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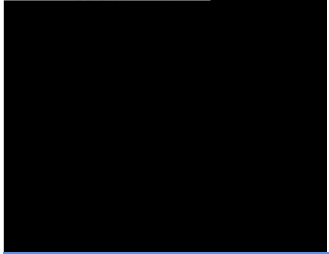
<http://www.un.org/esa/ffd/>

- Play a substantial role in the economy of countries
- In more than 20 countries petroleum revenue is 10% of national GDP; in some cases this fraction rises as high as 50%

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- International tax issues arise as extractive and other resource-rich countries have high impact on tax revenue industries
- The chapter reviews the relevant tax treaty articles and highlights



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- The chapter identifies issues that may arise in the mining industries during consecutive stages of the value chain and provides suggested solutions to these issues.
- Generic case examples with findings and considerations are presented on

and mineral extraction and production of

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- . ining specific case examples with findings and presented on
 - o the export of low value minerals to an intermediary distributor
 - o coal group marketing activities
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- The chapter provides content on how value derived from extractive industries can be shared between government and investors. It includes a discussion of the issues arising for the types of fiscal regimes and the interaction between the tax instrument and the investment regime in a country.
- Government's share from the development of extractive industries should include profit based income taxes, royalties, other taxes and fees, and obligations placed on investors (for example infrastructure investment, employing and training residents, supporting local businesses and environmental costs).
- Key considerations in designing and implementing a fiscal regime are: long-term perspective, flexibility, simplicity, clarity, and transparency. It is important to consider the perspective of resource holders and the impact on the extractive industry, monitoring and evaluation at an early stage.

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- Due to the predominantly export nature of extractive industries, governments should not expect large amounts of tax revenue.
- The <52 treatment of extractive industries and sectors is critical and could be a barrier to investment due to uncertainty and costs to the industry.
- The majority of issues regarding <52 refunds are administrative and are related to the volume of claims, administrative cost of auditing, and delays in the payment of refunds.
- A "menu" of <52 policy options (highlighting pros and cons) and measures over the life cycle of the typical industry that countries could consider.
- A key policy approach is that full <52 taxation principles should apply to extractive industries.

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