Fourth Session, UN Tax Convention Negotiations
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Article 5 - Fair allocation of taxing rights – extractives

Intervention by Allan M. Murangira, YTJN

Thank you Mr Chairperson,

I am Allan Muhereza Murangira from the Youth for Tax Justice Network, speaking on behalf of the FfD Constituency of the Major Group for Children and Youth and other CSO present.
We call for the development of an additional specific article on the taxation of the extractive industries with a commitment to having clear and enforceable source-based taxing rights for jurisdictions where extractive activities take place. Most extractive production occurs in developing countries, yet these countries have historically retained only a small share of the income generated from their non-renewable natural resources. `
The current international tax system allows multinational mining corporations to shift profits and reduce their tax liabilities, leaving resource-rich countries with limited fiscal benefit while they carry the environmental, social, and long-term economic costs of extraction. The Additional article should correct this imbalance by explicitly recognizing Resource-based taxing rights for natural resource jurisdictions.

The Africa Group has already highlighted this by proposing a dedicated commitment on extractive industry taxation, yet this proposal is not reflected in the present text. We have seen too often that without specific rules and obligations, corporate tax planners find ways around general principles.

The Convention should therefore warrant that States Parties shall ensure the effective taxation of income from the extraction and sale of natural resources in the jurisdiction where that extraction occurs, reflecting the unique non-renewable nature of those resources and the principle that resource-rich countries have primary taxing rights over their natural wealth.

This additional Article should also mandate measures like anti tax avoidance rules for extractives, fair pricing of commodities, and a commitment to renegotiate any bilateral treaties that cap source taxing rights on mining or petroleum income.

Taxing extractive industries effectively at source would directly bolster countries' ability to fund sustainable development and climate resilience, reducing their reliance on external aid or debt. Resource-based taxing rights are essential to ensure that natural wealth contributes to local development, environmental rehabilitation, and climate finance, rather than merely enriching distant shareholders.

I thank you for your consideration.