

## OPERATING IN THE OIL & GAS INDUSTRY IN CYPRUS

*In addition to the diverse and multidimensional range of services offered by the international network of Deloitte to the Oil & Gas industry worldwide, Deloitte Cyprus also provides a complete range of advisory and compliance services which are needed by any international Oil & Gas industry participant planning activities in Cyprus. The services of Deloitte Cyprus span the fields of audit assurance, financial advisory, personal and corporate taxation, VAT and human capital. We were the first professional firm with actual, on the ground experience in all facets of the Oil & Gas industry in Cyprus as we have been supporting and advising Noble Energy Inc. (the first ever operator with exploration & evaluation activities in Cyprus), since its establishment on the island in 2008. While we no longer act as auditors to Noble, we continue to successfully serve them as advisors in the field of HR, Tax and VAT. The cessation of the audit relationship was driven by internal independence policies of Noble, which required audit and non - audit services to be segregated. We set out below examples of our value propositions which have been tested and proven over recent years:*

<i>Audit &amp; Assurance Advisory</i>	<i>Value Credentials</i>
<b>Auditors of the first ever company carrying out Exploration &amp; Evaluation activities in Cyprus</b>	<ul style="list-style-type: none"> <li>We have helped the client to transition from a US GAAP financial reporting framework to IFRS as adopted by the EU and the Cyprus Companies Law.</li> </ul>
<b>Certification of Cost Recovery Statements</b>	<ul style="list-style-type: none"> <li>We have acted as independent reporting accountants and have certified several special purpose Cost Recovery Statements (CRS) in accordance with the Production Sharing Contract (PSC) signed between our client and the Cyprus Government and have participated in the bilateral meetings with Government officials for CRS related matters.</li> </ul>
<i>Tax Advisory</i>	<i>Value Credentials</i>
<b>Tax advisory in relation to industry law and practice</b>	<ul style="list-style-type: none"> <li>We have navigated the local tax laws as they apply to companies and consortia in the oil and gas industry and have supported Cyprus's first PSC holder in understanding the practicalities of the tax clause in their PSC.</li> <li>We have worked with the Cyprus tax authorities to ensure greater certainty of appropriate tax treatments for taxpayers.</li> </ul>
<b>Advising on local withholding tax requirements on suppliers of technical services</b>	<ul style="list-style-type: none"> <li>We have designed procedures to determine withholding tax obligations and supported implementation of internal controls and payment systems to manage withholding tax and penalty risks.</li> </ul>
<b>Expatriate employee and contractor compliance services</b>	<ul style="list-style-type: none"> <li>We have provided turn-key solutions to all issues concerning expatriates and their dependents, and have navigated industry participants through the relevant tax laws, providing efficient solutions throughout.</li> </ul>
<b>Local employee tax and benefit support and employee pension schemes</b>	<ul style="list-style-type: none"> <li>We have administered the payroll function for local employees.</li> <li>We have effectively managed and achieved efficient tax treatments of benefit packages to local employees.</li> <li>We have advised on the establishment of employer sponsored provident (pension) funds.</li> </ul>

<i>VAT Advisory</i>	<i>Value Credentials</i>
<b>Liaison with the Government, the VAT Authorities and the Attorney General on VAT Laws relating to the Exclusive Economic Zone (EEZ)</b>	<ul style="list-style-type: none"> <li>Given the absence of VAT regulations with respect to operations in the EEZ of Cyprus we have performed a VAT study in relation to the taxable treatment adopted by other EU countries for operations in their EEZ, thus contributing to ground breaking developments in an industry specific area of legislation and helping the VAT authorities in formulating local VAT policies for the newly formed O&amp;G industry in Cyprus, following best EU practices.</li> <li>Furthermore, we have performed a thorough study regarding the Operator-Partnership relationship in the Oil &amp; Gas sector covering the VAT policies followed in other EU countries, with the aim of assisting the Cyprus VAT authorities in adopting similar treatments for VAT purposes.</li> </ul>
<b>Performance of VAT and Customs duties compliance work</b>	<ul style="list-style-type: none"> <li>By navigating the Cypriot and EU legislations and relying on the knowledge and credentials acquired through our VAT study of EU practices we have advised on various practical and compliance issues relating to VAT and Customs.</li> </ul>
<b>Consulting services in relation to the importation of equipment</b>	<ul style="list-style-type: none"> <li>We have advised on VAT and customs duties matters in relation to the importation of equipment and associated goods and services used in all stages of the exploration, drilling and potential construction of an LNG facility.</li> </ul>
<b>Obtaining pioneering rulings on the VAT aspects of Oil &amp; Gas practices</b>	<ul style="list-style-type: none"> <li>In the absence of Oil &amp; Gas industry specific VAT legislation in Cyprus, we have provided, in liaison with the VAT authorities and other local regulatory bodies, high level tax planning advice and have obtained pioneer rulings.</li> </ul>
<i>Human Capital Services</i>	<i>Value Credentials</i>
<b>Executive Recruitment Services</b>	<ul style="list-style-type: none"> <li>We have designed job profiles and requirements (qualifications, skills, knowledge suited to the industry) and have provided appropriate tools and support to the client during the selection process.</li> </ul>
<b>Support to build the HR Function</b>	<ul style="list-style-type: none"> <li>We have provided comprehensive advice and support covering local laws and regulations.</li> <li>We have contributed to the preparation of employment contracts.</li> <li>We have offered advice on adopting best HR practices tailored to the industry.</li> </ul>
<b>Migration Solutions</b>	<ul style="list-style-type: none"> <li>We have undertaken the registration process of the employer and of individuals from non-EU and EU countries and have dealt with all relevant compliance matters concerning work permits, nationality issues etc. providing practical solutions to governmental procedure bottlenecks.</li> <li>We have supported the client in all dealings with the Civil Registry and Migration Department, cutting through the ‘red tape’ and providing efficient and practical solutions.</li> </ul>

## ***GET IN TOUCH***

*For more information about our services to the Oil & Gas Industry in Cyprus, contact*

*Nicos Papakyriacou, Head of Deloitte Cyprus Oil & Gas Services*

*Office tel: 00357-22-360300 Mobile tel: 00357-97-641410 e-mail [npapakyriacou@deloitte.com](mailto:npapakyriacou@deloitte.com)*

*[www.deloitte.com/cy](http://www.deloitte.com/cy)*