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Public Ruling
Mineral Resources Act:

**ADMINISTRATIVE ARRANGEMENT—‘LOSS
OF METAL’ DEDUCTION FOR WORKING OUT
VALUE OF PARTICULAR MINERALS FOR MIM
HOLDINGS LIMITED**

A public ruling, when issued, is the published view of the Commissioner of State Revenue (the Commissioner) on the particular topic to which it relates. It therefore replaces and overrides any existing private rulings, memoranda, manuals and advice provided by the Commissioner in respect of the issue(s) it addresses. Where a change in legislation or case law (the law) affects the content of a public ruling, the change in the law overrides the public ruling—that is, the Commissioner will determine the tax liability or eligibility for a concession, grant or exemption, as the case may be, in accordance with the law.

What this ruling is about

1. This public ruling sets out an administrative arrangement that permits a ‘loss of metal’ deduction for working out the value of particular minerals for MIM Holdings Limited (MIM).
2. The *Mineral Resources Act 1989* (the Act) requires a person (a producer) to pay royalty as prescribed in respect of a mineral, if the person is:
 - (a) the holder of a mining claim, mining lease or other authority (authority) who mines or allows to be mined mineral from the area of that authority¹
 - or
 - (b) a person who mines mineral from land other than under an authority.²
3. Under the *Mineral Resources Regulation 2013* (the Regulation), royalty is generally payable at the rate prescribed in the Regulation in respect of all minerals sold, disposed of or used in a return period.³ Royalty must be calculated separately for each mining operation for which the producer is liable to pay royalty.
4. For certain types of minerals, the royalty payable for minerals sold, disposed of or used in a return period is generally calculated by multiplying the royalty rate by the value of the minerals.⁴

¹ Section 320(1) of the Act

² Section 320(7) of the Act

³ Section 46 of the Regulation

⁴ Section 46 and Schedule 3 of the Regulation

5. The value of certain minerals is calculated under s.54 of the Regulation. Section 54 of the Regulation generally requires the value of minerals to be calculated on the gross value of the minerals as sold in their final form, subject to deducting certain permitted expenses. For minerals sold in final form, no deduction is allowed for loss of mineral content.
6. An administrative arrangement was approved, with effect from 1 July 2012, that permits a 'loss of metal' deduction for working out the value of particular minerals for MIM.

Ruling and explanation

7. For the purposes of s.54 of the Regulation, the value of the following prescribed minerals is to be worked out as if MIM produced the mineral in a concentrate form only, provided the mineral is refined by smelting and MIM is the entity that produced and refined the mineral:
 - (a) copper
 - (b) lead
 - (c) silver
 - (d) gold
 - (e) zinc.

Date of effect

8. This public ruling takes effect from 1 October 2020.

Mark Jackson
 Commissioner of State Revenue
 Date of issue: 1 October 2020

References

Public Ruling	Issued	Dates of effect	
		From	To
MRA004.1	1 October 2020	1 October 2020	Current