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Require certain companies engaged in oil or gas extraction, and other mining activities, to disclose the type and total amount of payments made to any national government, or any company wholly or partly owned by a national government; and for connected purposes.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Reporting of payments

- (1) An REC shall include in its annual audited accounts full disclosure of all those payments for extractive industry activities as defined in section 3(b).
- (2) The required disclosure shall detail the total amount of the payments made to each government and each government agency which shall then be sub-categorised and electronically tagged as follows—
 - (a) the total amounts of the payments, by category;
 - (b) the currency used to make the payments;
 - (c) the financial period in which the payments were made;
 - (d) the business segment of the REC that made the payments;
 - (e) the government that received the payments, and the country in which the government is located;
 - (f) the project of the resource extraction issuer to which the payments relate.
- (3) Where the reporting requirements contained in this Act are not complied with in relation to a company's accounts and reports for a financial year before the end of the period for filing those accounts and reports, the company is liable to a civil penalty as set out under section 453 of the Companies Act 2006.

2 Transparency requirements

- (1) Each REC must provide the name of each country in which it, its subsidiaries and its associates operate.

- (2) Each REC must provide the names of all its companies and subsidiaries trading in each country in which it operates.
- (3) Each REC must disclose, in relation to every country in which it operates, financial information which includes –
 - (a) sales, both third party and intra-group transactions; 5
 - (b) purchases, split between third parties and intra-group transactions;
 - (c) labour costs and employee numbers;
 - (d) financing costs split between those paid to third parties and intra-group;
 - (e) pre-tax profits; 10
 - (f) the tax charge included in its accounts for the country in question split as noted in more detail below –
 - (i) the tax charge for the year split between current and deferred tax;
 - (ii) the actual tax payments made to the government of the country in the period; 15
 - (iii) the liabilities (and assets, if relevant) owing for tax and equivalent charges at the beginning and end of each accounting period;
 - (iv) deferred taxation liabilities for the country at the start and close of each accounting period; 20
 - (g) details of the cost and net book value of its physical fixed assets located in each country including the cost of all investments (including those relating to exploration) made in assets related to extractive industries activity by location and the proceeds of sale from disposals of such assets by location; 25
 - (h) details of gross and net assets in total for each country in which the entity operates;
 - (i) estimated reserves data, by physical volume and estimated current market value realisation at the beginning and end of each year together with a reconciliation of these sums showing –
 - (i) opening balance;
 - (ii) additions discovered during the year;
 - (iii) estimated write downs during year;
 - (iv) volume extracted during year for sale; 30
 - (v) closing balance. 35

3 Interpretation

In this Act –

- (a) a “resource extraction company” (REC) is a company either incorporated in the United Kingdom or listed on a stock exchange recognised in the United Kingdom which either itself engages in the commercial development of oil, natural gas, or minerals, including exploration, extraction, processing, export, and other significant actions relating to oil, natural gas, or minerals, or the acquisition of a licence for any such activity; or which has a subsidiary or associated entity as defined by the Companies Act 2006 that does so; 40
- (b) payments include settlement of liabilities due whether in cash or in kind with regard to taxes (excluding those due where the company acts as collection agent on behalf of staff employed), royalties, fees 45

(including licence fees), production entitlements, bonuses, and other material benefits, consistent with the guidelines of the Extractive Industries Transparency Initiative;

- (c) a country in which the REC operates includes any country in which it has a subsidiary company or a permanent establishment as defined by the Organisation for Economic Cooperation and Development for taxation purposes.

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4 Short title, commencement and extent

- (1) This Act may be cited as the Resource Extraction (Transparency and Reporting) Act 2012.
- (2) This Act shall come into force two months after the day on which it is passed.
- (3) Except as otherwise provided (or the context otherwise requires), the provisions of this Act extend to the whole of the United Kingdom.

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Resource Extraction (Transparency and Reporting) Bill

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to be Printed, 1 March 2011.*

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