



MINISTRY OF ENERGY AND MINES

INFORMATION LETTER

MTA16

**RESOURCE REVENUE BRANCH
MINERAL TAXATION SECTION**

SUBJECT: GENERAL INFORMATION FOR QUARRY OPERATORS

Bill 12, which was approved in June 2000, amended the *Mineral Tax Act* to eliminate the exclusion of limestone, dolomite, marble, shale, clay, volcanic ash and diatomaceous earth from taxation under the *Mineral Tax Act*. The effect of this amendment was to transfer taxation of these minerals from the *Mining Tax Act* to the *Mineral Tax Act* as of January 1, 2001. Commensurate with this change, the *Mineral Tax Act* was amended to change the structure of the Mineral Tax as it applies to quarry minerals.

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

Commencing with the 2001 calendar year, all operators of mines from which substantially all minerals removed are quarry materials must file a Quarry Mineral Tax Return. Quarry materials are defined in the *Mineral Tax Act* to include the following:

Limestone	Dolomite	Marble	Shale	Clay
Volcanic Ash	Sandstone	Quartzite	Dimension Stone	Diatomaceous Earth

This Information Letter outlines the new features of the *Mineral Tax Act* affecting quarry operators.

Tax Rate

Each quarry operator will pay mineral tax of \$0.15 per metric tonne of their proportionate share of quarry materials removed from all of the operator's quarries in each calendar year.

Filing Requirements

The first return using the new rules covers the 2001 calendar year. It is due by March 31, 2002. By March 31 of each year, a Quarry Mineral Tax Return must be filed for the previous calendar year in the prescribed form and containing the prescribed information. All Quarry Mineral Tax Returns must be filed on a calendar year basis. After filing for net income derived from mining operations involving quarry materials to December 31, 2000, quarry operators are no longer required to file Mining Tax Returns with the Ministry of Finance and Corporate Relations.

Penalties for not filing a Quarry Mineral Tax Return by March 31 after the calendar year are \$25/day to a maximum of \$2,500 plus 5% of unpaid tax.

Filing Exemption

Unless the Commissioner demands a return, a quarry operator is not required to file a return if the total amount of quarry materials removed from all of the operator's quarries in the calendar year is less than 25,000 tonnes.

Special Provision

Producers of quarry materials who have previously filed a Mineral Tax Return will have the option of continuing to file the regular Mineral Tax Return or to file the new Quarry Mineral Tax Return. Any eligible producers of these materials must elect in prescribed form on or before the last day of the sixth month following the fiscal year ending in 2001, to continue filing the regular Mineral Tax Return. This is a one time only election, and once made, may not be rescinded.

Payment of Mineral Tax

To avoid being assessed interest on unpaid tax, quarry operators must pay all Mineral Tax owing for a calendar year no later than March 31st of the following year. Quarry operators are not required to make instalment payments during the year.

Quarry Production

The rate per tonne **removed** was established using the concept of "pithead" production which is the weight of quarry materials as removed from the quarry. Tonnes removed is **not** to be measured after milling and processing. In circumstances where it can be demonstrated that weighing of quarry materials at a location other than the quarry will produce the same result, the Commissioner will accept such calculations.

Quarry materials used for construction purposes as defined in the *Mineral Tenure Act* are not subject to Mineral Tax and should not be included in the total tonnes removed. The *Mineral Tenure Act* defines "construction purpose" to include, without limitation,

- a) the building or maintenance of a road, railway bed, runway, berm, dam, impoundment, breakwater, dike, levee, foundation, rock wall and other similar thing, and
- b) the providing of fill and riprap;

Moisture Exemption

An exemption is allowable only for materials with moisture content in excess of 15%, such as clay. The exemption, calculated as a percentage, will reduce the taxable weight of quarry material by the amount of moisture in excess of 15%. The Commissioner must pre-approve any exemption for any materials with moisture content in excess of 15%.

Production Exemption

An operator may claim an exemption of up to 25,000 tonnes of quarry material. Each operator may only claim up to 25,000 tonnes exemption even if they operate more than one quarry. No more than 25,000 tonnes exemption may be claimed at any one quarry regardless of the number of operators at that quarry. For example, if two operators mine one quarry and report equal proportionate shares, they would both claim an exemption of 12,500 tonnes. If one of those operators owned and operated 100% of another quarry in addition to this one, that operator would only have a remaining exemption to claim of 12,500 tonnes.

Special Return for Quarry Operators

Attached to this letter is a Quarry Mineral Tax Return. It is a simplified return that must be used by quarry operators for each calendar year after 2000. Each quarry operator files only one return each year and includes on the return their proportionate share of quarry materials produced at all quarries in British Columbia operated by them in the calendar year. If you or your accountant have any questions about the amendments to the *Mineral Tax Act* or how to complete the new tax return, staff at the Ministry of Energy and Mines 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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02/26/2001

Attachment