

OECD Taskforce on Tax & Development – subgroup on transfer pricing and transparency in financial reporting

8 March 2013, Paris
Janine Juggins, Global head of Tax



Transparency measures for extractive industries – a business view

- Extractive industries very supportive of the objectives of EITI
- EITI is a coalition of governments, companies, civil society groups, investors and international organisations
- EITI process requires a reconciliation of the amounts paid to Governments with the use of those funds
- Other proposals focus only on payments and do not capture all those making payments, nor the use of those funds
- Business has an interest in ensuring legislative proposals meet the anti-corruption objective and are proportionate in recognising the compliance and cost burdens placed on business

Progress made on harmonising transparency legislation

- Some EI businesses will be subject to s1504 Dodd-Frank and therefore do not want to incur un-necessary costs reporting in different ways on the same thing
- Unfortunately some significant differences still to be resolved
 - Definition of Project
 - Equivalence
 - Conflict of law

Business concerns – implementation and next steps

- Many EI businesses are cutting costs and reducing activities in response to weak global growth and falling commodity prices
- Costs of additional regulation needs to be viewed in this context (ie. increased cost of regulation may well result in loss of jobs)
- Many EI businesses will not have their management reporting systems set up to collect data at the level of a project (once it is defined)
- EU legislation once finalised will require systems changes which will be expensive to implement, but also there will need to be a reasonable timeline to implement the systems changes