WEBINAR

THE FUTURE OF RESOURCE TAXATION UNDER THE AFRICA MINING VISION

Official side event of 2022 Alternative Mining Indaba

Thursday
May 5, 2022
11:00 GMT
13:00 SAST

IN ENGLISH AND FRENCH
Agenda

Presenters: Viola Tarus, Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development

Mukupa Nsenduluka, Tax Justice Network Africa

Panelists: Ezera Madzivanyika, African Tax Administration Forum

Kalale Mambwe, Zambia Revenue Authority

Roshelle Ramfol, University of South Africa

Yao Graham, Third World Network

Q&A
Language Interpretation

• **[EN] Languages**: Use the “interpretation” icon (globe) at the bottom of your screen to hear.
• **[FR] Langues**: Utilisez l'icône "interprétation" (globe) en bas de votre écran pour entendre.
Government Take Not Meeting Expectations:
Extractive Sector Tax Revenue as a Percentage of GDP
Ongoing Challenges to Mining Revenue Collection

- Overly generous tax incentives?
- Treaty shopping / poorly drafted treaties?
- Weak capacity?
- Corruption?
- Abusive transfer pricing?
- Onerous fiscal stabilisation clauses?
- Poorly designed fiscal regimes?
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 and 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
The Future of Resource Taxation

The Future of Resource Taxation initiative brings together government and non-government stakeholders to rethink how developing countries benefit financially from their mineral resources.

The initiative seeks to constructively challenge the status quo with the below two questions:

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
Africa Mining Vision: An Opportunity for Revenue Maximization

• Work to promote fair tax systems in Africa for **Domestic Resource Mobilisation** (DRM). As a pan-African CSO, we believe that African States must have the capability to generate their own revenue to finance their development.

• We therefore see the Africa Mining Vision an opportunity for DRM given the on-going contextual changes in the mining sector with **the energy transition and the technology** advancement given that this sector is the most prone to tax evasion, tax avoidance and IFFs as research by the IMF and UNCTAD has confirmed.
Africa Mining Vision: An Opportunity for Revenue Maximization

• Developed in 2009 by the African Union, the Africa Mining Vision (AMV) in 2009 seeks to foster a “transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development.”

• Promotes broad-based development that can be achieved through the creation of local value to realize sectoral linkages.

• The AMV also a progressive fiscal regime that can curb the hemorrhaging of the continent’s resources through tax evasion and avoidance and illicit financial flows from the mining sector.
Africa Mining Vision: An Opportunity for Revenue Maximization

• As Tax Justice Network Africa, we work to promote the AMV pillar on fiscal regime design and revenue management to address the challenge of illicit financial flows in the extractive sector and ensure African governments optimise revenue collection.

• We think that on-going contextual changes are an opportunity for African governments to rethink taxation of the extractive sector and the meet aspirations of the fiscal design and revenue management pillar.

• The AMV in its African Governance Minerals Framework has a set of evaluation questions/criteria which can be used to assess fiscal policy designs in Africa’s resource rich countries.
Our Work (TJNA)

• Three main areas: Research, Capacity building and Convening

Research on the AMV

• Research in progress: currently commissioned 4 studies in Liberia, Zambia, Ghana and Uganda to assess implementation progress of the AMV

• Currently developing a fiscal regime design tracking tool to assess implementation of the fiscal regime and revenue management pillar as well as to assess their fairness in terms of aspects related to Tax incentives, DTAs
Our Work (TJNA)

Capacity Building

1. Working with parliamentarians through our African Parliamentarian Network on IFFs (APNIFTT) to form national level caucuses. Provide technical support to Parliamentarians.
   • Liberia Success Story - House of Reps Rejected Mining deal that had bad fiscal terms with company called ArcelorMittal

2. Training national and regional level CSOs/Journalists on tax and illicit financial flows and Domestic Resource Mobilization

3. Key platforms: Annual Tax Justice Academy, Media Training and the National level Tax Platforms and partner engagements
Our Work (TJNA)

Convening: Key Moments

• Annual Conference **Pan African Conference (PAC) on IFFs**: Decentralized process happening at regional and national levels. TJNA leads at regional level whilst network partners lead national level engagements.

• Annual **APNIFFT Conference**: bringing together MPs across Africa for peer to peer learning and information sharing.
Some civil society organizations policy asks

• Governments to design policies and laws that promote **progressive fiscal regimes** for the Extractive sector in Africa

• Governments must continue to invest in **adequate tax administration capacity**

• Mining laws and policies that promote **transparency and accountability** like Contract disclosures and beneficial ownership disclosure

• **Taxing Value:** EI sector must provide direct linkages to the local economy for meaningful taxation to happen.
Thank You!