

Mining Tax

The Mineral and Petroleum Resources Royalty Act

Putting it all together*



The Mineral and Petroleum Resources Royalty Act gives effect to the Mineral and Petroleum Resources Act and in particular serves to compensate the State for the permanent loss of the country's non renewable resources.

If you are in the business of mining non-renewable mineral resources, our highly specialised mining and transfer pricing teams are ready to work with you to achieve optimal regulatory compliance.

Royalty tax registration

Section 2 of the Mineral and Petroleum Resources Royalty Administration Act states that all persons who qualify for registration in terms of the above Act must register with SARS.

Our dedicated mining team will provide the requisite assistance to "extractors" to register with SARS before the implementation and effective date of the applicable Acts.

Royalty tax compliance

Part III of the Royalty Administration Act deals with the payments and returns related to the mineral resource extractor.

Through the efficient use of technology, we will co-ordinate your tax compliance requirements.

We will deliver a thoroughly managed service which encompasses:

- An agreed compliance timetable;
- Efficient data collection;
- Fast, reliable and accurate preparation of royalty tax returns;
- Tax strategy and planning; and
- Preparation of estimated royalty tax payments.

Tax Management Accounting Services

As a result of the increasingly challenging financial reporting environment, which has been caused by complex accounting standards and the demand for greater transparency, it is proving ever more difficult to prepare complete and accurate tax accounting calculations in accordance with the requirements and expectations of the regulators and financial markets.

We have a team of tax accounting professionals providing a comprehensive approach to address these pressures and ensure that your royalty tax reporting obligations have been met.

Transfer pricing

Section 11 of the Mineral and Petroleum Resources Royalty Act states that all transactions concluded under the royalty regime must be concluded on an arms length basis. This section widens the scope to include all transactions between connected and unconnected persons as well as local transfers.

Our transfer pricing team will assist with preparing a transfer pricing policy document based on the functions performed, risks assumed and assets utilised; and prescribe an acceptable range of results or margins to be applied by the mineral resource extractor in its dealings with royalty payments. We will also assist with applying to SARS for the approval of the benchmarking studies concluded.

Interpretation and application of the Act

Our Mining technical team will assist you by interpreting the Mineral and Petroleum Resources Royalty Act and providing guidance on its application to your specific circumstances.

Interaction with SARS

It may become necessary for mineral resource extractors to obtain non-binding private opinions from SARS to confirm the tax treatment of their specific situation. We will provide assistance in this regard, including interactions with SARS, drafting the non-binding application and representation to SARS, should the need arise.

Integrated computer systems

We are currently developing a royalty tax pack that will link into your current accounting and tax systems, extracting the information required for the royalty computation.

The team



Gert Meiring
Tel 011 797 5506
gert.meiring@za.pwc.com



Troopti Naik
Tel 011 797 4351
troopti.naik@za.pwc.com



Gerdi van der Westhuysen
Tel 011 797 4726
gerdi.van.der.westhuysen@za.pwc.com

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