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Windfall Profit Taxes in the EU: Design and Revenues for Effective Implementation

Ninon Moreau-Kastler, Giulia Varaschin, Alice Chiocchetti, Camillo Miranda, Gaël Perrot

International Tax Observatory

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Executive summary

Commodity-price shocks generate exceptional profits for oil and gas companies while raising costs for households and businesses. Taxing these gains can finance targeted relief and the energy transition with limited effects on investment incentives. However, the experience of the 2022 EU solidarity contribution exposed weaknesses in temporary measures, including narrow tax bases, profit shifting and legal disputes.

In this policy note, we explore how to design windfall profit taxes that are resilient to these weaknesses.

We first propose a permanent mechanism that identifies windfall moments through an objective, publicly observable indicator — removing the need to legislate after each shock. The framework stays dormant and activates automatically when the relevant commodity price exceeds an established market price indicator. Applied to past data, our threshold identifies major episodes such as the war in Ukraine and the closure of the Strait of Hormuz, which coincide with periods of abnormally high sector profitability.

We then compare three tax bases that could apply once the mechanism is triggered. Using consolidated group-level profits emerges as the strongest option. Profits shifted to low-tax jurisdictions remain in the base, and each country can then tax a share reflecting its domestic economic activity, with the option of headquarter countries acting as *collector of last resort*. A country can implement the design unilaterally, provided it addresses treaty and territorial-nexus risks, particularly with extraction countries. A levy on domestic sales is simpler to administer and suits a temporary response, but it does not measure profits directly and may be passed on to consumers — requiring it to be complemented by price measures. A tax on market-value gains is highly resistant to profit shifting, but it covers only listed companies and has limited precedents, increasing legal and administrative uncertainty.

For 56 large oil and gas groups active in the EU, our central scenarios indicate revenues of approximately €18.0 billion from a 50% tax on apportioned consolidated windfall profits, €10.2 billion from a 2% sales levy and €23.4 billion from a 50% tax on market-value gains. Revenues vary substantially with the base and the rate applied: a 90% rate could raise up to €31.1 billion from consolidated post-tax windfall profits.

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Introduction

Windfall profits are profits generated by exceptional external circumstances rather than additional investment or productivity. In the extractive sector, geopolitical disruptions can sharply increase commodity prices without raising extraction costs, generating windfall profits for producers, while raising energy, transport and production costs for households and businesses. This has major economic consequences, for instance on inflation, consumption, and investment.

The conflict involving Iran and the disruption of shipping through the Straits of Hormuz and Bab el-Mandeb have created a large shock on energy prices since February 2026. Since the start of the conflict, Brent prices have averaged about $100 a barrel, 45% more than their 2025 average ($69). Diesel prices have risen even more: the average pump price in the EU reached a record €2.24 a litre at the end of September, 41% above its level before the conflict. Oil company profits have risen faster still: in the second quarter of 2026, eight of the world's largest oil companies made $87.7 billion of net profit, more than twice as much as a year earlier (+108%).

The consequences of this long-lasting crisis have revived the debate on windfall taxation of oil and gas companies, which began in 2022 after the invasion of Ukraine. The European Union's 2022 solidarity contribution, alongside measures adopted by individual countries, demonstrated that such taxes are politically feasible and can be implemented relatively quickly. However, some generated substantially less revenue than anticipated, while several became the subject of legal and administrative disputes.

This past experience showed that central weaknesses in the policy response have been the choice of a narrow fiscal base (Bach, 2024), the risk of profit shifting (Chiocchetti and Moreau-Kastler, 2026) and the lack of a permanent, activatable mechanism (Baunsgaard and Vernon, 2022). This note examines how a windfall tax can be designed to address these problems, including when a country acts unilaterally.

It first considers how a permanent framework could be structured to activate automatically when commodity prices rise exceptionally. It then evaluates three policy designs, with different tax bases. The first taxes the company's consolidated profits above a defined profitability threshold, and distributes taxing rights across countries according to economic activity. The second taxes companies' sales in each country. The third taxes increases in a company's stock value, distributing taxing rights as in the first design.

For each approach, the note examines the design choices, possible administrative and legal challenges, allocation of taxing rights, treatment of taxes already paid and potential effects on consumer prices. It also estimates the revenues that EU Member States could raise, based on the most recent data for 56 large multinationals with a presence in the EU. The objective is to compare the available options and identify practical choices for both an immediate response and a permanent mechanism, recognising that country-specific legal analysis would be required before implementation.

1 Why tax windfall profits?

Geopolitical tensions, oil or gas supply disruptions or sudden increases in global demand can generate exceptionally high profits for extractive companies over relatively short periods. Because these profits depend on external events rather than additional investment or productivity, they constitute economic rents. Taxing these rents provides a way to raise revenue with relatively limited economic distortions: a well-designed tax would capture extraordinary rents while preserving incentives to invest and produce (Boadway et al., 2010).[1]

Windfall taxation also has a strong fairness and redistributive rationale. The same price shock that generates exceptional returns for producers raises essential energy costs for households and businesses and may require governments to finance extensive support measures. Taxing part of the windfall limits private financial benefits from windfall profits, and allows funding targeted relief for those most affected.

A further rationale relates to climate policy. Persistently exceptional returns can encourage additional investment in oil and gas exploration and production, including projects whose long operating lives risk locking in fossil-fuel supply and delaying progress towards emissions-reduction objectives. At the same time, high fossil fuel prices create an incentive for consumers to substitute for other energy sources. Windfall-tax revenues can help finance public investment in clean energy, energy efficiency and other measures supporting the transition away from fossil fuels.

2 When to tax windfall profits: a permanent activation rule

The 2026 commodity price crisis, happening a few years after the 2022 one, once again highlighted the limitations of relying on temporary measures adopted after a crisis has begun. Doing so can delay taxation while extraordinary profits are already accumulating, requires governments to negotiate new legislation in response to each shock, creates uncertainty and risks of disputes between government and companies. The recurrence of commodity-price shocks suggests that a permanent framework is more effective and more predictable for government and businesses alike.

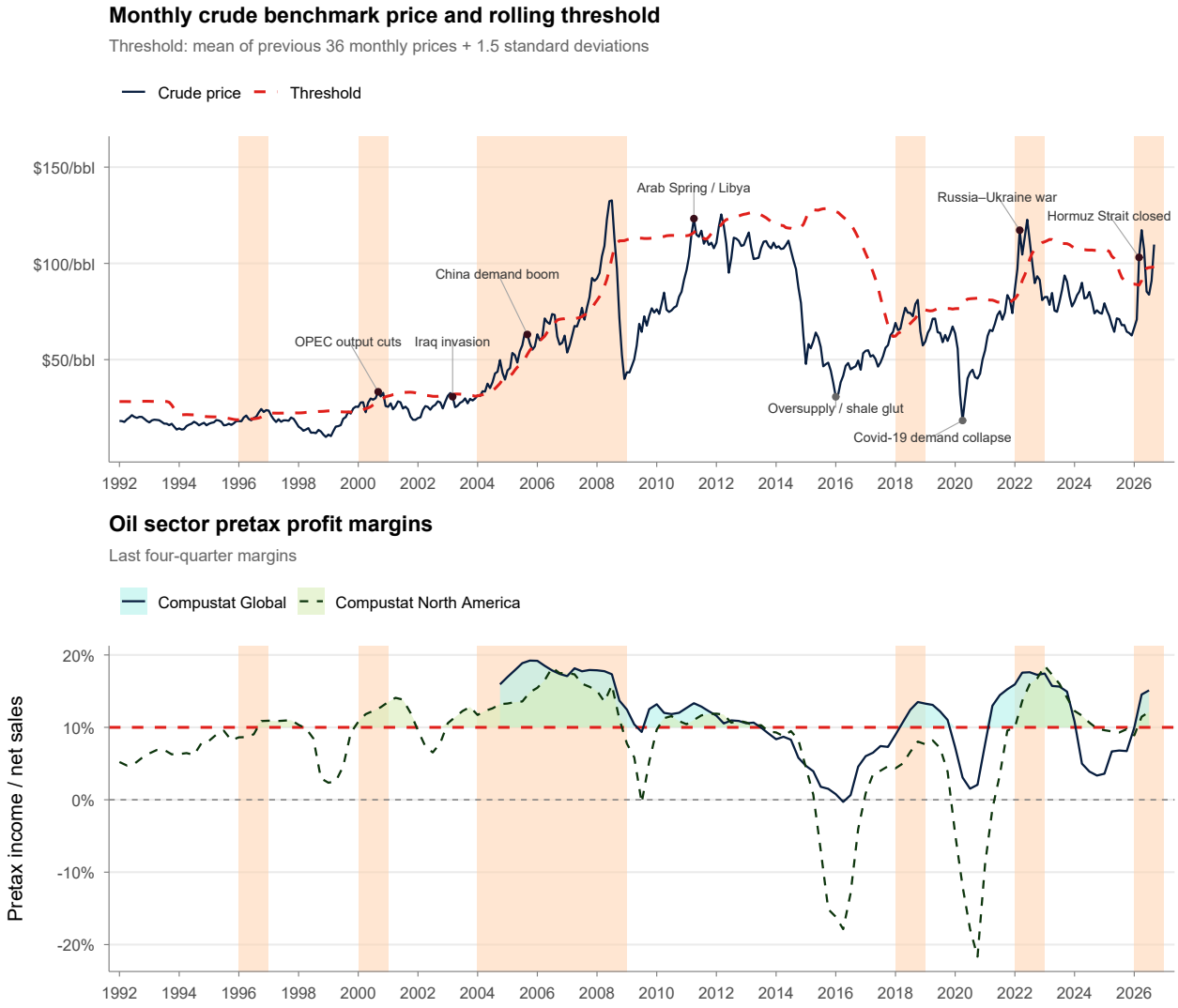
However, permanence does not imply that a windfall tax would be continuously levied. A permanent framework can remain in place while the tax is dormant under normal market conditions, becoming effective only when an objective indicator identifies an exceptional shock.

In this context, using an indicator based on the market price of the relevant commodity provides several advantages. Unlike firms' reported profits, market prices are publicly observable, reflect the current market conditions and cannot be altered through the cross-border relocation of accounting profits. They are also closely associated with extractive-sector profitability: a 1% change in the price of the main commodity extracted is associated with a 1.46% change in group

[1] This reasoning finds its sources in the writings of classical economists such as Adam Smith or David Ricardo.

profits on average (Chiocchetti and Moreau-Kastler, 2026), making oil price a useful indicator of when an external shock is likely to generate sector-wide windfalls.

Figure 1: Price activation rule and profit margin for oil extraction



Note: The upper panel displays the monthly evolution of crude Brent since 1992 in dark blue. The red dashed line presents the rolling threshold for the trigger described above. The years shaded in orange are years in which windfall profit taxation would have been triggered under the activation rule. The lower panel represents the total profits generated by the oil and gas sector, over total revenues, in the last four quarters (Compustat Global and North America); the horizontal dashed line marks the 10% profitability threshold.

To clearly distinguish price shocks from normal fluctuations, the mechanism should activate when the price of a commodity[2] exceeds for three months its three-year average adjusted for price volatility over the same period.[3] Compared with a fixed nominal price, this moving bench-

[2]This trigger can be specified at the commodity level (e.g., the Brent crude benchmark) for groups whose extraction, refining or trading activities account for a significant share of turnover. This method could be easily applied to other sectors, which experience volatile rents and for which a reference price is available. It could be extended to mining companies for example, provided that a commodity represents a large share of the firm's activity. Such measures could equally be extended to all fossil fuel-related products, which would provide firms with an additional incentive to transition.

[3]More precisely, we determine the threshold price as the average price on the period + 1.5 standard deviation.

mark adjusts to the longer-term dynamics of market conditions.

Figure 1 provides a historical illustration of how this activation rule would have behaved. The periods identified by the price threshold broadly coincide with major commodity-market shocks, including the war in Ukraine and the closure of the Strait of Hormuz, and with periods of elevated profitability in the oil and gas sector.[4] These price spikes correlate with abnormally high sectoral profitability, and this is when profit margins grow above the sector's usual profitability ceiling (10%)[5].

3 How to tax windfall profits: evaluating different tax bases

Once the presence of windfall profits is established, the effectiveness of any windfall tax depends fundamentally on how its tax base is defined. Most existing windfall taxes use profits reported within individual jurisdictions as a tax base, making them easier to implement and administer as they build on existing corporate tax systems.

However, current windfall taxes inherit two important weaknesses: first, multinational groups can shift profits between jurisdictions, reducing the amount subject to tax (Tørsløv et al., 2023). A working paper by Chiocchetti and Moreau-Kastler (2026) finds that extractive multinationals locate 76% of their profits in extraction countries, and 12% in low-tax jurisdiction. During commodity booms, this share increases: around 20 cents of every additional euro of windfall profit is recorded in tax havens. Multinational groups account for approximately half of world oil supply (IEA, 2020), and therefore for a large share of the windfall base, making windfall profit shifting a first-order concern. Because these groups are often vertically integrated — operating across extraction, refining, trading and distribution activities in multiple jurisdictions — they can affect where windfall profits are reported.

Second, taxing rights follow the location where profits are reported rather than where the economic costs of the price shock are felt. Energy-importing countries may face higher inflation and substantial public spending to support households and businesses, while windfall profits are reported in other countries.

Following the energy crisis of 2022, numerous countries introduced temporary levies in the energy sector (including oil, gas and electricity producers). The EU's solidarity contribution required each Member State to introduce a minimum rate of 33% to taxable profits exceeding the 2018–2021 average by more than 20%. France's 2022 measure, based on locally booked profits, raised €69 million against an initial estimate of around 2 billion euros (Bach, 2024). By contrast, Spain

When prices follow a normal distribution, such a formula will capture 7% of extreme values at the top. In the current crisis, this corresponds to a Brent price 20 per cent above its average on the previous period, i.e. around $90-100 per barrel. See Figure 1.

[4] The long period of increasing prices between 2004 and 2008 was driven by an expansion of global demand (Hamilton, 2009; Smith, 2009).

[5] It is worth noting that for large firms (Compustat Global), there are few losses at the sectoral level, even during episodes of downturn.

used net turnover, a base less exposed to tax deductions or profit shifting, and raised approximately €1.1 billion. This experience illustrates how the choice of tax base can affect revenue performance of a windfall tax.

Against this background, an effective windfall-tax base must both limit opportunities for profit shifting and provide a workable way to allocate taxing rights to countries. It must also be administratively feasible for a country acting unilaterally, recognise relevant taxes already paid and limit the risk that the tax is passed on to consumers. The following sections assess three possible bases—apportioned consolidated profits, domestic sales and increases in market valuation—against these criteria and estimate their potential revenues.

We estimate potential revenues of each design on a sample of 56 of the largest oil and gas groups active in the EU, based on estimated financials for the year 2026. Although the sample covers the firms expected to account for most of the potential tax base, it is not exhaustive and may therefore omit part of the windfall profits and revenues that the measures could capture. Appendix A2 describes the sample choice, data sources and assumptions used to extrapolate firms' results for the remainder of 2026 not observed yet.

3.1 A tax on globally consolidated windfall profits

Taxing a share of globally consolidated profits offers a solid base to tax windfall profits. It targets the extraordinary profit itself while neutralising the strategy of multinational groups to reduce the tax base by shifting profits between jurisdictions: countries can calculate the windfall profits of the multinational group as a whole and then tax the share attributable to their own domestic economic activity. A tax on rents is not, in principle, passed through to consumers.

Such a design would start from the group's consolidated pre-tax profits above a specific profitability threshold. We propose to use a 10% profit margin threshold, which aligns both with the sector's profitability ceiling in normal times (see Figure 1) and institutional standards (as proposed in the OECD Pillar 1).[6] It can be apportioned to a specific country based on different factors of production reflecting real activity. Different factors entail trade-offs in terms of simplicity, data availability and the distribution of taxing rights between market and extraction countries, as discussed in Delpeuch et al. (2026). Our revenue estimates follow the destination logic and use sales (Devereux et al., 2021).

Under a complementary allocation design, the country in which the multinational group is headquartered would act as the *collector of last resort*. This follows similar principles to those enacted by the OECD Pillar 2, meaning that the headquarters country can collect the tax if other countries have not implemented it themselves. Firms can then deduct amounts that were paid in other countries, as the latter implement a similar tax.

[6] We also explore a varying threshold depending on each firm's main activity (upstream, midstream, vertically integrated).

Windfall profits are defined as consolidated pre-tax profits above a profitability threshold of 10% of revenue. Using a pre-tax base treats the windfall levy as a separate tax on economic rents and therefore applies it before ordinary corporate taxation.[7] Using a post-tax base would consider that corporate income tax has already captured part of the windfall and applies the levy only to the remaining profit.[8] Our central scenario applies a 50% rate on pre-tax windfall, reflecting the objective of capturing a large share of extraordinary rents while remaining below full taxation.[9]

One challenge is to integrate such a tax with the existing network of tax treaties and rules providing relief for profits already taxed in other countries. However, advances in international tax cooperation make the use of group-level information increasingly workable. CFC rules and Pillar Two already allow countries to impose additional tax by reference to profits earned abroad, while expanded reporting and information exchange give tax administrations greater visibility over multinational groups' global activities. A windfall tax based on apportioned consolidated profits could build on these principles while clearly recognising relevant taxes already paid elsewhere.

Box 1: Taxing extractive rents at source within a global windfall tax

Extraction countries usually have priority in taxing location-specific rents, which make up part of windfall profits (Daniel et al., 2016; Devereux et al., 2021). Apportioning a global windfall tax by destination sales can undermine this priority: consumer markets receive most taxing rights, and extraction countries, where sales are small, receive little. Two options could restore the taxing rights of extraction countries. The first is a different apportionment formula (see Delpeuch et al. 2026), although no single formula is likely to suit upstream, midstream and vertically integrated firms alike. The second is to credit extractive windfall taxes already paid at source against the global tax. A credit is simple to implement and removes firms' incentive to avoid windfall taxes in extraction countries. We discuss its design below. We do not include either option in our revenue estimates, because their implementation is uncertain, or the necessary data are unavailable.

To qualify for the credit, an extractive windfall tax should meet two criteria: (i) it is levied on profits, and (ii) its average rate rises with profitability. Royalties based on revenue or volume fail (i), they are also already deductible from the tax base as costs. Ordinary corporate income taxes and flat sectoral surcharges fail (ii). Norway's petroleum tax and the UK's Energy Profits Levy both qualify, since their effective tax rates increase with profitability.[a] Implementing states should cap the credit at the tax that would be due on a comparable definition of source country windfall profits, restricted to extractive activity and taxed at a comparable rate. Verifying qualifying payments would be relatively

[7] As did the EU's 2022 solidarity contribution.

[8] A higher tax rate should be applied to achieve a similar effective tax rate.

[9] Such a rate would also bring the marginal tax rate on windfall profits close to that of extractive rent taxes, which can reach 80%. Alignment makes especially sense if countries allow for extractive tax credits, as in Box 1.

easy. Firms have an incentive to report them, and reporting frameworks for payments to governments in the extractive sector already exist.[b]

Under a coordinated system, extraction countries would tax first, and qualifying windfall taxes would be credited against the global tax. Market countries would then share the remainder according to destination sales. A country acting unilaterally could instead apply an apportioned credit, equal to the qualifying source tax multiplied by its share of the firm's destination sales (see Appendix A1 for more details).

[a] Rates are flat, but tax bases are returns above a normal threshold.
[b] EU Accounting and Transparency Directives (2013/34/EU and 2013/50/EU), transposed into UK law for UK-listed companies; Canada's Extractive Sector Transparency Measures Act (2014) for Canadian companies; and Section 1504 of the Dodd-Frank Act (2010) for US-listed companies.

Revenue estimates

Table 1 presents the revenue estimates of the windfall tax on global profits.[10]

Under this allocation, approximately €35.9 billion of pre-tax windfall profits would be allocated to EU Member States in 2026. Applying a 50% rate would generate approximately **€18.0 billion** in gross revenue[11], before credits for qualifying windfall and rent-based taxes already paid. **Germany** would raise approximately **€3.1 billion**, **France €2.2 billion**, and **Spain €1.9 billion**. Estimated revenues would amount to **€1.6 billion** for **Italy**, **€1.7 billion** for **Poland**, **€1.2 billion** for **Portugal**, and **€340 million** for **Austria**. In Table A2 we display revenues for the full list of EU countries.

A 33% rate corresponds to the minimum rate used for the EU's 2022 solidarity contribution and provides a useful benchmark. Table 1 shows the revenue at other rates, with and without deduction of the corporate income tax (CIT) already paid by the groups, from €11.9 billion at 33% to €22.0 billion at 90% on post-tax windfalls. In case of unilateral implementation by the EU, the the headquarters country of each EU group could act as *collector of last resort* and tax windfalls apportioned outside the EU (HQ allocation). With this design, revenue would reach €25.6 billion at 50%. Country revenues could be higher if a Member State was the only one to apply the tax as *collector of last resort*: the headquarter country would then tax 100% of the group's windfall (see estimates in table A2).[12]

Table A4 presents revenues with alternative designs: a windfall definition based on 120% of

[10] Because publicly available country-by-country reports do not identify sales by customer destination, the calculations use the location of the entity recording the sale. The country estimates should therefore be understood as an approximation based on the geographical sales data currently available, rather than the outcome of a fully destination-based formula.
[11] This number is lower than the 2022-23 total revenues collected by the EU solidarity mechanism (€26.15 billion): the mechanism covered two years in some countries, the energy, banking and electricity sectors, and a larger set of companies. See European Commission's final report to the Council on Regulation (EU) 2022/1854.
[12] Scenarios in between those two cases will differ by the reallocation of taxing rights from HQ country to destination countries.

past financial years, or a profitability threshold varying by firm's sector (upstream, midstream, vertically integrated). Figure A1 shows for firms experiencing windfalls the share of windfall profits in total profits, and the increase in effective tax rate implied by our design.

Table 1: Design 1 - Revenue of a windfall profit tax by member state, 2026 (€ billion)

Tax base	Only sales allocation				With HQ allocation			
	Pre-tax windfalls		Post-tax windfalls		Pre-tax windfalls		Post-tax windfalls	
	33%	50%	50%	90%	33%	50%	50%	90%
France	1.5	2.2	1.4	2.6	4.6	7.0	4.5	8.1
Italy	1.0	1.6	1.1	2.0	2.2	3.3	2.4	4.3
Germany	2.0	3.1	2.0	3.6	2.0	3.1	2.0	3.6
Spain	1.2	1.9	1.2	2.2	1.5	2.2	1.4	2.6
Poland	1.1	1.7	1.3	2.4	1.2	1.8	1.4	2.5
Portugal	0.8	1.2	0.8	1.5	1.0	1.5	1.0	1.8
Netherlands	0.9	1.4	1.0	1.7	0.9	1.4	1.0	1.7
Belgium	0.7	1.1	0.7	1.3	0.7	1.1	0.7	1.3
Romania	0.5	0.8	0.6	1.1	0.5	0.8	0.6	1.1
Austria	0.2	0.3	0.2	0.4	0.4	0.6	0.4	0.6
Other member states (17)	1.7	2.6	1.8	3.2	1.9	2.8	1.9	3.5
EU-27	11.9	18.0	12.2	22.0	16.9	25.6	17.3	31.1

Note: revenue of the Member States on the 2026 results of the 56 groups in our sample; third- and fourth-quarter results are estimated (Appendix A2.2). Rows may not add up to the EU-27 total because of rounding. Windfall: consolidated pre-tax profit above 10% of revenue. Post-tax windfalls: the tax base is windfall profits multiplied by $(1-e)$, where e is the group's 2026 effective corporate income tax rate. Only sales allocation: each Member State taxes the windfall in proportion to the share of the group's sales made by its entities in that country. With HQ allocation: in addition to the sales allocation, the Member State where an EU group is headquartered taxes the share of its windfall that is not allocated to any Member State (its sales outside the EU); groups headquartered outside the EU are taxed only by the Member States where they sell. Member States shown in Figure 2.

3.2 A levy on domestic sales

A second approach is to impose a levy on the domestic sales of multinational extractive companies rather than on their locally reported profits. Domestic sales are easily observable and tied to demand in the country where customers buy oil. Therefore, turnover provides a clear domestic tax base while being considerably less sensitive to profit-shifting strategies than nationally recorded profits. To target the measure at companies benefiting from the price shock, the levy could apply only to groups whose consolidated profitability exceeds the profitability threshold of 10%.

A sales-based levy is the simplest of the three options to implement. Domestic turnover is already recorded through company accounts, VAT returns and, in some cases, excise declarations.

The measure therefore requires neither the calculation of consolidated windfall profits for each country nor an apportionment formula. It can be legislated and collected relatively quickly, and its revenue is easier to predict. It also has a recent European precedent: Spain's 2022 legislation imposed a temporary levy of 1.2% on the net turnover of large energy operators whose turnover exceeded €1 billion in 2019.

This simplicity comes with economic trade-offs. Most importantly, companies may pass the levy on to households and businesses through higher prices, reducing its incidence on windfall profits and undermining its purpose as a means of financing relief from high energy costs (Marion and Muehlegger, 2011). This risk is particularly significant in concentrated energy markets, where competition is limited and demand responds only weakly to price increases. During supply shortages, firms may also redirect sales towards markets where the levy does not apply. Additionally, turnover is an imperfect proxy for economic rents because it taxes gross sales without directly accounting for companies' costs or profit margins (Baunsgaard and Vernon, 2022).

A sales levy should therefore be accompanied by measures to limit pass-through. These could include an explicit prohibition on transferring the levy to customers, monitoring of wholesale and retail prices and downstream margins, reporting requirements and sufficiently strong sanctions. Spain, for example, prohibited the direct or indirect pass-through of its levy and provided for a fine equal to 150% of the amount transferred, with enforcement entrusted to the national competition authority. The effectiveness of such a prohibition, however, is unclear and credible only if regulators have sufficient information and resources to monitor prices and margins across refining, distribution and retail activities.

Applying the levy to sales that have already taken place can further limit behavioural responses: companies cannot retrospectively increase prices or redirect past transactions to another market. This makes a sales-based levy particularly suitable as a temporary response to an ongoing crisis. It offers less protection against pass-through as part of a permanent framework because companies would anticipate the levy and could adjust their prices and sales strategies in advance.

A retrospective application could raise concerns relating to legal certainty and non-retroactivity, which would need to be assessed under the relevant national framework. Finally, a turnover levy may face fewer tax-treaty obstacles because it is based on domestic sales rather than corporate income.

Revenue estimates

We present three scenarios. The 1.2% rate reproduces the Spanish precedent and provides a benchmark based on an instrument already implemented in Europe. Our central scenario applies a 2% rate, increasing the share of the windfall captured while remaining moderate relative to companies' sales. A 3% rate provides a higher-revenue scenario, although the risks of taxing low-margin activities and passing the levy on to consumers would increase with the rate. The

56 firms in the sample record approximately €922 billion in sales across the EU. The levy would generate approximately **€10.2 billion** in total revenue (€6.1 billion at 1.2% and €15.3 billion at 3%, Table 2). **Germany** would raise approximately **€1.9 billion**, **Italy €751 million**, **Spain €1.4 billion** and **France €1.1 billion**. Estimated revenues would amount to **€1.1 billion** for **Poland**, **€453 million** for **Portugal**, and **€186 million** for **Austria**.

Table 2: Design 2 - Revenue of a levy on domestic sales by member state, 2026 (€ billion)

	All groups in the sample			Only groups with a windfall		
	1.2%	2%	3%	1.2%	2%	3%
France	1.2	2.0	3.1	0.6	1.1	1.6
Italy	1.5	2.5	3.8	0.5	0.8	1.1
Germany	2.0	3.4	5.0	1.2	1.9	2.9
Spain	1.4	2.3	3.4	0.8	1.4	2.1
Poland	0.9	1.5	2.2	0.7	1.1	1.7
Portugal	0.3	0.5	0.8	0.3	0.5	0.7
Netherlands	0.7	1.1	1.7	0.5	0.9	1.3
Belgium	0.4	0.7	1.0	0.3	0.5	0.8
Romania	0.3	0.4	0.7	0.1	0.2	0.4
Austria	0.2	0.3	0.4	0.1	0.2	0.3
Other member states (17)	2.2	3.7	5.5	0.9	1.6	2.4
EU-27	11.1	18.4	27.7	6.1	10.2	15.3

Note: revenue of the Member States on the 2026 results of the 56 groups in our sample. Third and fourth quarter results are estimated (Section A2.2). Rows may not add up to the EU-27 total because of rounding. The levy applies to the domestic sales made in each Member State by all the groups in the sample (first three columns) or only by the groups with a windfall, i.e. a 2026 pre-tax profit above 10% of revenue (last three columns), and is collected by the Member State where the sales are made.

3.3 A tax on market capitalisation

A third option is to identify windfall gains through increases in a company's market valuation rather than its reported accounting profits, as proposed by François et al. (2022) (see also Saez and Zucman, 2022). A large literature finds that oil and gas equity returns are correlated with oil price changes (Ramos and Veiga, 2011; Scholtens and Wang, 2008). Higher commodity prices increase the profits that investors expect extractive companies to earn, raising their share prices and market capitalisation. This base reflects the market's assessment of rents generated across extraction, refining and trading, regardless of the jurisdictions in which the corresponding accounting profits are reported. It is therefore highly resilient to conventional profit shifting. A tax on valuation gains is not, in principle, passed through to consumers.

Taxing rights could be allocated among countries using the distribution of the group's global third-party sales, as under the consolidated-profit design. For example, if a UK oil company's

market value increased by €100 billion and half of its sales were made in the EU, a 50% rate would allocate €25 billion of tax revenue to EU Member States, distributed according to their respective shares of the group's sales.

The valuation tax also combines well with other profit-based windfall taxes, including in extractive countries. A profit-based levy capitalises into the share price and, all else equal, reduces the valuation gain one-for-one, so the two instruments do not tax the same euro twice. Liquidity is not a concern: listed firms can raise cash by issuing shares at a high valuation, which limits dilution.

This tax design, however, raises some challenges. First, it reaches listed firms only[13]. This still covers the bulk of the sector, since we observe market value for 26 of the 56 firms in our sample, but it restricts its application. Second, market valuations are forward-looking. An increase in market capitalisation reflects the present value of the additional profits that investors expect the company to earn over several years, rather than only profits already realised during the windfall period. This affects how a permanent mechanism would operate. If investors know that part of any valuation gain will be taxed, they will incorporate the expected liability into the share price, reducing the observed increase in market value. Therefore, the resulting tax base and revenue would likely be smaller than estimates based on historical valuation gains in the absence of such a mechanism.

Finally, this approach raises legal and practical questions. There is little precedent for taxing a company on an unrealised increase in its market value, particularly when that gain is apportioned among countries. Market valuation therefore provides a base that is highly resilient to profit shifting, but currently offers less legal and administrative certainty than consolidated profits or domestic sales.

Revenue estimates

To facilitate comparison with the consolidated-profit option, we apply the same three tax rates. The 33% rate provides a lower benchmark based on the EU's 2022 solidarity contribution, while 50% is our central scenario. We also present a 90% rate as an upper bound, illustrating the revenue from taxing almost the entire increase in market value. Our estimates apply to the increase in each listed group's market capitalisation between 27 February and 25 September 2026, measured as the average market value over the period minus its value on 27 February, and apportion the resulting tax base among countries according to sales. Firms without market data, or whose market value declined over the period, are assigned a zero tax base. The results are sensitive to the choice of the valuation period.

As under the consolidated-profit design, we also consider an alternative HQ-allocation scenario. In this case, the country where the multinational group is headquartered acts as the *collector*

[13] Only firms whose valuation rose are liable. Currency effects are neutralised by computing the gain in the listing currency and converting it at end-of-period rates, so that a firm with no gain in its own currency owes nothing.

of last resort and taxes the part of the global valuation gain that is not allocated to any Member State (its sales outside the EU).

Under our central scenario, the tax would generate approximately **€23.4** billion across the EU (€33.5 billion with the HQ allocation, Table 3). **France** would raise approximately **€3.0 billion**, **Germany €2.9 billion**, and **Spain €2.5 billion**. Estimated revenues would amount to **€2.7 billion** for **Poland**, **€1.6 billion** for **Italy**, **€412 million** for **Portugal**, and **€360 million** for **Austria**.

Table 3: Design 3 - Revenue of the tax on market-value gains by member state, 2026 (€ billion)

	Only sales allocation			With HQ allocation		
	33%	50%	90%	33%	50%	90%
France	2.0	3.0	5.5	6.2	9.4	17.0
Italy	1.0	1.6	2.8	2.2	3.3	6.0
Spain	1.7	2.5	4.6	2.0	3.1	5.6
Germany	1.9	2.9	5.2	1.9	2.9	5.2
Poland	1.8	2.7	4.8	1.8	2.8	5.0
Finland	1.3	1.9	3.5	1.8	2.8	5.0
Romania	1.6	2.5	4.4	1.6	2.5	4.4
Netherlands	0.8	1.2	2.1	0.8	1.2	2.1
Greece	0.6	0.9	1.6	0.6	1.0	1.7
Belgium	0.6	0.9	1.6	0.6	0.9	1.6
Other member states (17)	2.2	3.3	5.9	2.4	3.7	6.6
EU-27	15.4	23.4	42.1	22.1	33.5	60.3

Note: revenue of the Member States from the 26 listed groups in our sample whose market value we observe. The tax applies to the average rise in market capitalisation between 27 February and 25 September 2026 (mean daily market value over the period minus the value on 27 February); falls are not taxed and there is no CIT deduction. Only sales allocation: each Member State taxes the gain in proportion to the share of the group's sales made by its entities in that country. With HQ allocation: in addition to the sales allocation, the Member State where an EU group is headquartered taxes the share of its gain that is not allocated to any Member State (its sales outside the EU); groups headquartered outside the EU are taxed only by the Member States where they sell. Member States shown in Figure 3.

3.4 Comparing the approaches

The three designs tax different manifestations of the commodity-price windfall. Under the central scenarios and a sales-based allocation, a 50% tax on consolidated windfall profits would raise approximately €18.0 billion across the EU in 2026. A 2% levy on domestic sales would raise €10.2 billion, while a 50% tax on market-value gains would generate approximately €23.4 billion.

These figures are not directly comparable measures of the designs' effectiveness. Consolidated profits measure realised accounting profits above the applicable profitability threshold. The turnover levy applies a much lower rate to gross sales, without measuring profits directly. Market capitalisation reflects investors' expectations of future after-tax profits as well as profits

earned during the current shock. Its larger estimated base therefore would likely shrink under a foreseeable permanent mechanism.

Table 4: Comparison of the three tax designs

Criterion	Apportioned consolidated profits	Domestic sales	Market-valuation gains
Tax base	Realised consolidated profits above the applicable profitability threshold	Domestic turnover of groups earning windfall profits	Increase in the market value of listed groups
EU revenue, 2026	€18.0 bn	€10.2 bn	€23.4 bn
Resilience to profit shifting	Consolidation prevents profits shifted between jurisdictions from leaving the tax base	Domestic demand and sales are considerably less mobile than accounting profits	Market value is largely independent of where accounting profits are reported
Connection to economic rents	Directly targets realised windfall profits	Indirect: turnover does not account for costs or margins	Captures the market's assessment of current and expected future rents
Administrative requirements	Requires consolidated accounts, destination-based sales information and information on taxes already paid	Simplest option, using turnover already reported in company accounts and tax declarations	Market data are easily observable
Coverage	Can cover all in-scope multinational groups	Can cover all eligible firms with domestic sales	Limited to listed companies
Key challenges	Allocation of taxing rights and recognition of taxes paid in extraction countries	Greater risk of pass-through to consumers and redirection of sales	Little existing precedent

Note: 2026 EU revenue at a 50% rate (consolidated profits and market-valuation gains) and 2% (domestic sales), with taxing rights allocated by sales.

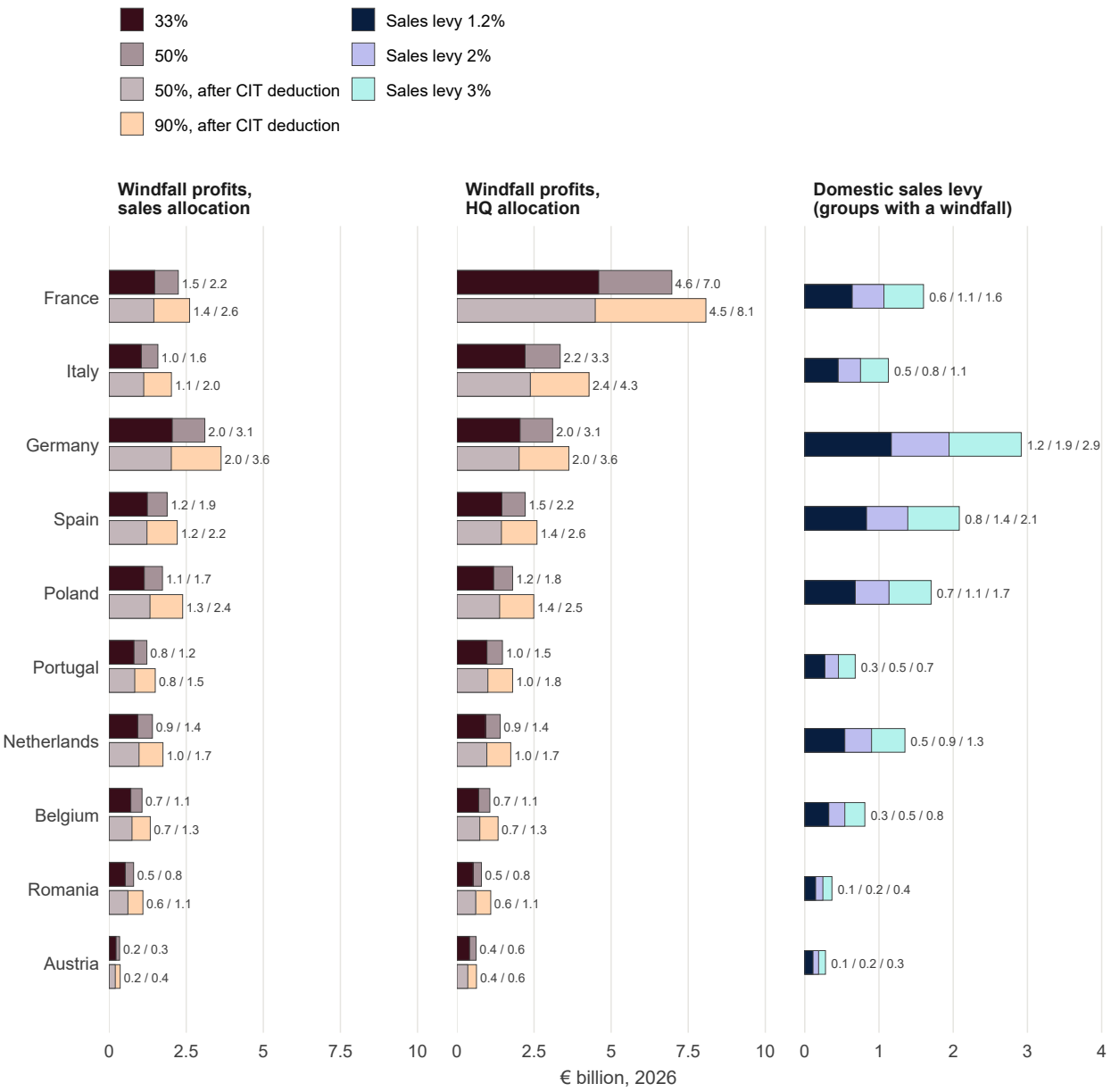
All three bases are more resilient to profit shifting than locally reported profits, but consolidated profits provide the closest connection to the economic rent being targeted. Consolidation keeps profits within the tax base regardless of where they are reported, and taxes only returns above the applicable profitability threshold. Domestic sales are less mobile than accounting profits, but turnover does not account for costs or margins. Market valuation is largely independent of where profits are booked and captures the market's assessment of rents across the group, but it also includes expected future profits and applies only to listed companies.

The designs also differ in their administrative and economic risks. The consolidated-profit approach requires geographical sales information and rules recognising qualifying taxes paid elsewhere; with possible challenges regarding its interaction with other countries' taxes. A sales levy is the simplest to implement because it relies largely on turnover already reported in company accounts and tax declarations, but it presents the greatest risk of consumer pass-through. Mar-

ket data are readily observable, but revenues might be affected by a foreseeable tax; and lack of precedent for taxing unrealised company-level gains creates greater legal uncertainty.

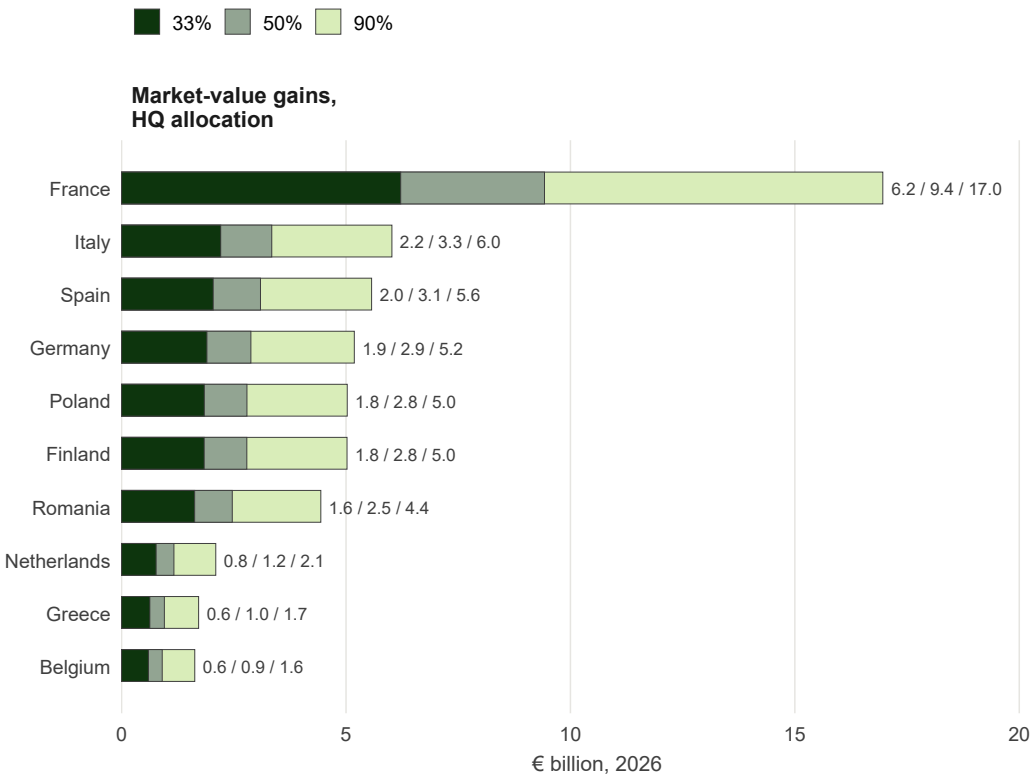
Overall, consolidated profits perform most strongly across the criteria considered: they directly target realised rents, provide broad coverage and substantially limit profit shifting. Figures 2 and 3 show how the choice of base and allocation rule affects revenues across individual Member States.

Figure 2: Windfall tax revenue by Member State and tax rate, 2026 (€ billion)



Note: Windfall profits are pre-tax profit above 10% of revenue. For each member state, the top bar shows the tax on pre-tax profit, at 33% and 50% of the pre-tax windfall. The bottom bar shows the tax after CIT deduction: at 50% and 90% of windfall profits multiplied by (one minus the group's effective rate of corporate income tax). Domestic sales levy: 1.2%, 2% and 3% of the domestic sales of the groups with a windfall. Only sales allocation: each Member State taxes the windfall in proportion to the group's sales on its territory. With HQ allocation: in addition, the Member State where an EU group is headquartered taxes the share of its windfall that is not allocated to any Member State (its sales outside the EU). Figures at the end of the bars, in billion euros, follow the order of the legend. The two windfall-profit panels share the same scale. The ten Member States with the highest revenue from the tax on windfall profits are shown; Table 5 gives all 27 at a 50% rate.

Figure 3: Revenue from the tax on market-value gains by member state, 2026 (€ billion)



Note: 33%, 50% and 90% of the rise in market value of the listed groups in our sample, defined as the average market value between 27 February and 25 September 2026 minus the value on 27 February; falls are not taxed and there is no CIT deduction. HQ allocation: each Member State taxes the gain in proportion to the group's sales on its territory; in addition, the Member State where an EU group is headquartered taxes the share of its gain that is not allocated to any Member State (its sales outside the EU). Figures at the end of the bars, in billion euros, follow the order of the legend. The 10 Member States with the highest revenue are shown.

Table 5: Windfall tax revenue by EU Member State, 2026 (€ million)

Country	Apportioned windfall profit	Domestic MNE sales	Tax revenue		
			Windfall profit tax (50%)	Turnover levy (2%)	Market value rise (50%)
Austria	681	13,915	340	186	360
Belgium	2,135	33,937	1,067	540	906
Bulgaria	104	3,051	52	28	80
Croatia	54	6,732	27	18	132
Cyprus	39	1,179	20	16	23
Czechia	575	13,694	287	176	435
Denmark	755	12,990	377	72	225
Estonia	0	523	0	0	0
Finland	773	19,363	387	303	1,940
France	4,485	101,871	2,242	1,067	3,047
Germany	6,207	167,585	3,103	1,944	2,881
Greece	1,102	34,427	551	588	907
Hungary	205	20,657	102	59	468
Ireland	15	13,731	7	5	12
Italy	3,162	126,802	1,581	751	1,582
Latvia	0	634	0	0	0
Lithuania	332	6,669	166	109	261
Luxembourg	978	7,204	489	128	580
Malta	0	243	0	0	0
Netherlands	2,807	57,460	1,404	900	1,166
Poland	3,459	74,887	1,729	1,135	2,672
Portugal	2,447	27,193	1,223	453	412
Romania	1,587	21,731	794	244	2,466
Slovakia	136	8,154	68	38	204
Slovenia	86	6,402	43	23	76
Spain	3,762	114,284	1,881	1,388	2,544
Sweden	47	27,094	23	15	24
EU-27	35,930	922,414	17,965	10,187	23,403

Note: Results for 2026, for the 56 firms listed in Table A1. Apportioned windfall profit is the firms' consolidated windfall under the margin method (pre-tax profit in excess of 10% of consolidated sales), apportioned to countries by sales. Domestic MNE sales are the sample firms' sales in each country. The windfall profit tax applies a 50% rate to apportioned windfall profit. The turnover levy applies a 2% rate to the domestic sales of firms with a positive windfall under the margin method. The market value tax applies a 50% rate to the average rise in market capitalisation between 27 February and 25 September 2026 (mean daily market value over the period minus the value on 27 February), apportioned to countries by sales; firms without market data or whose market value fell contribute zero.

Conclusions

The experience of 2022 and the renewed commodity-price shock of 2026 show that the main question is not whether windfall profits can be taxed, but how to do so effectively. Temporary measures introduced after a crisis has begun can arrive late, generate disputes over retroactivity and leave governments redesigning the instrument for each new shock. A permanent framework would offer a more predictable response. It could remain dormant under normal conditions and activate when the relevant commodity price exceeds its three-year average, adjusted for volatility, for three consecutive months. This would identify exceptional, sector-wide shocks using an observable indicator that firms cannot manipulate through profit shifting.

Once the framework is activated, the analysis points to apportioned consolidated profits as the strongest tax base. Calculating windfall profits at the level of the multinational group captures extraordinary returns wherever they are reported and prevents profits shifted to low-tax jurisdictions from leaving the base. Taxing only profits above the 10% profitability threshold protects normal returns and investment incentives. The resulting windfall can then be allocated among countries according to economic activity. Qualifying windfall taxes paid in extraction countries could be credited, while the headquarters country could act as *collector of last resort* for amounts not collected elsewhere. A unilateral tax on an apportioned share of foreign consolidated profits could nevertheless face legal challenges concerning territorial nexus, tax treaties and overlapping taxing claims. However, existing CFC rules and Pillar Two provide relevant precedents for taxing foreign group profits, while a clear allocation rule and credits for qualifying taxes paid in extraction countries should reduce the risk of double taxation and strengthen the legal design.

The other two approaches involve higher uncertainty and trade-offs. A levy on domestic sales is comparatively easy to introduce and could provide a useful temporary response to an ongoing crisis, especially when applied to completed transactions that firms can no longer reprice or redirect. However, its weak connection to actual profits and the risk of pass-through make it less suitable as a permanent mechanism. Market-valuation gains provide an easily trackable and highly profit-shifting-resistant tax base, but their restriction to listed companies and the limited legal precedent for a company-level tax of this kind make this option less immediately implementable.

The revenue estimates show that each design could mobilise substantial resources, although the precise amounts depend on the rate, tax base and allocation rule. These revenues could help finance targeted support for households and businesses affected by high energy prices, as well as investment in the energy transition. EU coordination would improve access to information and produce a more consistent allocation of taxing rights, but countries do not necessarily need to wait for an international agreement. A country could apply the consolidated-profit design unilaterally, provided that it establishes a clear domestic connection, recognises qualifying taxes paid elsewhere and adapts the measure to its legal framework.

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Appendix

A1 Modelling a tax on globally consolidated profits

The proposed design starts from the group's consolidated pre-tax profits above a specific profitability threshold. A 50% rate is applied to this base. It then apportions it to each country based on different factors.

We define windfall profits as consolidated pre-tax profits in excess of a normal return, set at 10% of consolidated revenue. The 10% margins correspond to a ceiling of profits experienced in regular times by this industry (see Figure 1).[14] Unlike the 2022 solidarity contribution, which compared profits with their 2018–2021 average, a margin-based definition does not depend on an arbitrary reference period or on the firm's own past results. But it is the same for all firms, and does not account for differences in activity, productivity or investment. Depending on the firm's position in the value chain, midstream, vertically integrated, or upstream, one could adapt the threshold to 5, 10 or 15%.

Pre or post-tax windfalls We consider pre-tax profit as the tax base for reasons explained in Section 3.1. In a permanent tool, countries might account for taxes already paid on income. We propose a mechanism in which the windfall tax base is converted to after-tax terms with the group's global effective rate of regular and sector specific corporate income tax.[15] Because the conversion uses the group's actual rate, a group that lowers its regular tax by booking profits in low-tax affiliates ends up with a larger windfall base, which recaptures part of the tax saved.

Formally, let Π denote consolidated pre-tax profit, e the group's global effective rate of flat corporate income tax (current regular corporate income tax divided by Π), R consolidated revenue, s_c the share of the group's sales made in country c, t the tax rate. Royalties and levies on revenue or volumes are booked as costs, so Π is already net of them. The windfall base W and the tax due in country c (T_c) are:

$$W = \max(0,\ \Pi - 0.10 \times R) \times (1 - e) \tag{1}$$

$$T_c = s_c \times \max(0,\ t \times W) \tag{2}$$

Take a group with €10 billion of global windfall profits after regular corporate income tax, 10% of its sales in France, and a 50% rate. France taxes a €1 billion share of the windfall and collects €500 million, whether the underlying profits are booked in the Netherlands, Bermuda or elsewhere.

[14] This is also the threshold the OECD chose to identify residual profit under Amount A of Pillar One.

[15] Payments made under qualifying windfall taxes described in Box 1 should therefore be removed from the numerator.

Extractive windfall profit tax credit We discuss in Box 1 how the design could further allow for the deduction of qualifying extractive windfall and rent-based taxes. The credit is subtracted from the global liability before apportionment, so that each euro of foreign tax is credited once across all implementing countries. This lowers incentives to shift windfalls out of source countries for firms: under the current system, a windfall euro moved out of an extraction country into a low-tax affiliate lowers the windfall tax base. Under a global windfall tax, profits booked in low-tax affiliates stay in the consolidated base and are taxed at rate t, while windfall taxes paid in extraction countries are credited: what a group saves by shifting windfalls away from extraction countries is recovered through the global base, if global windfalls are undertaxed. For extraction countries, local windfall taxes are collected in priority; the levy can be raised up to the rate t.

Formally, let Π denote consolidated pre-tax profit, R consolidated revenue, s_c the share of the group's sales made in country c, t the tax rate and C the qualified windfall taxes amount on the same period. Royalties and levies on revenue or volumes are booked as costs, so Π is already net of them. The windfall base W and the tax due in country c (T_c) are:

$$W = \max(0,\ \Pi - 0.10 \times R) \tag{3}$$

$$T_c = s_c \times \max(0,\ t \times W - C) \tag{4}$$

Take a group with €10 billion of global windfall profits, 10% of its sales in France, and a 50% rate. France taxes a €1 billion share of the windfall and collects €500 million, whether the underlying profits are booked in the Netherlands, Bermuda or elsewhere. If the group has already paid €2 billion of profit-based windfall levies in extraction countries, its global liability falls from €5 billion to €3 billion, and France collects €300 million.

A2 Estimation of revenues: EU countries in 2026

A2.1 Data sources

We compile a dataset of 56 oil and gas companies active in the EU with information on their quarterly financial results and on the country-by-country distribution of their sales. Out of this group of firms, 23 are not headquartered in the EU. Financial data (pre-tax profit, sales and income taxes) are taken from Compustat, which collects information on most listed firms worldwide, which we complete with hand-collected results releases and statutory accounts for the companies and quarters that Compustat does not cover.

We combine these data with information on the share of each company's sales booked by its entities in each of the 27 EU Member States. These shares mostly come from public country-by-country reports (Taxplorer database of the International Tax Observatory), Compustat geographic segments, and companies' annual reports.

The final sample contains every oil and gas company in Compustat with 2025 revenue of at least €750 million, a list of large groups selected by hand, and companies absent from Compustat. Consistently with country-by-country reporting, sales are attributed to the country of the entity that makes them, not to the country of destination.

A2.2 Extrapolation to the third and fourth quarters of 2026

As of now, companies have only reported their financial results for the first half of 2026. To estimate results for the two remaining quarters, we express each quarter's average Brent price as a weighted average of the Q1 and Q2 prices, and apply the same weights to each group's Q1 and Q2 results. For Q3, we use prices observed from July to September: Brent averaged $96/bbl, against $81/bbl in Q1 and $103/bbl in Q2, which gives a weight of 0.30 on Q1 and 0.70 on Q2. For Q4, we use the forecast of the U.S. Energy Information Administration, a Q4 average of $105/bbl (Short-Term Energy Outlook, October 2026), which gives weights of -0.09 on Q1 and 1.09 on Q2. As this price exceeds the Q2 average, fourth-quarter results are extrapolated linearly beyond their Q2 level.

This extrapolation uses only crude oil prices. It does not capture the sharp rise in refining margins in the third quarter. For the four MNEs that published third-quarter market indicators and price sensitivities (TotalEnergies, BP, OMV and Galp), we therefore estimate Q3 from their Q2 results and the change in Brent, refining margins and gas prices between Q2 and Q3, using each group's own sensitivities. For BP, we use its own third-quarter guidance, and for Galp's refining, its realised margin multiplied by the volumes processed. Their refining margin indicators rose from $13.5 to $33.2/bbl (TotalEnergies), $29.6 to $46.7/bbl (BP), $20.3 to $37.5/bbl (OMV) and $16.8 to $33.8/boe (Galp). For TotalEnergies, the implied rise in refining results is in line with the group's own guidance of a $2 billion increase in refining cash flow between Q2 and Q3. For Q4, we apply the EIA Brent forecast, hold gas prices at their third-quarter levels and assume that refining margins keep 50% of their increase between Q2 and Q3: diesel margins fell back from their September peak in October but remained well above their second-quarter level.

These estimates leave out changes in production volumes, trading results and inventory effects in the second half of the year. Profits are taken as reported, excluding impairments, and therefore include inventory gains and losses, as taxable profits would. For the other groups, in particular Shell and Repsol, which reported similar increases in refining margins but no usable sensitivities, the Brent-based extrapolation likely understates the windfall. The second-half estimates will be replaced by reported results as they become available.

A2.3 Sample of firms

Table A1: Sample of firms

Firm	HQ country	EU sales share (%)	Pretax profit, 2026 (EUR m)	Windfall (EUR m)	ETR, 2026 (%)	ETR increase (pp)	Market value change (EUR m)
Vertically integrated							
ExxonMobil	*US*	7.5	61,617	25,543	21.9	1.6	800
Shell	*UK*	22.8	47,366	17,451	32.9	4.2	11,759
TotalEnergies	France	43.1	35,432	16,615	35.8	10.1	22,394
BP	*UK*	25.7	32,946	10,965	39.1	4.3	10,934
Eni	Italy	52.7	16,079	7,465	28.8	12.2	7,451
ORLEN	Poland	96.5	11,561	4,374	22.3	18.3	6,900
Repsol	Spain	80.1	10,321	3,317	34.9	12.9	5,525
PTT	*Thailand*	1.0	10,009	1,539	29.0	0.1	231
Galp Energia	Portugal	84.0	5,659	3,154	31.6	23.4	635
OMV	Austria	75.0	5,132	2,245	45.5	16.4	2,405
KazMunayGas	*Kazakhstan*	26.0	4,427	2,386	22.0	7.0	8,164
MOL Group	Hungary	94.3	2,724	0	16.7	0.0	1,638
Moeve (Cepsa)	Spain	89.7	2,063	0	32.0	0.0	n.a.
Upstream							
Equinor	*Norway*	2.1	41,640	30,482	63.7	0.8	17,084
Harbour Energy	*UK*	4.3	4,224	3,127	77.9	1.6	191
PRIO	*Brazil*	95.0	1,346	885	−5.0	31.2	1,039
Romgaz	Romania	100.0	700	556	7.7	39.7	2,364
Energean	*UK*	25.0	306	179	10.5	7.3	−206
BlueNord	*Norway*	100.0	229	129	48.7	28.3	88
Vermilion Energy	*Canada*	50.2	186	59	31.7	8.0	157
Midstream							
Phillips 66	*US*	1.5	12,106	0	22.0	0.0	14,396
Trafigura	*Singapore*	22.3	8,640	0	19.1	0.0	n.a.
Vitol	*Switzerland*	20.2	7,182	0	13.4	0.0	n.a.
Glencore (energy marketing)	*Switzerland*	13.3	4,547	0	36.5	0.0	n.a.
HF Sinclair	*US*	1.0	3,683	454	23.5	0.1	4,025
Alimentation Couche-Tard	*Canada*	26.0	3,503	0	25.2	0.0	n.a.
Neste	Finland	71.8	3,462	1,167	19.4	12.1	6,032
HELLENiQ Energy	Greece	91.4	2,431	906	22.7	17.0	927
Gunvor	*Switzerland*	20.2	2,413	0	15.0	0.0	n.a.
SK Innovation	*Korea*	3.8	1,895	0	62.5	0.0	−846
Mercuria	*Switzerland*	20.2	1,863	0	0.1	0.0	n.a.
Motor Oil Hellas	Greece	98.6	1,812	243	22.9	6.6	973
Ultrapar	*Brazil*	0.1	1,351	0	35.1	0.0	n.a.
Preem	Sweden	100.0	1,209[a]	0	20.6	0.0	n.a.
Saras	Italy	100.0	863[a]	0	27.9	0.0	n.a.
DCC Energy	Ireland	36.0	786	0	20.6	0.0	n.a.
St1	Finland	73.9	701	0	14.7	0.0	n.a.
Oilinvest (Tamoil)	Netherlands	80.0	652[a]	0	25.8	0.0	n.a.
Cosan	*Brazil*	5.9	624	0	74.1	0.0	n.a.
Sonatrach Raffineria Italiana	Italy	100.0	599[a]	0	27.9	0.0	n.a.
Italiana Petroli	Italy	100.0	590[a]	0	27.9	0.0	n.a.

Table A1 (continued)

Firm	HQ country	EU sales share (%)	Pretax profit, 2026 (EUR m)	Windfall (EUR m)	ETR, 2026 (%)	ETR increase (pp)	Market value change (EUR m)
Rosneft Deutschland	Germany	100.0	585[a]	0	30.0	0.0	n.a.
Rubis	France	25.0	515	0	24.7	0.0	n.a.
Kalundborg Refinery	Denmark	100.0	380[a]	0	22.0	0.0	n.a.
Rhône Energies	France	100.0	370[a]	0	25.8	0.0	n.a.
ISAB	Italy	100.0	358[a]	0	27.9	0.0	n.a.
World Kinect	*US*	11.0	238	0	19.6	0.0	n.a.
Unimot	Poland	88.0	218	0	20.6	0.0	n.a.
Irving Oil Whitegate	Ireland	100.0	199[a]	0	12.5	0.0	n.a.
Raffinerie Heide	Germany	100.0	174[a]	0	30.0	0.0	n.a.
Kuwait Petroleum Italia	Italy	100.0	132[a]	0	27.9	0.0	n.a.
Lukoil Romania	Romania	100.0	57[a]	0	16.0	0.0	n.a.
Petrol d.d.	Slovenia	75.0	40	0	15.8	0.0	n.a.
Revoil	Greece	100.0	6	0	39.6	0.0	n.a.
Elinoil	Greece	95.0	−8	0	n.a.	n.a.	n.a.
North Atlantic Energies	France	97.0	−106	0	n.a.	n.a.	326

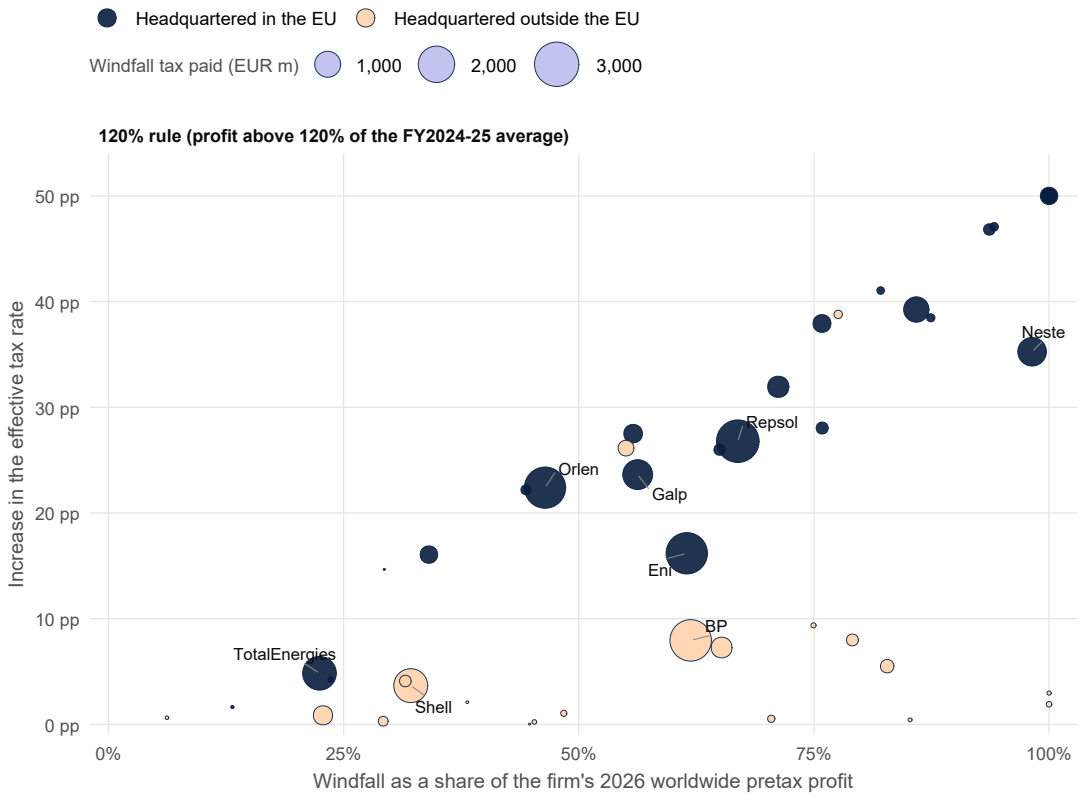
Note: Firms are grouped by sector and ranked by 2026 pretax profit within each sector. The 2026 figures combine reported results for the first half of the year and estimates for the second half (Appendix A2.2). HQ countries outside the EU are shown in italics; US: United States; UK: United Kingdom. Windfalls under the margin method are consolidated pretax profits in excess of 10% of consolidated sales. The 2026 ETR is consolidated income tax expense over pretax profit. The ETR increase is the additional tax due under the margin method (a 50% rate applied to the windfall apportioned to the EU by the EU share of sales), in percentage points of 2026 pretax profit. Change in market value is the average market capitalisation between February 27 and September 25, 2026, minus its value on February 27. n.a.: not available, or not defined for loss-making firms. [a] No 2026 data available; 2026 results are imputed with 2022 results.

Figure A1: Change in effective tax rate under a windfall tax on global profits



Note: Each dot is a group with a windfall and a positive 2026 profit; dot size is the apportioned windfall tax it pays to EU countries. Increase in the effective tax rate: 50% tax on the pre-tax windfall paid in EU sales countries, divided by the group's worldwide 2026 pre-tax profit. Labelled firms are the eight largest payers. Windfall profits are pre-tax profit above 10% of revenue.

Figure A2: Change in ETR, windfall above 120% of FY2024-25 average profit



Note: Each dot is a group with strictly positive windfall and global 2026 profit. Dot size is the windfall tax it pays to EU countries. Increase in the effective tax rate: 50% tax on the pre-tax windfall paid in EU sales countries, divided by the group's worldwide 2026 pre-tax profit. Labels: the eight largest payers. Windfall: pre-tax profit above 120% of the FY2024--25 average. Same scales as Figure A1.

A2.4 Detailed revenues

Table A2: Design 1 - Revenue of a windfall profit tax by member state, 2026 (€ billion)

Tax base	Only sales allocation				With HQ allocation (all member states)				With HQ allocation (unilateral)			
	Pre-tax windfalls		Post-tax windfalls		Pre-tax windfalls		Post-tax windfalls		Pre-tax windfalls		Post-tax windfalls	
	33%	50%	50%	90%	33%	50%	50%	90%	33%	50%	50%	90%
Austria	0.2	0.3	0.2	0.4	0.4	0.6	0.4	0.6	0.8	1.2	0.7	1.2
Belgium	0.7	1.1	0.7	1.3	0.7	1.1	0.7	1.3	0.7	1.1	0.7	1.3
Bulgaria	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Croatia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cyprus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Czechia	0.2	0.3	0.2	0.4	0.2	0.3	0.2	0.4	0.2	0.3	0.2	0.4
Denmark	0.2	0.4	0.1	0.3	0.2	0.4	0.1	0.3	0.2	0.4	0.1	0.3
Estonia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finland	0.3	0.4	0.3	0.6	0.4	0.6	0.4	0.8	0.4	0.6	0.5	0.9
France	1.5	2.2	1.4	2.6	4.6	7.0	4.5	8.1	5.7	8.6	5.5	10.0
Germany	2.0	3.1	2.0	3.6	2.0	3.1	2.0	3.6	2.0	3.1	2.0	3.6
Greece	0.4	0.6	0.4	0.8	0.4	0.6	0.5	0.8	0.4	0.6	0.5	0.9
Hungary	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Italy	1.0	1.6	1.1	2.0	2.2	3.3	2.4	4.3	2.6	3.9	2.8	5.0
Latvia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lithuania	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.2
Luxembourg	0.3	0.5	0.3	0.6	0.3	0.5	0.3	0.6	0.3	0.5	0.3	0.6
Malta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	0.9	1.4	1.0	1.7	0.9	1.4	1.0	1.7	0.9	1.4	1.0	1.7
Poland	1.1	1.7	1.3	2.4	1.2	1.8	1.4	2.5	1.5	2.3	1.8	3.2
Portugal	0.8	1.2	0.8	1.5	1.0	1.5	1.0	1.8	1.1	1.7	1.2	2.1
Romania	0.5	0.8	0.6	1.1	0.5	0.8	0.6	1.1	0.5	0.8	0.6	1.1
Slovakia	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spain	1.2	1.9	1.2	2.2	1.5	2.2	1.4	2.6	1.5	2.3	1.5	2.7
Sweden	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU-27	11.9	18.0	12.2	22.0	16.9	25.6	17.3	31.1	–	–	–	–

Note: Revenue of the Member States on the 2026 results of the 56 groups in our sample. Windfall: consolidated pre-tax profit above 10% of revenue. Post-tax windfalls: the tax base is windfall profits multiplied by $(1-e)$, where e is the group's 2026 effective corporate income tax rate. Only sales allocation: each Member State taxes the windfall in proportion to the share of the group's sales made by its entities in that country. With HQ allocation (all member states): every Member State applies the tax; in addition to the sales allocation, the Member State where an EU group is headquartered taxes the share of its windfall that is not allocated to any Member State. With HQ allocation (unilateral): the Member State is the only one to apply the tax. It taxes every group in proportion to its sales in that country and, as collector of last resort, the rest of the windfall of the groups headquartered there, i.e. 100% of their windfall.

Table A3: Design 2 & 3 - Revenue by member state, 2026 (€ billion)

	Design 2: levy on domestic sales						Design 3: tax on market-value gains					
	All groups in the sample			Only groups with a windfall			Only sales allocation			With HQ allocation		
	1.2%	2%	3%	1.2%	2%	3%	33%	50%	90%	33%	50%	90%
Austria	0.2	0.3	0.4	0.1	0.2	0.3	0.2	0.4	0.6	0.4	0.7	1.2
Belgium	0.4	0.7	1.0	0.3	0.5	0.8	0.6	0.9	1.6	0.6	0.9	1.6
Bulgaria	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Croatia	0.1	0.1	0.2	0.0	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.2
Cyprus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Czechia	0.2	0.3	0.4	0.1	0.2	0.3	0.3	0.4	0.8	0.3	0.4	0.8
Denmark	0.2	0.3	0.4	0.0	0.1	0.1	0.1	0.2	0.4	0.1	0.2	0.4
Estonia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finland	0.2	0.4	0.6	0.2	0.3	0.5	1.3	1.9	3.5	1.8	2.8	5.0
France	1.2	2.0	3.1	0.6	1.1	1.6	2.0	3.0	5.5	6.2	9.4	17.0
Germany	2.0	3.4	5.0	1.2	1.9	2.9	1.9	2.9	5.2	1.9	2.9	5.2
Greece	0.4	0.7	1.0	0.4	0.6	0.9	0.6	0.9	1.6	0.6	1.0	1.7
Hungary	0.2	0.4	0.6	0.0	0.1	0.1	0.3	0.5	0.8	0.3	0.5	0.9
Ireland	0.2	0.3	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Italy	1.5	2.5	3.8	0.5	0.8	1.1	1.0	1.6	2.8	2.2	3.3	6.0
Latvia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lithuania	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.3	0.5	0.2	0.3	0.5
Luxembourg	0.1	0.1	0.2	0.1	0.1	0.2	0.4	0.6	1.0	0.4	0.6	1.0
Malta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	0.7	1.1	1.7	0.5	0.9	1.3	0.8	1.2	2.1	0.8	1.2	2.1
Poland	0.9	1.5	2.2	0.7	1.1	1.7	1.8	2.7	4.8	1.8	2.8	5.0
Portugal	0.3	0.5	0.8	0.3	0.5	0.7	0.3	0.4	0.7	0.3	0.5	0.8
Romania	0.3	0.4	0.7	0.1	0.2	0.4	1.6	2.5	4.4	1.6	2.5	4.4
Slovakia	0.1	0.2	0.2	0.0	0.0	0.1	0.1	0.2	0.4	0.1	0.2	0.4
Slovenia	0.1	0.1	0.2	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Spain	1.4	2.3	3.4	0.8	1.4	2.1	1.7	2.5	4.6	2.0	3.1	5.6
Sweden	0.3	0.5	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU-27	11.1	18.4	27.7	6.1	10.2	15.3	15.4	23.4	42.1	22.1	33.5	60.3

Note: revenue of the 27 Member States on the 2026 results of the 56 groups in our sample, in alphabetical order; Table 2 shows the Member States with the highest revenue. Third and fourth quarter results are estimated (Section A2.2). Rows may not add up to the EU-27 total because of rounding. The levy applies to the domestic sales made in each Member State by all the groups in the sample (first three columns) or only by the groups with a windfall, i.e. a 2026 pre-tax profit above 10% of revenue (last three columns), and is collected by the Member State where the sales are made. Figures quoted in the text are for groups with a windfall at a rate of 2%.

A2.5 Revenues under alternative designs

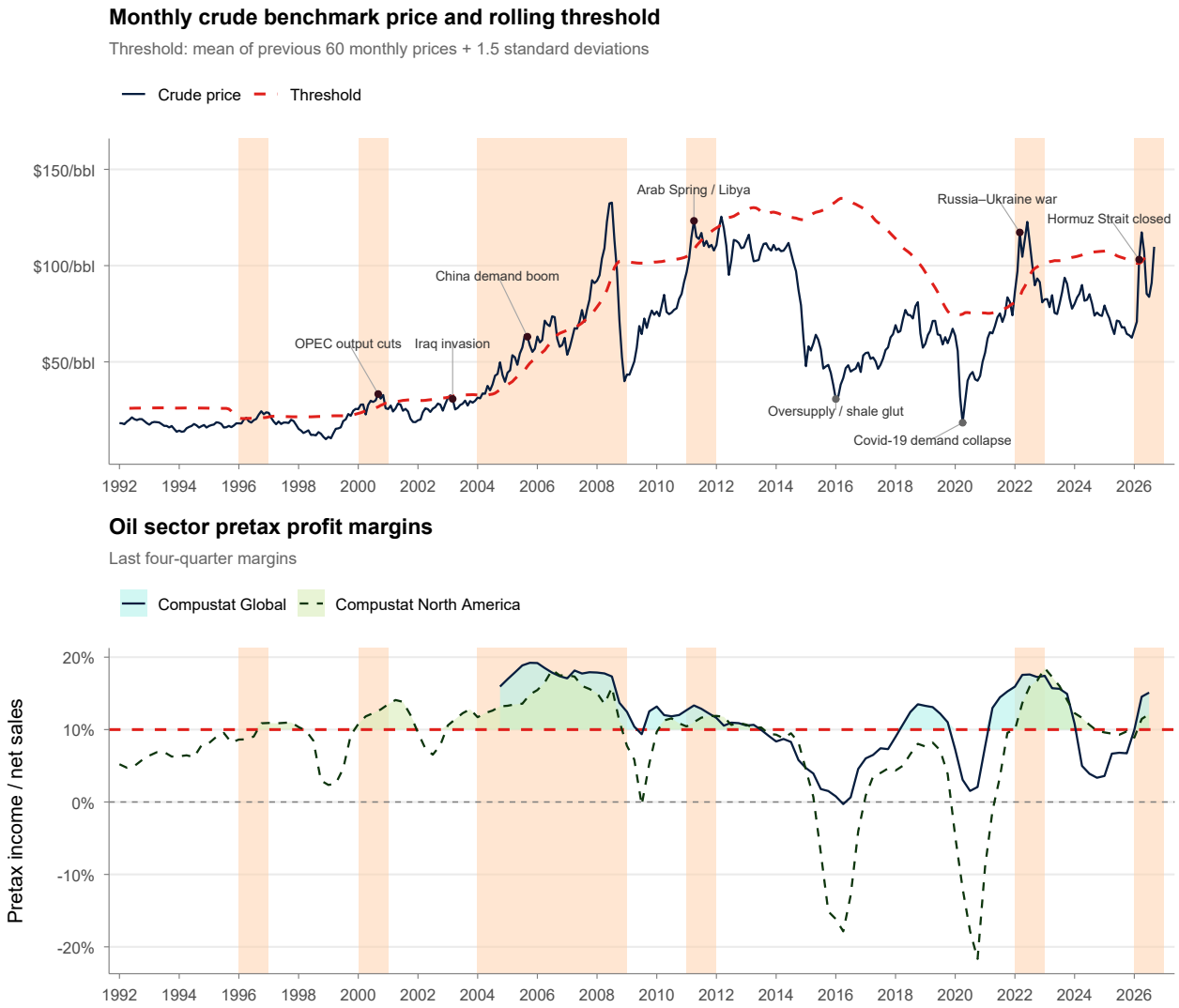
Table A4: Windfall tax revenue by EU Member State under alternative designs (EUR m)

	Tax revenue				
Country	Profit above the FY2021–25 average (50%)	120% of FY2024–25 average (50%)	120% of FY2024–25 average, HQ allocation (33%)	120% of FY2024–25 average, HQ allocation (50%)	Thresholds by sector (50%)
Austria	125	166	110	166	341
Belgium	603	637	420	637	1,068
Bulgaria	46	44	29	44	58
Croatia	65	74	49	74	33
Cyprus	41	47	31	47	35
Czechia	294	307	203	307	288
Denmark	326	420	277	420	346
Estonia	3	3	2	3	0
Finland	814	1,172	1,135	1,720	777
France	1,432	1,704	2,634	3,991	2,251
Germany	3,251	3,879	2,560	3,879	3,157
Greece	1,332	1,468	1,033	1,565	1,257
Hungary	274	303	217	329	102
Ireland	135	160	145	220	24
Italy	2,454	3,379	3,775	5,719	1,777
Latvia	4	3	2	3	0
Lithuania	201	209	138	209	166
Luxembourg	422	423	279	423	379
Malta	2	2	1	2	0
Netherlands	1,232	1,415	962	1,457	1,452
Poland	2,161	2,271	1,569	2,377	1,751
Portugal	1,446	1,396	1,090	1,651	1,225
Romania	339	274	181	274	758
Slovakia	96	108	71	108	68
Slovenia	28	31	21	31	43
Spain	3,413	4,127	3,228	4,890	1,883
Sweden	712	656	433	656	302
EU-27	**21,253**	**24,680**	**20,595**	**31,204**	**19,541**

Note: Results for 2026, for the 56 groups, under alternative designs. Profit above the FY2021--25 average or 120% of the FY2024--25 average: consolidated pre-tax profit above the group's average pre-tax profit in FY2021--25, or above 120% of its average pre-tax profit in FY2024--25 (the average is set to zero if negative). Thresholds by sector: consolidated pre-tax profit above 15% of consolidated sales for upstream groups, 10% for vertically integrated groups and 5% for midstream groups, including commodity traders. Unless stated otherwise, each Member State taxes the windfall in proportion to the share of the group's sales made by its entities in that country. HQ allocation: in addition to the sales allocation, the Member State where an EU group is headquartered taxes the share of its windfall that is not allocated to any Member State (its sales outside the EU); groups headquartered outside the EU are taxed only by the Member States where they sell. Rows may not add up to the EU-27 total because of rounding.

A3 Activation threshold rule: robustness

Figure A3: Price activation rule and profit margin for oil extraction with a five-year reference



Note: The upper panel displays the monthly evolution of crude Brent since 1992 in dark blue. The red dashed line presents the rolling threshold for the trigger described above. The years shaded in orange are years in which windfall profit taxation would have been triggered under the activation rule. The lower panel represents the total profits generated by the oil and gas sector, over total revenues, in the last four quarters (Compustat Global and North America); the horizontal dashed line marks the 10% profitability threshold.