

Mineral Royalties Act 2024 – Mineral royalty overview

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Acronyms	Full form
CoTR	Commissioner of Territory Revenue
DITT	Department of Industry, Tourism and Trade
MRA24	<i>Mineral Royalties Act 2024</i>
MRA82	<i>Mineral Royalty Act 1982</i>
MTA	<i>Mineral Titles Act 2010</i>
NTCAT	Northern Territory Civil and Administrative Tribunal
TAA	<i>Taxation Administration Act 2007</i>
TRO	Territory Revenue Office

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Purpose

1. This Overview outlines the administrative arrangements relating to the establishment, calculation, and collection of mineral royalties under the *Mineral Royalties Act 2024* (MRA24).
2. This Overview is for general guidance purposes only.

Introduction

3. The Department of Industry, Tourism and Trade (DITT) issues titles under Northern Territory mining legislation for the right to enter land, and to mine and dispose of minerals. When titleholders (commonly known as tenement holders) obtain a title they are required to pay royalties in respect of minerals they extract. This Overview outlines the lodgement requirements and sets out the obligations of the tenement holders.
4. Royalties are payments made to the Territory as the owner of the minerals, in consideration of a right granted to extract and remove minerals and are calculated in respect of the value of the minerals taken or produced. Royalties are not a tax.
5. Royalties are collected under the *Mineral Royalty Act 1982* (MRA82) or MRA24 for all minerals produced in a royalty year and compensate the Territory for allowing the private exploitation of the Territory's non-renewable resources.
6. The royalty return required to be lodged under section 22 of MRA24 provides the Commissioner of Territory Revenue (CoTR) with information to enable the calculation of royalty, including the value of the minerals, the basis for valuation and any deductible expenditure incurred for shipping costs for transport in the Territory.
7. The holder(s) of a mining tenement is responsible for the lodgement of royalty returns and payment of royalties. Royalties are calculated on a self-assessment basis and all holders of a tenement are joint and severally liable for the royalty imposed under the MRA24.

Application of royalty

Minerals subject to the MRA24

8. Subject to section 10 of the MRA24, mineral royalty is imposed on all minerals that are extracted from the Territory except for uranium which is vested in the Commonwealth. Uranium mines in the Territory pay royalties to the Commonwealth Government.

Minerals subject to the MRA82

9. A mineral extracted from a mining operation that was a production unit in operation during the 2023 calendar year is not subject to MRA24. Instead, minerals extracted from that production unit – including those extracted after the 2023 calendar year – remain subject to MRA82 (i.e. they are 'grandfathered').
10. Operation is taken to mean that the production unit produced a saleable mineral commodity as defined in MRA82 during the 2023 calendar year. This includes where the value of production in the calendar year is less than \$500,000 but greater than \$0 resulting in no royalty liability for the period.

11. MRA82 applies to any mineral extracted from a tenement that is integrated with an existing production unit. If the tenement is not integrated with any grandfathered production units, royalties for minerals extracted from the tenement are calculated under MRA24.
12. The decision for whether production from a tenement is part of an existing production unit or a new mine is determined by whether the tenement is functionally integrated with the existing production unit. The criteria to determine integration between a production unit and a tenement is set out in *MRA82 Royalty Guideline RG-MRA-002: Production Unit*¹.

Minerals not subject to mineral royalty

13. Sand, gravel, clay, or stone that are suitable for use in construction or building works and soil are not liable for royalty if at least one of the following conditions applies:
 - a. The mineral is extracted under an extractive mineral permit or extractive mineral lease
 - b. The mineral is extracted under a mineral authority that corresponds to paragraph 13(a)
 - c. The mineral is extracted as a by-product or secondary purpose of a mining operation
 - d. The mineral is used in the mining operation and does not leave the mining operation.

Example 1

A holder of a mining tenement extracts gravel from the mine and uses it to construct roads for the mining operation. The gravel is not liable for royalty.

14. Minerals fossicked in accordance with section 135 of the *Mineral Titles Act 2010* (MTA) are not subject to royalty.

Meaning of mining operation

15. A mining operation consists of:
 - a mining tenement.
 - multiple mining tenements that are used in an integrated operation.
16. An integrated operation occurs when multiple mining tenements contribute to the production of a mineral. For the avoidance of doubt this includes a port that is under a mineral lease held by the same holder as the tenement from which the mineral was extracted.
17. Tenements can be integrated through common use of a facility in the Territory if tenements are held by the same holder(s).

Example 2

Alpha Mining Ltd conducts mining on four mining tenements in the Northern Territory. The ore mined from each tenement is processed at a single processing plant that is operated by the mining operator in the Northern Territory. In this case, the mining operation consists of the four tenements and only one royalty return is required.

¹ Guideline found at <https://treasury.nt.gov.au/df/territory-revenue-office/publications>

18. Tenements integrated from an organisational, administrative, or economic perspective will not necessarily be integrated for the purposes of MRA24.

Example 3

Bravo Mining Ltd (Bravo) carries on worldwide mining operations, including three mining tenements in the Territory. Bravo regards its mining tenements in the Territory as a single operation and they are administered as such. However, each of the three tenements produces a mineral within its own boundary and there is no use of common facilities. The three tenements would be treated as three separate mining operations. Although they are integrated from an administrative and organisational perspective, they are not functionally integrated as they each produce minerals independently. Three royalty returns are required.

Meaning of holder of a mining tenement

19. The holder of a mining tenement is the person(s) who hold a mining authorisation under the MTA.

Calculation of royalties

Royalty Formula

20. To establish the royalty amount for a mineral, section 14 of the MRA24 prescribes the following formula:

$$\text{Royalty} = \text{RR} * (\text{V} - \text{SC})$$

where:

RR is the royalty rate of a mineral as determined in section 13 using Schedule 1 or Schedule 2.

V is the value of the mineral extracted from a mining operation as calculated in section 15.

SC is the amount allowed to be deducted for shipping costs within the Territory as calculated in section 16.

Example 4

Charlie Mining Ltd (Charlie) extracts bauxite in the Territory and during the royalty year has a sales value of \$110,000,000. Charlie incurs \$10,000,000 for shipping costs within the Territory. The royalty is calculated as follows:

$$\text{Royalty} = 7.5\% * (\$110,000,000 - \$10,000,000) = \$7,500,000$$

21. Where multiple minerals are extracted from a mining operation, the royalty for each mineral should be calculated separately. Where multiple minerals are combined into a singular mineral product that is sold, and all the minerals with value within the product have the same royalty rate, only the total royalty for the mineral product needs to be determined.

Example 5

Mike Mining Ltd (Mike) extracts and produces copper concentrate and gold doré from a mining operation. To calculate the royalty liability for the gold and copper, Mike must separate the value of the minerals and shipping costs within the Territory between the gold and copper.

Example 6

November Minerals Pty Ltd (November) produce a rare earths product that consists of multiple rare earth minerals. As all the minerals have the same royalty rate, only the royalty relating to the product should be determined.

22. If shipping costs are greater than the value of the mineral, royalty will be calculated as \$0 and the excess shipping costs cannot be carried forward to future royalty periods.

Timing of Royalties

Royalty determination date

23. The royalty determination date determines the royalty rate that is applicable to a mineral. Additionally, where there is no arm's length sale of a mineral, the price of the mineral is based on the price on the royalty determination date.

24. Where the mineral is first transferred while in the Territory in a genuine arm's length sale the royalty determination date is the day ownership is transferred. For the avoidance of doubt, this includes where ownership transfers at a Territory port.

25. If ownership is not transferred while in the Territory in a genuine arm's length sale the royalty determination date is the later of the day the mineral:

- a. Leaves the mining operation.
- b. Receives its last treatment in the Territory.

26. The royalty rate applicable when the mineral receives its last treatment in the Territory is the rate applicable to the category of the mineral that is produced after the treatment process is completed.

Example 7

Delta Mining Operations Pty Ltd extracts a mineral from a tenement and conducts some processing within their mining operation. On 5 November 2024, the mineral leaves the mining operation and is transported to Darwin Port. On 28 November 2024, the mineral is sold and shipped overseas to Delta Refining Pty Ltd (a related party) for further treatment in a transaction that is not a genuine sale on arm's length terms.

The royalty determination date for the mineral is 5 November 2024 as there was no genuine sale in the Territory and this is the day the mineral left the operation. The mineral should be valued under section 15(d) based on the value of the mineral on 5 November 2024.

Example 8

Echo Mining Ltd (Echo Mining) extracts phosphate ore from a mining operation. On 4 February 2025, they transport the phosphate ore to Foxtrot Processing Ltd who processes the phosphate ore to phosphate concentrate on 13 February 2025. Echo Mining then transports the phosphate concentrate to a Territory port. On 11 March 2025, the phosphate concentrate is sold and shipped overseas to Echo Fertiliser Ltd (a related party) for further treatment in a transaction that is not a genuine sale on arm's length terms.

The royalty determination date is 13 February 2025, being the date the mineral received its last treatment in the Territory. The mineral to be valued for royalty is phosphate concentrate as that was the mineral produced after the last treatment process in the Territory was completed. The phosphate concentrate should be valued under section 15(d) based on the value of the concentrate on 13 February 2025.

Categories of mineral

27. There are 4 categories of mineral for determining the appropriate rate of royalty. Each category represents a higher level of treatment or refinement of the mineral. Categories of mineral are only used where the mineral is not listed in Schedule 1 with a royalty rate.
28. A **Category 1 mineral** is the mineral that receives only primary treatment that:
- Prepares the material for further processing; and
 - Improves the mineral's consistency for sale; and
 - Provides a consistent feedstock for further processing of the mineral.
29. A **Category 2 mineral** is the mineral that receives only secondary treatment consisting of concentration and ore dressing that reduces the particle size and increases the concentration of the mineral primarily through physical processes. The improvement in concentration and particle size should be significant and does not include purely crushed or screened material.
30. A **Category 3 mineral** is the mineral that receives only secondary treatment consisting of metallurgical treatment, chemical treatment, or combinations of biological, chemical and heat treatments prior to final treatment.
31. A **Category 4 mineral** is the mineral that receives final treatment consisting of refining or other advanced metallurgical processing to produce a mineral suitable for its major end use.
32. Where a mineral is not included in Schedule 1, the holder of a mining tenement can propose a royalty category and will be asked to provide evidence to the CoTR for how they have determined the appropriate category. The CoTR will consider this and receive advice from DITT to determine the appropriateness of the category.
33. The royalty rate for each category of mineral is:

Category	Rate
Category 1	7.5%
Category 2	5.0%
Category 3	3.5%
Category 4	2.5%

Costs excluded from the value calculation

34. Where a sale of a mineral (or an index for pricing a mineral) includes shipping costs as part of the price, these costs should be excluded from the calculation of royalty.
35. Shipping costs are freight charges, dead freight costs or insurance costs incurred in transporting the mineral to the purchaser of the mineral. An example would be where the sale contract is negotiated on a cost, insurance, and freight (CIF) basis, amounts relating to insurance and freight should be deducted from the CIF price to obtain the free on board value of the mineral.
36. An amount or value included in the calculation of the value of a mineral is the amount or value exclusive of the GST (if any) payable in relation to that amount or value. Where an amount or value included in the calculation of a mineral is input taxed, the amount or value to be included is inclusive of GST.

Calculation of value

37. The holder of a mining tenement liable to pay royalty cannot choose a valuation method, rather the methodology for valuation is applied sequentially. That is if section 15(1)(a) does not apply in the first instance, section 15(1)(b) is used and if that does not apply either each methodology is applied until 15(d)(iv).
38. The mineral royalty obligation arising under MRA24, is a self-assessed liability. It is the responsibility of the holder of a mining tenement to recognise, calculate, lodge a return and pay mineral royalty. This includes determining the correct application of value under section 15 of MRA24. A holder of a mining tenement is not entitled to wait until TRO calculates and 'invoices' the holder – the responsibility is in the hands of the holder.

Australian dollar or equivalent

39. The revenue received or receivable for minerals must be converted to Australian dollars by converting foreign currency at the exchange rate applied at the time the foreign currency was received, receivable or incurred. The rate that may be used for this purpose includes:
- The closing daily representative rate for the relevant day, as published by the Reserve Bank of Australia.
 - The buy rate for the foreign currency, as quoted by a major Australian trading bank.
 - Another rate agreed in writing between holder of a mining tenement and the CoTR.
40. The exchange rate selected by a holder of a mining tenement to be applied for royalty purposes should be selected in good faith and on a consistent basis.
41. Practically, this means that the exchange rate should be determined on the bill of lading date where there is a genuine sale on arm's length terms and the price of the mineral is obtained under the contract of sale.
42. Where a mineral is valued using a method or price determined under section 15(iv) of MRA24 (i.e.: not valued using an actual sale of the mineral), the Australian dollar equivalent should be determined on the royalty determination date.
43. An application may be made to the CoTR in writing to use an alternative exchange rate for royalty purposes to ensure administrative ease in circumstances where a reasonable alternative rate is used by a holder of a mining tenement, and the use of the prescribed rates would result in an overly onerous administrative burden.

Genuine sale on arm's length terms (section 15(1)(a))

44. A contract with a genuine purchaser at arm's length indicates a sale between two independent parties in which both parties are acting in their own self-interest. Both the holder, liable to pay royalty and the purchaser, are unrelated, are of equal negotiating power, are not under pressure or duress from the opposing party and are acting in their own self-interest to attain the most beneficial sale.
45. Where a genuine sale on arm's length terms has occurred, the value of the mineral is the price of the mineral under the contract of sale.

Subsequent sales to third party (section 15(1)(b))

46. Where a holder of a mining tenement transfers ownership of a mineral to a related party who subsequently transfers the mineral in a genuine sale on arm's length terms, the value of the mineral is the price of the mineral received under the subsequent contract of sale for the mineral.
47. For this methodology to be used, there cannot be any physical improvement to the mineral between the related party transaction and the third-party transaction.
48. Under this methodology, there are no deductions allowed for marketing expenses or transfer pricing.

Example 9

Golf Minerals Pty Ltd sells 10,000 tonnes of ore it produces from a mining operation to a related party, Golf Marketing Pty Ltd, who subsequently sells the ore at arm's length to unrelated parties. The final price achieved by these arm's length sales is \$1,000 per tonne and a transfer pricing factor of 3.5% has been negotiated between the related parties.

In this instance, the value of the mineral is $\$1,000 \times 10,000 = \$10,000,000$ as there is no deduction allowed for transfer pricing.

Prescribed markets (section 15(1)(d)(i))

49. The below markets are recognised by the CoTR for the calculation of value under section 15(i) of MRA24. Please note that this list may be amended by the CoTR.

Mineral	Market
Gold (metal)	London Bullion Market Association – PM Price
Silver (metal)	London Bullion Market Association – Daily Price

50. Where the mineral for the purpose of royalty is less processed than a mineral declared by the CoTR, the price of the less processed mineral should be determined in reference to the processed mineral price using industry accepted pricing methodologies. The CoTR may request evidence where this occurs.
51. A less processed mineral compared to a metal listed in paragraph 46 can be valued based on the index price of the metal. When this occurs the holder of a mining tenement can deduct the arm's length value of expenditure related to refining and treatment of the mineral.

Market value (section 15(1)(d)(ii))

52. Where there is no genuine sale on arm's length terms or market recognised by the CoTR, the value of the mineral will be the market value of the mineral at the royalty determination date.
53. The market value of a mineral is the price that would be negotiated on the basis that it was sold at that point in an open commercial market between knowledgeable, willing but not anxious buyers and sellers, acting severally and independently, having regard to:
- The price of other minerals sold to a third party on arm's length terms and that is substantially similar to the mineral being valued in time of delivery, kind, quality and composition.
 - A price agreed in an advanced pricing arrangement with the Commonwealth Commissioner of Taxation.
 - A price audited and approved by the Commonwealth Commissioner of Taxation.

- d. Any applicable benchmark prices published by a recognised commodities exchange or index that the CoTR accepts.
 - e. Any other matter the CoTR considers relevant.
54. In the first instance, the holder of a mining tenement should consider the value of any genuine sales on arm's length terms and the benchmark price for the mineral published by a recognised commodities exchange or index to determine the value of the mineral.
55. The holder of a mining tenement may submit to the CoTR, that for a sale to a related party the price of the mineral obtained under the contract of sale represents the market value. The onus is on the holder of the mining tenement to prove to the CoTR that this is the case. If the CoTR does not agree with that the sale represents market value the holder of a mining tenement the market value will be determined with reference to index prices and third party sales made by the holder of a mining tenement.
56. Some of the above circumstances, particularly the methodologies accepted by the Commonwealth Commissioner of Taxation may not be in line with the provisions of MRA24 (for example, the scope of deductions that may be entertained by the Commonwealth Commissioner of Taxation in arriving at a value, including marketing fees, which are excluded costs). While regard would be given to these circumstances, they would not be applied rigidly in all circumstances. A recognised commodities exchange price may not be appropriate to apply directly to minerals produced in the Territory in all circumstances.
57. Where a mineral is substantially similar to a mineral sold to a third party on arm's length terms or defined in an index but has differences that would affect the value of the mineral, the value of the mineral can be adjusted using industry accepted methodologies.

Example 10

Hotel Mining Ltd (Hotel) make a sale of 1,000 tonnes of iron ore fines with 61% Fe grade to a related party. On the royalty determination date, an identified index price for 62% Fe is US\$110. The price Hotel can use for the sale is:

$$Price = \$110 * \frac{61}{62} = \$108.23$$

The price would then be converted to Australian dollars.

Commissioner's estimate of value (section (15)(1)(iii))

58. Where there is no market value that can be determined for a mineral and there has not been a genuine sale on arm's length terms, the CoTR may determine the value of the mineral or determine the method to value the mineral. The CoTR will make this determination based on any information deemed relevant, and any information provided by the holder of a mining tenement.

Payment for loss of minerals

59. Where a mineral is lost after the mineral becomes liable for royalty but before the ownership of the mineral was transferred, the value for the mineral is the amount the holder of a mining tenement receives through insurance, indemnity or guarantee due to the loss of the mineral.

Specific examples

Processing doré outside of the Territory

60. Where a holder of a mining tenement transports doré outside the Territory and a third party refiner refines the doré into metal and the metal is sold, any refining expenses charged to the holder of the mining tenement are deducted from the sales value of the doré.

61. This example generally only applies to doré and not to other minerals.

Example 11

Juliet Minerals Pty Ltd (Juliet) extracts and produces doré from a mining operation. Juliet transports the doré interstate to a refiner who refines the doré into gold and silver. The refiner charges Juliet for refining the mineral and purchases the gold and silver metal. In this case the refining costs are deducted from the value of the gold and silver to determine the value of the doré.

Third party processing

62. Where a processor in the Territory processes a mineral on behalf of the holder of a mining tenement, the liability to pay royalty on the mineral is not triggered unless there is a sale between the holder of a mining tenement and the processor.

Deduction for shipping costs in the Territory

63. Shipping costs in the Territory can be deducted from the royalty calculation for transporting the mineral to a purchaser in the Territory or if the purchaser is not located in the Territory to the border of the Territory.

64. For shipping costs to be eligible, they must be incurred by the holder of the mining tenement or by a related party of the holder. Where the related party has incurred shipping costs, only an arm's length value of the shipping costs can be claimed.

General eligibility

65. The following shipping expenses are generally able to be claimed:

- a. Freight (whether by road, rail, air, barge or another method)
- b. Dead freight costs
- c. Insurance directly relating to the transport of a mineral

66. The following shipping expenses are generally unable to be claimed:

- a. Packaging costs
- b. Storage of a mineral including at the mining operation, loading site, port or any other site
- c. Loading costs
- d. Depreciation relating to assets used for transporting minerals.

67. Shipping costs cannot be claimed if:

- a. The holder received reimbursement or compensation for the shipping costs
- b. It was not incurred by the holder or a related party of the holder

- c. It was deducted from the calculation of value in section 15.
- d. The shipping costs were not incurred during the royalty period.

Shipping to the purchaser

68. Shipping costs can only be claimed where the mineral is being transported to the purchaser without any additional treatment to the mineral prior to the sale of the mineral. This includes treatment interstate and overseas that occurs prior to the sale of a mineral.

69. The below table outlines several cases and what stages of shipping are able to be claimed.

Scenario	Allowed costs
A holder of a mining tenement in Alice Springs extracts and treats a mineral on a mining operation. They then transport the mineral to Darwin Port and export the mineral to the purchaser overseas.	The holder can claim shipping costs between Alice Springs and Darwin Port.
A holder of a mining tenement in Alice Springs extracts a mineral. They then transport the mineral to Katherine where they treat the mineral to turn it into a concentrate. After this they transport the concentrate Darwin Port and export the concentrate to the purchaser overseas.	The holder can claim shipping costs between Katherine and Darwin Port. The holder cannot claim shipping costs between Alice Springs and Katherine.
A holder of a mining tenement in Alice Springs extracts a mineral. They transport the mineral to a purchaser in Adelaide.	The holder can claim shipping costs between Alice Springs and the border of the Territory. The holder should apportion costs following the method in paragraph (70).
A holder of a mining tenement in Tennant Creek extracts a mineral. They perform treatment of the mineral at the mining operation and then transport the mineral to Sydney, where it is further treated before being purchased by the treater.	The holder cannot claim shipping costs as the mineral has been transported from the mining operation for treatment before sale of the mineral.
A holder of a mining tenement in Jabiru extracts a mineral. They transport the mineral to Katherine where the mineral is treated by a third party processor (which is not on the mining operation). The mineral is then transported to Darwin where it is exported to a purchaser overseas.	The holder can claim shipping costs between Katherine and Darwin Port. The holder cannot claim shipping costs between Jabiru and Katherine.
A holder of a mining tenement extracts a mineral at a mining operation and transports the mineral to a loading facility and then uses a barge to transport the mineral to an ocean going vessel 30km from the coast of the Territory.	The holder can claim shipping costs between the mining operation and the loading facility. Additionally, they can claim shipping costs from the port to 3 nautical miles from the Territory coastline. The holder should apportion barge costs following the method in paragraph (72).

Purchaser outside the Territory

70. Where minerals are transported to a purchaser outside the Territory, the expenses for shipping costs should be apportioned to the Territory border using the following formula.

$$\text{Allowed shipping costs} = \text{Total shipping costs} * \frac{\text{Distance from mining operation to border of the Territory}}{\text{Distance of Transport}}$$

71. To determine distance to the border of the Territory and the total distance, the distance as the crow flies or the distance by road or rail can be used for the calculation.

Example 12

A mineral is produced in Tennant Creek before being transported to the Perth where it is sold. The operator expends \$100,000 for transport of the mineral between Tennant Creek and Perth. The distance between the two is 2,283km as the crow flies and it is 683km from Tennant Creek to the border of the Territory. The operator elects to use a direct distance method.

The calculation for allowed shipping costs is: $\$100,000 * \frac{683}{2,283} = \$29,916.78$

Barging from a Territory port

72. The border of the Territory is 3 nautical miles (5.556km) from the coastline of the Territory. When a holder of a tenement is barging a mineral to a ship as part of the delivery to the purchaser, the expenses for these costs should be apportioned to the Territory border using the following formula:

$$\text{Allowed barging costs} = \text{Total barging costs} * \frac{5.556\text{km}}{\text{Distance of Barging}}$$

Example 13

A mineral is transported to a loading facility on the Territory coastline. From the loading facility, the mineral is barged 12 nautical miles from the coast to a ship. Over the royalty year, the cost of barging is \$1,000,000.

The calculation for allowed shipping costs is: $\$1,000,000 * \frac{3}{12} = \$250,000$

Unknown final sales value at royalty due date

73. In some instances, the final price and/or quantity of minerals is not known at the time the sale contract is executed. When this occurs, the initial or provisional arm's length price and quantity may be accepted but with adjustments to be made once the price and/or quantity is confirmed.

74. This value will be required to be declared in the following royalty return once the final sales amount is determined. An additional payment or refund will be added or offset from the next royalty payment.

Example 14

Kilo Mining Ltd sells zinc concentrate in an arm's length sale on 1 September 2024 for a provisional amount of \$200,000. On 15 November 2024, the final sales price of zinc concentrate is determined to be \$150,000. During the December 2024 quarter, the producer makes \$1,000,000 of other sales of zinc concentrate.

The royalty payments are as follows:

30 October: Royalty value = \$200,000, Royalty liability = \$10,000 (\$200,000 * 5%)

30 January: Royalty value = \$950,000 (\$1,000,000 - \$200,000 + \$150,000), Royalty liability = \$47,500 (\$950,000 * 5%)

Registration and information requirements

Requirement to register

75. A holder of a mining tenement must register with the CoTR within 30 days after the holder starts extracting a mineral from a mining operation.
76. It is strongly encouraged that a holder of a mining tenement informs the CoTR of their intention to commence extracting a mineral from a mining operation prior to extraction so that the holder can understand their royalty obligations.
77. A holder of a mining tenement must also notify CoTR within 30 days of certain events, including:
- Mineral extraction and/or processing ceases during an extended or permanent shutdown of a mining operation. An extended shutdown is considered greater than three months.
 - Mineral extraction restarts after a period of cessation. This would not include a restart after a temporary shutdown unless notification had been provided that the shutdown would be extended or permanent.
 - There is a partial or full change in ownership of the holder of a mining tenement.
78. Registration under this clause must be made to the CoTR using the MRA24 Registration Form².
79. Notification under this clause must be made in writing to the CoTR through email to royaltiesandassurance.dtf@nt.gov.au or in another form approved by the CoTR.

Cancellation of registration

80. CoTR may cancel the registration of a holder of a mining tenement, where:
- Mineral extraction ceases following a permanent shutdown of operations under a mining tenement in the mining operation.
 - A holder of a mining tenement transfers its interest in a mining tenement to another person.
 - The registration is not required for any other reason.
81. The CoTR will notify the holder when the registration is cancelled.

Lodgement of royalty returns

82. A single royalty return is required to be lodged for each mining operation. Where there is more than one unique holder of the tenements that comprise a mining operation, the holders may authorise a person to lodge a single royalty return on behalf of all holders.
83. Royalty returns are required to be lodged in circumstances where the extraction of minerals has commenced. The royalty return is due to be lodged and the final quarterly payment made within 30 days of the end of the royalty year.
84. On registration, the holder of a mining tenement will declare the 12 month period for their royalty year. The royalty year can commence on 1 January, 1 April, 1 July, or 1 October. For each of these royalty year commencements the due date for the royalty return is as follows:

² Registration form found at <https://treasury.nt.gov.au/dtf/territory-revenue-office/publications>

Royalty year start date	Royalty return due
1 January	30 January
1 April	30 April
1 July	30 July
1 October	30 October

85. The following documents must be submitted with the royalty return:

- a. A sales schedule with all sales for the year with the calculation of mineral value
- b. Calculations for any Territory shipping costs deducted from the mineral value.

86. The holder(s) of a mining tenement must ensure that:

- a. Information relating to mining operation is accurate and up to date.
- b. The submitted royalty return is in the approved form, covering all details set out in the return together with working papers supporting the royalty calculations.

87. Royalty returns should be emailed to royaltiesandassurance.dtf@nt.gov.au

Quarterly royalty return

88. A quarterly royalty return must also be lodged for each mining operation on or before the day a quarterly royalty return is due. The quarterly royalty return will require:

- a. The quantity of each mineral extracted for the quarter.
- b. The value of each mineral extracted for the quarter.
- c. The calculated royalty for each mineral extracted for the quarter.
- d. Any adjustments made to royalty owing in the previous quarter due to unknown royalty values at the end of the previous quarter.

Payment of royalty

89. All holders of a mining tenement are required to make royalty payments to TRO for minerals extracted. Account details for payment can be provided upon request from a holder of a mining tenement by contacting TRO at royaltiesandassurance.dtf@nt.gov.au

Quarterly

90. All holders of a tenement must pay the royalty for a royalty year by quarterly payments within 30 days after the end of each quarter on the following basis:

Quarter period	Payment due
1 July – 30 September	30 October
1 October – 31 December	30 January
1 January – 31 March	30 April
1 April – 30 June	30 July

91. All holders of a tenement are required to complete the provisional royalty return found on the TRO website with each royalty payment. If there is no royalty payment for a royalty period, the holder should complete a nil provisional return.
92. The CoTR may approve an alternative arrangement to the above payment dates, upon request by a holder of a mining tenement, if required. An application for an alternative arrangement will need to be made in writing and include details regarding why the alternative arrangement is required.
93. Where the CoTR believes that there is a deliberate non-compliance by a holder of a mining tenement with the requirements to pay royalty, the CoTR can bring forward the due date for a future payment of royalty. This will only be used in limited circumstances.

Annual reconciliation

94. The fourth royalty payment for a royalty year is due on the same day as the annual royalty return. This payment will be the total royalty liability calculated for the royalty year less the three quarterly payments already made.

Example 15

Lima Minerals Limited (Lima) submits an annual royalty liability of \$11,000,000 and has made royalty payments of \$3,000,000, \$2,000,000, and \$4,000,000 during the first three quarters of the royalty year.

The royalty payment to be made by Lima is \$2,000,000 regardless of the calculated liability for the fourth quarter.

Application of *Taxation Administration Act 2007*

Interest and Penalties

95. Interest and penalty royalty may apply where a holder of a mining tenement does not comply with MRA24. Please see the Commissioner's Guideline CG-GEN-002: Interest and penalty tax³ for information how interest and penalty royalty are determined.

Review and appeals process

96. The process to be followed by the holder of a mining tenement who wishes to dispute an assessment (including a default assessment) is established in Part 11 of the *Taxation Administration Act 2007* (NT) (the TAA).
97. The process is as follows:
- a. first, the holder of a mining tenement must lodge a written objection to the assessment within 60 days of the assessment being issued. The objection is determined by a business unit that is organisationally separate to the business unit which issued the royalty assessment.
 - b. second, if the holder of a mining tenement is dissatisfied with the objection decision, the holder may, under section 115 of the TAA, lodge an appeal to either:
 - i. the Northern Territory Civil and Administrative Tribunal (NTCAT) under Division 4 of Part 11 of the TAA by lodging a notice of appeal with NTCAT.

³ Guideline found at <https://treasury.nt.gov.au/df/territory-revenue-office/publications>

- ii. or the Supreme Court under Division 5 of Part 11 of the TAA by filing a notice of appeal in the Registry of the Supreme Court.

98. An appeal must be commenced within 60 days after the date of issue of the objection decision.

99. The CoTR has issued a Guideline regarding the review and appeal processes and procedures under Part 11 of the TAA (Commissioner's Guideline CG-GEN-003: Objections and Appeals⁴).

100. Holders of a mining tenement should note that the lodgement of an objection or appeal does not affect the liability to pay an outstanding amount of royalty, penalty royalty or interest by the due date.

Instalment Arrangements

101. It is recognised that there may be exceptional circumstances where a holder of a mining tenement is not able to make a payment of royalty at the required date. Where this occurs, the holder of a mining tenement should refer to Commissioner's Guideline CG-GEN-004: Instalment arrangements⁵ for the process to request an instalment arrangement and TRO's policy regarding instalment arrangements.



Sarah Rummery
Commissioner of Territory Revenue

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For further information, please contact the Territory Revenue Office:

GPO Box 1974

Darwin NT 0801

Email: royaltiesandassurance.dtf@nt.gov.au

Phone: 1300 305 353

Website: www.revenue.nt.gov.au

⁴ Guideline found at <https://treasury.nt.gov.au/df/territory-revenue-office/publications>

⁵ Guideline found at <https://treasury.nt.gov.au/df/territory-revenue-office/publications>