



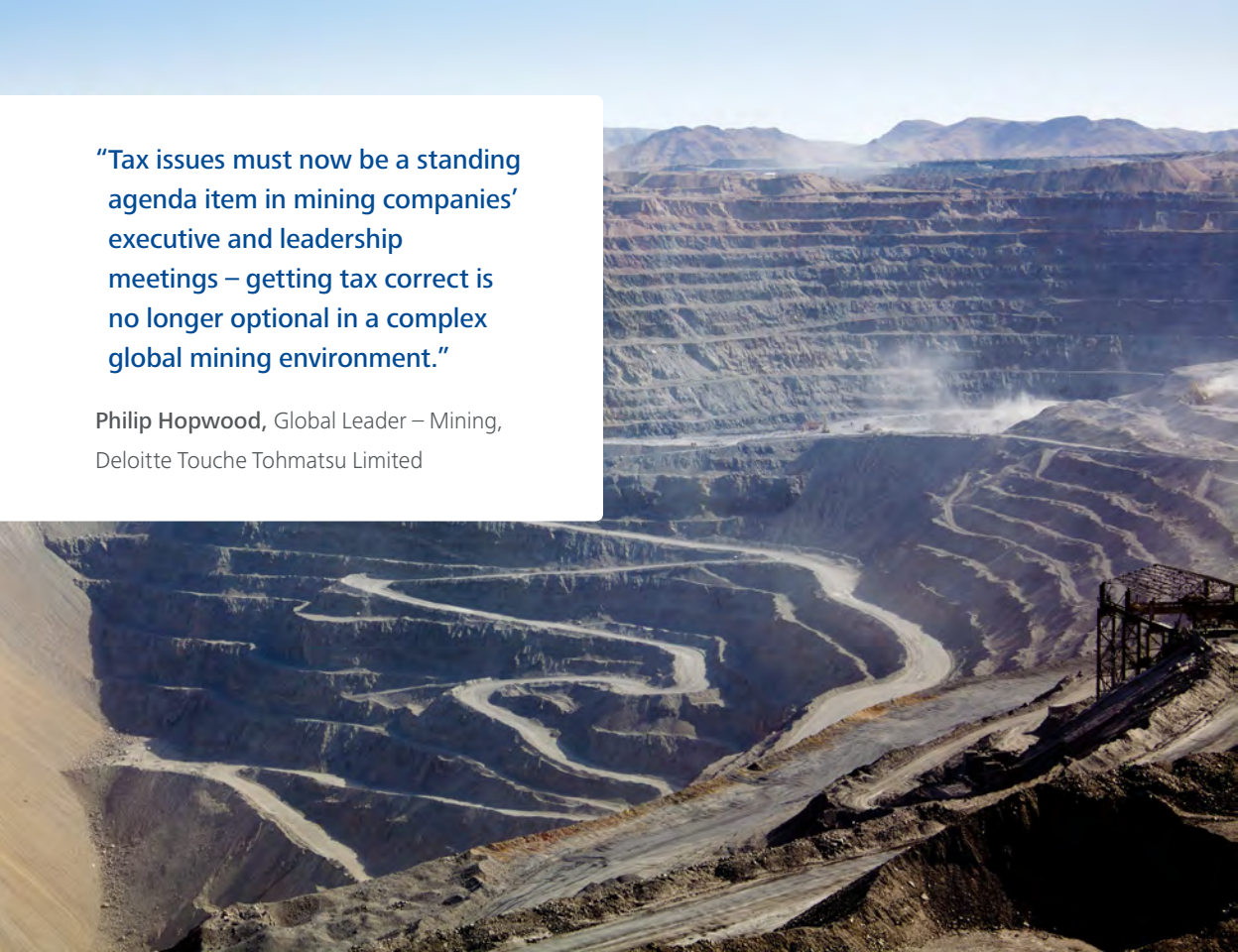
## Tracking the mining tax trends 2016

Considering the anticipated tax issues the mining industry will face this year



“Tax issues must now be a standing agenda item in mining companies’ executive and leadership meetings – getting tax correct is no longer optional in a complex global mining environment.”

Philip Hopwood, Global Leader – Mining,  
Deloitte Touche Tohmatsu Limited



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The mining industry faced further trials during 2015 as commodity prices were placed under severe pressure. Gold, copper, iron ore, coal and a host of other metals and minerals are faced with some real challenges as gold touched US \$1,000 per ounce towards August 2015.

Industry expectations remain stagnant in respect of commodity prices and some would argue that metals like tin, silver and nickel will start experiencing supply deficits towards the end of 2016, which will result in corresponding price increases. Similar comments have been made in respect of copper. What remains certain is that the initial outlook for 2016 will be to a certain degree a continuation of 2015.

Mining companies releasing quarterly results commented on commodity demand and price pressures. Without fail, mining companies confirmed that cost controls are now becoming a core competency within mining operations to ensure sustainability given the pressure in the commodity prices. Mining companies are also focusing on core operational activities and operating assets to ensure sustained performance.

In addition to economic challenges, mining companies are also facing significant tax developments on both jurisdictional and international fronts. This publication explores the anticipated themes for 2016. Our comments are based on observations of the current commercial environment and the comments made by various revenue authorities and tax and legal policy bodies in resource rich jurisdictions as well as the Organization for Economic Co-operation and Development (OECD) and G20.

In 2016, there is no doubt that mining companies will face some new challenges on various tax-related fronts. At the outset, the Base Erosion and Profit Shifting (BEPS) initiative of the OECD and G20 will form the backdrop to many of the trends we anticipate for 2016. While it is beyond the scope of this publication to provide a technical or policy discussion on BEPS, we explore a number of tax trends anticipated to affect mining companies in 2016 that may be influenced by the reality of BEPS.

BEPS is at the center of a global tax reset. In the first instance, it is clear that BEPS will require each multinational company operating in the extractive and related industries to consider the nature of its group structure, intragroup transactions and operating model from a new perspective. In short, the way in which groups have operated both structurally and operationally in the commercial context outside of legal structure will require some degree of evaluation as we move into the BEPS world.

We anticipate that 2016 will see the following trends and themes:

- A new chapter in international and domestic tax;
- Global tax reset – a real change to the taxation of operations;
- A new perspective on addressing unseen costs;
- A continued focus on systems and process to ensure good tax management;
- A continued focus on people issues; and
- Business innovation and taxation.

The publication will explore these tax trends, providing insight into the related issues and opportunities for the mining industry.

# A NEW CHAPTER IN INTERNATIONAL AND DOMESTIC TAX

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There is no question that a number of resource-rich jurisdictions are under unprecedented fiscal pressure. We are aware of a number of significant tax changes occurring in various jurisdictions. These changes are certainly reflective of the recent trend of jurisdictions increasing their ability to collect revenue. This trend will most certainly continue to challenge mining companies. Whilst the new chapter unfolds, a number of jurisdictions are exploring the use of various fiscal levers to attract capital, and we envisage that these issues may become more pronounced as the commodity cycle turns.

It is consequently in our view clear that domestic and international tax-related issues should remain a key consideration for mining companies. We anticipate that 2016 will see further unilateral actions by government to ensure the sustainability and possibly the broadening of the resource rich jurisdictional tax net. This has already been observed in a number of jurisdictions. This trend will most certainly see certain jurisdictions compete for capital and investment even in the current climate and we anticipate that one of the mechanisms to be used may include tax and incentive dispensations geared towards an attractive environment. Navigating these changes will require good tax management and we have certainly seen instances where a proactive approach by our clients unlocks opportunities to create shareholder value.

Tax practitioners in mining companies will certainly agree that one thing is certain in mining and that is the fact that nothing ever remains static. The nature of mining operations and the fact that mining companies often operate in multiple jurisdictions present new challenges on a regular basis. In addition to the impact of BEPS, which we believe will take some time to fully assess indications from industry suggest that mining companies are facing a significant degree of scrutiny ranging from mining taxes to international tax, transfer pricing, corporate and employees tax and indirect tax.

While international tax developments make the headlines, mining companies should certainly anticipate ongoing general domestic tax reform, as governments continue to focus on technical tax matters. The mining industry certainly accepts tax technical changes as part of operating in resource-rich jurisdictions. However, in the past twelve months, we have noted changes that may have unforeseen consequences for the mining industry in certain jurisdictions.

For example, Ghana recently announced a fundamental change to its tax statute. As with any such development, a number of aspects remain uncertain and the rationale for the change remains somewhat unclear at the time of writing. The sudden and the apparent non-consultative approach in announcing the change is a challenge for mining companies with substantial monetary investment in mining projects. A key consideration for ongoing and future investment decisions typically relates to tax certainty and predictability. Sudden changes to the tax environment certainly impacts the position.

In other instances, jurisdictions have announced reviews of mining-related tax provisions. The most notable mining jurisdiction reviewing its mining tax dispensation is South Africa. For the review in South Africa, the mining industry and a broad range of stakeholders have had the opportunity to make submissions and encourage the government to provide a balanced perspective in the ultimate report. The South African mining industry is perhaps a case in point of an industry struggling with low commodity prices within a demanding labour, community and government stakeholder environment on the one hand and opposing views from shareholders on the other hand. Indications are that the government will be expected to look at new ways to encourage miners to continue operations while at the same time keeping stakeholder expectations in check.

In our view, the trend of change has complex dimensions – in some instances the change is driven by a desire to standardize the tax regime in a given jurisdiction. While this is certainly commendable, it may fail to recognize the unique nature of mining and the complexities associated with large capital investments, the long periods of development and an increasing focus on broad community and stakeholder participation. However, there are some examples of tax regimes increasing or maintaining targeted mining provisions. These examples include Canada’s announcement of the continuation of flow-through shares. These shares essentially enable companies to surrender certain capital expenditure items to Canadian-based investors which lowers investors’ tax cost. In addition, the Canadian government announced technical amendments to ensure the deductibility of costs incurred for necessary consultations with First Nations as part of community involvement in mining projects. Such expenses would be treated as Canadian exploration expenses.

The changes that we are seeing around the globe can be expected to present challenges to mining companies negotiating production agreements or stability agreements. There is certainly a groundswell within various jurisdictions to limit the availability of the traditional stability agreements. Significant mining projects require high capital commitments; the mining industry accordingly expects a high degree of certainty when it comes to fiscal consequences. Given the above comments related to changes, we believe this area will be an ongoing area of focus for certain mining companies.

As the world continues to seek to develop natural resources and this development requires significant capital investment, government collaboration with the mining industry is important. From an industry perspective, certainty and clarity of the tax laws are essential to encourage sustained mining investments. Unfortunately, we still see instances where governments act unilaterally in respect of changes to well established mining programs or income tax laws in general. Sudden changes to the tax environment increases the degrees of uncertainty and challenges mining companies in planning based on the predictability of the fiscal environment.

In closing we note that 2016 will most certainly see further and arguably significant developments in respect of environmental matters. Emission targets and carbon tax-related issues which are agreed to by governments will certainly open additional considerations in respect of the tax management.

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**“Paying a “fair” amount of tax has been elevated to a level that is on par with environmental issues, community relationships and the ongoing commercial issues faced by the mining industry. Our clients are increasingly being challenged across all jurisdictions on tax matters and we believe this will continue as we move forward. The management of tax from boardroom to borehole is no longer a question of what does it cost, but rather a question of what will it cost if tax affairs are not proactively managed.”**

# GLOBAL TAX RESET

## A REAL CHANGE TO THE TAXATION OF OPERATIONS

We are witnessing a global tax reset, the biggest change to international tax principles in a generation. In October 2015, the OECD released its final package of measures for its 15-point BEPS Action Plan. For purposes of this publication, we have not included a detailed discussion in respect of the 15 actions. The new rules will affect more than the tax practices of organizations with multinational operations – they will have broad-based business and operational impacts. Determining an organization’s response, therefore, will involve more than the tax department; it will also require the input of the C-suite and the board of directors.

The OECD was asked by the G20 countries to develop its BEPS Action Plan in 2013, amid political and activist concerns in many jurisdictions that not all organizations were paying what was publicly considered to be their “fair share” of tax in all of the jurisdictions in which they operated.

The BEPS Action Plan is a multilateral exercise to modernize what is perceived as an outdated and complex international tax framework that is no longer suited to today’s global business economy. Its purpose is to eliminate tax mismatches, align profits where value is created, and enhance transparency for tax authorities across the global landscape. It is a global tax reset.

According to the OECD, governments have been losing at least 4% to 10% of global corporate tax revenues – or \$100 billion - \$240 billion – per year because of base erosion and profit shifting. The impact has been particularly damaging for developing countries. (Financial Times, “Plans unveiled to crack down on corporate tax avoidance,” October 5, 2015).

The statistics quoted by the OECD clearly do not focus on any particular industry. Within the mining industry, there is certainly a debate in respect of how and where BEPS initiatives will impact operational structures and historic transaction or group structures. The BEPS Action plan will require countries to give up some sovereignty and agree in some areas to level the global tax playing field. To date, business organizations have generally been supportive of BEPS initiatives, believing that a global approach is better than individual countries taking their own uncoordinated unilateral actions, which could increase the likelihood of double taxation. While the mining industry most certainly fall into this category, there is no doubt that the mining industry may face unique challenges within the BEPS environment going forward.

However, since countries will want to retain their competitive ability to attract multinational businesses – something normally done through tax policy – there will still be tax competition in a number of areas even after the implementation of the BEPS initiatives.

For mining organizations with multinational operations, the global tax reset is much more than a tax issue – it is a business issue. The new rules could potentially impact profitability, the effectiveness of business models, competitive positioning, increase public and investor scrutiny, and, ultimately, possibly affect share prices. Since different organizations have different business models and operating structures, the BEPS rules may impact one organization differently than another, with a result that some organizations will likely face greater adverse effects than others even among their own peer group. This could be particularly important to the board, since there may be a greater impact on their organization’s earnings per share and share price relative to its competitors if it has taken greater advantage of tax planning opportunities.



Some further complications have arisen: a number of countries did not wait for the BEPS rules and have unilaterally enacted rules of their own. For example, the United Kingdom has enacted a Diverted Profits Tax, which is distinct from corporation tax and, therefore, falls outside existing bilateral tax treaties; similar measures were implemented in Australia, but with a lesser scope. In addition, several jurisdictions, including France, Chile, and China, have introduced rules disallowing tax deductions for certain payments if the recipient of the payment has not been subject to a certain minimum amount of tax. Some tax authorities have also started assessing and auditing organizations as though BEPS and other proposed rules had already been enacted and had the force of law. (A discussion of BEPS-related and other tax developments in various jurisdictions is provided in the Deloitte publication, *World Tax Advisor*.)

## ASSESSING THE IMPACT

Mining companies should determine the potential impact of the new rules and determine what actions will be required to manage their tax load and risk levels in order to remain competitive. In many cases, the steps organizations will be required to take to address operations under the new rules will impact more than just their tax groups; they are also likely to affect legal, treasury, financial reporting, operations, information technology, the C-suite, and the board. Many organizations will also likely opt to develop a public relations and communications strategy for key stakeholders to explain the impact the new rules and how the organization will respond. From a tax perspective, certain tax planning structures may no longer be effective under the new rules.

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**“We are living in a changing tax environment and our mining clients are often seeing the changes firsthand as resource-rich jurisdictions adopt significant tax changes.”**

Heather Evans, Managing Partner  
— Tax, Deloitte Canada

Additional issues companies may be required to manage include:

- **Increased transparency, reporting, and compliance.** The BEPS rules will create an increased tax compliance and reporting burden. In addition, country-by-country reporting on transfer pricing will likely come into effect in 2016. The new rules will increase governmental transparency and compliance costs – and that increased transparency will likely result in a greater number of tax disputes. That, together with the increased aggressiveness of some tax authorities in other areas, will likely result in greater costs being incurred to fight reassessments to avoid double taxation.
- **Reputational risk.** Another key business concern, especially for companies operating in the resource sectors, are the risks to their brand and reputation that could arise if they attract public criticism for their tax policies. Increasingly, shareholders and analysts are also questioning management about the organization's tax strategies and policies.
- **Commercial substance in certain jurisdictions.** Under transfer pricing rules, organizations are required to have appropriate levels of commercial “substance” in jurisdictions commensurate with the level of income and nature of the operations in the jurisdiction. Under the new rules, some organizations may need to increase their commercial substance in some jurisdictions. If so, these organizations will need to involve their human resources function as they relocate people. Companies that are required to change their operating model to minimize the negative impacts of the new transfer pricing and BEPS rules may also need to make changes to their information technology platforms to address the operational changes and meet their new compliance obligations.

ISSUES FOR THE BOARD

Given the widespread impact of the new rules, directors will want to ensure that they understand the potential effect on the organization’s effective tax rate, business model, financial statements and share price, and how that compares to the expected impact on their competitors.

They will also want to understand what changes to the organization’s business model and/or financing strategies may be required and, if so, what are the options and related costs.

Because there will be a risk that the organization’s tax strategies may be misunderstood or create a potential for activism, boards will want to ensure that those strategies are aligned with the overall

risk appetite and public image that the board has set for the organization. Boards may also want to query management about whether it is prepared to defend the organization’s tax practices, and what the potential financial and reputational impact of activism might be on the organization.

Since the new rules may affect many areas of the organization’s operations, boards will likely want to reassess whether or not they are getting enough information from management about the organization’s tax practices for them to fully understand all of the potential operational, technical, and reputational risks associated with them.\*

THE BEPS ACTIONS IN A TABLE

Action 1: Address the tax challenges of the digital economy			
“Coherency”	“Collaboration”		“Transparency”
Establishing international coherence of corporate income taxation	Restoring the full effects and benefits of international standards		Ensuring transparency while promoting increased certainty and predictability
Action 2: Neutralize the effects of hybrid mismatch arrangements	Action 6: Prevent treaty abuse		Action 11: Establish methodologies to collect and analyze data on BEPS and the actions to address it
Action 3: Strengthen controlled foreign company (CFC) rules	Action 7: Prevent the artificial avoidance of PE status		Action 12: Require taxpayers to disclose their aggressive tax planning arrangements
Action 4: Limit base erosion via interest deductions and other financial payments	Assure that transfer pricing outcomes are in line with value creation	Action 8: Intangibles	Action 13: Reexamine transfer pricing documentation
Action 5: Counter harmful tax practices more effectively, taking into account transparency and substance		Action 9: Risk and capital	Action 14: Make dispute resolution mechanisms more effective
		Action 10: Other high-risk transactions	
Action 15: Develop a multilateral instrument			

\*Article based on Deloitte Director’s Series – On the Board’s Agenda October 2015.



# A NEW PERSPECTIVE ON ADDRESSING UNSEEN COSTS

Aside from the instability in commodity pricing, perhaps the largest issue facing the resources sector in 2016 concerns managing and minimizing cost overruns on both capital projects and operational spending. Developing and implementing a program to build cost controls over such spending and recover cash post overrun is a strategic best practice for resource companies. Our experience suggests that this is true regardless of the resources being exploited or the country in which the activities are undertaken.

In our experience, the focus should mainly be on minimizing costs and recovering spending relating to certain distinct categories, such as transactional tax payments, accounts payable and overpayments made to suppliers contrary to vendor contracts.

First, many organizations overpay value-added, sales, excise and various other ad valorem taxes and levies, and/or do not maximize their ability to claim credits and refunds. This can be due to complexities or “gaps” in the requisite processes and missed planning opportunities. Companies may inadvertently find themselves in this position due to the dynamic and complex environment.

Similarly, despite safeguards in an organization’s enterprise resource planning platform, it is common for companies to make duplicate payments for invoices from vendors. Although companies have detective controls that help prevent this, all too often these controls are not fully effective in organizations with complex supply chains.

Finally, resource companies often pay their vendors more than is legally required pursuant to their contracts. While there are many reasons for this, it appears that mining companies often pay, inter alia, erroneous contractor charges that are not in compliance with the contract (e.g. labour charges, material charges, and overhead allocations). To complicate matters, these contracts can also be vague, misinterpreted or inadequately monitored.

While this is certainly not a new problem, we have seen an unprecedented focus by companies on getting these cost leakages under control. Deloitte has developed advanced global data analytic techniques to assist clients in reviewing 100% of spending data to identify and recover overpayments. When we examine the areas noted above, our experience tells us that mining companies typically overspend 3% to 5% of their total capital project spend and 1% to 2% of operational spend.

Using North Atlantic Treaty Organization (NATO) secure servers and acquisition protocols, we collect raw spending data from our clients. We also secure electronic data directly from our client’s vendors and utilize optical character recognition (OCR) technology to scan and digitize manual data elements. Using proprietary technology, we then run dozens of queries against this data to help us identify overpayments made to various taxing authorities and vendors. We then leverage our expertise in supply-chain logistics, customer relationships, tax authority/controversy management and legal services to help companies recover and collect their money.

# A CONTINUED FOCUS ON SYSTEMS AND PROCESSES TO ENSURE GOOD TAX MANAGEMENT

In the current environment, a number of mining clients have undertaken significant restructuring of operating models. Within this context, it is key to ensure a company's ability to stay connected to local and global regulatory developments and adapt where regulatory changes, especially in the area of taxation, necessitate immediate action.

In our experience, mining companies are proactive in ensuring that tax-related compliance continues without interruption notwithstanding operational changes. Mining companies believe in retaining exemplary tax compliance status. This approach is well received in the jurisdictions where the mining companies operate, from Australia, Canada, Brazil to the United States, South Africa, Chile, Peru, and Ghana.

As noted above, a trend that we believe will continue to evolve during 2016 is the desire by various revenue authorities to augment revenue collections. The nature and number of inquiries faced by mining companies across the board is certainly growing. This scrutiny is not limited to any specific jurisdiction - we have encountered increased scrutiny in all jurisdictions.

Companies which have adopted a tax policy framework with clearly defined communication lines are often well positioned to address the degrees of scrutiny from across various jurisdictions. The nature of certain inquiries are such that mining companies must act on every enquiry with a great deal of care. We have seen instances where an adversarial approach may cause escalations which drains management time and energy, where proactive solid management of the issues at hand would arguably have stemmed the excessive energy requirements in resolving what might often be a slight degree of differential interpretations. The use of tax policy frameworks has not gone unnoticed by revenue authorities. Increasingly, it appears that the existence of a tax policy as well as the company board's involvement in tax governance are viewed positively by revenue authorities in assigning risk ratings to the companies. These risk ratings are then used to trigger revenue audits and queries which increases scrutiny.



Although taxation authorities may have robust and thorough audit procedures, some inquiries may not be well supported by legal interpretation. In these instances, it is important to be prepared to discuss the specific area of law with the tax authorities, providing interpretive resources. In many instances, the inappropriate handling of these inquiries can create ongoing challenges that drain scarce company resources.

A company with a defined tax policy and structures supporting the policy is often well positioned to navigate revenue authority scrutiny. We have seen some best practices including:

- Current and up-to-date tax policies;
- Internal support for the tax policy, and tax function supported by the board and other internal functions such as finance, legal, business development;
- Clear communication channels to ensure that the right people deal with the right matters;
- Clear communication protocols with reference to tax in general and queries or other interaction with tax authorities; and,
- Proactive engagement by the tax function to ensure that communication at all levels is maintained by virtue of good relationships both internally and externally.

A clearly communicated tax policy that is implemented and communicated internally and externally is certainly considered a best practice.

As noted, the global tax reset is elevating tax in a manner not recently seen; this reality creates an opportunity for companies to ensure that systems and processes in this area remain robust and current. The ability of a company to manage the various aspects of tax communication and compliance will remain a key aspect of the company's ability to navigate a changing tax environment in both local and global aspects. The tax function is tasked with the ongoing reporting, and other aspects of compliance, including corporate tax, indirect tax, employee withholdings and, in some instances, additional royalty compliance. Our experience in working with companies to ensure the optimal functionality of the tax department demonstrates the advantages of an evolving and adapting tax function that is fully equipped to meet the ongoing challenges of managing complex tax matters across various jurisdictions.

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**“Mining company boards face an imperative to understand what the tax position of the company was, is and will be, as the mining industry moves into the new tax environment.”**

Neil Pogany, Partner – Tax, Deloitte Canada

# A CONTINUED FOCUS ON PEOPLE ISSUES

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The importance of people in the mining industry cannot be underestimated. 2016 is bound to see a continuation of the focus by mining companies on skills within the mining sector. Skills in some areas are certainly in high demand, and we are seeing mining companies becoming more flexible in the way in which certain corporate skills are seen as mobile. People issues within the sector will remain dynamic, from the core employees required at an operational level to highly skilled technical resources who may roam from one site to another. Our clients are embracing new ways to generate and this brings them to the forefront of a new complex business environment.

Employee-related tax matters are never uncomplicated. We believe the focus by resource rich jurisdictions on the taxation of employees will remain unchanged. Yet, within this focus, governments are starting to look at the group of highly mobile individuals at various levels of seniority traveling between mining sites and operations. This increased focus is certainly presenting challenges to mining companies, human resources professionals and executives. Issues are not limited to tax; immigration issues are also becoming issues of concern for a number of companies and employees

We are observing a sharp focus by companies on the governance issues related to frequent business travelers and policies concerning the deployment of project or mobile resources. Tax compliance and the related reputational issues and the desire to demonstrate good corporate citizenship are seen as vital. Mining companies are accordingly well advised to ensure that the policies, procedures and practices within a company remain robust and current within a very dynamic environment.

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**“Mining companies are at the face of the complex cross border tax and immigration business challenges and we are seeing a change in how we are working with our clients to navigate this complex environment.”**

**Fatima Laher**, Partner – Global Employer Services, Deloitte Touche Tohmatsu Limited



# BUSINESS INNOVATION AND TAXATION

Innovation in mining is gaining momentum on various fronts within the mining industry. Innovation initiatives are being seen in energy and power management, renewable energy initiatives, supply chain design and mining methodologies. Innovation in mining is also being seen in areas not generally associated with mining; for example, miners are now talking about crowdsourcing to gain the collective insight into new opportunities and, most recently, crowd funding. All of the innovation initiatives in mining are leading to new and uncharted methodologies that previously were considered to be too well-established to change.

Innovation will challenge the way in which tax is often applied to various scenarios and we believe the tax departments of mining companies will become key participants in the development of innovative tax solutions. Issues related to the establishment of a renewable energy power source for a remote mine, for example, have a number of direct and indirect tax-related aspects which must be addressed to ensure that the mining company ultimately adopts a viable commercial solution. We have seen companies adopting a multi-disciplinary approach to innovation. Innovation in this contexts spans matters such as cost optimization, supply chain restructuring, new technology and power solutions related to mining methods and renewable energy to name but a few. Given that the purpose of adopting innovative solutions is to drive costs down and to increase efficiencies, it is important for mining companies to ensure that all the areas surrounding a solution is addressed - this would include accounting, legal and most certainly tax.

While the aim of our discussion is not to highlight any specific case study, it is nevertheless worthwhile to consider the current trends within the commercial context focused on cost optimization initiatives and focused operational activities. These trends are aimed at lowering production costs, enhancing productivity and ensuring that mining companies remain profitable. A number of mining companies are faced with historic debt burdens which are being managed to reduce the interest costs associated with these historic positions. Solutions presented to mining companies often entail cartelization in respect of procurement and decentralization in respect of mining activities. Within this broad framework, we are seeing trends emerge to look at how the centralized frameworks for core group functions may be sustainable within the evolving tax environment. We anticipate that mining companies may be in a position to adopt specific structures for commercial purposes and if these structures are adopted, the impact of tax will be critical to the sustainability of the solutions. We certainly believe that we may find centralized services existing within the global tax reset since it would be difficult for revenue authorities to argue against these structures in instances where commercial realities necessitate the changed structure.

It is consequently important for companies to comprehensively consider the commercial solutions being deployed within the current environment. Innovative tax solutions will ensure that these commercial structures for mines of the future will fit within the tax consequences encountered in resource rich jurisdictions. Companies leading these innovation initiatives will also be required to lead the innovation in respect of the development of the future tax consequences.

**"In addition to the opportunities in respect of tax related allowances, credits and/or deductions, innovation is often encouraged by virtue of government incentives which take on a variety of forms. Government incentives remains a key mechanism to attract investment. Given the nature of the commodities cycle, we anticipate that the scrutiny of available incentives will remain a key focus for companies."**

Natan Aronshtam, Partner - Tax and Global R&D Lead, Deloitte Touche Tohmatsu Limited

# FINAL OBSERVATIONS

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In 2016, mining companies will be presented with unique tax-related challenges. The ongoing environment of change, driven by global events and initiatives such as the BEPS Action Plan and environmental issues as specific examples in the complicated resource cycle, will remain a key topic for companies. There is no doubt that BEPS and other changes will result in a trend related to a refocus on tax for global businesses.

The key uncertainty remains how the global and local initiatives will be managed by tax authorities to ensure that instances of legislative conflict are minimized. Mining companies arguably see the possibility of double taxation (as a result of BEPS) as one of the single biggest potential issues resulting from the global tax reset. The potential tax issues related to the environmental initiatives is another topical issue.

Taxation is never static; and as business evolves, evolution will also occur within the tax environment. Innovation will require companies to consider the relevant tax consequences, and working with advisers, stakeholders and authorities will be key to ensuring a robust tax environment as we near 2020.

Deloitte is proud with the continued work we are doing with our mining clients on an ongoing basis to navigate the tax environment across the spectrum of taxes both locally and globally. As uncertainty continues to challenge business, the careful navigations of the trends in 2016 will enable mining companies to proactively address the tax related issues.

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**“The traditional approach to tax in mining is evolving as mining companies embrace innovation, ecosystems and legislative changes. In the new approach, we are working with our clients to challenge traditional thinking and embrace collaborative thinking which unlocks shareholder value.”**

**Ben-Schoeman Geldenhuys, Mining Tax Leader, Deloitte Canada**

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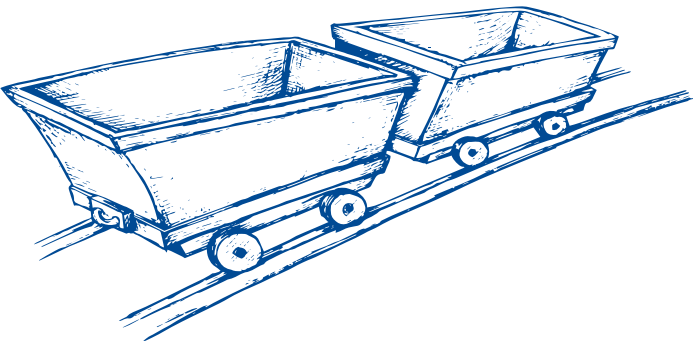
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