



EY key contact



Michael Sabatino
Associate Partner
Ernst & Young LLP (Canada)
Vancouver, BC
Mining & Metals Tax
Tel: +1 604 891 8448
michael.sabatino@ca.ey.com

New funding to support mining in British Columbia

On 26 January 2015, British Columbia (BC) Premier Christy Clark announced that funding initiatives would be extended to support the province's mining sector:

- ▶ BC mining flow-through share tax credit: this personal tax credit has been extended through calendar 2015.
- ▶ BC Mineral Tax Act: the new-mine allowance for qualifying capital costs was set to expire in 2015 but has been extended through 2020. This allowance is calculated as one-third of qualifying capital expenditures incurred during the development of a new mine or eligible expansion **project**.

BC mining flow-through share tax credit

The Premier announced the provincial government's intention to extend the BC mining flow-through share tax credit program to 31 December 2015. Under this program, an individual who invests in flow-through shares offered by a corporation conducting mining exploration in BC may claim a non-refundable BC income tax credit equal to 20% of the BC flow-through mining expenditures incurred and denied by the corporation.

New-mine allowance

The Premier also announced that the provincial government intends to extend the new-mine allowance provided for in the terms of the BC Mineral Tax Act through to 2020 instead of letting it expire in 2015.

The new-mine allowance encourages the development of new mines and expansion projects on existing mines in the province.

The new-mine allowance allows an operator to include 133% of certain qualifying capital expenditures in its cumulative expenditure account for BC Mineral Tax purposes. Qualifying capital expenditures generally include the cost of capital assets and development costs incurred before the mine came into commercial production, for bringing the mine into commercial production.



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To qualify for this increased allowance, the mine must have begun commercial production after 31 December 1994 and before 2020, among other criteria.¹ In addition, the qualifying capital expenditures must have been incurred:

- ▶ Before the mine began commercial production or an eligible expansion was completed
- ▶ In the case of an eligible expansion, in the course of and principally for the purpose of the eligible expansion

This is an important announcement for any company that is developing, expanding or planning on developing a mine in BC that will come into commercial production before 2020 (previously 2015), as it could significantly impact mineral taxes payable in BC.

¹ Whether this date is 1 January 2020 or 31 December 2020 will be clarified when the Government delivers its 2015 budget.

EY's Global Mining & Metals Center

With a volatile outlook for mining and metals, the global sector is focused on cost optimization and productivity improvement, while poised for value-based growth opportunities as they arise. The sector also faces the increased challenges of changing expectations in the maintenance of its social license to operate, skills shortages, effectively executing capital projects and meeting government revenue expectations.

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Area contacts

Global Mining & Metals leader

Mike Elliott
Tel: +61 2 9248 4588
michael.elliott@au.ey.com

Oceania

Scott Grimley
Tel: +61 3 9655 2509
scott.grimley@au.ey.com

China and Mongolia

Peter Markey
Tel: +86 21 2228 2616
peter.markey@cn.ey.com

Japan

Andrew Cowell
Tel: +81 3 3503 3435
cowell-ndrw@shinnihon.or.jp

Africa

Wickus Botha
Tel: +27 11 772 3386
wickus.botha@za.ey.com

Commonwealth of Independent States

Evgeni Khrustalev
Tel: +7 495 648 9624
evgeni.khrustalev@ru.ey.com

France and Luxembourg

Christian Mion
Tel: +33 1 46 93 65 47
christian.mion@fr.ey.com

India

Anjani Agrawal
Tel: +91 982 061 4141
anjani.agrawal@in.ey.com

United Kingdom and Ireland

Lee Downham
Tel: +44 20 7951 2178
ldownham@uk.ey.com

United States

Andy Miller
Tel: +1 314 290 1205
andy.miller@ey.com

Canada

Bruce Sprague
Tel: +1 604 891 8415
bruce.f.sprague@ca.ey.com

Brazil

Carlos Assis
Tel: +55 21 3263 7212
carlos.assis@br.ey.com

Chile

Lachlan Haynes
Tel: +56 2 2676 1886
lachlan.haynes@cl.ey.com

Service line contacts

Global Advisory Leader

Paul Mitchell
Tel: +61 2 9248 5110
paul.mitchell@au.ey.com

Global Assurance Leader

Alexei Ivanov
Tel: +495 228 3661
alexei.ivanov@ru.ey.com

Global IFRS Leader

Tracey Waring
Tel: +61 3 9288 8638
tracey.waring@au.ey.com

Global Tax Leader

Andy Miller
Tel: +1 314 290 1205
andy.miller@ey.com

Global Transactions Leader

Lee Downham
Tel: +44 20 7951 2178
ldownham@uk.ey.com

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