

OFFICE OF STATE REVENUE

ROYALTY RULINGS

Australia, Brisbane, Melbourne, Perth, Sydney
Legal Briefings

On 14 October 2015, the Queensland Office of State Revenue, which administers resource royalties in Queensland, issued three royalty rulings MRA001.1, MRA002.1, MRA003.1.

IN BRIEF

On 14 October 2015, the Queensland Office of State Revenue (**OSR**), which administers resource royalties in Queensland, issued three royalty rulings – MRA001.1, MRA002.1, MRA003.1 (**Rulings**). The Rulings are the OSR Commissioner’s interpretation and application of specific royalty provisions in the Mineral Resources Act (1989) Qld. The Rulings affect the withdrawal of the previous Ministerial determinations (MIN 1 and MIN 140). A summary of the key changes from the Ministerial determinations has been provided to assist in understanding the Rulings.

Note, across all of the Rulings, royalty is payable for minerals sold during a return period irrespective of when, or if, the producer receives full or partial payment for such sales (the royalty is not calculated on a cash receipts basis). This reflects legislative change which occurred after the final version of MIN 1 was issued.

MRA001.1 - DETERMINATION OF COAL ROYALTY

This ruling provides guidance on the calculation of royalty payable on coal. In particular, this ruling details the costs that can be deducted when calculating the value of coal.

Key changes to the previous Ministerial determination (MIN 140)

- The process for deducting port operating costs has been simplified and the application of this deduction has been broadened.

- The requirement for a purchaser of coal to pay royalty in relation to the margin on inter-mine transactions has been removed.
- The costs that can be deducted when calculating the gross value of coal have been more thoroughly outlined.

MRA002.1 - DETERMINATION OF ROYALTY FOR PRESCRIBED AND SPECIFIED MINERALS

This ruling provides guidance on the calculation of royalty for prescribed minerals (cobalt, copper, gold, lead, nickel, silver and zinc) and specified materials (iron ore, manganese, molybdenum, tantalum and tungsten).

Key changes to the previous Ministerial determination (MIN 1)

- The deduction available to reflect the loss of metal content due to processing of a prescribed mineral or specified material has been limited in certain related-party transactions. The Minister, however, has the authority to approve a greater deduction upon application.
- The process for determining the value of prescribed minerals and specified materials has been more thoroughly outlined.

MRA003.1 - DETERMINATION OF ROYALTY FOR CERTAIN MINERALS

This ruling provides guidance on the calculation of royalty on all minerals except uranium, coal seam gas and those covered in MRA001.1 and MRA002.1.

- There was no previous Ministerial determination in regards to royalty for these minerals. The Ruling sets out the applicable royalty rates and the process for determining the value of weigh-based and value-based minerals.

GOING FORWARD

Companies have the benefit of an amnesty period which concludes on 29 January 2016 to review their mineral royalty obligations and make voluntary disclosures, if any underpayment is discovered. Penalties up to 75% of royalty shortfalls can be imposed if a company is found to be non-compliant after the conclusion of the amnesty period. Note, a draft ruling determining petroleum royalty has been released for public comment. It has not yet been issued in final form.

This article was written by [Jay Leary](#), Partner and Jeremy Griffin, Graduate, Brisbane.

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



JAY LEARY
PARTNER, AUSTRALIA

+61 8 9211 7877 / + 61 7 3258
6619
Jay.Leary@hsf.com

LEGAL NOTICE

The contents of this publication are for reference purposes only and may not be current as at the date of accessing this publication. They do not constitute legal advice and should not be relied upon as such. Specific legal advice about your specific circumstances should always be sought separately before taking any action based on this publication.

© Herbert Smith Freehills 2022

SUBSCRIBE TO STAY UP-TO-DATE WITH INSIGHTS, LEGAL UPDATES, EVENTS, AND MORE

Close