

Joint IGF-OECD- WATAF Workshop (Virtual)

CONCEPT NOTE:

**IGF - WATAF - OECD WORKSHOP ON FINANCIAL TRANSACTIONS AND THE MINING
SECTOR**

August 30 and 31 2023 (2:30 – 4:00 WAT/ UTC + 1)

Workshop Description

Many resource-rich governments continue to experience Base Erosion and Profit Shifting (BEPS) associated risks across the extractive industry. Financial transactions i.e. intra-group financing continues to be a common risk that erodes the tax base of many countries. The primary objective of this virtual workshop is to enhance the knowledge and skills in the specific area of financial transactions occurring at different stages of the mining value chain, including exploration, development, production, and closure.

The West African Tax Administration Forum (WATAF) in collaboration with the Organisation for Economic Cooperation and Development (OECD) and the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) has been taking steps to address this and other complex tax issues relating to taxation of the mining sector. This workshop is the third in a series of follow-up actions aimed at building capacity for tax administrators in the extractive sector.

The workshop is primarily targeted at tax administrators and policymakers from the WATAF member countries. The workshop will be structured into three sessions:

- Session 1: Why Related Party Finance is important and the mining value chain.
- Session 2: Common taxation approaches to financial instruments.
- Session 3: Transfer Pricing Analysis in financial transactions – case studies.

The workshop is a crucial step towards building the capacity of tax administrations and improving the tax compliance and revenue generation of the mining sector and will provide a platform for tax experts to share experiences and perspectives on the tax challenges of financial transactions in the mining sector and identify potential areas for further research and capacity-building.

Agenda

Day 1 – August 30, 2023 (2:30 – 4:00 WAT/ UTC +1)

2.30 pm – 2.45 pm – Opening Remarks and Introductions

- Executive Secretary, WATAF – Mr. Babatunde Oladapo

2.45 pm – 3.20 pm – Why Related Party Finance is important and the mining value chain

- This session will provide the participants with an overview of why financial transactions is important in the extractive sector highlighting different sources of funding along the mining value chain.
- Q&A and open discussion

3.20 pm – 4.00 pm – Common taxation approaches to financial instruments

- This session will highlight the common tax treatment of different financial instruments and the potential for transfer pricing risks. Case studies will be presented which will provide practical experience and interaction for participants.
- Q&A and open discussion.

Day 2 - August 31, 2023 (2:30 – 4:00 WAT / UTC +1)

2.30 pm – 3.35 pm – Transfer Pricing Analysis in financial transactions

- This session will go through how to conduct a transfer pricing analysis for financial transactions including but not limited to benchmarking analysis, credit ratings, implicit support, pricing and use of databases.
- Q&A and open discussion

3.35 pm – 3.50 pm – Conclusion and Recommendation

- Summary of key insights from each session - identifying challenges and opportunities in enhancing tax administration in the extractive sector.
- Recommendations for capacity building and future actions.

3.50 pm – 4.00 pm – Next Steps and Closing Remarks

- Closing remarks.