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Exempt - Section 22

From: Davis, Graeme
Sent: Sunday, 20 June 2010 4:25 PM
To: McDonald, Hamish; Winters, Tracey; Barrett, Chris (Treasurer's Office)
Cc: Charlton, Andrew; Ray, Nigel; Parker, David
Subject: RE: Costing [SEC=PROTECTED]

Yes - transferability effectively puts the tax on an entity basis which comes with all sorts of benefits for the company and for administration.

cheers

GCD

From: McDonald, Hamish
Sent: Sunday, 20 June 2010 3:39 PM
To: Winters, Tracey; Barrett, Chris (Treasurer's Office)
Cc: Charlton, Andrew; Davis, Graeme
Subject: RE: Costing [SEC=PROTECTED]

Hi Tracey,

My understanding is that under RSPT, a company can transfer any of the RSPT deductions for interests it has in projects against any other RSPT liabilities it has from interests in other projects - ie the same as company tax.

So a company could transfer its share of deductions from, say, a JV, to use against profits from some other project that it had an interest in.

Graeme - is that right?

Cheers,
Hamish

From: Winters, Tracey [mailto:Tracey.Winters@ret.gov.au]
Sent: Sunday, 20 June 2010 2:54 PM
To: McDonald, Hamish; Barrett, Chris (Treasurer's Office)
Cc: Charlton, Andrew
Subject: RE: Costing [SEC=PROTECTED]

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Thanks, Hamish. I'm not sure that current RSPT is on an entity basis - would you mind checking that please - I have a feeling it is on a "project" basis where ownership has to be exactly the same - if that is so, we would need it to be on an entity basis.

Tracey Winters
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From: McDonald, Hamish [mailto:Hamish.McDonald@TREASURY.GOV.AU]
Sent: Sunday, 20 June 2010 2:48 PM
To: Winters, Tracey; Barrett, Chris (Treasurer's Office)
Cc: Charlton, Andrew
Subject: RE: Costing [~~SEC=PROTECTED~~]

My reading on the transferability is:

Oil and gas: Only exploration deductions are transferable (as per current PRRT)
Minerals: all deductions are transferable (as per current RSPT)

From: Winters, Tracey [mailto:Tracey.Winters@ret.gov.au]
Sent: Sunday, 20 June 2010 2:40 PM
To: McDonald, Hamish; Barrett, Chris (Treasurer's Office)
Cc: Charlton, Andrew
Subject: RE: Costing [~~SEC=PROTECTED~~]

Folks, I know I'm late responding to this, but can we also do a case (maybe for late Monday or Tuesday) that looks at similar model, but with key changes being immediate expensing going forward, longer depreciation of existing capital, and no exploration rebate. See also query re suggestion on starting base from Roy K and query re what transferability actually means.

- Three commodity model: haematite iron ore, coal, petroleum
- Uplift rates at CBR plus 5 and CBR plus 11
- Immediate expensing of all new investment
- Starting base at historical cost at time of investment uplifted from time of investment to today (Roy K suggested to us on Friday grossing up the 2003 consolidation figures to today - would something like that work in conjunction with post-2003 acquisitions treated separately?)
- Starting base depreciation at flat 10% over 10 years (or as balancing item to roughly deliver existing revenue over forwards)
- Royalties creditable against RSPT with uplift, rather than refundable
- Petroleum in PRRT
- Low value minerals excluded
- No exploration rebate
- All other design elements as per existing (rate, transferability - does this mean wider deductability on an entity basis as per PRRT just so we are clear, etc).

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From: McDonald, Hamish [mailto:Hamish.McDonald@TREASURY.GOV.AU]
Sent: Friday, 18 June 2010 4:25 PM
To: Barrett, Chris (Treasurer's Office); Davis, Graeme
Cc: Ray, Nigel; Charlton, Andrew; Winters, Tracey
Subject: RE: Costing [~~SEC=PROTECTED~~]

I presume "Starting base at historical cost at time of investment uplifted from time of investment to today" means "uplifted" to reflect both price increases and economic depreciation (or similar)?

From: Barrett, Chris (Treasurer's Office)
Sent: Friday, 18 June 2010 3:18 PM
To: Davis, Graeme
Cc: Ray, Nigel; Charlton, Andrew; McDonald, Hamish; 'Winters, Tracey'
Subject: Costing [~~SEC=PROTECTED~~]

Graeme,

As per your call just now, I think what we need costed for Monday is as follows:

- Four and five commodity model: iron, coal, oil/gas, plus uranium
- Uplift rates at CBR plus 5 and CBR plus 11
- Accelerated depreciation of all new investment over 3 years
- Starting base at historical cost at time of investment uplifted from time of investment to today
- Starting base depreciation at flat 20% over 5 years (or as balancing item to roughly deliver existing revenue over forwards)
- Royalties creditable against RSPT, rather than refundable
- Oil and gas in PRRT
- Low value minerals excluded
- Low profit mines among the four/five commodities excluded
- Cap exploration rebate at \$15m
- All other design elements as per existing (rate, transferability, etc).

I imagine we'll need to discuss this, as I know bits of it are hard to model! Happy to do so with Andrew post-teleconference if you like.

Regards,

Chris

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