



Australian Government
**Department of Industry, Science,
Energy and Resources**

Annual Impact Assessment - Junior Minerals Exploration Incentive: Discussion paper for Income Year 2017-18

Discussion paper for Income Year 2017-18

July 2020

Contents

Context.....	2
Submissions.....	2
Key data	3
Consultation questions	4

Context

The Junior Minerals Exploration Incentive (JMEI) commenced in 2018. The objective of the JMEI is to provide a tax incentive to attract new investment in junior minerals exploration companies that undertake greenfields minerals exploration in Australia.

The JMEI allows junior minerals exploration companies to convert a portion of their tax losses into credits that may be passed onto investors of newly issued shares as either a franking credit or refundable tax offset, depending on the investor profile. The JMEI provides a total of \$100 million of credits over four years from 2017-18 (subject to annual caps) that can be allocated to junior minerals exploration companies.

Subdivision 418-190 of the *Income Tax Assessment Act 1997* (ITAA 1997) requires that an impact assessment be conducted of the operation of the JMEI with the objective to measure the additional exploration or prospecting attributable to the JMEI year. Impact assessments must be conducted on an annual basis, covering each income year the JMEI is in operation, and must be conducted as soon as practicable after the end of each income year covered by a JMEI year.

Each impact assessment must make provision for public consultation, including consultation with the industry.

The ITAA 1997 further requires that each impact assessment must produce a report and that the report must include any information made publicly available by the Commissioner of Taxation under section 3F of the *Taxation Administration Act 1953* (TAA 1953) in relation to exploration credits allocated for the income year.

A copy of this report must be published on the Australian Taxation Office (ATO) website as soon as practicable after the completion of the preparation of the report.

The first tranche of 2017-18 financial year data relating to the JMEI has recently become available meaning the first annual impact assessment can now be conducted.

Consistent with the requirements established under the ITAA 1997, this consultation paper provides an opportunity for industry and the broader community to provide information on the impact that the 2017-18 round of the JMEI had on exploration and prospecting activity.

Submissions

Submissions on this discussion paper are requested by **27 July 2020** via our Consultation hub: <https://consult.industry.gov.au/onshore-minerals/jmei-annual-impact-assessment-2017-18>

For questions about this consultation email resources@industry.gov.au

Key data

In the 2017–18 income year round, available exploration credits were capped at \$15,000,000. 25 companies submitted applications to the Commissioner of Taxation under this round, of which 23 were successful. Exploration credits to the value of \$8,467,931 were allocated to these 23 companies. This information is summarised in Table 1.

Table 1: JMEI applications and exploration credits allocated

Income year	2017-18
Participation forms submitted	25
Participation forms successful	23
Annual exploration credits cap¹	\$15,000,000
Credits allocated	\$8,467,931
Exploration credits remainder²	\$6,532,069

Source: Australian Taxation Office

Section 3F of the TAA 1953 requires that the Commissioner of Taxation publish information on entities that have been allocated exploration credits in an income year, including the ABN and name of the entity, and the amount of exploration credits allocated to the entity for the income year. Information on the 2017-18 round is provided at Table 2.

Table 2: Junior Minerals Exploration Incentive 2017-18 - Successful Applicants

Name	Allocation
Core Exploration Limited	\$750,000
Archer Exploration Limited	\$270,000
Northern Cobalt Limited	\$275,000
Minotaur Exploration Ltd	\$377,841
Encounter Resources Limited	\$750,000
Marmota Limited	\$364,375
Thomson Resources Ltd	\$150,000
St George Mining Limited	\$750,000
Silver City Minerals Ltd	\$690,000
MAXIMUS Resources Limited	\$126,500
DevEx Resources Limited	\$181,500
Andronmeda Metals Limited	\$82,500
Navarre Minerals Limited	\$750,000
Alchemy Resources Limited	\$206,250
Mithril Resources Ltd	\$227,796
Kingston Resources Limited	\$412,500
Riversgold Ltd	\$440,000
Cassini Resources Limited	\$137,500
Oakland Gold Pty Ltd	\$2,750
Trigg Mining Ltd	\$195,919
Venus Metals Corporation Limited	\$275,000
Breaker Resources NL	\$750,000
Hammer Metals Limited	\$302,500

Source: Australian Taxation Office

¹ S 418-103(1) ITAA 1997

² S 418-103(2) ITAA 1997

Under the ITAA 1997, entities participating in the JMEI must notify the Commissioner of the amount of exploration credits that have issued or expired in an income year by lodging notification forms.

Investment bodies that have distributed exploration credits to investors are also required to lodge an Annual Investment Income Report (AIIR) with the ATO. The AIIR provides the following details with respect to investors who have received issued JMEI exploration credits:

- a) Entity type (company, trust, individual, superfund) ; and
- b) Resident/non-resident.

AIIRs for the 2017-18 income year were due for lodgement on 31 October 2019. As at 6 January 2020, eight JMEI participants under the 2017-18 income year round had lodged AIIRs with the ATO. Based on those lodgements, JMEI credits were distributed to the following payees:

Table 3: AIIR lodgements

Entity type	Amount
Company	\$1,107,166
Individual	\$1,288,084
Superannuation	\$457,042
Trust	\$311,946
Grand Total	\$3,164,238

Source: Australian Taxation Office³

Per the AIIR lodgements, nine payees indicated that they were non-residents and received a total of \$14,042 of JMEI credits.

Consultation questions

The Department of Industry, Science, Energy and Resources seeks feedback on the following questions:

1. To what extent did the 2017-18 JMEI generate additional exploration or prospecting activity?
2. Apart from the data presented, what other evidence is available to assess the impact of the 2017-18 JMEI on exploration or prospecting activity?

³ Lodgment data relies on participant investment bodies meeting legislated reporting obligations.