

Significant Taxes in Select Jurisdictions

	(5) Rank of Investment Attractiveness	Corporate Income Tax	Royalty / Mining License Tax	Value Added Tax on Imported Equipment	Typical Import Duty	Typical Export Duty	Dividend Withholding Tax	Interest Withholding Tax
Alaska	6	15-35% - Federal rate, increases with taxable income; 1-9.4% - State rate, increases with taxable income, deductible against federal tax	3-7% of net profits; additional 3% of profits applies on state owned land	none	Rates vary by product and by country; Not applicable in most instances as equipment is available in US or NAFTA zone	none	30% to non-treaty countries; Treaty countries vary from 5-15%; not deductible for income tax purposes	30% to non-treaty countries; Treaty countries vary from 0-15%; not deductible for income tax purposes
Alaska (Proposed)	n/a	15-35% - Federal rate, increases with taxable income; 1-9.4% - State rate, increases with taxable income, deductible against federal tax	3% mine - mouth value, deductible against 10% profits tax; additional 3% NSR (6) on state owned lands	none	Rates vary by product and by country; Not applicable in most instances as equipment is available in US or NAFTA zone	none	30% to non-treaty countries; Treaty countries vary from 5-15%; not deductible for income tax purposes	30% to non-treaty countries; Treaty countries vary from 0-15%; not deductible for income tax purposes
Argentina	13	35%	Levied locally - rates vary between jurisdictions and may not exceed 3% of mine mouth value;	21% - refundable if attributable to export product.	Mines are technically exempt with the exception of a 1 % control fee.	None	0-35% - only on the excess of the accumulated taxable net income, not deductible for tax purposes.	15.05% (35% on intercompany loans) deductible for tax purposes.
Australia (Western)	2	30%	1.25-7.5% of realized value; rates vary by mineral and with sustained market value. (4)	10% - most refundable within a month	Representative rate of 5%; exemption available only if equipment is not available in the country	None	15% for remittance to a treaty country, otherwise 30% (if fully franked, the rate is effectively 0%)	10% - deductible

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Boliva	61	25% - capital and exploration and other costs may be deducted	25% of excess profits after deductible allowances; Additional royalty of 1-7% of gross sales - deductible against income tax	13%, tax refund is equal to 13% * 55% of sales	Typically around 5%	None	12.5% - not deductible	12.5% - not deductible
Botswana	59	25%	15% of realized value (c)	n/a	n/a	n/a	n/a	n/a
Brazil	10	33%	3% of gross sales of gold (c)	n/a	n/a	n/a	n/a	n/a
Canada	3 Quebec 4 Ontario 11 British Columbia 14 Manitoba 18 Yukon 21 Nunavut 23 NWT 28 Saskatchewan 39 Alberta 44 Nfld./Lab 50 New Brunswick 58 Nova Scotia	38% less provincial abatement; provincial rates vary from 6-13.69%; combined Federal and Provincial rates vary from 27.6%-36.07%	10-18% of profits in all provinces (8); minimum tax in some provinces established through additional mining taxes (7)- all are creditable against profit taxes	7% Goods and Services Tax - not deductible for income tax purposes	Levels vary, typically 0.5%; rates for NAFTA countries being reduced to zero over time	none	25% to non-treaty countries; 15% or less for most bilateral tax treaty countries	25% to non-treaty countries; 5-15% for most bilateral tax treaty countries (totally exempt in some cases)
Chile	4	15% income coupled with 35% dividend withholding tax. Other rates apply in stabilized industries	Royalty on gross revenue has been recently considered in Chilean Congress	18%, in case of exports, VAT is reimbursed within 30 days of shipment	10% - deductible	None	35% - calculated on the amount remitted, taking the 15% First Category income tax already paid as a credit; not deductible	35% - May be reduced to 4% if the loan is granted by foreign banks. Not deductible for tax purposes

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China	12	33%	2% gross revenue	none	none	Gold, copper, platinum, cannot be exported; export duties are not set for minerals	none	none
Columbia	n/a	n/a	1-12% of mine mouth value (b)	n/a	n/a	n/a	n/a	n/a
Guyana	n/a	35%; minimum tax = 2% of turnover	5% of gross sales of gold (c)	n/a	n/a	n/a	n/a	n/a
Indonesia	17	30% - Rates have varied with older contracts, ranging from 22-48%. Recent contracts all set at 30%	Rates based on gross ore production; established by contract and vary by mineral - \$225 - \$235/kg of gold ore; \$45-\$55/tonne of copper	10%, resititution of VAT can be applied and takes 6-9 months	none	none	20% - not deductable	20% - deductible
Ivory Coast	n/a	35%; excess profit tax applies at profit threshold; every company (except in first year) must pay minimum flat tax	2.5-3% of mine mouth value - rates vary by mineral	10% - exemption if possible on a case by case basis. There is no refund on VAT; in case of exports, the VAT carries forward a maximum of 1 year	0.75% exemption is possible on a case by case basis	Export duty only on diamonds, 18% of mercurial value	12%; rate may be less for tax treaty countries; not deductible for computing income tax	18%; rate may be less for tax treaty countries; not deductible for computing income tax

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Kazakhstan	49	30%; an excess profit tax applies if the IRR on net income is greater than 20% - ranges between 0-30% of profit	Vary by mineral, accounting for 2% of gross revenue; Rates can also vary by contract depending on project economics and feasibility studies	20%; either reimbursed or offset against other taxes	none	none	15% - not deductible	15% - deductible
Mexico	8	35% if profits are reinvested, 5% of such investment may be deferred; mandatory 10% of taxable income is shared among workers	none	15% - reimbursed	Generally around 10%; exemption may be granted where projects are considered export-oriented units by domestic laws	None	7.6925% foreign residents or mexican individuals; not deductible for income tax purposes	15% - if there is a tax treaty with lender's country, the rate is 4.9%. If interest is not grossed up, the tax is not deductible
Papau New Guinea	19	35%; an excess profit tax applies to certain leases when profit threshold is reached	2% NSR on nickle, copper(6); 2% ad valorem tax on limestone; 2% realized FOB on gold; additional 4% production levy on gross sales - deductible for income tax purposes	n/a	n/a	n/a	n/a	n/a
Peru	7	30%; mandatory profit sharing 8% of net profits (1)	1-3% of gross sales (b)	18%; reimbursed in case of exports	12% - not deductible	None	none	1% - deductible for tax purposes

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Poland	n/a	22%	10% contained metal value for gold; 2% gross sales of coal; 3% ore value based on LME for copper; 3% ore value based on LME for zinc	22%, VAT in case of exports can be returned in 25 days	9% - deductible for tax purposes	None	20% - deductible only in case of polish company when dividends are obtained from polish company	20% - deductible
South Africa	25	30% + STC (2) for all but gold mines. Income tax for gold mines established by formula based on combination of elected options and profitability	Rates determined by contract; 1-8% gross revenue royalty would be established by pending legislation - rates would vary by mineral	14% - refundable within a month in case of exports	None on complete units of plant but duty applies to spares and components	None	12% STC (2) - not deductible	none
Suriname	n/a	35%; 5% credit on reinvested profits	2% gross sales of gold; 2% of net for all other minerals (c)	n/a	n/a	n/a	n/a	n/a
Venezuela	54	30%	1% gross sales of gold; 3% gross sales of other base metals (c)	n/a	n/a	n/a	n/a	n/a
Zambia	22	n/a	2% NSR (6) (b)	n/a	n/a	n/a	n/a	n/a

Chart prepared by the Office of Representative Paul Seaton, Ian Laing; *staff*

Sources: (a) *Global Mining Taxation Comparative Study* C.S.M., March 2000, James Otto; (b) *Mining and Sustainable Development Series*, International Development Research Center, 2004, Jaime Consiglieri, Joan Kuyek and Rodrigo Pizarro; (c) *Comparative Mining Tax Regimes*, PricewaterhouseCoopers, 1998, Bob Parsons, Partners, Global Energy & Mining Group. (d) *State Taxes and Charges Applicable to Mining in Australia*, Australian Department of Minerals and Energy, 1999, Planning and Finance Division.

Notes: (1) Net profit tax may have been eliminated with recent creation of gross tax. (2) STC = Rate on dividends distributed; secondary tax on companies elected during negotiations; goldmines may choose to be exempt. (4) Most states have a combination of net profits and ad valorem type taxes on minerals; Rates vary by mineral, form and between states. (5) Rank established in *Frasier Institute Annual Survey of Mining Companies*, 2004/2005, Pg. 49: Figure 17. (6) NSR = Net Smelter Return: Typically the Realized Value less the cost of any processing, transportation and marketing. (7) British Columbia - 2% of net after immediate operating expnses; Alberta - 1% of gross; New Brunswick - 2% of net similar to NSR; Nova Scotia - 2% of net (8) Quebec - 12%; Ontario -10%; British Columbia - 13%; Manitoba - 18%; Yukon - 13%; Nunavut - 13%; NWT - 13%; Saskatchewan -10%; Alberta - 12%; Nfld./Lab - 16%; New Brunswick - 16%; 15% - Nova Scotia.