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The realities of royalties in South African Mineral and Petroleum Royalty Bill

Machaba, Thabiso Jacob

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ANNEXURE A

"Schedule 2: Cross-country analysis of royalty regimes – rest of the world"[137]

COUNTRY	GROSS SALES VALUE	PROFIT-BASED	NET SMELTER RETURN /NARROW VERSION OF PROFIT - BASED	NEGOTIATED CONTRACT	NONE
Canada		X			
Greenland				X	
Sweden					X
USA	In lieu of royalties, severance taxes				
Australia	X				
China	X				
Mexico	X				
Poland	X				
Argentina	X		X	X	
Bolivia	X				
Brazil	X				
Peru					X
Chile[138]					X
Indonesia	X				
Kazakhstan				X	
Uzbekistan	X				
Ireland	X				
Russia	X				
Papua New Guniea	X		X		
Philippines	X				

Cross-country analysis of royalty regimes – Africa

COUNTRY	GROSS SALES VALUE	PROFIT-BASED	NET SMELTER RETURN /NARROW VERSION OF PROFIT - BASED	NEGOTIATED CONTRACT	NONE
Angola	X				
Botswana			X		
Burkina Faso	X				
Ghana	X				
Ivory Coast			X		
Lesotho	X				
Malawi	X				
Mauritius					X
Mozambique	X				
Namibia	X				
Swaziland			X		
Tanzania	X				
Zambia			X		
Zimbabwe	X				

[137] The article by Arbelaez, op. cit at 9 of the Series, shows that Colombia has not been included herein
[138] The essay has shown that Chile is in a process of formulating its own national royalty scheme, see Pizarro, op. cit at 7 of the Series

Cross country analysis of royalty regimes – World summary table

COUNTRY	GROSS SALES VALUE	PROFIT-BASED	NET SMELTER RETURN /NARROW VERSION OF PROFIT - BASED	NEGOTIATED CONTRACT	NONE
World total	**22 (=65%)**	**1 (=3%)**	**7 (=21%)**	**3 (=9%)**	**5 (=15%)**
African countries	**9 (=64%)**	**0 (=0%**	**5 (=36%)**	**0 (=0%)**	**1 (=7%)**
Total number of countries analysed	**34 countries, 14 are African**		**NOTE: a country can adopt more than one System**		

COUNTRY	GOLD	PLATINUM	DIAMONDS	COAL	INDUSTRIAL MINERALS	IRON ORE	COPPER
Argentina	0-3	0-3	0-3	0-3	0-3	0-3	0-3
Canada – Quebec	20%/ taxable income	20%/ taxable income	20%/ taxable income	20% /taxable income	20%/taxable income	20%/taxable income	20%/ taxable income
Canada – British Columbia	15% of taxable income	15% of taxable income	15% of taxable income	15% of taxable income	15% of taxable income	15% of taxable income	15% of taxable income
Canada - Ontario	18% of taxable income	18% of taxable income	18% of taxable income	18% of taxable income	18% of taxable income	18% of taxable income	18% of taxable income
China	4	--	4	1	2	2	2
Greenland	negotiated	negotiated	Negotiated	negotiated	negotiated	negotiated	negotiated
Russia	6	8	8	4	3.8-7.5	4.8	8
Indonesia	2	--	10	13.5	1	2.5	2.5
Mexico	1.5	--	--	1.53	1.5	--	1.5
Kazakhstan	negotiated	negotiated	Negotiated	negotiated	negotiated	negotiated	negotiated
Papua New Guinea	2	--	--	--	2	--	2
Philippines	23	**--**	**--**	**--**	2	2	2
Poland	10	--	--	2	6	--	3
Uzbekistan	4	--	24	5.4	1.5-3	3	7.9
Australia	2.5	--	7.5	7.5	--	2-7.5	5-7.6
Ireland	1.5- 4.5	1.5 – 4.5	1.5 – 4.5	1.5– 4.5	1.5 – 4.5	1.5– 4.5	1.5 – 4.5
Bolivia	1 - 7	--	3	--	1	1	1
Botswana	3 - 10	3 - 10	3 – 10	3 - 10	3 – 10	3 - 10	3 - 10
Lesotho	5 - 10	5 - 10	10	5 - 10	5 – 10	5 - 10	5 - 10

Namibia	?	--	10	4	--	--	--
Malawi	5 - 10	5 - 10	5 – 10	5 - 10	5 – 10	5 - 10	5 - 10
Mozambique	3 - 10	3 - 10	3 – 10	3 - 10	3 – 10	3 - 10	3 - 10
Swaziland	1 – 2.5	1 – 2.5	--	1 – 2.5	1 – 2.5	1 – 2.5	1 – 2.5
Tanzania	3	--	5	3	3	3	3
Zambia	2 - 5	2 - 5	5	2 - 5	2 – 5	2 - 5	2 - 5
Zimbabwe	2 - 10	2 - 10	2 – 10	2 - 10	2 – 10	2 - 10	2 - 10
Burkina Faso	3	--	7	4	4	4	--
Ghana	3 – 12	--	3 – 12	3 – 12	3 – 12	3 – 12	3 – 12
Ivory Coast	3	--	3	2.5	--	2.5	2.5
Angola	2 - 5	2 - 5	7 – 5	2 - 5	2 – 5	2 - 5	2 - 5
South Africa – proposed	***3***	***4***	***8***	***2***	***1***	***2***	***2***

ANNEXURE B: "MINING AND SUSTAINABLE DEVELOPMENT SERIES[139]

GENERAL APPLICATION OF ROYALTY SYSTEMS TO MINING IN DIFFERENT COUNTRIES

Countries	Rate	Basis
Argentina	3%	mine mouth value
Australia	varies by state	variable rate
Bolivia	1 a 7%	gross sales
Brazil	0.2 a 3 %	net sales
Canada	varies by province	varies by province
Chile	n/a	n/a
China P. R.	2%	gross sales
Colombia	1 a 12%	mine mouth value
United States (all states)	n/a	n/a
Indonesia	(45 o 55)	US$ per ton production
Kazakhstan	2%	gross sales
Mexico	n/a	n/a
Papua New Guniea	2%	gross sales
Peru	1 a 3%	gross sales
Poland	3%	gross sales
South Africa	n/a	n/a
Zambia	2%	nsr

n/a: non-applicable

nsr: net smelter return

Sources: Global Mining Taxation Comparative Study C.S.M, March 2000. James Otto; Chocilco Database; and a Primer on Mineral Taxation –Thomas Baungaard. Adapted from Mineria Chilena magazine № 264, June 2003. http://www.editec.cl/mchilena/junio2003/Articulo/debemos.htm Updated and complemented for this publication with data from the MMSD Brazil project, Law 28258 Peru."

[139] See Pizarro, op. cit at 8 of the Series