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STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO AFCONS OVERSEAS SINGAPORE PTE. LTD. UNDER THE LAWS OF SINGAPORE AND ITS BRANCHES IN THE UNITED ARAB EMIRATES, IVORY COAST AND GUINEA UNDER THE LAWS OF THE RESPECTIVE COUNTRIES

Date: 23 September 2024

To

The Board of Directors
Afcons Infrastructure Limited
Afcons House
16, Shah Industrial Estate
Veera Desai Road, Azadnagar
Andheri
Mumbai 400 053
Maharashtra, India

Dear Sir/Ma'am,

Re: Proposed initial public offering of equity shares (the "Equity Shares") of Afcons Infrastructure Limited (the "Company" and such initial public offering, the "Offer")

We, Moore Stephens LLP, Singapore Chartered Accountants, hereby confirm that the enclosed **Annexures I and II** provide the possible special tax benefits available to Afcons Overseas Singapore Pte. Ltd. (the "**Subsidiary**", and such annexures, the "**Statement**"), under direct and indirect tax laws respectively, presently in force as per the Singapore Income Tax Act and Goods and Services Tax Act and to its branches in the United Arab Emirates, Ivory Coast and Guinea (the "**Branches**") under the prevailing legislations in United Arab Emirates, Ivory Coast and Guinea (the "**Tax Laws**") as on the signing date. These possible special tax benefits are dependent on the Subsidiary and its Branches fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Subsidiary and Branches to derive these possible special tax benefits is dependent upon it fulfilling such conditions, which are based on business imperatives the Subsidiary and Branches may face in the future and accordingly, the Subsidiary and Branches may or may not choose to fulfill such conditions.

The benefits discussed in the enclosed in **Annexures I and II** are not exhaustive and cover the possible special tax benefits available to the Subsidiary and Branches and do not cover any general tax benefits available to it. The Statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her or its own tax consultant with respect to the specific tax implications arising out of their participation in the Offer, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither do we suggest, nor do we advise the investors to invest money based on this Statement.

We do not express any opinion or provide any assurance as to whether:

i) the Subsidiary and Branches will continue to obtain these possible special tax benefits in future; or

ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with, or

iii) the revenue authorities will concur with the views expressed herein.

The contents of the enclosed **Annexures I and II** are based on the information, explanation and representations obtained from the Subsidiary and Branches, and on the basis of our understanding of the business activities and operations of the Subsidiary and Branches.

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We confirm that we will immediately inform the Company and the book running lead managers appointed by the Company in relation to the Offer ("**Lead Managers**") of any changes to the above information in writing until the date when the Equity Shares commence trading on the stock exchange(s) where the Equity Shares are proposed to be listed (the "**Stock Exchanges**"). In the absence of any such communication from us, the Lead Managers, and the legal counsel to each of the Company and Lead Managers can assume that there is no change to the above information until the date when the Equity Shares are listed and commence trading on the Stock Exchanges pursuant to the Offer.

This certificate is for the information of and for inclusion (in part or full) in the red herring prospectus, the red herring prospectus and the prospectus filed in relation to the Offer or any other Offer-related material (the "**Offer Documents**") and may be relied upon by the Company, the Lead Managers and their respective affiliates and the legal advisors to each of the Company and the Lead Managers. We hereby consent to the submission of this certificate as may be necessary to the Securities and Exchange Board of India, the Stock Exchanges, the Registrar of Companies, Maharashtra at Mumbai, and any other regulatory authorities as may be required and/or for the records to be maintained by the Lead Managers and in accordance with applicable law and for the purpose of any defense the Lead Managers may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents.

Yours faithfully,

For and on behalf of Moore Stephens LLP
Firm Registration Number: T08LL0862H

Moore Stephens LLP

Name: Chris Johnson
Designation: Audit Partner, PA (Singapore), ACA (ICAEW)
Membership No.: 805551
Place: Singapore

Enclosed:

Annexure I: Statement of possible special tax benefits available to the Subsidiary and Branches under applicable direct tax laws.
Annexure II: Statement of possible special tax benefits available to the Subsidiary and Branches under applicable indirect tax laws

cc:

ICICI Securities Limited ("I-Sec")
ICICI Venture House
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DAM Capital Advisors Limited ("DAM Capital")
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Nomura Financial Advisory and Securities (India) Private Limited ("Nomura")
Ceejay House, Level 11 Plot F
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Nuvama Wealth Management Limited ("Nuvama")
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SBI Capital Markets Limited ("SBICAPS")
Unit No. 1501, 15th floor
A& B Wing, Parinee Crescenzo Building
Plot C- 38, G Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

(I-Sec, DAM Capital, Jefferies, Nomura, Nuvama and SBICAPS, along with any other book running lead managers which may be appointed concerning the Offer, collectively, the "**Lead Managers**", and individually a "**Lead Manager**")

Legal Counsel to the Lead Managers as to Indian Law

S&R Associates
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ANNEXURE I

Statement of possible special tax benefits available to the Subsidiary and Branches under the applicable direct tax laws

The following is a discussion of certain tax matters relating to Singapore income tax that may be applicable to a company in Singapore and the corporate tax matters relating to the overseas branches of a Singapore company in the United Arab Emirates, Ivory Coast and Guinea. The discussion is limited to a general description of certain tax matters pertaining to a company in Singapore and the overseas branches of a Singapore company in the United Arab Emirates, Ivory Coast and Guinea and is based on laws, regulations and interpretations now in effect and available as of the date of this Statement. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of this Statement. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. It is not intended to constitute a complete analysis and does not constitute tax or legal advice.

Overview of business operations

- Afcons Overseas Singapore Pte. Ltd. ("Afcons Singapore" or the "Subsidiary") is a private limited liability company incorporated and domiciled in Singapore. Its Unique Entity Number (UEN) is 201408829H.

- The immediate holding company of the Subsidiary is Afcons Infrastructure Limited, a company incorporated in India ("Afcons India").

- The principal activities of Afcons Singapore are that of an investment holding company and engaging in engineering, procurement and construction.

- Afcons Singapore has a branch in the United Arab Emirates (the "Dubai Branch") whose principal activities include trading in heavy equipment, construction equipment, handling, loading and lifting equipment and related spare parts. The principal place of business of the Dubai Branch is located in Dubai Airport Freezone, United Arab Emirates.

- Afcons Singapore has a branch in the Republic of Guinea (the "Guinea Branch") whose principal activities include engineering, procurement and construction management. The principal place of business of the Guinea Branch is located in Conakry, Guinea.

- Afcons Singapore has a branch in the Republic of Côte d'Ivoire (the "Ivory Coast Branch) whose principal activities relate to engineering, procurement and construction management. The principal place of business of the Guinea Branch is located in San Pedro, Ivory Coast.

Singapore

(1) A corporate taxpayer is regarded as a resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. "Control and management" are defined as the making of decisions on strategic matters, such as those on the company's policy and strategy.

(2) Foreign-owned investment holding companies, with purely passive sources of income or receiving only foreign-sourced income, are generally not considered tax residents of Singapore because these companies usually act on the instructions of their foreign companies/ shareholders. However, they may still be treated as Singapore tax residents if they can satisfy certain conditions, as stipulated below:

   i. If the Company can show that the control and management of the company's business is exercised in Singapore; and

   ii. The company has valid reasons for setting up an office in Singapore.

(3) A Singapore tax resident company enjoys the following tax benefits: -

- Exemption or reduction in tax imposed on specified foreign income that is derived in a jurisdiction that has an Avoidance of Double Taxation Agreement ("DTA") with Singapore;
- Tax exemption on specified foreign income such as foreign-sourced dividends, foreign branch profits, and foreign-sourced service income under Section 13(8) of the Singapore Income Tax Act ("SITA") 1947;
- Foreign tax credit for the taxes paid in the foreign jurisdiction against the Singapore tax payable on the same income; and
- Tax exemption for new start-up companies.

(4) Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore.

(5) Income from outside Singapore is considered received or deemed received in Singapore (whether or not the source from which the income is derived has ceased) if it is:

- remitted to, transmitted or brought into Singapore;
- used to satisfy any debt incurred in respect of a trade or business carried on in Singapore; or
- used to purchase any movable property (such as equipment, raw material, etc.) brought into Singapore.

(6) Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax-resident companies are exempt from tax if the following conditions are met:

- the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and
- the Comptroller of Income Tax in Singapore is satisfied that the tax exemption would be beneficial to the person resident in Singapore

(7) Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore ("IRAS") with respect to such conditions. A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

(8) Both resident and non-resident companies are taxed at the prevailing corporate income tax rate of 17% percent. In addition, corporate taxpayers are also entitled to the following tax exemption ("Partial Tax Exemption" scheme) on their normal chargeable income:

- 75% of the first S$10,000 of normal chargeable income; and

- A further 50% of the next S$190,000 of normal chargeable income.

(9) A 50% CIT rebate, capped at S$40,000 will be granted for Year of Assessment ("YA") 2024. Companies that met the local employee* condition will automatically receive a CIT rebate cash grant of S$2,000 in a form of cash payout by 30 September 2024. The CIT rebate cash grant is not taxable.

** A Company is considered to have met the local employee condition if it has made CPF contribution to at least one local employee i.e. Singapore Citizen or Permanent Resident), excluding shareholders who are also directors of the Company in the calendar year 2023.*

The CIT rebate, less any CIT rebate cash grant, will be automatically included in the companies' tax assessment after they file their income tax return with the IRAS for YA 2024.

(10) Singapore adopts a one-tier taxation system, under which all dividends paid by Singapore-resident companies are tax-exempt in the hands of shareholders.

(11) Generally, Singapore does not impose tax on capital gains. Gains which are construed to be of an income in nature could potentially be subject to tax.

With effect from 1 January 2024, a new Section 10L has also been introduced into the Singapore tax laws, where gains from the disposal of any movable or immovable properties situated outside Singapore (this includes, amongst others, ordinary shares issued by a company outside Singapore) may be treated as income taxable in Singapore, subject to the stipulated rules and exclusions.

(12) Gains arising from the disposal of assets (e.g. shares) which are considered as gains derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature. Gains derived from the sale of assets may also be taxable if they constitute any gains or profits of any income nature under Section 10(1)(g) of the SITA.

(13) Gains from the sale or disposal of any foreign assets received in Singapore are chargeable to Singapore tax under specific circumstances:

a) The gains are received in Singapore from outside Singapore by a covered entity; and
b) The gains are derived by an entity without adequate economic substance in Singapore; or
c) The gains are from the disposal of foreign Intellectual Property Rights ("IPRs").

Such foreign source disposal gains are regarded as received in Singapore and chargeable to tax if such gains are:

a) remitted to, or transmitted or brought into Singapore;
b) applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore; or
c) applied to the purchase of any movable property which is brought into Singapore.

(14) The SITA provides a safe harbour in the form of an exemption of gains or profits arising from the disposal of ordinary shares. To qualify for the tax exemption, the divesting company must be both the legal and beneficial owner of the ordinary shares which are disposed of and must have legally and beneficially held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares. Such tax exemption is applicable for disposals between 1 June 2012 and 31 December 2027 (both dates inclusive).

However, if the disposal gains are subject to tax under Section 10L (see 11 above) of the SITA, the exemptions under Section 13W is not applicable.

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(15) For disposal which occurs before 1 June 2022, the exemption is not applicable to the disposal of shares held in an unlisted investee company that is in the business of trading or holding Singapore immovable properties (other than the business of property development). For disposal which occurs on or after 1 June 2022 (but before 1 January 2028), the exemption is not applicable to disposals of unlisted shares in an investee company that is in the business of trading, holding or developing immovable properties in Singapore and abroad.

(16) Capital allowances are tax deductions claimable for the wear and tear of qualifying fixed assets. Capital allowances are generally granted in place of accounting depreciation, which is not tax deductible. Capital expenditure incurred by a person carrying on a trade, profession or business on the provision of plant and machinery for purposes of the trade, profession or business can qualify for capital allowances claim. In the circumstances where a company is in a tax loss position, capital allowance claims may be deferred. This is to minimise the risk of a forfeiture of these capital allowances in the event there is a change in the company's trade and/or a substantial change in the shareholdings as of the relevant date.

(17) Companies that acquire qualifying plant and machinery during the basis period for the year of assessment ("YA") 2021, YA 2022 and YA 2024, can opt to claim accelerated capital allowance claims on the cost of the plant and machinery over two years, instead of three years or over the prescribed working life of the asset. The rates of accelerated capital allowances are as follows:

- 75% of the cost in the first YA; and
- 25% of the cost in the second YA.

This option, if exercised, is irrevocable. In addition, no deferment of capital allowance claim is allowed under this option. When a fixed asset is disposed of, companies are required to compute balancing adjustment i.e. balancing allowance ("BA") or balancing charge ("BC") if capital allowance has been previously claimed for the asset. BA is tax deductible whereas BC (capped at the capital allowance claimed) is taxable income.

(18) Approved donations made to Community Chest or any approved Institution of a Public Character enjoy a 250% tax deduction. This is only applicable up to 31 December 2026. Where the allowable donations made during the YA are more than the income for that YA, the excess amount is allowed to be carried forward as an unutilised donation which is to be used to set off against future income in the subsequent YAs, up to 5 years, subject to qualifying condition i.e. shareholding test. Any remaining amount unutilised after the 5th year will be disregarded.

(19) Under the prevailing carry-back relief provisions, a company can carry back current year unabsorbed trade losses and capital allowances of up to S$100,000, to be set off against the assessable income of the immediately preceding YA, subject to shareholdings and same trade test. Any amounts exceeding the assessable income of the preceding year of assessment can be carried forward for set-off against income of subsequent years of assessment.

(20) The unabsorbed trade losses and capital allowances will be deducted in the following order:

- Current year's unutilised CAs, if any
- Current year's trade losses, if any

(21) To qualify for carry-back relief, the Company must satisfy the following tests:

- Same business test (for carryback of unabsorbed capital allowances): The same trade, business or profession is being continued at the point when the unabsorbed capital allowances are utilised.

- Shareholding test: There is no substantial (i.e. more than 50%) change in the shareholdings of the Company (or its ultimate parent company) as at the relevant comparison dates.

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For the purpose of the shareholding test, the relevant comparison dates are as follows:

Relevant dates for unabsorbed capital allowances: First day of the YA in which the capital allowances were granted and the last day of the immediate preceding YA in which the capital allowances are to be deducted.

Relevant dates for unabsorbed trade losses: First day of the year in which the trade losses were incurred and last day of the immediate preceding YA in which the trade losses are to be deducted.

(22) Further, unabsorbed capital allowances and trade losses incurred are allowed to be carried forward and set off against the income of the future years indefinitely while unabsorbed donations can only be carried forward for up to 5 YAs.

The unabsorbed capital allowances, trade losses and donations can only be deducted against future income if companies satisfy the following tests:

Same business test (for unabsorbed capital allowances): The same trade, business or profession is being continued at the point when the unabsorbed capital allowances are utilised.

Shareholding test: There is no substantial (i.e. more than 50%) change in the shareholdings of the Company (or its ultimate parent company) as at the relevant comparison dates.
For the purpose of the shareholding test, the relevant comparison dates are as follows:

Relevant dates for unabsorbed capital allowances: Last day of the YA in which the capital allowances arose and the first day of the YA in which the capital allowances are to be deducted.

Relevant dates for unabsorbed trade losses or donations: Last day of the year in which the trade losses and donations were incurred and first day of the YA in which the trade losses or donations are to be deducted.

Dubai Branch

(23) Prior to accounting periods beginning on or after 1 June 2023, UAE does not have any enforced federal income tax legislation for general business. An income tax decree is restricted to foreign banks and oil companies.

(24) On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax ("CT") regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. The primary UAE Corporate Tax Law has been supplemented with secondary legislation through a series of Cabinet Decisions, Ministerial Decisions and Federal Tax Authority ("FTA") Decisions issued by the UAE Cabinet of Ministers, Minister of Finance ("MoF") and FTA, as well as an Explanatory Guide issued by the UAE MoF, which stipulate as below:

Taxable income	UAE CT rate (%)
• Taxable income not exceeding AED 375,000 • Qualifying income of a Qualifying Free Zone Person ("QFZP")	0
• Taxable income exceeding AED 375,000 • Non-qualifying income of a QFZP	9

(25) The Free Zone Corporate Tax regime is a form of UAE Corporate Tax relief which enables Free Zone companies and branches (i.e. Free Zone Persons) that meet certain conditions to benefit from a preferential 0% Corporate Tax rate on income from qualifying activities with Non-Free Zone Persons and transactions with other Free Zone Persons.

(26) A Free Zone Person is a legal entity that is incorporated or established under the rules and regulations of a Free Zone, or a branch of a mainland UAE or foreign legal entity that is registered in a Free Zone. A foreign company that transfers its place of incorporation to a Free Zone in the UAE would also be considered a Free Zone Person.

(27) A QFZP is a Free Zone Person that meets all the conditions of the Free Zone Corporate Tax regime and hence benefits from that regime. The conditions of the Free Zone Corporate Tax Regime require a QFZP to:

- maintain adequate substance in a Free Zone;
- derive Qualifying Income;
- not have made an election to be subject to the regular UAE CT regime;
- comply with arm's length principle and transfer pricing rules and documentation requirements;
- non-qualifying Revenue does not exceed the de minimis threshold (lower of: (i) 5% of total turnover; or (ii) AED 500,000);
- prepare and maintain audited financial statements; and
- meet any other conditions as may be prescribed by the Minister

Failure to meet any of the conditions results in a QFZP losing its qualifying status and not being able to benefit from the Free Zone Corporate Tax regime for five Tax Periods including the tax period in which QFZP fails to meet any of the above conditions.

(28) The UAE does not have a branch profits tax. Repatriation of profits between branches and their head offices are also not subject to withholding tax ("WHT") or other forms of repatriation tax in the UAE.

(29) In UAE, branch offices could be set up in mainland and free zone. Further, the branch offices in both mainland and free zone does not have any share capital requirement, as branch offices are considered as an extension of the overseas head office. The main difference between the two types of business is that free zone branch offices will be subject to the registration and licensing requirements imposed by the authority in the free zone in which they will operate and mainland branch office is controlled by the Ministry of Economy.

(30) There are no separate capital gains provisions under the UAE CT law. Any gains / (loss) on disposal of capital assets would form part of the taxable income, which would be subject to 0% or 9% tax rate as the case may be.

Ivory Coast Branch

(31) The standard rate for corporate tax is 25%.

(32) Minimum tax applies: 0.5% of yearly turnover (minimum XOF3,000,000 approximately USD5,000 and maximum XOF35,000,000 approximately USD57,000).

(33) A non-resident is considered subject to corporate tax in Ivory Coast when it has a Permanent Establishment ("PE") in Ivory Coast or when its activities involve a comprehensive commercial cycle in Ivory Coast.

(34) According to Double Tax Treaties ("DTTs"), a non-resident is considered as having a PE in Ivory Coast when it has a registered establishment, including a subsidiary, a branch, a representative office, a mine or an oil well, a building site, a manufacturing plant, or a trading establishment or when it operates through a dependent agent in Ivory Coast.

(35) Pursuant to Ivory Coast law, a non-resident company with a branch or PE in Ivory Coast is assessed to tax on the income attributed to the PE in the same manner and at the same rates as resident entity. Non-resident companies without a PE are subject to a WHT of 20% on their local income, subject to applicable DTTs provisions.

(36) Unless a tax treaty provides otherwise, 50% of the after-tax profits of a PE are deemed remitted to the foreign head office and subject to a branch remittance tax at the rate of 15%.

(37) Capital gains are included in taxable income and taxed at the standard corporate tax rate. In some cases, the tax can be deferred if the gain is reinvested within three years (exclusive of recaptured depreciation).

(38) Amortization of tangible and intangible assets is tax-deductible at rates ranging from 5% to 50%. Depreciation rates may be doubled for new plants and equipment in the first year of use, for manufacturing, agricultural business or telecommunication, provided they are depreciated over at least six years.

(39) Regular taxes paid by corporations are deductible for income tax purposes. Third-party taxes (such as WHT on non-resident service providers) borne by corporations are not tax deductible.

(40) With regard to net operating losses, losses may be carried forward for five years. Losses derived from depreciation can be carried forward indefinitely. Losses cannot be carried back.

(41) Contractors and sub-contractors undertaking some strategic projects are able to enjoy exemption from the following taxes, subject to conditions and procedures: -

i. Corporate tax
ii. Dividend tax; and
iii. WHT.

Guinea Branch

(42) The standard rate for corporate tax is 25%.

(43) Minimum tax applies: 0.5% of yearly turnover (minimum GNF3,000,000 approximately USD1,200 and maximum GNF500,000,000 approximately USD58,000).

(44) A non-resident is considered subject to corporate tax in Guinea when it has a PE in Guinea.

(45) According to DTTs, a non-resident is considered as having a PE in Guinea when it has a registered establishment, including a subsidiary, a branch, a representative office, a mine or an oil well, a building site, a manufacturing plant, or a trading establishment or when it operates through a dependent agent in Guinea.

(46) Pursuant to Guinea law, a non-resident company with a branch or PE in Guinea is assessed to tax on the income attributed to the PE in the same manner and at the same rates as resident entity. Non-resident companies without a PE are subject to a withholding tax of 15% on their local income, subject to applicable DTTs provisions.

(47) Unless a tax treaty provides otherwise, after-tax profits of a PE are deemed remitted to the foreign head office and subject to a branch remittance tax at the rate of 15%.

(48) Capital gains are included in taxable income and taxed at the standard corporate tax rate. In some cases, the tax can be deferred if the gain is reinvested within three years (exclusive of recaptured depreciation).

(49) Amortization of tangible and intangible assets is tax-deductible at rates ranging from 5% to 33.33%. Depreciation rates may be multiplied by 1.5 (for assets utilized for 3 to 4 years), doubled (for assets utilized for 5 to 6 years) or multiplied by 2.5 (for assets utilized for more than 6 years), for new plants and equipment in the first year of use, in manufacturing, fishing or agricultural business or transportation business.

(50) Regular taxes paid by corporations are deductible for income tax purposes. Third-party taxes (such as WHT on non-resident service providers) borne by corporations are not tax deductible.

(51) With regard to net operating losses, losses may be carried forward indefinitely, within the limit of 70% of the tax profit of each year. Losses derived from depreciation can be carried forward indefinitely. Losses cannot be carried back.

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(52) Profits realised in Guinea by branches of foreign companies are deemed to be distributed and therefore are subject to a branch withholding tax of 15% on after-tax income.

(53) Contractors and sub-contractors undertaking some strategic projects are able to enjoy exemption from the following taxes, subject to conditions and procedures: -

iv. Corporate tax
v. Dividend tax; and
vi. WHT.

(54) The 2015 Investment Code transcribed in sections 692 et seq. of the General Tax Code grants investment incentives to investors, including general benefits and specific benefits available to entities operating in specified Zones or Sectors (as illustrated below):

- Exemptions are granted by Zone:
  - Zone A: Conakry Region (the zone where the Guinea Branch's principal place of business is located) and Prefectures of Coyah, Forécariah, Dubréka, Boffa, Fria, Boké and Kindia;
  - Zone B: The rest of the national territory

- Eligible specific Sectors for tax exemption including agriculture, manufacturing, tourism, transport, low-rent housing developments, land, sea and air transport, cleaning, and cultural activities.

(55) During the installation phase, which may not exceed three years (from the date of first importation of project equipment) any company eligible for the privileged regime of the Investment Code benefits from the following advantages:

- Exemption from the professional license, the real estate tax, the flat-rate payment on wages and the apprenticeship tax, subject to certain conditions.

(56) During the operation phase, the exemptions applicable in Zones A and B are as follows:

Years	**Exemption / Reduction**	
	Zone A	**Zone B**
1st year	100%	100%
2nd year	100%	100%
3rd year	50%	100%
4th year	50%	50%
5th year	25%	50% (reduction)
6th year	25%	50% (reduction)
7th year	Not applicable	25% (reduction)
8th year	Not applicable	25% (reduction)

(57) Exemption time span may be extended by the government for strategic reasons, subject to public and/or fiscal policies.

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Prospective purchasers should seek their own tax advice on the direct tax implications in connection with the purchase and sale of shares.

Transfer Pricing - Related-Party Transactions

(58) Under the SITA, all related party transactions should be conducted on an arm's length basis. Section 34D of the SITA empowers the IRAS to make transfer pricing ("TP") adjustments in cases where a taxpayer's related-party transactions are not at arm's length. Where a TP adjustment is made by the IRAS, a 5% surcharge is applicable to the gross amount of the adjustment, irrespective of whether the taxpayer has past tax losses or is incentivised or subject to a zero-percentage tax rate.

(59) The IRAS also expects taxpayers to prepare and maintain contemporaneous TP documentation to support the pricing of their related-party transactions. The contemporaneous TP documentation is required for intercompany transactions that meet documentation thresholds stipulated by the IRAS. TP documentation should be in place no later than the time of filing the income tax return for the financial year in which the transaction takes place.

(60) With effect from YA 2019, taxpayers are required to prepare TP documentation if they meet certain requirements and thresholds. Penalties not exceeding SGD 10,000 will be imposed for non-compliance with TP documentation requirements. The IRAS does not require taxpayers to submit TP documentation along with the income tax returns. However, taxpayers have to submit the documents to the IRAS within 30 days upon request.

Dubai Branch

(61) On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal CT regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. As such, prior to 1 June 2023, the UAE does not have any enforced federal income tax or TP legislation for general business.

(62) Under the TP provisions of the Corporate Tax Law and the Ministerial Decision No. 97 of 2023, all transactions with related parties and connected persons should be conducted on an arm's length basis. The FTA can make adjustments to the income of a taxable person where the results of their related-party and connected persons transactions are outside the arm's-length range. Additionally, the Corporate Tax Law prescribes that when TP adjustments are made, a corresponding adjustment to the taxable income of the affected counterparty can or should also be made.

(63) With effect from financial years starting on or after 1 June 2023, taxable persons will be required to prepare TP Master File and Local File if they meet certain thresholds. However, there are no specific penalty provisions for noncompliance currently. Similarly, the TP documentation requirements for QFZP are also with effect from financial years starting on or after 1 June 2023. Article 55 of the Corporate Tax Law specifies that TP documentation and any other information to support the arm's-length nature of transactions must be submitted to the FTA within 30 days following a request by the FTA, or by any other later date as directed by the FTA.

(64) The FTA also expects taxable persons to prepare and maintain contemporaneous TP Master File and Local File to support the pricing of their related-party transactions. Taxable person will be required to prepare TP Master File and Local File if they meet certain thresholds. The TP Master File and Local File should be in place prior to the submission of the corporate tax returns of the relevant tax period.

Ivory Coast Branch

(65) Under the General Tax Code, Tax Procedure Book and Finance Law, all related party transactions should be conducted on an arm's length basis. The Directorate General for Taxation ("DGI") also expects taxpayers to prepare and maintain TP documentation (Master File and Local File) to support the pricing of their related-party transactions. There are no material limits or thresholds for TP documentation currently. TP documentation (Master File and Local File) must be provided to the tax authority in the event of a tax audit.

(66) Section 36 of the General Tax Code provides for a TP disclosure to be filed along with the corporate tax return. Where such requirement is not met, expenses incurred in related parties' transactions are disallowed for corporate tax purposes and attract an XOF 3 million (approximately USD5,000) fine, with an additional XOF100,000 (approximately USD164) penalty for any extra day delay.

(67) Article 12 of the 2023 Finance Law (embodied in section 36 ter of the General Tax Code) requires taxpayers to prepare TP Documentation including a Master File and a Local File for tax years ending 31 December 2022 and later. TP documentation (Master File and Local File) must be provided upon request by the tax authority during a general tax audit. Failure to provide TP Documentation in part or in full, 30 days after formal notice from the tax authorities, is punished by a fine equal to 0.5% of the amount of the transactions covered with a minimum of XOF 10 million (approximately USD16,000).

Guinea Branch

(68) Under the General Tax Code and finance law, all related party transactions should be conducted on an arm's length basis. The Guinean Revenue Authorities ("GRA") can make TP reassessments, any profit indirectly transferred should be qualified as a deemed distribution of a benefit. Such "benefit" transfer should entail CIT (25%) and deemed dividends tax at 15%.

(69) The GRA also expects taxpayers to prepare and maintain contemporaneous TP documentation to support the pricing of their related-party transactions. Taxpayers will be required to prepare TP documentation if they meet certain requirements and thresholds. TP documentation should be in place at the latest three months after the filing of the annual tax return (i.e. by 30th July).

(70) The TP documentation needs to be submitted during a comprehensive tax audit, at the start of the audit. Failure to respond or a partial response to the tax authority, after a thirty (30) days' notice is subject to either of the following:

- A maximum fine of 1% of the amount of the transactions covered by the documents that have not been made available to the tax administration after formal notice. The penalty is adjusted depending on the seriousness of the shortcomings noted.

- In the event of rectification and if the amount is higher, a 10% increase in the reassessed amounts charged to the taxpayer, without prejudice to other penalties and fines that are applicable.

- In addition, the absence of a response, or a partial response, may result in a Best of Judgement Assessment (BoJA) on the taxpayer.

(71) Section 117 Ter §2 of the General Tax Code provides for a TP disclosure to be filed along with the corporate tax return for companies which are subject to TP Documentation requirements as per the above sections. TP Disclosure can also be due in some cases where legal thresholds are not met.

(72) When carrying out a tax audit on an entity that is not subject to TP Documentation requirements as per the above, where tax authorities gather clues suggesting indirect transfer of profit, they can require for:

i) specific TP related information to be provided within 60 to 90 days. Failure to reply or partial response attracts penalties mentioned in section 69 above, subject to a 30 days' notice;
ii) TP disclosure to be filed.

ANNEXURE II

Statement of possible special tax benefits available to the Subsidiary under the applicable indirect tax laws

The following is a discussion of certain tax matters relating to Singapore Goods and Services Tax ("GST") that may be applicable to a company in Singapore and the Value-added Tax ("VAT") matters relating to the overseas branches of a Singapore company in the United Arab Emirates (Dubai), Ivory Coast and Guinea. The discussion is limited to a general description of certain GST matters pertaining to a company in Singapore and the overseas branches of a Singapore company in the United Arab Emirates (Dubai), Ivory Coast and Guinea and is based on laws, regulations and interpretations now in effect and available as of the date of this Statement. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of this Statement. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. It is not intended to constitute a complete analysis and does not constitute tax or legal advice.

Singapore GST

(1) Singapore GST is a consumption tax that is levied on goods or services consumed domestically, including imports. It is a multi-stage tax that is collected at each stage of the production and distribution chain.

(2) GST is imposed on mainly three groups of transactions as follows:

- Goods and services supplied in Singapore by GST-registered persons;

- Goods imported into Singapore (except for goods granted import relief); and

- With effect from 1 January 2020, imported services procured from overseas suppliers. In the cases of Business-To-Consumer ("B2C") imported services, GST is accounted for under the Overseas Vendor Registration ("OVR") regime; as for Business-To-Business ("B2C") imported services, GST is captured by way of a reverse charge.

(3) A supply is anything done for consideration – and supplies for GST purposes can be broadly classified into two categories – taxable supply and non-taxable supply.

(4) Taxable supply can be further classified into standard-rated supply (GST is charged at the prevailing standard rate) and zero-rated rate supply (GST is charged at 0%). The GST standard rate for calendar years 2021 and 2022 was 7%. It was raised to 8% for the calendar year 2023 and with effect from 1 January 2024, the standard rate has been further increased to 9%.

(5) There are two categories of zero-rated supplies, being (1) exports of goods and (2) provision of international services. International services that qualify as zero-rated supplies are specifically prescribed under the GST Act of Singapore. A GST-registered entity that makes taxable supplies can claim the input tax paid on purchases, other than those specifically disallowed under the GST Act, and subject to the input tax claim conditions provided under the GST Act.

(6) GST is not chargeable on exempt supplies, of which there are four categories, as prescribed under the Fourth Schedule to the GST Act, being (1) sale and lease of residential properties (2) provision of financial services, (3) import and local supply of investment precious metals and (4) supply of digital payment tokens (with effect from 1 January 2020). Input tax incurred in making exempt supplies is generally not claimable unless certain exceptions apply.

(7) A business is liable for GST registration if the value of its ***taxable supplies (i.e. standard-rated and zero-rated supplies)*** is more than S$ 1 million (approximately USD 750,000) in a calendar year or is expected to exceed S$ 1 million at any time in a future 12-month period.

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(8) From a Singapore GST perspective, branches are considered an extension of the parent company and should be treated as one unified legal entity. Given that branches are not distinct legal entities, there is no requirement to separately and independently assess their GST registration obligations in Singapore.

(9) The GST treatment for the sale of goods is contingent upon the physical movement of the goods. For instance, the sale of goods within Singapore is regarded as a standard-rated supply, while the export of goods from Singapore to another destination outside Singapore could qualify as a zero-rated supply. In the case of third-country sales where the goods are sold from a location outside Singapore to another location outside Singapore, they are classified as out-of-scope supplies (i.e. non-taxable) from a GST viewpoint because the goods never entered Singapore's customs territory.

(10) Only the supply of services made in Singapore is regarded as a taxable supply. Services directly provided by overseas branches of a Singapore company are deemed to be made outside Singapore. Hence, the supplies made outside Singapore fall outside the purview of the charging provision of the GST Act.

(11) Dividend income is outside the ambit of GST because it does not fall within the definition of a "supply" - there are no goods or services provided in return for the dividend income received.

(12) Interest income is regarded as consideration received for the supply of financial services. Interest income received from a person belonging to Singapore is classified as an exempt supply (i.e. non-taxable); interest income received from a person belonging outside Singapore is treated as a zero-rated supply (i.e. taxable).

Dubai Branch

(13) VAT was introduced in the UAE on 1 January 2018. The standard rate of VAT is 5%. The standard rate of VAT applies to all supplies of goods or services which take place within the territorial area of the UAE unless a specific measure provides for zero-rating (like export of goods from the UAE) or exemption.

(14) VAT applies to the following transactions in UAE:

- The supply (and deemed supply) of goods and services made in the UAE by a taxable person
- Services received by a taxable person in the UAE from overseas suppliers
- The importation of goods into the UAE, regardless of the status of the importer

(15) Designated Zone ("DZ") specified by the UAE Cabinet shall be treated as being outside the UAE, subject to the following conditions:

- The DZ is a specific fenced geographic area and has security measures and customs controls in place to monitor the entry and exit of individuals and the movement of goods to and from the area
- The DZ shall have internal procedures regarding the method of keeping, storing and processing of goods therein
- The operator of the DZ complies with the procedures set by the authority

(16) A transfer/ supply of goods between DZs shall not be subject to VAT if the following two conditions are met:

- Where the goods, or part thereof, are not released and are not in any way used or altered during the transfer between the DZs

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- Where the transfer is undertaken in accordance with the rules for customs suspension according to the GCC Common Customs Law

(17) A supply of goods within a DZ to a Person to be consumed by him or another person shall be outside the scope of UAE VAT in any of the following cases:

- The purpose was to incorporate the goods into, attach the goods to, or that the goods become part of or are used in the production of another good in the same DZ and such good is not consumed.
- The goods were delivered to a place outside the UAE, and the Supplier retains supporting commercial or official evidence proving that, and customs evidence proving that the goods were removed from the DZ.
- The goods were moved from the DZ to mainland UAE, and the Supplier retains official evidence establishing that VAT had been applied to that import.

(18) Businesses with their place of residence in the UAE, are required to register for VAT if the total value of their taxable supplies (including import of goods and services) made in the past 12 months, or expected taxable supplies in the next 30 days, exceeds AED 375,000 (approximately USD 100,000).

(19) Businesses providing only zero-rated supplies may apply for exemption from mandatory VAT registration in the UAE, unless they wish to obtain VAT registration and claim a refund of input VAT paid on procurement of goods/ services.

Ivory Coast Branch

(20) The prevailing standard VAT rate for the sale of goods and services is 18%. The standard rate of VAT applies to all supplies of goods or services unless a specific measure provides for a reduced rate, zero-rating or exemption.

(21) The rate is reduced to 9% for milk (except yoghurt and other dairy products), foods for infants, luxury rice, meat imported from outside of the Economic Community of West African States, some pasta products, oil products and equipment designed for the production of solar energy.

(22) VAT applies to the following transactions in Ivory Coast:

- The supply of goods or services made in Ivory Coast by a taxable person
- The importation of goods

(23) A taxable person in Ivory Coast is any business entity or individual that makes taxable supplies of goods or services or importation of goods in the course of a business in Ivory Coast. The taxable person is only allowed to register for VAT when their annual turnover is more than XOF 200 million (approximately USD 330,000).

(24) The VAT law in Ivory Coast does not contain any provision for exemption from VAT registration.

(25) Contractors and sub-contractors undertaking certain strategic projects are able to enjoy exemption from VAT, subject to conditions and procedures.

Guinea Branch

(26) The VAT legislation is contained in the General Tax code. The standard VAT rate of 18% applies to all supplies that do not qualify for an exemption or that are zero-rated. No higher or lower VAT rate applies in Guinea. Nonetheless, businesses in sectors such as internal freight, basic food commodities and exports may qualify for zero-rated VAT or VAT exemption.

(27) VAT applies to the following transactions in Guinea:

- Deliveries or sales of goods

- Supplies of services or assimilated operations carried out or used in Guinea, even in cases where the taxable person is not located in Guinea

- Importations of goods in Guinea

(28) Individuals or legal entities with an annual turnover exceeding Guinea Franc ("GNF") 1 billion (approximately USD 105,000) are subject to VAT registration in Guinea and obligated to adhere to the VAT regulations in Guinea.

(29) With effect from 1 January 2022, the following categories are granted exemption from VAT registration in Guinea:

- Entity or person with a turnover of less than GNF 1 billion during the previous year

- Entity or person who, having realized a turnover equal to or greater than GNF 1 billion, has recorded a decrease in their GNF 1 billion and has recorded a decline in their turnover below this threshold for two consecutive years.

(30) The 2015 Investment Code grants investment incentives to investors, including general benefits such as an exemption from import duties and specific benefits available to entities operating in specified Zones as illustrated below:

- Zone A: Conakry Region (the zone where the Guinea Branch's principal place of business is located) and Prefectures of Coyah, Forécariah, Dubréka, Boffa, Fria, Boké and Kindia;

- Zone B: The rest of the national territory

Prospective purchasers should seek their own tax advice on the indirect tax implications in connection with the purchase and sale of shares.