

Striking the delicate balance Upstream petroleum fiscal and taxation masterclass



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1 Introduction

The central theme in designing upstream oil and gas fiscal and taxation regimes is easily stated. It is to acquire for the state in whose legal territory the resources lie, a fair share of the wealth accruing from the extraction of that resource, whilst encouraging investors to ensure optimal recovery of the petroleum resources.

How to achieve this balance is a subject of enduring controversy since there is no objective measure of sharing economic wealth between the various interests involved in the petroleum activity. Quite often controversy and tensions always prevail between investors and the host government.

Exploration and development activities present delicate legal, technical, financial and political problems and any solution requires a balancing act between the respective interests of the producing countries and the oil companies. The design of fiscal and taxation regimes is thus a critical factor in shaping perceptions of an oil and gas basin's competitiveness.

If the fiscal and taxation terms are too generous, government returns are weakened and this could plant the seeds of an adverse reaction towards investors. If the terms are too tough, the incentives to the oil companies to invest in exploration, development and production can be severely damaged with the result that investment flows to countries offering a more attractive fiscal regime.

Against this background, Deloitte School of Taxation is organising a 2 day master class to traverse the intricate subject of allocation of resource wealth via upstream petroleum fiscal and taxation regimes. This master class shall provide an exhaustive account of the theoretical and practical core issues that arise in designing and implementing fiscal and taxation regimes for the upstream petroleum sector.

2 Course outline

- a) Special features of the upstream petroleum sector
- b) The structure of upstream petroleum fiscal regimes
- c) Issues in the design of tax and fiscal regimes
- d) Oil and gas fiscal and tax instruments
- e) Contractual assurances of fiscal stability
- f) International tax issues for the upstream oil and gas sector
- g) Financing of upstream oil and gas exploration
- h) Financing of upstream oil and gas development and exploitation activities

3 Course facilitators

Nikhil Hira: Tax Leader, Deloitte East Africa

Nikhil Hira is a Tax Partner in Deloitte East Africa based in the Nairobi office. He currently heads up the tax practice for Deloitte in the region and in addition is the Technology, Media and Telecom industry leader.

Nikhil has specialised in taxation since 1987 in various jurisdictions around the world including the UK and East Africa. He has acted for and advised a wide range of clients from family businesses to multinationals on all aspects of taxation. His experience covers routine tax compliance work, tax planning, international tax and transaction advisory from both a direct and indirect tax perspective. In the nineties he was responsible for establishing the first practice in the region that focused only on indirect tax. During his over thirty years of experience, he spent 8 years working in a family business in India which has served him well in advising clients in a professional capacity.

He is a regular commentator on matters tax in the East African region and has over the years been involved in many successful lobbying campaigns to change or introduce new tax laws. He is a past council member of the Institute of Certified Public Accountants in Kenya and during this period also served on the Tax & Public Finance and Professional Standards committees. He currently sits on the Advisory Committee of the Eastern African Association.

Bill Page: Senior Advisor, Deloitte UK

Bill Page is the Senior Adviser, African Projects, based in Deloitte's London office. He is a graduate of Oxford University. His role is to assist Deloitte's clients doing business across the African continent, particularly companies involved in oil and gas projects. He has extensive experience living and working in emerging markets. He has practiced tax since 1986 and has wide international experience.

Between 1986 and 1998 he worked in London; from 1998 to 2004 he was based in Kazakhstan working across the Caspian Region as leader of the tax and legal practice. From 2004 to 2008 he was based in Russia as oil and gas leader for the CIS practice and was responsible for the establishment of Deloitte's office in Sakhalin. He moved to East Africa in 2009 as leader of the East African practice's energy and resources industries team and the tax teams in Uganda and Tanzania. He has worked on projects across several other African jurisdictions including Libya, Gabon, Ghana, Burundi, Ethiopia, Kenya and Mozambique. He has extensive experience advising oil and gas and mining companies and their subcontractors, and he is one of Deloitte's leading experts in the negotiation and interpretation of oil and gas agreements.

Fred Omondi: Tax Partner

Fred is a Tax Partner with Deloitte East Africa has over 12 years' experience in various aspects of taxation including tax reviews/ health-checks, handling tax audits, transfer pricing, international tax issues and advising clients on tax issues relating to business set up and restructuring. He has assisted many organisations, both local and multinational, in managing their tax affairs.

He has also worked with the Deloitte South Africa transfer pricing team in Johannesburg where he was involved in transfer pricing documentation work for some of the leading companies in Africa. Fred has built a solid reputation in handling tax controversy, carrying out tax audits/ health-checks and advising clients on tax issues relating to business set up and restructuring.

He is a regular contributor to various tax publications and the national print media. He acts as a regional correspondent for the International Bureau for Fiscal Documentation (IBFD).

Denis Kakembo: Senior Tax Manager

Denis is a Senior Tax Manager with Deloitte East Africa. He is dual qualified both as a Lawyer and Chartered Accountant. He is a UK trained energy and investment professional and his specialty is serving clients in the energy and resources sector, He possesses technical expertise in energy law and policy issues acquired through work experience and academic training at the Centre for Energy, Petroleum and Mineral Law and Policy at the University of Dundee, an international reknown graduate school in natural resources and energy law and policy.

4 Date, venue and fees

Date: 9 and 10 November 2015

Venue: Deloitte Place, Muthangari

Fee: KES 75,000



5 Contacts

For more information about this master class, please contact:

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