

## Chapter 4

# Periodic Financial Reporting

**4.3A Reports on payments to governments**

**Application**

**4.3A.1** **R** Subject to the exemptions set out in **■ DTR 4.4 (Exemptions)** this section applies to an *issuer*:

- (1) active in the extractive or logging of primary forest industries; and
- (2) whose *transferable securities* are admitted to trading.
- (3) [deleted]

**4.3A.2** **R** In this section references to an “*issuer* active in the extractive or logging of primary forest industries” are to an *issuer* which is:

- (1) a mining or quarrying undertaking; or
- (2) a logging undertaking.

In this section “mining or quarrying undertaking”, “logging undertaking”, “payment” and “government” have the meanings given in regulation 2 of the Reports on Payments to Governments Regulations 2014 (SI 2014/3209).

**4.3A.3** **G** An *issuer* is considered to be active in the extractive or logging of primary forest industries if any of its subsidiary undertakings are:

- (1) a mining or quarrying undertaking; or
- (2) a logging undertaking.

In this section “subsidiary undertaking” has the meaning given in regulation 2 of the Reports on Payments to Governments Regulations 2014 (SI 2014/3209).

[**Note:** article 44(1) of the *Accounting Directive*]

**Preparation and publication of reports on payments to governments**

**4.3A.4** **R** An *issuer* must prepare a report annually on payments made to governments for each financial year.

[**Note:** article 6 of the *TD*]

4.3A.5 **R** The report on payments to governments must be made public at the latest six months after the end of each financial year.

[Note: article 6 of the TD]

4.3A.6 **R** An *issuer* must ensure that the report on payments to governments remains publicly available for at least ten years.

[Note: article 6 of the TD]

**Content of reports on payments to governments**.....

4.3A.7 **R** (1) [deleted]

(2) Payments to governments must be reported at consolidated level.

[Note: article 6 of the TD]

4.3A.7A **R**

- (1) The report on payments to governments must state the following information in relation to the relevant activities:
  - (a) the government to which each payment has been made, including the country of that government;
  - (b) the total amount of payments made to each government;
  - (c) the total amount per type of payment made to each government; and
  - (d) where those payments have been attributed to a specific project, the total amount per type of payment made for each such project and the total amount of payments for each such project.
- (2) If an *issuer* is required to prepare consolidated accounts, the relevant activities referred to in (1) are those of:
  - (a) the *issuer*; and
  - (b) any subsidiary undertaking of the *issuer*.
- (3) If an *issuer* is not required to prepare consolidated accounts, the relevant activities referred to in (1) are those of the *issuer*.
- (4) Where the *issuer*, or, where applicable, any of its subsidiary undertakings, makes a payment that is not attributable to a specific project, that payment may be disclosed in the report without splitting or disaggregating the payment to allocate it to a specific project.
- (5) A payment need not be taken into account in the report if:
  - (a) it is a single payment of an amount less than £86,000; or
  - (b) it forms part of a series of related payments within a financial year whose total amount is less than £86,000.
- (6) Payments, activities and projects may not be artificially split or aggregated to avoid the application of this section.

4.3A.7B

**R**

- (7) The disclosure of payments must reflect the substance, rather than the form, of each payment, relevant activity or project concerned.
- (8) Where payments in kind are made to a government, the report must state the value of such payments in kind and, where applicable, the volume of those payments in kind, and the directors must provide supporting notes to explain how the value has been determined.
- (9) In this rule “relevant activities”, “project” and “director” have the meanings given in regulation 2 of the Reports on Payments to Governments Regulations 2014 (SI 2014/3209)

- (1) Payments made by a subsidiary undertaking may be excluded from the report on payments to governments where:
  - (a) severe long-term restrictions substantially hinder the exercise of the rights of the *issuer* over the assets or management of that subsidiary undertaking;
  - (b) the information necessary for the preparation of the report cannot be obtained without disproportionate expense or undue delay; or
  - (c) the shares of that undertaking are held exclusively with a view to subsequent resale.
- (2) The *issuer* may only exclude payments by a subsidiary undertaking under (1) (a) to (c) where the subsidiary undertaking is excluded from the consolidated group accounts on the same basis.

4.3A.8

**G**

The *FCA* considers a report on payments to governments which is prepared in accordance with the Reports on Payments to Governments Regulations 2014 (SI 2014/3209) to be in compliance with ■ DTR 4.3A.7AR and ■ 4.3A.7BR.

**Responsibility**

4.3A.9

**R**

The *issuer* is responsible for all information drawn up and made public in accordance with this section.

[Note: article 7 of the *TD*]

**Filing of reports on payments to governments**

4.3A.10

**R**

- (1) The *issuer* must file the report on payments to governments with the *FCA*.
- (2) The report in (1) must be filed by uploading it to the *national storage mechanism*.
- (3) A report filed under (2) must be in XML (extensible markup language) format and must use the XML data schema developed for the purposes of facilitating software filing to be used for the purpose of delivering a report on payments to governments dated 1 August 2016 and comprising:
  - (a) the Extractive Report Schema Definition;

- (b) the ISO Country Code Schema; and
- (c) the ISO Currency Codes.

The technical requirements in respect of the XML data schema are specified on the Primary Markets section of the *FCA's* website at <https://www.fca.org.uk/markets/primary-markets>.