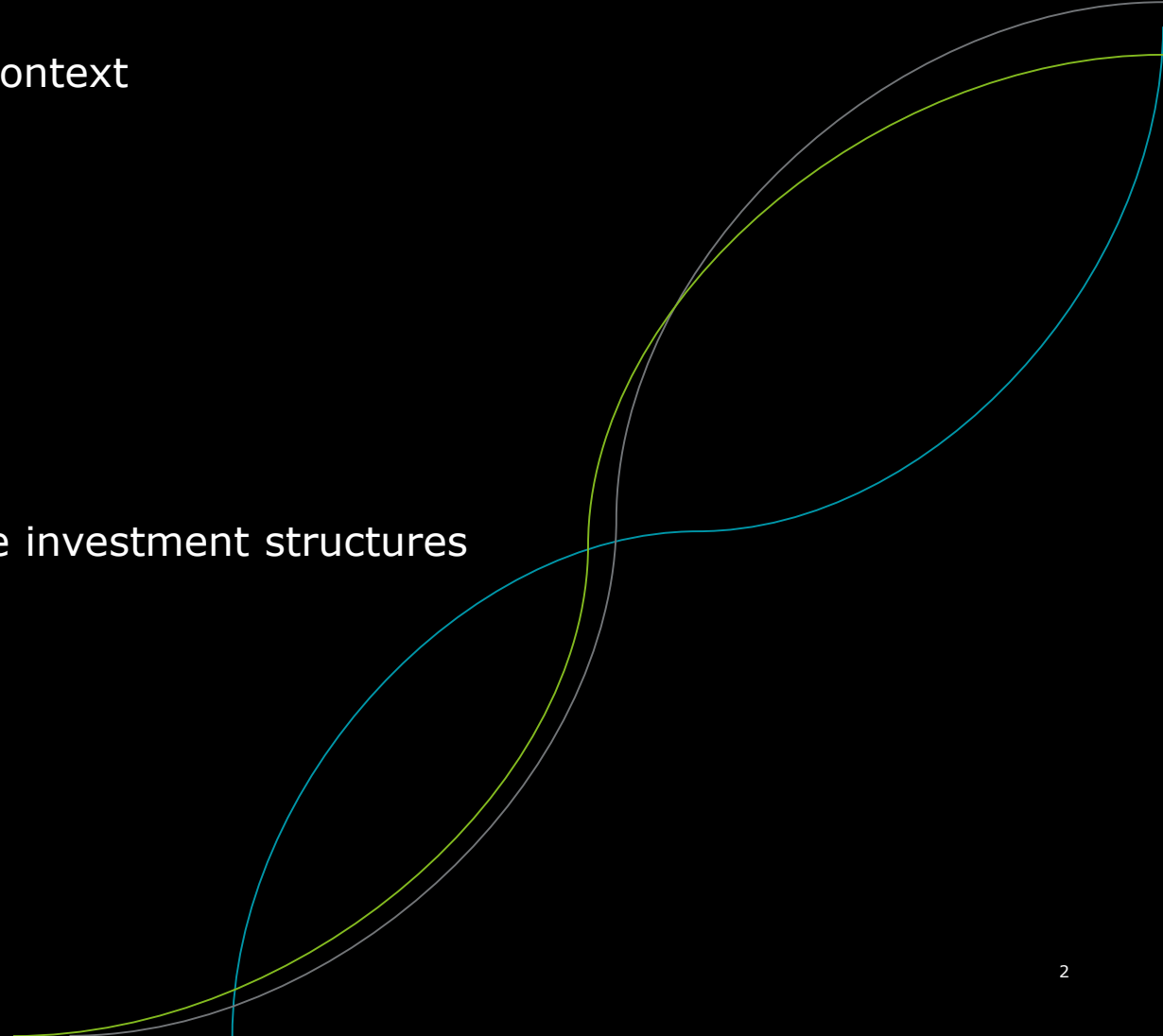




Oil & Gas infrastructure transactions: Key tax considerations

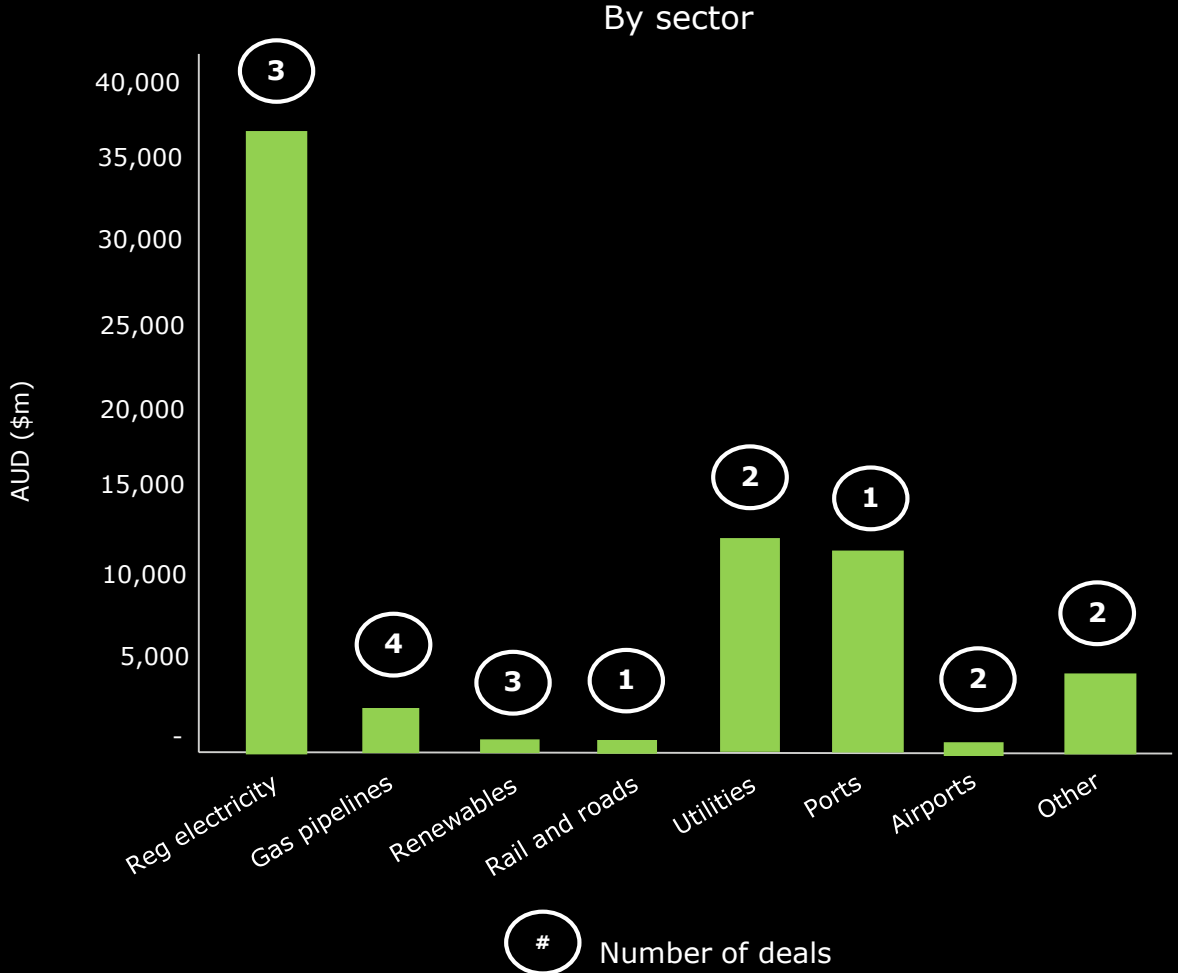
Lauren Folkard, 2017 APPEA Taxation & Commercial Conference

- 1 | Infrastructure transaction landscape in Australia
 - 2 | Infrastructure transactions in an Australian O&G context
 - 3 | Optimising the infrastructure portfolio
 - Key tax considerations
 - Investor expectations
 - Inbound infrastructure investment structure
 - 4 | State of play for taxation of inbound infrastructure investment structures
- 

Infrastructure transaction landscape in Australia

Recently completed transactions

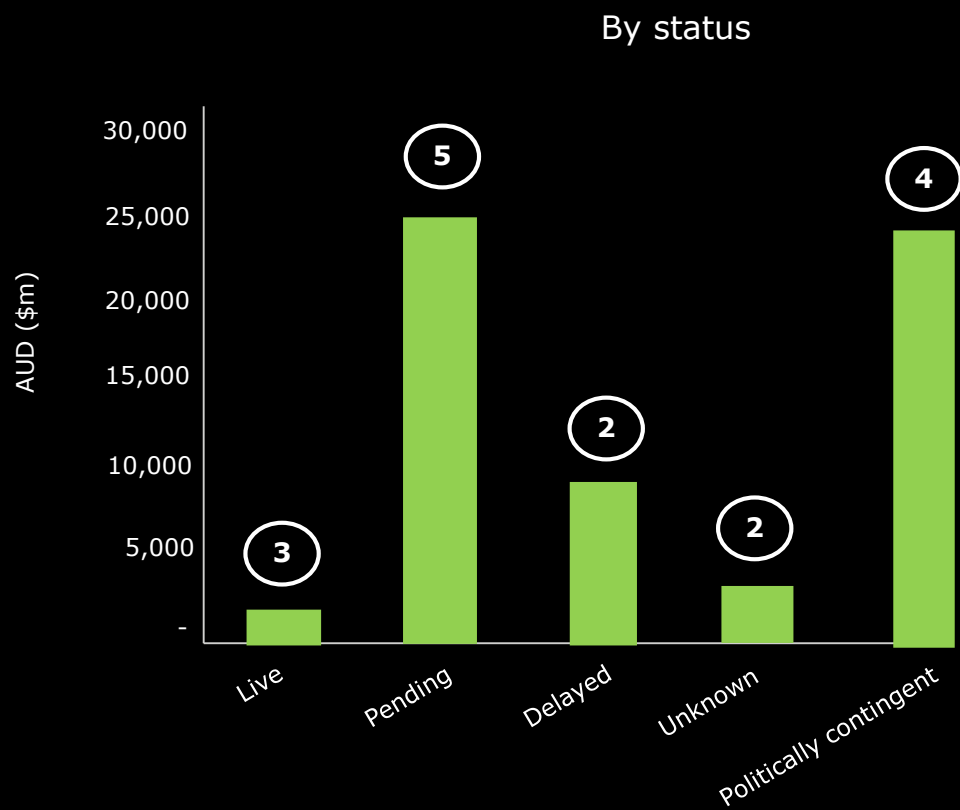
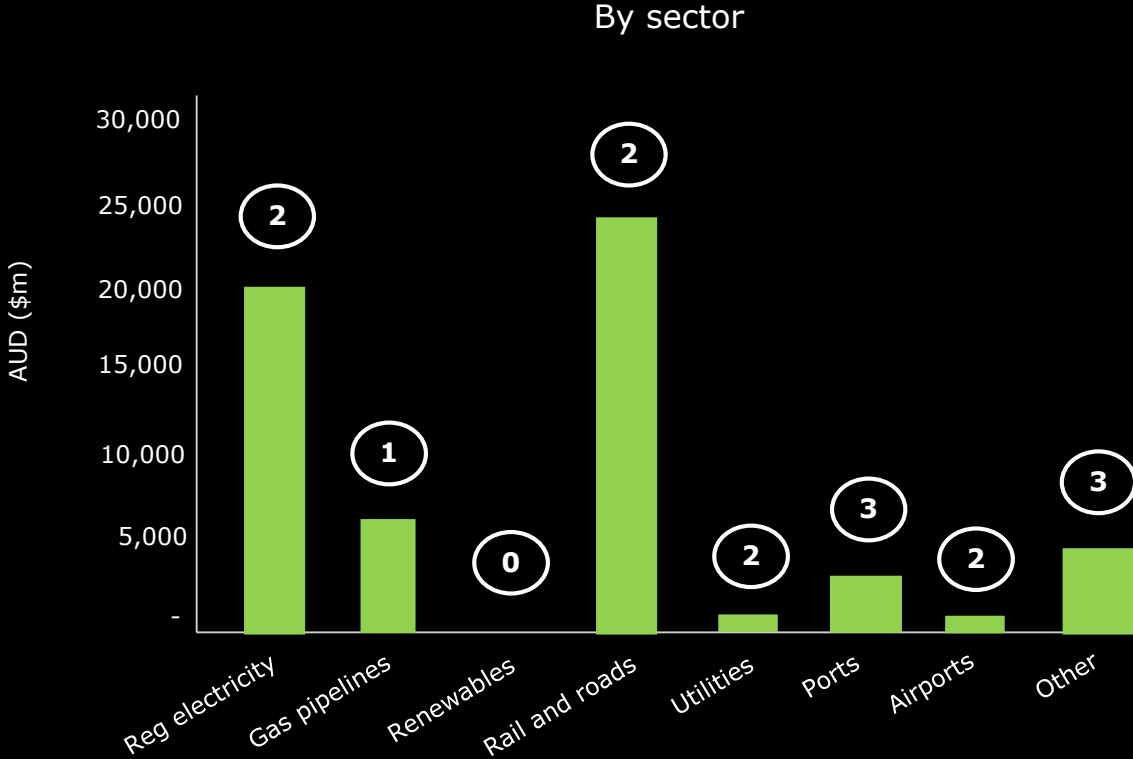
c. \$65bn



Infrastructure transaction landscape in Australia

Pipeline of transactions

>\$62.8bn



Number of deals

Infrastructure transactions in an Australian O&G context

Evaluating the Australian operating model

Australia's industry is **disadvantaged** by the country's vast geography, lack of economics of scale and remoteness of operations.

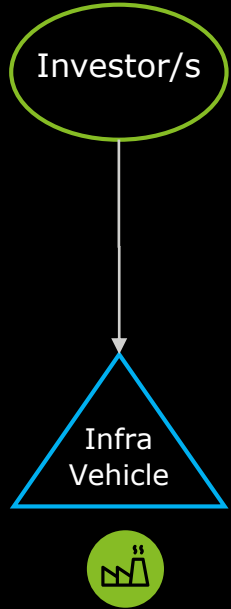
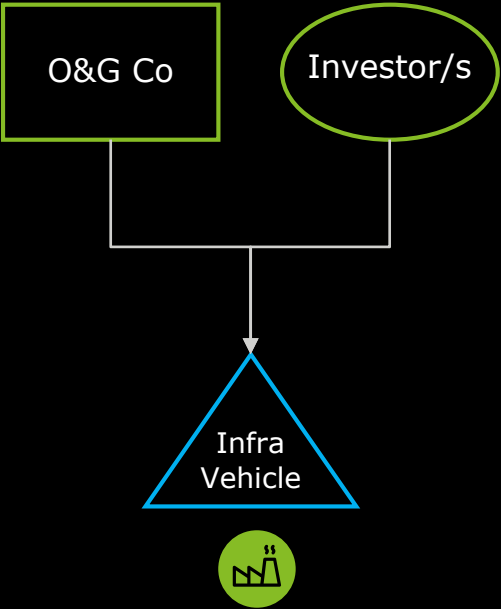
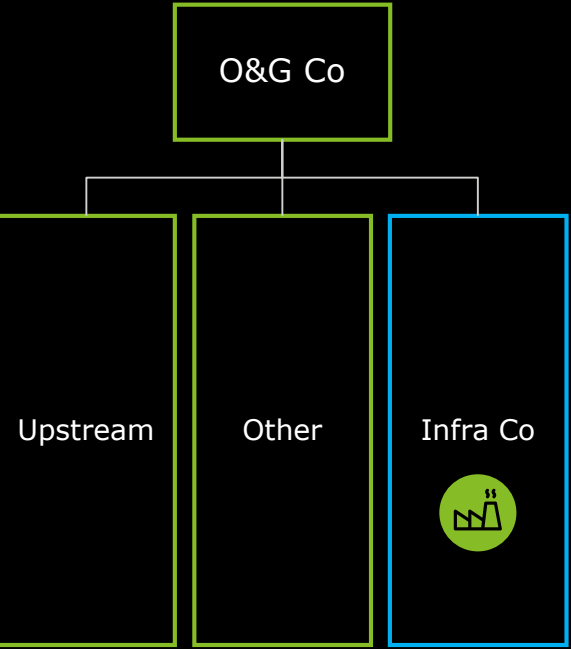
There is a **need and opportunity for optimization through the value chain** to generate profits while remaining affordable to a larger customer base.

The industry needs **large investments in supporting infrastructure**. Existing business models would need to evolve to benefit from this.

Industry-wide **competitiveness** is the most important **driver of collaboration**.

Infrastructure transactions in an Australian O&G context

Evaluating the Australian operating model

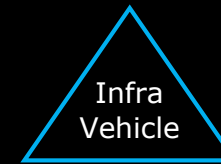


Optimising the infrastructure portfolio

Key tax considerations



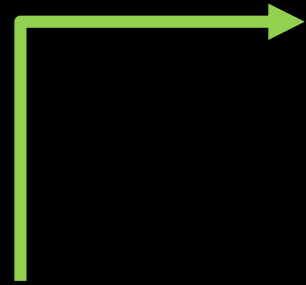
- Rollover relief
- PRRT liabilities
- Stamp duty
- Financing costs
- Third party arrangements
- Foreign resident CGT withholding



- Income tax liabilities
- PRRT liabilities
- Stamp duty
- Financing costs
- Contractual arrangements
- Foreign resident CGT withholding
- Indirect tax

Optimising the infrastructure portfolio

Investor expectations



Maximise value



Reduce uncertainty

- Investor jurisdiction
- Investor profile
- Investor % interest
- Investor's Australian structure
- Tax characterisation of assets
- Taxation of contractual arrangements
- Financing



Key tax attributes:



'Flow through' status



Capital allowances deductions



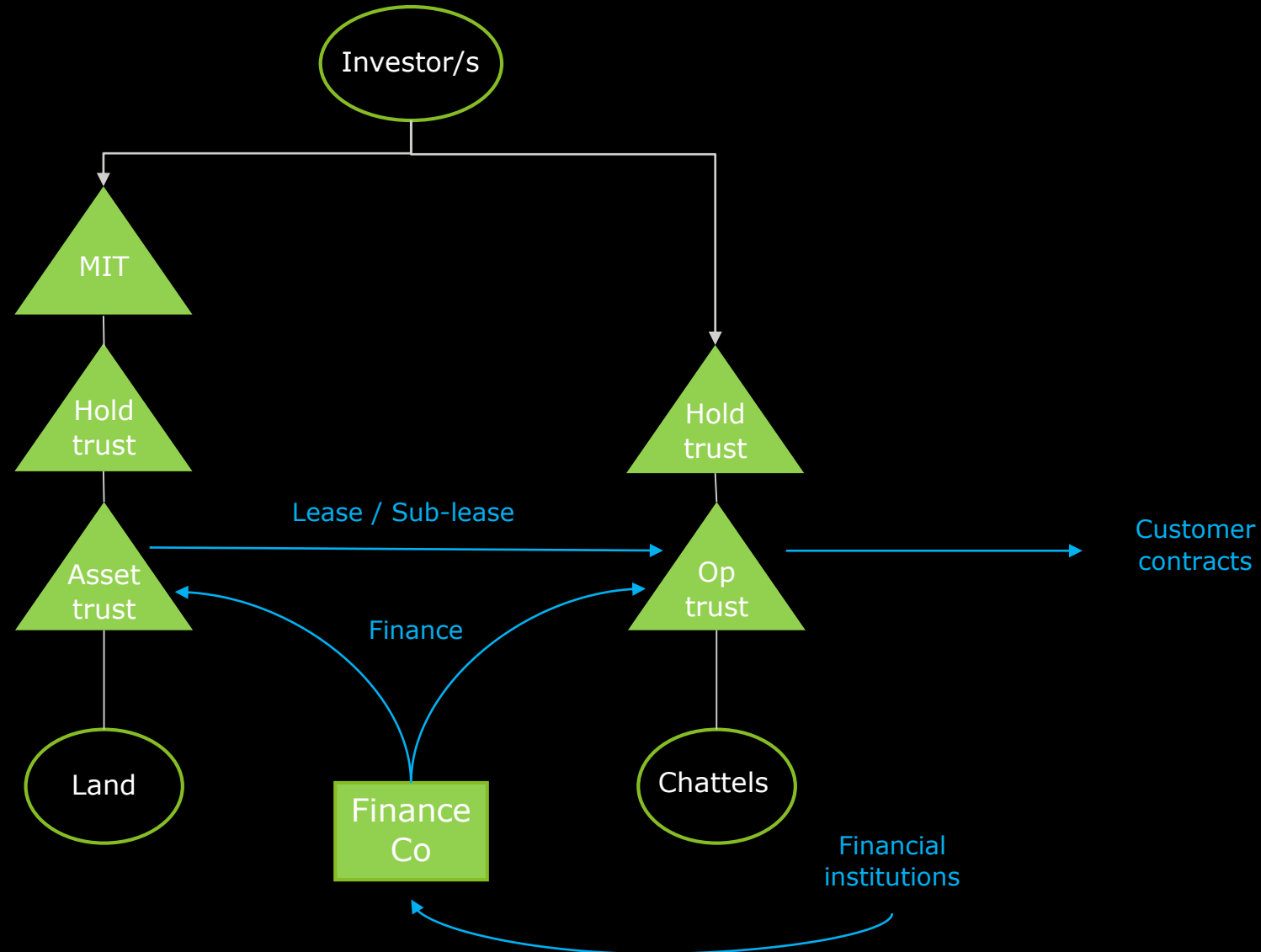
Thin capitalisation profile



Flexibility for future exit

Optimising the infrastructure portfolio

Inbound infrastructure investment structure



State of play

Inbound infrastructure investment structures



A time of uncertainty...

- Taxpayer Alert TA 2017/1
- Federal Treasury's 'Stapled Structures' consultation paper



About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 225,000 professionals, all committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2017 Deloitte Tax Services Pty Ltd