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IADC Tax Committee Meeting Minutes
2 April 2019 @ 11:30 a.m., IADC Headquarters—Houston

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

Tax Committee Chairman, Linda Ibrahim, opened the meeting welcoming everyone, followed by Liz Craddock, IADC Tax Committee staff liaison, giving the safety briefing and reviewing the Antitrust Guidelines. Linda next asked the meeting participants for the best time to have these meetings. The group decided lunch was the best option and not too onerous for the EU members calling in. After that short discussion, each person present and on the phone 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 matters happening around the world. (These minutes reflect the comments made by participants in the room.)

Middle East:

a. Saudi Arabia—the enactment and implementation of VAT is going well. No company present has gone through an audit. There have been threats of income tax audits, but none have happened. Payroll to expatriate workers are statutorily required to be paid in local currency and it takes approximately a year to get local set up completed. Similar to another company's experience in Qatar.
b. Egypt— the Free zone fee in certain free zones has doubled from 1% to 2% of gross revenue. Some companies have found no relief in reduced tax withholding rate with treaty jurisdictions. One company has $75 million of tax credits stuck in the country.
c. Tunisia— Two companies have settled audits in recent months. An amnesty program just ended at end of March.

Asia:

a. Malaysia – Labuan leasing structures – most companies have or will de-register their Labuan entities. The new substance requirements basically negate the benefits of the structure.
b. Indonesia – Companies are experiences a significant amount of audits. Eventually, VAT refund are issued; however, expect a long process.

c. India— GST law change. Corporate income tax refunds are long process, but predictable. Indirect taxes are more difficult.
d. Australia – Long standing issues, APA negotiations, preparing for litigation.

Africa:

a. West Africa – One company has 3-4 advisors because they cannot get answers. Question was posed on whether other companies were having similar issues. EG audit to U.S. unreasonable per diam expectations.
b. Congo—extremely aggressive tax audits.
c. Senegal – renewal of branch throughout the region, 2-year max, plus 2-year extension of renewal branches.

EU:

a. Luxemburg—Lots of inquiries, but not full audits. Questioning their own rulings. Luxembourg has become problematic where the country's tax administration used to be easy to deal with.
b. Norway – NSA Finance Ministry meeting indicated they will be circulating a white paper potentially to reintroduce the bareboat charter royalty. Companies that have a treaty with EU should not find themselves with a problem, but it is a problem for those Cayman owned group companies.
c. UK – Profit Diversion Compliance Facility - A company was invited to discussion by HMRC; however, the company does not believe they are diverting funds. Gathering facts and info for meeting with HMRC. They have predetermined guilt. Brexit slowing things down. Payroll tax contributions for offshore workers – the authorities are attacking/changing the law to avoid taxpayers from not paying in the contributions. Companies must make the contributions for non-UK nationals.
d. Switzerland – Upcoming vote to raise tax rate 2% to 12% Federal, 1-2-year grace period if it happens.

Americas:

a. Mexico – Recent audits are taking unreasonable positions on treaty transactions. Authorities are targeting local statute in order to avoid the treaty protocol process. Hydrocarbon group is new—the tax authorities don't understand drilling contractors and nominally want them to pay more tax.
b. Brazil – Companies are losing appeals on disputes with split contracts. Recommendation is to get to judicial system, but if you do, it's 10-12-year process.

c. U.S. – BEAT, some are under the threshold, some have written a check. WTO is looking into BEAT. A question was posed as to whether contractual agreements with customers/clients will change to address some of the financial burden associated with the BEAT tax. An action item resulted to connect with IADC Contracts Committee on this matter and gauge the interest in taking an industry-wide approach. There was also some discussion on responsibilities of accounting groups vs. tax professionals.

III. Topical Updates:

a. Intercompany Agreements and Transactions – advisor is pushing hard to keep these up to date.

IV. Tax Seminar:

Format has been changed to all panel discussions to make it interactive. Looking for robust member participation. Conversation vs. presentation. Come with questions. Most panels have a member of the big 4. Increase credits for CPE, which will be a review of Drilling 101/operational side of the business. Will also discuss customs issues when bringing a rig into a country. Entire program is up on IADC website. Fairmont room block expires May 15th. Still in need of sponsors. 2020 Conference location will be either San Antonio or Austin. Not Houston or Dallas.

V. Quarterly Meetings:

The participants decided that early September and early December and first week of March are best targets for meetings. Middle of the week is also best.

Meeting adjourned at 1:07 p.m.

Attendance:

First Name	Last Name	Company Name
Ann	Derden	**BORR DRILLING**
Dominic	Savarino	**DIAMOND OFFSHORE**
Christian	Ochoa	**ENSCO PLC**

Roger	McCartney	**ENSCO PLC**
Elizabeth	Craddock	**IADC**
Michael L	Weinstein	**PACIFIC DRILLING LLC**
Lilly	Ahn	**PACIFIC DRILLING LLC**
Ross	Gallup	**ROWAN COMPANIES**
Herbert	Andrews	**ROWAN COMPANIES INC.**
Rita L	Flores	**ROWAN COMPANIES PLC**
Matthew Saul	Rose	**SEADRILL**
Navin	Sarda	**TRANSOCEAN**
Linda	Ibrahim	**VANTAGE DRILLING INTERNATIONAL**
Swati	Dua	**VANTAGE DRILLING INTERNATIONAL**