



MINISTRY OF EMPLOYMENT AND INVESTMENT

INFORMATION LETTER

MTA12

RESOURCE REVENUE BRANCH
MINERAL TAXATION SECTION

SUBJECT: GENERAL INFORMATION FOR PLACER MINE OPERATORS

This is to outline the basic features of the *Mineral Tax Act* for placer mine operators.

What:

Mineral Tax is a profit-based tax on mine operators in British Columbia. It is administered through the *Mineral Tax Act* and provides for the Crown's financial share of mineral production.

The tax has two parts. First there is a Net Current Proceeds (NCP) tax which is 2% of revenues in excess of current operating costs of the mine. Second there is a 13% tax on Net Revenue. Net Revenue is a cumulative amount that reflects all revenues and expenditures, including capital costs, from the commencement of a mine. Net Revenue Tax is not payable until the operator's total investment in the mine plus a reasonable return on that investment has been recovered. If a mine reaches the Net Revenue stage, NCP tax previously paid is deducted from Net Revenue Tax payable.

Who:

All companies and individuals who operate a mine in British Columbia must file a Mineral Tax Return annually. The only exception for filing a return is for those individuals who operated a mine and incurred less than \$50,000 in total costs (including both operating and capital costs) in the year. There is no filing exception for companies.

When:

To avoid being assessed late filing penalties (\$25/day to a maximum of \$2,500 plus 5% of unpaid tax) Mineral Tax Returns must be filed within 6 months of the fiscal year end of the mine.

How:

Attached to this letter is a 'Special Short Placer Mine Mineral Tax Return'. It is a simplified return that may be used by placer mine operators instead of the regular return. A separate return must be completed and filed for each mine operated in the year. If you or your accountant have any questions about how to complete the return, our staff at the Ministry of Employment and Investment will be pleased to assist you. They can be reached at 1-800-667-1182.

For changes to the mailing list or additional copies, please contact:

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Attachment