



Locally rooted - Globally connected

WTS ALTHAUS Group Russia Tax Congress
Africa Tax Landscape

November 2019

wts global

Africa tax landscape- Russia perspective

Overview

Russia Tax Treaty Network in Africa

Taxation of EPC-contracts

Safeguards against double taxation

Tax incentives in the extractive and Manufacturing sector

Tax audits and dispute resolution

Russia's Tax treaty network in Africa

Treaties in force

- » Algeria
 - » Botswana
 - » Egypt
 - » Mali
 - » Morocco
 - » Namibia
 - » South Africa
- » 7 out of 54 Countries

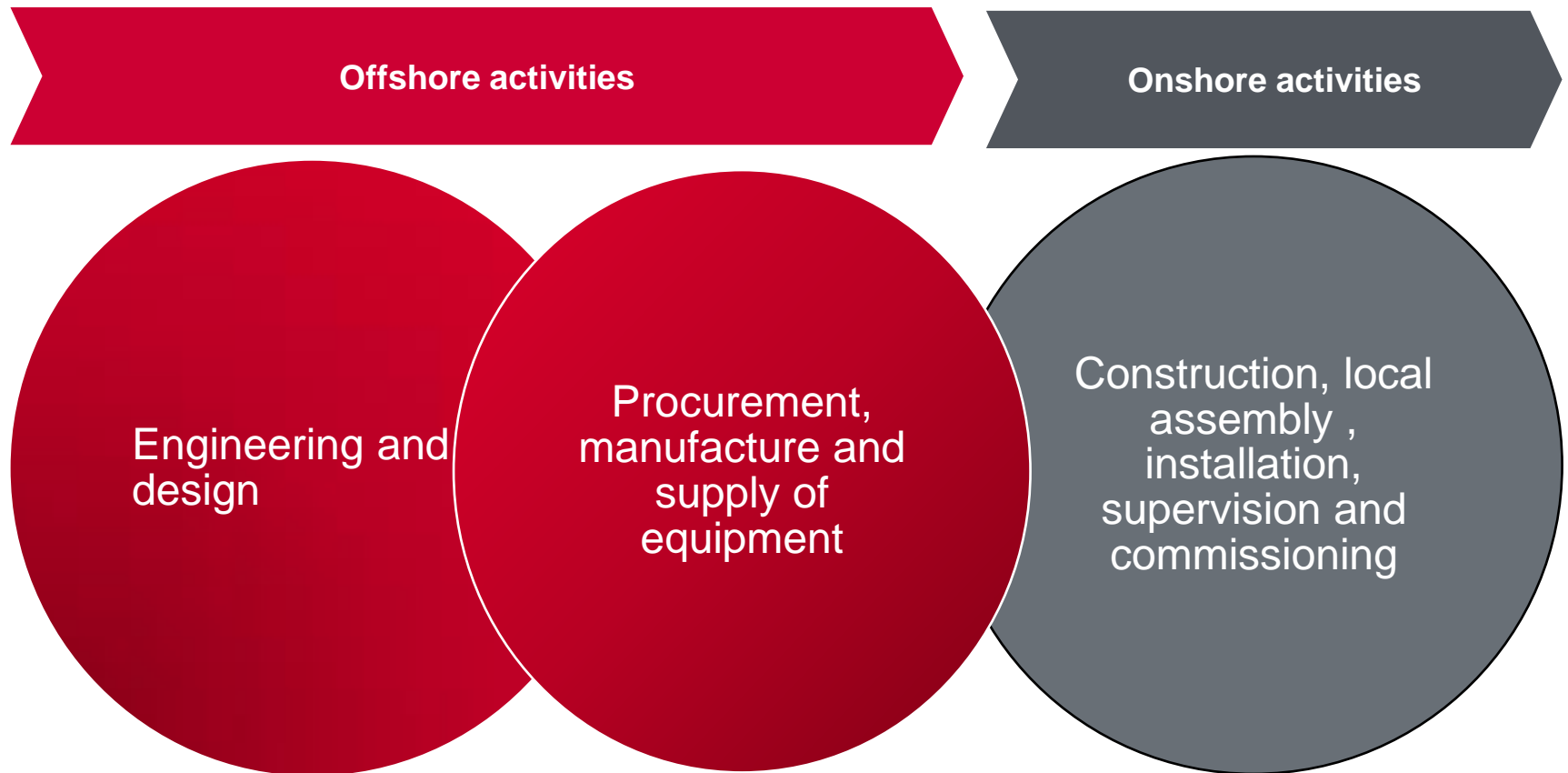
Treaties signed but awaiting ratification

- » Ethiopia
- » Mauritius
- » Seychelles
- » Tunisia

Strategic countries not covered by Russia DTT

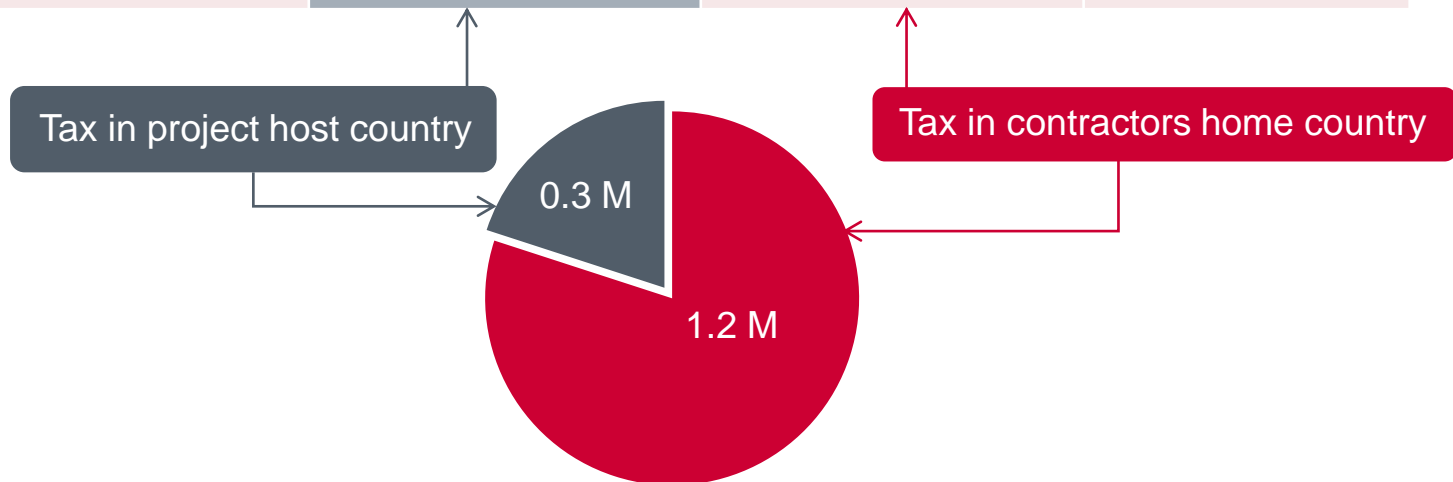
- » Nigeria - Oil and gas / infrastructure projects
- » Kenya – East Africa Hub country
- » Congo DRC – natural resource
- » Angola – Oil and Gas Infrastructure

Taxation of EPC contracts

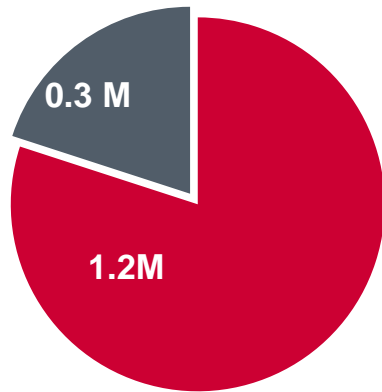


Profit allocation based on location of value addition

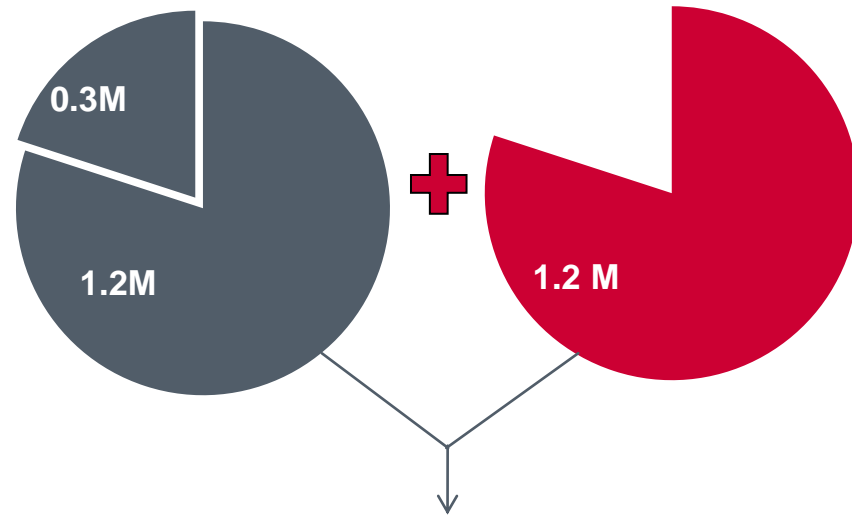
Item	Onshore (M)	Offshore (M)	Total (M)
Price	10	40	50
Costs	9	36	45
Profit (10% margin)	1	4	5
Corp. Tax @ 30%	0.3	1.2	1.5



Ideal case





Case of Double taxation



Double taxation

Total tax liability on Engineering and Procurement scope => **2.4 M** => additional tax cost of 1.2 M in Host country .

Double Tax treaties can be effective in resolving such cases of double taxation

-  Tax in host country
-  Tax in contractor's home country



Tax risk mitigation and dispute resolution

Involvement of Tax consultant at bidding stage

- » Early identification of significant tax issues to be factored in project price
- » Possible to resolve foreseeable disputes in advance- effective use of advance tax rulings.
- » Determination of tax obligations in host countries- domestic tax law/ double tax treaties.

Support with tax risk management during project execution

- » Support with tax compliance and execution of tax obligations
- » Support with clarification of queries from tax authorities
- » Support in putting up documentation and putting application for approval of tax benefits- Tax incentives, DTT benefits etc.

Resolution of disputes that may arise after project executions

- » Support with post project tax audits and queries
- » In case of disputes with tax authorities, the local WTS partner in conjunction with ALTHAUS will work together to assist with the use of available tax dispute resolution mechanisms.
- » Many courts have by their well balanced and fair judgements dispelled the myths that one cannot get a fair hearing in a tax dispute against a tax authority. Recent case in point- Target well control Vs Uganda Revenue Authority.

