

Shell to be hit by nearly £2bn in UK and EU windfall taxes

Windfall tax payments are to hit Shell by around \$2bn (£1.7bn), the oil and gas company has estimated.

The cost of the UK's energy profits levy and the EU's recently announced solidarity contribution will reach \$2bn (£1.7bn) in tax liabilities in the final three months of its financial year, the firm said in a fourth quarter 2022 update.

As a result the company is expected to pay taxes in the UK for the first time since 2017.

It did not specify how much of the tax liability was due to the UK and EU policies, separately.

It told investors on Friday it will face a hit to earnings for the final quarter of 2022 due to the increased UK energy profits levy and additional EU taxes.

The UK windfall tax, [announced under Rishi Sunak](#) as chancellor, means [oil and gas firms will pay a 25% levy on profits](#), which will be phased out when energy prices return to normal – but [companies will get tax breaks](#) worth 91p for every £1 invested.

Windfall taxes are [one-off taxes imposed by government](#), targeting firms that have benefited from sky-high global energy costs.

Energy costs soared particularly after Russia's invasion of Ukraine as countries rushed to wean themselves off Russian gas.

Most recent figures for Shell show the company reported

operating [profits of \\$9.5bn](#) (£8.19bn) in the third quarter of this year. The October numbers were lower than that of the three previous months, but still more than double the figures for the same period in 2021.

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Bosses at the London-listed oil giant said at the time that they had not paid any UK windfall taxes due to heavy investment in the North Sea.

The chief executive of Shell had previously [called on the government](#) to tax oil and gas companies in order to protect the poorest people in society from soaring energy costs.

Speaking at the Energy Intelligence Forum in London last year, Ben van Beurden said: “One way or another there needs to be government intervention that somehow results in protecting the poorest.

“That probably may then mean that governments need to tax people in this room to pay for it.”

His comment was in reference to companies rather than individuals, a Shell spokesperson later said.

The UK’s windfall tax payment is being paid in the final quarter of 2022 as the tax impact is deferred, Shell added.

There will be no impact on adjusted earning for the three months, it said, and will have limited cash impact in the quarter given the expected timing of payments.

The company also warned that prolonged outages at two liquefied natural gas plants in Australia had hit production.

As part of the November autumn statement, [Chancellor Jeremy Hunt](#) said the government was to introduce a [new temporary 45% levy](#) on electricity generators as part of an aim to raise £14bn in 2023.