

# Exploring the FUTURE

## MINING AND MINERAL EXPLORATION IN BRITISH COLUMBIA

Mining is one of British Columbia's most important industries and the provincial government is actively supporting its expansion. The Province is taking steps to streamline regulation, accelerate permitting and improve the investment climate, with key changes specifically designed to increase mineral exploration and mining in the province. Leading the way is a new, 20 per cent flow-through share tax credit, introduced in July, 2001.

## FLOW-THROUGH SHARES

### Super Flow-through Shares

British Columbia's new "super" 20 per cent flow-through share is a non-refundable tax credit for qualifying investments made in new British Columbia mineral exploration. It is in addition to the federal 15 per cent tax credit and the existing 100 per cent deduction of Canadian Exploration Expense (CEE).

For British Columbia taxpayers at the highest marginal tax rate, the British Columbia and federal tax credits plus the CEE deduction are equivalent to a 139 per cent tax deduction — superior to the 133 per cent deduction that fuelled the 1980s flow-through boom.

A 20 per cent refundable British Columbia Mining Exploration Tax Credit is also available for eligible grassroots exploration that is not funded by flow-through shares.

### British Columbia's Investment Advantage

The British Columbia 20 per cent flow-through share tax credit is harmonized with the federal 15 per cent tax credit to provide tax savings and credits worth up to 63

per cent of share investments — a clear investment advantage.

For taxpayers in British Columbia, the net cost of a \$1,000 investment in mining flow-through shares can be as low as \$383.

Features of the British Columbia and Federal Flow-through Shares

- federal tax credits apply to eligible expenditures incurred after October 17, 2000 and before January 1, 2004;
- British Columbia tax credits apply to eligible expenditures incurred between after July 30, 2001 and before January 1, 2004;
- available in the year the expenses are renounced;
- British Columbia tax credits reduce CEE in the year of the claim and federal tax credits reduce CEE in the year following;
- if the tax credits claimed exceed the amount in the CEE pool, the excess is taxed as income; and
- provincial tax credits received reduce the pool of costs subject to the federal tax credit; and,
- unused tax credits may be carried back three years or forward up to 10 years.

### For more information, contact:

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[www.rev.gov.bc.ca/itb](http://www.rev.gov.bc.ca/itb)

or visit the Ministry of Energy and Mines Web site [www.gov.bc.ca/em](http://www.gov.bc.ca/em)



Ministry of  
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