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UNCOMPROMISING INDEPENDENCE

The super profits tax versus the resource rent tax

The actual differences between the much harangued super profits tax and the resource rent tax that was agreed to by both government and miners

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CANBERRA (REUTERS) -

Australia ended a damaging dispute with global miners on Friday by dumping its proposed "super profits" tax for a lower resources rent tax backed by big miners, clearing a major hurdle to call an early election.

The deal looks positive for miners and the government, since although miners will pay more tax the total will be less than under the "super profits" tax and the government still gets extra revenue to fulfil pre-election promises. Here are some key differences between the new resource rent tax and the proposed super profits tax it replaces:

NEW TAX

- Minerals Resource Rent Tax headline rate 30 percent and applies only to iron ore and coal miners.
- Trigger point higher, at the 10-year bond rate plus 7 percent return on assets, currently around 12 percent.
- Petroleum Resource Rent Tax, which currently applicable to offshore oil and gas projects, will be extended to onshore oil and gas projects. The petroleum tax rate unchanged at 40 percent.
- Tax still to come into effect in 2012.
- Around 320 companies liable for the new tax. Miners with resource profits below A$50 million a year will not have a new tax liability.
- Investment made from July 1, 2012, can be written off immediately, rather than depreciated over a number of years.
- Lowers tax revenue by A$1.5 billion ($1.27 billion), now around A$10-11 billion, budget surplus still on track for 2013.
- Corporate tax rate to be cut by one percentage point to 29 percent by 2013-14, but not further under present fiscal conditions.
- Compulsory employer pension contributions to still rise from nine to 12 percent.
- SUPER PROFITS TAX
- "Super Profits" mining tax was to be 40 percent and applied to all mining sectors.
- Trigger point lower, at 10-year bond rate, currently around 5 percent.
- All mining sectors included, from big ticket iron ore and coal to sectors such as sand, gravel and limestone.
- Around 2,500 companies would have faced the tax arrangements.
- Tax to come into effect in 2012.
- Would have raised A$12 billion in revenue.
- Corporate tax rate to be cut by 1 percentage point to 29 percent by 2013-14 and to 28 percent by mid-2014.

- Compulsory employer pension contributions to rise from 9 to 12 percent. (Reporting by Michael Perry; Editing by Ed Davies and Alex Richardson)