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TEMPLATE TO COLLECT DATA ON GOVERNMENT REVENUES FROM NATURAL RESOURCES

EXECUTIVE SUMMARY

We propose a standard template to collect data on government revenues from natural resources, based on the revenue classifications of the *Government Finance Statistics Manual 2001 (GFSM 2001)*. For about one third of the Fund's membership resource revenues are macro-critical, but currently available data are limited and not comparable across countries. The template would facilitate the collection of such data in an analytically relevant and cross-country comparable format.

We provide practical definitions of natural resource products and government revenues from natural resources, while highlighting the difficulties of providing precise conceptual definitions. These definitions may have to be adjusted on a country by country basis to adequately capture different legal and institutional arrangements. The template is to be posted on the IMF's website for consultation with the international community and can be used by countries to test practical issues. After making adjustments based on the broader international consultation, the template will be published on the Fund's external website and endorsed for broader use. The Fund does not currently envision collecting these data directly.

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Glossary

CPC	Central Product Classification
EITI	Extractive Industries Transparency Initiative
GFS	Government Finance Statistics
<i>GFSM 2001</i>	<i>Government Finance Statistics Manual 2001</i>
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification of All Economic Activities
MNRW-TTF	Managing Natural Resource Wealth – Topical Trust Fund
SEC	Securities and Exchange Commission
STA	Statistics Department
SEEA	System of Environmental-Economic Accounting
<i>2008 SNA</i>	<i>System of National Accounts 2008</i>
TRIEC	Trade Import and Export Classification
VAT	Value-Added Taxes

INTRODUCTION¹

1. The management of the natural resources of an economy is an important function of government. For countries whose governments rely heavily on revenues from natural resources that are subject to depletion, significant fluctuations of these revenues and how these revenues are used have major macroeconomic implications. Fiscal policies need to consider these issues, which can be better understood by separating revenues from natural resources from other government revenues. Two recent Fund papers identify better ways to generate and manage revenues from natural resources: *Fiscal Regimes for Extractive Industries - Design and Implementation*, and *Macroeconomic Frameworks for Resource-Rich Developing Countries*. These documents found that resource revenues are, or could soon be, macro-critical for one-third of Fund member countries. They also found limited data on government revenues from natural resources currently available and the corresponding need to obtain these data.

2. While fiscal statistics include government revenues that are generated from natural resources, these cannot be identified separately from other government revenues. To respond to specific needs, some resource-dependent economies have developed their own classifications of natural resource revenues. However, in the absence of international standards, these classifications vary in scope and methodology from country to country. A special feature of resource revenue statistics is that standard revenue categories may become less distinct; for example, if a government owns resources, the revenue could be collected in the form of taxes, royalties (rent), or a combination, all with the same underlying economic substance. If resources are extracted by a public enterprise, revenue could be in the form of dividends. This adds further complexity to any attempts to classify such streams of government revenue.

3. The Managing Natural Resource Wealth Topical Trust Fund (MNRW-TTF) has been established to assist countries in developing the capacity to effectively manage natural resources. This paper, funded as a project under the trust fund, deals with the collection of data on government revenues from natural resources by proposing a standard classification (the “Template”) and providing definitions and guidance on the collection of these data. Such methodologically consistent statistics would support analysis of the fiscal situation of economies that rely significantly on revenue from depletable resources, for example, by measuring the degree of resource revenue dependence; by identifying the sources of revenue, understanding which fiscal instruments perform better, and improving the accuracy of revenue forecasts; by comparing government resource-

¹ This project was directed by Claudia Dziobek and Robert Dippelsman. The main authors are Paul Roberts, Australian Bureau of Statistics (ABS) and Alberto Jiménez de Lucio. Valuable comments were provided by Alfredo Leone, Robert Heath, Manik Shrestha, Jean Galand, Gary Jones, Silvia Matei, Philip Daniel, Peter Dohlman, Annalisa Fedelino, Jung Kim, Oana Luca, Nicolas Million, Karen Ongley, Kazuko Shirono, George Tsibouris, Dara Veungand, Mauricio Villafuerte, Samuel Bartlett and Jurgen Reitmaier (EITI International Secretariat), and Antoine Heuty (Revenue Watch). This project was supported by the Managing Natural Resource Wealth-Topical Trust Fund (MNRW-TTF) with funding provided by: Australia, the European Union, Kuwait, the Netherlands, Norway, Oman, and Switzerland.

related revenue with the corresponding production, profits, and exports data; by analyzing the links between the rest of the economy and resource related activity; and by making cross-country comparisons of government resource related revenues possible.

4. This paper presents a draft standard template for member countries, in particular for those for whom revenues from natural resources are macro-critical, to collect and report data on government revenues from these resources, based on the classifications of the

Government Finance Statistics Manual 2001 (GFSM 2001).² It provides the relevant *GFSM 2001* categories and codes, disaggregated to identify separately the revenues derived from natural resources. The standard template has the advantage of allowing consistency checks of the data reported for revenues from natural resources under each *GFSM 2001* category with the data reported for total revenues for each corresponding category.

5. The paper is intended as a draft for consultation with the international community, and will therefore be posted on the International Monetary Fund's (IMF) website after circulation to the Executive Board for information purposes. The design of the template faced major challenges, mainly because there is no internationally agreed definition of government revenues from natural resources. A definition of the information to be collected through the template is needed to make the template operational. Thus, a proposed definition of government revenues from natural resources is included in the paper. However, the template has not been field tested, a prerequisite before a decision is taken on its broader use.

6. The paper was developed in close communication and cooperation with the IMF's Fiscal Affairs Department and with the Extractive Industries Transparency Initiative (EITI) Secretariat, which is involved in collecting and disseminating data on revenues from oil, gas, and mining companies. The template is designed to meet the data collection needs of many entities and users. The actual testing of the template and the collecting of data on revenues from natural resources were not part of the project.

A. Background

7. This paper is the outcome of a project undertaken as part of the IMF's MNRW-TTF module #5 (statistics for managing natural resources). The focus of this module is on the development of national statistics on natural resource activities with respect to national accounts and government finance statistics (GFS). At present, there is limited information publicly available on government revenues from natural resources, although there is information on aggregate revenue categories, which include revenues from natural resource activities. For example, the information reported by member countries for publication in the *Government Finance Statistics Yearbook* includes revenue data by categories. Some of these categories are known to include revenues from

² The *GFSM 2001* is being updated and the new version will be available soon, but the proposed template will not be affected.

natural resources (e.g., income tax, value added tax, customs duties, export tax, rent), however these are not separately identified.

8. Current information compiled by countries and by some agencies is partial and not standardized to allow for cross-country comparison. For example, the EITI is being applied in 39 countries (of which 25 currently comply with the EITI standard) and over 100 EITI reports have been produced by 35 countries as of end-October 2013. These reports show data on payments by enterprises from the oil and mining industries to governments and to government-linked entities, as well as the revenues recorded by those country governments. However, each country prepares its reports following national formats and not a standard format, which severely limits cross country comparability. The EITI is aware of this limitation and contacted STA to help it address the issue.

B. Structure of this Report

9. The structure of the paper is as follows: Section II lays out a general framework and proposes a definition of natural resource products and natural resource enterprises to be used for purposes of delimiting the coverage of the data to be collected. Section III proposes a definition of government revenues from natural resources and presents a template to collect data on these revenues. It also describes the main categories associated with government revenues from natural resources in the context of the *GFSM 2001* revenue classification. Section IV provides guidance on a data collection strategy, Section V lists a few issues that require further discussion, and Section VI suggests next steps to be taken to implement the template.

10. The paper includes four appendices: Appendix I shows the *GFSM 2001* full classification of revenue, which underpins the categories presented in the template. Appendix II presents the template in a report form that could be used to collect the data on government revenues from natural resources. Appendix III highlights how EITI country reports can be converted into the standard template and thereby made cross country comparable, and Appendix IV lists the data requirements set by the EITI and the U.S. Securities and Exchange Commission (SEC).

DEFINING GOVERNMENT REVENUES FROM NATURAL RESOURCES

A. Current Definitions of Natural Resources

11. At present there is no overarching framework for scope and measurement of revenues from natural resources. The asset boundary of the *System of National Accounts 2008 (2008 SNA)* provides a logical starting point to develop some basic elements of such a framework. All assets in the *2008 SNA* are economic assets, i.e. assets over which ownership rights can be established and enforced, and which provide benefits to the institutional units that own them. Within this scope of assets, the proposed template covers the collection of data on government revenues from non-

renewable natural resources, in particular mineral and energy resources, but can also be used to collect data for other natural resources.

12. To determine what revenues are to be considered government revenues from non-renewable natural resources and those entities from which data are to be collected, we need to identify to the extent possible the natural resources of interest and the enterprises that exploit these resources. An internationally agreed standard definition of government revenues from natural resources does not currently exist, as indicated above. This report proposes such a definition in this section, based to a large extent on the definition and classifications of natural resources, natural resource products, extractive industries, and economic activities currently used by various international organizations. A summary of some of these definitions follows.

13. The System of Environmental-Economic Accounting (SEEA) provides a broad definition and classification of environmental assets, of which natural resources are a subset (See table 5.2.1 of the SEEA White cover).³ Natural resources include all mineral and energy resources, soil resources, natural timber resources, natural aquatic resources, and water resources. All cultivated biological resources and land are excluded from its scope.

14. The EITI uses the concept of “wasting” natural resources, which it defines as resources that cannot be replaced in their original state by human beings (See Source Book 2005, p.9).⁴ More specifically, the EITI narrows its scope for data collection purposes to all material revenues received by governments from oil, gas, and mining enterprises. Furthermore, the document defines its scope to include all activities related to exploration, development, and production from mineral assets up to the point where the minerals extracted are in a marketable state without further processing.

15. The EITI reporting is implemented on a country-by-country basis by a multi-stakeholder group, which defines the specific resources and the coverage of the information on the payments to government to be collected in a particular country. In other words, it tailors the data to be collected to each country. This approach facilitates data collection in individual countries, but limits cross-country comparability.

16. The Dodd-Frank Wall Street Reform and Consumer Protection Act (H.R. 4173, Section 1504) mandated resource extraction issuers to include in their annual report to the Securities Exchange Commission (SEC) information on any payments (taxes, royalties, fees, production entitlements, bonuses, and other material benefits) made to a foreign government or the Federal government for the purpose of the commercial development of oil, natural gas, or minerals.⁵ Finally, the IMF’s Guide on Resource Revenue Transparency (2007) defines natural

³ https://unstats.un.org/unsd/envaccounting/White_cover.pdf

⁴ <http://eiti.org/files/document/sourcebookmarch05.pdf>.

⁵ A District of Columbia court decision vacated this rule on July 2, 2013.

resource revenues as revenues derived from natural resource exploitation. It also states that its main focus is on revenues from hydrocarbon (oil and gas) and mining.

B. Definition of Natural Resource Products

17. **Prior to identifying government revenues from natural resources and in the absence of an internationally agreed definition of such resources, we need a working definition of natural resources.**

In addition, different countries obtain government revenues from natural resources at different stages of processing. This is especially the case for many bulk commodities that need to be prepared for transport or export. This requires, in turn, guidance to determine how far downstream from the raw unprocessed state the definition of revenues from natural resource products should be extended. Thus, before a definition of government revenues from natural resources can be proposed, we need to identify the specific products to be considered natural resource products for our purposes.

18. **Natural resources have to be extracted to enter the production process, at which time they become natural resource inputs.**

Most of these inputs in turn become products (e.g., extracted minerals, removals of timber, water abstracted for distribution). The *2008 SNA* defines products as goods and services that result from a process of production in the economy.

19. **In general terms, three types of natural resource products can be identified:**

(a) natural resources extracted and sold without, or with only minor, processing, (b) natural resources extracted and subject to primary processing, and (c) natural resource products extracted and subject to secondary processing. The first two types of natural resource products are easily identifiable. The third type of natural resource products is more problematic to identify. The key issue is how far downstream in the production process does a product remain a natural resource product? For example, the Australian government has developed a Trade Import and Export Classification (TRIEC) that classifies products as primary products (unprocessed or processed), manufactured products (simply transformed or elaborately transformed), and other goods.⁶ The TRIEC provides an explicit answer to which products are considered primary and which are not. A similar list for natural resource products for purposes of the template would be ideal.

20. **There are different options to dealing with the third type of natural resource products, including: (a) exclude them from the coverage of the template; (b) include some on a country by country basis, based on their relative importance to a given country; and (c) set a rule based on the proportion of value added by manufacturing of an establishment**

(e.g., 50 percent or less). None of these options is entirely satisfactory, and therefore this is an issue for discussion or to be revisited after the template is tested in a few countries.

⁶ <http://www.dfat.gov.au/publications/stats.html>.

21. The United Nations' Central Product Classification version 2 (CPC Ver.2) provides a detailed product classification.⁷ Based on this classification and the types of natural resource products discussed above, Table 1 below provides a tentative list of the products to be considered natural resources products for purposes of collecting data on government revenues from natural resources. The table lists products at the class level from Section 1: Ores and minerals; electricity, gas, and water; and Section 4: Metal products, machinery, and equipment. Some of the products listed will only have minimal processing, such as preparation for transport, whereas others will have significantly more processing. The list also includes certain classes for which only some products within the class are included.

22. We discuss in general terms the case of a few major natural resources and products derived from them below in terms of whether they should be considered natural resource products or not for purposes of the template. The suggested treatment of crude petroleum, natural gas, coal, iron ore, gold, and copper is presented.

23. Crude petroleum and natural gas. All types of crude oil would be considered in the scope of natural resource products. Some countries may not collect any revenues from crude oil because it is not exported in an unprocessed form, but could instead obtain revenues from refined oil and petroleum. Thus, refined petroleum products would also be considered, but other more processed products would not (e.g., chemicals, plastics). Petroleum gases and other gaseous hydrocarbons unprocessed and processed would be considered natural resource products.

24. Coal and mineral ores. The level of processing of these resources can be quite different across countries and also across enterprises and types of ore. For example, coal is generally exported in its extracted form, with some minor processing, such as crushing and screening. However, some mines will wash the coal to improve its quality. These ores are to be considered natural resource products. Any subsequent manufacturing that occurs would result in products not to be considered as natural resource products.

⁷ <http://unstats.un.org/unsd/cr/registry/cpc-2.asp>.

Table 1. Proposed Natural Resource Products from the Central Product Classification (Class Level)		
Code	Description	Include
	Ores and Minerals	
1101	Coal, not agglomerated	Y
1102	Briquettes and similar solid fuels manufactured from coal	N
1103	Lignite, not agglomerated	Y
1104	Lignite, agglomerated	Y
1105	Peat	Y
1201	Petroleum oils and oils obtained from bituminous minerals, crude	Y
1202	Natural gas, liquefied or in the gaseous state	Y
1203	Bituminous or oil shale and tar sands	Y
1300	Uranium and thorium ores and concentrates	Y
1410	Iron ores and concentrates, other than roasted iron pyrites	Y
1421	Copper, ores and concentrates	Y
1422	Nickel ores and concentrates	Y
1423	Aluminum ores and concentrates	Y
1424	Precious metal ores and concentrates	Y
1429	Other non-ferrous metal ores and concentrates (other than uranium or thorium ores and concentrates)	Y
1511	Slate	Y
1512	Marble and other calcareous monumental or building stone	Y
1513	Granite, sandstone and other monumental or building stone	Y
1520	Gypsum; anhydrite; limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement	Y
1531	Natural sands	Y
1532	Pebbles, gravel, broken or crushed stone, macadam; granules, chippings and powder of stone	Y
1533	Bitumen and asphalt, natural; asphaltites and asphaltic rock	Y
1540	Clays	Y
1611	Natural calcium phosphates, natural aluminum calcium phosphates and phosphatic chalk	Y
1612	Unroasted iron pyrites	Y
1619	Other chemical minerals	Y
1620	Salt and pure sodium chloride; sea water	Y
1631	Precious stones (including diamonds, but not industrial diamonds) and semiprecious stones, unworked or simply sawn or roughly shaped	Y
1632	Industrial diamonds, unworked or simply sawn, cleaved or bruted; pumice stone; emery; natural corundum, natural garnet and other natural abrasives	Y
1633	Chalk and dolomite	Y
1639	Other minerals n.e.c.	Y
1720	Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons. Include: Coal gas, such as coal seam gas and other extracted gases.	Part
	Metal Products	
4131	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form. Include: unwrought or in powder form.	Part

Table 1. Proposed Natural Resource Products from the Central Product Classification (Class Level) (concluded)		
4132	Gold (including gold plated with platinum), unwrought or in semi-manufactured forms, or in powder form. Include: unwrought or in semi-manufactured forms, or in powder form, gold bars.	Part
4133	Platinum, unwrought or in semi-manufactured forms, or in powder form. Include: unwrought or in powder form.	Part
4134	Base metals or silver, clad with gold, not further worked than semi-manufactured. Include: only those products upstream from semi-manufactured.	Part
4135	Base metals clad with silver, and base metals, silver or gold clad with platinum, not further worked than semi-manufactured. Include only those products downstream from semi-manufactured.	Part
4141	Copper, unwrought; copper mattes; cement copper. Include: Copper mattes; cement copper, unrefined copper.	Part
4142	Nickel, unwrought; intermediate products of nickel metallurgy. Include: Nickel mattes.	Part
4143	Aluminum, unwrought; alumina. Include: alumina.	Part
Y – Yes N – No		

25. Iron ore is a similar case to coal; however, there are many downstream products from iron ore and a number of processes occur to prepare it for export, such as beneficiation, which is generally done at the mine site and reduces the impurities in the iron ore. Pelletizing of iron ore can also occur before shipment, especially to overseas markets. Up to this stage the products would be considered natural resource products. However, if further transformation occurs, such as sintering or the production of pig iron, then these products would not be considered as natural resource products.

26. Gold and copper. The determination of which products to consider as natural resource products is less clear-cut for these resources. In many countries, the gold and copper mines are vertically integrated with significant processing activity prior to transport. We propose considering as natural resource products derived from gold all products up to and including the production of gold bars. In the case of copper, some mines will produce copper matte for transport and export, while others will produce blister copper. We propose considering blister copper and further upstream products as natural resource products.

C. Definition of Natural Resource Enterprises

27. The identification of natural resource enterprises is important as some revenues are levied at the level of enterprises and they serve as respondents for information collection. While certain fiscal impositions may be levied on products, such as royalties, others are levied on enterprises, such as corporate income tax. In most circumstances it will be the enterprises that will remit both types of impositions to the government. Thus, since the information to fill the template is most likely to be collected from the enterprises producing these products, we need to take the additional step of identifying these enterprises. For this purpose, we propose to use the International Standard Industrial Classification of All Economic Activities (ISIC), Rev 4, or

ISIC Rev 4 as it is commonly known, which covers all productive activities within the scope of the 2008 SNA.⁸ It provides a comprehensive framework for the classification of activities for collection and reporting of economic data for purposes of economic analysis, decision-taking and policy-making.

28. ISIC is a classification according to kind of productive activity and not a classification of goods and services. Nevertheless, it is possible to use the classification of outputs in CPC as a tool for identifying the principal activity of a unit. The resulting list of enterprises⁹ that produce natural resource products (henceforth denominated natural resource enterprises) is presented in Table 2 below. The enterprises that appear in this list would constitute, in principle, the universe of enterprises from which data would be collected using the template. In practice, information is likely to be collected only from a selected subset of these enterprises, as discussed below in the section on data collection strategy.

29. The ISIC Rev 4 is used to identify those industries where institutional units are most likely to engage in natural resource activity, including extraction and some initial stages of processing. However, not all activities associated with the manufacture of basic precious and other non-ferrous metals would be included under mining and quarrying or manufacturing. For example, in some countries the liquefaction of gas industry is assigned to the Transportation class 5221 (Service activities incidental to land transportation). This is especially the case where natural gas is not liquefied at the well head.

⁸ <http://unstats.un.org/unsd/cr/registry/isic-4.asp>.

⁹ Corporations are the focus of attention in the report, but unincorporated enterprises may be relevant in a number of countries.

Table 2. Industries Engaged in Natural Resource Activity from the ISIC Rev 4

ISIC Rev 4. Selected Industries related to natural resources		Engages in Extractive Activity*	Related to Extractive Activity*
Code	Description		
B	Mining and quarrying	Y	
05	Mining of coal and lignite	Y	
051	Mining of hard coal	Y	
052	Mining of lignite	Y	
06	Extraction of crude petroleum and natural gas	Y	
061	Extraction of crude petroleum	Y	
062	Extraction of natural gas	Y	
07	Mining of metal ores	Y	
071	Mining of iron ores	Y	
072	Mining of non-ferrous metal ores	Y	
0721	Mining of uranium and thorium ores	Y	
0729	Mining of other non-ferrous metal ores	Y	
08	Other mining and quarrying	Y	
081	Quarrying of stone, sand and clay	Y	
089	Mining and quarrying n.e.c.	Y	
0891	Mining of chemical and fertilizer minerals	Y	
0892	Extraction of peat	Y	
0893	Extraction of salt	Y	
0899	Other mining and quarrying n.e.c.	Y	
09	Mining support service activities	N	Y
91	Support activities for petroleum and natural gas extraction	N	Y
99	Support activities for other mining and quarrying	N	Y
C	Manufacturing		
24	Manufacture of basic metals		
241	Manufacture of basic iron and steel	N	N
242	Manufacture of basic precious and other non-ferrous metals	N	Y
H	Transportation and storage		
5221	Service activities incidental to land transportation	Y	

* Y—Yes N—No

TEMPLATE: GOVERNMENT REVENUES FROM NATURAL RESOURCES

30. Government revenues from all products considered natural resource products and from the enterprises that produce them would constitute government revenues from natural resources and would therefore be reported in the proposed template.

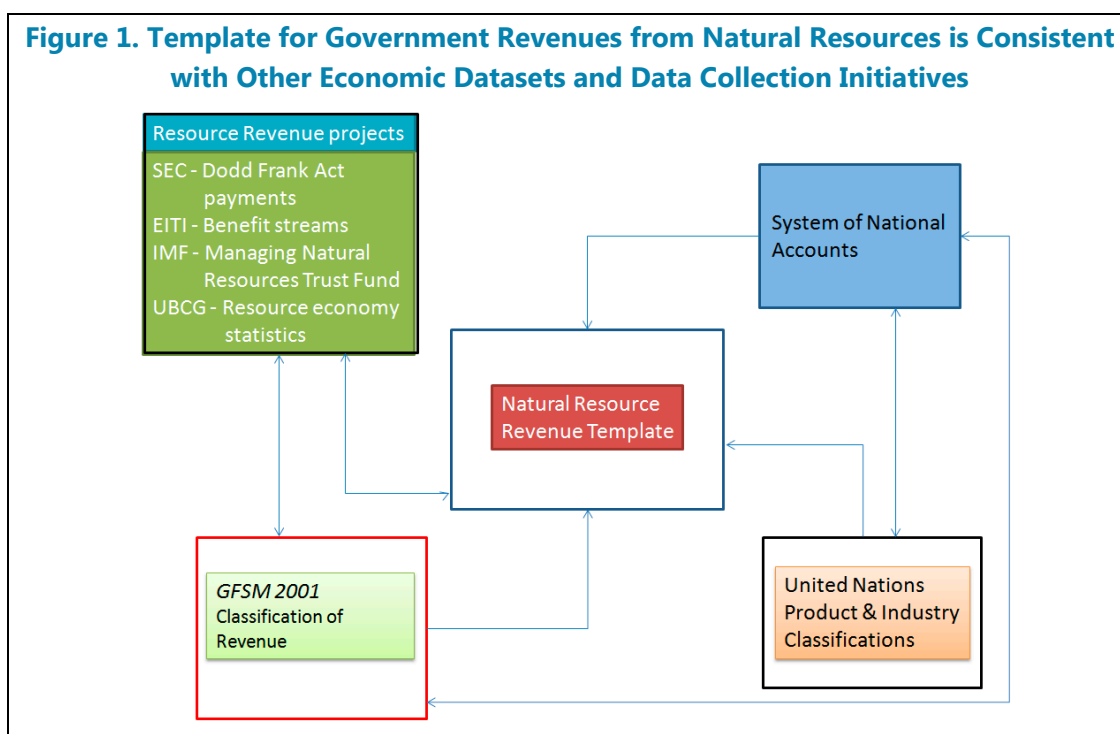
31. The potential information to be collected from natural resource enterprises is broad and the government could be interested not just in data on revenues from natural resources but also in data on assets, expenses, and other economic flows associated with these natural resources. However, for purposes of the template we are focusing on gross government revenues, as this information is the most immediate and highest priority for users.¹⁰

32. Government ownership of natural resources or regulations over ownership, transfer of ownership, and use of natural resources generate revenues for government. These revenues are mainly levied on a product basis (most of the taxes) and on an enterprise basis (income taxes and many of property incomes). For both these types of revenues, then, we need to provide the conceptual measure that we want to capture as revenue from natural resources.

33. The *GFSM 2001* provides a conceptual framework suitable for analyzing and evaluating fiscal policy, especially the performance of the general government sector and the broader public sector of any country. More specifically, it describes a specialized macroeconomic statistical system (GFS system) that covers all flows and stocks associated with government units. The GFS system classifies all flows and stocks, and presents the resulting information in tables and summary statements that are analytically useful. The classification of revenue appears in Chapter 5 of the *GFSM 2001* (see Appendix I). While government revenues from natural resources are, in principle, already included in this classification, they are not separately identified. The template below introduces separate subcategories for revenues received from natural resource enterprises, in line with the *GFSM 2001* overall classification structure of government revenues.

34. The template has been designed to be consistent with other economic datasets and to meet the needs of other data collection initiatives, including those of the EITI, SEC, and Ulaanbaatar City Group. It is expected that the proposed classification and categories will prove suitable for the systematic and cross-country comparable collection of data on government revenues from non-renewable natural resources. See Figure 1.

¹⁰ In principle a grossing-up adjustment would be needed if governments report revenues from natural resources net of quasi-fiscal operations (e.g., fuel subsidies).



35. In principle, the level of government for which information would be collected is the general government sector, as defined by international statistical methodologies such as the 2008 SNA and the GFSM 2001. For analytical purposes, it may be useful to disaggregate further the statistics on the general government sector into its subsectors: central government, state governments, and local governments. In turn, it may also be useful to disaggregate the central government into its subsectors: budgetary central government, extrabudgetary units, and social security funds.¹¹ In practice, data may be collected for a lower level of government, such as central government or even budgetary central government.¹² A case can be made to also collect data for public enterprises engaged in producing natural resource products, especially when these enterprises don't fully pass on their revenue to government and/or undertake quasi-fiscal operations, but this possibility is not explored at this time, though it could be revisited in the future after the template has been field tested and in use for some time.

36. Table 3 below presents the proposed template for government revenues from natural resources (also referred to as the "IMF Template for Government Revenues from Natural Resources"). The template is designed to allow capture of all possible government revenues from natural resources; however, in practice, it is likely that data for only a subset of these revenues will be collected. For example, the initial data collection may focus on those revenues directly arising from charges on production or profits from resource extraction. A broader sub-set of revenues

¹¹ It should be noted that not all countries have all subsectors of general government.

¹² For more information on levels of government, see Chapter 2 of the *GFSM 2001*.

could include other items such as unrequited value-added taxes (VAT), import duties, social security contributions, etc. An even broader sub-set could include data on revenues from enterprises not directly involved in the production of natural resource products, but that provide goods and services to such enterprises.¹³

37. Most revenues associated with natural resources fall under the *GFSM 2001* main categories of taxes (11) and other revenue (14).¹⁴ More specifically, taxes on income, profits and capital gains payable by corporations and other enterprises (1112), dividends (1412), and rent (1415) are the principal revenue categories associated with revenues from natural resources. The subcategories exclusively associated with government revenues from natural resource products are identified in the template in italics, within the corresponding *GFSM 2001* revenue categories. A short description of each subcategory is provided below. Appendix II shows the Template in a report form that could be sent out to data compilers.

38. The accrual terminology (e.g., payable) is used for the name of the subcategories, but the cash terminology (e.g., paid) can be equally used by countries that follow a cash basis of recording. In the latter case, there will most likely be a need to collect data on non-cash flow revenues (e.g., production entitlements) to complement the data on cash flow revenues.

39. Taxes. The tax revenue line items listed in the template cover the main taxes that would be payable by natural resource enterprises. These taxes are a subset of the main *GFSM 2001* category Taxes (11). Taxes on income, profits, and capital gains payable by corporations and other enterprises are levied on all corporations and enterprises, and may be levied on actual or estimated income and profits, and on realized or unrealized capital gains. Withholding taxes are not separate types of taxes; instead they are always associated with, and recorded with the underlying tax (e.g., income tax).

40. Taxes on income payable by natural resource enterprises: These are tax payments to general government according to the country's corporate tax rate. The amount of income subject to tax is usually less than gross income because deductions are permitted. General corporate income and taxes are levied on all resident enterprises' income, including interest and dividends. The amounts recorded under this line item are part of the *GFSM 2001* category Taxes on income, profits, and capital gains payable by corporations and other enterprises (1112).

¹³ An argument can also be made for not collecting data on domestic taxes (i.e., VAT, payroll, customs, excises), that would be collected whether the country produces natural resource products or not.

¹⁴ The codes in parenthesis in this paragraph and the next paragraphs are the corresponding *GFSM 2001* codes.

Table 3. Template—Government Revenues from Natural Resources

GFSM 2001 Codes	Description
11	Taxes
1112	Taxes on income, profits, and capital gains (payable by corporations and other enterprises) <i>Taxes on income payable by natural resource enterprises</i> <i>Taxes on extraordinary profits payable by natural resource enterprises</i>
112	Taxes on payroll and workforce <i>Taxes on payroll and workforce payable by natural resource enterprises</i>
1141	General taxes on goods and services (value added tax, sales tax, turnover tax) <i>Value added taxes payable by natural resource enterprises</i> <i>Unrequited value added taxes payable by natural resource enterprises</i>
1142	Excises <i>Excise taxes payable by natural resource enterprises</i>
1143	Profits of fiscal monopolies <i>Profits of natural resource fiscal monopolies</i>
1145	Taxes on use of goods and on permission to use goods or perform services
11452	Other taxes on use of goods and on permission to use goods or perform activities <i>Fees payable by natural resource enterprises</i>
1146	Other taxes on goods and services <i>Other taxes on goods and services payable by natural resource enterprises</i>
1151	Customs and other import duties (import taxes) <i>Taxes on imports payable by natural resource enterprises</i>
1152	Taxes on exports <i>Taxes on exports of natural resources</i>
1153	Profits of export or import monopolies <i>Profits of natural resource export monopolies</i>
1161	Other taxes payable solely by business <i>Other taxes payable by natural resource enterprises</i>
12	Social contributions
1211	Social security employee contributions <i>Employee contributions from natural resource enterprises</i>
1212	Social security employer contributions <i>Employer contributions from natural resource enterprises</i>
13	Grants (not applicable)
14	Other revenue
141	Property income
1412	Dividends <i>Dividends from government owned natural resource enterprises</i> <i>Dividends from government participation in natural resource enterprises (equity)</i>
1415	Rent (royalties) <i>Royalties payable by natural resource enterprises</i> <i>Bonuses payable by natural resource enterprises</i> <i>Production entitlements payable by natural resource enterprises</i> <i>Compulsory social infrastructure payable by natural resource enterprises</i>
1422	Administrative fees <i>Administrative fees for government services supplied to natural resource enterprises</i>
144	Voluntary transfers other than grants <i>Voluntary social infrastructure payments payable by natural resource enterprises</i>

41. Taxes on extraordinary profits payable by natural resource enterprises: These are specific taxes applied to natural resource enterprises. These are taxes generally classified as profit taxes, for example, resource rent taxes, which are often imposed on profits earned above a defined rate of return allowed by the government for the corporation to earn. These taxes could be imposed pre- or post-corporate income tax. These taxes differ from royalties as they take into account the profit of the mining operation, whereas a royalty is generally imposed on the production level irrespective of profitability. The taxes on profits are levied on revenue less allowable deductions. The amounts recorded under this line item are part of the *GFSM 2001* category Taxes on income, profits, and capital gains payable by corporations and other enterprises (1112).

42. Taxes on payroll and workforce payable by natural resource enterprises: These are taxes paid by natural resource enterprises either as a proportion of payroll size or as a fixed amount per person, and are not earmarked for social security schemes. If governments are able to identify general corporate income taxes paid by natural resource enterprises, then they should be able to determine the same for payroll based taxes. The amounts recorded under this line item are part of the *GFSM 2001* category Taxes on payroll and workforce (112).

43. Value-added taxes payable by natural resource enterprises: In many countries, businesses are subject to VAT. A value-added tax is a tax on goods and services collected in stages by enterprises, but which is ultimately charged in full to the final purchaser. Enterprises usually collect the VAT from purchasers on their sales, and deduct the VAT paid on their purchases. The amounts recorded under this line item are part of the *GFSM 2001* category Value-added taxes (11411).

44. Unrequited value-added taxes payable by natural resource enterprises: In the majority of cases, enterprises are able to claim input tax credits as the enterprises' purchases are for intermediate and not final consumption. In some countries, natural resource enterprises do not have input tax credits available to reclaim any value-added taxes paid, and therefore receive no refunds. Hence, a category is required for unrequited value-added taxes paid by these enterprises. The amounts recorded under this line item are part of the *GFSM 2001* category Value-added taxes (11411).

45. Excise taxes payable by natural resource enterprises: Excises are taxes levied on particular products (e.g., hydrocarbon oils, tobacco goods, sugar), or on a limited range of products, that are not classifiable under general taxes on goods and services (1141); profits of fiscal monopolies (1143); customs and other import duties (1151); or taxes on exports (1152). The amounts recorded under this line item are part of the *GFSM 2001* category Excises (1142).

46. Profits of natural resource fiscal monopolies: This item covers that part of the profits of fiscal monopolies that is transferred to the government. Fiscal monopolies are public corporations or quasi-corporations that exercise the taxing power of government by the use of monopoly powers over the production or distribution of a particular kind of good or service. The monopolies are created to raise government revenue that could otherwise be gathered through taxes on private sector production or distribution of the commodities concerned. Typical

commodities subject to fiscal monopolies are tobacco products, petroleum products, salt, etc. The amounts recorded under this line item are part of the *GFSM 2001* category Profits of fiscal monopolies (1143). Depending on the specific circumstances of a given country, the profits transferred to the government by a public corporation would be classified as dividends (when no monopoly exists) or as profits of fiscal monopolies (when a monopoly exists).

47. Fiscal monopolies are distinguished from public enterprises such as rail transport, electricity, and post offices. These latter may enjoy a monopoly but normally exist primarily to promote or advance the interests of public economic or social policy, rather than to raise revenue for government. Transfers to government from such public enterprises are treated as dividends (1412) or withdrawals of income from quasi-corporations (1413). Profit transfers from export and import monopolies are similar to fiscal monopoly profits but have their own category (see below).

48. While in principle only the excess of the monopoly profits over “normal” profits should be treated as taxes, it is difficult to estimate this amount. Thus, in practice, the value of the taxes should be taken to be equal to the amount of the profits actually transferred to government. The taxes are recorded when the transfer takes place rather than when profits are earned.

49. Fees payable by natural resource enterprises: These are payments where no specific service is attached or, in general, the amount of the fee is significantly disproportionate to the service provided. Possible examples are license fees, rental fees, and entry fees. Some licenses might be for exploration or extraction. The amounts recorded under this line item are part of the *GFSM 2001* category Other taxes on use of goods and on permission to use goods or perform activities (11452). If there is a specific service attached to the fee and the payment is proportionate to the service, it should be recorded as a sale of a service under the subcategory Administrative fees for government services supplied to natural resource enterprises (1422).

50. Other taxes on goods and services payable by natural resource enterprises: This item includes taxes on the extraction of mineral fossil fuels, and other exhaustible resources from deposits owned privately or by another government. Taxes on the extraction of exhaustible resources usually are a fixed amount per unit of quantity or weight, but can be a percentage of value. The taxes are recorded when the resources are extracted. Payments for the extraction of exhaustible resources from deposits owned by the government unit receiving the payment are recorded under rent. The amounts recorded under this line item are part of the *GFSM 2001* category Other taxes on goods and services (1146).

51. Taxes on imports payable by natural resource enterprises: This items covers revenue from all levies collected on goods because they are entering the country or services because they are delivered by nonresidents to residents paid by natural resource enterprises. The amounts recorded under this line item are part of the *GFSM 2001* category Customs and other import duties (1151).

52. Taxes on exports of natural resources: This category includes all levies on resource commodities transported out of the country. The amounts recorded under this line item are part of the *GFSM 2001* category Taxes on exports (1152).

53. Profits of natural resource export monopolies: Governments may establish enterprises with the exclusive right to export natural resource products to nonresidents to raise revenue that could be gathered through taxes on exports. When such monopolies exist, the profits remitted to governments by the monopolistic enterprise or marketing board are considered to be taxes. Such profits are recorded as tax revenue when transferred to the government and do not include the retained reserves of the enterprises or marketing boards. The amounts recorded under this line item are part of the *GFSM 2001* category Profits of export or import monopolies (1153).

54. Profits received from export enterprises or marketing boards that do not represent monopoly profits are recorded as property income (dividends). Profits transferred to the government from public enterprises or marketing boards dealing in commodities domestically, outside of international trade are recorded under property income (dividends, 1412) or profits of fiscal monopolies (code 1143). For further information, refer to paragraph 5.62 of the *GFSM 2001*.

55. Other taxes payable by natural resource enterprises: This item covers revenue from taxes levied predominantly on a base or bases other than those described under the preceding tax headings payable by enterprises engaged in natural resource activities. Also included is revenue from unidentified taxes and interest and penalties collected for late payment or non-payment of taxes but not identifiable by tax category. Pollution taxes levied on natural resource activity would be included here. The amounts recorded under this line item are part of the *GFSM 2001* category Other taxes paid solely by business (1161).

56. Social contributions. Social contributions (12) are actual or imputed receipts either from employers on behalf of their employees or from employers, self-employed, or unemployed persons on their own behalf that secure entitlements to social benefits for the contributors, their dependents, or their survivors. The contributions may be compulsory or voluntary. Social security contributions are compulsory social contributions to social security schemes.

57. Employee contributions from natural resource enterprises: These contributions are payable directly by employees or deducted from employees' wages and salaries and other compensation and transferred by employers on their behalf. The amounts recorded under this line item are part of the *GFSM 2001* category Social security employee contributions (1211).

58. Employer contributions from natural resource enterprises: These contributions are payable directly by employers engaged in natural resource activities on behalf of their employees. The amounts recorded under this line item are part of the *GFSM 2001* category Social security employer contributions (1212).

59. Other revenue. Other revenue (14) includes property income, sales of goods and services, and miscellaneous other types of revenue. For natural resource-based revenues, this will predominantly be property income. Property income earned by governments from natural resource products includes mainly rent and dividends.

60. Dividends. Dividends refer to payments to general government units, in their capacity as shareholders in and/or owners of an enterprise, for example, as a result of placing equity funds at the disposal of the enterprise. Equity funds do not entitle shareholders to a fixed or predetermined income. Dividends are recorded either on the date they go ex-dividend, or if the enterprise is 100 percent owned by government on the date declared payable or, if no prior declaration occurs, on the date the payments are made.

61. General government units may receive dividends from private or public enterprises. Distributions of profits by public enterprises may take place irregularly and may not be explicitly labeled as dividends. Dividends include all distributions of profits by enterprises to their shareholders or owners (except withdrawals of equity). Dividends from natural resource enterprises are likely to take two forms: dividends from public resource enterprises, and dividends from government participation in natural resource enterprises (equity).

62. When payments are received from public enterprises (e.g., oil companies), it can be difficult to decide whether they are dividends or withdrawals of equity. An enterprise may, however, smooth the dividends it pays from one period to the next so that in some periods it pays more in dividends than it earns from its productive activities. Withdrawals of equity may take the form of distribution of proceeds from accumulated retained earnings and reserves for the consumption of fixed capital.

63. A complication may arise when a government requests payment from a public enterprise. In many cases, the government requests the enterprise to pay a dividend that is set by the government. According to the *GFSM 2001*, this is not revenue if the payments are not made from current income. These payments are a financial transaction that should be classified as a withdrawal of equity. According to the *2008 SNA*:

It is important to distinguish between the return of the equity investment by the corporation to its owner and the payment of income in the form of dividends. Only regular distributions from the entrepreneurial income are recorded as property income either as dividends or withdrawals of income from quasi-corporations. Large and irregular payments, based on accumulated reserves or sale of assets are recorded as a withdrawal of equity (*2008 SNA* 22.136).

64. Dividends from government owned natural resource enterprises: These are dividend payments by public enterprises declared by the board of directors or other managers of the enterprise of their own volition that are paid to general government. General government will in most instances have 100 percent equity in the public enterprise. The amounts recorded under this line item are part of the *GFSM 2001* category Dividends (1412).

65. Dividends from government participation in natural resource enterprises (equity):

These are dividend payments, as described above, from natural resource enterprises where the government has an equity position. In some cases, the government may receive dividend payments in kind. These should be valued at the market price for the goods in kind at the time of the transaction. The amounts recorded under this line item are part of the *GFSM 2001* category Dividends (1412). Note that for in-kind transactions to be recorded under this item, the amount should be set by the enterprise of its own volition and not mandated by the government. If the amount of in-kind payment is predetermined or fixed, it should be recorded under the subcategory production entitlements payable by natural resource enterprises under the *GFSM 2001* category Rent (royalties, 1415).

66. Rent. Rent is the property income received from certain leases of subsoil assets and other naturally-occurring assets. The ownership of subsoil assets is dependent on how property rights are defined by law. General government units may grant leases that permit other units to extract deposits over a specified period of time in return for a payment or series of payments. These payments are often described as “royalties,” but they are rents that accrue to owners of the assets in return for putting the assets at the disposal of other units for specified periods of time. The rents may take the form of periodic payments of fixed amounts or, more usually, will be derived according to the quantity, volume, or value of the asset extracted. Enterprises engaged in exploration may make payments to general government units in exchange for the right to undertake test drilling or otherwise investigate the existence and location of subsoil assets. Such payments are also treated as rents even though no extraction may take place. Rents are the sum of royalties, bonuses, production entitlements, and compulsory social infrastructure payments; and, in most cases, rent from natural resources will be equal to the total rent revenues received by government. The amounts recorded under this line item are part of the *GFSM 2001* category Rent (1415).

67. The 2008 SNA recommends that payments by an extractor to the owner of the mineral resources corresponding to a share of the resource rent be shown as property income, even if they are described as taxes and treated as such in the government’s accounts. It also recommends that when the legal owner of a mineral reserve contracts with another unit to undertake extraction, on pragmatic grounds the resource may continue to be shown on the balance sheet of the legal owner, with payments by the extractor to the owner treated as property income (rent).

68. The nonfinancial enterprises exploring and exploiting natural resources may be public enterprises. These enterprises will reflect in their financial statements the flows and stocks associated with their operations. These flows may include flows to and from government units, which would not be consolidated when compiling GFS for the general government sector, but would be subject to consolidation when compiling GFS for the public sector (or nonfinancial public sector). A classification issue may arise concerning payments to government by a public enterprise for the right to explore a natural resource. These payments are treated by government as revenue (rent, 1415), and by the enterprise as an operating expense (rent, 2814). The distribution of profits

(residual between all operating revenues and operating expenses) by the enterprise to government as owner of the enterprise is treated as dividends by both entities (1412 and 2811, respectively).

69. Royalties payable by natural resource enterprises: Royalties are rents earned by the government (as owner of the subsoil asset) based on the production or extraction levels of a commodity. The royalties will usually be derived according to the quantity, volume, or value of the asset extracted. For example, the royalty will be levied as a dollar amount per ton (or equivalent) or as a percentage of the value of the resource extracted. The amounts recorded under this line item are part of the *GFSM 2001* category Rent (1415). If the general government does not own the subsoil assets but similar taxes are levied, then these payments should be recorded under Other taxes on goods and services (1146).

70. Bonuses payable by natural resource enterprises: These are payments to general government units that are related to awards, grants, or transfer of extraction rights. These payments are sometimes called signature, discovery, or production bonuses. In the case of signature payments, these do not have to be linked to either the discovery or extraction of resources. Payments can also be tied to the achievement of certain production levels or targets. Bonus payments can also be for the discovery of additional mineral reserves or deposits. Payments can be in the form of periodic payments or a fixed amount. Bonuses are payments made to the government because it is the owner of the subsoil asset and has given a corporation the right to extract the resource. The amounts recorded under this line item are part of the *GFSM 2001* category Rent (1415).

71. Production entitlements payable by natural resource enterprises: Production entitlements are the volumes of output the general government is entitled to receive as mandated in any agreement or license. These mandated volumes can be paid in cash or in-kind, and can be net of any other royalty payments. For in-kind payments, these should be valued at market price (or cost of extraction). The amounts recorded under this line item are part of the *GFSM 2001* category Rent (1415).

72. If a public enterprise receives production entitlements from private enterprises, the revenue from production entitlements should be attributed to the general government. Production entitlements are generally stipulated in Production Sharing Contracts or Production Sharing Agreements. These contracts can be with either the general government or a government-owned corporation. In either case, the revenue from production entitlements should be attributed to the general government. That is, any production entitlement that is received by a public enterprise should be rerouted to be shown as being received by the general government unit. The rerouting is done to properly record the underlying economic event that it is the government as owner of the resource that is the true recipient of the production entitlements, which it then chooses to transfer to a public enterprise. Otherwise, the market value of the production entitlements would not be reflected in the government accounts, which would only show the revenues eventually transferred by the public enterprise to the government.

73. A complicating factor in production sharing contracts or agreements is where a government has an equity stake in the unit extracting the resource. Part of the contract may stipulate that the government is entitled to a share of the output, equivalent to its equity stake. What is unclear is whether this production amount should be treated as a production entitlement or as a dividend paid in kind. Further investigation and discussion of this issue is required.

74. Compulsory social infrastructure payments payable by natural resource enterprises: These are payments where natural resource enterprises are required to provide social infrastructure as part of their contractual arrangements to exploit the resource. Payments can either be cash or in-kind (completed infrastructure). The value of the payment should in principle be equal to the value of the infrastructure. The amounts recorded under this line item are part of the *GFSM 2001* category Rent (1415).

75. For social infrastructure payments, the timing of the recording of the payment should be as the work on the infrastructure is being performed. If this is not feasible, the recording of the transaction may occur on completion of the infrastructure project, or when ownership is handed to the government. The compulsory nature of the infrastructure payments means that they are not grants, because grants are non-compulsory transfers.

76. Administrative fees for services supplied to natural resource enterprises: This item includes fees for compulsory licenses and other administrative fees that are considered a sale of services by government. Most are applicable to all sectors and industries of an economy. There may be specific licenses that apply only to resource extraction. Typical examples are licenses for specialized equipment operation or licenses linked to qualifications to operate a mine. For these fees to be considered a sale of a service, the general government unit must exercise some regulatory function—for example, checking the competence or qualifications of the person concerned, checking the efficient and safe functioning of equipment in question, or carrying out some other form of control that it would otherwise not be obliged to do. The amounts recorded under this line item are part of the *GFSM 2001* category Administrative fees (1422).

77. Voluntary social infrastructure payments payable by natural resource enterprises: This category includes gifts and voluntary donations from enterprises. These include transfers for the construction or purchase of cultural centers, hospitals, museums, schools, and theatres, and gifts of land, buildings, or intangible assets such as patents and copyrights. Buildings could be extended to include roads, bridges, dams, and other civil infrastructure. If the transfer is in the form of a gift that is a completed structure rather than a voluntary payment for construction work, the value recorded should be at either the cost of producing the structure or a fair market value. The amounts recorded under this line item are part of the *GFSM 2001* category Voluntary transfers other than grants—capital (1442).

DATA COLLECTION STRATEGY

78. The main purpose of this paper is to propose a template to collect data on government revenues from natural resources. National authorities and international agencies may start using the template on a pilot basis to collect data. The IMF Statistics Department encourages these entities to share their practical experience with the use of the template. Only after making any necessary adjustments based on the broader international consultation would the template be considered final and endorsed for broader use. A number of issues need to be addressed prior to using the template.

79. For data collection purposes, the specific enterprises from which information is to be requested have to be identified. This decision would be taken on a country-by-country basis, depending on the natural resource products important to that particular country. In a first stage only enterprises that are significant producers should be selected.¹⁵ In other words, the information to be collected in most cases will not cover the universe of natural resource products or natural resource enterprises. However, for the data collected to be useful, it should cover the majority of revenues received by government from natural resource enterprises in the respective country.

80. Many large enterprises belong to a number of industries, and unless they have separate reporting units it may be difficult to determine which industry they should be classified to. Many mining corporations will be involved in the extraction of a number of products, and in certain cases more than one type of ore may be extracted from the mine.

81. For governments to measure the revenues from natural resource enterprises may require a business register, identifying the reporting unit's main activity, industry of origin, and products. If such information is not available, a mechanism that would enable government to determine the enterprises engaged in natural resource activities would be needed.

82. The EITI country reports collect data from government agencies and from extractive resource enterprises.¹⁶ According to the EITI, country reports are based on information from a small number of entities that report revenues collected on behalf of the government. The EITI has already engaged many country counterparts and these entities provide a natural starting point for data collection using the template. Furthermore, the EITI Secretariat has already used the draft template to convert, for a few countries, the national presentation into a standard format. A pilot study that could be conducted by the EITI Secretariat is a possibility that deserves consideration.

83. Initially data on government revenues from natural resources would be collected for the general government sector, on an annual basis, and preferably for a three to five year

¹⁵ There are countries in which small scale producers as a group may be significant.

¹⁶ The data are collected by an agency that has been engaged by the multi-stakeholder group to prepare the EITI report.

period. The possibility of collecting data for public natural resource corporations could be explored in the future. The scope of the revenues to be collected has to be decided. Initially a focus on a narrow definition of revenues is recommended, i.e., revenues derived directly from natural resource products and enterprises that produce them. A number of technical and conceptual issues may require further consideration for data collection, such as the availability, or not, of the data intended to be collected in the government accounts or the financial statements of public enterprises. Also, confidentiality concerns may arise in cases where the information allows identification of a particular enterprise, or the information comes from a tax authority. This could potentially be significant, as much of the mining sector is dominated by large enterprises.

84. A key issue in the data collection strategy is verification of the accuracy of the data collected on government revenues from natural resources. The main consistency check will come from the total revenue information by category in the respective GFS for each country. In addition, the use of national accounts data, production reports, and balance of payments data could help in the analysis of reported government revenues from natural resources, and verification of their accuracy and intersectoral consistency.

85. Looking forward, beyond the finalization of the template, it is also necessary to determine which government entity would eventually be responsible for compiling the template. One possibility is the respondents to the IMF's annual GFS Questionnaire; another is the respondents to the country reports from the EITI. The IMF's GFS Questionnaire is compiled by an agency that is familiar with fiscal operations (ministry of finance, central bank, or national statistical agency). However, this agency may not be knowledgeable about natural resource products and corporations, as supervision of these entities is likely to reside with another government agency, such as a department or ministry of Mines and Resources or even a public corporation. However, a single agency responsible for collecting and reporting the data within the country would be preferable.

ISSUES FOR PUBLIC COMMENT

86. Before the Template for collecting data on government revenues from natural resources can be broadly used, there are a number of issues that require further discussion.

These issues include:

- How best to define natural resource products and the enterprises that produce them? Is the proposed approach to define natural resource products and natural resource enterprises reasonable and practical? How best to identify the natural resource products subject to secondary processing? Is the proposal to only collect data from select large enterprises reasonable?
- What definition of government revenues from non-renewable natural resources should be used to collect data? Should a narrow or broad definition be used?
- Is the use of the *GFSM 2001* classification of revenues a good approach? Are the subcategories identified comprehensive, i.e., do they cover all possible government revenues from natural resources? Would a more detailed list of subcategories be advisable (including the standard terms used by the industry, such as profit oil, government crude, surface taxes/fees, and price cap excess fee)? Should the description of the subcategories include the specific terms used by the natural resource enterprises and governments to refer to the various revenues?
- What entity should be responsible for collecting and reporting the information? Could it be different entities in different countries?

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Appendix I. GFSM 2001 Classification of Revenue

<p>1 Revenue</p> <p>11 Taxes</p> <p>111 Taxes on income, profits, and capital gains</p> <p>1111 Payable by individuals</p> <p>1112 Payable by corporations and other enterprises</p> <p>1113 Unallocable</p> <p>112 Taxes on payroll and workforce</p> <p>113 Taxes on property</p> <p>1131 Recurrent taxes on immovable property</p> <p>1132 Recurrent taxes on net wealth</p> <p>1133 Estate, inheritance, and gift taxes</p> <p>1134 Taxes on financial and capital transactions</p> <p>1135 Other nonrecurrent taxes on property</p> <p>1136 Other recurrent taxes on property</p> <p>114 Taxes on goods and services</p> <p>1141 General taxes on goods and services</p> <p>11411 Value-added taxes</p> <p>11412 Sales taxes</p> <p>11413 Turnover and other general taxes on goods and services</p> <p>1142 Excises</p> <p>1143 Profits of fiscal monopolies</p> <p>1144 Taxes on specific services</p> <p>1145 Taxes on use of goods and on permission to use goods or perform activities</p> <p>11451 Motor vehicle taxes</p> <p>11452 Other taxes on use of goods and on permission to use goods or perform activities</p> <p>1146 Other taxes on goods and services</p> <p>115 Taxes on international trade and transactions</p> <p>1151 Customs and other import duties</p> <p>1152 Taxes on exports</p> <p>1153 Profits of export or import monopolies</p> <p>1154 Exchange profits</p> <p>1155 Exchange taxes</p> <p>1156 Other taxes on international trade and transactions</p> <p>116 Other taxes</p> <p>1161 Payable solely by business</p> <p>1162 Payable by other than business or unidentifiable</p>	<p>12 Social contributions [GFS]</p> <p>121 Social security contributions</p> <p>1211 Employee contributions</p> <p>1212 Employer contributions</p> <p>1213 Self-employed or nonemployed contributions</p> <p>1214 Unallocable contributions</p> <p>122 Other social contributions</p> <p>1221 Employee contributions</p> <p>1222 Employer contributions</p> <p>1223 Imputed contributions</p> <p>13 Grants</p> <p>131 From foreign governments</p> <p>1311 Current</p> <p>1312 Capital</p> <p>132 From international organizations</p> <p>1321 Current</p> <p>1322 Capital</p> <p>133 From other general government units</p> <p>1331 Current</p> <p>1332 Capital</p> <p>14 Other revenue</p> <p>141 Property income [GFS]</p> <p>1411 Interest [GFS]</p> <p>1412 Dividends</p> <p>1413 Withdrawals from income of quasi-corporations</p> <p>1414 Property income attributed to insurance policyholders</p> <p>1415 Rent</p> <p>142 Sales of goods and services</p> <p>1421 Sales by market establishments</p> <p>1422 Administrative fees</p> <p>1423 Incidental sales by nonmarket establishments</p> <p>1424 Imputed sales of goods and services</p> <p>143 Fines, penalties, and forfeits</p> <p>144 Voluntary transfers other than grants</p> <p>1441 Current</p> <p>1442 Capital</p> <p>145 Miscellaneous and unidentified revenue</p>
<p>Source: <i>Government Finance Statistics Manual 2001 (GFSM 2001)</i></p>	

Appendix II. Report Form for Government Revenues from Natural Resources

Report Form to Collect Data on Government Revenues from Natural Resources

Country Name: _____

Currency: _____

(local currency; or specify if in different denomination)

Level of Government: _____

(e.g., central government, general government, nonfinancial public sector)

Specify natural resources from which revenues are received (✓):

Natural Resource	Yes	No
Copper		
Diamonds		
Natural Gas		
Gold		
Lead		
Oil		
Silver		
Uranium		
Zinc		

Other natural resources (please list): _____

If information is available by each natural resource, please complete a separate template for each. (See Table 3. Template—Government Revenues from Natural Resources).

GFSM Codes	Description	Core	Extension
11	Taxes		
1112	Taxes on income, profits, and capital gains (payable by corporations) <i>Taxes on income payable by natural resource corporations</i> <i>Taxes on profits payable by natural resource corporations</i>	X	X
112	Taxes on payroll and workforce <i>Taxes on payroll and workforce payable by natural resource corporations</i>		X
1141	General taxes on goods and services (value added tax, sales tax, turnover tax) <i>Value added taxes payable by natural resource corporations</i>		X
... etc	<i>Unrequited value added taxes by natural resource corporations</i>		X

Notes:

See instruction sheet for description of each revenue category. Table 3.
If any revenues are received in kind please provide information separately for the corresponding category.
(For example: 1415 Rent received in cash, Rent received in kind).

Entities covered by the information on revenues:

(e.g., oil producing companies, mineral processing companies, etc.)

Appendix III. How to Translate EITI Country Reports into the IMF Template Examples of Azerbaijan, Mongolia, Mozambique, and Peru

EITI produces a summary table of the country reports that covers the type of payments being collected. (<http://eiti.org/countries/reports/compare/download/xls>). The main revenues collected are royalties, profit, and corporate income taxes, dividends, licenses, production entitlements, and bonuses. These types of revenue constitute a good coverage of the revenue data.

EITI country reports can be recast in the Template format. For the countries selected the crosswalk from EITI data to the Template was straightforward. Tables 1–4 below were developed to give countries an indication of how their revenue descriptions align with the IMF Template.

EITI country reports do not follow a single or comparable format. The cross walk shown here make the country-specific EITI Country Report comparable with those of other the countries. The GFS revenue classification is provided for reference. Reported revenues are taken from the published EITI country reports.

However, an area that may require further investigation is the use of tender pricing or price change as a revenue measure. This appears to be related to production entitlements, whereby corporations are required to pay the price differential from an initial budget price. Further information will be required for countries that use this mechanism.

Table 1. Azerbaijan Revenues from Natural Resources

IMF Template		Country description in EITI Report
Total Revenues from Natural Resources		
11 Taxes		
1112	Taxes on income, profits, and capital gains (payable by corporations)	
of which:	<i>Taxes on profits payable by natural resource corporations</i>	Profit tax
1141	General taxes on goods and services (value added tax, sales tax, turnover tax)	
of which:	<i>Value added taxes payable by natural resource corporations</i>	Value Added Tax
11452	Other taxes on use of goods and on permission to use goods or perform services	
of which:	<i>Fees payable by natural resource corporations</i>	Acreage fees; Transit fees
14 Other revenue		
1415	Rent (royalties)	
of which:	<i>Royalties payable by natural resource corporations</i>	Royalty
	<i>Bonus payments payable by natural resource corporations</i>	Bonuses
	<i>Production entitlements payable by natural resource corporations</i>	Payments in kind; Price adjustment
31 Companies responded		
Main government institutions		
State Oil Fund of the Republic of Azerbaijan;		
State Oil Company of the Republic of Azerbaijan;		
Ministry of Taxes of the Republic of Azerbaijan;		
Ministry of Ecology and Natural Resources of Azerbaijan Republic.		
Main Products		
Dominated by Oil and gas		
Gold and silver discussed in report		
Payments in kind were a separate item and have been placed in Production Entitlement.		
There was no further information on Payments in kind, e.g., how it is levied.		
While Revenue from management of fund assets was mentioned no values were reported.		
Price adjustment revenue did not provide further detail. This could be either rent or a profit tax		
The preference is to treat price adjustment as rent similar to royalties or production entitlements. The price adjustment is possibly the difference between a forecast budget price and actual price. Putting it into rent as it is possibly linked to production entitlements, with payments in cash.		
Source: http://eiti.org/countries		

Table 2. Mongolia Revenues from Natural Resources

	IMF Template	Country description in EITI Report
Total Revenues from Natural Resources		
11	Taxes	
	1112 Taxes on income, profits, and capital gains (payable by corporations)	
of which:	<i>Taxes on income payable by natural resource corporations</i>	Corporate Income taxes
	<i>Taxes on profits payable by natural resource corporations</i>	Windfall tax
	1141 General taxes on goods and services (value added tax, sales tax, turnover tax)	
of which:	<i>Value added taxes paid from natural resource activity</i>	Value added tax
	1142 Excises	
of which:	<i>Excise taxes payable by natural resource corporations</i>	Excise tax on vehicle's gasoline and diesel fuel
	11452 Other taxes on use of goods and on permission to use goods or perform services	
of which:	<i>Fees payable by natural resource corporations</i>	Fee and extra fee for exploitation of mineral resources, stamp fees, licence fee for exploitation and exploration of mineral resources, Dividends on local and state property
	1146 Other taxes on goods and services	
of which:	<i>Other product taxes from natural resource activity</i>	Payment of air pollution
	1151 Customs and other import duties (import taxes)	
of which:	<i>Taxes on imports payable by natural resource corporations</i>	Customs office, Customs service fee
	1415 Rent (royalties)	
	<i>Bonus payments payable by natural resource corporations</i>	Bonus after signing contract, Bonus for commencement of production according to production sharing agreement, Bonus for training according to production sharing agreement
	<i>Production entitlements payable by natural resource corporations</i>	Field deposit according to production sharing agreement; Petroleum income according to production sharing agreement

Table 2. Mongolia Revenues from Natural Resources (concluded)

	IMF Template	Country description in EITI Report
	1422 Administrative fees	
		Fees, Admin service charge according to production sharing agreement, Fee for supporting field office according to production sharing agreement; Service fee for foreign experts and workers, Payment for recruiting foreign experts and workers; Payment for deposit, exploration of which was carried out by the Government
	of which: <i>Administrative fees for services supplied to natural resource corporations</i>	
	144 Voluntary transfers (donations, grants, contributions)	
	of which: <i>Voluntary social infrastructure payments payable by natural resource corporations</i>	Monetary and non-cash donations to Government organisations
	200 Companies responded	
	Main government institutions	
	Ministry of Finance	
	Tax Authority	
	Ministry of Environment and Green Development (formerly, of Tourism)	
	Mineral Resources Authority	
	Petroleum Authority	
	Customs Office	
	Labour and Social Welfare Service Agency	
	State Professional Inspection Agency	
	General Authority for Social Insurance	
	Mongolian Nuclear Energy Authority and	
	State Property Committee	
	Main Products	
	Dominated by Oil and gas (12 companies), paying 66% approximately of resource revenue.	
	Mining (no further breakdown) (32 companies).	
	There are a number of items that were not allocated to specific revenue categories of the template, such as real estate tax and penalties, taxes on gasoline and diesel and health insurance payments	
	It is unclear what the Dividends on state and local property are and who pays them, it has been treated as a fee from natural resource activity, as it appears to be similar to a land usage or rates charge.	
	Source: http://eiti.org/countries	

Table 3. Mozambique Revenues from Natural Resources

	IMF Template	Country description in EITI Report
Total Revenues from Natural Resources		
11 Taxes		
	1112 Taxes on income, profits, and capital gains (payable by corporations)	
of which:	<i>Taxes on income payable by natural resource corporations</i>	Corporate Income taxes
	11452 Other taxes on use of goods and on permission to use goods or perform services	
of which:	<i>Fees payable by natural resource corporations</i>	Surface tax; Service fee; Environmental license
14 Other revenue		
	1415 Rent (royalties)	
of which:	<i>Royalties payable by natural resource corporations</i>	Tax on mining production;
	<i>Bonus payments payable by natural resource corporations</i>	Tax on petroleum production
	<i>Compulsory social infrastructure payments payable by natural resource corporations</i>	Signature bonus;
		Production bonus
		Fund for institutional capacity building; Fund for social projects
44 Companies out of 46 responded. They were companies of extractive industries only		
Main government institutions		
	General Directorate of Taxes	
	National Petroleum Institute	
	Ministry of Finance	
Main Products		
	Dominated by oil and gas (12 companies), paying 66% approximately of resource revenue	
	Mining (no further breakdown) (32 companies).	
Service fee is an aggregate of a number of licenses and fees		
Tender price and dividends paid to state were listed as taxes that were applicable to extractive industries, however no values were reported by either the government agencies or companies.		
Personal income tax was the only item reported not allocated to the template.		
Source: http://eiti.org/countries		

Table 4. Peru Revenues from Natural Resources

IMF Template	Country description in EITI Report
Total Revenues from Natural Resources	
11 Taxes	
1112 Taxes on income, profits, and capital gains (payable by corporations)	
of which: <i>Taxes on income payable by natural resource corporations</i>	Income tax
14 Other revenue	
1415 Rent (royalties)	
of which: <i>Royalties payable by natural resource corporations</i>	Petroleum royalty; Gas royalty; Mining royalty
<i>Bonuses payments payable by natural resource corporations</i>	Validity rights
51 Companies	
Main government institutions	
National Superintendency of Tax Administration)	
Ministry of Economy and Finance	
Geological, Mining and Metallurgy Institute	
Ministry of Energy and Mines	
Presidential Office of the Council of Ministers	
Perupetro	
Main Products	
Oil, gas, copper, silver, lead, zinc, gold, tin and molybdenum.	
Validity rights might be construed a Fee, as they have similarities with access rights. The interpretation here is to take them as a form of rent, of which bonuses is the category that appears to be the best fit.	

Source: <http://eiti.org/countries>

Appendix IV. Reporting Requirements by EITI and by the U.S. Securities and Exchange Commission (SEC)

Extractive Industries Transparency Initiative (EITI)

Each country's reporting requirements are determined by a multi-stakeholder group, consisting of government, corporations, and other civil society organizations. Products and industries are not specified, however they should cover, minerals, oil, and gas.

Extractive industry definition:

Extractive industries are those industries involved in finding and removing wasting natural resources located in or near the earth's crust. Wasting natural resources are those resources that cannot be replaced in their original state by human beings.

The major revenues to be collected should cover what EITI define as the Host Country Benefit Streams.

Host Country Benefit Streams

- Host government production entitlements
- State owned company production entitlements
- Royalties
- Profits taxes
- Dividends
- Bonuses (such as signature, discovery and production)
- Licence fees, rental fees, entry fees and other considerations for licences and/or concessions
- Other significant benefits to host countries

Securities and Exchange Commission (SEC)

The SEC, in implementing Section 1504 of the Dodd-Frank Act, requires all resource extraction issuers to file annual reports of payments made to governments. These issuers would be engaged in the commercial development of oil, natural gas, or minerals.

The companies listed on the SEC are required to report payments made to all governments in all countries of the following:

- Taxes;
- Royalties;
- Fees;
- Production entitlements;
- Bonuses;
- Dividends; and
- Payments for infrastructure improvements.

The SEC also specified that for any payments that were made in kind, companies must provide a monetary value indicating how they arrived at the value. The SEC preferred methodology was to use a fair market price, and where this was not available to use extraction costs as an alternative.