

## THE AUSTRALIAN

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# ConocoPhillips, East Timor reach tax settlement

PAUL CLEARY THE AUSTRALIAN FEBRUARY 18, 2016 12:00AM

**East Timor and US oil giant ConocoPhillips have reached a confidential settlement in all but one of the issues in their long-running tax dispute over Timor Sea oil and gas production.**

The terms of the settlement are expected to remain confidential even though both parties are part of the Extractive Industries Transparency Initiative, a global framework that demands full disclosure of tax payments from the industry.

In a joint statement released yesterday, the two parties said they had agreed to settle the dispute, except for a tax issue relating to the Darwin pipeline. This will be adjudicated by an arbiter in Singapore.

East Timor has used a public campaign to vent its claims of billions of dollars in unpaid taxes. In a 2012 ABC program, the Natural Resources Minister, Alfredo Pires, argued the ultimate revenue haul could be about \$US3 billion (\$4.2bn). The total amount in dispute is a mere \$US237m, or 1.4 per cent of the taxes paid by ConocoPhillips since oil production began more than a decade ago.

The carefully worded statement said to minimise potential future disputes, East Timor and ConocoPhillips had “agreed to a shared understanding of the relevant dispute resolution framework and application of penalties, and an agreement to work together toward consolidating the tax laws applicable to the Bayu-Undan operations into a uniform tax code in order to minimise future disputes”.

The disputes related to laws and agreements supporting the Bayu-Undan field, which started production in 2004.

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