

Government of Pakistan  
FINANCE DIVISION  
HRM Wing  
(Quality Assurance – I Section)  
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**CIRCULAR**


Subject: - **INVITATION TO THE 2024 ONLINE TRAINING COURSE:  
INTERNATIONAL TAXATION AND THE EXTRACTIVES SECTOR**

Ministry of Economic Affairs Division vide its O.M. No.10(14) ADB-IV/2023 dated 8-05-2024 on the subject cited above has intimated that the Asian Development Bank (ADB), the Organization for Economic Co-operation and Development (OECD), and the Intergovernmental Forum on Mining, Metals, Minerals and Sustainable Development (IGF), in partnership with the African Tax Administration Forum (ATAF) and the Inter-American Centre of Tax Administrations (CIAT), is organizing an **online training course on International Taxation and the Extractives Sector**. Brochure with details on the background information, course outline, and the trainers' biographies are attached.

2. In this regards, ADB is requested for nominations of **mid-level** Government Officers to attend the subject online training course.

3. All interested Officers (BPS-17 & above) of Finance Division are requested to furnish their nominations duly recommended by the AFS/head of the Wing concerned, to **QA-I Section by 16.5.2024**. After approval of FTC the participant will send documents through email: [tax@igfmining.org](mailto:tax@igfmining.org). Further information/ details Ms. Kaelen Onusko ([konusko@adb.org](mailto:konusko@adb.org)), Mr. Go Nagata ([gnagata@abd.org](mailto:gnagata@abd.org)).

**Note:-** "In addition to the eligibility criteria specified for a training, all officers who are working on contract basis/fixed pay package or having less than two years continuous government service or less than three months of service in Finance Division or against whom disciplinary proceedings/inquiry is in progress or on probation period, may need not apply"

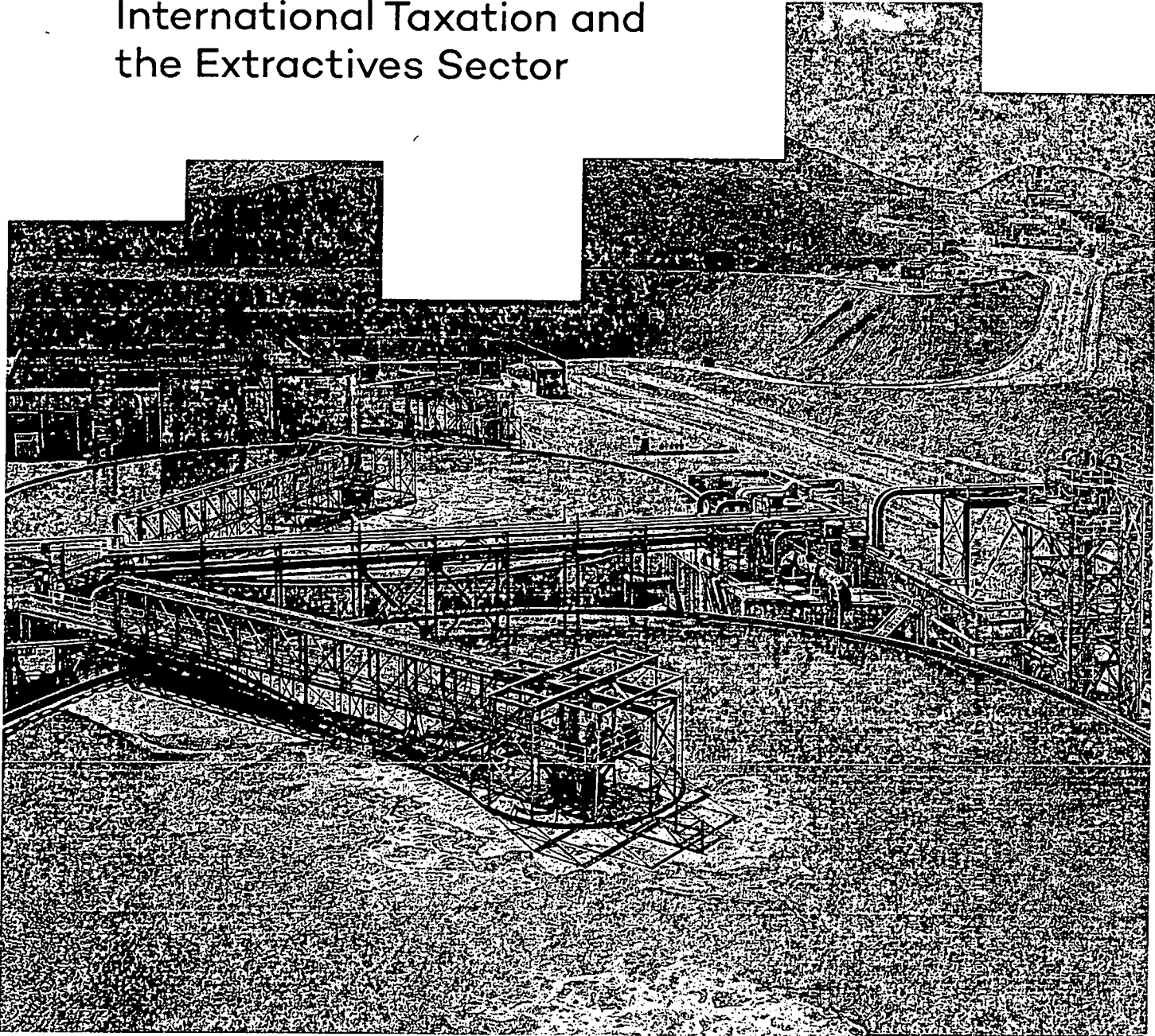
  
(Amir Habib Abbasi)  
Deputy Secretary (QA)  
Ph: 9208523

All Officers (BPS-17 & above), Finance Division Islamabad  
**Finance Division's U.O No.2 (12) QA-I/2014 dated 14.5.2024**  
Copy to:-

- Webmaster, with the request to upload the circular on this Division's website.

**2024 ONLINE TRAINING PROGRAM**

# International Taxation and the Extractives Sector



Organizers



**IGF**

INTERGOVERNMENTAL FORUM  
on Mining, Minerals, Metals and  
Sustainable Development

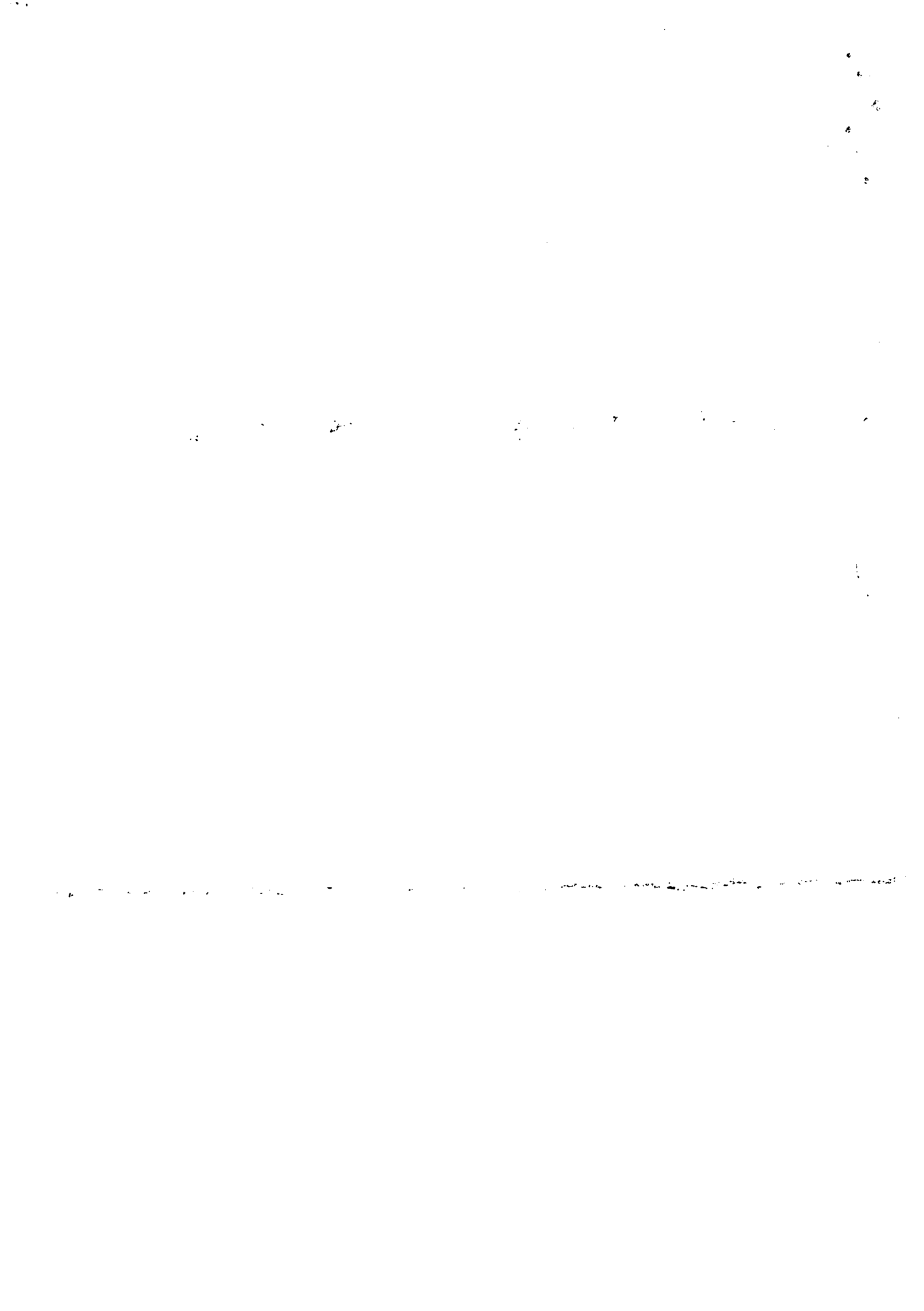


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International Institute for  
Sustainable Development



**Do you want to build your knowledge in international taxation?**

**Are you a tax or public finance professional in government with an interest in extractive industries or a mining professional with an interest in tax?**

**Do you want to learn from your peers and debate with global experts on mining taxation?**

The Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) and the Organisation for Economic Cooperation and Development (OECD), in partnership with the African Tax Administration Forum (ATAF), the Asian Development Bank (ADB), and the Inter-American Centre for Tax Administration (CIAT), offer this high-quality course focusing on international taxation and its application to the extractives sector. The course will provide you with an opportunity to catch up on recent international tax developments applicable to the extractive industries, give you practical ideas to improve mining revenue collection in your country, and foster open discussions with government officials from other resource-rich countries.



## ABSTRACT

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This online course covers the theory and practice of international taxation with an extractive industry lens (predominantly mining), focusing on developing and emerging economies. Designed for mid-level government officials from tax authorities, ministries of finance, ministries of mines, and agencies in charge of mineral revenues, it covers international taxation issues that pertain to the design and implementation of mining-specific taxes, royalties, and other fiscal instruments.

The mining sector is complex and prone to international tax risks. Investors, licence holders, service providers, and suppliers involved in large-scale extractive projects in developing countries often operate across borders. Extractive industries sell their production abroad, either directly to a third party or through intragroup transactions to associated refineries, smelters, or centralized marketing and trading hubs.

They also procure goods and services, including management services, technical services, capital equipment, and general consumables, from affiliated companies. The industry is often subject to specific taxation regimes, which are a matter of domestic policy, while cross-border transactions are governed by continuously evolving and complex international tax rules.

The objective of this course is to equip participants to identify, evaluate, and address international tax risks occurring along the extractives value chain as a consequence of these cross-border transactions. The course covers developments in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), including the Two-Pillar Solution to address the tax challenges arising from the digitalization of the economy and additional proposals, initiatives, or experiences relevant to the mining sector.



## WHO SHOULD APPLY FOR THIS COURSE?

This training course is for mid-level government officials from tax authorities, ministries of finance, ministries of mines, and agencies in charge of mineral revenues.

## COURSE DESCRIPTION

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This online course is presented jointly by the IGF and OECD, alongside partners ATAF, ADB, and CIAT. It is designed to increase participants' knowledge of the main international tax challenges governments face in designing, administering, and monitoring fiscal regimes for their mining sector.

The course outlines the types of activities related to each stage of the extractives value chain and discusses the international tax risks in detail. Through the modules, the course provides an overview of the most important transfer pricing risks in the extractives sector; reviews critical issues in bilateral tax treaties and the extractive industries; explores important mining tax policy questions, such as tax incentives, simplification measures, and fiscal stabilization, particularly in the context of the OECD/G20's Pillar Two rules; examines

how the extractives exclusion under the OECD/G20's Pillar One rules would be applied; and analyzes how mining fiscal policy and administrative design can exacerbate or limit potential international tax risks.

The course relies on the practical experience of participants and facilitators, as well as case studies from various regions around the globe. The course will provide many opportunities to exchange experiences and learn from participants from many resource-rich countries. Participants will be invited to share their country experiences during the interactive sessions. A certificate of completion will be granted to participants who join at least seven of the nine modules of the course, complete seven of nine assignments, and contribute actively to the interactive component of the course. The course will be conducted in English, French, and Spanish.

## STRUCTURE

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The course consists of nine modules that follow a three-part format and a capstone lecture that concludes the training course.

**PART 1: LECTURE** Experts will deliver an introductory lecture for each topic. The lectures are 90 minutes and pre-recorded, so participants can follow at their own pace and re-watch as needed.

**PART 2: ASSIGNMENT** After the lecture is completed, participants will be required to read and prepare responses to a case study. As part of the assignment, participants will be invited to send questions about the lecture to be answered by facilitators in Part 3.

**PART 3: LIVE DISCUSSION** Experts will answer questions sent in advance by participants, invite discussants to share their country experiences, and facilitate a discussion about the case study with participants. The discussion sessions will be 90 minutes and delivered by region to accommodate time zones and languages.

Each module can be done over the course of 2–3 weeks, for a total course duration of about 20 weeks.

In addition, the course organizers are providing a virtual “help desk.” At any point during and following the course, participants can reach out to the organizers with specific technical assistance requests.

## LEARNING OBJECTIVES

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Upon completion of this course, participants should be able to:

- ✓ Explain the types of commercial activities related to each stage of the extractives value chain, what tax avoidance risks exist, and what information is available to make an assessment.
- ✓ Evaluate the main transfer pricing risks in the extractives sector, including the sale of minerals and metals to related parties, intra-group service transactions, and intra-group financing.
- ✓ Understand the main bilateral tax treaty considerations for the extractives sector, including permanent establishment issues and offshore indirect transfers.
- ✓ Provide an introduction to the OECD/G20's Pillar One and Pillar Two rules, with a specific focus on how the rules would be applied to the extractives sector.
- ✓ Identify how mining fiscal policy and administrative design can exacerbate or limit potential international tax risks.





## COURSE TRAINERS

The training is delivered by world-class experts on international mining taxation from the IGF and OECD and partners ATAF, ADB, and CIAT. Biographies can be found in this brochure.



## COURSE OUTLINE

### Module 1: Identifying International Tax Risks Along the Extractives Value Chain

#### LEARNING OBJECTIVES:

- Participants can identify international tax risks along the extractives value chain at a general level.
- Participants have a basic knowledge of the types of activities related to each stage of the value chain and the implications for international tax.
- Participants know what information is available at different stages of the value chain to assist with evaluating international tax risks.

#### OVERVIEW:

- Typical stages of the extractives value chain.
- Analysis of the activities within each stage from an international tax perspective, including functions, assets, and risks borne by companies.
- Extractive industries' profitability drivers and key performance measures.
- Mapping international tax risks and financial flows along the extractives value chain, as well as information available to evaluate international tax risks (e.g., feasibility studies, production reports, public disclosures).

## Module 2: BEPS Risk Assessment in the Extractives Sector

### LEARNING OBJECTIVES:

- Participants are familiar with risk analysis in tax audits.
- Participants understand the benefits of risk analysis and the steps to building a risk assessment tool for their administration.

### OVERVIEW:

- Why is risk assessment important?
- What is a risk assessment approach?
- Qualitative risk assessment and quantitative risk assessment
- Actual audit: What are the sources of information?

## Module 3: Protecting the Right to Tax Mining Income: Tax treaty risks along the extractives value chain

### LEARNING OBJECTIVES:

- Participants understand the main tax treaty issues in the extractives sector and the policy considerations from a resource perspective.
- Participants understand the tax treaty risks in the extractives sector, including key causes and the scale of revenue loss in the extractives sector.
- Participants will learn about recent treaty practices in resource-rich countries with respect to the definition Permanent Establishment (PE), immovable property, the taxation of technical services, and gains from the alienation of mining assets.

### OVERVIEW:

- Introduction to the tax treaty risks along the value chain.
- Risk to Revenue 1 – The taxation of offshore indirect transfers of mining assets.
- Risk to Revenue 2 – The taxation of fees for technical and management services.
- Risk to Revenue 3 – The taxation of mining subcontractors. The importance of the PE concept in each stage of the extractives value chain and PE policy considerations.

## Module 4: Taxing Offshore Indirect Transfers of Extractive Industry Assets

### LEARNING OBJECTIVES:

- Participants know how offshore indirect transfers are structured.
- Participants understand two models to tax offshore indirect transfers within domestic law, proposed by the Platform for Collaboration on Tax.
- Participants learn about tax treaty risks in the taxation of offshore indirect transfers.
- Participants propose updates to their country's legal offshore indirect transfers framework.

### OVERVIEW:

- What are offshore indirect transfers?
- How to tax offshore indirect transfers.
- How can tax treaties prevent the imposition of an offshore indirect transfer tax?
- Administrative challenges specific to mining assets.

## Module 5: Intercompany Loans and Other Financing Arrangements in the Extractives Sector

### LEARNING OBJECTIVES:

- Participants understand the economic, legal, and tax differences between equity and debt funding.
- Participants appreciate the policy considerations for the taxation of financial instruments.
- Participants understand how to practically evaluate inter-company loans in the extractives sector and more generally.

### OVERVIEW:

- Related-party financing as a BEPS risk
- Assessing risk for related-party debt.
- Accurately delineating a related-party debt transaction.
- Assessing the credit quality of a related-party borrower.
- Applying implicit and explicit guarantee concepts.
- A benchmarking process to identify suitable comparables.
- Other financial topics, such as metal streaming and interest limitation rules.

## Module 6: Pricing a Mineral

### LEARNING OBJECTIVES:

- Participants understand how to practically evaluate the pricing of related-party mineral sales.
- Participants understand specific pricing fundamentals of certain minerals.

### OVERVIEW:

- A synopsis of fundamental transfer pricing principles related to pricing a mineral.
- Understanding the mineral pricing framework with specific reference to the OECD/IGF publication.
- Applying the mineral pricing framework to minerals and metals, such as bauxite, copper, gold, and lithium.

## WHAT PARTICIPANTS SAY ABOUT THE COURSE



The IGF and the OECD have run this course on International Taxation and the Extractives Sector since 2019. Government officials have found it extremely useful.

## Module 7: Selling a Mineral: Marketing hubs and other intra-group services

### LEARNING OBJECTIVES:

- Participants understand how to apply the benefits test to determine whether an intra-group service has been rendered.
- Participants understand the various options that are available in selling a mineral and evaluating the transfer pricing risk that may arise from each option.
- Participants understand the process of determining the arm's-length price of an intra-group service.
- Participants are aware of the common intra-group services in the extractives sector, including management fees, engineering services, and other technical services.

### OVERVIEW:

- An overview of transfer pricing principles for intra-group services.
- Outlining the common marketing structures utilized by multinational enterprises to sell their mineral.
- Identifying the potential tax risk that may arise from these different marketing structures.
- Determining whether marketing services have been provided and to what extent they should be remunerated based on an analysis of functions, assets, and risks.
- Determining whether management services, engineering services, or other technical services have been rendered for an extractive project.
- Understanding the process of determining an arm's-length price for intragroup services.



The entire BEPS in Mining course has been a revelation. We always thought that we were the only country having problems with things like transfer pricing and permanent establishment. It has been great to listen to solutions from other countries. As government officials, this training helped us to identify and scrutinize international tax and transfer pricing issues in the mining sector in our country.



**DENZIL GALLOP**

*Manager, Mining Investigative Audit – Large Business,  
South African Revenue Services*

## Module 8: The Two-Pillar Solution and the Extractive Industries

### LEARNING OBJECTIVES:

- Participants understand the scope of Pillar One and why and how extractive industries are carved out.
- Participants have a broad understanding of Pillar Two rules and their impact on tax revenue in different jurisdictions.
- Participants understand how Pillar Two rules might reduce pressures to offer incentives.
- Participants appreciate the need for countries to review their domestic tax and investment frameworks to identify and modify tax incentives that will be affected by a global minimum tax.

### OVERVIEW:

- Introduction to the OECD/G20's Pillar One and the extractives exclusion.
- Introduction to Pillar Two and how a global minimum tax affects the impact of tax incentives.
- Implementation considerations.
- Understanding how resource-rich countries should amend their tax incentives regime to benefit rather than lose from the global minimum tax.
- Examining what resource-rich countries can do if some tax incentives are locked-in stabilization clauses under investment agreements or laws.

## Module 9: Capstone

### LEARNING OBJECTIVES:

- Participants can identify international tax risks along the extractives value chain at an advanced level.
- Participants understand the types of activities related to each stage of the value chain and the implications for international tax.
- Participants know what information is available at different stages of the value chain to assist with evaluating international tax risks.

### OVERVIEW:

- Review of international tax risks and financial flows along the extractives value chain, as well as information available to evaluate international tax risks, in light of the content covered in the previous modules.
- How government officials can use this course to improve mining tax revenue collection.

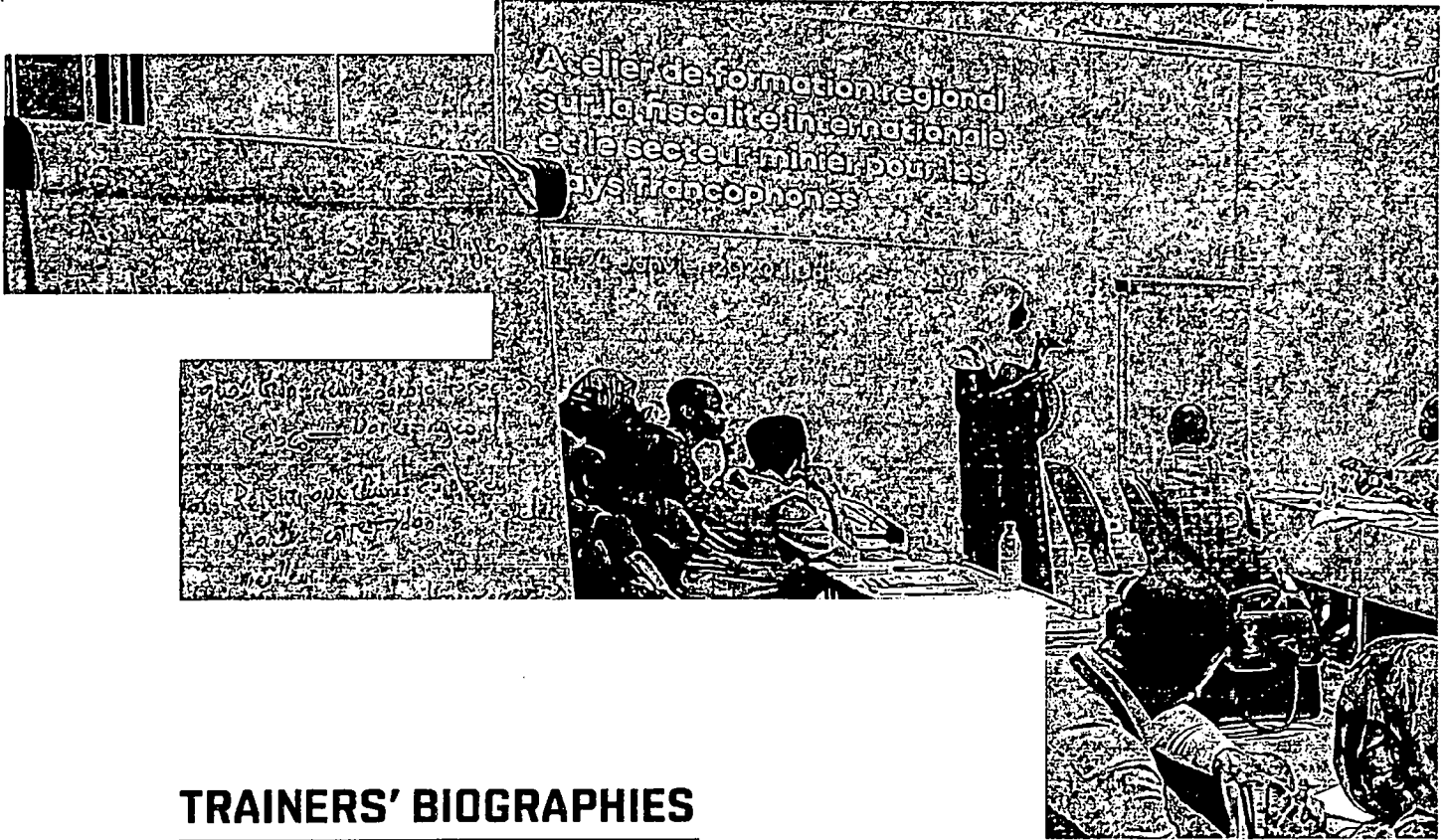


The mineral streaming module helped me to delve into relevant aspects of a challenging subject for us as auditors due to the complexity of this type of contract.



**PATRICIA SEPÚLVEDA GARCÉS**

*Mining Sector Tax Auditor with the Internal Revenue Service of Chile*



## **TRAINERS' BIOGRAPHIES**



### **ALEXANDRA READHEAD**

Alexandra is Lead, Tax and Extractives with the IGF Secretariat. Alexandra has directly advised over 15 countries in Latin America and the Caribbean, Africa, and Asia-Pacific on the design and implementation of their international tax systems and mining fiscal regimes. She also teaches mining tax policy and administration at the Blavatnik School of Government, Oxford University, as part of their Oil, Gas and Mining Governance course.



### **ANDREW VIOLA**

Andrew Viola is a Senior Advisor, Taxation of Extractive Industries in the Centre for Tax Policy and Administration, Tax Treaty, Transfer Pricing and Financial Transactions Division at the OECD. Andrew leads the OECD's work in the taxation of the extractives sector and provides advice to resource-rich countries on taxation policies and capacity building in international taxation with a specific focus on transfer pricing.



#### **ANARELLA CALDERONI**

Anarella is an international tax expert at CIAT, where she co-authored the comparative study *Transfer Pricing Regulations in Latin America and the Caribbean*, along with other publications. Anarella participates in projects and activities pertaining to the International Cooperation and Taxation Directorate.



#### **THOMAS LASSOURD**

Thomas is a Senior Policy Advisor with the IGF Secretariat working on its project to address tax base erosion and profit shifting in mining. His areas of specialization include public finance and fiscal reforms with a strong focus on tax policy in extractive industries.



#### **ANTHONY MUNANDA MATHYELA**

Anthony is a Technical Advisor in international tax and transfer pricing at ATAF. His role entails supporting African tax administrations in building effective and efficient administration in international tax and transfer pricing.



### **BRUNO DA SILVA**

Bruno is an international tax consultant (BEPS Specialist) and former consultant at the Office of Anticorruption and Integrity at the Asian Development Bank (ADB). In his role, he provided technical assistance to the ADB's member countries. He earned LLM and PhD degrees in international tax law, and he is a visiting professor of international tax law at different universities in the United States, Europe, and Brazil.



### **LEE CORRICK**

Lee is on secondment from the OECD to the ATAF, where he is a Technical Advisor on international taxation. He provides technical assistance on transfer pricing and other international tax issues to the ATAF Secretariat and African countries. He has been a Technical Advisor to the ATAF Cross Border Taxation Technical Committee since its inception in 2014 and provides technical advice to several African countries.



### **TOMAS BALCO**

Tomas is a Senior Advisor on the BEPS Capacity Building Team in the Global Relations Division of the OECD. Prior to that, he was head of the Transfer Pricing Unit. He also served in the Ministry of Finance, Slovakia, as head of the International Tax Division.



### **NESTOR VENEGAS**

Nestor is a Technical Advisor in the Tax Treaty Unit of the Centre for Tax Policy and Administration directorate of the OECD. Prior to this role, he worked for the tax authority of Chile (SII) for over 10 years as part of the tax treaty negotiation team.





### **JAQUELINE TAQUIRI**

Jaqueline is Policy Advisor, Tax and Extractives for the IGF's Global Mining Tax Initiative. She is an expert in international tax law and tax policies for the mining sector. Jaqueline advises governments of resource-rich countries on laws, policies, and concession agreements related to mining taxation and manages the IGF's work on financial benefits for member countries in Latin America. She is co-author of *Protecting the Right to Tax Mining Income: Tax Treaty Practice in Mining Countries*.



### **EKPEN OMONBUDE**

Ekpen is a Senior Policy Advisor with the IGF Secretariat working on its project to address tax base erosion and profit shifting in mining. Ekpen is a trained economist specializing in the energy and extractives sector, with more than 15 years of providing advice and expertise in various roles.



### **VIOLA TARUS**

Viola is a Policy Advisor, Tax and Extractives, with the IGF. She is a trained economist specializing in extractives.

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