

Corporate income taxes, mining royalties and other mining taxes

A summary of rates and
rules in selected countries

*Global mining
industry update*

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Foreword

This summary of income taxes, mining taxes and mining royalties should allow the reader to roughly compare the various governmental costs of investing in a mining operation in a particular country. The countries included in this comparative summary are the following: Argentina, Australia, Brazil, Canada, Chile, China, Democratic Republic of the Congo, Republic of the Congo, Germany, Ghana, India, Indonesia, Kazakhstan, Mexico, Peru, the Philippines, Russian Federation, South Africa, Tanzania, Ukraine, United Kingdom and the United States. The information is correct as at January 2012, unless otherwise specified.

We have gathered specific tax information by country regarding coal, copper, gold and iron ore mineral operations. When countries face economic problems during a period when global mineral prices rise, certain governments focus on mining companies as a means to counter a shortfall of tax revenue. A questionnaire was designed by PwC to aggregate and facilitate comparison of government levies from various countries. As the per country tables illustrate, the investor must look at all the government levies, not just the income taxes, of a particular country to understand the total governmental cost burden. The details of this publication should be enough to notify the reader as to the basic tax rates and limitations. A list of PwC contacts is provided to allow you to obtain additional information in order to prepare a detailed analysis of an investment opportunity. An investor who prepares projections must determine the rate of return on the total amount invested for all the phases of a mining operation, including exploration, development, production and closure of the mine. Further, the current political tax policy and the tax regime trend for mining operations is a dimension that may be hard to quantify, but is nevertheless relevant to a life of the mine analysis.

Major challenges often lie in the administration of the rules and regulations by the tax authorities, rather than in the legislation itself. This summary provides basic tax and royalty information for specified countries and minerals. Please ensure you are using the most current version of this document by checking at pwc.com/mining. The editors are grateful to all the respondents for their contributions to this mining taxation summary. Additional information may be obtained by contacting PwC mining specialists, whose names are provided in the List of Contacts at the end of this publication.

Regards,

Stephen F. Ralbovsky
Global Mining Tax Leader & US Mining Leader

Tax Regime Trends for Mining Companies

During the gathering and preparation of the per country tables, there were a few general trends with respect to taxation of mining operations. Several countries have enacted new tax laws or have tax proposals being considered that may impact current and future mining investments. Since the financial crisis and global recession in 2008, a number of governments have raised taxes or are considering ways to raise tax revenue from the mining industry. National corporate income tax rates are only one piece of the overall tax costs under consideration when investing in a country. In general, the global trend is an increase in the overall tax burden on mining companies because governments view mining companies as quite profitable in light of increased mineral prices. Argentina, for example, is considering increases to the mining tax rate and going beyond rates previously established by the Mining Investment Law. Australia enacted the Mineral Resource Rent Tax effective beginning on 1 July, 2012. The Australian Minerals Resource Rent Tax applies to bulk commodity projects for coal and iron ore operations, excluding small miners. The Australian Federal Government has proposed to introduce further fiscal changes for the mining industry, including introduction of an exploration incentive scheme and a state based initiative to encourage exploration in Western Australia. In addition, the Australian federal government has proposed to reduce the federal income tax rate in fiscal year 2013 and 2014.

In Brazil, there has been much discussion concerning modernisation of the taxation of the mining sector. The Brazilian Mining Royalty (CFEM) which is the “Financial Compensation for the Exploitation of Mineral Resources” is under discussion with the objective to increase the tax. Brazilian modifications discussed include creating a framework for a standard mineral product price reference and a maximum and minimum tax rate which can be altered by decree at any given time. The CFEM is collected by the federal government which is responsible for the distribution of the collected mining tax to states and municipalities. The municipalities are the main beneficiaries of the CFEM. In addition, two Brazilian states enacted laws to create state mining taxes which are being challenged in court. Brazilian states Minas Gerais and Pará have enacted mining taxes based upon tonnage of mineral. Further, Brazil enacted thin capitalisation rules that limit the amount of interest deductions attributable to related party indebtedness of Brazilian subsidiaries of non-Brazilian companies.

Another trend is a limitation with respect to the use of mining losses known as the “ring fencing rule”. Ghana’s 2012 Budget Statement provides that losses incurred with respect to one mining site will no longer be available for offset against profits generated from another contract area or site belonging to the same company in determining income subject to corporate income tax. This limitation is known as

as “ring fencing”. The Ghana government, in the 2012 Budget Statement, proposed an increase to the corporate income tax rate from 25% to 35% and an additional tax of 10% on mining companies. Ghana’s proposed tax increases are likely to take effect during 2012. Similar to Ghana, Kazakhstan has a rule that provides that subsurface users operating under more than one subsurface contract are required to maintain separate accounts and records for tax purposes with respect to each contract or other activity. The subsurface contract miner is not permitted to offset costs of one mining contract against income of another contract or activity. Since July 2010, Tanzania has a “ring fencing rule” in that losses incurred in one mine cannot be used to offset profits of another mine, notwithstanding that both mines are part of the same legal entity.

Mining royalties can be imposed at the national level or provincial/state level of government. In most countries, the mining royalty rates vary by type of mineral. In countries where the state or province assesses and collects the royalty, the local royalty rate can vary by over 10 percent between locations. In some countries, the mining royalty rate is not one fixed tax rate according to type of mineral but instead the rate increases when the operating profit increases it. In general, royalties are typically deductible in most countries for purposes of determining profits for corporate income taxes. The trend is that countries have increased royalty rates in recent years. For example, the People’s Republic of China has a new resource tax that was effective November 1, 2011 which resulted in royalty tax rates being increased for certain minerals. Indonesia, for example, has introduced a benchmark price for royalties which has effectively increased the royalty collection base. Tanzania introduced a new Mining Act during 2010 which changed (a) the base on which royalties are charged and (b) the royalty rates. In terms of tax base, the “gross value” replaced the earlier “net back value” applied under the prior law. Royalty rates in Tanzania changed for certain minerals such as metallic minerals (e.g., copper, gold, silver and platinum) from 3% to 4%. Although most countries have a mining royalty, there are exceptions. Mexico, for example, does not impose a mining royalty. However, Mexico has had proposals to impose mining royalties and there is uncertainty whether mining royalties will be enacted. Clearly, mining companies should consider whether a particular country is likely to increase or impose mining royalties as part of its life of mine analysis.

Tax Incentives for Mining Industry

Exploration costs are often subject to special rules regarding tax treatment and such rules vary widely by country. Argentina Mining Investment Law is taxpayer favourable toward exploration expenditures because Argentina grants an additional deduction for exploration expenditures. Australia allows a new asset used in exploration or prospecting to be written off provided the miner satisfies certain criteria as set forth in the Taxation Act. Canada has a flexible and generous tax regime for exploration expenditures, only for base metals, precious metals and diamonds. Provincial tax incentives are also available to mining companies in Canada. In Indonesia, on-site exploration expenses are generally deductible in the year the expenses are incurred provided the expenses relate to the contract area. Further, mine development expenditures in Indonesia are generally capitalised and amortised. Some countries, such as Mexico, allow a taxpayer to deduct disbursements made in pre-operating stages including the mine development stage when the expenditures are made. The Mexican tax losses generated in pre-production years are allowed to decrease taxable profits of the next 10 years. In Tanzania, an immediate deduction is given for developmental capital expenditures.

Besides incentives for deducting exploration costs, a few countries provide generous other tax incentives to encourage mining development. For example, Canada allows “flow through shares” which is a viable alternative to financing mineral resource ventures. Flow through shares are shares issued by a corporation to taxpayers pursuant to an agreement under which the issuing corporation agrees to incur exploration and development expenses in an amount up to the consideration paid by the taxpayer for the flow through shares. The exploration and development expenditures are “renounced” by the corporation so that the taxpayer has the opportunity to deduct the expenses as if the taxpayer had directly incurred such expenditures. Only certain exploration and development expenditures qualify for Canadian flow through treatment. The advantage of the flow through shares is that the corporation does not risk forfeiture of such deductions if the corporation would not have sufficient current or future taxable income. In addition, Canadian tax law permits the deduction by a Canadian resident of expenses incurred in acquiring, exploring and developing a non-Canadian mining property that is owned. These expenditures are referred to as “Foreign Resource Expenses” (FRE) and are captured in a pool of cumulative foreign resource expenses. The foreign resource expenses can offset foreign resource income from any country subject to certain limitations. Canadian mining tax incentives have resulted in many small to medium sized mining companies being incorporated in Canada.

Indonesia has tax incentives for specific mining activities such as basic iron and steel manufacturing, gold and silver processing, certain brass, aluminium, zinc and nickel processing activities and quarrying of certain metal and non-metal ores. The Indonesia incentives consist of a 30% investment credit, accelerated depreciation, reduced withholding tax on dividends and increased tax loss carry forward period from 5 years to a maximum of 10 years. Indonesia has a new tax holiday regime available to the base metals industry which can provide an exemption from tax for a period up to 10 years and which is only applicable to large projects (e.g. IDR 1 trillion). The tax holiday is not available in conjunction with the previously mentioned Indonesian tax incentives.

The United States has a percentage depletion incentive for mining companies for federal income tax purposes, which is a statutory rate multiplied by gross mining revenue, subject to a 50% mining taxable income limitation. In general, the percentage depletion deduction is determined separately by mine and for regular federal income tax purposes is not limited to the tax basis in the ore body.

In contrast, a few countries have mandates for a minimum percentage of government ownership for mining operations. For example, the Democratic Republic of the Congo and the Republic of the Congo require that a minimum of 10% of the share capital of the mining company be owned by the government. Similarly, Ghana requires that the government own at least a 10% interest in all mining companies in Ghana. Further, the Indonesian government introduced a regulation requiring all foreign controlled mining companies to have at least 51% of the ownership of the mine held by Indonesian investors following the 10th year of production. Tanzania's 2010 Mining Act contemplates the possibility of the government having a free carried interest but does not articulate when or the extent such government interest may be required.

Tax Stability Agreements

When a mining company makes an investment in a country, it is possible in some jurisdictions to agree to a level of fiscal stability with the government, such that certain tax increases will not apply to the company under the terms of the stability agreement. For example, Argentina has a statutory fiscal stability agreement with a term of 30 years. In addition, Chile has a fiscal stability regime called “Decree Law 600”, which sets down certain rights and benefits for non-Chilean investors, including taxes such as the specific mining tax rate and mining licenses. In the Democratic Republic of the Congo, mining companies must negotiate depreciation rates in the mining agreement as well as the taxable base for purposes of determining the mining royalty payable to the government. Further, depending upon the magnitude of the mining investment in the Democratic Republic of the Congo, mining companies can negotiate a specific mining regime, with said agreement to be ratified by a law to be enforceable. Similarly, in Ghana, stability agreements are contracted between the government and mining company and are subject to parliamentary approval for effective implementation. The Republic of the Congo also permits a mining company to enter into a tax stability agreement in which the tax rates and tax base is negotiated with the government and the specific tax regime must be ratified by the government to be enforceable.

In contrast, Indonesia had historically entered into tax stability agreements but companies can no longer enter into negotiated tax stability agreements. Indonesia’s system of tax stability contracts between the government and the mining company ended in 2009. The Indonesian government is seeking to re-negotiate its existing mining “Contracts of Work” to bring mining companies in line with the current tax regime. In general, many historic mining contracts have low royalty rates and countries are seeking to raise tax revenue. Despite the existence of fiscal stability agreements, in Peru, the government enacted a special mining contribution applicable to companies with tax stability agreements. The Peruvian government requested that companies voluntarily enter into agreements with the government to pay the special mining contribution. Accordingly, the existence of a tax stability agreement does not necessarily ensure the government will not try to re-negotiate the tax stability agreement should the country have a substantial drop in tax revenues or increase in government expenditures during a crisis situation or economic downturn.

Becky McLaughlin
US Mining Tax Group

A guide to using this report

This report has been designed and collated by the Total Tax Contribution team. Mining companies pay many more taxes in addition to corporate income tax and there is often limited visibility over these taxes. The Total Tax Contribution team works with mining companies to calculate the total tax burden of a model mining company in different countries using PwC mining expertise around the world. The questionnaire developed to collect the information needed to prepare this report was based on this experience, and sought information on the corporate tax base, tax rates and other significant taxes for a mining company.

This report is in two parts. The first part consists of comparative tables of the 22 countries that have participated in this report. The tables compare the following data for the world's largest mining producing countries: corporate income taxes, mining taxes and royalties at a high level. The second part shows a detailed informative page for each country with footnotes for further explanation/information on the taxes and rates. Where applicable, any additional in-country information relevant to the mining industry is included. All the information and data were provided by our mining tax specialists from the local PwC offices. All the data referred to in this report apply as at January 2012, unless otherwise specified.

The tables have been structured in the following sections:

- Corporate Income Tax
- Mineral Taxes
- Other taxes and payments
- Other comments

Corporate Income Tax (CIT)

This section provides informative data on the calculation of CIT in the relevant country including:

- the top rate of CIT at the federal and state/local levels, where applicable,
- any higher level of CIT imposed on the “excess” profits of mining companies,
- rates of tax depreciation/amortisation available on capital expenditure for certain types of assets in use by a mining company for its mining operations, namely ore assets, land/improvements, buildings, plant and machinery, and tailing liners,

- the tax treatment of capital expenditure on work/construction in progress, not yet in use for mining operations,
- any restrictions on the use of tax losses (from the exploration and development phase of the mine) against future operating profits, whether time, level of profits or other limitation,
- any other tax allowances/incentives given to mining companies and in particular to a new mining investment, and
- any important changes in the rates and rules for CIT proposed or in the pipeline which would affect mining companies.

Mineral Taxes

This section covers the specific mineral taxes or royalties levied on the extraction of minerals/metals whether

- levied at the federal and/or state/provincial levels,
- a brief description of how the taxable base is calculated for each mineral tax or royalty,
- the applicable rates for gold, copper, iron ore and coal for each mineral tax or royalty,
- deductibility for the mining tax/royalty in calculating taxable profits for the purpose of CIT,
- any relevant additional other key aspects of the mining tax/royalty regime, and
- any important changes in the rates and rules for mining taxes/royalties proposed or in the pipeline which would affect mining companies.

Other taxes and payments

Here the information provided looks at:

- any other significant taxes or levies charged on the extraction of minerals, gross revenue or profits of mining companies,
- any export duty charged on exporting of extracted minerals/metals, specifically on ore extracted, processed ore, refined metal,
- any value added tax charged on exports,
- if there is a right to a refund of the input VAT suffered on purchases and the estimated time to receive a refund,

- rates of withholding tax for certain types of payments made by a mining company, e.g. dividends, interest, royalties and services fees (it is assumed the payments are made to a parent company located in a country with which there is no Double Tax Treaty), and
- any other payments to government necessary in order to gain access to minerals or to explore mining areas such as licence fees, resource rents/deadrent, dividends to government, or any other payment.

Other comments

The last section provides information on

- any fiscal stability agreements,
- any costs incurred to provide infrastructure to serve the mine and for the benefit of the local community (“in-lieu” taxes) whether required or voluntary, and
- additional in-country information on future or proposed tax changes relevant to mining companies.

Andrew Packman
Total Tax Contribution Leader

***Summary table for selected
22 mining countries***

If you have any questions
regarding this report, please
contact Becky McLaughlin at
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		Argentina	Australia	Brazil	Canada	Chile	China	Congo, Democratic Republic of	Congo, Republic of	Germany	Ghana	India	Indonesia	Kazakhstan	Mexico	Peru	Philippines	Russian Federation	South Africa	Tanzania	Ukraine	United Kingdom	United States
Corporate Income Tax (CIT)																							
Top rate of CIT		35.0%	30.0% ¹³	34.0% ²⁹	1: 15.0% ⁵⁰ 2: 10.0% - 16.0% ⁵¹	18.5% ⁶⁰	25.0%	30.0% / 40.0% ⁸⁴	30.0% / 34.0% ⁹⁵	1: 15.8% 2: 7.0% - 15.0%	25.0% / 35.0% ¹²⁷	32.445% / 42.024% ^{128 129}	25.0%	20.0% ^{176 177}	30.0% ¹⁹²	30.0%	1: 30.0% 2: 2.0% / 3.0% ²²⁰	1: 20.0% 2: 15.5% ²⁴³	28.0% ²⁵⁹	30.0%	21.0% ²⁷⁷	26.0% ^{295 296}	1: 35.0% 2: 4.0% - 9.0% ³⁰⁹
Level at which applied		Federal	Federal	Federal	1: Federal 2: Provincial	Federal	Federal	Federal	Federal	1: Federal 2: Local	Federal	Federal	Federal	Federal	Federal	Central Govern- ment	1: Federal 2: Municipal	1: Federal 2: State ²⁴³	Federal	Federal	Federal	Federal	1: Federal 2: State
Rates of tax	Ore assets	accounting rules ¹	life of mine ^{14 15}	useful life of mine ³⁰	30.0%	depends ⁶¹	over valid period of mining licence	N/A ⁸⁵	non depreciable	according to depletion	80.0% and 50.0% ^{110 112}	25.0%	0% ¹⁵⁷	N/A	over period of conces- sion granted ¹⁹³	over probable life of mine	varies ²²¹	N/A ²⁴⁴	N/A	100.0%	mine productiv- ity ²⁷⁸	0% / 10.0% ²⁹⁷	units of production
	Lands/ Improvements	accounting rules ¹	effective life ¹⁶	useful life of mine ^{30 31}	25.0%	N/A	over valid period of land use licence	10.0%	as per mining agreement	roads: 3.0% - 5.0% ¹⁰⁴	80.0% and 50.0% ^{110 111 112 113}	0% / 10.0% ¹³⁰	0% ¹⁵⁷	N/A	N/A or 15.0% ¹⁹⁴	0%	see notes ^{222 223}	N/A ²⁴⁴	See notes ^{260 261}	100.0%	mine productiv- ity ²⁷⁹	0%	6.7%
	Buildings	2.0%	2.5% ¹⁷	4.0%	25.0%	depends ⁶¹	5.0%	2.0% - 5.0% ⁸⁶	as per mining agreement	3.0%	80.0% and 50.0% ^{110 111 112 114}	5.0% / 10.0% / 100.0% ¹³¹	5.0% ¹⁵⁷	max 10.0%	5.0%	5.0%	depends ²²⁴	varies ²⁴⁵	See note ²⁶¹	5.0% / 100.0% ²⁶⁷	depends ²⁸⁰	0%	2.6%
	Plant and Machinery	10.0%	5.0% ¹⁷	10.0% ³²	25.0% ⁵²	depends ⁶¹	10.0% - 20.0%	10.0%	as per mining agreement	7.0% - 12.0%	80.0% and 50.0% ^{110 111 112}	15.0%	6.25% ¹⁵⁷	max 25.0%	12.0%	20.0% ²⁰⁶	depends ²²⁴	varies ²⁴⁵	See note ²⁶¹	12.5%/ 25.0%/ 37.5%	depends ²⁸¹	Generally 8.0% / 18.0% ²⁹⁸	14.3%
	Tailing liners	accounting rules ¹	5.0% ¹⁷	useful life of mine ³⁰	25.0%	depends ⁶¹	5.0%	20.0% - 25.0%	as per mining agreement	7.0% - 12.0%	80.0% and 50.0% ^{110 111 112}	15.0%	12.5% - 25.0% ¹⁵⁷	N/A ¹⁷⁸	100.0%	5.0%	depends ²²⁴	varies ²⁴⁵	See note ²⁶¹	100.0%	mine productiv- ity ²⁷⁸	varies ²⁹⁹	14.3%
	Work/Construction in progress	life of mine	life of mine ¹⁸	useful life of mine / licence agreement ³³	deducted from income ⁵³	depends ⁶²	according to assets classifica- tion ⁷³	first two years of operation ⁸⁷	as per mining agreement ⁹⁶	N/A	when assets brought into use ^{112 115}	according to assets classifica- tion ^{132 133 134}	when assets brought into use ¹⁵⁸	when assets brought into use ¹⁷⁹	As incurred / when assets brought into use ¹⁹⁵	0% ²⁰⁷	when assets brought into use ²²⁵	varies ²⁴⁵	See note ²⁶¹	100.0% / when brought into use ²⁶⁷	100.0% / when assets brought into use ²⁸²	varies ³⁰⁰	14.3% ³¹⁰
Restriction on use of tax losses		5 years ²	YES ¹⁹	30% taxable income ³⁴	YES ⁵⁴	none ⁶³	5 years ⁷⁴	5 years ⁸⁸	3 years ⁹⁷	YES - 60% profits limi- tation ¹⁰⁵	5 years ^{116 117}	8 years ¹³⁵	5 years	3 - 7 years for losses prior to 2009 10 years as of 2009 ¹⁸⁰	10 years ¹⁹⁶	4 years or 50% of profits ²⁰⁸	3 /5 years ²²⁶	10 years ²⁴⁶	YES: level of profits limitation ²⁶²	YES ²⁶⁸	NO ²⁸³	no time expiry ³⁰¹	20 years ³¹¹
Special allowances/contracts		YES ^{2 3}	YES ²⁰	YES ³⁵	YES ⁵⁵	NO	YES ⁷⁵	YES ^{84 89 90}	YES ^{98 99}	NO	YES ^{117 118}	NO ^{136 137 138}	YES ^{159 160 161}	YES ^{181 182}	YES ^{197 198}	YES ²⁰⁹	YES ^{227 228}	NO	NO	NO	YES ^{284 285 286}	NO	YES ³¹²
Mineral taxes																							
Mineral tax name		Provincial mining royalties	1: State Royalties 2: Minerals Resource Rent Tax ("MRRT")	CFEM - Compensa- tion for the Exploita- tion of Mineral Resources	3: Quebec mining tax ⁵⁶ 4: BC mining tax ⁵⁸ 5: Ontario mining tax	Specific Mining Tax ⁶⁴	1: Resource Tax ⁷⁶ 2: Compensa- tion for Mineral Resource ⁷⁷ 3: Royalty fee of Explora- tion Right ⁷⁸	Mining Royalty	Mining Royalty (Redevance Minière)	N/A	Mineral Royalties	1: Royalty 2: Deadrent	Govern- ment royalty ¹⁶²	Mineral Extraction Tax	N/A ¹⁹⁹	1: Mining Royalty ²¹⁰ 2: Special Mining Tax 3: Special Mining Contribu- tion"	3: Excise tax 4: Royalties to mineral reservations 5: Royalties to indigenous cultural com- munities	Mineral Resources Extraction Tax ²⁴⁷	Mining and Petroleum Resources Royalty ("MPRD")	Govern- ment Mining Royalties	1: Charge for use of subsoil 2: Pollution tax	N/A	3: Federal Land Royalty ³¹³ ^{314 315} 4: Nevada Net Proceeds Tax ³¹⁶ 5: Other State Severance Taxes ³¹⁷
Level		Provincial	1: State 2: Federal	Federal	3: Provincial 4: Provincial 5: Provincial	Federal	1: Federal 2: Federal 3: Federal	Federal	State	N/A	Federal	1: State ¹³⁹ 2: State	Federal	Federal	N/A	1: Regional Govern- ment 2: Central Govern- ment 3: Central Govern- ment	3: Federal 4: Federal 5: Federal	Federal	Federal	Federal	1: Federal 2: Federal	N/A	3: Federal 4: State 5: State
Basis		Mine head value ^{4 5}	1: Volume of minerals extracted ²¹ 2: Mining profit ^{22 23}	Adjusted Revenue ³⁶	3: Adjusted PBT 4: Adjusted PBT 5: Adjusted PBT	Adjusted PBT ⁶⁵	1: Units produced (weight) 2: Revenues (Turnover) 3: Mining area	Adjusted Revenue ^{91 92}	Market Value ¹⁰⁰	N/A	Revenue (Turnover)	1: Units produced ¹⁴⁰ 2: Area of mine ¹⁴¹	Revenues (Turnover)	Value of minerals ¹⁸³	N/A	1: PBT ²¹¹ 2: PBT ²¹¹ 3: PBT ²¹¹	3: Market Value ²²⁹ 4: Market Value ²³⁰ 5: As agreed; min of 1% gross output ²³¹	Value or quantity of extracted mineral resources (applies to coal) ²⁴⁸	Adjusted revenues ²⁶³	Market Value ²⁶⁹	1: Units produced ²⁸⁷ 2: Units produced ²⁸⁸	N/A	3: Revenues (Turnover) 4: Adjusted PBT 5: Adjusted PBT

		Argentina	Australia	Brazil	Canada	Chile	China	Congo, Democratic Republic of	Congo, Republic of	Germany	Ghana	India	Indonesia	Kazakhstan	Mexico	Peru	Philippines	Russian Federation	South Africa	Tanzania	Ukraine	United Kingdom	United States
Mineral taxes (continued)																							
Rates	Copper	3.0%	1: 2.7% - 3.5% 2: N/A	2.0% ³⁷	3: 16.0% ⁵⁷ 4: 2.0% - 13.0% ⁵⁸ 5: 5.0% - 10.0% ⁵⁹	0% - 14.0% ⁶⁶	1: RMB 5 - RMB 7 per tonne 2: 0.5% - 4.0% 3: See note ⁷⁸	2.0%	3.0%	N/A	5.0% ¹¹⁹	1: 4.2% 2: INR 3,000/ Ha	4.0% ¹⁶³	5.7%	N/A	1: 1.0% - 12.0% ²¹² 2: 2.0% - 8.4% 3: 4.0% - 13.12%	3: 2.0% 4: min. 5.0% ²³⁰ 5: as agreed ²³¹	8.0%	0.5% - 7.0% ²⁶³	4.0% ²⁷⁵	according to rate of a main material	N/A	3: 0% 4: 2.0% - 5.0% 5: 2.0% - 5.0%
	Gold	3.0%	"1: 0% - 2.5% 2: N/A"	1.0%	3: 16.0% ⁵⁷ 4: 2.0% - 13.0% ⁵⁸ 5: 5.0% - 10.0% ⁵⁹	0% - 14.0%	1: RMB 1.5 - RMB 7 per tonne 2: 0.5%-4.0% 3: See note ⁷⁸	2.5%	5.0%	N/A	5.0%	1: 2.0% 2: INR 4,000/ Ha	3.75% ¹⁶³	5.0%	N/A	1: 1.0% - 12.0% 2: 2.0% - 8.4% 3: 4.0% - 13.12%	3: 2.0% 4: min. 5.0% ²³⁰ 5: as agreed ²³¹	6.0%	0.5% - 5.0% ²⁶³	4.0%	UAH 15.98/ tonne extracted	N/A	3: 0% 4: 2.0% - 5.0% 5: 2.0% - 5.0%
	Iron ore	3.0%	1: 6.5% - 7.5% 2: 22.5% ²²	2.0%	3: 16.0% ⁵⁷ 4: 2.0% - 13.0% ⁵⁸ 5: 5.0% - 10.0% ⁵⁹	0% - 14.0%	1: RMB 10- RMB 25 per tonne 2: 0.5%-4.0% 3: See note ⁷⁸	0.5%	3.0%	N/A	5.0%	1: 10.0% 2: INR 1,000/ Ha	3.0% ¹⁶³	2.8%	N/A	1: 1.0% - 12.0% 2: 2.0% - 8.4% 3: 4.0% - 13.12%	3: 2.0% 4: min. 5.0% ²³⁰ 5: as agreed ²³¹	4.8%	0.5% - 7.0% ²⁶³	3.0%	UAH 0.89 - 11.45/ tonne depending on quality of ore	N/A	3: 0% 4: 2.0% - 5.0% 5: 2.0% - 5.0%"
	Coal	3.0%	1: 7.0% - 10.0% 2: 22.5% ²²	2.0%	3: 16.0% ⁵⁷ 4: 2.0% - 13.0% ⁵⁸ 5: 5.0% - 10.0% ⁵⁹	0% - 14.0%	1: RMB 2 - RMB 8 per tonne 2: 0.5%-4.0% 3: See note ⁷⁸	1.0%	3.0%	N/A	5.0%	1: INR55 + 5.0%(P) - INR 130 + 5.0%(P) ¹⁴² 2: INR 1,000/ Ha	3.0% - 7.0% ¹⁶³	0%	N/A	1: 1.0% - 12.0% 2: N/A 3: N/A	3: PhP 10.00/ metric tonne 4: min. 5.0% ²³⁰ 5: as agreed ²³¹	varies ²⁴⁹	0.5% - 7.0% ²⁶³	3.0%	UAH 0.57 - 5.33/tonne depending on quality of ore	N/A	3: 8.0 %- 12.5% 4: 2.0% - 5.0% 5: 2.0% - 5.0%
Deductible in CIT calculation		YES	1: YES 2: YES	YES	3: YES 4: YES 5: YES	YES	1: YES 2: YES 3: YES	YES	YES	N/A	YES	1: YES 2: YES	YES	YES	N/A	1: YES 2: YES 3: YES	3: YES 4: YES 5: YES	YES	YES	YES	1: YES 2: YES	N/A	3: YES 4: YES 5: YES
Other taxes and payments																							
Name of other taxes		N/A	N/A	(i) ICMS ^{38 40} (ii) PIS/CO-FINS ^{39 40}	N/A	N/A	(i) Value Added Tax (ii) Local surcharges	N/A	(i) Mini- mum CIT (ii) Pollu- tion Tax	N/A	N/A	(i) Sur- charge (ii) Educa- tion Cess (iii) Second- ary and Higher Education Cess	N/A	(i) Bonuses ^{184 185} (ii) Rent tax on export (iii) Histori- cal costs com- pensation	Flat tax ²⁰⁰	N/A	Value-added tax	N/A	N/A	N/A	Land tax	(i) Climate change levy (ii) Aggre- gates levy (iii) Landfill tax ³⁰²	Excise Taxes (coal)
Basis		N/A	N/A	(i) price of mineral (ii) gross revenue	N/A	N/A	(i) Sales revenue (ii) Value Added Tax paid	N/A	(i) Prior year turn- over (ii) Turn- over	N/A	N/A	(i) Basic rate (ii) Total tax including surcharge (iii) Total tax including surcharge	N/A	(i) Units of resources (ii) Amount of exported coal (iii) Com- pensation of historical costs ¹⁸⁶	Income collected less expenses paid	N/A	Gross sales	N/A	N/A	N/A	Normative valuation of land plot adjusted by an inflation index	(i) Tax on energy (ii) Tax on extraction 303 (iii) Dis- posal waste of landfill	Sales price
Rate		N/A	N/A	(i) varies (ii) 3.65% or 9.25%	N/A	N/A	(i) 17.0% (ii) 4.0% - 12.0%	N/A	(i) 1.0% (ii) 0.2%	N/A	N/A	(i) 2.5% / 5.0% ¹⁴³ (ii) 2.0% (iii) 1.0%	N/A	(i) Variable (ii) Coal: 2.1% (iii) Sub- surface use contract ¹⁸⁶	17.5%	N/A	0% / 12.0% ²³²	N/A	N/A	N/A	5.0%	(i) varies ³⁰⁴ (ii) £2.0/ tonne 305 (iii) N/A ³⁰²	4.4%
Tax on exports	Ore extracted	5.0%	N/A	0%	N/A	N/A	varies ⁷⁹	N/A	N/A	N/A	N/A	10.0% - 20.0%	N/A ¹⁶⁴	N/A	N/A	N/A	N/A	depends	N/A	N/A	N/A	N/A	N/A
	Processed ore	5.0%	N/A	0%	N/A	N/A	varies ⁷⁹	N/A	N/A	N/A	N/A	10.0% - 40.0%	N/A	N/A	N/A	N/A	N/A	depends	N/A	N/A	N/A	N/A	N/A
	Refined metal	5.0% - 10.0%	N/A	0%	N/A	N/A	varies ⁷⁹	N/A	N/A	N/A	N/A	10.0%	N/A	N/A	N/A	N/A	N/A	depends	N/A	N/A	N/A	N/A	N/A
	Other	N/A	N/A	0%	N/A	N/A	varies ⁷⁹	N/A	N/A	N/A	N/A ¹²⁰	varies ¹⁴⁴	N/A	Coal: 2.1%	N/A	N/A	N/A	depends	N/A	N/A	scrap of iron and other met- als ²⁸⁹	excise duty on mineral oils ³⁰⁶	N/A

		Argentina	Australia	Brazil	Canada	Chile	China	Congo, Democratic Republic of	Congo, Republic of	Germany	Ghana	India	Indonesia	Kazakhstan	Mexico	Peru	Philippines	Russian Federation	South Africa	Tanzania	Ukraine	United Kingdom	United States
Other taxes and payments (continued)																							
VAT charged on exports		NO	NO	NO ⁴¹	NO	NO	NO	NO	NO	NO	NO	NO	NO ¹⁶⁵	NO	NO	NO	YES ²³²	YES 0% rate ap- plies ²⁵⁰	NO	NO	NO	Generally no	NO
Average time for VAT refund (if applicable)		< 3 months	< 1 year	N/A	< 3 months	< 6 months	< 3 months	< 3 months	> 1 year	< 6 months	< 1 year ¹²¹	< 1 year ¹⁴⁵	> 1 year	< 6 months	N/A	< 3 months	> 1 year ²³³	< 6 months	< 3 months	> 1 year	> 1 year ²⁹⁰	< 6 months	N/A
With- holding tax	Dividends	0% ⁶	30.0% ^{24 25}	0% ⁴²	25.0%	35.0% (less corporate tax credit) ^{67 69}	10.0%	10.0%	20.0%	26.375% ^{106 107}	8.0% ¹²²	0% ^{146 147 148}	20.0%	15.0%	0% ²⁰¹	4.1%	15.0% / 30.0%	15.0% ²⁵¹	10.0% ²⁶⁴	10.0%	15.0%	0% ³⁰⁷	30.0%
	Interest	15.05% / 35.0% ⁷	10.0%	15.0% - 25.0% ⁴³	25.0%	4.0% - 35.0%	10.0%	0%	20.0%	0% ^{106 108}	8.0% ¹²²	21.012% ¹⁴⁷	20.0%	15.0%	30.0% ²⁰²	4.99% / 30.0%	20.0%	20.0%	N/A ²⁶⁵	10.0%	15.0%	20.0%	30.0%
	Royalties	21.0%	30.0%	15.0% - 25.0% ⁴³ ^{44 45}	25.0%	30.0%	10.0%	14.0%	20.0%	15.825% ^{106 109}	10.0% ¹²²	10.506% ^{147 149}	20.0%	15.0%	25.0%	30.0%	30.0% ²³⁴	20.0%	12.0%	15.0%	15.0%	20.0%	30.0%
	Services fees	21.0% / 31.5% ⁸	5.0% ²⁶	15.0% - 25.0% ⁴³ ^{44 45}	25.0%	15.0% / 20.0% ⁶⁸	varies ⁸⁰	0%	20.0%	0% ¹⁰⁶	15.0% ¹²²	42.024% ¹⁴⁷	20.0%	20.0% ¹⁸⁷	25.0%	15.0% / 30.0%	30.0% ²³⁵	N/A	N/A	5.0% / 15.0% ^{270 271} ²⁹¹	0% / 15.0%	0%	30.0%
Any other payments		Licence fees	N/A	Licence fees ⁴⁶	Licence fees	Licence fees ⁷⁰	Licence fees ⁸¹	Licence fees ⁹³	Licence fees ¹⁰¹ Dividends to government ¹⁰²	N/A	Licence fees Deadrent ¹²³ Dividends to govern- ment ¹²⁴ Ground rent Annual Mineral Rights fee	Licence fees ¹⁵⁰ Deadrent ¹⁵¹ As cess ¹⁵²	Licence fees ¹⁶⁶ Deadrent ¹⁶⁷ Land and building tax ¹⁶⁸	Deadrent ¹⁸⁸	Licence fees ²⁰³	Licence fees ^{213 214}	Deadrent ²³⁶ Occupation fees ²³⁷ Community tax ²³⁸ Mine wastes and tailing fees ²³⁹ Filing fees and other charges ²⁴⁰	Licence fees ²⁵²	Licence fees ²⁶⁶	Licence fees Deadrent ²⁷² Service levy ²⁷³	Licence fees Deadrent ²⁹²	N/A	N/A
Other comments																							
Fiscal stability agreements		30 years ⁹	N/A	NO	N/A	YES ^{71 72}	NO	YES ⁹⁴	YES ¹⁰³	NO	YES ^{118 122 125}	NO ¹⁵³	NO ¹⁶⁹	NO	NO	YES ^{215 216}	YES ²⁴¹	NO	NO	YES ²⁷⁴	YES ²⁹³	NO ³⁰⁸	NO
Social contributions		YES Voluntary	YES Required	NO	YES Voluntary	NO	YES Voluntary ⁸²	YES Mandatory	YES Mandatory	NO	YES Mandatory	YES Required	YES Required	YES Required	YES Volun- tary	YES Voluntary ²¹⁷	YES Required	YES Required ²⁵³	YES Required	YES Voluntary	YES Voluntary	NO	NO
Additional in-country information		^{10 11 12}	^{27 28}	^{47 48 49}			⁸³				^{126 127}	^{154 155 156}	^{170 171 172} ^{173 174 175}	^{189 190 191}	^{204 205}	^{218 219}	²⁴²	^{254 255 256} ^{257 258}		^{275 276}	²⁹⁴		^{318 319 320}

Note: See footnote references at the back of the report.

Detailed country pages



Argentina

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	35.0%	Mineral tax name	Provincial mining royalties
Level at which applied	Federal	Level	Provincial
Rates of tax amortisation		Basis	Mine head value ^{4,5}
Ore assets	accounting rules ¹	Rates	
Lands/Improvements	accounting rules ¹	Copper	3.0%
Buildings	2.0%	Gold	3.0%
Plant and Machinery	10.0%	Iron ore	3.0%
Tailing liners	accounting rules ¹	Coal	3.0%
Work/Construction in progress	life of mine	Deductible in CIT calculation	YES
Restriction on use of tax losses	5 years ²		
Special allowances/contracts	YES ^{2,3}		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	0% ⁶
Basis	N/A	Interest	15.05 %/35.0% ⁷
Rate	N/A	Royalties	21.0%
		Services fees	21.0%/31.5% ⁸
Tax on exports		Any other payments	Licence fees
Ore extracted	5.0%	Fiscal stability agreements	30 years ⁹
Processed ore	5.0%	Social contributions	YES. Voluntary.
Refined metal	5.0% - 10.0%		
Other	N/A		
VAT charged on exports	NO	Additional in-country information ^{10,11,12}	
Average time for VAT refund	< 3 months		

Notes

- Under the local GAAP, there are no specific provisions dealing with the accounting depreciation of mining assets. In practice, mining companies in Argentina follow IFRS 6 for the depreciation of assets. Nearly all expenses of the exploration companies are capitalised as intangible assets and depreciated over the life of the mine once production starts. During the exploration and construction phases, fixed assets are not subject to any depreciation and are considered as part of the “intangible assets” in many cases. These will be depreciated once production starts.
- The Mining Investments Law grants an additional deduction only for exploration expenditure. It is available in the first year when production starts and can be used in years 1 to 5. This is in addition to the deduction for these expenses throughout the life of the mine under the general regime.
- Other statutory tax benefits for new mining investments:
 - Accelerated depreciation of assets over 3 years for construction at 60% in year 1, 20% in years 2 and 3; and machinery at 33% per year,
 - Exemption from import duties on capital investments related to mining activity (subject to a 1% control fee),
 - Early recovery of VAT in the exploration stage,
 - Fiscal stability for a period of 30 years,
 - Double deduction of exploration expenses (per notes 1,2 above), and
 - Mining companies are not subject to the minimum notional income tax.
- Under the Mining Investment Law, the ‘mine head value’ base is the value obtained in the first commercialisation less direct cost related to exploitation (excluding depreciation of fixed assets).
- Some mining provinces (eg. San Juan) have changed their provincial legislation to move the taxable base for mining royalties to a revenue/turnover system (3% of revenues in San Juan) instead of the mine head value.
- In exceptional cases, the “equalisation tax” is levied at a rate of 35% whenever dividends are paid out exceeding taxable profits.
- The interest on loans granted by foreign banks is levied by a rate of 15.05%, provided certain requirements are met. The general rate of the interest remittance tax is 35%.
- The taxation of technical assistance fees will depend on whether the technology does or does not exist in Argentina. If the technology used in technical assistance is not available in Argentina, the rate is 21%, otherwise the rate is 35% (on assumed profit of 60%).
- Under the Mining Investment Law, mining investors can benefit from a Fiscal Stability Regime for a term of 30 years for all the taxes included in such regulation. Some taxes are specifically excluded from these regimes, eg. VAT and Social Security charges.
- There are currently some projects of law in the Argentinean Congress proposing changes in the provincial mining royalties rates. Some provinces have already modified their legislation going beyond the cap established by the Mining Investment Law, in agreement with mining companies.
- Local sales of minerals are subject to turnover tax (‘provincial tax on sales’). The rate of provincial tax on sales will depend on the province. Generally, it is around 1% for extractive activities.
- Mining companies are no longer allowed to keep export proceeds abroad. They have a period of 180 – 360 days to enter the money into Argentina. From April 2012 onwards, the companies will only have 15 days to enter the money into Argentina for the majority of minerals produced in the country.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	30.0% ¹³	Mineral tax name	1: State Royalties 2: Minerals Resource Rent Tax ("MRRT")
Level at which applied	Federal	Level	1: State 2: Federal
Rates of tax amortisation ¹⁴		Basis	1: Volume of minerals extracted ²¹ 2: Mining profit ^{22 23}
Ore assets	life of mine ¹⁵	Rates	
Lands/Improvements	effective life ¹⁶	Copper	1: 2.7% - 3.5% 2: N/A
Buildings	2.5% ¹⁷	Gold	1: 0% - 2.5% 2: N/A
Plant and Machinery	5.0% ¹⁷	Iron ore	1: 6.5% - 7.5% 2: 22.5% ²²
Tailing liners	5.0% ¹⁷	Coal	1: 7.0% - 10.0% 2: 22.5% ²²
Work/Construction in progress	life of mine ¹⁸	Deductible in CIT calculation	1: YES 2: YES
Restriction on use of tax losses	YES ¹⁹		
Special allowances/contracts	YES ²⁰		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	30.0% ²⁵
Basis	N/A	Interest	10.0%
Rate	N/A	Royalties	30.0%
		Services fees	5.0% ²⁶
Tax on exports		Any other payments	N/A
Ore extracted	N/A	Fiscal stability agreements	N/A
Processed ore	N/A	Social contributions	YES. Required.
Refined metal	N/A		
Other	N/A	Additional in-country information ^{27 28}	
VAT charged on exports	NO		
Average time for VAT refund	< 1 year		

Notes

13. The rate of CIT in Australia is a flat rate of 30%.
14. Rates are based on the Commissioners Ruling which outlines the effective lives of depreciable assets. The ruling is very specific and provides a recommended effective life for specific assets depreciated on the industry in which they are used. A taxpayer has the option to self-assess the effective life of a depreciable asset, if the commissioner's recommended life is not appropriate.
15. If the cost of a resource is not immediately deductible on acquisition (usually when its first use relates to exploration/prospecting), it will be amortised over the value of mine properties over the life of the mine.
16. Only separately identifiable improvements to land are depreciated over their effective life. Land is not a depreciable asset.
17. Certain mining capital expenditure (transport, infrastructure, housing, and other mine development expenditure) may be eligible for write-off over the life of a project on an accelerated diminishing value rate (200%).
18. Expenditure capitalised to work in progress cannot be depreciated until after the asset has been installed ready for use. However, if the asset is first used for exploration or prospecting, the entire cost of the asset will be written off for tax as incurred, subject to the miner meeting certain conditions as set out in the Taxation Act.
19. Applies to both revenue and capital losses. Capital losses can only be used to offset capital gains, whereas revenue losses can be used to offset any taxable income. The utilisation of both revenue and capital losses is subject to integrity measures in the form of loss recoupment tests. If the tests are satisfied, the losses can be carried forward indefinitely. There is no carry-back of losses under Australian Tax Law, though recent Federal Government announcements have proposed loss carryback in limited circumstances.
20. Miners can deduct expenditure incurred in relation to exploration or prospecting provided they satisfy the criteria set out in the Taxation Act. An immediate deduction is also available for the cost of an asset (e.g. a mining right) first used in exploration or prospecting.
21. Where certain minerals are mined in a state, a mining royalty is payable to this state government. Generally, the applicable mining royalty will either be a set amount or fixed percentage of the volume of minerals extracted or the realised value of minerals mined.
22. The Minerals Resource Rent Tax ("MRRT") is a Federal Tax that will apply to iron ore and coal (bulk commodity) projects in Australia from 1 July 2012, excluding "small miners" (less than AUD 75m of MRRT mining profits per year). MRRT will apply at a headline tax rate of 30%, but projects are entitled to an "extraction allowance" of 25%, therefore an effective MRRT rate of 22.5%. Any MRRT paid is deductible for income tax purposes.
23. Mining Profit for MRRT is equal to mining revenues less mining expenditure.
24. Australia has a comprehensive tax treaty network which may reduce the statutory rate of withholding tax.
25. To the extent a dividend is "franked" (i.e. it is paid out of taxed profits) it will not be subject to dividend withholding tax.
26. Service fees 5% withholding tax is limited to payments made to foreign contractors, and is not applicable to Australian residents.
27. MRRT has been substantially enacted and is now law. The MRRT will commence on 1 July 2012.
28. Controlled Foreign Company ("CFC") rules are being reformed to allow increased flexibility for Australian companies with overseas subsidiaries.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	34.0% ²⁹	Mineral tax name	CFEM—Compensation for the Exploitation of Mineral Resources
Level at which applied	Federal	Level	Federal
Rates of tax amortisation		Basis	Adjusted Revenue ³⁶
Ore assets	useful life of mine ³⁰	Rates³⁷	
Lands/Improvements	useful life of mine ^{30 31}	Copper	2.0%
Buildings	4.0%	Gold	1.0%
Plant and Machinery	10.0% ³²	Iron ore	2.0%
Tailing liners	useful life of mine ³⁰	Coal	2.0%
Work/Construction in progress	useful life of mine/licence agreement ³³	Deductible in CIT calculation	YES
Restriction on use of tax losses	30% taxable income ³⁴		
Special allowances/contracts	YES ³⁵		
Other taxes and payments		Withholding tax	
Name	(i) ICMS ^{38 40} (ii) PIS/COFINS ^{39 40}	Dividends	0% ⁴²
Basis	(i) price of mineral (ii) Gross revenue	Interest	15.0% – 25.0% ⁴³
Rate	(i) varies (ii) 3.65% or 9.25%	Royalties	15.0% – 25.0% ^{43 44 45}
		Services fees	15.0% – 25.0% ^{43 44 45}
Tax on exports		Any other payments	Licence fees ⁴⁶
Ore extracted	0%	Fiscal stability agreements	NO
Processed ore	0%	Social contributions	NO
Refined metal	0%		
Other	0%		
VAT charged on exports	NO ⁴¹	Additional in-country information^{47 48 49}	
Average time for VAT refund	N/A		

Notes

29. The 34% statutory CIT rate is made up of 25% for Corporate Income Tax (IRPJ), and 9% for Social Contribution on Net Profit (CSLL). The actual IRPJ tax rate is 15%, plus a surcharge of 10% on taxable income exceeding BRL 240,000 a year. The Social Contribution is levied on a taxable base similar to the Corporate Income Tax.
30. Assets can be amortised using two methods: (i) on a straight-line basis or (ii) based on the units-of-production method over the useful life of the mine.
31. Land cannot be depreciated.
32. Depreciation rates depend on the useful life of the good. However, Brazilian tax authorities published acceptable depreciation rates for some items on a straight-line basis. In general, 10% is the rate acceptable for plants and machinery. Furthermore, Brazilian tax law allows an accelerated depreciation regime on machines and equipment based on their hours of utilisation. In certain cases, machines and equipment can be depreciated on duplicate bases.
33. Expenditures (including research and development costs, start up costs and pre-operating costs) that would expect to generate future benefits can be capitalised. These can be amortised either on a straight-line basis (a minimum period of 5 years), or considering the units-of-production method, over the useful life of the mine or licence agreement. Amortisation is possible after the asset has been installed ready for use.
34. The use of tax losses is limited to a maximum of 30% of the taxable income. There is no statute of limitation on the amount of loss carried forward.
35. There are no special tax benefits or tax holidays applicable to mining companies. However, Brazilian mining companies usually make use of general tax incentives available for companies that exploit activities in some Brazilian states with lower economic development located in the Northeast area (SUDENE) or/and Amazon area (SUDAM). New companies incorporated in SUDENE and SUDAM areas, whose activities are considered

as a priority to the development of the region, can benefit with the reduction of 75% of the income tax, subject to certain conditions. The mining industry is recognised as a priority activity through Presidential Decree.

36. The taxable event of the CFEM is the direct sale of the mineral or its utilisation for industrialisation by the mining company which has extracted the mineral. The CFEM is levied on the mining company's net revenue, i.e., the mineral sales revenue less taxes levied on revenue, insurance and freight costs.
37. Mining tax rates: (i) 3% is levied on aluminium, manganese, halite and potassium; (ii) 2% is levied on iron, fertilizers, coal and other mineral substances; (iii) 1% is levied on gold and (iv) 0.2% is levied on precious stones, coloured cuttable stones, carbonates and noble metals.
38. ICMS is an indirect tax similar to VAT. It is a State VAT tax and the rates vary according to where the product/good/mine is being sold, depending on the specific state legislation.
39. PIS and COFINS are Federal social contribution taxes due by all entities in Brazil (i.e. not restricted to mining companies) and calculated based on gross revenues. There are two different regimes applicable for PIS and COFINS: the non-cumulative and the cumulative regime. Under the first one, the tax rate 9.25% (1.65% PIS and 7.6% COFINS), but taxpayers may calculate credits upon some inputs and expenses allowed in tax legislation; Under the cumulative regime, no tax credits are allowed, but the rate is inferior, 3.65% (0.65% PIS and 3% COFINS).
40. ICMS, PIS and COFINS are levied on internal mining sales.
41. ICMS (VAT) is collected under the systematic of offsetting debits and credits. Due to the fact that exports are ICMS exempt, the Brazilian mining companies have been accumulating relevant ICMS credits over the years, which are not refunded by the states. Thus, the ICMS accumulated credits not offset and refunded represent a relevant tax cost to the mining companies in Brazil.

Brazil

(Notes continued)

42. The taxation on dividend payments by companies in Brazil was eliminated in 1996. However, Brazilian tax laws allow 'The Interest on Net Equity' ('notional interest deduction') where interest paid to shareholders in the company as a return on invested capital (equity) can be deducted from income tax purposes. Entities are allowed to remunerate their shareholders by paying interest on net equity, subject to certain limitations. This results in a deductible expense for CIT purposes, thereby reducing the taxes due.
43. The rates will depend on the home country of the foreign investment. The standard rate is 15% and the 25% rate is levied on payments made to persons residing or domiciled in tax havens.
44. Any payments, credits or remittances for royalties, technical or administrative services to non residents will have a 10% impact on the Economic Domain Intervention Contribution ('CIDE'), with the exception of dividend payments.
45. The 25% WHT rate applies when CIDE of 10% is not levied.
46. Based on the size of the area. Licence fees are referred to Annual Tax on Hectare (TAH). The calculation basis is the size of the mining site, measured in hectares. It is due at the rate of 2.02 BRL per hectare, annually for over the period of concession. This amount is increased to 3.06 BRL if the period of concession is extended.
47. The Brazilian Government has been discussing the modernisation of the mining sector's rules through the set-up of a regulatory framework. In the same context, the modification of the CFEM rules with aim of increasing tax collection is being discussed. The main modifications are: a) the adoption of gross revenue as base of calculation; b) creating a standard mineral product, taking into consideration the technical and commercial criteria to avoid interpretation differences when applying tax rates; c) deferring the imposition of the CFEM on operations between related parties until the product is sold to a third party and using this value as base of calculation; d) creating a reference price for the standard mineral products; e) creating minimum and maximum tax rates by law, which can be altered at any given time through decree, making CFEM a mineral policy instrument, since it will rule the market according to the collection increase or decrease.
48. Transfer Pricing: Brazil is not a member of the OECD (Organisation for Economic Co-operation and Development), and does not follow US or OECD Transfer Pricing Rules. Contrary to the OECD Guidelines, Brazilian transfer pricing rules do not adopt the arm's length principle. Instead, Brazilian rules define a maximum price ceiling (parameter price) for deductible expenses on intercompany import transactions and a minimum gross income floor for intercompany export transactions.
49. Thin capitalisation rules have been enacted in Brazil since 2011. These act as a limit for indebtedness of Brazilian companies with their parent companies located abroad.

Recently, the Brazilian states of Minas Gerais, Pará and Amapá (the first two states with the highest mining activity) have enacted laws to create State Mining Taxes, this before the new Federal Mining Law is approved. These laws, however, are being challenged in court. They establish that the tax will be levied in accordance with the tonnage of mineral extracted from the territory. In 2012, each tonnage corresponds approximately to 2.3 BRL for Minas Gerais, 6.9 BRL for Pará and 4.5 BRL for Amapá.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	1: 15.0% ⁵⁰ 2: 10.0% - 16.0% ⁵¹	Mineral tax name ⁵⁶	3: Quebec Mining tax 4: BC Mining tax ⁵⁸ 5: Ontario mining tax
Level at which applied	1: Federal 2: Provincial	Level	Provincial
Rates of tax amortisation		Basis	3: Adjusted PBT 4: Adjusted PBT 5: Adjusted PBT
Ore assets	30.0%	Rates	
Lands/Improvements	25.0%	Copper	3: 16.0% ⁵⁷ 4: 2.0% - 13.0% ⁵⁸ 5: 5.0% - 10.0% ⁵⁹
Buildings	25.0%	Gold	3: 16.0% ⁵⁷ 4: 2.0% - 13.0% ⁵⁸ 5: 5.0% - 10.0% ⁵⁹
Plant and Machinery	25.0% ⁵²	Iron ore	3: 16.0% ⁵⁷ 4: 2.0% - 13.0% ⁵⁸ 5: 5.0% - 10.0% ⁵⁹
Tailing liners	25.0%	Coal	3: 16.0% ⁵⁷ 4: 2.0% - 13.0% ⁵⁸ 5: 5.0% - 10.0% ⁵⁹
Work/Construction in progress	deducted from income ⁵³	Deductible in CIT calculation	3: YES 4: YES 5: YES
Restriction on use of tax losses	YES ⁵⁴		
Special allowances/contracts	YES ⁵⁵		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	25.0%
Basis	N/A	Interest	25.0%
Rate	N/A	Royalties	25.0%
		Services fees	25.0%
Tax on exports		Any other payments	Licence fees
Ore extracted	N/A	Fiscal stability agreements	N/A
Processed ore	N/A	Social contributions	YES. Voluntary.
Refined metal	N/A		
Other	N/A		
VAT charged on exports	NO	Additional in-country information	
Average time for VAT refund	< 3 months		

Notes

50. Canada generally imposes Federal and Provincial income tax. Additional Federal income tax is levied on taxable income earned in a permanent establishment outside of Canada.
51. Provincial income rates vary between 10% to 16%. For major mining areas, this rate varies between 10% and 11.9%.
52. Certain buildings, machinery and equipment acquired before the commencement of commercial production or for the purpose of a major expansion may qualify for accelerated tax depreciation at a rate of up to 100% (Class 41(a)).
53. Canadian exploration expenses ("CEE") consist of virtually all Canadian exploration and pre-production development expenses. These costs accumulate in a pool (cumulative Canadian exploration expense—"CCEE"). A taxpayer can deduct the full amount of its CCEE, to the extent of its income from any source. Any unused balance can be carried forward indefinitely for deduction in future years. Special rules apply when there is acquisition of control in the company with those balances.
54. Non-capital losses must be used within 20 years or can be carried back three years. A new mining company will not generate significant non-capital losses typically. Most of their expenses are generally added to CEE (see note 53), CDE (Canadian Development Expenses) or Class 41 (see note 52) and

these can be carried forward indefinitely. Capital losses generally do not expire, unless there is acquisition of control of the corporation.

55. A non-refundable Investment Tax Credit ("ITC") of 10% applies to grassroots exploration and mine development costs, but only for base and precious metals and diamonds. It is available only to corporations and will be phased out by 2015. Another incentive is the 10% ITC on the cost of qualified property used in the Atlantic provinces and the Gaspé region of Quebec. ITCs of 20% (35% for certain private corporations) are also available for expenditures in qualified scientific research incurred anywhere in Canada. The ITC of 20% is expected to be reduced to 15% in the future. A temporary non-refundable 15% Mineral Exploration Tax Credit is available to individuals who invest in flow-through shares. Certain provinces provide additional credits for flow-through shares. Provincial incentives are also available in the form of refundable tax credits for exploration expenses for new mining investments.
56. Each province/territory has a mining/royalty tax. The information is given for three of the main mining provinces only.
57. A flat rate is levied on the annual profits from mining operations in Quebec. The 16% flat rate is for tax years starting after 31 December 2011.
58. British Columbia ("BC") Mining taxes are imposed mine-by-mine in two stages: a 2% tax on "net current proceeds" (revenue less certain operating costs) and 13% tax on "net revenue" (net current proceeds less modified

Canada

(Notes continued)

capital costs, exploration costs, pre-production development costs and an investment allowance). The initial 2% tax is a form of minimum tax, which is deductible in full, with an interest component, against the 13% tax. There are incentives to encourage new mine developments in British Columbia that begin commercial production after 31 December 1994 and before 1 January 2016.

59. Ontario mining tax is levied at a rate of 10% on taxable profit in excess of \$500,000 derived from mining operations in Ontario. For a three-year period, the first \$10 million of profits generated by a new mine or major expansion of an existing mine is exempt from tax. This period is extended to ten years for new mines opened in “remote” Ontario locations. Furthermore, a 5% tax rate applies to profits from the operation of a “remote” mine once the holiday period is over. Ontario diamonds royalty is excluded from the Ontario mining tax.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	18.5% ⁶⁰	Mineral taxname	Specific Mining Tax ⁶⁴
Level at which applied	Federal	Level	Federal
Rates of tax amortisation		Basis	Adjusted PBT ⁶⁵
Ore assets	depends ⁶¹	Rates	
Lands/Improvements	N/A	Copper	0% - 14.0% ⁶⁶
Buildings	depends ⁶¹	Gold	0% - 14.0%
Plant and Machinery	depends ⁶¹	Iron ore	0% - 14.0%
Tailing liners	depends ⁶¹	Coal	0% - 14.0%
Work/Construction in progress	depends ⁶²	Deductible in CIT calculation	YES
Restriction on use of tax losses	none ⁶³		
Special allowances/contracts	NO		
Other taxes and payments		Withholding tax ⁶⁹	
Name	N/A	Dividends	35.0% (less corporate tax credit) ⁶⁷
Basis	N/A	Interest	4.0% - 35.0%
Rate	N/A	Royalties	30.0%
		Services fees	15.0%/20.0% ⁶⁸
Tax on exports		Any other payments	Licence fees ⁷⁰
Ore extracted	N/A	Fiscal stability agreements	YES ^{71 72}
Processed ore	N/A	Social contributions	NO
Refined metal	N/A		
Other	N/A		
VAT charged on exports	NO	Additional in-country information	
Average time for VAT refund	< 6 months		

Notes

60. The corporate income tax rate (worldwide income regime) was raised from 17% to 20% during the fiscal year 2011. It has further increased to 18.5% for the fiscal year 2012 and will be back to 17% from 2013 onwards. There is a possibility that the corporate income tax rate will be fixed at 20%, following the Chilean Government's announcement of a tax reform and Congress pressures.
61. The allowed tax depreciation method is straight-line over the useful life of the asset. The useful life is determined by the Chilean Tax Authorities (SII) on each kind of assets through an Exempt Resolution *No 43/2002). Accelerated depreciation is also allowed where new or imported goods are equivalent to 1/3 of the normal life of the goods.
62. The costs related to the discovery of a mine are treated for tax purposes as organisation and start-up expenses, and can be deducted at any time during six years from when they were incurred, or when company starts earning revenues from its main activities. Regarding development costs, those that constitute the infrastructure of the mine, which are performed to be useful for the exploitation of several areas or units of the mining deposit are treated for tax purposes as fixed assets of the company. These can be depreciated over the useful life of the assets in accordance to rules issued by the Chilean tax authorities.
63. The tax loss must first be used to offset undistributed after-tax retained earnings. The excess can be carried forward indefinitely. Losses can be carried back and forward indefinitely. There may be some limitations to the use of tax losses where there is a change in ownership and other specific changes.
64. The Specific Mining Tax regime may not apply to foreign investors that had signed foreign investment contracts with the Chilean Government under Decree Law 600 including a mining tax invariability. However, such foreign investors may voluntarily be subject to the new regime being subject during calendar years 2010, 2011 and 2012 to an effective tax burden ranging from 4% and 9% over the mining operational margin. Such taxpayers, from

calendar year 2013 onwards (discounting the named calendar years) are able to return to the old mining tax regime until the end of their original mining tax invariability. As compensation, they will benefit from a new invariability regime of 6 years according to the new mining tax regime, starting from the day in which their old stability regime is exhausted.

65. The tax base for the Specific Mining Tax is the net taxable income determined for the First Category Tax (See note 67) with certain non operational revenue additions and deductions.
66. Annual sales of less than 12,000 metric tonnes of fine copper are exempted from Mining Industry Tax.
- For annual sales ranging between 12,000 and 50,000 metric tonnes of fine copper, a marginal rate ranging from 0.5% to 4.5% is applied over the taxable operational mining income (equivalent to an effective tax burden of 0.04% to 1.93%).
- Annual sales over 50,000 metric tonnes of fine copper are subject to an effective tax burden ranging from 5% and 14% over the taxable operational mining income.
67. First Category Tax (or corporate tax) paid by the company on that revenue can be credited.
68. The 15% rate on technical assistance is increased to 20% for services rendered to related parties or if the beneficiary is domiciled in tax havens.
69. For other items than mentioned below. The rate for remittance tax ranges from 1.75% to 35%.
70. Licence fees are at 0.5% and are based on tax equity.
71. Chilean Decree Law 600 sets down certain rights and benefits for foreign investors, including tax invariability of the Specific Mining Tax applicable, mining licences, among others.
72. In 2010, the Specific Mining Tax was amended by modifying the determination of the tax rates for when the taxpayer sells more than 50,000 metric tons of copper.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	25.0%	Mineral tax name	1: Resource Tax ⁷⁶ 2: Compensation for Mineral resource ⁷⁷ 3: Royalty fee of Exploration Right & Exploitation Right ⁷⁸
Level at which applied	Federal	Level	1: Federal 2: Federal 3: Federal
Rates of tax amortisation		Basis	1: Units produced (weight) 2: Revenues (Turnover) 3: Mining area
Ore assets	over valid period of mining licence	Rates	
Lands/Improvements	over valid period of land use licence	Copper	1: RMB5 - RMB7 per tonne 2: 0.5% - 4.0% 3: See note 78
Buildings	5.0%	Gold	1: RMB1.5 - RMB7 per tonne 2: 0.5% - 4.0% 3: See note 78
Plant and Machinery	10.0% - 20.0%	Iron ore	1: RMB10 - RMB25 per tonne 2: 0.5% - 4.0% 3: See note 78
Tailing liners	5.0%	Coal	1: RMB2 - RMB8 per tonne 2: 0.5% - 4.0% 3: See note 78
Work/Construction in progress	according to assets classification ⁷³	Deductible in CIT calculation	1: YES 2: YES 3: YES
Restriction on use of tax losses	5 years ⁷⁴		
Special allowances/contracts	YES ⁷⁵		
Other taxes and payments		Withholding tax	
Name	(i) Value Added Tax (ii) Local surcharges	Dividends	10.0%
Basis	(i) Sales revenue (ii) Value Added Tax paid	Interest	10.0%
Rate	(i) 17.0% (ii) 4.0 - 12.0%	Royalties	10.0%
		Services fees	varies ⁸⁰
Tax on exports		Any other payments	Licence fees ⁸¹
Ore extracted	varies ⁷⁹	Fiscal stability agreements	NO
Processed ore	varies ⁷⁹	Social contributions	YES. Voluntary. ⁸²
Refined metal	varies ⁷⁹		
Other	varies ⁷⁹	Additional in-country information ⁸³	
VAT charged on exports	NO		
Average time for VAT refund	< 3 months		

Notes

73. The allowances are given in the next month after the asset is brought into use. The depreciation method is consistent with the method/ rates listed above based on the category of assets.
74. Tax losses can only be carried forward for a maximum of five years starting in the year subsequent to the year where the loss was incurred. The carry-back of tax losses is not permitted.
75. Certain incentives could be granted to foreign investors and mining activities in the Western China region. Those activities would have to fall under the category of activities encouraged by the government. An example could be a 15% reduced CIT rate. This incentive is not necessarily applicable to a new mining investment.
76. Under the former China Resource Tax ("RT") regime, the RT rate varied according to the type of mineral, from RMB 0.3 to RMB60 per tonne on sales volume. However, the new RT regime has taken effect from 1 November 2011, under which oil and gas are taxed based on sales values. The new regime applies nationwide and is being tested in Xinjiang region before rolling out nationwide.

77. Compensation fee for Mineral Resource rate is at 0.5% to 4% on sales revenue of mineral exploitation-recycle ratio.

78. Fees for exploration right and exploitation right are calculated based on mining area (km²).

The Royalty Fee of Exploration Right shall be calculated based on the mining area (km²) at the rate of RMB 100/annum/km² for the first three years and additional RMB100/annum/km² from the fourth year, with the ceiling of RMB500/annum/km². There are incentives for Foreign Invested Enterprises exploring mineral resources in Western China region: a 1-year exemption followed by a 2-year 50% reduction for Sino-Foreign joint projects.

The Royalty Fee of Exploitation Right shall be calculated based on the mining area (km²) at the rate of RMB 1,000/annum/km². There are incentives for Foreign Invested Enterprises exploiting mineral resources in Western China region: a 1-year exemption followed by a 2-year 50% reduction for Sino-Foreign joint projects. A further 4-year 25% reduction on projects is available where advanced/new technology is deployed to enhance the utilisation rate.

China

(Notes continued)

- 79. There is no universal export duty rate on ore/metals. Export duty could be levied on certain ore/metals based on its HS (Harmonised System) Code.
- 80. CIT is only applied when Permanent Establishment is created. The effective rates range from 3.75% to 12.5% ($25\% \times 15\% \sim 25\% \times 50\%$), depending on the applicable deemed profit rates.
- 81. Obtaining exploration rights in relation to state equity shall pay the consideration priced at a fair market value based on a valuation exercise.
- 82. The mining company's contribution to the local community should be depended on the negotiation with local government.
- 83. The new PRC Resource Tax Law has come into effect on 1 November 2011. Under the new Resources Tax Law, the taxation rate has been generally increased for taxable minerals.

Congo, Democratic Republic of

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	30.0% / 40.0% ⁸⁴	Mineral tax name	Mining Royalty
Level at which applied	Federal	Level	Federal
Rates of tax amortisation		Basis	Adjusted Revenue ^{91 92}
Ore assets	N/A ⁸⁵	Rates	
Lands/Improvements	10.0%	Copper	2.0%
Buildings	2.0% – 5.0% ⁸⁶	Gold	2.5%
Plant and Machinery	10.0%	Iron ore	0.5%
Tailing liners	20.0% - 25.0%	Coal	1.0%
Work/Construction in progress	first two years of operation ⁸⁷	Deductible in CIT calculation	YES
Restriction on use of tax losses	5 years ⁸⁸		
Special allowances/contracts	YES ^{84 89 90}		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	10.0%
Basis	N/A	Interest	0%
Rate	N/A	Royalties	14.0%
		Services fees	0%
Tax on exports		Any other payments	Licence fees ⁹³
Ore extracted	N/A	Fiscal stability agreements	YES ⁹⁴
Processed ore	N/A	Social contributions	YES. Mandatory.
Refined metal	N/A		
Other	N/A		
VAT charged on exports	NO	Additional in-country information	
Average time for VAT refund	< 3 months		

Notes

84. The standard top rate of CIT is 40%, as set by tax laws. The income tax rate applicable for mining companies in exploitation phase is a reduced CIT rate of 30%, as set by the Mining Code.
85. As a result of a farm in operation, the transferee of a mining title amortises the price of acquisition of the mining title as a staggered charge.
86. Depending on the materials used for the building (e.g. building stone: 2.0%)
87. Until the mine starts production, all costs/expenditures are capitalised and depreciated during the first 2 years of the exploitation phase.
88. No carry back of losses is allowed, only carry forward. The 5 years limitation period applies to ordinary losses. Specific rules apply to tax deferred depreciation, where losses arise resulting from depreciation; these are deductible over future profits without any time limits.
89. Mining companies are allowed to book tax deductible reserves for site restoration up to 5% of their taxable profits and must book a mandatory reserve for environmental issues up to 0.5% of the turnover.

90. With regard to special tax on expatriates, the application of a reduced rate (e.g. 10% instead of 25%) and deductibility for CIT purpose are available subject to conditions. See also note 84.
91. Transportation, analysis, insurance and marketing costs are deductible from taxable basis.
92. 1/3 of the Mining Royalty is considered as a tax credit if related to mining products sold to a resident for transformation purpose.
93. Licence fees are calculated on mine area - per hectare. The rate ranges from USD 0.02 to USD 0.08.
94. The fiscal stability clause is included in the Mining Code and is applicable as long as the latter is not amended. In the event the Mining Code is amended, a company continues to benefit from the former regime for a 10-year period from the date of promulgation of such amendment in the case of exploitation or from the date of granting an exploitation permit in the case of exploration.

Congo, Republic of

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	30.0% / 34.0% ⁹⁵	Mineral tax name	Mining Royalty (Redevance Minière)
Level at which applied	Federal	Level	State
Rates of tax amortisation		Basis	Market Value ¹⁰⁰
Ore assets	non depreciable	Rates	
Lands/ Improvements	as per mining agreement	Copper	3.0%
Buildings	as per mining agreement	Gold	5.0%
Plant and Machinery	as per mining agreement	Iron ore	3.0%
Tailing liners	as per mining agreement	Coal	3.0%
Work/Construction in progress	as per mining agreement ⁹⁶	Deductible in CIT calculation	YES
Restriction on use of tax losses	3 years ⁹⁷		
Special allowances/contracts	YES ^{98 99}		
Other taxes and payments		Withholding tax	
Name	(i) Minimum CIT (ii) Pollution Tax	Dividends	20.0%
Basis	(i) Prior year turnover (ii) Turnover	Interest	20.0%
Rate	(i) 1.0% (ii) 0.2%	Royalties	20.0%
		Services fees	20.0%
Tax on exports		Any other payments	Licence fees ¹⁰¹ Dividends to government ¹⁰²
Ore extracted	N/A	Fiscal stability agreements	YES ¹⁰³
Processed ore	N/A	Social contributions	YES. Mandatory.
Refined metal	N/A		
Other	N/A	Additional in-country information	
VAT charged on exports	NO		
Average time for VAT refund	> 1 year		

Notes

95. The standard top rate CIT is 34%, as set by the General Tax Code. The income tax rate applicable for mining companies in exploitation phase is a reduced rate of 30%, as also set by the General Tax Code.

96. Until production starts, all costs/expenditures are capitalised and depreciated during the exploitation phase. Applicable rates are fixed in the mining agreement signed between the mining company and the State.

97. No carry back of tax losses is permitted under Congolese legislation; only carry forward. The 3-year limitation applies to ordinary losses. Specific rules apply to tax deferred depreciation, where losses arise resulting from depreciation; these are deductible over future profits without any time limits.

98. Mining companies are allowed to book tax deductible reserves to renew heavy mining equipment for environment protection and to restore the site. Some additional tax benefits/incentives can also be granted to mining companies in the mining agreement signed with the State.

99. Tax incentives for CIT for a limited period and if agreed and embodied in the mining agreement.

100. Taxable base is defined in the mining agreement and generally refers to "LME" (London Metal Exchange) with adjustments for namely treatment, insurance and transportation costs.

101. Basis for licence fees consists of a fixed element and a variable calculated on area (km²). Fixed element is between USD 4,000 to 8,000 and the annual tax per km² ranges between USD 3 to 5 during exploration and USD 15 during exploitation.

102. Dividends to government will be based on the State's stake; a minimum of 10% of the share capital of the mining company.

103. Depending on the magnitude of the mining investments, mining companies can negotiate a specific taxation regime. The said agreement has to be ratified by law to be enforced.

Germany

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	1: 15.8% 2: 7.0% - 15.0%	Mineral tax name	N/A
Level at which applied	1: Federal 2: Local	Level	N/A
Rates of tax amortisation		Basis	N/A
Ore assets	according to depletion	Rates	
Lands/Improvements	roads: 3.0% - 5.0% ¹⁰⁴	Copper	N/A
Buildings	3.0%	Gold	N/A
Plant and Machinery	7.0% - 12.0%	Iron ore	N/A
Tailing liners	7.0% - 12.0%	Coal	N/A
Work/Construction in progress	N/A	Deductible in CIT calculation	N/A
Restriction on use of tax losses	YES - 60% profits limitation ¹⁰⁵		
Special allowances/contracts	NO		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	26.375% ^{106 107}
Basis	N/A	Interest	0% ^{106 108}
Rate	N/A	Royalties	15.825% ^{106 109}
		Services fees	0% ¹⁰⁶
Tax on exports		Any other payments	N/A
Ore extracted	N/A	Fiscal stability agreements	NO
Processed ore	N/A	Social contributions	NO
Refined metal	N/A		
Other	N/A		
VAT charged on exports	NO	Additional in-country information	
Average time for VAT refund	< 6 months		

Notes

104. Land cannot be depreciated.

105. The loss carry back is limited to € 511,500 for corporate income tax purposes. No carry back is possible for trade tax purposes. No restrictions are imposed on the utilisation of loss carry forwards of up to €1 million; however the utilisation of loss carry forwards exceeding €1 million is capped at 60% of income. Therefore the remaining 40% of income will be taxed at the general rates ("minimum taxation"). The "minimum taxation" also applies for trade tax purposes. There are current discussions regarding the limitation of the loss carry forwards where the loss carry forward shall forfeit after a certain time period (5 to 10 years).

106. Can be reduced on application if Double Tax Treaty or EC rules are applicable.

For fiscal years beginning after 25 May 2007 and not ending for 1 January 2008 new rules affecting all interest have been implemented. The rule not only applies to loans from shareholders/partners, but also to loans from third parties. The general rule is that the net interest expense (balance of

interest income and interest expense) is only deductible for tax purposes if it does not exceed 30% of the taxable EBITDA (only regular depreciation/amortisation is allowed; extraordinary write-offs will not be added back) at the end of the preceding fiscal year. The main exemption to the restriction of interest deduction applies when the annual net interest is less than €3,000,000.

107. Dividends within the corporation chain from domestic or foreign corporation are 95% tax-exempt and capital gains from disposal of domestic and foreign shareholdings are 95% tax-exempt for corporate shareholders.

108. 25% (plus 5.5 % solidarity surcharge thereon) on interest for public traded debt, interest received through a German payment agent, convertible bonds and certain profit participating loans where a German resident company is the debtor. When the recipient of the loan is a foreign corporation, not resident in Germany, a reduction of 10% can be made.

109. 15% (plus 5.5 % solidarity surcharge thereon) on royalty and lease payments on movable property paid to non residents (either corporations or other persons).

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	25.0% / 35.0% ¹²⁷	Mineral tax name	Mining Royalties
Level at which applied	Federal	Level	Federal
Rates of tax amortisation		Basis	Revenue (Turnover)
Ore assets	80.0% and 50.0% ^{110 111 112}	Rates ¹¹⁹	
Lands/Improvements	80.0% and 50.0% ^{110 111 112 113}	Copper	5.0%
Buildings	80.0% and 50.0% ^{110 111 112 114}	Gold	5.0%
Plant and Machinery	80.0% and 50.0% ^{110 111 112}	Iron ore	5.0%
Tailing liners	80.0% and 50.0% ^{110 111 112}	Coal	5.0%
Work/Construction in progress	when assets brought into use ^{112 115}	Deductible in CIT calculation	YES
Restriction on use of tax losses	5 years ^{116 117}		
Special allowances/contracts	YES ^{117 118}		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	8.0% ¹²²
Basis	N/A	Interest	8.0% ¹²²
Rate	N/A	Royalties	10.0% ¹²²
		Services fees	15.0% ¹²²
Tax on exports		Any other payments	Licence fees Deadrent ¹²³ Dividends to government ¹²⁴ Ground rent Annual Mineral Rights fee
Ore extracted	N/A	Fiscal stability agreements	YES ^{118, 122, 125}
Processed ore	N/A	Social contributions	YES Mandatory
Refined metal	N/A		
Other	N/A ¹²⁰	Additional in-country information ^{126 127}	
VAT charged on exports	NO		
Average time for VAT refund	< 1 year ¹²¹		

Notes

110. 80% initially (in the first year) and 50% subsequently.

111. 50% additional capital allowance is granted in respect of 5% of previous year's additions.

112. The rate of tax amortisation for mining assets (including mineral rights) per Act 839 is 20% to be applied on a straight-line basis on the cost of those mining assets.

113. Land cannot be depreciated.

114. Building is granted at those rates of capital allowance if it is situated on the mine site.

115. Capital allowances are given when the assets are brought into use.

116. Per Act 839, expenses exclusively incurred in a mining area shall not be allowed as a deduction against revenue derived from another mining area belonging to the same mining entity in the determination of income assessed to tax (ring fencing provisions).

117. Mining companies can carry forward losses for a period of 5 years; and some mining companies have stability agreements or deeds of warranty which may provide special concessions.

118. Stability agreements, contracted by the Government and mining companies are subject to parliamentary approval for effective implementation.

119. Mineral royalties used to be in the range of 3%-6% but this was converted into a flat rate of 5% effective 19 March 2010.

120. Manganese ore and concentrates; bauxite (aluminium ore) and aluminium concentrates; and diamonds: the export duty charged is 0%.

121. A refund is likely in practice. This follows after a tax audit has been conducted to confirm the amount refundable.

122. Stability Agreements of some mining companies exempt them from withholding taxes on certain payments to non-resident persons.

123. As prescribed. Under the Minerals and Mining Act, 2006 (Act 703) which makes a provision for the payment of such amounts are arbitrary. The current position in practice is that demands are not made for such amounts.

124. Government owns 10% free carried interest in all mining companies in Ghana

125. A National Fiscal Stabilisation Levy of 5% of annual accounting profit before tax was imposed on some sectors of the economy including the mining sector in 2009. However, this levy has been abolished effectively in 2012. The government has also set up a team to review mining agreements as well as stability agreements with mining companies.

126. Ghana's budget statement for 2012 proposed the application of a 10% windfall tax likely to be applied after the supporting law is approved by Parliament. As of the publication date of this report, we are not aware that the Bill has been laid before Parliament for consideration.

127. Per Act 839, the CIT rate applicable to companies engaged in mining is 35%.

Corporate Income Tax (CIT)		Mineral taxes ¹⁶²	
Top rate of CIT	32.445% / 42.024% ^{128 129}	Mineral tax name	1: Royalty 2: Deadrent
Level at which applied	Federal	Level	1: State ¹³⁹ 2: State
Rates of tax amortisation		Basis	1: Units produced ¹⁴⁰ 2: Area of mine ¹⁴¹
Ore assets	25.0%	Rates	
Lands/Improvements	0% / 10.0% ¹³⁰	Copper	1: 4.2% ¹⁴⁰ 2: INR 3,000/Ha ¹⁴¹
Buildings	5.0% / 10.0% / 100.0% ¹³¹	Gold	1: 2.0% 2: INR 4,000/Ha
Plant and Machinery	15.0%	Iron ore	1: 10.0% 2: INR 1,000/Ha
Tailing liners	15.0%	Coal	1: INR 55 + 5.0%(P) – INR 130 + 5.0%(P) ¹⁴² 2: INR 1,000/Ha
Work/Construction in progress	according to assets classification ^{132 133 134}	Deductible in CIT calculation	1: YES 2: YES
Restriction on use of tax losses	8 years ¹³⁵		
Special allowances/contracts	NO ^{136 137 138}		
Other taxes and payments		Withholding tax ¹⁴⁶	
Name	(i) Surcharge (ii) Education Cess (iii) Secondary and Higher Education Cess	Dividends	0% ^{147 148}
Basis	(i) Basic rate (ii) Total tax including surcharge (iii) Total tax including surcharge	Interest	21.012% ¹⁴⁷
Rate	(i) 2.5% / 5.0% ¹⁴³ (ii) 2.0% (iii) 1.0%	Royalties	10.506% ^{147 149}
		Services fees	42.024% ¹⁴⁷
Tax on exports		Any other payments	Licence fees ¹⁵⁰ Deadrent ¹⁵¹ As cess ¹⁵²
Ore extracted	10.0% - 20.0%	Fiscal stability agreements	NO ¹⁵³
Processed ore	10.0% - 40.0%	Social contributions	YES. Required.
Refined metal	10.0%		
Other	varies ¹⁴⁴		
VAT charged on exports	NO	Additional in-country information ^{154 155 156}	
Average time for VAT refund	< 1 year ¹⁴⁵		

Notes

128. The CIT rate for an Indian company is 32.445% where taxable income exceeds INR 10 million. For a foreign company, the CIT rate is 42.024% where income exceeds INR 10 million.
129. For an Indian company, the CIT rate of 32.445% is the basic rate 30% plus a 5% surcharge on basic rate, plus a 2% Education Cess on total tax (i.e. tax computed using basic rate including surcharge) and a 1% Secondary and Higher Education Cess on total tax.
- For a foreign company, the applicable CIT rate of 42.024% is 40% (basic rate) plus a 2.5% Surcharge on basic rate, plus a 2% Education Cess on total tax and a 1% Secondary and Higher Education Cess on total tax. As proposed as per Finance Bill 2012 for Financial Year 2012-2013, from April 2012 onwards the Surcharge on basic rate will be 2.0% for foreign companies. See note 143.
130. Land is not eligible. Improvements in the nature of roads will qualify for depreciation.
131. The tax depreciation rate depends on the purpose of the building; residential: 5%, other buildings: 10%, temporary structures: 100%.
132. The depreciation/amortisation of the work/construction in progress starts when the asset is brought into use, and the rate of depreciation depends upon the asset category.
133. Expenditure on prospecting of minerals incurred by Indian companies even prior to the commencement of commercial production is allowable on amortisation basis subject to certain limits.
134. The expenditure incurred on exploration and development for specified minerals* during the year of commercial production, including during the four year period immediately preceding the year of commercial production will be amortised over a period of ten years starting from the year of commercial production. (*This is specifically provided in the Income Tax Act and covers major minerals.)
135. Business tax losses can be carried forward up to eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed. There is no restriction on the carry forward of unabsorbed depreciation. The same can be carried forward for any number of years.
136. Tax holiday on mining in Special Economic Zones (SEZ). Mining carried out in a SEZ is eligible for tax holiday for certain number of years subject to fulfilment of conditions provided that the extracted minerals are exported out of India.
137. Special deduction on prospecting of minerals under income tax is available. Expenditure on prospecting of minerals incurred by Indian companies even prior to the commencement of commercial production is allowable on amortisation basis subject to certain limits.

138. Concessional import duty rates on coal mining projects. Goods required for coal mining projects attract concessional basic customs (import) duty rate of 5%, against normal rate of 12.5%.
139. The Federal Government is only entitled for royalty payments from the Union territories under its control. Otherwise royalty payments are collected by State Government. The Federal royalty rates are the same as the State ones.
140. Royalty payable to the State Government (Federal Government in the case of Union Territory) depends on the type of mineral. The royalty rates for many minerals are on “ad valorem” basis (ranges from 0.2% to 20%) whereas for some others, it is fixed on tonnage basis. Royalty is generally sales price of mineral (published by the Indian Bureau of Mines) x total quantity of mineral produced/despatched (exceptions for some metals), or where those not despatched for sale in domestic market, the royalty will be sales price x % rate of royalty.
141. Deadrents are also payable to State Government (Federal Government in the case of Union Territory) and also depend on the type of mineral and time when the lease was first granted for mineral extraction. Different rates will apply to different category groups:

“Precious metals and stones” - gold, silver, diamond, ruby sapphire and emerald, alexandrite and opal;

“High value minerals” - semi-precious stones (agate, gem garnet), corundum, copper, lead, zinc, asbestos (chrysotile variety) and mica;

“Medium value minerals” - chromite, manganese ore, kyanite, sillimanite, vermiculite, magnesite, wollastonite, perlite, diaspore, apatite, rock phosphate, fluorite (fluorspar), and barites; and

“Low value minerals” means all other minerals not classified above.
142. The 5% representing a surcharge and P being the sales price per tonne of coal at mine mouth.
143. 2.5% for foreign companies and 5.0% for Indian companies. As proposed as per Finance Bill 2012 for Financial Year 2012-2013, from April 2012 onwards the rates will be 2.0% for foreign companies and 5.0% for Indian companies.
144. Mica (including fabricated mica) attracts the highest export duty at 40% of sale value and exemption is nil.

Iron ore and concentrates attract a export duty of 30%, however an exemption is given for 20% resulting in an effective rate of 10%.
145. One year from the date of claim of refund.
146. Withholding tax rates are applied on payments to non-residents.
147. If the person entitled to receive the payment does not have a Permanent Account Number, the rate of withholding tax will be the higher of the rates mentioned within the relevant categories or 20%.
148. Dividends received from Indian companies are tax-free in the hands of the shareholders.
149. The rate is subject to the condition that the agreement for royalty or technical assistance pursuant to which payment has been made by the Indian concern or Government has been entered into on or after June 1, 2005.
150. Licence fees basis of calculation: fixed fee for application of INR 11, 000, and a rate of INR 3,500 per square kilometres.
151. Lease amount to be paid by miners to State Government is fixed at a rate by Government. A maximum rate of INR 1,000 per hectare per year if there is delay in development.
152. As cess: The basis for this payment varies from one state to other (eg. environment or health and safety etc); the rate also varies and is usually around INR 5-10/tonne.
153. The Indian Mining Laws prevent the Central Government from enhancing the rate of royalty in respect of any mineral more than once during any period of three years. On the other hand, they also do not mandate that royalty on minerals should be revised after every three years. Last revision was notified in August 2009, so Government may modify the rates after August 2012.
154. No excess taxes are imposed on mining profits or revenues. However if companies are mining in scheduled areas and tribal areas, they need to set aside 0.5% of their revenues for their welfare as per the order of Supreme Court of India. In the province of Andhra Pradesh companies mining in scheduled and tribal areas are required to set aside 20% of their profits for the tribal welfare.
155. Government has recently introduced Mines and Minerals (Development & Regulation) Bill, 2011 in Parliament. The bill may be discussed and passed in budget session of Parliament in March 2012. The bill provides for assured annuity to the local population either through a 26% share of profits (post tax paid) earned by the miner in case of coal or an amount equal to mineral royalty in case of non coal minerals (by creating District Mineral Fund). There is a provision for a State Mineral Fund – not exceeding 10% of the Royalty.
156. Dividends Distribution Tax is to be paid by a domestic company on any amount declared, distributed or paid as dividends whether out of current or accumulated profit. Tax rate: 16.225% (15 % basic, 5% surcharge on basic, and 3% education cess on surcharge).

Corporate Income Tax (CIT)		Mineral taxes ¹⁶²	
Top rate of CIT	25.0%	Mineral tax name	Government royalty
Level at which applied	Federal	Level	Federal
Rates of tax amortisation		Basis	Revenues (Turnover)
Ore assets	0% ¹⁵⁷	Rates	
Lands/Improvements	0% ¹⁵⁷	Copper	4.0% ¹⁶³
Buildings	5.0% ¹⁵⁷	Gold	3.75% ¹⁶³
Plant and Machinery	6.25% ¹⁵⁷	Iron ore	3.0% ¹⁶³
Tailing liners	12.5% - 25.0% ¹⁵⁷	Coal	3.0% - 7.0% ¹⁶³
Work/Construction in progress	when assets brought into use ¹⁵⁸	Deductible in CIT calculation	YES
Restriction on use of tax losses	5 years		
Special allowances/contracts	YES ^{159 160 161}		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	20.0%
Basis	N/A	Interest	20.0%
Rate	N/A	Royalties	20.0%
		Services fees	20.0%
Tax on exports ¹⁶⁴		Any other payments	Licence fees ¹⁶⁶ Deadrent ¹⁶⁷ Land and building tax ¹⁶⁸
Ore extracted	N/A	Fiscal stability agreements	NO ¹⁶⁹
Processed ore	N/A	Social contributions	YES. Required.
Refined metal	N/A		
Other	N/A	Additional in-country information ^{170 171 172 173 174 175}	
VAT charged on exports	NO ¹⁶⁵		
Average time for VAT refund	> 1 year		

Notes

157. The rates given are for straight-line depreciation/amortisation. The double declining balance method can also be used, at double the rate shown (with the exception of buildings). For the land/roads category, land is not depreciable, although roads may be depreciated at 5%.
158. The rate will depend on the particular asset and its useful life, but it is generally 6.25% for the general machinery category, or 5% for buildings.
159. Tax incentives are available in specific mining activities such as (i) basic iron and steel manufacturing, (ii) gold and silver processing, (iii) certain brass, aluminium, zinc and nickel processing activities, (iv) quarrying of certain metal and non-metal ores. The incentives consist of a 30% investment credit, accelerated depreciation, reduced WHT on dividends and increased tax loss carry forward period of up to 10 years instead of 5 years.
160. There is a new Tax Holiday regime providing an exemption from tax for a period of time (up to 10 years). It is not available in conjunction with the tax incentives above (see note 159). In the mining sector, it is limited to certain metal processing activities (not yet specified in the regulations). It is only applicable to projects valued in excess of \$100m.
161. The rates set out above (notes 157-160) relate to the prevailing income tax law. There is a historical regime of 'Contracts of Work' under which tax rates were set (early generation coal contracts contain a tax rate of 45%) as well as various other tax aspects such as depreciation rates, capital allowances, loss carry forward and specific deductibility criteria. Although these are no longer issued, the majority of Indonesia's production is generated from mining companies subject to the contractual regime.
162. Regional and provincial governments have autonomy to raise certain taxes. The type of taxes that can be raised are set out in an exhaustive list provided by the Central Government also setting a maximum rate at which tax can be levied for each particular item. The relevant regional levies in

the mining sector include: heavy vehicle tax (0.2% max), heavy vehicle transfers (0.75% max), fuel tax (10% max), street lighting tax (3% max on electricity tariff), land and building tax (0.3%).

163. As mentioned in note 161, under the 'Contract of Work' system, royalties were also fixed. For coal, the rate is 13.5%. The rates vary for minerals, and for certain minerals/metals such as gold, the set rate is based on a quantity of production approach rather than sales price.
164. For export sales of coal, the price is the higher of the benchmark price or the actual sales price. The benchmark sales price is based on FOB (Free On Board) vessel so if the actual sales point is different, an adjustment to the benchmark price is made to reflect the reduced/increased costs involved in transporting the commodity to the actual point of sale.
165. The export of coal and gold bars is VAT exempt; any input VAT incurred is not refundable but can be claimed as a tax deduction. For most other processed minerals, exports are subject to 0% VAT (rather than exempt) where input VAT credits can be refunded.
166. The basis for licence fees is a competitive tender and the rate is variable.
167. Deadrent is based on land size and the rate is variable.
168. Land and Building Tax is calculated on land value and is payable at up to 0.3% on certain types of land and buildings - although the rate is set at the Regional level and is variable.
169. Indonesia previously operated under a system of fixed contracts between mining companies and the government which contained agreed rates of tax and detailed tax calculation provisions. From 2009, the Government no longer enters into such contracts. All mining concessions are granted under the same terms and are subject to the prevailing tax laws. There is a push for existing contracts to be transitioned into the new rules and be subject to the prevailing tax laws. That would require an amendment to the contracts.

Indonesia

(Notes continued)

170. The Government is permitted to pass a specific regulation with respect to tax in the mining industry. To date, this regulation has not been implemented. Drafts have been circulated in the past, although the content has not been remarkably different to the current arrangements. That being said, it is not known how this regulation will look when it is eventually enacted (if at all). This has been in progress for a number of years now.
171. Following the 2008 global recession, the Indonesian Government has not increased the royalty rates but has introduced a benchmark price for royalties.
172. The Government is considering imposing an export tax on coal and minerals. There have been recent discussions regarding an export tax on coal possibly at 15% and other minerals (rate for minerals unknown). This proposal is in its very early stages. No further information has been released.
173. The Government also introduced a regulation requiring all foreign controlled mining companies to divest at least 51% of the ownership of the mine to Indonesian investors following the 10th year of production.
174. The Government recently placed a ban on the export of unprocessed ore to promote Indonesia's processing capabilities. To overcome the existing lack of processing facilities in the short-term, the Government subsequently issued a regulation allowing for the export of certain specified unprocessed or minimally processed minerals, subject to approval.
175. A draft regulation has been circulated and looks at banning the export of low rank coal (coal below 5700 kCal) in order to promote in-country coal upgrading.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	20.0% ^{176 177}	Mineral tax name	Mining Extraction Tax
Level at which applied	Federal	Level	Federal
Rates of tax amortisation		Basis	Value of minerals ¹⁸³
Ore assets	N/A	Rates	
Lands/Improvements	N/A	Copper	5.7%
Buildings	max 10.0%	Gold	5.0%
Plant and Machinery	max 25.0%	Iron ore	2.8%
Tailing liners	N/A ¹⁷⁸	Coal	0%
Work/Construction in progress	when assets brought into use ¹⁷⁹	Deductible in CIT calculation	YES
Restriction on use of tax losses	3–7 years for losses prior to 2009 10 years as of 2009 ¹⁸⁰		
Special allowances/contracts	YES ^{181 182}		
Other taxes and payments		Withholding tax	
Name	(i) Bonuses ^{184 185} (ii) Rent tax on export (iii) Historical costs compensation	Dividends	15.0%
Basis	(i) Units of resources (ii) Amount of exported coal (iii) Compensation of historical costs ¹⁸⁶	Interest	15.0%
Rate	(i) Variable (ii) Coal: 2.1% (iii) Subsurface use contract ¹⁸⁶	Royalties	15.0%
		Services fees	20.0% ¹⁸⁷
Tax on exports		Any other payments	Deadrent ¹⁸⁸
Ore extracted	N/A	Fiscal stability agreements	NO
Processed ore	N/A	Social contributions	YES. Required.
Refined metal	N/A		
Other	Coal: 2.1%	Additional in-country information ^{189 190 191}	
VAT charged on exports	NO		
Average time for VAT refund	< 6 months		

Notes

176. Corporate Income Tax is levied on worldwide income of Kazakhstan legal entities and income of foreign legal entities attributable to their Kazakhstan permanent establishments. The net after tax profit of branches of foreign legal entities is subject to 15% branch profit tax (reduction or elimination of this tax may be available under the appropriate tax treaty).
177. Subsurface users operating under a subsurface use contract are also subject to Excess Profit Tax (EPT), a progressive tax. EPT is paid on net income under each subsurface use contract for a reporting period. However, EPT applies to a part of net income exceeding 25% of deductions. In addition to general corporate deductions, it is also allowed to deduct cost of fixed assets and capital repair. The tax rates vary from 10% to 60%, depending on the ratio of net income to deductions.
178. Deducted upon consumption, and treated as material (i.e. depends on accounting treatment).
179. A subsurface user is obliged to capitalise expenditures on geological and geophysical stage, i.e. expenses before commercial production of minerals has started. Construction in progress is generally capitalised and allowed for deduction after fixed asset brought into operation.
180. Net operating losses accumulated prior to 1 January 2009 may be carried forward for up to three years and up to seven years for losses from subsurface use activities. Net operating losses generated after 1 January 2009 may be carried forward for up to ten years. Loss carryback is not permitted under Kazakhstan tax legislation.
181. Double declining depreciation method can be used in the first year in respect of fixed assets that were put into operation by subsurface users if the fixed assets will be utilised for generating aggregate annual income for at least 3 years.

182. Investment contracts can be agreed with the government to allow for double depreciation of specific fixed assets.
183. Taxable base is determined as the volume of extracted mineral multiplied by the value of the minerals. The tax base is multiplied by the tax rates which are different depending on the type of mineral. The value of extracted minerals is determined based on official quotes (London Metal Exchange (LME) rates). In case a specific mineral is not quoted on LME, then the value is determined based on weighted average selling price in tax period, in the absence of the sale in any previous tax period: production expenses related to extraction and primary processing of the mineral ore (determined in accordance with IFRS accounting rules and Kazakhstan legislation) increased by 20%.
184. Signature bonus: the minimum bonus for exploration and production contracts for mining companies equals approximately USD 5,400.
185. Commercial discovery bonus: 0.1% of the world market value of the volume of the recoverable reserves.
186. Compensation of historical costs is a subsurface user's fixed payments for total costs incurred by the State for geological surveys and improvement of the relevant contract territory before the conclusion of the subsurface use contract. The amount of historical cost reimbursement payments is determined by the competent authority.
187. 20% rate is applied on any payments (including passive types of income like: dividends, interests and royalties) to entities registered in black-listed countries. The list of black-listed countries is determined by the Government of the Republic of Kazakhstan.
188. Deadrent: The rate varies and it is calculated on size of area (hectare).
189. The Tax Code imposes a variety of fees that are treated as taxes. These include property tax, fees for the use of land, water, radio frequencies,

navigable waterways, air pollution, etc. For a subsurface user, the most important of these are the environmental fees and property tax. The taxable base and rates for the environmental fees vary depending on the nature of subsurface user's activities, the region of activities, volume of "used" natural resources, volume of pollution, etc. The environmental fees and non-tax payments in general may become a significant part of the overall tax burden for a subsurface user. In addition, obtaining approval from various authorised bodies for the use of certain natural resources requires significant time and effort on the part of a taxpayer.

190. Before 2009 the government levied royalties on minerals extracted and after 2009 Mineral Extraction Tax (MET) was introduced, i.e. MET has effectively substituted royalties. However, the tax base and the tax rates for estimation of royalties or MET are different.

191. "Ring fencing" rule: Subsurface users operating under more than one subsurface use contract or having other activities outside of the scope of a subsurface use contract are required to maintain separate accounts and records for tax liabilities with respect to each subsurface use contract or activities outside the scope of the contract. Consolidation income or expenses between contracts or between subsurface and non-subsurface activities is therefore precluded. This means that a subsurface user may not deduct costs incurred under one contract from revenues earned in respect of another contract.

Mexico

Corporate Income Tax (CIT)		Mineral taxes ¹⁹⁹	
Top rate of CIT	30.0% ¹⁹²	Mineral tax name	N/A
Level at which applied	Federal	Level	N/A
Rates of tax amortisation		Basis	N/A
Ore assets	over period of concession granted ¹⁹³	Rates	
Lands/Improvements	N/A or 15.0% ¹⁹⁴	Copper	N/A
Buildings	5.0%	Gold	N/A
Plant and Machinery	12.0%	Iron ore	N/A
Tailing liners	100.0%	Coal	N/A
Work/Construction in progress	As incurred/when assets brought into use ¹⁹⁵	Deductible in CIT calculation	N/A
Restriction on use of tax losses	10 years ¹⁹⁶		
Special allowances /contracts	YES ^{197 198}		
Other taxes and payments		Withholding tax	
Name	Flat Tax ²⁰⁰	Dividends	0%
Basis	Income collected less expenses paid	Interest	30.0% ²⁰²
Rate	17.5%	Royalties	25.0%
		Services fees	25.0%
Tax on exports		Any other payments	Licence fees ²⁰³
Ore extracted	N/A	Fiscal stability agreements	NO
Processed ore	N/A	Social contributions	YES. Voluntary.
Refined metal	N/A		
Other	N/A	Additional in-country information ^{204 205}	
VAT charged on exports	NO		
Average time for VAT refund	N/A		

Notes

192. The rate will decrease to 29% in 2013 and to 28% in 2014.

193. It depends on the number of years for which the concession is granted.

194. Land cannot be depreciated.

195. Some expenses made during the mine development stage can be 100% written off as they are incurred. For those expenditures falling under the definition of fixed assets or amortisable intangible assets, the taxpayer can depreciate the capital expenditure on work/construction in progress when the asset is brought into use.

196. Net operating loss carrybacks are not allowed. Subject to certain limitations, losses incurred in prior years by a business may be carried forward and deducted from income earned over a subsequent ten-year period.

197. Immediate deduction of fixed assets. If certain requirements are met, machinery and equipment can be deducted immediately. In this case, mining machinery and equipment can be deducted at the rate of 87% in the fiscal year.

198. If certain requirements are met, full deduction for investments in machinery and equipment is available e.g. to prevent pollution or to produce electricity from sources other than hydraulic or thermoelectric plant.

199. There have been some proposals to impose mining royalties but there is no certainty that these proposals might be approved.

200. The Flat Tax law started on January 1, 2008 and replaced the Asset Tax law. The Federal Flat Tax applies to Mexican resident taxpayers' income from worldwide sources, as well as to foreign residents with

permanent establishments in Mexico, for such income attributed to the establishments. In general, the Flat Tax base is the excess of the income collected relating to: the sale or disposition of property, the provision of independent services, and the granting of the temporary use or enjoyment of assets (i.e. rental income and unrelated party royalty income), over amounts paid for: the acquisition of assets, the receipt of independent services and the temporary use or enjoyment of assets, as well as certain other expenses. The Flat Tax operates as a supplemental tax to the Income Tax, to the extent the computation yields an amount which is higher than the Income Tax for the taxable year.

201. Does not include any Tax Treaty (or Double Taxation Agreements – "DTAs") rates

202. Payments to tax havens are subject to a 40% withholding tax.

203. Basis of licence fee calculation is on area per hectare. Rate: various quotas.

204. Dividend tax regime - Legal persons who pay out dividends or profits should calculate and pay the tax on the same at the 30% CIT rate (29% in 2013 and 28% starting in 2014). For these purposes, the dividends or profits will be added to the income tax payable. This tax will not be obligatory when the dividends or profits come from the balance of the after tax earnings account (profits on which tax was already paid). If dividends are paid and the CIT as a result, that tax may be credited against the CIT for the present and next two fiscal years, according to a procedure in the Law. Dividends cannot be accumulated for tax purposes, except to determine the tax base of employee profit shares.

205. There is also a mandatory Profit sharing payment: every business unit with employees is required to distribute 10% of the annual adjusted taxable income to its employees.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	30.0%	Mineral tax name	1: Mining Royalty ²¹⁰ 2: Special Mining Tax 3: Special Mining Contribution
Level at which applied	Central Government	Level	1: Regional Government 2: Central Government 3: Central Government
Rates of tax amortisation		Basis	1: PBT ²¹¹ 2: PBT ²¹¹ 3: PBT ²¹¹
Ore assets	over probable life of mine	Rates ²¹²	
Lands/ Improvements	0%	Copper	1: 1.0% - 12.0% 2: 2.0% - 8.4% 3: 4.0% - 13.12%
Buildings	5.0%	Gold	1: 1.0% - 12.0% 2: 2.0% - 8.4% 3: 4.0% - 13.12%
Plant and Machinery	20.0% ²⁰⁶	Iron ore	1: 1.0% - 12.0% 2: 2.0% - 8.4% 3: 4.0% - 13.12%
Tailing liners	5.0%	Coal	1: 1.0% - 12.0% 2: N/A 3: N/A
Work/Construction in progress	0% ²⁰⁷	Deductible in CIT calculation	1: YES 2: YES 3: YES
Restriction on use of tax losses	4 years or 50% of profits ²⁰⁸		
Special allowances /contracts	YES ²⁰⁹		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	4.1%
Basis	N/A	Interest	4.99% / 30.0%
Rate	N/A	Royalties	30.0%
		Services fees	15.0% / 30.0%
Tax on exports			
Ore extracted	N/A	Any other payments	Licence fees ^{213 214}
Processed ore	N/A	Fiscal stability agreements	YES ^{215 216}
Refined metal	N/A	Social contributions	YES. Voluntary. ²¹⁷
Other	N/A		
VAT charged on exports	NO	Additional in-country information ^{218 219}	
Average time for VAT refund	< 3 months		

Notes

206. The maximum depreciation rate for tax purposes is 20%, but according to Peruvian legislation, tax depreciation cannot exceed the financial depreciation recorded in the mining company's accounting records.
207. Once in operation, buildings and construction can be depreciated at 5%.
208. Tax losses may be offset according to either of the following systems: a) against net income obtained within the next four fiscal years after the year in which the loss was generated. Any losses that are not offset within such period may not be carried forward to any later years; or b) against 50% of the net income obtained in the following fiscal years after the year in which the loss was generated. Under this system, there is no time limitation for carrying forward the losses. After choosing one of the aforementioned systems, the taxpayers may not change the system until any accumulated tax losses from prior fiscal years are exhausted. Losses may not be carried back to years prior to the year in which the loss was generated.
209. There is a special depreciation annual rate for mining companies with stability agreements, by which these mining companies may apply depreciation rates up to 5% for buildings, and up to 20% for other fixed assets.
210. This royalty has been defined in the law as the administrative charge that mining companies shall pay to the Peruvian State for extracting metallic and non metallic mineral resources from its mining concessions. This royalty is calculated on the basis of the value of the mineral concentrates produced, according to their international market value, and it should be calculated monthly and paid in respect of the concentrates effectively sold.

The law allows the deduction of certain costs and expenses such as indirect taxes, insurance, freight, among others. The Mining Royalty should be considered for tax purposes as a cost of the mineral that is sold.

211. The operating profit is obtained by deducting from the income generated from the sales of mining resources of each quarter the cost of sales, operating expenses (including selling expenses and administrative expenses) incurred in order to generate such income. The tax base is the operating profit for accounting purposes, with some exemptions. Non-deductible exploration expenses can be amortised over the life of the mine. Other deductibility limitations are the higher depreciation or amortisation generated from assets revaluations, the costs and expenses incurred in self-consumption or the unsupported disposal of mineral resources. The employee's profit sharing (8% of net taxable income) for administrative employees is excluded from the operating profit for purposes of determining this concept. The minimum amount payable for the Mining Royalty cannot be less than 1% of the revenues generated from the sales of the calendar quarter.
212. An effective rate is applied to the operating profit after applying the cumulative and progressive scale to the operating margin, regardless the type of mineral.
213. The Licence fee, also known as the "Mining Right Fee" (by virtue of which companies hold mining rights) corresponds to US\$3.00 per hectare annually or the equivalent in local currency. For minor mining producers, the cost of hectare concession is US\$1.00 annually, or its equivalent in local currency. In case the mining company does not comply with the minimum annual production, it is subject to a penalty (US\$6.00 annually per hectare

and for minor mining producers, the penalty will be of US\$1.00 annually per hectare). If the default continues, as from the twelfth year, the penalty will be of US\$20.00 annually per hectare, and for the minor mining producer, the penalty will be of US\$5.00 annually per hectare.

214. There is also another type of mining royalty named “Canon Minero”, which is composed of 50% of the income tax paid by the mining companies to the Peruvian Government, which then distributes it to the regional governments where these mining companies operate. Therefore, as already being part of the income tax paid, this concept does not entail a higher tax for mining companies.
215. The Mining Royalty provisions were modified, and a Special Mining Tax and Special Mining Contribution were created. The Special Mining Contribution was created for mining companies with projects where tax stability agreements are in force. Such companies will voluntarily enter into agreements with the Peruvian Government with the purpose to pay this contribution. This special contribution shall be determined for each stability agreement entered into.
216. Investors may enter into stability agreements with the government, either under the general regime or specific regimes (i.e. mining and petroleum). Under the general regime, investors may enter into Juridical Stability Agreements that guarantee the following advantages for a ten-year period:
 - Stability of the income tax regime in force at the time the agreement is entered into with respect to dividends and profit distribution.
 - Stability of the Peruvian government monetary policy, according to which there is a complete absence of exchange controls, foreign currency can be freely acquired or sold at whatever exchange rate the market offers, and funds can be remitted abroad without any previous authorisation.
 - Right of non-discrimination between foreign and local investors. Under the mining regime, local mining companies may enter into stability agreements of guarantees and investment promotion measures that guarantee the following for 10 or 15 years:
 - Stability of the overall tax regime.
 - Stability of the overall administrative regime.
 - Free disposition of funds (foreign currency) arising from export operations.

- No exchange rate discrimination.
- Free trade of products.
- Stability of special regimes for tax refunds, temporary importation, etc.

217. Pursuant to the income tax Law, for such purposes, mining companies may deduct as an expense the investment in infrastructure that qualifies as a “public service” (i.e. roads, electricity, water supply, etc.), provided that the corresponding administrative authority approves the investment project. Other commitments agreed with communities in the Environmental Impact Studies may be deducted as social responsibility expenses for taxpayers.
218. Companies subject to Corporate Income Tax, except those in preoperative stage, are obliged to pay the Temporary Net Assets Tax (TNAT). The taxable basis is the value of the net assets set forth in the taxpayer’s balance sheet as of 31 December of the year prior to the one that corresponds to the tax payment, adjusted with the deductions and amortisations accepted by the Peruvian Income Tax Law (PITL). Thus, the amount of the temporary net assets tax is determined by the application of the following rates on the taxable basis:

Rates	Net Assets
0%	Up to PEN 1,000,000
0.4%	Excess of PEN 1,000,000

The amount paid for TNAT may be credited against the taxpayer’s income tax.

219. Holders of mining concessions have the right to be reimbursed VAT paid in connection to their activities during the exploration stage. For these purposes, concession holders need to enter into an Exploration Investment Contract with the Government, according to a contract model to be approved by a Resolution of the Ministry of Energy and Mines. The reimbursement comprises VAT applicable to all imports or acquisition of goods, services hired or used within national territory and construction contracts linked to mineral exploration activities in the country. The reimbursement may be requested on a monthly basis as from the month following the registration of the mentioned transactions in the purchase ledger of the concession holders.

Philippines

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	1: 30.0% 2: 2.0% / 3.0% ²²⁰	Mineral tax name	3: Excise tax 4: Royalties to mineral reservations 5: Royalties to indigenous cultural communities
Level at which applied	1: Federal 2: Municipal	Level	3: Federal 4: Federal 5: Federal
Rates of tax amortisation		Basis	3: Market Value ²²⁹ 4: Market Value ²³⁰ 5: As agreed; min of 1% gross output ²³¹
Ore assets	varies ²²¹	Rates	
Lands/ Improvements	see notes ^{222 223}	Copper	3: 2.0% 4: min. 5.0% ²³⁰ 5: as agreed ²³¹
Buildings	depends ²²⁴	Gold	3: 2.0% 4: min. 5.0% ²³⁰ 5: as agreed ²³¹
Plant and Machinery	depends ²²⁴	Iron ore	3: 2.0% 4: min. 5.0% ²³⁰ 5: as agreed ²³¹
Tailing liners	depends ²²⁴	Coal	3: PhP 10.00/metric tonne 4: min. 5.0% ²³⁰ 5: as agreed ²³¹
Work/Construction in progress	when assets brought into use ²²⁵	Deductible in CIT calculation	3: YES 4: YES 5: YES
Restriction on use of tax losses	3/5 years ²²⁶		
Special allowances/contracts	YES ^{227 228}		
Other taxes and payments		Withholding tax	
Name	Value-added tax	Dividends	15.0%/30.0%
Basis	Gross sales	Interest	20.0%
Rate	0% / 12.0% ²³²	Royalties	30.0% ²³⁴
		Services fees	30.0% ²³⁵
Tax on exports		Any other payments	Deadrent ²³⁶ Occupation fees ²³⁷ Community tax ²³⁸ Mine wastes and tailing fees ²³⁹ Filing fees and other charges ²⁴⁰
Ore extracted	N/A	Fiscal stability agreements	YES ²⁴¹
Processed ore	N/A	Social contributions	YES. Required.
Refined metal	N/A		
Other	N/A	Additional in-country information ²⁴²	
VAT charged on exports	YES ²³²		
Average time for VAT refund	> 1 year ²³³		

Notes

220. These are maximum rates that may be imposed by municipalities (2%) and cities (3%)

221. Only actual costs relating to the acquisition of the mining licence, surface rights, etc. may be capitalised and then amortised for income tax purposes. The mere value (without actual costs) of the ore deposits or mining licence/right cannot be capitalised nor amortised. However, exploration and development expenditures may be capitalised and amortised using the cost-depletion method; this method presupposes that the mining operations are already at the production stage. Depletion expense is computed on the basis of number of units of minerals remaining as of the taxable year and number of units sold during the taxable year.

222. Land is not subject to depreciation or amortisation.

223. Improvements such as roads may be subjected to tax depreciation. The rates will depend on the category of assets the improvements will fall into.

224. The normal rate is based on the useful life of the asset where the expected life of the property is 10 years or less. In this case, the Philippine Tax Code generally allows the taxpayer to compute depreciation expense under any of the following methods: straight-line method, declining balance method, or sum-of-the-years-digit method. This is applicable for fixed assets such as buildings, plant and machinery, and tailings liners used in mining

operations which have useful lives of ten years or less. If the useful life is more than ten years, the fixed assets may be depreciated over any number of years between five years and the useful life. So, if the useful life is twenty years, the taxpayer may opt to use the 'normal rate of depreciation' of a) 1/20 or 5% (based on the useful life), b) the accelerated rate of 1/10 or 10% (which is based on ten years), or c) any other accelerated rate between five years and twenty years.

225. Capital expenditures pertaining to construction of properties subject to depreciation may be capitalised. Depreciation expense is allowed when the properties are already used in mining operations.

226. Exploration and development expenditures may be capitalised and then amortised during the production stage. Generally, net operating losses incurred during a taxable year may be carried over to the next 3 succeeding taxable years until fully utilised. Any unutilised portion will expire. Mining companies, however, are entitled to carry over to the next 5 succeeding taxable years those net operating losses incurred during the first 10 years of operations. Net operating losses during Income Tax Holiday ("ITH") years cannot be carried over. Excess income tax credits (total quarterly income tax payments plus creditable income taxes withheld by customers less income tax liability) however may be carried forward indefinitely.

227. As a general rule, amortisation of exploration and development expenditures are computed under the cost-depletion method; which

Philippines

(Notes continued)

method presupposes that the mining operations are already at the production stage. However, the taxpayer may opt to deduct accumulated exploration and development expenditures, provided, that the total deduction for the taxable year shall not exceed 25% of net income from mining operations. The remainder, if any, shall be carried forward to the succeeding years until fully deducted.

228. Mining activities may be registered with the Board of Investments (BOI) for purposes of obtaining an income tax holiday (ITH) for 4 or 6 years from commercial operations; tax- and duty-free exemption on imported spare parts; exemption from wharfage dues, export tax, duty, impost and fees; and for the first 5 years, additional labour expense deduction of 50% or 100% of wages corresponding to the increment in the number of direct labour for skilled and unskilled workers. The BOI may, however, limit the registrable mining activity to those with mineral processing content.
229. The excise tax is 2% of the actual market value of gross output at the time of removal. The term 'gross output' means the actual market value of minerals or mineral products or of bullion from each mine or mineral land operated as a separate entity, without any deduction from mining, refining as well as transporting, handling, marketing or any other expenses.
230. The amount of royalties is at least 5% of the market value of the gross output of the minerals/mineral products extracted or produced from the mineral reservations exclusive of all other taxes.
231. The amount of royalties shall be agreed between the mining company and the indigenous cultural community but in no case shall be less than 1% of gross output.
232. Though VAT is charged on export products, the VAT rate is zero percent (0%).
233. The prescriptive period for the right to claim a refund or issuance of tax credit certificate of unutilised input VAT attributable to VAT 0% sales (e.g. export sales) is two years after the close of the taxable quarter when the sales were made.
234. This is also subjected to the 12% final withholding value-added tax.
235. If services are rendered in the Philippines, the fees are also subject to 12% final withholding value-added tax.
236. Basis of calculation is the assessed value of the real property. The rate is 1% or 2%.
237. Occupation fees: a) Exploration Permit – PhP 10.00 per hectare per annum; b) Mineral Agreements/Financial and Technical Assistance Agreement – PhP 50.00 per hectare per annum; c) If inside mineral reservations – PhP 10.00 per hectare per annum.
238. Maximum of PhP 10,500.00.
239. Mine wastes and tailings fees of PhP 0.05/MT of mine waste produced and PhP 0.10/MT of mill tailings generated from the mining operations.
240. Real property taxes cannot exceed 1% of the assessed value in the case of provinces and 2% of the assessed value in the case of cities. In addition to these real property taxes, the provinces and cities may impose an additional levy of 1% for the Special Education Fund. For purposes of the real property tax, real property includes not only land and improvements (e.g., buildings, structures, etc.) but also machinery.
241. Fiscal stability or financial and technical assistance agreements can be entered into with the Executive branch (President and/or Secretary of the Department of Environment and Natural Resources). However, the Legislative branch can pass laws that can increase taxes or reduce incentives related to mining activities. All laws by the Legislative branch are required to be presented to the President who may either approve or veto them.
242. There is a pending legislative bill seeking to increase excise taxes from 2% to 7%. Recently, some government officials from the executive branch have been proposing the expanded coverage of the 5% royalty (currently applicable to mineral reservations) by declaring all mining projects as mineral reservations.

Russian Federation

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	1: 20.0% 2: 15.5% ²⁴³	Mineral tax name	Mining Resources Extraction Tax ²⁴⁷
Level at which applied	1: Federal 2: State ²⁴³	Level	Federal
Rates of tax amortisation		Basis	Value or quantity of extracted mineral resources (applies to coal) ²⁴⁸
Ore assets	N/A ²⁴⁴	Rates	
Lands/ Improvements	N/A ²⁴⁴	Copper	8.0%
Buildings	varies ²⁴⁵	Gold	6.0%
Plant and Machinery	varies ²⁴⁵	Iron ore	4.8%
Tailing liners	varies ²⁴⁵	Coal	varies ²⁴⁹
Work/Construction in progress	N/A ²⁴⁵	Deductible in CIT calculation	YES
Restriction on use of tax losses	10 years ²⁴⁶		
Special allowances /contracts	NO		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	15.0%
Basis	N/A	Interest	20.0%
Rate	N/A	Royalties	20.0%
		Services fees	N/A
Tax on exports		Any other payments	Licence fees ²⁵²
Ore extracted	depends	Fiscal stability agreements	NO
Processed ore	depends	Social contributions	YES. Required. ²⁵³
Refined metal	depends		
Other	depends		
VAT charged on exports	YES. 0% rate applies ²⁵⁰	Additional in-country information ²⁵⁴	
Average time for VAT refund	< 6 months	255 256 257 258	

Notes

243. Corporate Income Tax is levied on worldwide income of Russian legal entities and income of foreign legal entities attributable to their Russian permanent establishments. The 20% Corporate Income Tax rate represents 2% payable to the federal budget and 18% payable to the regional budget. However, the regional portion of tax may be reduced by 4.5 % (maximum) subject to regional authorities' decision, making the 15.5% final rate.

244. Land and mineral resources are not subject to depreciation/amortisation for tax purposes. The value of mining licence may be capitalised and further depreciated within effective licence period, or it may be deducted within two years after the acquisition of the licence.

245. For tax purposes two methods of depreciation are allowed: the straight-line method and the non-linear method. The useful life of assets for tax purposes is established in the Classification of Fixed Assets, adopted by the Russian Government (Resolution 1, from 1 January 2002). A specific type of fixed asset should be known to determine the rate of tax depreciation/amortisation (i.e., specific type of machinery, building).

Depreciation is charged starting from the first month after the asset is brought into use (when construction is finished). For fixed assets that are depreciated using straight-line method, special coefficient of accelerated depreciation may be applied provided these assets are used in aggressive conditions or above normal work hours. In addition 10% or 30% of the fixed asset value (the percentage will depend on the type of the fixed asset) may be deducted once the fixed asset is put in use. In this case, depreciation is charged on a fixed asset tax value less than the deducted amount (10% or 30%).

246. Losses should be utilised on First-In First-Out (FIFO) basis. Loss carry forward period is established as 10 years. 100% of taxable profit may be used to utilise the losses. There are rules limiting the offset of certain non-trading losses (for example, losses related to quoted shares and bonds) against trading profits.

247. Mining of minerals in Russia is subject to Mineral Resources Extraction Tax in Russia. Tax base is the value of the extracted mineral resources (except for coal mining). Value is determined based on quantity and either the

sales price net of VAT and customs duties (reduced by freight costs and refining costs) or the costs of production as per the tax accounting records maintained for profit tax purposes. If no sales of a particular mineral resource are made during a tax period, taxpayers must calculate the value of the extracted minerals based on their production costs. In other cases the value of extracted mineral resources is calculated based on the sales price. The value of precious metals extracted is determined on the basis of the taxpayer's sales prices for chemically pure metals during the current month, or the nearest preceding month - in the absence of sales during the current month. Tax rate depends on the type of the mineral extracted and varies from 3.8 % to 8.0 %, for example,

- 4.0 % for peat, lignite, anthracite and shale oil, apatite-nepheline, apatite ores,
- 4.8 % for conditioned ferrous metal ore,
- 5.5 % for bauxites,
- 6.0% for concentrates and other intermediate products containing gold,
- 6.5 % for concentrates and other intermediate products containing precious metals (except for gold), precious metals which are useful components of multi component complex ore (except for gold),
- 8.0 % for conditioned non-ferrous metal ores (safe for nephelines and bauxites), rare metals either occurring in their own deposits or presented in ores with other mineral resources, multi-component complex ores, as well as useful components of complex ores, except for precious metals, natural diamonds and other precious and semi-precious stones.

For coal mining the special method of tax base calculation is provided (please see notes 248 and 249).

Losses of minerals incurred within established standard losses are subject to 0 % rate, losses in excess are taxed at the rate depending on the extracted mineral type.

248. The tax base is the value of the extracted mineral resources (except for coal mining). Value is determined based on quantity and either the sales price net of VAT and export customs duties (reduced by freight costs and refining costs) or the costs of production as per the tax accounting records

maintained for profit tax purposes. If no sales of a particular mineral resource are made during a tax period (one month), taxpayers must calculate the value of the extracted minerals based on their production costs. In other cases, the value of extracted mineral resources is calculated based on the sales price. The value of precious metals extracted is determined on the basis of the taxpayer's sales prices for chemically pure metals during the current month, or the nearest preceding month - in the absence of sales during the current month. The tax base for coal mining is calculated as quantity of extracted minerals in tonnes.

249. The rate will vary depending on the variety of coal being extracted: anthracite – RUB 47 per tonne; coke – RUB 57 per tonne; lignite (brown coal) – RUB 11 per tonne; and other types – RUB 24 per tonne.
250. The 0% VAT rate applies to the sale of goods exported outside the Russian Federation. Taxpayers must maintain separate accounting records for input VAT related export activities. Such input VAT can be claimed generally on the last day of the tax period in which the set of supporting documents required to support the 0% VAT rate have been collected. To substantiate the claim for the recovery of export related input VAT, exporters are generally required to collect and submit to the tax authorities the following documents: contracts, customs declarations, bank statements confirming the receipt of export proceeds and shipment documentation confirming the export of goods outside Russia.
251. Unless otherwise provided in the applicable double tax treaty.
252. Licence fees are prescribed by specific terms of any licence agreement.
253. It is a common practice for a mining company along with obtaining a licence from the authorities takes responsibilities to incur certain social expenses related to social development programs in the territory where the company runs its mining operations, even though this is not specifically required by the Russian legislation. Major mining companies tend to sign agreements with local authorities on social-economic partnership which typically encompass development of social infrastructure, support of culture, education and science in this region, social payments to employees and retirees etc. Such responsibilities often take in-kind forms when for example a company commits to employ a certain number of local citizens.
254. One-off and regular payments for subsoil use are established by the Law “On subsurface resources” and may depend on economic and geographic conditions of subsoil use, size of the plot, type of mineral extracted and some other factors.
255. Interest expenses (provided they are economically justified and documentary supported) may be deducted within the limits established by the Russian tax legislation. Furthermore, Russian thin capitalisation rules may apply in case amount of controlled debt (i.e. (1) debt to a foreign legal entity that owns directly or indirectly no less than 20% share in the charter capital of the company, (2) debt to a Russian legal entity that is affiliated with such foreign legal entity, (3) debt guaranteed by such foreign legal entity) exceeds the amount of the company's own capital more than three times. Interest expenses above the limit cannot be recognised as tax deductible expenses for profits tax purposes and should be treated as dividends for tax purposes.
256. Generally, at the exploration stage mining companies incur significant expenses and do not generate any income. Therefore their net assets may be less than the companies' charter capital ('negative net assets'). In this case, in accordance with existing corporate law practices, starting from the second financial year company may be forced into liquidation if it does not restore net assets up to the required levels.
257. Foreign investors acquiring direct or indirect control over 25% shares/ interest of Russian strategic companies or a strategic mine field licence (for example, uranium, diamonds, nickel, cobalt, mine fields with reserves hard rock of gold equal to or more than 50 tonnes, copper 500,000 tonnes) are required to obtain prior approval, or in certain cases post-transaction approval, from a special government commission on foreign investments.
258. The 20% tax rate applies to capital gains from the sale of immovable property in the Russian Federation or shares of a Russian legal entity. Capital gains received by a non-Russian company from the disposal of shares of a Russian legal entity are subject to the 20% tax if more than 50% of the Russian legal entity's assets consist of immovable properties located in the Russian Federation as of the date of the shares sale.

South Africa

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	28.0% ²⁵⁹	Mineral tax name	Mining and Petroleum Resources Royalty (MPRD)
Level at which applied	Federal	Level	Federal
Rates of tax amortisation		Basis	Adjusted revenues ²⁶³
Ore assets	N/A	Rates	
Lands/ Improvements	See notes ^{260 261}	Copper	0.5 % - 7.0% ²⁶³
Buildings	See note ²⁶¹	Gold	0.5 % - 5.0% ²⁶³
Plant and Machinery	See note ²⁶¹	Iron ore	0.5 % - 7.0% ²⁶³
Tailing liners	See note ²⁶¹	Coal	0.5 % - 7.0% ²⁶³
Work/Construction in progress	See note ²⁶¹	Deductible in CIT calculation	YES
Restriction on use of tax losses	YES - level of profits limitation ²⁶²		
Special allowances/contracts	NO		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	10.0% ²⁶⁴
Basis	N/A	Interest	N/A ²⁶⁵
Rate	N/A	Royalties	12.0%
		Services fees	N/A
Tax on exports		Any other payments	Licence fees ²⁶⁶
Ore extracted	N/A	Fiscal stability agreements	NO
Processed ore	N/A	Social contributions	YES. Required.
Refined metal	N/A		
Other	N/A		
VAT charged on exports	NO	Additional in-country information	
Average time for VAT refund	< 3 months		

Notes

259. Prior to 1 April 2012 a standard corporate tax rate of 28% and a Secondary Tax on Companies ("STC") at 10% is levied on mining companies. A gold mining company can elect whether or not to pay STC. Depending on its option, there is a formula used to determine the rate at which gold mines must be taxed within or without considering the STC in it. In addition, mining companies are also liable for VAT, customs and excise and a skills development levy. From 1 April 2012, the secondary tax on companies ("STC") has been replaced with a withholding Tax on Dividends ("DT"). The new DT will be effective from 1 April 2012 and will be levied at a rate of 15% and will apply to dividends declared to non-residents subject to DTA relief.

260. Land is not depreciated for tax purposes.

261. A) The tax treatment of mining equipment/ mining assets in the prospecting, exploration phase is as follows:

Phase 1: (Prospecting and Exploration)

There shall be allowed to be deducted from the income derived by the taxpayer from mining operations any expenditure incurred by the taxpayer during the year of assessment on prospecting operations (prospecting work preliminary to the establishment of a mine) in respect of any area within the Republic together with any other expenditure which is incidental to such operations (section 15(b)). However, it is the practice of South African Revenue Service ("SARS") to capitalise the expenditure until such time when the taxpayer derives income from mining operations. In this regard section 15(a) read with section 36(11)(b) of the Act allows that the costs incurred be capitalised as "unredeemed capital expenditure" to be deducted against mining income once the mine is operational.

B) The tax treatment of mining equipment/ mining assets in the development and production phase is as follows:

Phase 2: (Development)

There shall be allowed to be deducted from the income derived by the taxpayer from mining operations expenditure on development, general administration and management (including any interest and other charges

payable on loans utilised for mining purposes) prior to the commencement of production or during any period of non-production (section 15(a) read with section 36(11)(b)). In this regard the development costs will be capitalised as "unredeemed capital expenditure" to be deducted against mining income.

Phase 3: (Production)

There shall be deducted from income derived from the working of any producing mine the amount of capital expenditure incurred (section 15(a) read with section 36(11)(b)). Capital expenditure means expenditure on shaft sinking and mine equipment (other than interest or finance charges and partial annual redemption assets) (section 36(11)(a)). The aggregate of the amounts of capital expenditure in respect of any year of assessment in relation to any mine shall not exceed the taxable income derived by the taxpayer from mining, and any amount by which the aggregate would have exceeded such taxable income shall be carried forward and be deemed to be an amount of capital expenditure incurred during the next succeeding year of assessment (section 36(7E)).

Acquisition, erection, construction, improvement or laying out of housing and furniture for employees, infrastructure for residential areas developed for sale to employees, recreational buildings and facilities owned and operated by the taxpayer mainly for use by employees and railway or similar function for transport of minerals from mine to nearest public transport system or outlet will all be deducted over 10 years (partial annual redemption assets) (section 36(11)(d)). Acquisition costs of motor vehicles for private or partly private use of employees will be deducted over 5 years (partial annual redemption assets) (section 36(11)(d)). Further, a deduction is allowed in terms of section 36(e) and (f) in respect of certain expenditures pertaining to the mineral right and low cost residential units. In addition there are ring fencing arrangements. Per sections 36(7E) and (7F) the capital expenditure deduction of a mine as discussed above is limited to the taxable income from mining operations as well as being limited to the taxable mining income of that specific mine.

262. Revenue expenditure incurred preproduction which would ordinarily have been allowed as a deduction is capitalised and utilised against taxable mining income. Any capitalised expenditure in excess of such taxable income is carried forward to future years.

South Africa

(Notes continued)

263. Calculation: the Mineral and Petroleum Resources Development Act ("MPRDA") applies variable royalty percentage rates based on whether the mineral is refined or unrefined. The royalty liability is equal to the tax base (gross sales) multiplied by the royalty percentage rate. Refined mineral resources are mineral resources that have undergone a comprehensive level of beneficiation and are listed in Schedule 1 to the MPRDA. The minimum royalty percentage in the case of refined minerals is 0.5% and the maximum royalty percentage is 5%. And, in the case of unrefined minerals, the minimum royalty percentage is 0.5% and the maximum royalty percentage is 7%.

264. See note 259.

265. None at present. However a withholding tax is expected to be imposed from 1 January 2013 at a rate of 10%, which can be reduced in terms of a DTA. The rate of 10% may be increased to 15%. See note 257.

266. There is no standard basis and rate. The amount would vary as negotiated.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	30.0%	Mineral tax name	Government Mining Royalties
Level at which applied	Federal	Level	Federal
Rates of tax amortisation		Basis	Market Value ²⁶⁹
Ore assets	100.0%	Rates ²⁷⁵	
Lands/ Improvements	100.0%	Copper	4.0%
Buildings	5.0% / 100.0% ²⁶⁷	Gold	4.0%
Plant and Machinery	12.5% / 25.0% / 37.5%	Iron ore	3.0%
Tailing liners	100.0%	Coal	3.0%
Work/Construction in progress	100.0% / when brought into use ²⁶⁷	Deductible in CIT calculation	YES
Restriction on use of tax losses	YES ²⁶⁸		
Special allowances /contracts	NO		
Other taxes and payments		Withholding tax	
Name	N/A	Dividends	10.0%
Basis	N/A	Interest	10.0%
Rate	N/A	Royalties	15.0%
		Services fees	5.0% / 15.0% ^{270 271}
Tax on exports		Any other payments	Licence fees Deadrent ²⁷² Service levy ²⁷³
Ore extracted	N/A		
Processed ore	N/A	Fiscal stability agreements	YES ²⁷⁴
Refined metal	N/A	Social contributions	YES. Voluntary.
Other	N/A		
VAT charged on exports	NO	Additional in-country information ^{275 276}	
Average time for VAT refund	> 1 year		

Notes

267. An immediate deduction is given for “development capital expenditure” as and when such expenditure is incurred. Under the tax legislation, development capital expenditure can be expanded to mean any expenditure incurred in connection with the development of a mine including erections and appliances that are part of or attributable to the mine. Other capital expenditure (including building for general use outside the mine area) should be capitalised and depreciated under normal classes once in use.
268. With effect from July 2010 ring fencing rules have been introduced whereby losses incurred in one mine (mining licence area) cannot be offset against those of another mine (notwithstanding that both mines belong to the same entity). Tax losses can be carried forward indefinitely.
269. The taxable base is the “gross value”, which is defined as the market value of minerals at the point of refining or sale (or, in the case of consumption within Tanzania, at the point of delivery within Tanzania).
270. Resident companies providing technical services to mining companies are taxed by way of withholding tax at 5% which is final tax. Non resident persons who provide technical services are taxed at a general rate of 15%. Technical services are defined to mean services that are directly associated with mining activity e.g. earthmoving, engineering construction etc. ²⁷¹. Withholding tax for insurance premiums is levied at 5%.
272. It is a fixed fee and applied to nominal values.
273. Service levy: this is a levy payable to the local government where the mine is situated. The rate is 0.3% of turnover, however in the MDAs entered into under the predecessor mining legislation, the amount of local taxes payable is capped at absolute annual amounts e.g. US\$200,000. The new model Mining Development Agreement (“MDA”) (based on the Mining Act 2010) does not make any reference to the annual cap, which appears to suggest that normal rates will apply.
274. The Mining Act 2010 provides the power for a MDA to “guarantee the fiscal stability of a long term mining project, by reference to the law in force at the effective date of the agreement, with respect to the range

and applicable rates of royalties, taxes, duties and levies and the manner in which liability in respect thereof is calculated”. The MDA is valid for the period of the special mining licence, which cannot exceed the estimated life of the ore body indicated in the feasibility study report. The predecessor legislation (Mining Act 1998) also provided for fiscal stability clauses in MDAs, however the new Act introduces several new conditions. In particular an MDA:

Can only apply to a special mining licence with intended capital expenditure of at least US\$ 100m,

Must follow the standard model prescribed by regulations,

Is subject to “performance review” every 5 years.

Unlike earlier MDAs, the new model MDA provides that mining companies can be subject to local taxes at normal rates (namely, up to 0.3% of turnover), whereas MDAs entered into under the predecessor legislation capped local taxes at absolute annual amounts.

275. In 2010 the income tax legislation was amended so as to introduce ring fencing provisions. In addition, 2010 saw the introduction of a new Mining Act, the Mining Act 2010, which replaced the Mining Act 1998. The new Act changed (i) the base on which royalties are charged and (ii) royalty rates. In terms of tax base, this is now “gross value”, which replaced the “net back value” applied under the predecessor legislation. Royalty rates moved from:

- 5% (diamonds), 0% (polished and cut stones) and 3% (other minerals); to
- 5% (gemstones, diamonds and uranium); 4% (metallic minerals e.g. copper, gold, silver and platinum), 1% (cut and polished gems) and 3% (for other minerals).

The new Mining Act also contemplates the possibility of the Government having a free carried interest but does not articulate when or the extent to which such an interest may be required.

Other recent tax changes include the abolition with effect from 1 July 2009 (other than for mining companies with existing MDAs at that point) of VAT special relief and of fuel tax exemptions (the VAT special relief system is

Tanzania

(Notes continued)

a mechanism to enable inputs to be acquired without accounting for VAT – the practical benefit of this is a cash flow one as it reduces the quantum of VAT refunds that would otherwise need to be claimed where VAT is incurred on inputs).

276. A 5-year development plan published in 2011 for the period 2011/12 to 2015/16 made reference to the possibility of the introduction of “a super-profit tax on the windfall earnings from the mineral sector”. However, to date no such tax has been legislated.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	21.0% ²⁷⁷	Mineral tax name	1: Charge for use of subsoil 2: Pollution tax
Level at which applied	Federal	Level	1: Federal 2: Federal
Rates of tax amortisation		Basis	1: Units produced ²⁸⁷ 2: Units produced ²⁸⁸
Ore assets	mine productivity ²⁷⁸	Rates	
Lands/ Improvements	mine productivity ²⁷⁹	Copper	according to rate of a main material
Buildings	depends ²⁸⁰	Gold	UAH 15.98/tonne extracted
Plant and Machinery	depends ²⁸¹	Iron ore	UAH 0.89 – 11.45/tonne depending on quality of ore
Tailing liners	mine productivity ²⁷⁸	Coal	UAH 0.57 – 5.33/tonne depending on quality of ore
Work/Construction in progress	100.0% / when assets brought into use ²⁸²	Deductible in CIT calculation	1: YES 2: YES
Restriction on use of tax losses	NO ²⁸³		
Special allowances /contracts	YES ^{284 285 286}		
Other taxes and payments		Withholding tax	
Name	Land tax	Dividends	15.0%
Basis	Normative valuation of land plot adjusted by an inflation index	Interest	15.0%
Rate	5.0%	Royalties	15.0%
		Services fees	0% / 15.0% ²⁹¹
Tax on exports			
Ore extracted	N/A	Any other payments	Licence fees Deadrent ²⁹²
Processed ore	N/A	Fiscal stability agreements	YES ²⁹³
Refined metal	N/A	Social contributions	YES. Voluntary.
Other	scrap of iron and other metals ²⁸⁹		
VAT charged on exports	NO	Additional in-country information ²⁹⁴	
Average time for VAT refund	> 1 year ²⁹⁰		

Notes

277. The CIT rate is 21% in 2012, 19% in 2013 and 16% from 1 January 2014 onwards

278. The rate is directly-proportional to mine productivity in a reporting period and inversely proportional to a total balance amount of ore deposit

279. Land is not depreciated for tax purposes. Only land improvements can be depreciated. Rules are same as for ore assets.

280. It depends on depreciation method and period (at least 20-15 years)

281. It depends on depreciation method and period (at least 5 years)

282. Exploration and infrastructure expenses are capitalised in case of success and deducted if the exploration has not resulted in production. Depreciation allowances are possible when mining assets start production.

283. Generally, there are no statutory limitations. But the tax authorities usually interpret the tax law aggressively in order to deny tax losses in different ways.

284. Revaluation of book value of mining assets is possible if and to extend annual inflation exceeds 10%.

285. Only exemption of profits from gas methane production is possible for coal mining companies under a condition that the profits are used for specified purposes in the law.

286. Investors may use production sharing agreements with the state to invest in mining industry. The corporate tax is not charged on a compensatory

share of production. Only profit share is subject to corporate taxation under the production sharing agreements.

287. The charge is levied at a fixed amount per unit of produced minerals.

288. The tax is levied at a fixed amount per unit of produced wastes.

289. Under Ukrainian law, there are export duties only on natural gas, scrap steel and metals, scrap coloured metals and certain agriculture products and on certain items of semi-finished products. Export of minerals/ metals is generally subject to zero VAT rate (except for scrap of ferrous and coloured metals which is VAT exempt till 1 January 2014).

290. In Ukrainian practice, there is a bureaucratic VAT refund procedure that may take more than a year in view of the Governmental budgeting policy. New Ukrainian Tax Law introduced an automatic VAT refund (refund within approx. one month) for taxpayers which met specific strict requirements.

291. Generally, no Ukrainian WHT applies for services fee (unless it qualifies as royalty, agency, engineering fee and some others). The rate if it applies is 15%.

292. Basis for the deadrent is on normative value and the rate applied is 5%.

293. If an investment is done in the form of a Product Sharing Agreement (PSA) - taxes are fixed on the date of its signing. The parties are free to negotiate types of expenses to be compensated by extracted minerals.

294. By approval of the new Tax Code on 1 January 2011, the charge for use of subsoil (extracting mineral resources) was increased by approximately two times (depending on mineral ore).

United Kingdom

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	26.0% ^{295 296}	Mineral tax name	N/A
Level at which applied	Federal	Level	N/A
Rates of tax amortisation		Basis	N/A
Ore assets	0% / 10.0% ²⁹⁷	Rates	
Lands/ Improvements	0%	Copper	N/A
Buildings	0%	Gold	N/A
Plant and Machinery	Generally 8.0% / 18.0% ²⁹⁸	Iron ore	N/A
Tailing liners	varies ²⁹⁹	Coal	N/A
Work/Construction in progress	varies ³⁰⁰	Deductible in CIT calculation	N/A
Restriction on use of tax losses	no time expiry ³⁰¹		
Special allowances /contracts	NO		
Other taxes and payments		Withholding tax	
Name	(i) Climate change levy (ii) Aggregates levy (iii) Landfill tax ³⁰²	Dividends	0%
Basis	(i) Tax on energy (ii) Tax on extraction ³⁰³ (iii) Disposal waste of landfill	Interest	20.0%
Rate	(i) varies ³⁰⁴ (ii) £2.0/tonne ³⁰⁵ (iii) N/A ³⁰²	Royalties	20.0%
		Services fees	0%
Tax on exports		Any other payments	N/A
Ore extracted	N/A	Fiscal stability agreements	NO ³⁰⁸
Processed ore	N/A	Social contributions	NO
Refined metal	N/A		
Other	excise duty on mineral oils ³⁰⁶	Additional in-country information	
VAT charged on exports	Generally no		
Average time for VAT refund	<6 months		

Notes

295. Tax rate of 26% applied from 1 April 2011 to 31 March 2012. CIT was reduced to 24% with effect from 1 April 2012.

296. CIT rate is proposed to reduce to 23% with effect from 1 April 2013, and 22% with effect from 1 April 2014.

297. 10% rate is only applicable for certain qualifying expenditure relating to a mineral extraction trade.

298. Rates are with effect from 1 April 2012. The rate of 8% applies to long life assets (expected useful economic life is over 25 years) and the rate of 18% applies generally to plant and machinery.

299. Depending on precise nature of expenditure may qualify for capital allowances as plant and machinery (18% or 8%), or mineral extraction allowance.

300. Tax relief will depend on the nature of the capitalised costs.

301. Capital losses carried forward can only be used against capital gains. Revenue losses are split into: trading losses, management expenses, non-trading deficits on loan relationships and rental losses. Some revenue

losses can be carried back 12 months. In general, revenue losses can be used against similar types of income. There are certain restrictions on utilisation of tax losses in some circumstances when a trade ceases or is materially changed.

302. There is a tax on the disposal of waste to landfill. The rates are based on the tonnes of waste (as at 1 April 2012: £64/tonne standard rate and £2.50/tonne lower rate). Certain exemptions may apply.

303. Tax on extraction or importation of sand, gravel and crushed rock used for commercial exploitation.

304. Vary depending on nature of fuel used.

305. £2.10/tonne from 1 April 2012.

306. The duty rate depends on the type of oil. Some exemptions may apply.

307. Withholding tax rates noted above are per domestic provisions, and may be reduced under double taxation agreements or under EU directives.

308. While there is no concept of fiscal stability in the UK, it is possible to agree various tax matters with the UK Revenue Authorities.

Corporate Income Tax (CIT)		Mineral taxes	
Top rate of CIT	1: 35.0% 2: 4.0% - 9.0% ³⁰⁹	Mineral tax name	3: Federal Land Royalty ^{313 314 315} 4: Nevada Net Proceeds Tax ³¹⁶ 5: Other State Severance Taxes ³¹⁷
Level at which applied	1: Federal 2: State	Level	3: Federal 4: State 5: State
Rates of tax amortisation		Basis	3: Revenues (Turnover) 4: Adjusted PBT 5: Adjusted PBT
Ore assets	units of production	Rates	
Lands/ Improvements	6.7%	Copper	3: 0% 4: 2.0% - 5.0% 5: 2.0% - 5.0%
Buildings	2.6%	Gold	3: 0% 4: 2.0% - 5.0% 5: 2.0% - 5.0%
Plant and Machinery	14.3%	Iron ore	3: 0% 4: 2.0% - 5.0% 5: 2.0% - 5.0%
Tailing liners	14.3%	Coal	3: 8.0% - 12.5% 4: 2.0% - 5.0% 5: 2.0% - 5.0%
Work/Construction in progress	14.3% ³¹⁰	Deductible in CIT calculation	3: YES 4: YES 5: YES
Restriction on use of tax losses	20 years ³¹¹		
Special allowances /contracts	YES ³¹²		
Other taxes and payments		Withholding tax	
Name	Excise Taxes (coal)	Dividends	30.0%
Basis	Sales price	Interest	30.0%
Rate	4.4%	Royalties	30.0%
		Services fees	30.0%
Tax on exports			
Ore extracted	N/A	Any other payments	N/A
Processed ore	N/A	Fiscal stability agreements	NO
Refined metal	N/A	Social contributions	NO
Other	N/A		
VAT charged on exports	NO		
Average time for VAT refund	N/A	Additional in-country information ³¹⁸ ^{319 320}	

Notes

309. State income tax rates vary among the 50 states.

310. Depreciation applies when the asset is brought in use and the rate for mining facilities applied is 14.3%.

311. No profit limitation.

312. Percentage depletion based upon type of mineral (rates vary from 5% to 22%) on gross income from mining subject to a limitation which is 50% of taxable income from mining. Percentage depletion is determined separately for each mine.

313. For Federal Land, there is a royalty based value at extraction for coal mining which is 12.5% for surface mining and 8% for underground mining of coal.

314. If the Federal land acquired pursuant to the Acquired Lands Act, a 2.5% royalty applies for hard rock minerals. If land is not under the Acquired Lands Act, coal mining royalty of 12.5% for surface mining and 8% for underground mining apply.

315. Federal Land Royalty proposal of minimum 5% gross income royalty for hard rock minerals that currently pay no royalty.

316. The Nevada Net Proceeds Tax is gross revenue less deductions for the following: cost of extraction, transportation costs, marketing and delivery of mineral, fire and worker's insurance, production royalties and depreciation. The maximum rate is 5%.

317. Other state severance taxes vary greatly by state.

318. Interest paid to related foreign entities may be limited whenever the ratio of debt to equity of the US corporation exceeds 1.5 to 1.

319. There are currently proposals for

- new tax based upon volume of material displaced,
- repeal of percentage depletion for coal mining,
- expansion of Federal Land Royalty to other minerals.

320. Presidential Administration proposes to repeal exploration and development expensing for coal mining and repeal domestic manufacturing and production deduction which is limited to 9% of taxable income.

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