

NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NUMBER: 72 [NW3252E]

[Written Question No 2789]

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Mr G P D Mac Kenzie (Cope) to ask the Minister of Finance:

Whether he intends to consider a progressive tax on mines in order to ensure equitable distribution of mining profits to counteract the call for the nationalisation of mines; if not, what is the position in this regard; if so, what are the relevant details?

NW3252E

REPLY:

The Minister of Finance normally only makes new tax announcements on Budget Day, or when tabling tax legislation. I will therefore only focus on announcements already made in previous budgets or tax legislation, all available to the Honourable Member on the treasury website www.gov.za. I will not comment on any taxes that I may be considering for the next or future budgets. You are, however, invited to make any suggestions or provide proposals to me, for consideration for future budgets.

There is already a royalty a minerals (in accordance with the Mineral Royalty and Petroleum Resources Act of 2008 (Act 28 of 2008)), which came into effect on 1 April 2010.

Let me repeat what I have already replied to three similar questions this year. I refer to Question 19 (asked by Dr D T George of the DA) published on 10 February 2011), Question 1214 (asked by Adv H C Schmidt of the DA) published on 15 April 2011 and Question 235 (asked by Mr K A Sinclair of COPE-NC) published on 29 July 2011. This is in addition Question 1678 (Dr P J Rabie of the DA) published last year on 28 May 2010,

The mining sector currently makes a significant contribution to national revenue. In addition to being subject to the normal corporate income tax of 28 per cent (except for gold mines, which have a special dispensation), VAT and other taxes, the mining sector is also subject to a mineral royalty. The royalty rates on various minerals are based on two formulae that incorporate a profit element, and thus effectively taxes the profits in the mineral sector at a

higher rate than the normal corporate income taxes, as both the royal and corporate income tax are imposed on mineral profits.

In accordance with international classification of revenues, revenue from mineral and petroleum royalties are regarded as non-tax revenues, as they are a resource rent rather than a tax. The audited collection of mineral royalties for the 2010/11 financial year was just over R3,55 billion. The collections for the current financial year (up to 30 September 2011) is just under R2,4 billion, and is expected to be R4,89 billion for the full year (as noted in 2011 Budget Review Table 5.3 and MTBPS Table 3.3). The amount actually collected from royalties is published monthly by the National Treasury, 30 days after the end of each month, in accordance with Section 32 of the PFMA. These reports are available on the National Treasury's website under the link "Monthly press releases".