the Group
<b>PROPERTY TAX</b>	
Exemption from property tax for fields where development commenced after 1 January 2011 (in accordance with the local legislation of the Khanty-Mansi Autonomous Okrug-Yugra)	Gazpromneft-Khantos LLC Gazpromneft-Noyabrskneftegaz JSC
Exemption from property tax for a national project to create domestically-developed technology and high-technology equipment for developing the Bazhenov Formation (in accordance with the local legislation of the Khanty-Mansi Autonomous Okrug-Yugra)	Bazhenov Technology Centre LLC
Reduced rate of 1.1% for property that was built/purchased during the implementation of investment projects in the Yamalo-Nenets Autonomous Okrug (in accordance with the local legislation of the Yamalo-Nenets Autonomous Okrug)	Gazpromneft-Noyabrskneftegaz JSC
Exemption from property tax for property that was built/purchased during the implementation of investment projects in the Orenburg Oblast (in accordance with the local legislation of the Orenburg Oblast)	Gazprom Neft Orenburg LLC
Exemption from property tax for property that was built/purchased and put into operation during the implementation of investment projects, totalling 50% of the tax payable to the Tomsk Oblast budget (in accordance with the local legislation of the Tomsk Oblast)	Gazpromneft-Vostok LLC
Exemption from property tax for property that was built/purchased and put into operation during the development of technology for prospecting and exploration of pre-Jurassic deposits in the Tomsk Oblast (in accordance with the local legislation of the Tomsk Oblast)	Gazpromneft-Vostok LLC