

**Part II – Tax Agreements, Waivers and Concessions**

1.	<b>Import and export of equipment and materials</b>	<p>(a) Any Plant, Machinery, Equipment or Consumables which are required for use in the construction, routine maintenance, enhancement of capacity or overhauling of capacity of the Generation Project shall be imported by the Generator, Shareholder, EPC Contractors, O&amp;M Contractors or the Subcontractors, free of any import duty, Goods and Services Tax and any other taxes or dues collected by any Competent Authority and shall be eligible for subsequent export from Sierra Leone free of any Tax at any time.</p> <p>(b) If any item imported into Sierra Leone free of Taxes under paragraph 1(a) is subsequently sold within Sierra Leone by that person or any person connected to them at any time, the Government may then recover from the Project Party that imported such Plant, Machinery, Equipment or Consumables such Tax that would have been payable on import had the provisions of paragraph 1(a) not applied and the seller of such Plant, Machinery, Equipment or Consumables shall notify the Government in writing of the identity of the buyer and the amount or value of the consideration received for the sale of that Plant, Machinery, Equipment or Consumables.</p>
2.	<b>Withholding Tax</b>	<p>(a) Payments of interest in connection with the financing of the Generation Project made by the Shareholder or Generator to any Finance Party shall not be taxable at source in Sierra Leone.</p> <p>(b) Any gross dividend payment made by the Generator out of proceeds or profits derived from the Generation Project shall not be taxable at source in Sierra Leone.</p> <p>(c) Other payments made by the Project Parties (excluding for the purposes of this paragraph 2 any Fuel Supplier or Subcontractor) in the course of its business in connection with the Generation Project shall not be taxable at source in Sierra Leone under Sections 117 or 120 of the Income Tax Act, 2000 (Withholding tax at source) other than as specifically provided in this Agreement. Any payments falling within this paragraph 2(c) which are in excess of \$20,000 and which are made to any person who is resident for tax purposes in Sierra Leone shall be notified in writing to the Government, such notification identifying the recipient of the relevant payment and the amount of that payment.</p> <p>(d) The Government agrees that any payments to be made by the Offtaker to the Generator in connection with the Generation Project shall not be taxable at source in Sierra Leone.</p> <p>(e) To the extent that a Project Party makes a payment in connection with the Generation Project which is subject to withholding in Sierra Leone (and for which an exemption is not provided pursuant to the provisions of this Agreement) to a person who is resident in a</p>

		jurisdiction having a double taxation agreement (a Treaty) with Sierra Leone, the Government shall provide the administrative assistance necessary to ensure that the Generator can make such payments with no or a reduced rate of tax at source as provided under the relevant Treaty.
3.	<b>Corporate tax</b>	<p>(a) The Shareholder, Generator, EPC Contractors and O&amp;M Contractors shall be entitled to an exemption from corporate tax on income from the Generation Project received or accrued on or before the second anniversary of the expiry of the Term.</p> <p>(b) No amount payable or receivable by the Project Parties in connection with the Generation Project shall be subject to a transfer pricing adjustment in Sierra Leone which is not consistent with the principles set out in Article 9 of the OECD Model Tax Convention and the OECD Transfer Pricing Guidelines as amended from time to time.</p> <p>(c) The Government shall not withhold, reject or unreasonably delay any clearances or consents in respect of Tax applied for by the Project Parties to the extent that such clearances or consents are consistent with this Agreement.</p>
4.	<b>Capital gains</b>	The Shareholder, Generator and Finance Parties shall not be subject to tax in Sierra Leone on any capital gain realised in relation to the Generation Project, including the sale of all or part of the business or the shares of CECA SL or the Generator.
5.	<b>Employee taxation</b>	Employees of the Project Parties (excluding for the purposes of this paragraph 5 any Fuel Supplier or Finance Parties) working in connection with the Generation Project who are citizens of a country other than Sierra Leone and who are not resident for Tax purposes in Sierra Leone shall be subject to Tax in Sierra Leone only on their locally received income and shall be taxed on that income at a rate no higher than the same rate applied to employees with the same tax status in Sierra Leone of other local companies or, if lower, the rate applied to employees with the same tax status in Sierra Leone of non-citizen or non-resident companies. For the avoidance of doubt, employees of the Project Parties who are citizens of a country other than Sierra Leone and who are not resident for Tax purposes in Sierra Leone and payments to such persons shall not be subject to NASSIT.
6.	<b>Expatriates</b>	(a) The directors, consultants and employees of the Project Parties (excluding for the purposes of this paragraph 6 any Fuel Supplier or Finance Parties) working in connection with the Generation Project (and the children, dependants, spouses and civil partners of each of the foregoing) shall be entitled to bring into or import, and to export following or in anticipation of the ending of their period of residence or work such personal and household effects (including but not exceeding up to one motor vehicle per employee or director) in connection with the same and for any of the same to be promptly processed

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		<p>through the port of entry or exit, including any customs procedures, free of all Taxes (other than any prevailing ECOWAS tax which is currently set at 0.5% of the value of the applicable goods), provided that this paragraph shall not apply to any import or export of motor vehicles by any consultant.</p> <p>(b) If any personal or household effect brought into the country by a person free of Taxes under paragraph 6(a) is subsequently sold within Sierra Leone by that person or any person connected to them, the Government may then recover from the buyer of such personal or household effect such Tax that would have been payable on import had the provisions of paragraph 6(a) not applied provided that the seller of such personal or household effect shall notify the Government in writing of the identity of the buyer and the amount or value of the consideration received for the sale of that personal or household effect.</p> <p>(c) For the avoidance of doubt all other goods which are imported or exported by the directors, consultants and employees of the Project Parties (and the children, dependants, spouses and civil partners of each of the foregoing) and which do not fall under paragraph 6(a) shall be subject to such Taxes as are applicable from time to time under the Law of Sierra Leone and such administrative practises as are adopted by the Government for the processing of such goods.</p>
7.	<b>Goods and Services Tax</b>	<p>(a) Subject to paragraph 7(d) below:</p> <p>(1) where an Exempt Project Party is the recipient of a taxable supply of Plant, Machinery, Equipment or Consumables including the supply of goods and services onshore and offshore Sierra Leone by or to an Exempt Project Party for Goods and Services Tax purposes under the Law of Sierra Leone which are required for use in the construction, enhancement of capacity or overhauling of capacity or (in respect of a receipt of a taxable supply of Consumables only) the operation of the Generation Project; or</p> <p>(2) where a Non Resident Exempt Project Party is the recipient of a taxable supply of services in connection with the Generation Project,</p> <p>then the supplier making that supply must treat that supply as if it were a zero-rated supply for Goods and Services Tax purposes and all consequences will follow for the supplier and the relevant Exempt Project Party as if it were such a zero-rated supply. Any taxable supply which a Non Resident Exempt Project Party is treated as making by virtue of being a recipient of a supply of imported services in connection with the Generation Project shall be treated as if it were a zero rated supply for Goods and Services Tax purposes.</p>

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		<p>In this paragraph (a), the expressions "input tax", "taxable supply" and "zero-rated" shall have the same meaning as they do in the Goods and Services Tax Act, 2009.</p> <p>(b) Notwithstanding paragraph 7(a) above, if and to the extent that an Exempt Project Party incurs any amount of input tax (other than input tax falling within paragraph 7(d) below) imposed under the Laws of Sierra Leone in connection with the Generation Project, the Competent Authority shall, on that Exempt Project Party's request, promptly refund the relevant Exempt Project Party in full for all such amounts.</p> <p>(c) The Competent Authority shall pay any input tax refund due to an Exempt Project Party under paragraph 7(b) within four months of that Exempt Project Party requesting the refund. If the Competent Authority does not pay the input tax refund within that four month time limit, any amount of unpaid input tax refund shall immediately and to the fullest extent possible be set-off against any other Tax which is due and payable by that Exempt Project Party in Sierra Leone or any Tax imposed by Sierra Leone which is required to be withheld at source from any payment made by that Project Party.</p> <p>(d) Paragraph 7(a) above shall not apply in respect of Goods and Services Tax imposed on the importation or purchase of any goods or services, where the provisions of paragraph 1(a) shall instead apply and for the avoidance of doubt where Paragraph 1(a) does not provide an exemption, such import or purchase shall be subject to Goods and Services Tax in accordance with the general position under the Laws of Sierra Leone.</p> <p>(e) For the Purposes of this paragraph 7 "Exempt Project Parties" comprises only the Generator, Shareholder, EPC Contractors, O&amp;M Contractors, and the Subcontractors including any EPC Contractors, O&amp;M Contractors and Subcontractors that are incorporated onshore or offshore Sierra Leone and "Non Resident Exempt Project Parties" comprises only Exempt Project Parties that are not resident for Tax purposes in Sierra Leone and which do not have a permanent establishment in Sierra Leone.</p>
8.	<b>Residence</b>	<p>(a) Subject to paragraph 8(b) below, none of the Finance Parties nor the Shareholder shall be, or be deemed to be, resident, domiciled or carrying on business (whether through a permanent establishment or otherwise) in Sierra Leone solely by reason of the execution, delivery, performance or enforcement of the Project Documents or the Finance Documents or in respect of the carrying out of any part of the Generation Project. No Sub Contractor or EPC Contractor or O&amp;M Contractor who would not otherwise be resident, domiciled or carrying on business through a permanent establishment in Sierra Leone shall be resident, domiciled or carrying on business through a permanent establishment in Sierra Leone solely by</p>

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		<p>reason of work which they carry on in connection with the Generation Project.</p> <p>(b) Paragraph 8(a) shall not apply to remove any liability for NASSIT, where the provisions of paragraph 5 shall instead apply, or act to extend the exclusion set out in paragraph 1(a) or 7(a) in respect of any tax on import or Goods and Services Tax (respectively).</p>
9.	<b>Confirmation</b>	<p>The Government hereby irrevocably and unconditionally agrees in the terms of this Schedule:</p> <p>(a) to waive for the period of the Term plus two years its rights in respect of Tax insofar as they are inconsistent with the terms set out in this Part II of Schedule 12; and</p> <p>(b) for the period of the Term plus two years not to seek to recover Tax from the Project Parties insofar as such recovery would be inconsistent with the terms set out in this Part II of Schedule 12.</p>
10.	<b>Purpose</b>	<p>The Parties to this Agreement hereby acknowledge and agree that the exemptions from tax as set out in this Schedule 1 have been provided solely for the development, operation and funding of the Generation Project and shall not apply for any other purpose or in relation to any other activity and no term of this Agreement shall restrict or prevent the Government from exercising any powers it may have from time to time to investigate and ensure the exemptions are being applied in accordance with this Part II of Schedule 12.</p>
11.	<b>No double recovery and no misuse provisions</b>	<p>(a) To the extent that claims can be made (in respect of the same facts or circumstances) by the Generator both for breach of the Government's agreement in this Schedule and also under Clause 12.7 (Increased Costs) (ignoring any de minimis threshold on such claims when determining whether a claim under Clause 12.7 can be made), then claims cannot be made for breach of this Schedule to the extent that the Generator would have been unable to recover under Clause 12.7 solely by virtue of the applicable de minimis threshold that applies to such claim.</p> <p>(b) In relation to paragraph 7(b) above (payment in respect of Goods and Services Tax) no payment shall be made to the extent that the relevant Project Party has already recovered an amount representing or in respect of such input tax from a Competent Authority. If payment is made under paragraph 7(b) the Project Parties agree to waive their rights to claim for or in respect of such amounts under Law and agree not to claim for such amounts under Law.</p> <p>(c) The Generator shall ensure that, through each EPC Contract, each O&amp;M Contract, each EPC Contractor, each O&amp;M Contractor agree:</p>

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		<p>(1) to act in accordance with and be bound by the provisions of paragraphs 1(b), 11(b) and 11(d) of this Part II of Schedule 12;</p> <p>(2) procure that the Subcontractors are bound under the terms of their contracts with each EPC Contractor and O&amp;M Contractor or other Subcontractors (as applicable) to act in accordance with and be bound by the provisions of paragraphs 1(b), 11(b) and 11(d) of this Part II of Schedule 12,</p> <p>and the Generator shall use all reasonable endeavours to enforce such obligations and require each EPC Contractor, each O&amp;M Contractor, and Subcontractors (as applicable) to enforce such obligations, and shall use all reasonable endeavours to give the Government direct rights to enforce such obligations against each EPC Contractor, and each O&amp;M Contractor.</p> <p>(d) Without prejudice to paragraphs (a), (b) and (c) above or to Clause 18.19 (No Double Recovery), in respect of any liability which may give rise to a right of a Project Party to recover damages or obtain payment, reimbursement, restitution or indemnity (including through changes in the Tariff) (whether under this Agreement, any Project Document, rights under Law or otherwise):</p> <p>(1) no such liability shall be met more than once; and</p> <p>(2) to the extent that such liability is satisfied by way of a claim pursuant to rights other than those provided in this Schedule, any amount payable pursuant to this Schedule in respect of the same matter is reduced accordingly, and vice versa.</p> <p>(e) Without prejudice to any other rights and remedies that the Government may have, in the event that a Project Party is found to have failed to comply with the Law relating to Tax (as modified by this Schedule), other than with the express written agreement of the Government, and:</p> <p>(1) such Project Party or any of their present or former directors, officers or employees or consultants was aware that the Project Party had failed to comply with the Law relating to Tax (as modified by this Schedule); and</p> <p>(2) the amount of Tax in Sierra Leone that was not assessed and which should have been assessed had the Law (as modified by this Schedule) been correctly applied exceeds in aggregate (being the aggregate of all such failures by that Project Party) US\$300,000, then that Project Party shall cease to benefit from the provisions of this Schedule 12 with effect from the date of the failure that triggered the operation of this paragraph 11(e). The Parties acknowledge that if</p>
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		<p>the Government wishes to enforce the provisions of this Paragraph 11(e) the burden of proof in establishing that this Paragraph 11(e) applies shall in the first instance fall on the Government.</p> <p>(f) In the event that arrangements are entered into with the intention of extending the scope of the benefit of the provisions of Part II of this Schedule either to persons who would not or transactions which would not, absent such arrangements, be entitled to benefit from the provisions of Part II of this Schedule, then the arrangements are not to achieve that effect and Part II of this Schedule shall be applied as if the arrangements had not been entered into. In this paragraph "arrangements" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).</p> <p>(g) This Part II of Schedule 12 shall not waive, reduce, remove or limit any liability for or in respect Taxes on or in respect of petrol, diesel, HFO, LFO or other fuel.</p>
12.	<b>Subcontractors</b>	<p>The Generator shall promptly, and in any event within 20 Business Days, notify the Government in writing:</p> <p>(a) when a person becomes a subcontractor under limb (f) of the definition of Project Parties, with such notification to include (i) the date on which they became such a subcontractor and (ii) reasonable details of the goods or services that will be subject to relief, exemption or waiver in accordance with this Part II of Schedule 12 (the "Exempt List"); and</p> <p>(b) when a person ceases to be a subcontractor under limb (e) of the definition of Project Parties for whatever reason, including but not limited to as a result of:</p> <ol style="list-style-type: none"> <li>(1) the subcontractor having fulfilled all its obligations under the relevant subcontract; or</li> <li>(2) the expiry or termination of the relevant subcontract.</li> </ol> <p>(c) The Generator shall be entitled to update as often as reasonably necessary the Exempt List provided in respect of a given subcontractor, by way of written notice to the Government, provided that (i) such written notice shall contain the updated Exempt List with reasonable details of the goods or services that will be subject to relief, exemption or waiver in accordance with this Part II of Schedule 12 for such subcontractor and (ii) such updated Exempt List shall be taken (for the purposes of the definition of Subcontractor) to replace the preceding Exempt List 20 Business Days after receipt by the Government.</p>

13.	Definitions	<p>In this Schedule:</p> <p><b>Competent Authorities</b> means the Government and any body which is responsible for or otherwise concerned in the implementation of the Government's obligations under this Agreement including, without limitation, local councils, statutory bodies, Customs, the National Revenue Authority and any authority with the power to issue Permits but excluding, for the avoidance of doubt, professional advisers</p> <p><b>Consumables</b> means only the following goods used by the Generator in erecting, processing, handling and preparing the infrastructure of the Generation Project, producing power, transporting personnel and equipment, repairing and maintaining the infrastructure of and (where relevant) the operation of the Generation Project:</p> <ul style="list-style-type: none"> <li>(a) accessories, spare parts and appliances for use exclusively with any of limbs a) to k) of the definition of "Plant, Machinery and Equipment" in relation to the Generation Project;</li> <li>(b) stores and accessories, lubricants and appliances for use exclusively with any of the of limbs a) to k) of the definition of "Plant, Machinery and Equipment"; and</li> <li>(c) Fuel,</li> <li>(d) including all spare parts, consumables and any other plant or machinery imported for the purposes of routine maintenance in respect of the Generation Project,</li> </ul> <p>provided that, notwithstanding limbs (a) and (b) above, Consumables does not include foodstuffs.</p> <p><b>Goods and Services Tax</b> is a Tax under this Agreement and means any tax imposed under the Goods and Services Tax Act, 2009</p> <p><b>Plant, Machinery, Equipment</b> means all machinery, plant and equipment used by the Generator in erecting, processing, handling and preparing the infrastructure of the Generation Project, producing power, transporting personnel and equipment, and repairing and maintaining the infrastructure of the Generation Project, including, without prejudice to the generality of the foregoing:</p> <ul style="list-style-type: none"> <li>(a) construction materials for the Generation Project and ancillary facilities;</li> <li>(b) generation plant, including transformers;</li> <li>(c) distribution equipment and vehicles used in and ancillary to their operations;</li> <li>(d) power generating and distributing equipment, solar panels and flood lights;</li> </ul>
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	<p>(e) rescue and medical equipment, mobile and fixed fire protection equipment;</p> <p>(f) camp equipment, pre-fabricated and containerised accommodation and offices, furniture, communication systems, communications equipment, computers, printers, plotters and software;</p> <p>(g) water treatment and storage facilities and associated reticulation (including the production of portable water);</p> <p>(h) sewage treatment and storage facilities and associated reticulation;</p> <p>(i) workshop equipment including tools sets, working benches, lifting equipment, oxy-acetylene sets, welding machines, compressors, lathes, milling machines, cutting machines, grinders, oxy-acetylene bottles and compressors;</p> <p>(j) fuel storage, conveying, pumps, piping, handling and packaging equipment;</p> <p>(k) Including all spare parts, consumables and any other plant or machinery imported for the purposes of routine maintenance in respect of the Generation Project;</p> <p><b>Subcontractor</b> means a person:</p> <p>(a) who is and continues to be a subcontractor under limb (f) of the definition of Project Parties: and</p> <p>(b) in respect of whom the Government has received notification under paragraph 12(a) above and in respect of whom no notification under paragraph 12(b) above has been received; and</p> <p>(c) whose contract (by virtue of which they fall within limb (e) of the definition of Project Parties) is consistent with and conforms with the requirements set out in paragraph 11(c) of Part II of this Schedule,</p> <p>provided that, without prejudice to the provisions of this Part II of Schedule 12, an entity shall only be capable of being a Subcontractor for the purposes of this Part II of Schedule 12 in respect of goods and services listed in the Exempt List provided by the Generator to the Government in respect of that entity.</p> <p><b>Surviving Tax Provisions</b> means the provisions at paragraphs 1(b) and 11 of Part II of Schedule 12.</p> <p><b>Tax</b> includes all present and future taxes, charges, imposts, duties, levies, customs duties, excise, deductions or withholdings of any kind whatsoever, or any other tax or charge having the effect of a tax, or any amount payable on account of or as security for any of the foregoing, by whomsoever on whomsoever and wherever imposed, levied, collected, withheld or assessed, together with any penalties, additions, fines, surcharges or</p>
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		<p>interest relating thereto and Taxes and Taxation shall be construed accordingly.</p> <p><b>General interpretation provisions:</b></p> <p>The term plant when used in this Part II of Schedule 12 includes prefabricated fixtures and structures, as well as special purpose vehicles such as utility vehicles, scissor lifts, service vehicles, personnel carriers, fuel trucks and rescue vehicles and water trucks.</p> <p>The term machinery means machinery consisting of a combination of moving parts and mechanical elements, which may be put in motion by physical or mechanical force.</p> <p>A person shall be deemed to be connected with another if that person is connected with another within the meaning of section 1122 of the Corporation Tax Act 2010, or, in the case of an individual, any person connected with him within the meaning of sections 252 to 254 of the Companies Act 2006.</p>
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