

Tax efficiency



“RESTORING REVENUES, reducing complexity and changing behaviours.” It was against the backdrop of the forward agenda that the Other Business and Corporate (OB&C) review at the start of 2009 committed to major cost reductions over a three-year period. When the tax leadership team met in April to look at how to deliver these savings, its objective was clear: create a structure for the global BP Tax function- that will best serve the evolving needs of the business while delivering the company’s core value of continuous improvement.

Yet worldwide pressure on tax authorities to raise income has never been so great—so Tax has developed a more targeted approach for those parts of the business where support is most needed. As a result of these discussions, the Shaping Tax for the Future (STF) programme was rolled out in May. John Bartlett, group head of tax, takes up the story: “For my global tax team, the forward agenda was captured in STF, and for us, it is about living within the Group’s means, seeking economies of scale and making more effective use of our skills by prioritizing our work. We had to do that while continuing to build rewarding careers for everyone in the function.”

How does STF change the way that Tax supports the organization? One of the key differences has been the need to develop demand management models to ensure the needs of the Group are met. “Some areas of the business will lend themselves to a lighter touch approach,” says Tony Fargher, tax team leader for UK compliance, policy and reporting, “while others need more comprehensive support. We will assess that support in terms of value, risk and reputation, being agile in focussing our resources on the Group’s priorities.”



The shape of things to come

With the rollout of a new initiative, BP’s Tax function is offering the Group’s businesses vital support for cutting costs and improving efficiency. *Andy Jarosz reports*



A clear illustration of the scope of support that the Tax team provides is shown by the fact that BP files around 50,000 tax returns every year. While such compliance is mandatory as part of the Group’s licence to operate in over 100 jurisdictions, it was recognized that the process of preparing returns involved tasks that could be managed more efficiently without compromising quality.

A priority was the move to develop the tax compliance centre in Kuala Lumpur. Hak Bin Pek, the regional head of tax for Asia and Pacific, is responsible for the development of the centre. “As preparatory work is moved to Malaysia, we are able to put more of our energy

into the operations that really matter.” Given the existing presence of a BP finance service centre in KL, the choice of location made perfect sense. Pek adds: “We also have the potential to gain synergies from Finance, which already employs a team of 200 in KL.”

A key part of the STF initiatives has been the creation of regional hubs, where economies of scale can be achieved by having a colocated team that is able to provide better support for BP globally. Jim Dietz, vice president and general tax officer for BP America, sees STF as pivotal in creating a world-class tax organization. Benefits to these changes will be noticed internally, too. “As the team in KL moves to full in-house capability in the next three to four years, the centre will not only be a great place to work, but will offer an enhanced career progression for our global employees,” says Dietz.

John Bartlett is positive about the way the organization is implementing the new initiatives. He concludes “We are now six months into STF and it is clear that we are making great progress in all of these areas. STF is all about the function becoming a world-class team—a team that can support the BP businesses by demonstrating efficiency, sustainable delivery and professional capability.” ■