

**Department/ Agency:** Australian Taxation Office

**Question:** BET 708-710

**Topic:** Mining Tax

**Reference:** Hansard page 29

**Senator:** Bushby

**Question:**

**CHAIR asked:**

**CHAIR:** I might hold them over until this afternoon. I know it is going to be a fairly crowded session this afternoon, with the way it has been set up. I will hold those over until then. I will ask some other questions. How much does the mining tax cost to administer on an annual basis?

**Mr Olesen:** I would have to take that on notice, Senator.

**CHAIR:** Are you able to tell me how much in refunds of the mining tax has been paid since 1 July last year?

**Mr Olesen:** No, I am not. I could take that on notice, unless my friends in Treasury have some information with them. We do not have that information here.

**CHAIR:** I ask you to take that on notice.

**CHAIR:** Can you tell me how much mining tax was collected in 2012-13?

**Mr Heferen:** We can assist with that, I am fairly sure.

**Senator Cormann:** What was collected is probably not as relevant as what was refunded after it was collected.

**CHAIR:** That is why my previous question was: how much was refunded?

**Mr Heferen:** On page 5-16 of Budget Paper No. 1, there is a box that deals with the MRRT. There is a graphic that goes into how much was anticipated to be collected and how much was actually collected. The final budget outcome for 2012-13 noted that the MRRT raised \$200 million and in 2013-14 we expect that to be \$100 million. Some of these are tricky because there will be payment instalments that may subsequently be refunded.

**CHAIR:** That is a gross figure prior to the refunds occurring?

**Mr Heferen:** No. The 2013-14 figure will be net receipts. We anticipate that to be \$100 million.

**CHAIR:** But the \$200 million—

**Senator Cormann:** Can I explain the concepts. When we talk about net MRRT, as per the budget papers, what we are talking about is netted out for the company tax effect. MRRT is a tax deduction for company tax purposes. A proportion of the amount raised through MRRT would have been raised through company tax anyway. So the estimates that have been published at various times in the budget papers were net revenue estimates.

The original announcement, when the MRRT was announced, provided for revenue in 2012-13 of \$4 billion and in 2013-14 of \$6½ billion. Of course, we know that even the pre-instalment revenue, the revenue from payments by mining tax companies based on what they thought their liability would be on a quarterly basis, was about \$200 million. I have actually made some public statements in relation to this. Since I have become the Acting Assistant Treasurer, I have been receiving advice that the ATO, for example, just in March 2014 refunded \$175 million in previously overpaid minerals resource rent tax instalments. Since then a further \$10.6 million in MRRT pre-payments has been refunded in April 2014, which comes on top of \$52.1 million in MRRT refunds in the period from July 2013 to February 2014. The total amount of mining tax refunds so far is more than \$237 million. Of course, if you look at the final budget outcome for 2012-13, it did indeed show that only \$200 million in net revenue had been raised from quarterly MRRT pre-payments. When I say 'net revenue',

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Budget Estimates 2014  
3 June to 5 June 2014

that is netted against what would have been raised in company tax anyway.

**CHAIR:** So it is \$237 million in refunds. How much was the total that you said was raised?

**Senator Cormann:** \$200 million. But they are different. The \$200 million is the net figure after you have adjusted it for the company tax effect.

**CHAIR:** That does not also take account of the cost of administering the mining tax?

**Senator Cormann:** No, it does not.

**CHAIR:** That has been taken on notice.

**Senator Cormann:** When I was sitting where you are now sitting, I was previously advised by the ATO—this is on the record in answers to questions on notice—that at some point the area that looks after the MRRT was merged with the PRRT area. All up, looking at all of the figures, it showed that for the period to the end of the financial year 2013 the cost at that stage—I will check the exact record—from recollection was more than \$50 million, in cost of implementation and administration, until that point.

**Question:**

- 708. How much does the mining tax cost to administer on an annual basis?
- 709. Are you able to tell me how much in refunds of the mining tax has been paid since 1 July last year?
- 710. Can you tell me how much mining tax was collected in 2012-13?

**Answer:**

- 708. The estimated cost to administer the MRRT and PRRT in the 2012-13 financial year was \$27.4 million plus \$5.6 million capital expenditure on IT systems. It is not possible to split costs between PRRT and MRRT.
- 709. From 1 July 2013 to 30 June 2014, the refunded amount of MRRT for the 2012-13 tax year was \$211.4 million.
- 710. For the 2012-13 year final collections of MRRT are \$186 million in net revenue. These collections for the 2012-13 year are considerably reduced from early projections, as set out in Budget Paper 1, page 5-16.

Final collections are calculated by adjusting for \$211.4 million in refunds from previous overpayments of MRRT instalments relating to the 2012-13 tax year.

The final figure also takes into account offsetting reductions of \$67.2 million in the tax value of deductions against company tax, for amounts that would have been raised through company tax in any case.

The figure does not take into account the administrative costs referred to in the answer to question 708.