REVENUE CIRCULAR

RC-GEN-20

2018-19 Budget Measures

Version	Issued	Dates of Effect From:	 To:
1	1 May 2018	1 May 2018	Current

Purpose

1. This Circular provides information on amendments to the *Mineral Royalty Act*, the *Payroll Tax Act*, the *Petroleum (Submerged Lands) Act*, the *Revenue Units Act*, and the *Stamp Duty Act*, to implement the 2018-19 Budget revenue measures administered by the Territory Revenue Office (TRO). The Budget was delivered by the Treasurer on 1 May 2018.

For royalty payers

Changes to royalty deductions

2. For each royalty year beginning on or after 1 July 2018, royalty payers can claim a deduction for the cost of buying, renting or building accommodation in the Northern Territory for resident employees.
3. A resident employee means an employee whose principal place of residence is in the Territory.
4. Royalty payers can also claim a capital recognition deduction for social infrastructure built in the Territory that provides social or economic benefits to communities directly affected by mining. This may include township roads, recreational facilities and childcare centres. Social infrastructure expenditure may be claimed in respect of the design, installation or construction of social infrastructure.
5. For each royalty year beginning on or after 1 July 2018, royalty payers will no longer be able to deduct interstate fly-in/fly-out travel and associated costs for employees whose principal place of residence are not in the Territory. This means that the costs of flights, as well as accommodation and ancillary costs, for workers who live interstate, cannot be deducted for royalty purposes.

Minimum value based royalty

6. A minimum value based royalty on the value of mineral production (gross production revenue) will be introduced for a royalty year beginning on or after 1 July 2019. Gross production revenue is calculated in the same manner as the established gross realisation, excluding any gains or losses on the sale of assets of the production unit, or any carry-forward negative net value.
7. The new value based royalty will commence at a rate of one per cent for the first royalty year, increasing to two per cent in the second year, and 2.5 per cent in the third year and each royalty year afterwards.
8. For example, a mine that commences production on 1 January 2020, with a royalty year beginning every 1 January, will have a minimum royalty rate of one per cent for the 2020 royalty year, two per cent for the 2021 royalty year, and 2.5 per cent for the 2022 royalty year and each royalty year afterwards.

NORTHERN TERRITORY GOVERNMENT

9. Miners will be required to pay the greater of the new minimum value based royalty or the existing profits-based royalty, but not both.

10. To accommodate small-scale miners, a new royalty-free threshold has been introduced which provides that, for royalty years beginning on or after 1 July 2019, royalty is only payable where the annual gross production revenue of a mine exceeds $500 000.

For employers

Payroll tax exemption for new Territory resident employees

11. From 1 May 2018, a payroll tax exemption is available for up to two years in relation to wages paid to:

    (1) a Territory resident who, when hired, increases the total number of Territory residents employed by a Territory business; or

    (2) an existing employee of a Territory business who relocates from living interstate or overseas to reside in the Territory as their principal place of residence; or

    (3) a Territory resident hired by a Territory business to replace a former employee who resides interstate or overseas.

12. An employer who intends to claim the exemption must maintain records to substantiate a claim for exemption. For further details please refer to Commissioner's Guideline CG-PRT-008: Hiring resident employees.

13. If you are unsure about any aspect concerning your business's eligibility for the exemption, it is important that you contact the TRO for clarification before proceeding with your monthly or annual payroll tax lodgements.

For the petroleum and pipeline industry

14. The stamp duty exemption on transfers of onshore and coastal petroleum and pipeline interests is removed for transactions entered into on or after 1 May 2018. This means stamp duty is payable on transactions relating to petroleum or pipeline leases, licenses, permits or access authorities. Transactions and agreements entered into prior to 1 May 2018 will remain exempt, provided the transaction occurs before 1 July 2023.

15. The removal of the exemption means that mineral and petroleum interests (both referred to as a "resource interest") are treated consistently for stamp duty purposes.

Other amendments

16. The following measures are effective from 1 July 2018 and give effect to minor reforms to ensure the efficient operation of the Territory's stamp duty legislation.

17. The stamp duty exemption for heavy vehicle registration in the Territory is extended from 1 July 2018 in anticipation of the closure of the Commonwealth Federal Interstate Registration Scheme.

18. The stamp duty senior, pensioner and carer concession provisions have been clarified to ensure that holders of the new Northern Territory Concession Scheme card are eligible for the concession of up to $10 000 at the time they purchase their home.

Fees and charges

19. From 1 July 2018, the monetary value of a revenue unit will be set at $1.18. This will apply to Government fees and charges prescribed by agencies that are expressed as revenue units until 30 June 2019.

20. To ensure the monetary value of the revenue unit keeps pace with the increasing cost of service delivery, the value of the revenue unit will from 1 July 2019, increase by the greater of the annual percentage change in Darwin's Consumer Price Index, or three per cent.

Further information

21. Please refer to the Revenue Legislation Amendment Bill 2018 and Explanatory Statement for precise details of the amendments.

Revenue Circulars

22. Commissioner's Guideline CG-GEN-001: Revenue Circulars, Commissioner's Guidelines and Payroll Tax Rulings: explanation and status, which sets out information on the revenue publication system, is incorporated into and is to be read as one with this Circular. All Circulars and Guidelines are available from TRO's website.

Mick Butler

COMMISSIONER OF TERRITORY REVENUE

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For further information, contact the Territory Revenue Office

GPO Box 154
Darwin NT 0801

Phone: 1300 305 353
Website: www.revenue.nt.gov.au

Email: ntrevenue@nt.gov.au