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Revision of the Mining Tax Regime of Québec

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Territories and ressources Workshop organized by the FNQLSDI
August 27, 2013

Québec 

Revision of the mining tax regime

Three main objectives of the revision

- All mining companies will pay (this is covered by the introduction of a minimum mining tax);
- The most profitable companies will pay more (this is covered by progressive tax rates)
- Processing will be further supported (this is covered by improving the processing allowance)

Revision of the mining tax regime

New method of calculating mining taxes

A mining company will be required to pay the greater of the following amounts:

- a minimum mining tax based on the output value at the mine shaft head, according to the following rates:
 - 1% on the first \$80 million
 - 4% on the excess
- a mining tax based on the annual profit according to progressive tax rates ranging from 16% to 28% depending on the operator's profit margin

Revision of the mining tax regime

Measure fostering processing in Québec

- Improvement of the processing allowance
 - rates of 7% and 13% which apply to processing assets will be replaced by rates of 10%, 13% and 20% (depending on the level of ore processing);
 - the percentage of profit that will not be taxed by applying the processing allowance will increase from 55% to 75%

Revision of the mining tax regime

- The bill is expected to be introduced this fall
- New measures will apply for mining companies' fiscal year starting after December 31, 2013