

CHAPTER 15

TAX AND CUSTOMS REGULATIONS

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15.1 INTRODUCTION

This chapter summarises the responsibilities and obligations of governing regulations that the Storage Company and Shippers assume.

15.2 EXCISE TAXES

The Gas owned by the Shipper that is moved in the reservoirs is not subject to the excise tax system, as the moment that generates the tax obligation is represented by the supply to end-users, instead the “depository” - that is the Storage Company - is responsible for acquiring the incoming and outgoing measurement data from the System.

Holders of storage concessions are required to pay excise taxes for their internal consumption, or for the Gas necessary for activities related to the operation of facilities for providing storage services to Shippers.

These excise taxes are charged to each Shipper, within the terms and according to the procedures set out in chapter 16 “Invoicing and Payment”, based on the consumption attributable to each Shipper, as determined in paragraph 16.A.2 of Annex 16.A “Procedure for allocating electricity consumption, excise taxes, and regional surcharges”.

15.3 TAX DOCUMENTATION

The Storage Company produces, maintains, and makes available to financial authorities the following documentation for the necessary controls:

1. Measurement reports that show the quantity of Gas that passed through the delivery and redelivery points of the Storage System in a specific period of time (month) or;
2. The consumption declaration, through which, using a model prepared directly by the Customs Agency, the Storage Company declares the annual quantities of gas used for its internal consumption on which both the tax (excise) and regional surcharge is calculated, based on the rate in effect at the time of consumption; the Storage Company also declares the quantities of methane gas that entered and exited its system without applying either the excise tax or the regional surcharge to these quantities, as other parties are responsible for these tax burdens. The declaration is prepared annually and submitted to the competent UTF by the end of March of the following year. By the same deadline, the competent party pays any

- adjustments for taxes and the regional surcharge, with respect to the amount paid at the time of the advance;
3. The first facility report requesting that the competent UTF assign the “company code” for the storage concession and related facilities.

15.4 OTHER USEFUL TAX DOCUMENTATION FOR SHIPPERS

Furthermore, the Storage Company prepares the following documentation for Shippers:

1. allocation reports, which show the quantity of Gas injected or withdrawn, in a defined period of time (month), on behalf of each Shipper;
2. delivery invoices, that is withdrawal/delivery documents that record the amount of gas owned by the Shipper that was injected into or withdrawn from the Storage System, transactions, and the relative stock for the Shipper, in order to refute the presumption that the Storage Company purchased the deposited natural gas. These invoices are made available in preview through the IT System and subsequently sent to the Shipper for signature of acceptance.

15.5 REGIONAL SURCHARGE

For purposes of taxing the gas released for consumption, pursuant to Law no. 68 of 19 March 1993, regions with ordinary statutes have the possibility of applying their own taxation system, known as the “Regional Surcharge on Methane Gas”.

Parties that are required to pay the surcharge are the same as those described in point 15.2 above.

In particular, the Storage Company is required to pay this tax for their internal Gas consumption, or for the Gas necessary for activities related to the operation of facilities for providing storage services to Shippers.

The regional surcharge is charged to each Shipper, within the terms and according to the procedures set out in chapter 16 “Invoicing and Payment”, based on the consumption attributable to each Shipper, as determined in paragraph 16.A.3 of Annex 16.A “Procedure for allocating electricity consumption, excise taxes, and regional surcharges”.

15.6 OBLIGATIONS OF THE SHIPPERS

Shippers shall be responsible for the tax and/or administrative reports, declarations, and/or formalities required by official current and future provisions of the competent authorities, with the exception of those for which the law expressly establishes otherwise.

The rights, taxes, other possible charges, not only taxes, and related current and future surcharges applicable by law or by the provisions of competent authorities are to be borne by the Shipper, who exempts the Storage Company from any liability deriving from the false reports issued by the Shipper, from non-payment of the aforementioned charges and/or taxes, or from any violation of the relevant governing laws, except those borne by the Storage Company as envisaged by law.