

## **IADC Tax Committee Meeting Minutes 5 June 2019 @ 2:00 p.m., Fairmont Hotel—Dallas**

### I. Welcome, Opening Remarks, Safety Briefing, IADC Antitrust Guidelines and Introductions:

IADC Tax Committee Chair, Linda Ibrahim, opened the meeting welcoming everyone, followed by a safety briefing presented by a hotel employee. Liz Craddock, IADC Tax Committee staff liaison, next reviewed the Antitrust Guidelines. Following review of those guidelines, Linda explained that the offshore 101 speaker she had secured to come brief the committee could no longer make it. After that explanation, each person present introduced themselves and the company they work for.

### II. Country by county updates:

Linda moved on to the next agenda item – roundtable discussion of various tax matters happening around the world. (These minutes reflect the comments made by participants in the room.)

#### Middle East:

- a. Qatar—Contract tax retention – audit is necessary for refund.
- b. Kuwait – Need to reach end of the contract to get through audit.

#### Asia/SE Asia:

- a. Australia—Question regarding how the jurisdiction is treating everyone? ATS streamline review is not streamlined. Other jurisdictions are more reasonable than Australia. Transfer Pricing audit/Sept. 2018/final statement six months later.
- b. Indonesia— Legacy cases, usually do them separately, but pushed to do them in one block. One goal should be for the taxpayer to get number of cases down to be more manageable. ITA is being aggressive and meticulous.

#### Africa: Settle!

- a. Foreign Corrupt Practices Act question regarding high per diem issue.
- b. West Africa—Shutting down legacy branches is leading to audits in West Africa.
- c. Nigeria— Still suffering from transition from old rules (2015) to new rules. If they serve a notice on you, until you appeal it, they can put a notice on your door as a non-compliant tax payer.
- d. Angola—Question regarding money trapped in the country. Also, issue raised on non-tax issues, like immigration. They recently changed their foreign investment law and it's now once again acceptable to register as a foreign branch. Oil is heavily relied on, government recognized is was hurting itself with the entity set-up limitation. The new

- law is similar to old regime. Streamline process, red tape; should be simple to do. However, the rules are not clear, and personnel are not trained. Lots of uncertainty.
- e. Ghana— Audit issues and challenges with the Petroleum Commission.

#### EU:

- a. Question asked on whether companies own rigs in Luxemburg.
- b. UK—BBCF letter. Investigations are about to commence. HMRC – advisors believe agency is being cooperative and they also said helpful. Past registration meetings. Timing, are they staying true to it? No, they are not as things slowed down on their end likely due to Brexit.
- c. Luxemburg—The authorities are being aggressive, even with APAs. In this environment, they will look at facts, find an error, say you didn't represent it correctly, and void previous ruling. BEPs is putting so much pressure on them to cancel agreements.
- d. Switzerland— They have enacted their law – question on whether there is there a grandfather clause? Answer, five years. Do the old laws or old rulings still apply? Not sure, very unclear.
- e. Norway – No comments.
- f. Denmark— Companies audit are still not going well. Authorities are being very aggressive, and the company was only in the jurisdiction for two months.
- g. Netherlands—New substance requirements? Any issues?

#### Americas:

- a. Brazil—Very litigious. Question was raised about which phase is faster – the Administrative process or court system? Expect 12 to 15 year cases. Anything under 20-30 is considered a young case.
- b. Trinidad and Tobago—Tax amnesty bill enacted, waiting on the new rules.
- c. Mexico—Audits! One company's audit goes back to 2011. The Mexican authorities want all receipts/invoices and if you don't have 100% of everything, then they don't allow anything and negate 100% of deductions on anything that is not supported with original invoices/documents. The company's volume of the data they are supplying is horrendous. One company stated that the authorities haven't touched the BBC issue yet; however, another company is facing issues with the BBC deduction and nothing else. In regard to Protocon, one company is close to the end of that process and it didn't do much of anything. Another company is in court. One company survived audit, but they were very prepared for battle. Protocon is the best shot you have, not in the courts. Protocon is similar to a fast track decision by the Mexican Hacienda.
- d. Canada— A company has been under audit for years. They have provided the requested info, and then the Canadian officials go away, but nothing ends. Another company had an adverse ruling on transfer pricing on BBC.
- e. US – Shell agreed a DC company was contractually protected in light of (BEAT). Discussion regarding whether a change in law clause in contracts is needed. Contracts Committee meeting June 14th. Potential topic/discuss this matter with Contracts

Committee. Is there any interest from this committee? Send representative? Yes, Karen and Roger volunteered.

III. Topical Updates:

- a. Question asked: What are folks doing about the Caymans? Advisors are acting very relaxed. Are companies willing to add substance in the Caymans?
- b. Gray list/black list discussion. Aruba, Marshall Islands.
- c. CBCR filings – any questions arisen? No master files? No questions from group.

IV. Tax Seminar:

This year, it is very much panel based, so there will be a lot of Q&A. Chairperson urged everyone to think of questions, especially on anything you are getting conflicting advice on. Panels are well represented. Don't be shy.

V. Quarterly Meetings:

The following dates suggested: Sept. 5th; Dec. 4th; and March 4th, 2020. Chairperson wants to make sure dates work for members. Feedback requested. None provided at meeting.

VI. Location for 2020 Conference:

San Antonio, but hotel has not been selected. Looking for hotel on the Riverwalk.

VII. FASB guidance:

IADC Tax Committee submission was made. Another submission is possible for late June. The June submission is more open ended. If there an interest in submitting? Question on significance to rig companies? Discussion.

Meeting adjourned at 3:50 p.m.

**Attendance:**

<b>First Name</b>	<b>Last Name</b>	<b>Company Name</b>
Brian	Hefty	<b>BORR DRILLING MANAGEMENT</b>
Bach	Tran	<b>DIAMOND OFFSHORE</b>
Joel A	Cermak	<b>DIAMOND OFFSHORE</b>
Jane	Munoz	<b>DIAMOND OFFSHORE</b>
Regina S	Bowen	<b>DIAMOND OFFSHORE</b>
Clifford A	Mangano	<b>DIAMOND OFFSHORE</b>
Rolando	Gongora	<b>DIAMOND OFFSHORE</b>

Tony	Caballero	<b>DIAMOND OFFSHORE</b>
Jaqueline P	Carvalho	<b>DIAMOND OFFSHORE</b>
Aimee	Burhoe	<b>ENSCO ROWAN PLC</b>
Rita L	Flores	<b>ENSCO ROWAN PLC</b>
Christian	Ochoa	<b>ENSCO ROWAN PLC</b>
Roger	McCartney	<b>ENSCO ROWAN PLC</b>
Jonathan	Cross	<b>ENSCO ROWAN PLC</b>
Ross	Gallup	<b>ENSCO ROWAN PLC</b>
Rui	Gomes	<b>ENSCO ROWAN PLC</b>
Susan	Obayashi	<b>HELMERICH &amp; PAYNE</b>
Jeremy	Belford	<b>HELMERICH &amp; PAYNE</b>
Amy	VanDuser	<b>HELMERICH &amp; PAYNE</b>
Pierre	Lopez	<b>HELMERICH &amp; PAYNE</b>
Rafael	Vasquez	<b>HELMERICH &amp; PAYNE</b>
Elizabeth	Craddock	<b>IADC</b>
Morten	Nielsen	<b>MAERSK DRILLING A/S</b>
Andromeda	Myers	<b>NABORS CORPORATE SERVICES</b>
John	Schmuck	<b>NABORS CORPORATE SERVICES</b>
Adriana	Dean	<b>NABORS CORPORATE SERVICES</b>
Marie	Absher	<b>NABORS CORPORATE SERVICES, INC.</b>
David	Chen	<b>NOBLE CORPORATION</b>
Annie	Lin	<b>NOBLE CORPORATION</b>
Carrie	Dai	<b>NOBLE CORPORATION</b>
Clarisia	Cina	<b>NOBLE CORPORATION</b>
Shilpa	Mane	<b>NOBLE DRILLING</b>
Shan	Hussain	<b>NOBLE DRILLING</b>
Maria D	Vera	<b>NOBLE DRILLING</b>
Jennifer	Markham	<b>NOBLE DRILLING SERVICES</b>
Vida C	Montecillo	<b>NOBLE DRILLING SERVICES</b>
Michael L	Weinstein	<b>PACIFIC DRILLING LLC</b>
Lilly	Ahn	<b>PACIFIC DRILLING LLC</b>
Nathaniel	Dockray	<b>PARKER DRILLING</b>
Jason	Stegemiller	<b>PARKER DRILLING</b>
Matthew Saul	Rose	<b>SEADRILL</b>
Karen B.	Najvar	<b>SEADRILL AMERICAS</b>
Ryan	Mead	<b>TIDEWATER INC.</b>
Michael	Barakat	<b>TIDEWATER INC.</b>

Geoffrey	Bennett	<b>TIDEWATER INC.</b>
Navin	Sarda	<b>TRANSOCEAN</b>
Ryan	Zuerner	<b>TRANSOCEAN</b>
Jiangyue	Zhu	<b>TRANSOCEAN</b>
Julianne	Trahan	<b>TRANSOCEAN</b>
Stuart	Vogt	<b>TRANSOCEAN</b>
Irina	Schatz	<b>VANTAGE DRILLING</b>
Swati	Dua	<b>VANTAGE DRILLING</b>
Linda	Ibrahim	<b>VANTAGE DRILLING INTERNATIONAL</b>