



GOVERNMENT OF
THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE

CONTRACT
NAME

TDA & TBUCA
INCOME TAX
REGULATIONS

CONTRACT
NO.
RFP NO.

RFP-ICB-EOI-002-MOF
4-2012

CONTRACT FOR CONSULTING SERVICES

BETWEEN

RDTL Ministry of Finance
Procurement Service

and

OPUS & BEST LAW SERVICES, LLC

**CONTRACT FOR CONSULTING SERVICES
SMALL ASSIGNMENTS - LUMP-SUM PAYMENTS**

THIS CONTRACT ("Contract") is entered into by and between **RDTL Ministry of Planning & Finance Procurement Service** ("the Client") having its principal place of business at **Palacio do Governo Building No. 5 Ground Floor No.3A Dili Timor Leste**, and **Opus & Best Law Services, LLC** (the Consultant), having its registered office at **Grand Central, 100 Park Avenue, Suite 1600, New York, NY 10017, USA**, on this day of May, 2012

WHEREAS the Consultant has expressly warranted its competence to perform the services more particularly described in the Terms of Reference (ToR) attached herewith and the Consultant knows that the Client has relied on such representations as the basis of this contract

WHEREAS, the Client wishes to have the Consultant perform the services hereinafter referred to, and

WHEREAS, the Consultant is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

1. Services

The Consultant shall

- a. perform the services and provide the deliverables specified in Annexes 1 & 2, "Terms of Reference and Scope of Services," which is made an integral part of this Contract ("the Services").
- b. provide the personnel listed in Annex B, "Consultant's Personnel," to perform the Services.
- c. submit to the Client the reports in the form and within the time periods specified in Annex 2, "Consultant's Reporting Obligations."

2. Term

The Consultant shall perform the Services during the period Commencing from May 15 2012 and continuing through July 30, 2012 or any other period as may subsequently agreed upon by the parties in writing.

3. Payment:

A Ceiling

For Services rendered pursuant to Annex A, the Client shall pay the Consultant an amount not to exceed US\$2,400,000

This amount has been established based on the understanding that it includes all of the Consultant's costs and profits as well as any tax obligation that may be imposed on the Consultant

B. Commitment Payment

The Client shall make a Commitment Payment of 50% of the agreed ceiling price to the Consultant on the agreed commencement day by same day electronic transfer to the Consultant's bank account as detailed in clause 3D.

C. Schedule of Payments

Further Payments to the Consultant shall be in accordance with the Schedule of Payments, Annex 2 following

D. Payment Conditions

Payment shall be made in US Dollars following submission by the Consultant of invoices in duplicate to the Coordinator designated in paragraph 4. and subject to there being supervising Technical Agency certification of satisfactory completion of services and / or work (as applicable). Receiving and Inspection Report and the consultant invoice, payment shall be made by Bank transfer within twenty (20) days to :

BUSINESS/ACCOUNT NAME	OPUS & BEST LLC
BUSINESS ADDRESS	Grand Central, 100 Park Avenue, New York NY 10017, USA
ACCOUNT #	456370399
BANK NAME	JP MORGAN CHASE
BANK ADDRESS	1 CHASE MANHATTAN PLAZA, NEW YORK CITY, NY 10005
BANK ROUTING #	021000021
BANK SWIFT CODE	CHASUS333

4. Project Administration

A. Coordinator

The Client designates

SANTINA J. R. F. VIEGAS CARDOSO (7305092) *Corporate Services*

BOBBY BOYE (7471138) &

MONICA RANGEL DA CRUZ *National Directorate of Petroleum Revenue*
(7305710)

as Client's Coordinators; the Coordinators will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment.

B. Reports.

The reports listed in Annex C, "Consultant's Reporting Obligations," shall be submitted in the course of the assignment, and will constitute the basis for the payments to be made under paragraph 3.

5. Performance Standards

The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.

6. Confidentiality

The Consultants shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.

7. Ownership of Material

Any studies reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software and shall not such document for other purposes without the express written consent of the Client

8. Consultant Not to be Engaged in Certain Activities

The Consultant agrees that, during the term of this Contract and after its termination, the Consultant and any entity affiliated with the Consultant, shall be disqualified from providing goods, works or services (other than the Services and any continuation thereof) for any project resulting from or closely related to the Services

9. Insurance

The Consultant will be responsible for taking out any appropriate insurance coverage

10. Assignment

The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.

11. Law Governing Contract and Language

The Contract shall be governed by the laws of Timor Leste and the language of the Contract shall be *English*

12. Dispute Resolution⁴

Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of Timor Leste currently in force

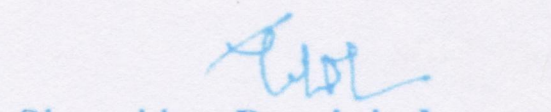
FOR THE CLIENT



Signed by: **HE Emilia Pires**

Title: **MINISTER OF FINANCE**
Timor-Leste

FOR THE CONSULTANT



Signed by: **Dominic Lucas**

Title: **PARTNER**
Opus & Best LLC

ANNEX 1

SCOPE OF SERVICES & TERMS OF REFERENCE

1. Regulations for Chapter IX of the Taxes and Duties (TDA); and Regulations for the Taxation of Bayu-Undan Contractors Act (TBUCA)

The primary objective of the project is to support the mission of the NDPR in providing clarity and certainty in the tax laws governing the oil and gas industry in the Joint Production Development Area (JPDA) and the Timor-Leste Exclusive area.

The NDPR invites Expression of interests and bids from suitably qualified and experienced international law firms and or accounting firms with demonstrable experience in writing tax regulations for the petroleum and or mining industries.

The selected firm or combination of firms is or are expected to provide professional and accurate interpretation of the affected laws (TDA and TBUCA), write interpretative regulations to provide:

- clarity and reflect the tax policies as contained in the TDA and TBUCA; and
- Consistent with the understanding of the interested parties when the existing Production Sharing Contracts (PSCs) were negotiated.

Furthermore, the selected firm or firms will be required to provide new regulations for the computation of income tax, allowable deductions, Supplemental Petroleum Tax (SPT) etc. that are consistent with the understanding of the parties when the PSC governing the Kitan project was granted by the Designated Authority.

SCOPE OF WORK

1. Review part IX of the TDA & TBUCA
2. Prepare interpretative regulations for the substantive provisions of part IX of the TDA, including the computation of income tax, depreciation rules, related party transactions and rules, allowable deductions, deductible interest, withholding tax rules, deductible Head Office expenditures, Decommissioning reserves, foreign currency gains, computation of SPT etc.
3. Prepare interpretative regulations for the substantive provisions of the TBUCA

LIST OF ANNEXES

Annex 1 : Terms of Reference and Scope of Services

Annex B: Consultant's Personnel

Annex 2 : Schedule of payments & Deliverables

Annex 3 : Breakdown of Reimbursable Expenses

Annex 4-1: Consultant's Staffing Schedule

Annex 4-2 : Consultant's Work Program

ANNEX 2

SCHEDULE OF PAYMENTS & DELIVERABLES

DELIVERABLE	QTY	TIMING	AMOUNT
			50% of Contract sum upon execution of this contract (US\$1,200,000)
Final TDA-Regulations & Conference calls with all stakeholders-NDPR and Industry	15 SETS	WEEK 7	20% of Contract sum upon completion and submission of the Final TDA Regulations (US\$480,000)
FINAL TBUCA Regulations Conference calls with stakeholders-NDPR and industry	15 sets	WEEK 10	30% of Contract sum upon completion and submission of the Final TBUCA Regulations. (\$720,000)
Provision of technical guidance to NDPR in respect of TDA & TBUCA Regulations	40 hours	Includible in Total Contract Sum	TOTAL: US\$2,400,000.

ANNEX 4-I

CONSULTANT'S STAFFING SCHEDULE

No.	Name	Position	STAFF INPUT - BAR CHART (MONTHS or WEEKS)												Person Months		
			1	2	3	4	5	6	7	8	9	10	11	12	Field	Home Office	Total
1																	
2																	
3																	
4																	
5																	
6																	