

Technical Information

**Consultancy Service for VAT Refund, Tax Resolution
and the Closure of KEPCO E&C Branch in Ghana**

December 2021



한국전력기술주식회사
KEPCO ENGINEERING & CONSTRUCTION COMPANY, INC

[Appendix A - SCOPE OF SERVICES AND METHOD OF PERFORMANCE]

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. 47, 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¢ 25,942,699.25 that has been built up from 2012 to Aug. 2021 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.

2.0 TECHNICAL SCOPE OF WORK

Contractor shall provide the following consultancy services to KEPCO E&C as described in the following tasks. And also 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 utilize 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 2021;
- c. Tax Audit reports issued by the GRA from 2012 to 2020; 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, Contractor shall be required to issue a report that covers the risks identified and 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 final report for Phase 1

[Phase 2 – Tax Refund Services (Option)]

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

※ Schedule for KEPCO E&C's decision shall be changed by 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 the GRA by KEPCO E&C prior to submission to the 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, Contractor shall engage KEPCO E&C to discuss the findings from the audit in order to respond to the GRA appropriately. The Contractor shall liaise with the 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 GRA Audit.

Also the Contractor shall submit plan and methodology reports for GRA Audit (draft report and

final report). Expected schedule and process, issues, plan and methodology for 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 the GRA to ensure that the VAT refund is transferred to the bank account in 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 (Option)]

KEPCO E&C shall make sole decision whether to move to the Phase 3. In case KEPCO E&C decide to move to Phase 3 based on the progress of VAT refund, KEPCO E&C shall issue Notice to Proceed for 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 Ghana Branch without any staff, the Contractor shall be the proxy of KEPCO E&C until the Ghana Branch is closed legally.

3.0 METHOD OF PERFORMANCE

Schedule

The schedule for the Phase 1 to 3 shall be until 20 months from the Execution Date of the Contract, as follow:

Scope of Works	Schedule (Month)																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
[Phase 1] Task 1-1~1-5 : 2 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)															■	■	■	■	■	■

* : KEPCO E&C understands that the schedule may be changed according to the negotiation/ discussion with the related Ghana authorities such as GRA, and the schedule may be changed through the discussion between KEPCO E&C and the Contractor and the approval of KEPCO E&C.

Method of Performance

- Contractor shall start the consulting service in accordance with the schedule shown as the above schedule, 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.

Deliverables

Scope of Works	Deliverables	Schedule
<p>[Phase 1] ·Task 1-1~1-5</p>	<ul style="list-style-type: none"> • Draft Report for Task 1-1 to 1-5 	<p>Until 1.5 months from Execution Date</p>
	<ul style="list-style-type: none"> • Final Report for Task 1-1 to 1-5 	<p>Until 2 months from Execution Date</p>
<p>[Phase 2] ·Task 2-1~2-3</p>	<ul style="list-style-type: none"> • Draft Report for Task 2-1 to 2-3 (Plan and methodology report) 	<p>Until 6 months from Execution Date</p>
	<ul style="list-style-type: none"> • Final Report for Task 2-1 to 2-3 (Plan and methodology report) 	<p>Until 10 months from Execution Date</p>
	<ul style="list-style-type: none"> • Certification of GRA Audit (Audit report or any other official documents which prove audit closing) 	<p>Until 14 months from Execution Date</p>
<p>[Phase 2] ·Task 2-4</p>	<ul style="list-style-type: none"> • Certification of VAT refund or any other official documents which prove VAT refund from GRA to KEPCO E&C 	<p>Until 17 months from Execution Date</p>
<p>[Phase 2] ·Task 2-5</p>	<ul style="list-style-type: none"> • None ※ KEPCO E&C's confirm that account transfer of VAT refund from the KEPCO E&C's bank account in Ghana to KEPCO E&C's bank account in Republic of Korea shall be required 	<p>Until 20 months from Execution Date</p>
<p>[Phase 3] ·Task 3-1</p>	<ul style="list-style-type: none"> • Certification of office closure 	<p>Until 6 months from KEPCO E&C's notice to proceed of Phase 3</p>

[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 alternative man power plan with similar level of expertise and obtain approval from KEPCO E&C