

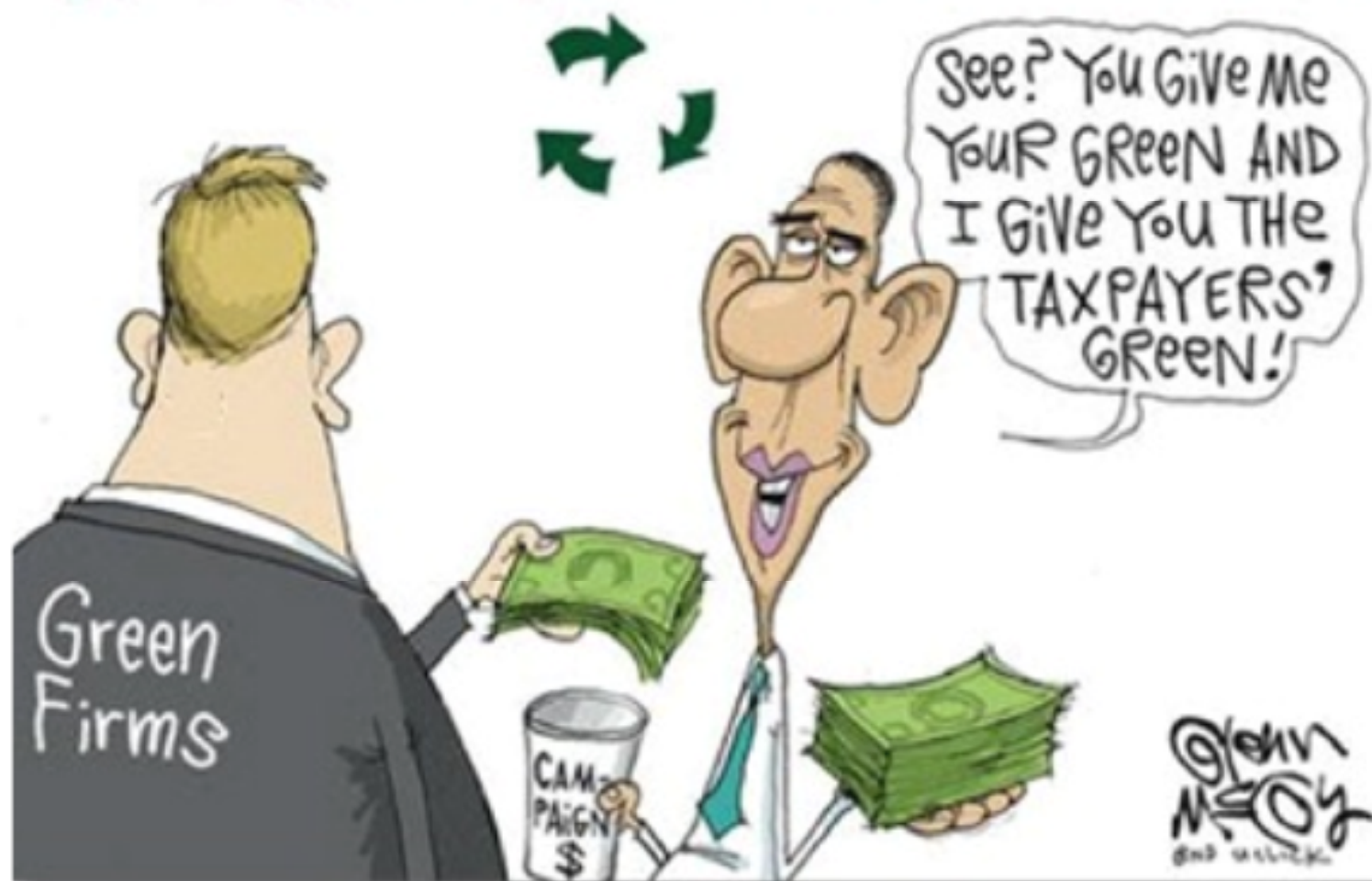
TAX ISSUES

A focus on ownership structures

17 September 2014



How GREEN ENERGY Works



AGENDA

Tax and other considerations

1. South Africa

- (Re)structuring the SA Group
- Exit strategy

2. Cross-border

- Tax considerations for cross-border investments
 - Funding
 - Exchange control
 - Transfer pricing

01

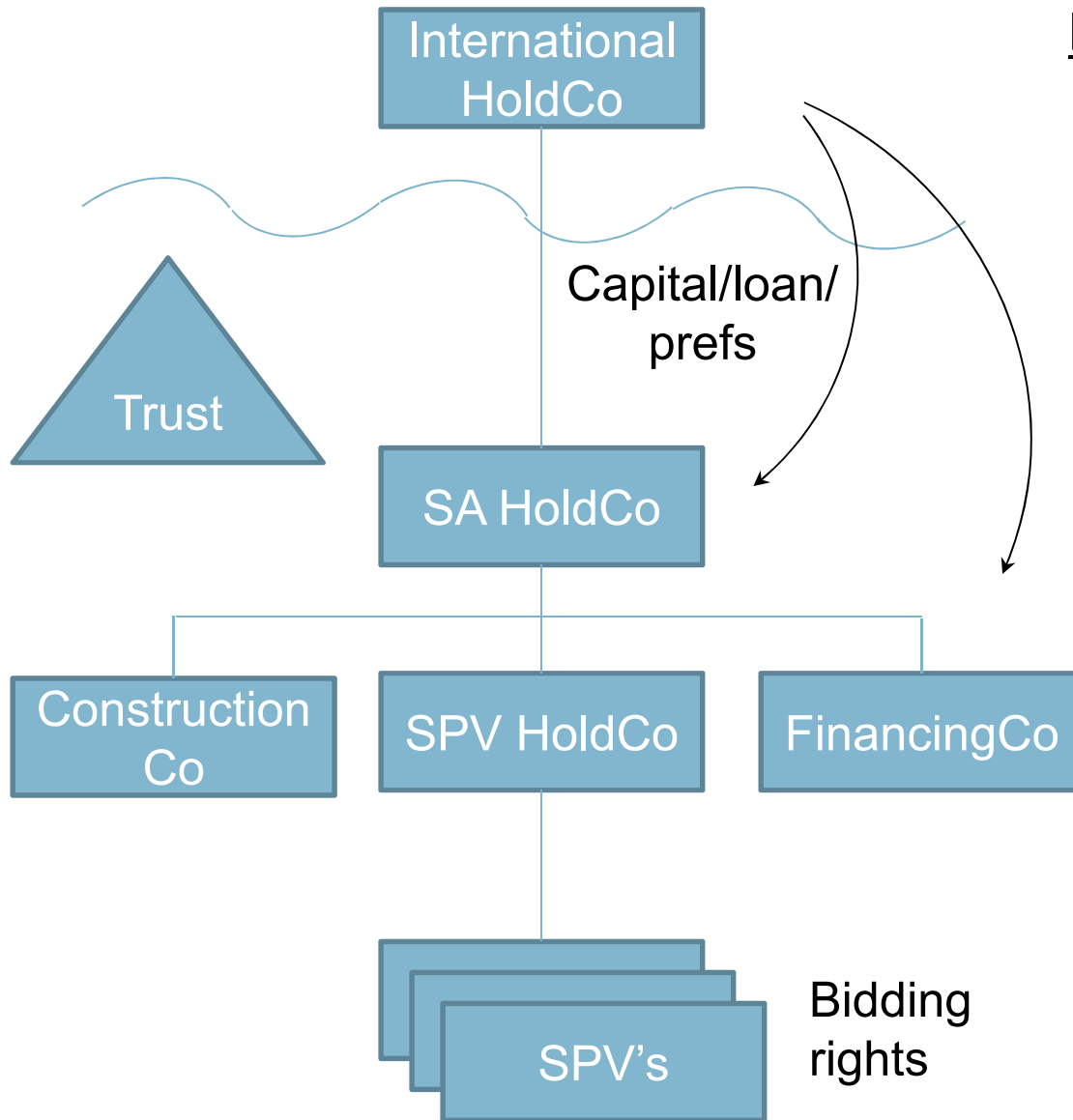


TAX AND OTHER CONSIDERATIONS

SOUTH AFRICA



SA TAX AND OTHER CONSIDERATIONS

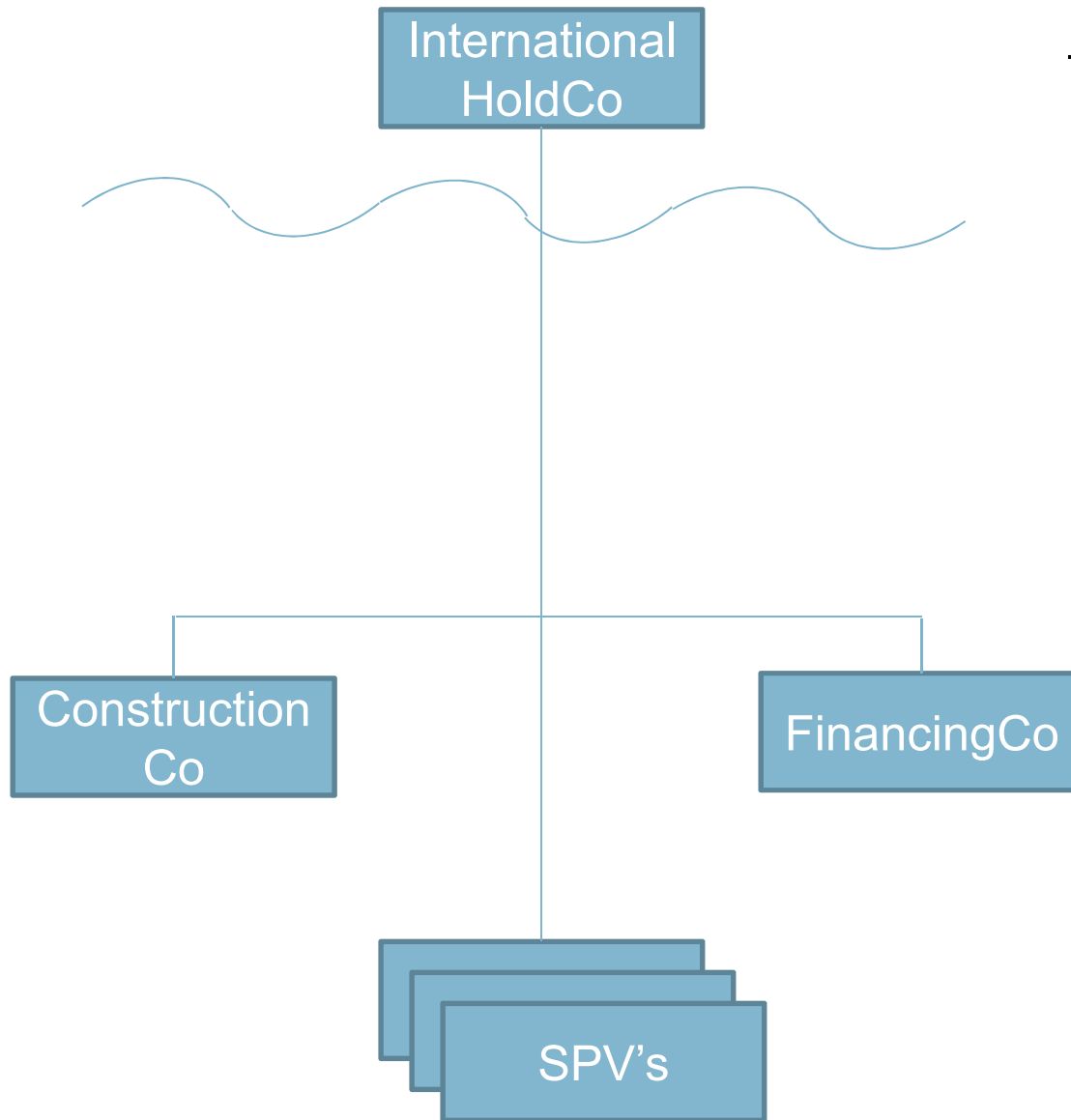


Re(structuring) the SA Group

- Advisable to have a single SA Holdco
 - Single point of entry (and exit)
 - Offshore funding structure simplified to one entity
- Organise other companies as sub's
 - SPV HoldCo
 - Construction Co (local content requirement)
 - Financing Co (?)
- Structure allows for BEE/Community Trust at any given level required



SA TAX AND OTHER CONSIDERATIONS

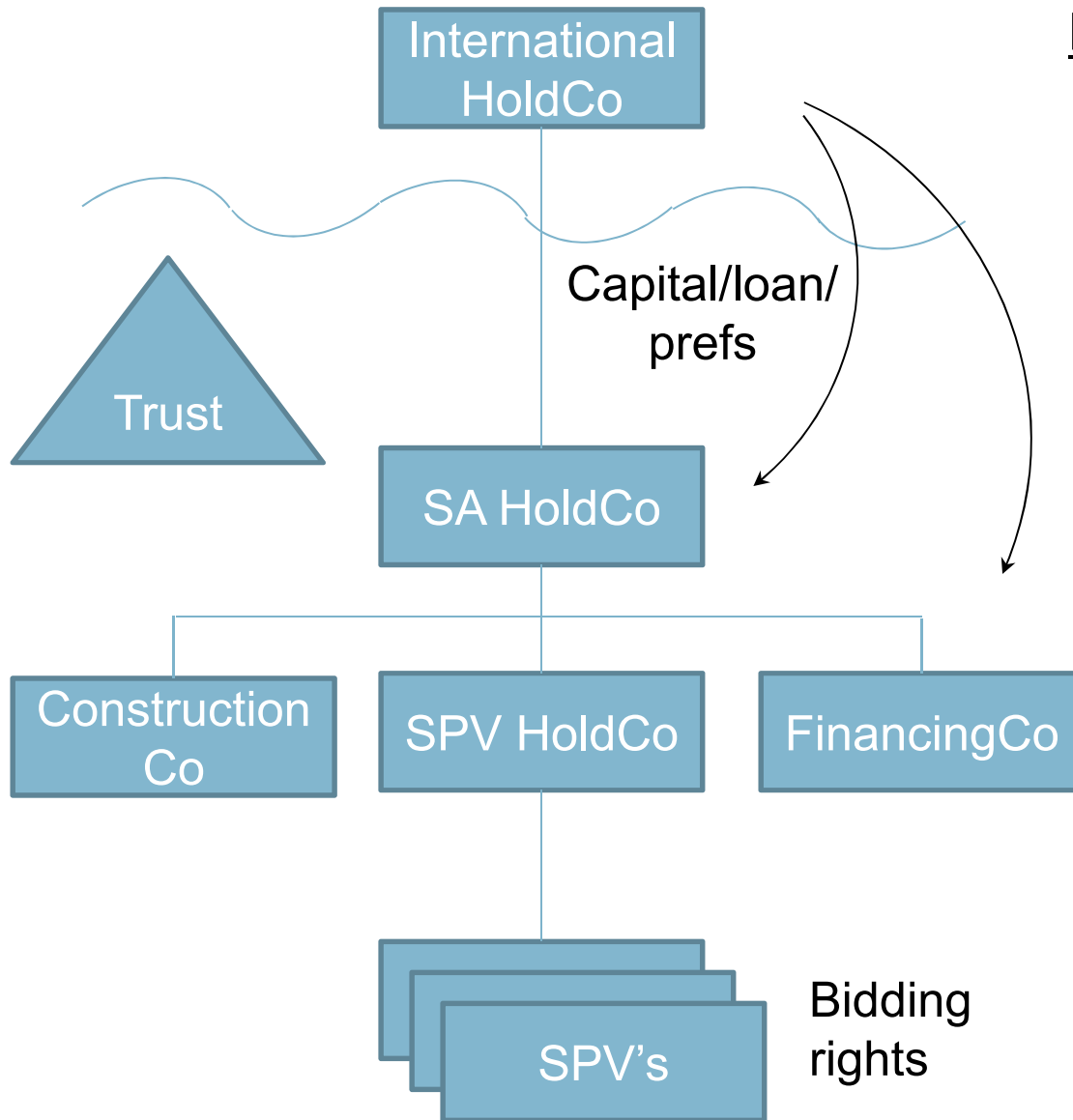


Re(structuring) the SA Group

- If correct structure not in place – correction can quite potentially be made subsequently
 - SA tax neutral
 - Foreign tax consequences TBC



SA TAX AND OTHER CONSIDERATIONS



Exit strategy

- Single point of exit
 - If International HoldCo disposes of shares in SA HoldCo (typically tax free, but TBC)
 - If at Operating Company level, CGT to arise
 - Consider carry interest and shareholding dilution as alternative to 'straight sale'

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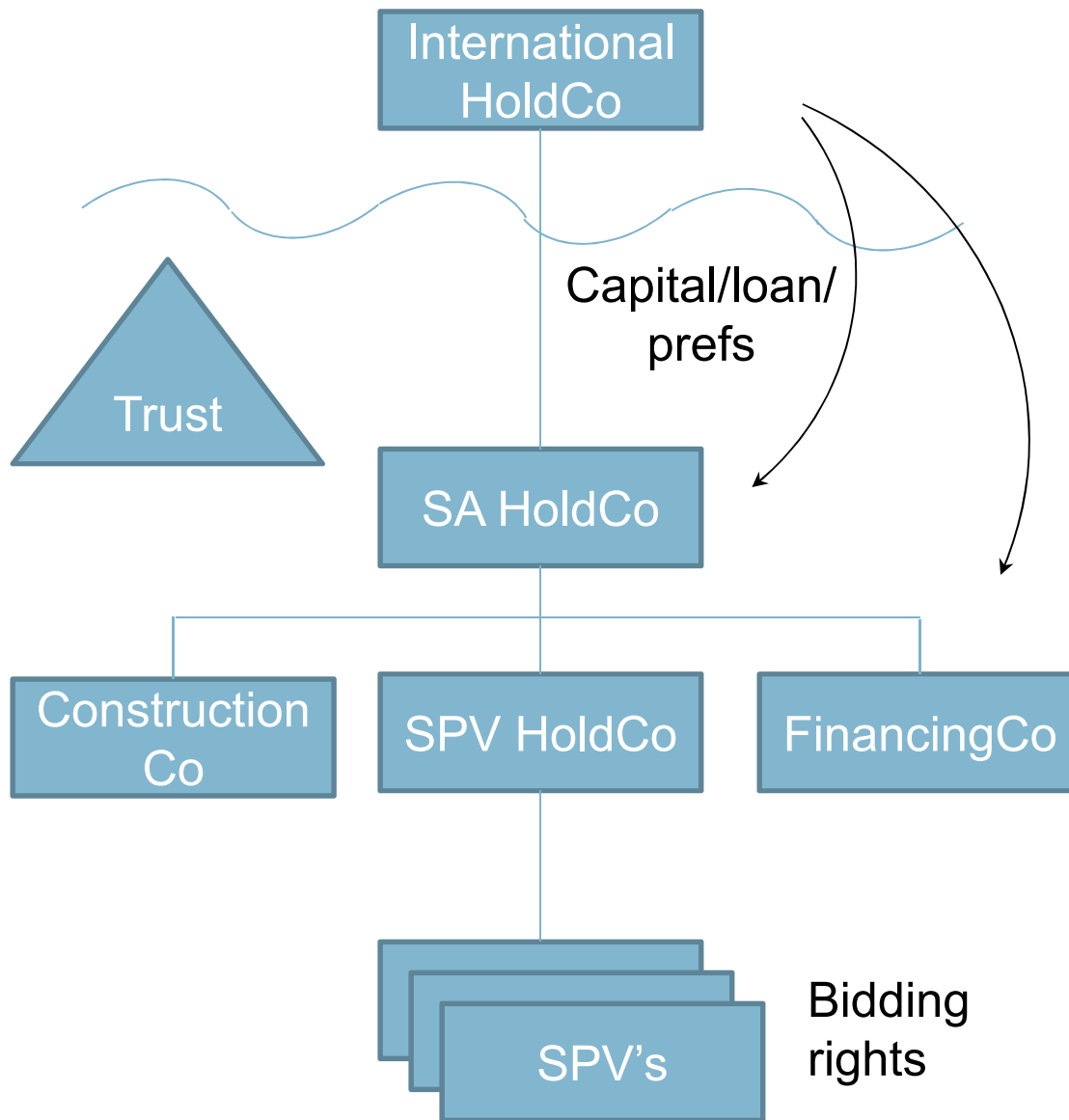


TAX AND OTHER CONSIDERATIONS

CROSS-BORDER



CROSS-BORDER TAX AND OTHER CONSIDERATIONS

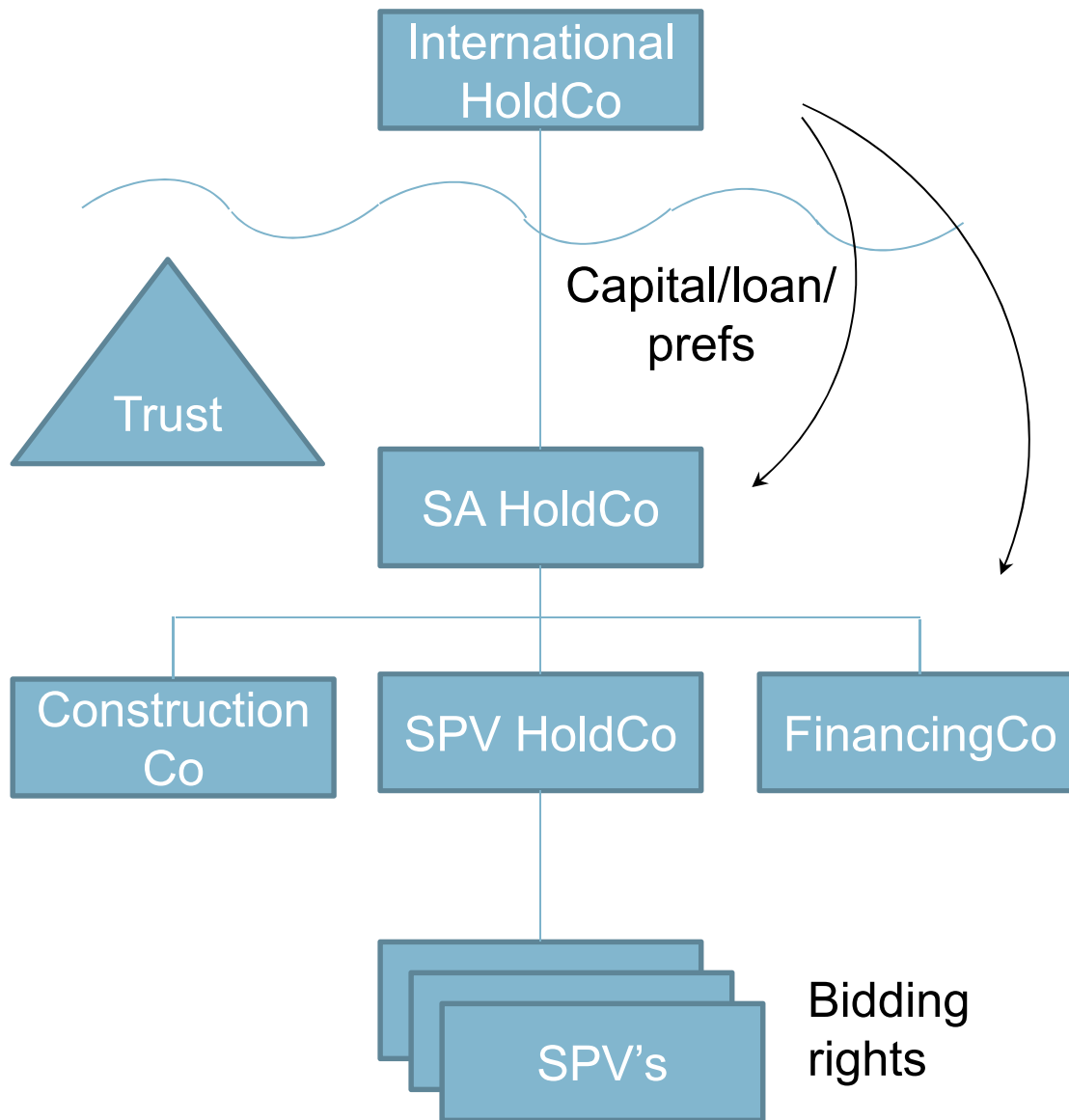


Tax considerations for cross-border investments

- Funding
 - Thin capitalisation
 - Draft IN and EBITDA
 - No safe harbour
 - Hybrids
 - WHTs and DTAs
 - Limitation on excessive interest
- Exchange control
- Transfer pricing
 - Debt
 - Other related party fees



CROSS-BORDER TAX AND OTHER CONSIDERATIONS



Tax considerations for cross-border investments

- Special Economic Zones (SEZs)
 - Tax rate 15% (vs. 28%)
 - Building allowances 10% (new and unused)
 - Limitations on industries





Questions



Mazars is present in 5 continents.

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