

Technical Information

**Consultancy Service for VAT Refund, Tax Resolution,
Financial Statements in Fiscal Year of 2022, and
Closure of KEPCO E&C Branch in Ghana**

2022



한국전력기술주식회사
KEPCO ENGINEERING & CONSTRUCTION COMPANY, INC

1.0 PURPOSE

KEPCO E&C's branch office in Ghana whose postal address is P.O. Box CT 5347 Cantonments, Accra-Ghana, 00233 (8th floor, Suite no. 25, One Airport Square Building, Airport City, Accra, Ghana) (hereafter "Ghana Branch") and registered in Ghana with the Registrar General's Department as an external company under the Companies Code, 1963 (Act 179) was established in 2012 to conduct T1, T2 power plant construction project (hereafter "Project") in Ghana by the parent company, KEPCO E&C.

The Ghana Branch has completed the construction work and warranty service, the purpose of the establishment, and has fulfilled all contractual obligations. Accordingly, KEPCO E&C is planning to close the Ghana Branch. In doing so, KEPCO E&C wishes to recover its expected VAT credit of GH¢ 25,959,642.69 that has been built up from 2012 to Aug. 2022 from Ghana Revenue Authority ("GRA").

Objectives

- a. VAT Refund and settling all the tax issues related with the operation of the Ghana Branch; and
- b. Close the Ghana Branch.
- c. Audit of Financial Statement for the fiscal year of 2022 including Assistance with compilation of financial statement to GRA and Company Income Tax Return related with Computation and Reporting service

2.0 TECHNICAL SCOPE OF WORK

The Contractor shall provide the following consultancy services to KEPCO E&C as described in the following tasks. And KEPCO E&C shall assign the tasks with the phased approach to fulfill the objective.

[Phase 1- Tax Advisory Services]

Task 1-1

Provide detailed procedures and legal requirements for:

- a. Obtaining a VAT refund from the Government of Ghana; and
- b. How the VAT Credit may be utilized in case KEPCO E&C utilizes the VAT credit instead of requesting for a VAT refund.

Task 1-2

Investigations on similar cases in Ghana in terms of obtaining a VAT refund and reporting findings to KEPCO E&C.

Task 1-3

Review of the following:

- a. Various agreements and approved concessions covering the Project;
- b. VAT returns and invoices from 2012 to 2022;
- c. Tax audit reports issued by the GRA from 2012 to 2021; and
- d. Any other correspondence between GRA and KEPCO E&C on tax issues during the operation of the Ghana Branch as provided by KEPCO E&C.

After the review, the Contractor shall be required to issue a report that covers the risks identified and a mitigation plan, the chances of success and expected VAT refund amount based on the documents reviewed in relation to the applicable tax laws.

Task 1-4

Provide details of the procedures, the risks, and statutory bodies involved in ensuring that the amount of refund, if the VAT refund application is successful, is converted from Ghana Cedi to US Dollars and transferred it to Korea.

Task 1-5

Provide details of the process of closing the Ghana Branch including the relevant statutory authorities that should be notified, the relevant documents that should be prepared and submitted as well as the expected time-line for the closure of the Ghana Branch.

Note: The Contractor shall submit a draft report and a final report for the Phase 1.

[Phase 2 – Tax Refund Services (Optional)]

KEPCO E&C shall make sole decision within 2 months from the completion date of the Phase 1 whether to move to the Phase 2. In case KEPCO E&C decides to move to the Phase 2, KEPCO E&C shall issue a Notice to Proceed for the Phase 2 to the Contractor.

※ Schedule for KEPCO E&C's decision shall be subject to change according to mutual agreement between KEPCO E&C and the Contractor.

Task 2-1

The Contractor shall submit an application of VAT refund on behalf of KEPCO E&C and follow up with the GRA for a response.

Task 2-2

Where the GRA conducts an audit as a follow up to the application for refund, the Contractor shall provide the services related with the process. It shall include providing tax audit assistance services with relation to all tax types to be audited by the GRA including covering VAT (and the associated levies), corporate income tax (CIT), withholding tax (WHT), employee income tax (PAYE). Task 2-2 shall include services below:

- a. Reviewing information to be provided to GRA by KEPCO E&C prior to submission to GRA;
- b. Providing periodic and formal communication including face-to-face meetings with GRA as may be needed during the audit; and
- c. Report to KEPCO E&C that the status of the GRA audit, the issues newly identified, and recommendations to address those issues on demand via E-mail.

Task 2-3

On the issue of the final audit report by GRA, the Contractor shall engage in discussions on the findings from the GRA audit with KEPCO E&C in order to respond appropriately. The Contractor shall liaise with GRA and KEPCO E&C to bring the audit to a close.

Note: Task 2-1, 2-2, 2-3 shall be carried out simultaneously during the GRA audit.

Also the Contractor shall submit plan and methodology reports for the GRA audit (a draft report and a final report). Expected schedule and process, issues, plan and methodology for the GRA audit shall be included in plan and methodology reports.

Task 2-4

Once the GRA Audit is concluded and a refund is confirmed, the Contractor shall follow up with GRA for the payment of VAT refund to KEPCO E&C.

Task 2-5

The Contractor shall engage GRA to ensure that the VAT refund is transferred to the bank account in the Republic of Korea designated by KEPCO E&C. Task 2-5 also includes all procedures to be performed for the VAT refund transfer.

[Phase 3 – Closure of the Ghana Branch(Optional)]

KEPCO E&C shall make sole decision whether to move to the Phase 3. In case KEPCO E&C decides to move to the Phase 3 based on the progress of VAT refund, KEPCO E&C shall issue a Notice to Proceed for the Phase 3 to the Contractor.

Task 3-1

Application for the closure of the Ghana Branch and liaising with KEPCO E&C and all relevant statutory authorities to ensure the closure of Ghana Branch. KEPCO E&C intends to leave Ghana and operate the Ghana Branch without any staff, the Contractor shall be the proxy of KEPCO E&C until the Ghana Branch is closed legally.

[Task 4 - Financial Statements in Fiscal Year of 2022(Optional)]

KEPCO E&C shall make sole decision on the exercise of Task 4. When decided, KEPCO E&C shall issue a Notice to Proceed for Task 4 and the Contractor shall perform the following services:

- Audit of financial statements for the fiscal year of 2022 including assistance with compilation of financial statement to GRA and Company Income Tax Return related to Computation and Reporting service

3.0 METHOD OF PERFORMANCE

Schedule

The schedule for the Phase 1 to 3 shall be until 21 months from the Execution Date of the Contract, as follow:

Scope of Works	Schedule (Month) ¹⁾																				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
[Phase 1] Task 1-1~1-5 : 3 Months																					
[Phase 2] Task 2-1~2-3 - 12 Months																					
[Phase 2] Task 2-4 - 3 Months																					
[Phase 2] Task 2-5 - 3 Months																					
[Phase 3] Task 3-1 - 6 Months (Start date shall be decided by KEPCO E&C)																					
[Task 4] Audit of Financial Statement for the fiscal year of 2022 ²⁾ - 4 Months(no later than April 30, 2023)																					

Note 1. KEPCO E&C understands that the schedule may be changed according to negotiations/discussions with the related Ghanaian authorities such as GRA, and the schedule may be changed through discussions between KEPCO E&C and the Contractor and the approval of KEPCO E&C.

Note 2. Task 4 is expected to start in the 1st quarter of 2023 after issuing a NTP by KEPCO E&C and to be completed for a period of 4 months before the end of April 2023. If the delay would be expected, however, the Contractor shall report to GRA for this delay and complete the work during the approved period from GRA. The schedule shall be subject to change following the progress of tax declaration on the approval of KEPCO E&C.

Method of Performance

- The Contractor shall start the consulting service in accordance with the schedule as shown above, immediately after signing of the Contract.
- If necessary, consulting service shall be performed through the Contractor's visit to Ghana Branch or vice versa.
- KEPCO E&C will provide documents and information such as financial statements of Ghana Branch for the consulting service via Ghana Branch.

- The Contractor shall keep confidential all the data and information from this Contract, and shall not divulge them to any third parties.

List of Deliverables

Scope of Works	Deliverables	Schedule
[Phase 1] · Task 1-1~1-5	<ul style="list-style-type: none"> Draft Report for Task 1-1 to 1-5 	Until 1.5 months from Execution Date
	<ul style="list-style-type: none"> Final Report for Task 1-1 to 1-5 	Until 3 months from Execution Date
[Phase 2] · Task 2-1~2-3	<ul style="list-style-type: none"> Draft Report for Task 2-1 to 2-3 (Plan and methodology report) 	Until 6 months from the date of Notice to Proceed for Phase 2
	<ul style="list-style-type: none"> Final Report for Task 2-1 to 2-3 (Plan and methodology report) 	Until 10 months from the date of Notice to Proceed for Phase 2
	<ul style="list-style-type: none"> Certification of GRA Audit (Audit report or any other official documents which prove audit closing) 	Until 14 months from the date of Notice to Proceed for Phase 2
[Phase 2] · Task 2-4	<ul style="list-style-type: none"> Certification of VAT refund or any other official documents which prove VAT refund from GRA to KEPSCO E&C 	Until 17 months from the date of Notice to Proceed for Phase 2
[Phase 2] · Task 2-5	<ul style="list-style-type: none"> Note) KEPSCO E&C's confirmation that account transfer of VAT refund from the KEPSCO E&C's bank account in Ghana to KEPSCO E&C's bank account in the Republic of Korea shall be required. 	Until 20 months from the date of Notice to Proceed for Phase 2
[Phase 3] · Task 3-1	<ul style="list-style-type: none"> Certification of Ghana Branch closure 	Until 6 months from KEPSCO E&C's Notice to Proceed for Phase 3
Task 4	<ul style="list-style-type: none"> Audit of Financial Statement for the fiscal year of 2022 Certification issued by GRA proving submission of tax declaration 	Until April 30, 2023

[Attachment 1 – Man Power Plan]

Name	Position	Rate(USD)	Experience in relevant field (year)	Qualification (Degree, License)

- Proposed personnel shall not be changed without prior approval of KEPCO E&C. In case of unavoidable personnel change, the Contractor shall submit an alternative man power plan with similar or equivalent level of expertise and obtain approval from KEPCO E&C.