

# Mobilizing Public Revenues for Inclusive Growth and Development: The Future of Resource Taxation

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**IGF**

INTERGOVERNMENTAL FORUM  
on Mining, Minerals, Metals and  
Sustainable Development

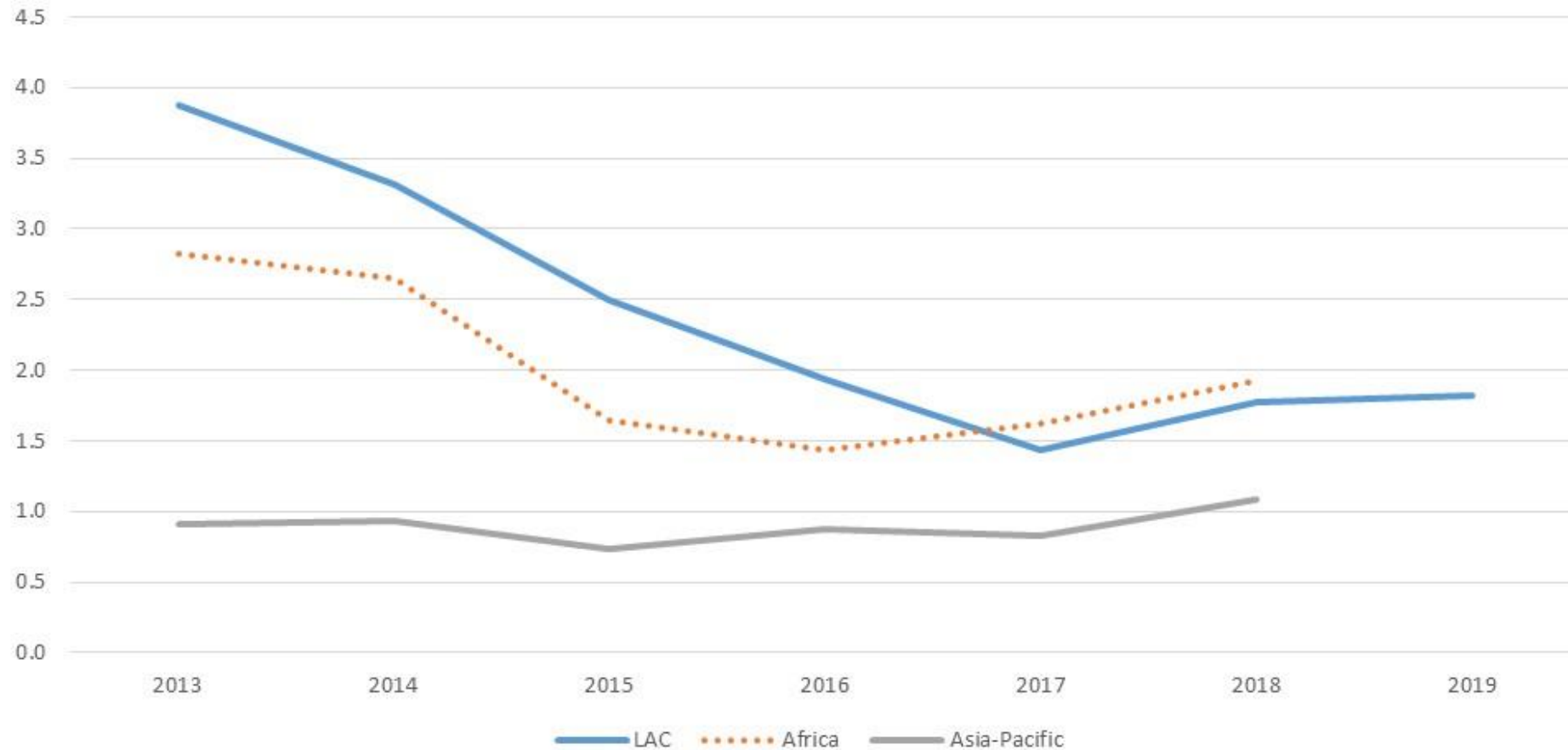


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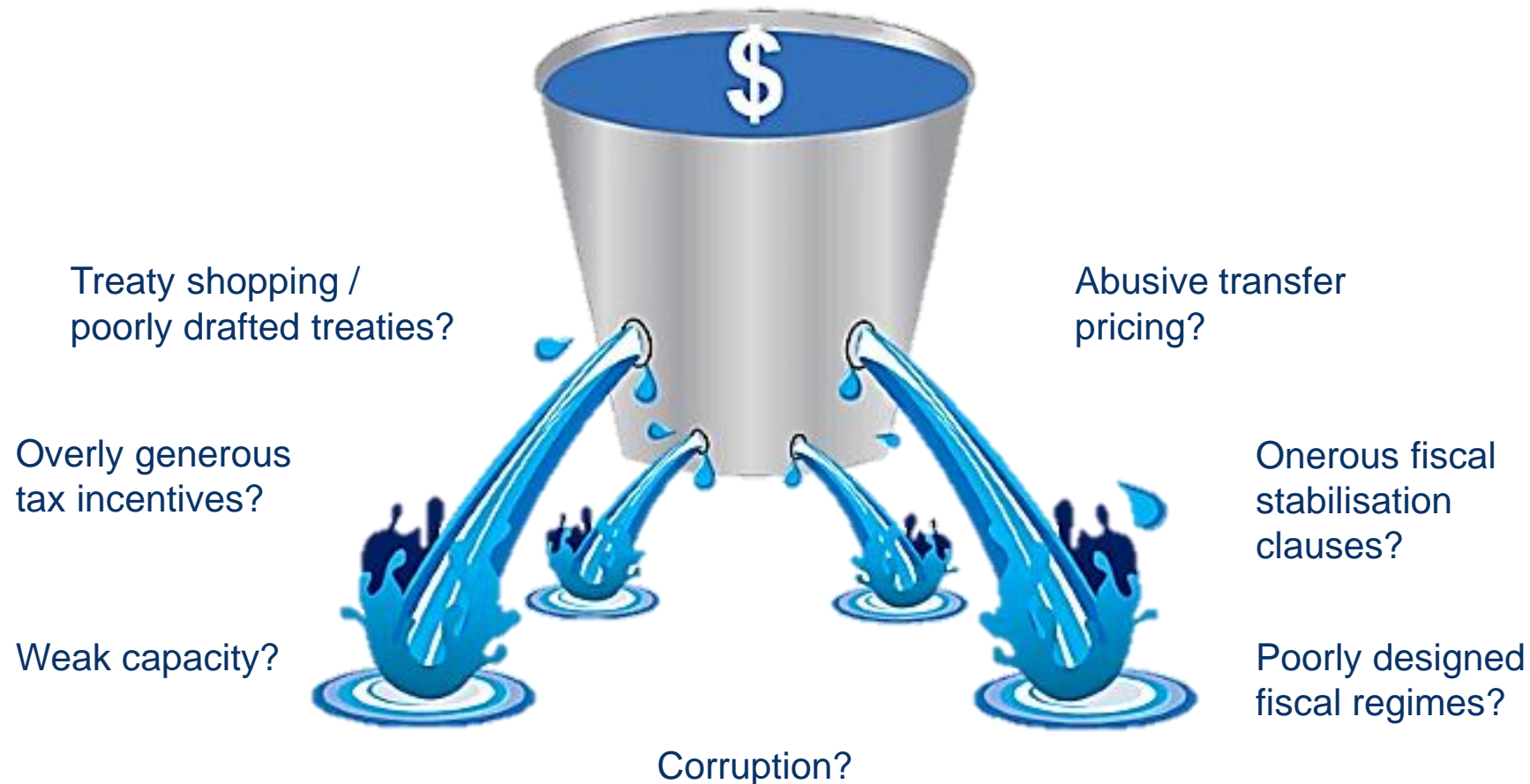
# Agenda

- i. Ongoing challenges to mining revenue collection
- ii. New risks and opportunities emerging for mining taxation
- iii. The Future of Resource Taxation

# Government Take Not Meeting Expectations: Extractive sector tax revenue as a percentage of GDP



# Ongoing challenges to mining revenue collection





# New risks and opportunities emerging for mining taxation



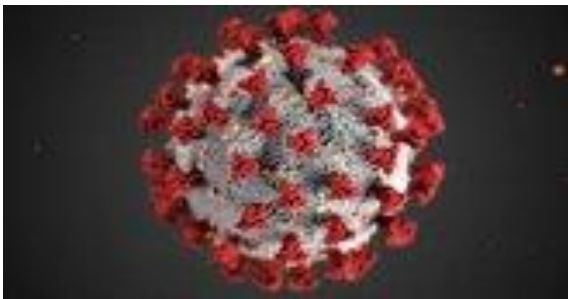
## Industry undergoing major technological transition

- Greener, safer, but fewer lower skilled jobs
- Reduced payroll taxes, indirect taxes
- Growth in hard-to-value intangibles
- Opportunities to improve government monitoring



## Opportunities & challenges from low carbon minerals

- An uncertain landscape
- Chasing prices is not a recipe for success
- Governance risks



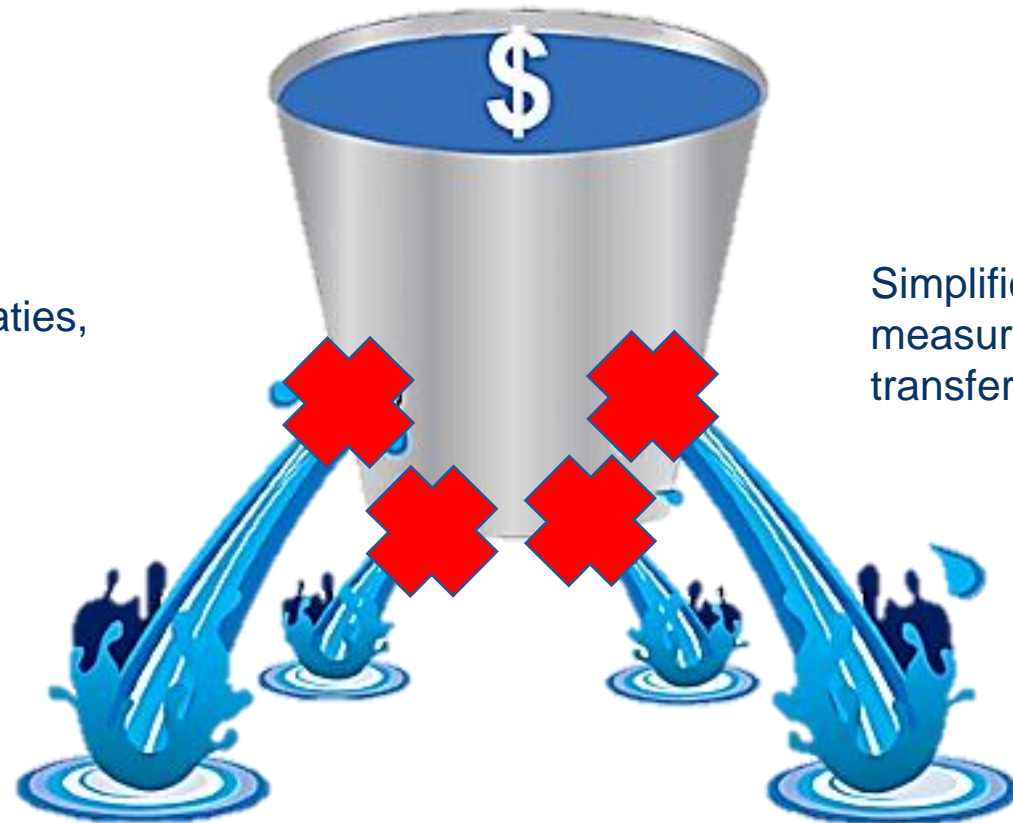
## Additional Financial Pressures

- Re-building public finances post-COVID
- Diversifying away from fossil fuel
- A more engaged citizenry

# Opportunity: tax incentives will lose their effectiveness under Pillar 2 / GloBE

- Tax incentives have had mixed results in attracting investment.
- They will be further undermined by a global minimum tax – a “floor” on effective tax rates: any income taxed under a 15% ETR could be taxed by another jurisdiction.
- There are two main categories of tax incentives:
  - “Profit-based tax incentives” that exempt corporate income from taxation, e.g., “tax holidays”. These are the most likely to be affected.
  - “Cost-based incentives” that allow companies to defer taxation, e.g., “accelerated depreciation”. These are meant to be preserved but might be affected depending on final design and implementation of GloBE rules.
- Caveats:
  - A substance-based carve out for payroll and tangible assets will still leave room for tax competition
  - Incentives on VAT, custom duties, labor taxes and other on-tax contributions will not be affected. Neither will government subsidies.

# Opportunity: Improving mining revenue collection



Better tax treaties,  
multilateral  
instruments

Revising tax  
incentives

Build tax  
administration  
capacity

Improve transparency  
and accountability

Simplification  
measures in  
transfer pricing

Reducing the  
scope of  
stabilization  
provisions

Model contracts,  
fiscal modelling  
in negotiations

Addressing Tax  
Base Erosion and  
Profit Shifting in  
the Mining Industry  
in Developing  
Countries

Mitigating  
financial  
risks, growing  
economies



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# The Future of Resource Taxation

1. How can the dominant revenue model for mining, based on royalties and corporate income tax, be improved, in design, implementation and effectiveness, especially for resource rich developing countries?
2. Are there alternative revenue models and modes of taxation available to resource-rich countries to maximize the revenues from their mineral wealth?



# THE FUTURE OF RESOURCE TAXATION



Understanding  
fiscal policy's role and  
important trends



Crowdsourcing  
innovative ideas from  
all stakeholders



Assessing ideas  
and further research

**Handbook for Policy-Makers**

# New Ideas to Transform Mining Revenues :

- State Ownership/ Majority Shareholding
- Production Sharing Contracts for Mining
- Profit Split
- Variable royalties



# Thank You!

<https://www.igfmining.org/beps/>

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