



MINISTRY OF EMPLOYMENT AND INVESTMENT

INFORMATION LETTER

MTA9

RESOURCE REVENUE BRANCH
MINERAL TAXATION SECTION

**SUBJECT: 1996 AMENDMENTS TO THE MINERAL TAX COST
AND EXPENDITURES REGULATION**

On July 4, 1996 certain amendments to the *Mineral Tax Costs and Expenditures Regulation* were approved and ordered by the Lieutenant Governor in Council. The following is a summary and explanation of the amendments:

1. The term "fiscal year" was replaced by "fiscal year of the mine" wherever it appeared. This change was necessary as a result of 1994 amendments to the *Mineral Tax Act* which replaced the definition of "fiscal year" with the two terms "fiscal year of the mine" and "fiscal year of the operator".
2. Section 2(1)(e) was amended to eliminate the term "current costs" when referring to costs incurred for clearing, removing overburden, stripping, sinking a mine shaft, and constructing an adit. The new wording clarifies that these costs, even if they are capitalized for accounting purposes, are allowable as current operating costs if they are incurred after the mine came into commercial production for the purpose of maintaining it in commercial production. Section 3 was also amended to specifically exclude these costs. This change removed any apparent contradiction in the regulation by ensuring that these costs are not prescribed to be on account of capital under paragraph 3(e).
3. Section 2(1)(q) was amended to add "the costs of or associated with financing". The new wording clarifies that no costs of financing are allowable.
4. Section 2(1)(v)(ii) was amended to require that the \$75,000 maximum for salaries paid to principal shareholders be prorated for fiscal years that are shorter than 365 days.
5. The definition of "accounting year" in section 4(1) was amended to refer to the latest fiscal year of the operator to end "on or before", rather than "before" the end of the "allocation year" of the mine. This change allows for the inclusion, under section 4(3)(a), of all costs incurred up to the end of the most recent fiscal year of the mine in cases where the fiscal year of the operator ends on the same day as the fiscal year of the mine. Although the amendment does not affect the total amount of exploration costs that may be allocated to any particular fiscal year of a mine, it simplifies the calculation under section 4(3).

6. Section 4(4) was amended to replace the erroneous references to “subsection (1)” and a “return” with the correct references “subsection (2)” and an “election”. These corrections were necessary because exploration costs are allocated to a mine under subsection (2) by making an election under subsection (4).
7. The election form set out in the schedule to the regulation was also redesigned so that operators may reconcile their exploration accounts using the calculations as set out in section 4 of the regulation.

To obtain a current version of the Mineral Tax Costs and Expenditures Regulation, please contact Crown Publications Inc. at (250)386-4636.

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

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