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**Committee of Experts on International Cooperation in Tax Matters  
Sixteenth session**

New York, 14–17 May 2018

Item 3 (c) (iii) of the provisional agenda\*

**Update of the handbook on extractive industries  
taxation issues for developing countries**

**Update on the United Nations Handbook on Selected Issues in the Taxation  
of the Extractive Industries for Developing Countries**

**Note by the Coordinator, Mr Eric Mensah**

1. At its fifteenth session in October 2017, the UN Committee of Experts on International Cooperation in Tax Matters constituted a Subcommittee on Extractive Industries Taxation Issues with the following mandate:

The Subcommittee is mandated to consider, report on and propose draft guidance on extractive industries taxation issues for developing countries in the form of updates to the UN Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries (“the Handbook”). This work shall be conducted on the basis that it shall:

- identify and consider the most pressing issues where further guidance from the Committee may most usefully assist developing countries in this area and initially report to the Committee on such matters at its sixteenth session in 2018;
  - provide draft guidance on such issues as are approved by the Committee at its sessions; and propose other updates and improvements to the Handbook for approval.
2. The Subcommittee has been constituted as follows (with the names in no particular order):

\*E/C.18/2018/1.

Eric Nii Bo Mensah	UN Tax Committee (Coordinator)
Ignatius Mvula	Zambia Revenue Authority
Johan de la Rey	South African Revenue Service
David Delahay	US Council for International Business
Alvaro de Juan/ Susana Bokobo	REPSOL
Hafiz Choudhury	The M Group
Jan P de Goede	IBFD
Jim Robertson	International Tax and Investment Center (ITIC)
Christophe Waerzeggers/ Thomas Baunsgaard	IMF
Abiodun Aina/ Cyriacus Ekechi	Federal Inland Revenue Service, Nigeria
Carmel Peters	UN Tax Committee
Chris Sanger	EY (UK)
Kenny Hawsey	PWC (RSA)
Ingela Willfors	UN Tax Committee
Stig Sollund	Ministry of Finance, Norway
Marius Van Oordt	University of Pretoria
Mike Kobetsky	University of Melbourne
Michael Durst	Tax practitioner
Dan Delaney	OECD
Moises Orozco	SAT, Mexico
Gonzalo Arias	CIAT
Nana Okoh	Gold Fields Ghana
An Theeuwes	Tax Policy Manager - Shell
Nara Monkam	Director - ATAF
Rodolfo Bejarano	Latindad
Jorge Cabral	Receita Federal. Brazil

Kwesi Kobeng	Tax Justice Network Africa
Olav Fjellsa	BP Norway
Ilka Ritter	EY Germany
Thomas Lassourd	Natural Resource Governance Institute
Alexander Simirnov	UN Tax Committee
Howard Mann/ Alexandra Readhead	Inter Governmental Forum on Mining

3. The Subcommittee is a well-balanced one of individuals who have made proven contributions in the field. Ensuring that developing country perspectives are at the core of the work may call for more representatives from developing countries to be engaged going forward, but in the meantime special attention will be placed on ensuring that developing country realities and priorities are fully taken into account.
4. It has not been possible so far to convene a meeting of the Subcommittee, but it is proposed to meet for two days in either the week starting the 18th or the 25th of June 2018 after the meeting in New York. The agenda will, first of all, be to evaluate the first edition of the United Nations Handbook on Selected Issues in the Taxation of the Extractive Industries for Developing Countries (which the Secretariat advises is due to be launched in electronic form during the 16th session of the Committee) and how the guidance can be improved in general terms, enhancing its practical benefit for developing countries.
5. The meeting will also consider, subject to guidance received at the sixteenth session, possible areas for adding to the guidance contained in the first edition. At the fifteenth session, a paper (E/C.18/2017/CRP.29) was considered by the Committee that proposed some possible areas of focus as follows:
  - “4. Going forward the Committee may consider establishing a Subcommittee to revise the handbook to ensure it is as practically relevant to developing countries as possible, including proposing new areas where UN guidance may be beneficial. Examples might include:
    - practical guidance on issues and best practice in auditing oil and gas or mining activities;

- “trade mispricing” issues insofar as they may differ from transfer pricing issues (this was an issue kept open for future consideration by the previous subcommittee);
- tax treatment of subcontractors and service providers;
- a specific chapter on Production Sharing Contracts;
- tax treatment of financial transactions that support the extractive and energy sector, such as hedging, finance leases, debt financing and thin capitalization issues;
- environmental tax issues; and
- tax incentives and the extractive industries.

Some of these items may need to be considered in conjunction with other subcommittees.”

6. The Subcommittee is likely to meet at the Institute for Fiscal Affairs, Ministry of Finance of Spain, on 20-21 June 2018, in Madrid.
7. At the sixteenth session, it is proposed to have some very brief interventions from subcommittee members on some of these specific issues, and to seek guidance from the Committee, as well as observer views, on how best to fulfil the mandate as efficiently as possible.