

March 2021

UK Extractive Industries Transparency Initiative (UK EITI) – Guidance for Mining and Quarrying Companies

1. Introduction

The purpose of this guidance is to help mining and quarrying companies complete templates for the UK's EITI report covering relevant material payments made to, and repayments received from, UK government agencies in calendar year 2020.

Each year the UK EITI multi-stakeholder group (MSG) has assessed if and how best the EITI reporting process can be improved to ensure that its reports are well targeted and to minimise the administrative burden for in-scope companies. Consistent with the 2019 [EITI Standard](#) and the approach taken in previous years, information on the vast majority of the payments made to Government agencies above a materiality threshold will be collected from both Industry and Government agencies. Reported payments and repayments will then be reconciled by the UK EITI's Independent Administrator (IA), BDO UK. It is anticipated that returns will be received by 30 April 2021 with the reconciliation work being performed and finalised by the end of May 2021.

The MSG is very aware that some companies may have difficulty in providing returns in a timely manner under current circumstances and wants to be as flexible as necessary. Any companies which think they will not be able to meet the end of April deadline are therefore encouraged to contact the IA, BDO UK (ukeiti@bdo-ifi.com), as soon as possible to discuss a possible extension to the standard timetable.

2. Background

The Extractive Industries Transparency Initiative (EITI) is a global standard ensuring transparency of payments from natural resources. It is a voluntary initiative, implemented by countries whose governments sign up to do so. The initiative requires:

- Companies to publish the payments they make to Government for their oil, gas and mining activities;
- Government to disclose the payments they receive from oil, gas and mining companies for their extractive activities;

- These figures to be reconciled by an independent administrator and then published in a report.

In May 2013, the Prime Minister committed the UK to implement the EITI. This commitment was intended to help the public hold decision makers to account and to create a more open and transparent global economy which is good for business.

The UK EITI objectives are set out on the [UK EITI website](#).

3. Which mining and quarrying companies will be issued with a reporting template?

Each company (or group, if there is more than one company in a group) which made or received payments in 2020 above the materiality threshold (£86,000, unchanged from previous years) in respect of a revenue stream to any or all of HMRC, The Crown Estate (TCE) or Crown Estate Scotland (CES) will receive a reporting template. All companies/groups receiving templates on this basis are also asked to report any material corporation tax payments their company/group made in 2020 to HMRC. In addition, based on past experience and industry knowledge, some other mining and quarrying companies/groups will be sent templates to ensure coverage of all material taxpayers in the sector.

Company contacts established (or updated since) last year will be the direct recipient of email correspondence from the IA including the reporting template and, where necessary, a waiver of confidentiality form. One person for each company/group will be asked to act as a single contact point to respond to any reconciliation queries for that company/group raised by the IA.

4. When will companies receive the data request and what is the reporting deadline?

As in previous years, the data collection process will use an Excel reporting template (available [here](#)). Companies will have until 30 April 2021 to complete and return the template to BDO UK. If templates are returned on time, reconciliation queries are expected to conclude by the end of May 2021.

BDO UK have set up a generic inbox (ukeiti@bdo-ifi.com) from which companies will receive reporting templates and other communications.

5. How is taxpayer confidentiality managed?

In previous years, we have used a waiver of confidentiality that companies/groups were asked to sign to enable HMRC (and TCE and CES) to provide certain payment information to the IA that would otherwise be considered taxpayer confidential. These waivers remain valid unless they are revoked by the respective company/group. For the great majority of companies/groups within scope for this year's EITI templates, new waivers will not be required. Depending on the version of waiver that was last used, a new waiver might be needed if there has been a change to the companies comprising the group (for example, if a new company has been added to the group or where the name of a company in a group has been changed). The current version of the waiver copes with such changes by avoiding listing relevant affiliates.

The few companies/groups which do not yet have a confidentiality waiver in place will be asked to sign one. This waiver will accompany the reporting template issued by BDO UK. As in previous years, a single waiver should be prepared covering all members of a group. Signatories will need to ensure that they are duly authorised to perform this task on behalf of all the relevant legal entities in the group.

Completed waivers should be returned to BDO UK as soon as possible and no later than the deadline for the completion of the reporting template.

[Waiver forms](#) can also be downloaded.

6. What payment information should be reported?

For in-scope mining and quarrying companies, the payment/repayment streams to be reported and included in/alongside the published UK EITI Report are:

- Corporation Tax (CT);
- Payments to The Crown Estate (TCE) or Crown Estate Scotland (CES) related to UK extractive activities; and
- Payments in England and Wales under section 106 of the Town and Country Planning Act 1990 and similar payments elsewhere in the UK under equivalent legislation [section 75 of the Town and Country Planning (Scotland) Act 1997 in Scotland and section 76 of the 2011 Planning Act in Northern Ireland]; these are termed “section 106 (or similar)” payments below.

In each case, the payments need to be reported only if the total for that revenue stream exceeds £86,000.

Any other payments to national or local government or public agencies, such as aggregates levy and non-domestic rates, are **not** in scope for EITI purposes.

7. Complying with the EITI requirements

A) Reporting template

The [reporting template](#) can be downloaded.

B) Step by Step Guide

Operating instructions have been prepared to help mining and quarrying companies with the completion of the reporting template. The guide covers:

- Payment streams;
- Group Reporting;
- Interest;
- Disclosure Threshold; and
- Guidance on the completion of each part of the template.

The guide can be found at Annex 1 below.

C) Corporation Tax (CT)

CT is levied on the whole amount of a company's profit and not separately on its extractive and other activities. Companies are not required to apportion the CT that they have paid in a reporting period between their extractive and other activities. The full amount should be reported, even in situations where the extractive activities represent a relatively small proportion of the entity's overall business.

Some companies enter into a Group Payment Arrangement (GPA) with HMRC under which a consolidated payment of CT is made relating to the payment liabilities of a number of group companies. In some cases, the GPA will cover the tax liabilities of companies that do not undertake any extractive activities.

It is recognised that it is generally not possible for companies to determine with sufficient accuracy the proportion of a consolidated CT payment that relates to the extractive activity.

Where a separate payment is made relating to the activities of the company that conducts the UK extractive activities (either within or outside of a GPA) that amount should be

reported. Where that is not possible, the company should report the full amount paid under the GPA. Companies are not expected to apportion their payments artificially for the purposes of reporting under UK EITI.

D) Payments to The Crown Estate (TCE) or Crown Estate Scotland (CES)

All extraction-related payments to TCE or CES should be reported. Please do not report payments in respect of land and facilities rent. Payments collected by agents acting on behalf of TCE or CES should be reported as well.

E) Section 106 Payments (in England and Wales), section 75 of the Town and Country Planning (Scotland) Act 1997 (in Scotland) and section 76 of the 2011 Planning Act (in Northern Ireland)

Payments to local government (generally associated with the award of a planning permission) to provide external benefits, including to local communities. This could include, as an example, payments to improve the local road network or community facilities. Non-domestic rates should not be included.

F) Interest and penalties

Any payments or receipts of interest or penalty payments should be included as an element of the payment or repayment with which they are associated. For example, interest payable or repayable that relates to Corporation Tax (CT) should be added to the associated CT payment or repayment and a single figure reported showing the total.

Payments and repayments of interest and penalties are therefore **not** required to be disclosed separately. This approach is likely to be different from that taken by many companies in their reports under [The Reports on Payments to Governments Regulations 2014](#), since those Regulations do not require the reporting of interest or penalties.

The appropriate treatment of interest and penalties for EITI reporting purposes is summarised in the Step by Step Guide at Annex 1.

G) Materiality threshold

The £86,000 materiality threshold is applied at the company/group level for each payment stream (as listed in [section 6](#) above). Thus, for UK EITI purposes, Corporation Tax, payments to The Crown Estate, payments to Crown Estate Scotland and section 106 (or similar) payments should be reported only if the total of company/group payments for that payment stream exceeds £86,000.

This approach is likely to be different from that taken by many companies in their reports under [The Reports on Payments to Governments Regulations 2014](#). The approach to the materiality threshold is summarised in the Step by Step Guide at Annex 1.

8. What information needs to be provided on the beneficial ownership of companies and politically exposed persons (PEPs)?

Beneficial Ownership

The requirements around beneficial ownership are focused on private, unlisted entities. The approach to beneficial ownership is aligned with the related provisions of the [Small Business, Enterprise and Employment Act 2015](#).

Since listed companies are already required to publish information on beneficial ownership, companies that are listed or are members of a group the parent of which is listed will be asked only to confirm that listed status.

Broadly speaking, private companies will be asked to provide information on any individuals that have a material influence on the company through a direct shareholding, through one or more intermediary entities (e.g. companies, partnerships, trusts) or by other means. Information will also be requested for such individuals with political influence.

Since 30 June 2016, companies are required to submit information to Companies House on people with significant control (PSC) with their confirmation statements. The threshold for beneficial ownership under the UK EITI shadows these requirements. Therefore, companies that have filed this information at Companies House can choose to confirm that they have filed this information and provide a link to the relevant webpage at Companies House.

Politically Exposed Persons

Declarations are also required from private, unlisted entities in respect of politically exposed persons (PEPs) who directly or indirectly ultimately own or control more than five per cent of any company/group that is reporting material payments to the UK Government under the UK EITI.

All private, unlisted entities reporting under UK EITI should complete the PEP declaration **in addition to** the beneficial ownership declaration.

9. What happens after the reporting templates are returned to the independent administrator?

The IA, BDO UK, will analyse the disclosures made by companies and the reports that they receive from government bodies. There may be instances where differences are identified between the payments disclosed by some companies and the receipts reported by the relevant government body. BDO UK will work with the relevant companies and government bodies to review the unreconciled payments with a view to resolving those differences.

10. What information will be included in the UK EITI Report?

The 2020 report will show for each of the in-scope payment streams the amounts paid in calendar year 2020 by each in-scope reporting company that has participated in the reconciliation process. Information will also be included relating to beneficial owners and politically exposed persons. An important part of the report will, like last year, be contextual information on the oil and gas, mining and quarrying sectors. That information will put the payment information into the context of the economic and social benefit of the extractive industries to the UK.

11. Contacts

BDO UK (Independent Administrator)

Please address queries to the IA's generic e-mail address: ukeiti@bdo-ifi.com

Government

For more information on EITI, please contact Mike Nash at [BEIS](https://www.beis.gov.uk) (tel. 020 7215 1685; e-mail michael.nash@beis.gov.uk)

Industry

Contact Dr Patrick Foster by phone on 01326 371828 or by e-mail at P.J.Foster@exeter.ac.uk if you have any general questions regarding the scope of EITI for mining companies

Contact Aurelie Delannoy by phone on 020 7963 8025 or by e-mail at aurelie.delannoy@mineralproducts.org if you have any general questions regarding the scope of EITI for quarrying companies

Step by Step Guide for completion of the template for payments made by mining and quarrying companies/groups in calendar year 2020

This guide is designed to help mining and quarrying companies complete the mining and quarrying reporting template. All payment disclosures are to be made in £ sterling, to the nearest whole pound. This may contrast with the reporting currency used under [The Reports on Payments to Governments Regulations 2014](#) where other currencies are permitted.

Group Reporting

For companies that are part of a group, one template should be completed for all companies that are subsidiaries of a common ultimate parent company. If, for any reason, a group decides to send separate templates to the IA for some/each of the companies in the group, it should explain its reasons. Separate reporting would have no impact on the application of the disclosure threshold, which should continue to be applied at the group level.

Interest

See [section 7](#), 'Complying with the EITI requirements', regarding the treatment of 'Interest and penalties' ([section 7F](#)).

Disclosure Threshold

In general, the requirements of the UK EITI process have been aligned with [The Reports on Payments to Governments Regulations 2014](#), especially the materiality threshold chosen for each payment stream. As in previous years, the materiality threshold for payments/repayments in 2020 is therefore £86,000. For the purposes of UK EITI, this threshold should be applied separately to each payment stream at group level.

Therefore, if a company or group as a whole paid a net total of more than £86,000, or received a total net repayment of more than £86,000, in relation to any individual payment stream, it should include the net total of all payments/repayments for that payment stream made/received in 2020. The in-scope payment streams are listed in [section 6](#), 'What payment information should be reported?', above.

The following examples illustrate how the threshold should be applied in practice:

1. Two companies (henceforth known as A and B) that are subsidiaries of the same parent company make payments of CT in 2020. Company A pays £40,000 and Company B pays £50,000. Both payments should be included on the template because, at £90,000, the total payment of CT is greater than £86,000.
2. Two companies that are subsidiaries of the same parent make payments of CT, with a third company, Company C, receiving a repayment. Company A pays £100,000, Company B pays £60,000 and Company C receives a repayment of £50,000. Both payments and the repayment should be included on the template because, at £110,000, the net payment of CT is greater than £86,000.
3. Two companies that are subsidiaries of the same parent make payments of CT, with a third company receiving a repayment. Company A pays £40,000, Company B pays £40,000 and Company C receives a repayment of £100,000. No payments need to be included on the template because, at £20,000, the net repayment of CT is less than £86,000.

Template 1 - Summary

This template produces a summary of the detailed payments information contained in the supporting worksheets. Companies should check that the information on the amounts paid to, or repaid by, the UK government in respect of certain payment types in the year ended 31 December 2020 is consistent with the entries in the supporting worksheets. Green cells are read-only and determined by formulae.

Reporting group: Enter the name and Companies House number of the company that conducts the operations that give rise to the payments included in the report e.g. either GPA header company or main holding company.

Where there are multiple companies within the group, include the highest company in the group.

Contact Details - Name of contact person, Telephone number and E-mail address: Enter the particulars for the individual who should be contacted if the Independent Administrator has any questions

Signature: Enter the name of the senior company official who has been appointed as the authorised person for this purpose

Columns

Payments (£): Sums all payments of the relevant type made during the reporting period

Repayments (£): Sums all repayments of the relevant type made during the reporting period

Net Payment (£): Net sum representing the sum of all payments and repayments of the relevant type made during the reporting period

Rows

1. *Corporation Tax:* Sums the amounts shown for payments and repayments

2. *Payments to The Crown Estate:* Sums payments and repayments across all legal entities included in the Crown Estate template

3. *Payments to Crown Estate Scotland:* Sums payments and repayments across all legal entities included in Crown Estate Scotland template

4. *Payments under section 106 (and similar):* Sums payments and repayments across all legal entities included in the section 106 payments template

Sum of Reported Payments: Sums payments and repayments shown in 1 to 4 above

Template 2 - Corporation Tax (CT)

Reporting Entity (Name): Enter the name of the legal entity or the GPA that made the payment or received the repayment. More than one entry might be required

UTR: Enter the Unique Taxpayer Reference for the entity or the GPA that made the payment or received the repayment

CT (£)

Payment: Enter the total amount of all payments made by the reporting entity in the reporting period in sterling, rounded to the nearest pound.

Repayment: Enter the total amount of all repayments made by the reporting entity in the reporting period in sterling, rounded to the nearest pound.

RDEC: If the amount of tax reported as paid was reduced by setting off Research and Development Expenditure Credit (RDEC), enter the amount of the adjustment.

Template 3 - The Crown Estate (TCE)

Reporting Entity (Name): Enter the name of the legal entity that made a payment to TCE or an agent acting on its behalf by companies that are engaged in UK extractive activities

Licence Number or other reference: Enter the relevant reference, if appropriate

Payment (£): Enter the amount paid in sterling, rounded to the nearest pound

If, exceptionally, a refund is received during the year, the amount should be shown as a positive amount

Template 4 - Crown Estate Scotland (CES)

Reporting Entity (Name): Enter the name of the legal entity that made a payment to CES or an agent acting on its behalf by companies that are engaged in UK extractive activities

Licence Number or other reference: Enter the relevant reference, if appropriate

Payment (£): Enter the amount paid in sterling, rounded to the nearest pound

If, exceptionally, a refund is received during the year, the amount should be shown as a positive amount

Template 5 - Section 106 Payments and equivalent payments in Scotland and Northern Ireland

Reporting Entity (Name): Enter the name of any entity that paid (or received a repayment of) section 106 (or similar) payments in 2020

Local Authority: Enter the name of the local authority with responsibility for the location to which the payment or repayment relates

Unique Reference: Enter the reference number relating to the section 106 (or similar) payment.

Payment (£): Enter the amount paid in sterling, rounded to the nearest pound.

Repayment (£): Enter the total amount of any repayments in sterling, rounded to the nearest pound.

Template 6 - Beneficial Ownership

Company identification

Full legal name of the company: Enter full legal name

Unique identification number: Enter company registration number

Parent company(ies): Enter full legal name(s)

Contact address: Enter the company's registered address

Preliminary questions to assist companies to identify whether the BO template should be completed:

1. Is the company a publicly listed company, or a wholly owned subsidiary of a publicly listed company?
 - Yes – please provide the parent company name and a link to the stock exchange web page. There is no need to complete the remainder of the form.
 - No – please go to the following question
2. Is the company reporting payments to the UK Government under the UK EITI?
 - Yes – please go to the following question
 - No – there is no need to complete the remainder of the form
3. Has the company filed information to Companies House on people with significant control (PSC) as part of its confirmation statement
 - Yes – please provide a link to the confirmation statement and go the section ‘

Additional identification for Politically Exposed Persons (PEP)' below

URL to PSC information in confirmation statement:

- No – please complete the remainder of the form (Beneficial ownership and PEP identification)

Declaration prepared by: Name, Position, Email address, Telephone number

Beneficial ownership identification

Identity of the beneficial owner:

Name: Enter full name

Month and year of birth: Enter mm/yyyy

Nationality: Enter nationality

Country of residence: Enter country name

Date when beneficial interest was acquired: Enter dd/mm/yyyy

Service address: Residential addresses are not required. Enter a contact address

Method of control: Enter either 1,2,3,4 or 5 from the list shown below

Possible methods of control:

1. The individual holds, directly or indirectly, more than 25% of the shares in the company. The 25% threshold is calculated with reference to the nominal value of the shares in the case of a company with share capital. If the company does not have a share capital, the condition is met by an individual holding a right to share in more than 25% of the entity's capital or profits
2. The individual holds, directly or indirectly, more than 25% of the voting rights in the company. Voting rights held by the company itself are disregarded for this purpose.
3. The individual holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company
4. The individual has the right to exercise, or actually exercises, significant influence or control over the company. The Secretary of State for Business, Energy and Industrial Strategy is required to issue guidance on the meaning of 'significant influence or control' and regard must be had to that guidance in interpreting this condition.
5. The trustees of a trust or the members of a firm that is not a legal person exercise control over the company through one or more of 1. to 4. in their capacity as such or would do if they were individuals, and the individual has the right to exercise, or actually exercises, significant control or influence over the activities of that trust or firm.

Additional identification for Politically Exposed Persons (PEP)

Identity of the PEP:

Name: Enter full name

Month and year of birth: Enter mm/yyyy

Nationality: Enter nationality

Country of residence: Enter country name

Date when interest was acquired: Enter dd/mm/yyyy

Service address: Residential addresses are not required. Enter a contact address

Political Connection

Name of public office holder: Enter name

Public office position and role: Enter details

Date when office was assumed: Enter dd/mm/yyyy

Date when office was left, if applicable: Enter dd/mm/yyyy

If the PEP beneficial owner is not the public office holder, PEP beneficial owner's connection with the public office holder: Enter details

Beneficial ownership attestation

The company should select one of the following forms of attestation as appropriate.

1. Full Attestation

"I, undersigned, for and on behalf of [company], confirm that all information provided in the above beneficial ownership declaration is, to the best of my knowledge, accurate and reliable."

Attestation prepared by: Name, Position, Signature

2. Qualified Attestation

"I, undersigned, for and on behalf of [company], confirm that all information provided in the above beneficial ownership declaration is, to the best of my knowledge, accurate and reliable, subject to the following qualifications:

- Information was not received from one or more beneficial owners; and/or
- One of more beneficial owners did not give satisfactory consent for the disclosure of information; and/or
- Other – please specify.”

Attestation prepared by: Name, Position, Signature