

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28<sup>TH</sup> SESSION:  
COUNCIL - PART III**

*Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete and send to [council@isa.org.jm](mailto:council@isa.org.jm).*

**1. Name of Working Group:**

Open Ended Working Group on Financial terms

**2. Name(s) of Delegation(s) making the proposal:**

Chile

**3. Please indicate the relevant provision to which the textual proposal refers.**

Part VII

Section 3

Regulation 73: Overpayment of royalty

**4. Kindly provide the proposed amendments to the regulation or standard or guideline in the text box below, using the “track changes” function in Microsoft Word. Please only reproduce the parts of the text that are being amended or deleted.**

**ADD:**

**73 bis:**

- 1.** Where a royalty return shows any underpayment of royalties, the Secretary-General must demand payment from the Contractor within XX number of days.
- 2.** If no payment is received, the Authority shall add the payment due to the next period of royalty collection.
- 3.** Proper measures shall be taken against contractors who do not pay the underpaid royalty in due time.

**5. Please indicate the rationale for the proposal. [150-word limit]**

As the code considers a situation in which contractors make an overpayment, it is just as important to consider what would happen in cases of underpayment, including the measures to be taken against contractors who consistently underpay royalty.

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1. **ADD: Contractors will properly demonstrate that an overpayment was made, and support their claim with all necessary documentation and justifications. The Secretary General shall authorize refunds as an exceptional measure, but no more than XX times for the same contractor.**

**5. Please indicate the rationale for the proposal. [150-word limit]**

It is important to point out that there must be important measures to not allow requests for refunds to become a common practice. Constantly overpaying royalty and then requesting refunds could become a path for obtaining other indirect benefits, such as corporate tax reductions in contractors’ home countries, or others. It would also be desirable to have both the Secretary General and the Council authorize refunds.