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**Committee of Experts on International  
Cooperation in Tax Matters  
Thirty-first session**

Geneva, 21-24 October 2025

Item 5(e) of the provisional agenda

**Other areas for Committee consideration and guidance as part of its work program**

**Secretariat Note on Extractive Industries Taxation**

***Summary***

This note is provided to the Committee for information and discussion at its Thirty-first Session.

The Committee has produced comprehensive guidance on extractive industries taxation through the 2017 Handbook, 2021 second edition, and 2025 Supplement. This body of guidance has strengthened developing countries' ability to mobilize revenue from extractives and adapt fiscal regimes to emerging challenges and sustainable development goals.

A gap remains for practical guidance on valuing critical minerals, where the dynamics of energy transition create distinctive challenges including rapid price volatility, limited comparable data for specialized battery-grade materials, and evolving market/marketing chains.

This paper presents a potential output—supplementary guidance on critical minerals valuation—and a standing activity to monitor developments in energy transition taxation and identify any emerging gaps.

Three options are presented: (A) monitoring only; (B) guidance and monitoring; or (C) no action/ no establishment of a workstream on extractives industries taxation.

Questions for Committee:

- i.) Should the Committee establish this workstream?
- ii.) Which option does it prefer?
- iii.) Should a Subcommittee be established, and what guidance on its composition should be provided?

## **I. Brief description**

1. The extractive industries remain fiscally critical for many developing countries. During the last decade (2014–2024) many countries regularly derived 25% or more of government revenue from oil, gas, and/or mining. In Africa, countries such as South Sudan, Libya, Equatorial Guinea, Congo, Gabon, Angola, Nigeria, and Algeria frequently exceeded 50% of government revenue from that sector. In Latin American and Caribbean, Trinidad and Tobago, Suriname, Guyana and Ecuador often collect more than 25%. In Asia–Pacific, Iraq, Kuwait, Oman, Bahrain, Brunei Darussalam, Timor-Leste, Kazakhstan, Azerbaijan, and Mongolia show sustained high dependence.
2. Well-designed extractives fiscal regimes are essential for effective taxation of the extractive sector to help translate finite natural wealth into long-term human and economic development. By balancing investor confidence with robust revenue collection, sound fiscal frameworks enable resource-rich countries to advance their national development priorities and accelerate progress toward the Sustainable Development Goals (SDGs).
3. The UN Tax Committee has produced comprehensive guidance on extractive industries taxation through the 2017 United Nations Handbook on Selected Issues in Taxation of the Extractive Industries by Developing Countries, a second edition in 2021, and the 2025 Supplement covering mineral products valuation, tax incentives and the global minimum tax, and energy transition.
4. This note proposes supplementary guidance on valuation of critical minerals, an area where the dynamics of energy transition create distinctive challenges, and a monitoring function to track developments in energy transition and identify any emerging gaps.

## **II. Source of the proposal/ demand from developing countries**

5. At its Thirtieth Session (March 2025), the previous Committee membership recommended that the incoming membership consider further work on energy transition, alternative energy generation, and taxation of critical minerals. Feedback from capacity building activities in various countries, particularly in Africa, called for more guidance in the area of tax base protection, transfer pricing, and value addition in the extractives sector.
6. The energy transition is reshaping global demand for critical raw materials such as lithium, cobalt, and copper, which are essential for renewable energy technologies, digitalization, and electric vehicles. These minerals present unique valuation challenges not fully addressed in existing guidance, including rapid price volatility, limited comparable sales data for specialized battery-grade materials, and complex processing chains.
7. Given the Committee's substantial existing guidance in extractives taxation and ongoing developments in multiple fora including the intergovernmental process toward a UN Framework Convention on International Tax Cooperation, a monitoring function would allow the Committee to track developments and identify emerging priorities without committing to extensive new work where comprehensive guidance already exists.

### III. Prior UNTC work and gaps

8. The Committee published the United Nations Handbook on Selected Issues in Taxation of the Extractive Industries by Developing Countries in 2017, covering indirect transfer of assets, decommissioning, fiscal regime design, contract negotiation, tax treaties, permanent establishment, transfer pricing, and value added tax as they relate to extractive industries.

9. A second edition in 2021<sup>1</sup> added chapters on production sharing contracts, taxation of subcontractors and service providers, tax incentives, financial transactions, and auditing issues.

10. The 2025 Supplement addressed mineral products valuation, tax incentives and the global minimum tax, and provided initial guidance on energy transition taxation. This comprehensive body of guidance has strengthened developing countries' ability to mobilize domestic revenue from extractives by providing practical tools to curb mispricing, safeguard tax bases in the face of new international rules, and adapt fiscal regimes to the challenges of energy transition.

11. A gap remains for more detailed practical guidance on valuing critical minerals given their distinctive characteristics driven by demand for energy transition. The existing valuation guidance addresses traditional mineral exports but does not fully address the specialized challenges posed by battery-grade materials, rapid price changes linked to renewable energy deployment, and evolving market chains for these strategic materials.

### IV. Proposed UNTC output

12. This section presents a potential output and a standing activity for Committee consideration:

#### **Output:** Supplementary Guidance on Valuation of Critical Minerals

The Committee could develop supplementary guidance on valuing critical minerals (lithium, cobalt, copper, rare earths, and other minerals essential for renewable energy technologies and digitalization) to complement the existing Handbook valuation chapters. This guidance would address unique valuation challenges, including rapid price volatility driven by energy transition demand, limited comparable sales data for specialized battery-grade materials, complex processing and refining chains affecting appropriate taxing points, and related-party transactions through specialized marketing hubs.

Timeline: 3 years. Completion by Thirty-seventh Session (October 2027).

Audience: Developing country tax administrations in mineral-producing countries; policymakers designing mining fiscal regimes; audit staff assessing royalty and income tax bases; and capacity-building trainers. The guidance would also benefit developed country tax administrations and the private sector by promoting consistency in the practice of critical minerals valuation.

#### **Standing Activity:** Monitoring Developments in Energy Transition Taxation

The Committee could establish a monitoring function to track developments in energy transition taxation in the extractives sector across various fora, as well as feedback from country experiences in implementation of existing guidance. This would allow the Committee to identify whether emerging issues or country experiences reveal new gaps where practical Committee guidance for developing countries would be warranted.

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<sup>1</sup> [2021 Edition](#)

## Subcommittee

13. Both the guidance output and the monitoring function would require a Subcommittee. The Subcommittee would benefit from members with practical experience in extractives taxation and valuation in developing country contexts. Close collaboration with subject matter experts from international and regional organizations, governments, and other stakeholders would help ensure this work remains relevant and practical.

## V. Relationship to other work

14. The proposed workstream would particularly support SDG 17 (Global Partnerships for the Goals, and target 17.1 on strengthening developing countries' capacity for revenue mobilization). The proposed output on critical minerals valuation and standing activity of monitoring in energy transition taxation would advance progress toward SDG 7 (Affordable & Clean Energy), SDG 13 (Climate Action), and SDG 9 (Industry, Innovation & Infrastructure). By helping developing countries capture revenue from critical minerals essential to global decarbonization efforts, the work supports both climate goals and the financing of sustainable development.

15. This workstream connects with the Committee's ongoing work on transfer pricing, as mineral valuation involve oftentimes dealings between related parties and situated in different jurisdictions.[....]. The proposed guidance would draw upon and complement the Committee's substantial body of extractives industry taxation guidance and transfer pricing guidance, including the UN Practical Manual on Transfer Pricing. The work also connects with the Committee's body of existing guidance on environmental taxation.<sup>23</sup>

## VI. Committee decision factors

16. This workstream aligns with the Committee's mandate to provide practical guidance with particular attention to developing country needs. Critical minerals present an emerging gap given the dynamics of energy transition s and distinctive valuation challenges not fully addressed in existing guidance on extractives taxation.

17. The previous Committee membership recommended this work at the Thirtieth Session. The Committee has established expertise through its substantial body of extractives taxation and transfer pricing guidance, as well as related work on environmental taxation, positioning it well to address this specific gap.

18. The proposed monitoring function allows the Committee to track developments in energy transition taxation and identify emerging gaps without committing extensive resources where comprehensive guidance already exists. This delivers immediate practical value through targeted supplementary guidance while maintaining strategic awareness of an evolving area of high importance.

19. The scope is manageable within the membership term. The proposal focuses on supplementary guidance to fill a specific gap rather than comprehensive new work, with monitoring requiring modest ongoing engagement through standard Subcommittee reporting.

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<sup>2</sup> [UN Handbook on Carbon Taxation for Developing Countries \(2021\)](#)

<sup>3</sup> The Role of Carbon Taxes and other Measure to Support Energy [Transition](#)

## **VII. Summary of options for Committee consideration**

20. The Committee is asked to decide whether to undertake work on extractive industries taxation and, if so, the scope. Three options are presented:

### **Option A:** Monitoring of energy transition taxation only

Monitor developments in energy transition taxation in the extractives sector across various fora, as well as feedback from capacity development activities. Report to the Committee at each session on key developments and any recommendations for Committee action.

### **Option B:** Guidance on valuation of critical minerals and monitoring of energy transition taxation

Develop supplementary guidance on valuation of critical minerals as described in Section IV. In addition, monitor developments and report as described in Option A.

**Option C:** No action. The Committee would not establish a workstream in extractives industries taxation.

21. If the Committee adopts Option A or B, it would need to establish a Subcommittee to undertake the work. The Committee is asked to provide guidance on the Subcommittee's composition.