

# The Minerals Resource Rent Tax and associated expense measures: a quick guide to sources

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## Introduction

This quick guide provides links to source material on the Minerals Resource Rent Tax (MRRT) and the preceding proposal, the Resource Super Profits Tax (RSPT). This material includes [the Henry Review](#), [the RSPT](#) and [MRRT](#) and [associated expense measures](#), as well as [Parliamentary inquiries](#), [additional publications by the Parliamentary Library](#) and the [GST Distribution Review](#) and newly released [draft repeal legislation](#).

## The Henry Review

The *Australia's Future Tax System Report* (the Henry Review) was released publicly on 2 May 2010, and included a discussion of non-renewable resources ([Chapter C: 'Land and Resources Taxes' – C1. 'Charging for non-renewable resources'](#)), and [several recommendations](#) for replacing existing 'resource charging arrangements' with 'a uniform resource rent tax imposed and administered by the Australian government'.

The Henry Review also commissioned independent research, including a paper on non-renewable resource taxation prepared by the Australian Bureau of Agricultural and Resource Economics (L Hogan and R McCallum, [Non-Renewable Resource Taxation in Australia](#), ABARE report, April 2010).

## The 2010–11 Budget and the Resource Super Profit Tax

The Government [announced a Resource Super Profits tax](#) (RSPT) on 2 May 2010 as part of its response to the Henry Review, and initial costings were included in the 2010–11 Budget.

- Australian Government, [The Resource Super Profits Tax: A Fair Return To The Nation](#), 2010.
- Australian Government, [Statement 4: Benefiting from our mineral resources: opportunities, challenges and policy settings](#), *Budget Paper No. 1: Budget Strategy and Outlook*, 2010–11, 11 May 2011.
- K Sanyal and P Darby, 'Taxation – Resource super profits tax', [Budget 2010–11 Review](#), Parliamentary Library.

## The Minerals Resource Rent Tax Bill 2011 and subsequent legislation

On 2 July 2010 the Government [announced the Minerals Resource Rent Tax \(MRRT\)](#), a replacement for the RSPT. The announcement also included the formation of a consultative committee (the Policy Transition Group), which subsequently released [a report with recommendations](#) in December 2010. MRRT legislation was introduced into Parliament on 2 November 2011.

The Treasury has provided lists of public submissions received during the [first](#) and [second](#) rounds of consultation on the draft MRRT legislation, as well as [documents released under Freedom of Information disclosure](#) in relation to the development of the RSPT and MRRT.

The [Bill's homepage](#) for the [Minerals Resource Rent Tax Bill 2011](#) provides links to a number of resources, including [second reading speeches](#), [original](#) and [revised](#) Explanatory Memoranda, and a [Bills Digest](#) prepared by the Parliamentary Library.

A number of other Bills were introduced in conjunction with the MRRT Bill, including selected [associated expense measures](#) and other legislation required to implement technical aspects of the MRRT ([see below](#)).

Subsequent to the MRRT package of Bills, Schedule 7 of the [Tax and Superannuation Laws Amendment \(2013 Measures No. 1\) Bill 2013](#) amended aspects of the MRRT legislation, as discussed in the [Bills Digest](#) prepared by the Parliamentary Library.

## Associated expense measures

At various points a number of expense measures were explicitly associated with the RSPT and subsequently the MRRT. For the RSPT, press releases and budget documents highlight some of the associated spending measures:

- W Swan (Treasurer), [Stronger, fairer, simpler: a tax plan for our future](#), media release, 2 May 2010.
- W Swan (Treasurer), [Stronger, fairer, simpler superannuation: banking the benefits of the boom](#), media release, 2 May 2010.
- Australian Government, '[Statement 4: Benefiting from our mineral resources: opportunities, challenges and policy settings](#)', *Budget Paper No. 1: Budget Strategy and Outlook*, 2010–11, 11 May 2011.

When the MRRT legislation was introduced, two Bills were included as part of the package, legislating increases to the superannuation guarantee (SG), a rise in the age at which a superannuation guarantee no longer needs to be provided (from 70 to 75), higher tax deductions for small business, and the Low Income Superannuation Contribution.

- [Superannuation Guarantee \(Administration\) Amendment Bill 2011](#) (and the [Bills Digest](#))
- [Tax Laws Amendment \(Stronger, Fairer, Simpler and Other Measures\) Bill 2011](#) (and the [Bills Digest](#))

Press releases highlight the expense measures associated with the MRRT when passed:

- W Swan (Treasurer), [Helping businesses across the economy](#), media release, 14 March 2012.
- J Gillard (Prime Minister), [Spreading the benefits of the mining boom](#), media release, 20 March 2012.

Subsequently the [Tax and Superannuation Laws Amendment \(2013 Measures No. 1\) Bill 2013](#) implemented a loss-carry back, an expense measure associated with the MRRT to replace the abandoned cuts in the company tax rate (as described in the [Bills Digest](#)).

Additional material by the Library, [below](#), provides an overview of the expense measures that, at different times, have been associated with the MRRT, as well as changes in the package over time.

## Parliamentary inquiries

Prior to, during and after the passage of the MRRT Bill through the Parliament, a number of Parliamentary Committees completed inquiries into the legislation and associated issues:

- the Senate Select Committee on New Taxes initiated an [Inquiry into a National Mining Tax](#) on 30 September 2010. The [inquiry page](#) provides [submissions received](#), [public hearings and transcripts](#), the [final report](#) (released 29 June 2011), and the [Government Senators dissenting report](#).
- the MRRT package of Bills was referred on 2 November 2011 to the House of Representatives Standing Committee on Economics. The [inquiry page](#) provides [submissions received](#), [public hearings and transcripts](#), the [final report](#) (tabled 21 November 2011), and the [dissenting report by Coalition members](#).
- the MRRT package of Bills was referred to the Senate Economics Committee on 10 November 2011. The [inquiry page](#) provides [submissions received](#), [public hearings and transcripts](#), the [final report](#) (released 14 March 2012), and dissenting reports by [Coalition Senators](#) and the [Australian Greens](#).
- the Senate Economics Committee also held a reference inquiry into the development and operation of the MRRT, starting 26 February 2013. The [inquiry page](#) provides [submissions received](#), [public hearings and transcripts](#), [final report](#) (released 6 May 2013), and dissenting reports by [Senator Bishop](#), [Senator Cameron](#) and the [Australian Greens](#).

## Additional material by the Parliamentary Library and the Parliamentary Budget Office

The Parliamentary Library has prepared:

- a background note on the MRRT (S Kompo-Harms and K Sanyal, [The Minerals Resource Rent Tax – selected concepts and issues](#), Background note, Parliamentary Library, 24 November 2011). This discusses key economic principles in the MRRT, and some of the expense measures associated with the MRRT.
- material in Budget Reviews on the changes to MRRT revenues and associated expenditures:
  - K Swoboda, 'Minerals Resource Rent Tax: changes to revenue and expenditure estimates', [Budget review 2012–13](#), Research paper no. 9, 2011-12, Parliamentary Library, May 2012.
  - K Swoboda, 'Revised revenue projections and associated expenditure for the Minerals Resource Rent Tax', [Budget review 2013–14](#), Research paper no. 3, 2012-13, Parliamentary Library, 2013.
- [The Minerals Tax package](#), a summary of the MRRT package (and associated expenditures) in the Library blog, the [FlagPost](#).

The Parliamentary Budget Office has released a [post-election report on election commitments](#) that includes costings for different policy changes to the MRRT.

### Repeal legislation

On 24 October 2013 the Government [announced the release of draft legislation to repeal the MRRT](#). The draft legislation (*Minerals Resource Rent Tax Repeal and Other Measures Bill 2013*) is [available on the Treasury website](#); submissions closed on 31 October 2013. The submissions received have not yet been published, but are likely to be released by the Treasury in the near future.

The [Treasury announcement](#) notes that the draft legislation 'also discontinues or re-phases the measures that were intended to be funded by the MRRT'. Specifically:

<b><i>Minerals Resource Rent Tax Repeal and Other Measures Bill 2013</i> draft legislation</b>	<b>Implementation Legislation</b>	<b>Resources</b>
Schedule 2 – Loss carry back	<a href="#">Tax and Superannuation Laws Amendment (2013 Measures No. 1) Act 2013</a>	<a href="#">Bills Digest</a>
Schedule 3 – Small business instant asset write-off threshold	<a href="#">Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Act 2012</a>	<a href="#">Bills Digest</a>
Schedule 4 – Deductions for motor vehicles		
Schedule 5 – Geothermal energy	<a href="#">Tax Laws Amendment (2012 Measures No. 6) Act 2013</a>	<a href="#">Bills Digest</a>
Schedule 6 - Superannuation Guarantee Charge percentage	<a href="#">Superannuation Guarantee (Administration) Amendment Act 2012</a>	<a href="#">Bills Digest</a>
Schedule 7 – Low income superannuation contribution	<a href="#">Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Act 2012</a>	<a href="#">Bills Digest</a>
Schedule 8 – Repeal of income support bonus	<a href="#">Social Security and Other Legislation Amendment (Income Support Bonus) Act 2013</a>	<a href="#">Bills Digest</a>
Schedule 9 – Repeal of schoolkids bonus	<a href="#">Family Assistance and Other Legislation Amendment (Schoolkids Bonus Budget Measures) Act 2012</a>	<p><a href="#">Article</a> in the <i>2012-13 Budget Review</i>.</p> <p><a href="#">Department of Social Service's Family Assistance Guide</a></p> <p><a href="#">Jenny Macklin's statement on</a></p>

## The GST Distribution Review

The [GST Distribution Review](#) was appointed on 30 March 2011 and reported in October 2012. The Review's Terms of Reference 'were subsequently extended to include consideration of ... the relationship between States' mineral royalties and the Commonwealth's resource rent taxes'.

The Review's final report includes two chapters relevant to the MRRT: Chapter 7 – '[Assessing mining revenue and expenditure](#)' and Chapter 8 – '[State mining royalties and the MRRT](#)'.

## Other Sources

An article by Lindsay Hogan 'provides updated and expanded estimates of the potential shortfall in resource taxation revenue over the period 1992–1993 to 2009–2010 by comparing actual revenue with revenue under a range of hypothetical Brown taxes' in '[Non-renewable resource taxation: policy reform in Australia](#)', *The Australian Journal of Agricultural and Resource Economics*, 56(2), 2012.

The Australian Tax Office website provides [an overview of the MRRT](#) with a focus on compliance issues for entities liable for the MRRT.

## The MRRT package of legislation

A package of Bills was introduced with the [Minerals Resource Rent Tax Bill 2011](#). In addition to the [Superannuation Guarantee \(Administration\) Amendment Bill 2011](#) and the [Tax Laws Amendment \(Stronger, Fairer, Simpler and Other Measures\) Bill 2011](#) (described above) several technical Bills were associated with implementing the MRRT framework:

- [Minerals Resource Rent Tax \(Consequential Amendments and Transitional Provisions\) Bill 2011](#)
- [Minerals Resource Rent Tax \(Imposition – Customs\) Bill 2011](#)
- [Minerals Resource Rent Tax \(Imposition—Excise\) Bill 2011](#)
- [Minerals Resource Rent Tax \(Imposition—General\) Bill 2011](#)

In addition, several Bills were introduced that extended the Petroleum Resource Rent Tax to the North West Shelf and onshore petroleum projects:

- [Petroleum Resource Rent Tax Assessment Amendment Bill 2011](#) (and the [Bills Digest](#))
- [Petroleum Resource Rent Tax \(Imposition—Customs\) Bill 2011](#) (and the [Bills Digest](#))
- [Petroleum Resource Rent Tax \(Imposition—Excise\) Bill 2011](#) (and the [Bills Digest](#))
- [Petroleum Resource Rent Tax \(Imposition—General\) Bill 2011](#) (and the [Bills Digest](#))

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