

Joint venture

69. (1) Where two or more registered persons participate in a petroleum-related activity under a venture, evidenced contractually in writing, for the purposes of making taxable supply (hereinafter referred to as “venturers”), the venturers may apply to the Director General to be deemed as a joint venture.

(2) The venturers shall, in the application under subsection (1), nominate one of the venturers to be the venture operator or to appoint a joint operating company to be the venture operator.

(3) A joint operating company appointed under subsection (2) shall be deemed to be a taxable person for the purposes of the joint venture.

(4) Where a joint venture under subsection (1) has been approved, the joint venture shall be registered as a registered person and the registration shall be in the name of the venture operator.

(5) Where a joint venture has been registered under subsection (4)—

- (a) the venture operator shall maintain a separate account for the joint venture;
- (b) any taxable supply of goods or services for the purposes of carrying on a business of the joint venture between a venture and the venture operator shall be disregarded;
- (c) where—
 - (i) each venturer acquires any taxable supply of goods or services for the joint venture, the venturer shall claim the deduction of input tax on acquisitions made by him in respect of the joint venture;
 - (ii) the venture operator acquires any taxable supply of goods or services for the joint venture, the **venture operator** shall claim the deduction of input tax on acquisitions made by him in respect of the joint venture;
(Amd s52 FA 2015 w.e.f. 1/1/2016)
- (d) each venturer shall account and pay for tax on the supplies made by him in respect of the joint venture.

(6) The Director General may cancel the registration of a joint venture under subsection (4) if he deems fit for the protection of the revenue.

(7) All venturers of the joint venture shall be liable jointly and severally for any tax due from venture operator.

(8) Where the Minister prescribes any other activity to be deemed as a joint venture under section 177, this section shall apply *mutatis mutandis* to the prescribed activity.

(9) For the purposes of this section—

- (a) “venture” means a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control but does not include jointly controlled entities;
- (b) “petroleum-related activity” means an upstream activity which begins with exploration including seismic and drilling activities and ends when the product (crude oil, natural gas or condensate) is allocated to the venturers;
- (c) any petroleum-related activity which is outsourced to a third party shall be taken as an activity undertaken and managed by the third party and not an activity undertaken and managed by the joint venture;
- (d) “venturer” means a party to a joint venture and has joint control over that joint venture;
- (e) “venture operator” means the person who operates or manages the joint venture.

(10) Any person who contravenes subsection (5) in respect of paragraph (d) commits an offence.