

PRESS RELEASE

Asian tax justice alliance calls for closer scrutiny of extractives, immediate scrapping of tax perks urged

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Makati City, Philippines – Scoring mining companies for “tax dodging and plundering”, members of the Tax and Fiscal Justice Asia (TAFJA) picketed the offices of Oceana Gold Philippines Inc. (OGPI) to protest the loss of potential funds for public services due to tax incentives for mining investments, in addition to the environmental destruction and human rights violations already linked to its mining operations in Nueva Vizcaya.

The action marked the alliance’s support for the Global Day of Action on Tax Justice in the Extractives Industry, an initiative launched today by the Global Alliance for Tax Justice (GATJ). “The billion-dollar extractive industry is notorious for its abuses. Tax dodging is one of them, alongside human rights and environmental violations,” GATJ stated in its Call to Action. “This results in loss of billions of much needed tax revenue in developing countries.”

The coordinated worldwide action is also being observed by regional members of GATJ in Europe, North America, Africa, Asia and Latin America. Dereje Alemayehu, Executive Coordinator, emphasized that the “the injustices perpetrated by multinational corporations in extractives are inter-linked”. The Global Day of Action thus “serves as an initial contribution to long-standing environmental and human rights struggles” by also showing the extractive sector’s “equally destructive role in terms of robbing developing countries of financial resources that are needed to finance sustainable development and adequate public service provision.”

TAFJA representatives said that “tax dodging includes tax avoidance, which is facilitated by liberal fiscal regimes, such as those offered by the Philippines and other developing countries to multinational corporations in the extractives sector.” They cited revenue-eroding perks in the Financial and Technical Assistance Agreement of OGPI and other large-scale miners. Fiscal incentives led to P2.25 billion forgone revenues in 2014 alone and almost P75 million from 2015-2016, according to research by Bantay Kita (Publish What You Pay Philippines).

OGPI, whose license expired in June 2019, eventually suspended operations in October in the face of strong opposition by affected communities, the religious sector and the local government. But as pointed out earlier by Alyansa Tigil Mina, the suspension is only temporary until the company’s application for renewal of its FTAA is rejected with finality. Meanwhile, the Environment and Natural Resources Department recommended lifting the suspended environmental clearance of another FTAA-tenured mine -- the Tampakan Gold-Copper project of Sagittarius Mines Inc. Opposition to the mine surged anew after the recent earthquake.

Semirara Mining and Power Corporation, the single largest coal producer and user of coal in the Philippines, also drew attention for revenue losses associated with tax incentives. Ian Rivera, national coordinator of the Philippine Movement for Climate Justice, said that the revenue-sharing agreement is actually an “inequitable sharing agreement” because the company can deduct up to 90% from gross proceeds as expenses. “This is like being cooked in our own fat because coal is also the single biggest contributor to the climate crisis,” said Rivera. “The Philippine government must stop this revenue sharing. The amount collected is not even enough to pay for the destruction of the island of Semirara. Coal mining must be stopped.”

“Granting fiscal incentives to the mining sector, especially tax holidays, must immediately stop,” said Zeena Manglinong, Executive Director of the Freedom from Debt Coalition. “It’s grossly unfair that ordinary working people are made to bear burdensome taxes while corporations enjoy tax exemptions.” During hearings on the TRAIN law, FDC recommended the recovery of forgone revenues instead of excise taxes on petroleum products, which cascaded into price hikes of basic goods and services.

Flora Santos, chairperson of the national women’s organization Oriang also took issue with the government’s tax reforms. “The government is relying on indirect taxes to recover revenues lost from offering so many tax incentives, such as those given to mining companies. This is especially unfair to the poor and particularly women, many of whom are in low-paid, insecure jobs or in uncertain informal livelihoods, and have to part with a bigger share of their income for VAT payments.” ###