

Canada Enacts *Extractive Sector Transparency Measures Act*

On June 1, 2015, the *Extractive Sector Transparency Measures Act* (the "**Act**") came into force, establishing "publish what you pay" standards for Canadian extractive businesses. As set out in section 6 of the Act, the purpose of the Act is to "implement Canada's international commitments to participate in the fight against corruption through the implementation of measures applicable to the extractive sector, including measures that enhance transparency and measures that impose reporting obligations with respect to payments made by entities." As a result, all businesses engaged in the commercial development of oil, gas or minerals in Canada or elsewhere that meet certain criteria¹ are required to report payments such as taxes, royalties, fees, production entitlements and bonuses of \$100,000 or more made to any level of government in Canada and abroad.

The businesses subject to the Act will be required to provide annual reports not later than 150 days after the end of each financial year commencing after July 1, 2015. The Act includes a two year deferral to June 1, 2017 of the obligation to report payments made to Aboriginal governments in Canada. In order to minimize the

¹ An extractive business is subject to the Act if it:

- (i) is listed on a stock exchange in Canada; or
- (ii) has a place of business in Canada, does business in Canada or has assets in Canada and meets at least two of the following three conditions for at least one of the two most recent financial years:
 - (a) has at least \$20 million in assets;
 - (b) generates at least \$40 million in revenue; and
 - (c) employs an average of at least 250 employees.

administrative burden, the Canadian federal government may permit reporting entities to meet the Canadian reporting requirements by substituting reports prepared in another jurisdiction whose requirements are determined to be an acceptable substitute. Reporting guidelines are expected to be released for comment later this year.

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[a cautionary note](#)

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