

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28TH SESSION:
COUNCIL - PART II**

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.

1. **Name of Working Group:** OEWG on the financial terms of a contract

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

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

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.**

Appendix IV

1. Necessity of selection of the financial payment system for base royalty, for further development of *mining code* regulations
2. Choose valuation basis: Gross Metal Value (GMV): 3 metals plus manganese oxides ore , with further consideration given to using Nodule Transfer Price (in future)
3. Set Effective Tax Rate target, that represents “fair” system
4. Select a system for CIT Tax Equalization

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

Ad. 1

We support Two Stage Variable Ad Valorem (**Option 4**) taking all presented arguments, i.e : simplicity of the system on one hand , and no need to build extensive system within ISA to control the profit , which still would be manipulable and requires a detailed accounting system.

Ad. 2

It is good idea to calculate GVM indicator based on manganese oxides ore – different prices – if we are going to talk about ore prices in the formulation of the tax system, we have to decide and probably analyze CIF (cost insurance and freight) vs. FOB – free on board

Ad. 3 & 4

We should more think about the definition of the effectiveness of the different system rates – what is the criteria for this assessment? metrics were presented as proposal but we saw some of them were conflicting. but just as a separate indicators without more holistic approach – we would suggest maybe some weighted average and the wider discussion probably here should take what we consider as Equalization system - CIT – It was confused if the equalization tax is to be paid on the basis of the rate – expressed in percentage or on the basis of real amount of money transferred by the company to the tax office - corporate tax paid by contractors to equalize, CIT rate can be very high but at the end very low tax will be paid.

And the other way around is possible very low rate for CIT is established but lot of money is transferred to the state.