
Australia puts miners under tax microscope

Thursday, 07 Aug, 2008

Reuters reported that Australia has signaled possible changes to taxation of the mining industry as it launched a review of the entire tax system.

Mr Wayne Swan treasurer of Australia said that the review would be wide ranging and set the scene for an overhaul of the tax system from 2010. He added that "It will not be my task in this process as we go through it to be ruling things in and to be ruling things out."

Mining industry taxes have surfaced as an issue after almost a decade of surging metals and coal prices, swelling the coffers of Anglo Australian giants BHP Billiton and Rio Tinto and creating huge new firms like iron ore miner Fortescue Metals Group in just a few years.

Mining profits had increased more than fivefold in the 5 years to fiscal 2006-07, outpacing the growth in tax revenues over the same period. The revenue from resource charges has also increased significantly over this period, though not as fast as operating profits.

Meanwhile, Australian Financial Review reported recently that the centre left government might adopt a new tax regime for miners whereby they would pay a profit-related tax instead of the more rigid set of royalties currently levied by state governments.

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