

TAX JUSTICE & MINING IN AFRICA

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SADC-WIDE BASIC INCOME GRANT: Alternatives to
financing SADC-Wide Basic Income Grant (BIG)

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Structure



- Tax Justice Network-Africa
- Growth & Poverty Reduction
- Tax & Natural Resource Governance
- Mining Taxes in Africa
- Current Global Trends
- Way Forward

TJN-A

- Who we are - 2007 - WSF in Nairobi, Board, Secretariat
- Where we work - Franco-phone, Anglophone, MENA
- What we do - our key asks - National - DRM, Regional - TC & International - IFF, TSDs,

Growth & poverty reduction



- WB (March 2013) - Growth @ 4.7% but could have been 5.8% (exc. S.A)
- No link between growth and poverty reduction
- In resource rich countries - about 50% population live below \$1.25/day
- Africa Pulse - growth in resource-poor countries is more effective in reducing poverty

Cont...

Poverty headcount by resource endowment - 1996 and 2011

	1996	2011
Resource Poor	65%	45%
Resource Rich	47%	40%

Tax & Natural Resource Governance



- Tax plays 4 Key roles:
 - Revenue generation
 - Redistribution
 - Representation
 - Re-pricing
- Numerous Studies done to date:
 - Breaking the Curse
 - Tax Competition Study vs Ghana
 - Tax Expenditure Study in S.L.

Mining Taxes in Africa



” Main Types of Tax:

- Corporate Income Tax - Variable Rates (25-35%)
- Royalties - Variable Rates (2-7%)
- Windfall Tax on Profits (max 10%)
- Customs & Excise
- VAT/GST (14-18%)
- Withholding Taxes (average 10%)

” Incentives for Mining:

- Capital Expenditure Allowances
- Tax exemptions

Current Global Trends



- US - Dodd-Frank Act Section 1504
- Cardin-Lugar Amendments (energy security thru transparency)
- PWYP Contributions:
 - Types & Total amount paid by country/project
- EU Parliament & Council 2013 -European plc & pvt entities to publish what they pay

Cont...



- G20 - Automatic Exchange of Information
 - Enhance transparency + fight tax havens
- OECD BEPS Project - to be completed by June 2013
- need for North-South Partnerships to support the initiatives

Way Forward



- AMV be the basis for Mining Tax Policy in Africa & SADC Specifically
- Enhanced transparency in mining contracts
- Sign up to CSO response to the BEPS
- Conduct studies to illustrate the net effects of tax expenditures
- Support C-by-C & P-by-P reporting
- Collaborative efforts with PWYP & EITI

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THANK YOU