

After the Governments leadership change to Julia Gillard, the Resource Super Profits Tax (RSPT) has been scrapped with another version being finalised.

The new policy - known as the Minerals Resource Rent Tax (MRRT) - has an effective tax rate of 22.5 per cent. The MRRT will only apply to two types of resource companies - coal and iron ore miners.

Onshore oil and gas miners, including coal seam methane, will be brought into the existing 40 per cent Petroleum Resource Rent Tax.

How they compare:

Key elements of the 40 per cent resource super profits tax and the 22.5 per cent minerals resource rent tax

	Resource super profits tax (RSPT)	Minerals resource rent tax (MRRT)
Who pays	All 2500-odd mining and petroleum companies	Only iron ore and coal mining companies whose profits exceed \$50 million per annum (about 320 companies)
Tax rate	40 per cent tax which kicks in when profits exceeds the 10-year government bond rate (about 5 per cent)	Effective 22.5 per cent tax (30 per cent less a 25 per cent extraction allowance) that kicks in at the bond rate plus 7 per cent
Taxing point	Not determined	Tax applies to the value of the resource itself, rather than the value added by the miner
Deductions	Deductions for the cost of extracting resources and getting them to the taxing point	Projects have a 25 per cent extraction allowance
New vs existing projects	Existing projects brought into the regime	No change
Losses	Government would share 40 per cent of any profits above a certain rate and provide a tax credit for any losses	No tax credits for losses

Where the money will go

What the Federal Government will do with the mining tax revenue

	Resource super profits tax (RSPT)	Minerals resource rent tax (MRRT)
Company tax cuts	Phased-in cut of the company tax rate from 30 per cent to 29	Company tax rate reduced to 29 per cent in 2013/14 but no

	per cent in 2013/14 and 28 per cent in 2014/15	commitment for a cut to 28 per cent
Small business tax cuts	Small business will be eligible for the 28 per cent rate from 2012/13	Cut limited to 29 per cent from 2012/13
Small business deductions	Small business will be able to immediately write off assets valued at less than \$5000 and be allowed to write off other assets (except buildings) in a single depreciation pool at a rate of 30 per cent	No change
Superannuation contribution changes	Increasing the superannuation guarantee rate from 9 per cent to 12 per cent by 2019/20	No change
Other superannuation changes	\$500 annual super top-up for low-income earners; raising the super guarantee age limit from 70 to 75; more generous contribution limits for over 50s with low super balances	No change
Infrastructure fund	Western Australia and Queensland would get more than \$2 billion each from a \$6 billion regional infrastructure fund from the proceeds of the tax	No change

Table resource: <http://www.news.com.au/business/the-great-mining-tax-battle-at-a-glance/story-e6frfm1i-1225888848317#ixzz0sxmSz4LO>