

Harper Government Announces New Measures to Support Canadian Mining

The 2015 PDAC Convention opened this year to a “flurry of announcements that support Canada’s mineral exploration and mining industry” reported a [press release issued by the Prospectors & Developers Association of Canada](#).

The government announcements include the following proposals:

- Extending the 15% Mineral Exploration Tax Credit for investors in flow-through shares for an additional year, until March 31, 2016.
- Changes to ensure that the costs associated with undertaking environmental studies and community consultations that are required in order to obtain an exploration permit will now be eligible for treatment as Canadian Exploration Expenses (CEE).

Further details on the proposals are available below, in the [Press Release issued by the Department of Finance](#).

March 1, 2015 – Toronto, Ontario – Department of Finance

In a speech to the Prospectors & Developers Association of Canada, Finance Minister Joe Oliver and Natural Resources Minister Greg Rickford today announced the Harper Government’s latest action to support the Canadian mining industry. The Government proposes to extend the 15% Mineral Exploration Tax Credit for investors in flow-through shares for an additional year, until March 31, 2016.

The Government also announced proposed changes to ensure that the costs associated with undertaking environmental studies and community consultations that are required in order to obtain an exploration permit will now be eligible for treatment as Canadian Exploration Expenses (CEE). As CEE, these costs would be immediately deductible for tax purposes and also be eligible for flow-through share treatment. In the case of eligible projects, they could qualify as well for the 15% Mineral Exploration Tax Credit.

CEE treatment recognizes the enormous challenges facing mining and oil and gas companies as they explore for resources: the low probability of success, large capital requirements, and long timeframes before reporting positive cash flow. Given these challenges, immediate tax deductibility makes the exploration stage of the process more financially manageable, enhancing the competitiveness of the Canadian resource industry.

As well, CEE treatment can enable companies to “flow through” their unused

deductions to investors using flow-through shares. This provides an additional incentive to investors to purchase a corporation's shares, a vital incentive given that these companies often take many years to report positive cash flows.

But in the past, environmental studies and community consultations required to pursue an exploration project were not always eligible for CEE treatment. Canadians pride themselves on our country's strong environmental protections, and meaningful consultation with local residents remains a key plank in the Government's Responsible Resource Development plan. The Government recognizes that the associated cost of these requirements is part of doing business in Canada, and these changes aim to make Canada an even better place to do business.

With these new measures, the Harper Government is empowering the Canadian mining industry and promoting the exploration of Canada's mineral resources—creating jobs, growth, and long-term prosperity across the country.

Quick Facts

- Since 2006, the Mineral Exploration Tax Credit has helped junior mining companies raise over \$5.5 billion for exploration.
 - In 2013, more than 250 companies issued flow-through shares eligible for the Mineral Exploration Tax Credit to more than 19,000 individual investors.
 - According to KPMG, total business tax costs in Canada are now the lowest in the Group of Seven (G-7)—46% lower than in the United States.
 - Bloomberg ranks Canada the second most attractive place in the world to do business.
 - Canada is one of a handful of countries in the world with a triple-A credit rating and a stable rating from all the major credit rating agencies.
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