



## **Petroleum Taxation Computation in JV & PSC Contract Types AF03**



**Oil & Gas  
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# Petroleum Taxation Computation in JV & PSC Contract Types (AF03)

## Background:

Taxation has always been governments' major source of internally generated revenue. This is becomes more complex and important when such taxation are based on dwindling and irreplaceable naturally occurring resources.

Governments have been known to position their revenue generation on such natural resources and would therefore guard such national revenue from dwindling or from abuses from international and multinational organisations. The control of such revenue form a key part of most government policies and rightly so too.

It is against this background that the right formulation and adequate calculation and collection of such tax revenues have become very important.

Given the complexity of oil and gas exploration activities and the oil companies' international experience, it has become imperative for governments to ensure a robust understanding of Petroleum oil and gas tax administration as this is a key for achieving government infrastructural and socio-economic development goals in terms of tax revenue adequacy.

## Course Description

In this particular program, the emphasis is on the right type of taxes that governments should be imposing on such irreplaceable natural resource like oil and gas; the way such taxes like oil and gas exploration and production taxes are calculated and how best to ensure adequate compliance and collection of all taxes due to government.

Similarly, the course will assist oil companies to understand government's reason (s) for imposition of various types of tax for the petroleum industry and how to comply with various aspects of the petroleum tax laws. Grey areas in their knowledge of calculation that has led to incorrect tax calculations will also be treated.

We will endeavour to examine in detail the Nigerian petroleum laws, both existing and proposed as well as those of other countries like Libya (which has just reviewed all existing Petroleum exploration and production contracts), the Angolan Resource Rent as well as the Malaysian and UK Ring Fenced Petroleum Revenue Tax.

Participants will be taught how to practically calculate all of these types of taxes including the calculation of Nigeria's Petroleum Profit Tax (both for JV & PSC).

The program is a five day intensive course for both operators and government oil and gas related regulatory authorities.

### **Course Contents:**

#### **1. Upfront Taxes in Oil & Gas Exploration & Production**

- Oil & Gas License & Bonus Concept
- Bonus Types: Bidding, Signature and Production
- Bonus Types in Different Countries i.e. Indonesia, Malaysia, USA, Brazil, Qatar etc.
- Libya's Unprecedented \$1billion Signature Bonus: a close review

#### **2. Royalties**

- Royalty Rates in Different Countries (Equatorial Guinea, Venezuela, Gabon, Yemen, U.S.A., Nigeria, UK, China)
- Fixed and Sliding Scale Royalties
- Royalties in Cash & In Kind & Implications for Revenue/Turnover Calculation
- R- Factor Royalties (Philippines, Peru)
- Volume Determination for Royalty Calculation

#### **3. Petroleum Revenue Tax (PRT) VS. Petroleum Profit Tax (PPT) & Hydrocarbon Tax**

- Impact of PRT Vs PPT on Profitability: Pre-Tax & Post Tax Income
- PRT and PPT Rates In Oil & Gas Producing Countries Worldwide
- Other Features in Oil & Gas Taxation: Depletion Allowances, Tax Credits, the French Style Provisions and Severance Taxes
- Corporate Income Tax: Rates, Group Taxation, Ring Fencing
- Treatment of Interest
- Supplemental Petroleum Tax (Trinidad & Tobago)
- Tax Deductibles: Import Duty Excise Duty etc.
- The MOU / PSA and Cost of Capital Recovery (including cost of capital on Impairment Expense)

#### 4. The Petroleum Profit Tax, Petroleum Revenue Tax and Resolution of Conflict between Provisions of Other Legislations /Agreements

- E.g. Cost of Capital Recovery
- Tax Inversion & the Provisions of the MOU
- Conflicting Aspects of the Investment Tax Allowance (ITA)

#### 5. Oil & Gas Contract Types & Impact on Taxation Revenue for Government & Profitability for Oil Company

- Joint Venture (JV) and Profitability of Operation
- JV Progressive Tax Rates
- Profit Sharing Under JV
- Production Sharing Contract (PSC)
- Sliding Scales for Cost Oil & Profit Oil
- Cumulative Cost Recovery and Excess Cost Oil
- R-Factor Production Sharing (Iran, India, Peru)
- Service Contracts
- Global Service Fee System
- Service Fee & Buy-Back Provisions

#### 6. Sensitivity Analysis For Impact Of the Following on Government Revenue Generation:

- Bonuses, Rentals, Royalties & Taxes in Terms of Rates & Timing of payment
- Computation of Government Tax Take and Comparison of Government Tax Revenues in Different Countries
- Tax Treaties and Tax Consolidation across Borders in respect of Oil & Gas Operations



## Who Should Attend?

- Corporate Planners
- Petroleum Economists
- Financial Analysts
- Accountant
- Petroleum Engineers
- Geologists
- Chemical Engineers & Other Engineers
- Lawyers

## Venue & Date:

Dates & Venue open to discussion /change upon interest and commitment of 8 or more persons.

## Tuition:

£3,250 +VAT

5 day program

5 easy ways to  
register or to  
make an enquiry:

1.Web

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