

# Session Outline

- Digital tax reform
- What this means for mining
- The future of mining taxation





# **OECD INCLUSIVE FRAMEWORK ON BEPS**





## IGF members that are part of the Inclusive Framework

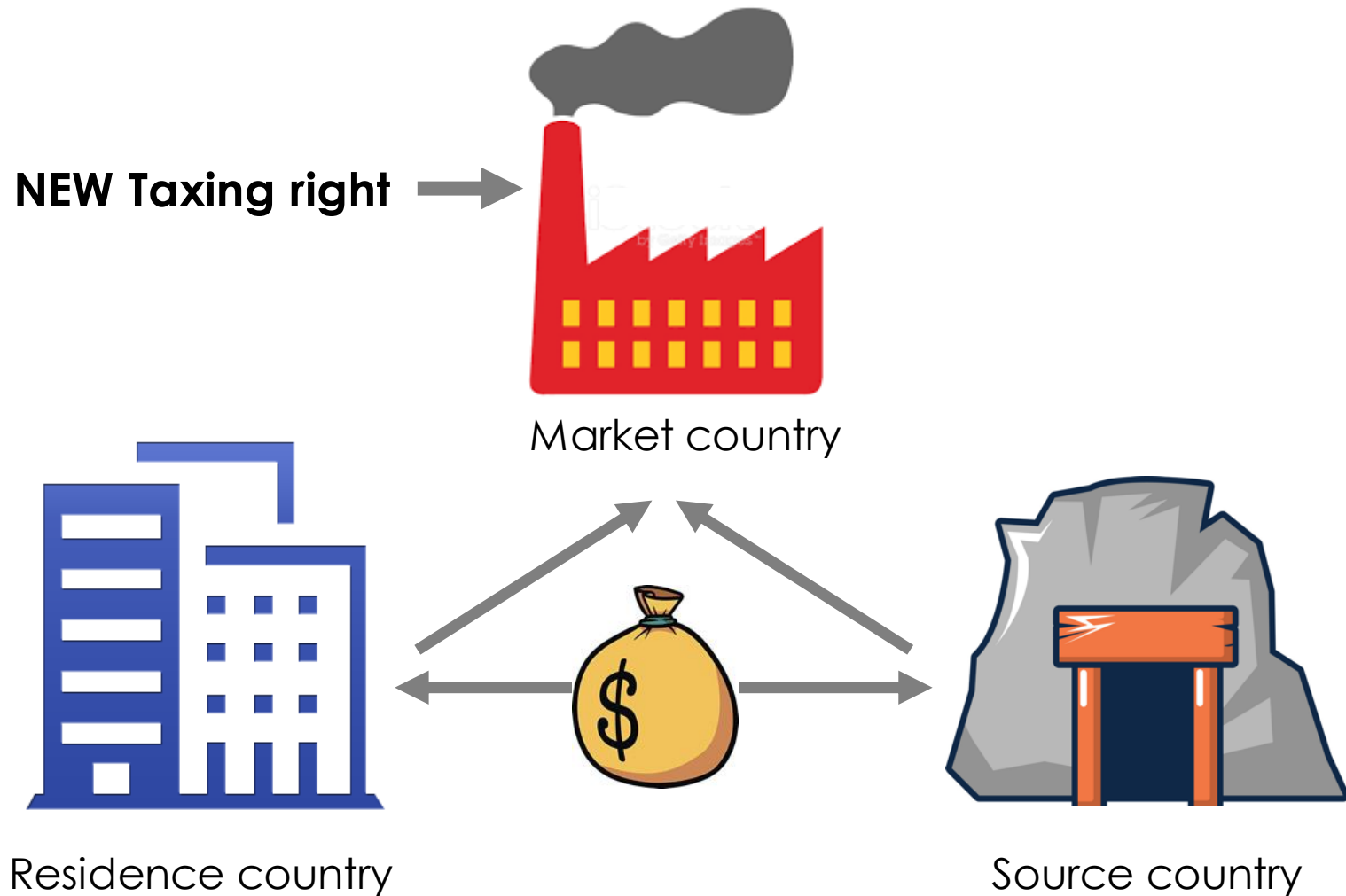




**Why does this matter  
to you?**



# Potential reallocation of taxing rights



# What is the motivation?



# Good news, mining may be out of scope



OECD Tax Talks #13 - Centre for Tax Policy and Administration

## Scope

### Large size MNE group/business

- Possible indicator: global revenue

### Digital and consumer-facing business

- Enterprises likely to derive meaningful value
- Highly digitalised business models (e.g. internet)
- Consumer facing businesses – include B2C and some B2B (e.g. as sales of consumer products through intermediaries)

### Further exclusions and carve-outs

- Such as extractive industries, commodities – to be determined

- Location-specific
- Immoveable assets
- Limited marketing intangibles
- Limited user participation
- Public ownership of resources



But...

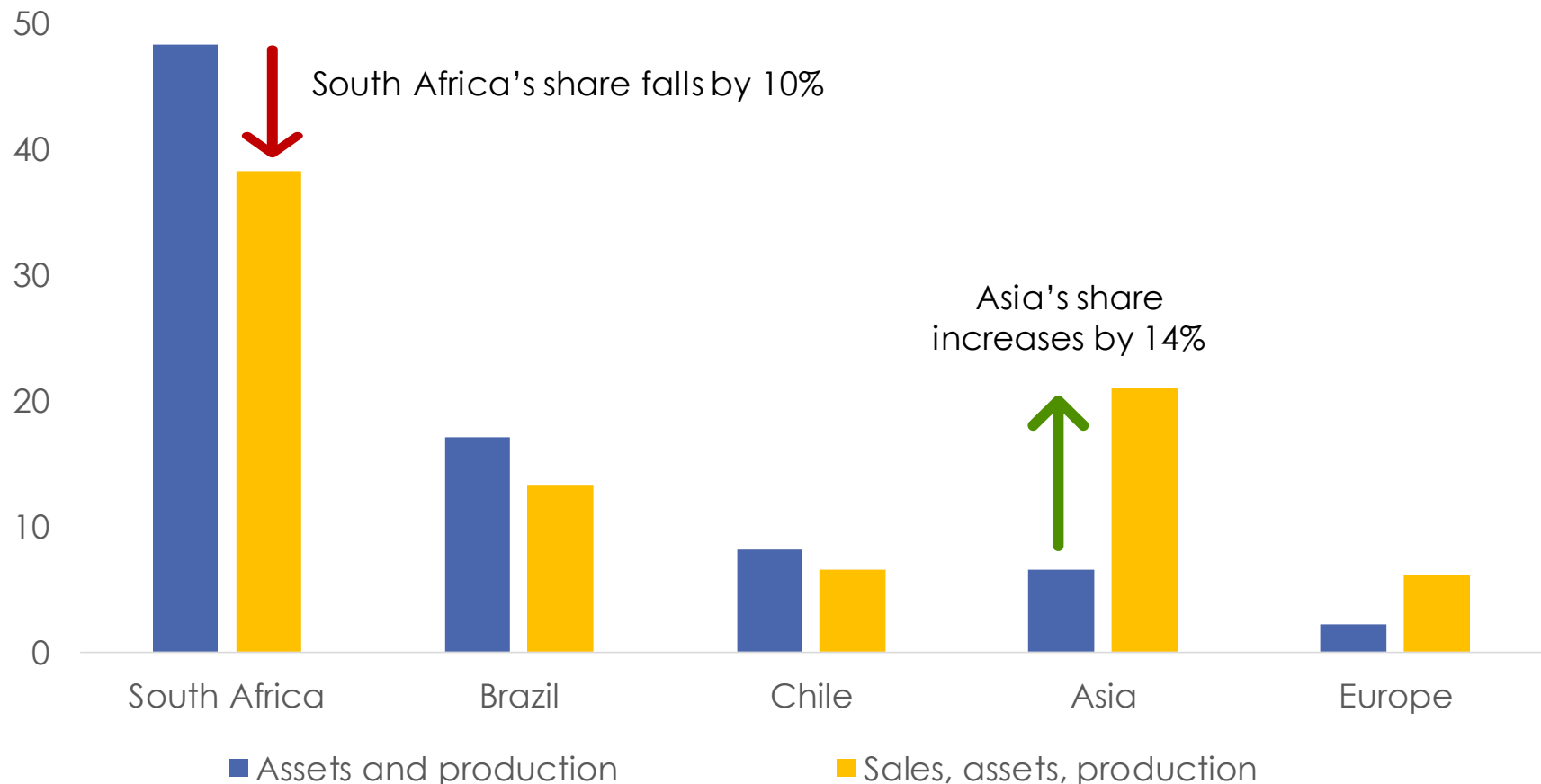




# Significant impact on mining revenues



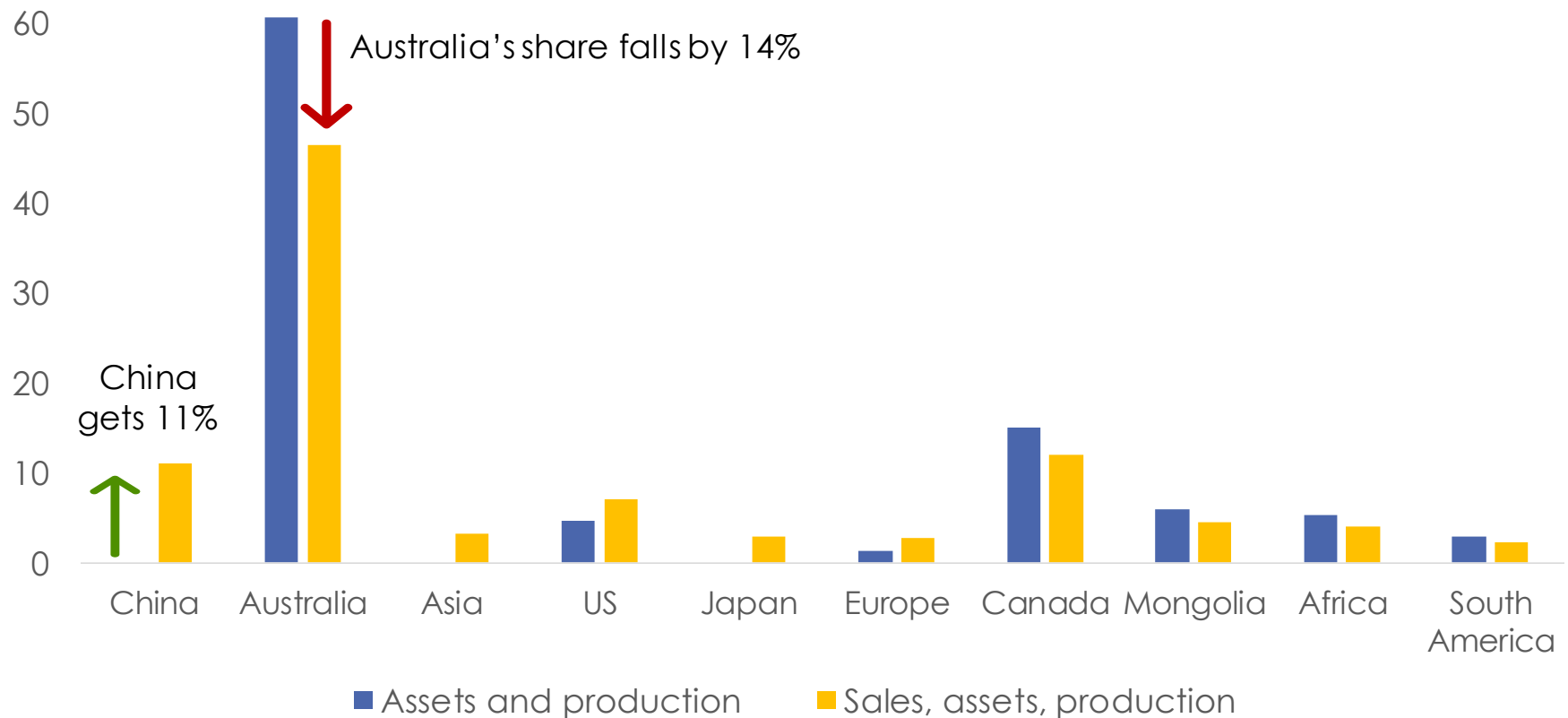
Apportionment of Global Profits – Anglo American (2017) (%)



# Significant impact on mining revenues



Apportionment of Global Profits – Rio Tinto (2017) (%)





**.....End of story?**



## Zambia seeks to expel copper miner Vedanta Resources

Move comes amid row over alleged underinvestment and payment of taxes



## US oil giant Chevron faces \$300 million tax bill after ATO court victory

By Stephen Long

Updated 21 Apr 2017, 5:54am

US oil and gas giant Chevron faces one of the largest tax bills in Australian history after failing to overturn a Federal Court judgement being pursued by the Australian Tax Office.

The landmark ruling leaves Chevron facing a tax bill well in excess of a substantial portion of its ATO.

A Federal Court decision on the appeal has used an intricate analysis of offshore income.

The ATO said while noting its appeal for spirit



COMMODITIES FEBRUARY 20, 2019 / 1:18 PM / 8 MONTHS AGO

### Barrick details proposal to settle Acacia dispute with Tanzania

John Benny

3 MIN READ

(Reuters) - Canadian miner Barrick Gold outlined on Wednesday details of a deal it reached with the government of Tanzania to settle its disputes with Acacia Mining, including a \$300 million payment to resolve tax claims in the country.



FILE PHOTO: Mark Bristow, chief executive officer of Barrick Gold, speaks during an interview at the Investing in African Mining Indaba conference in Cape Town, South Africa February 5, 2019. REUTERS/Mike Hutchings/File Photo

The news sent London-listed shares in Acacia, which is 63.9 percent owned by Barrick, up 6 percent to their highest since October 2017, when an initial framework agreement was announced.

## FINANCIAL REVIEW

## ATO appeals \$92m Glencore transfer price ruling

The ATO will appeal a Federal Court decision to throw out a \$92 million tax bill for mining giant Glencore in a case being [closely watched by multinational companies](#) around the world.

Federal Court judge Jennifer Davies last month set aside three years of tax bills levied against the Anglo-Swiss commodities group related to the sale and purchase of copper concentrate between 2007 and 2009.

The Australian Tax Office had issued Glencore with three sets of amended tax assessments related to the "arm's length" test, with the case centring on whether an agreement between two of the firm's entities should be given the same consideration as a deal between two independent parties.

The Australian Financial Review understands tax office lawyers sought a full bench appeal ahead of the deadline last week. A spokesman had no comment.



**Tom McIlroy**  
Political reporter

Oct 7, 2019 — 12:00am

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Share



# Other approaches to taxing minerals?

- ? Production sharing
- ? Greater use of royalties
- ? Benchmark prices
- ? Priority dividends
- ? Formulary apportionment