

# *The Mineral Exploration Tax Credit Regulations*

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[Chapter M-16.1 Reg 3](#) (effective October 18, 2000; expires January 1, 2014) as amended by Saskatchewan Regulations [112/2006](#) and [99/2008](#).

## **NOTE:**

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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**CHAPTER M-16.1 REG 3**  
*The Mineral Resources Act, 1985*

**Title**

- 1** These regulations may be cited as *The Mineral Exploration Tax Credit Regulations*.

**Interpretation**

- 2(1)** In these regulations:

- (a) **“Act”** means *The Mineral Resources Act, 1985*;
  - (b) **“business number”** means a business number as defined in subsection 248(1) of the ITA;
  - (c) **“Canadian exploration expenses”** means Canadian exploration expenses as defined in subsection 66.1(6) of the ITA;
  - (d) **“ITA”** means the *Income Tax Act* (Canada);
  - (e) **“mineral resource”** means a mineral resource as defined in subsection 248(1) of the ITA.
- (2)** In the Act and these regulations:
- (a) **“eligible flow-through shares”** means flow-through shares that are issued to fund Canadian exploration expenses with respect to a mineral resource located in Saskatchewan;
  - (b) **“eligible flow-through mining expenditures”** means flow-through mining expenditures incurred with respect to a mineral resource located in Saskatchewan;
  - (c) **“eligible mineral exploration corporation”** means a corporation:
    - (i) that is incorporated pursuant to an Act or an Act of the Parliament of Canada or of the legislature of any other province or territory of Canada;
    - (ii) that is exploring for minerals in Saskatchewan;
    - (iii) all or part of whose income is not exempt from tax pursuant to Part I of the ITA; and
    - (iv) that primarily carries on the business of exploring for mineral resources, mining and mineral processing;
  - (d) **“flow-through mining expenditures” means:**
    - (i) for any flow-through mining expenditures incurred on or before March 31, 2008, flow-through mining expenditures as defined in subsection 127(9) of the ITA as that definition read immediately before January 1, 2006;
    - (ii) for any flow-through mining expenditures incurred on or after April 1, 2008, flow-through mining expenditures as defined in subsection 127(9) of the ITA;
  - (e) **“flow-through share”** means a flow-through share as defined in subsection 66(15) of the ITA;
  - (f) **“individual”** means an individual as defined in clause 2(q) of *The Income Tax Act, 2000*.

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(3) For the purposes of subsection 10.1(1) of the Act, “**individuals, other than trusts, who purchase eligible flow-through shares**” includes individuals, other than trusts, who are members of partnerships that purchase eligible flow-through shares of an eligible mineral exploration corporation.

14 Dec 2001 cM-16.1 Reg 3 s2; 22 Dec 2006 SR 112/2006 s2; 31 Oct 2008 SR 99/2008 s2.

**Application to issue mineral exploration tax credits**

**3(1)** An eligible mineral exploration corporation that wishes to issue mineral exploration tax credits pursuant to section 10.1 of the Act shall submit to the minister:

- (a) the name and address of the corporation;
  - (b) the business number of the corporation;
  - (c) the name of the principal contact in the corporation for mineral exploration tax credits;
  - (d) the flow-through share offering number and the total amount of the eligible flow-through mining expenditures;
  - (e) the location of the mineral resource with respect to which flow-through mining expenditures will be incurred, including disposition numbers, if applicable; and
  - (f) any other information the minister considers appropriate.
- (2) The minister may approve the application in writing if, in the minister’s opinion, the eligible mineral exploration corporation meets the requirements to be eligible to issue mineral exploration tax credits.
- (3) Where the minister approves an application, the minister shall specify the maximum amount of the mineral exploration tax credits that the eligible mineral exploration corporation may issue pursuant to section 10.1 of the Act.
- (4) An eligible mineral exploration corporation that has received approval pursuant to this section to issue mineral exploration tax credits may issue the mineral exploration tax credits to a partnership that includes members who are individuals, other than trusts, where the issuance would result in those individuals receiving a mineral exploration tax credit.

14 Dec 2001 cM-16.1 Reg 3 s3.

**Mineral exploration tax credit statement**

**4(1)** If an eligible mineral exploration corporation issues a mineral exploration tax credit pursuant to section 10.1 of the Act to an individual, the eligible mineral exploration corporation shall issue to that individual a statement for the purposes of section 10.2 of the Act that meets the requirements of this section.

(2) If an eligible mineral exploration corporation issues a mineral exploration tax credit pursuant to section 10.1 of the Act to a partnership in the circumstances mentioned in subsection 3(4) of these regulations, the eligible mineral exploration corporation shall issue to the partnership a statement for the purposes of section 10.2 of the Act that meets the requirements of this section.

(3) A statement mentioned in subsection (1) or (2) must be numbered and identified in a manner approved by the minister and must contain the following information:

- (a) the name of the eligible mineral exploration corporation;
- (b) the flow-through share offering number;
- (c) the name of the investor;
- (d) if the investor is an individual, the social insurance number of the investor;
- (e) the total amount of the investment that is eligible for the mineral exploration tax credit pursuant to section 10.1 of the Act;
- (f) the amount of the mineral exploration tax credit issued pursuant to section 10.1 of the Act.

(4) Where a mineral exploration tax credit is issued to a partnership pursuant to subsection 3(4) of these regulations:

- (a) the partnership must issue to each individual who is a member of the partnership, other than a trust, a certified copy of the statement issued to the partnership by the eligible mineral exploration corporation for the purposes of section 10.2 of the Act and a statement that includes the individual's social insurance number and the share that the individual has in the partnership and in the mineral exploration tax credit issued by the eligible mineral exploration corporation;
- (b) for the purposes of applying subsection 10.2(2) of the Act to an individual mentioned in clause (a), **"statement provided to the individual by the eligible mineral exploration corporation"** means the statements mentioned in clause (a); and
- (c) the partnership must, at the same time as the statements are issued pursuant to clause (a), provide the minister with a report that includes, for each individual for which the statements are issued pursuant to clause (a):
  - (i) the name and social insurance number of the individual; and
  - (ii) the share that the individual has in the partnership and in the mineral exploration tax credit for which the statements mentioned in clause (a) were issued.

14 Dec 2001 cM-16.1 Reg 3 s4.

#### Reporting

5(1) An eligible mineral exploration corporation issuing mineral exploration tax credits pursuant to section 10.1 of the Act shall provide the minister with a report for each flow-through share offering, and the report must include:

- (a) the total amount of eligible flow-through mining expenditures;
- (b) the total amount invested;
- (c) the total amount of the mineral exploration tax credits issued;
- (d) the identifying number of each statement issued pursuant to subsection 4(1) or (2);

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- (e) with respect to each investor:
    - (i) the name of the investor;
    - (ii) if the investor is an individual, the social insurance number of the individual; and
    - (iii) the amount of the mineral exploration tax credits issued to that investor; and
  - (f) any other information the minister considers appropriate.
- (2) After the conditions of the flow-through share offering are met, the eligible mineral exploration corporation shall provide the minister with a report of the total amount of eligible flow-through mining expenditures spent in relation to the mineral resource located in Saskatchewan.
- (3) An eligible mineral exploration corporation shall provide the report mentioned in subsection (1) to the minister by March 31 of the year following the year in which the credits were issued.
- (4) An eligible mineral exploration corporation shall provide a report mentioned in subsection (2) to the minister within 90 days after the spending of the money in relation to the mineral resource located in Saskatchewan has been completed.

14 Dec 2001 cM16.1 Reg 3 s5.

**Audit**

**6** For six years after the flow-through share offering is complete, every eligible mineral exploration corporation approved to issue mineral exploration tax credits shall, for the purpose of providing to the minister information necessary to audit the calculation of tax credits issued by the eligible mineral exploration corporation:

- (a) provide to the minister any information that the minister may request; and
- (b) permit the minister to have access to any records or documents in the possession or control of the eligible mineral exploration corporation.

14 Dec 2001 cM-16.1 Reg 3 s6.

**Interest rate**

**7** For the purposes of subsection 10.4(1) of the Act, the interest rate is the interest rate calculated pursuant to section 89 of *The Income Tax Act, 2000*.

14 Dec 2001 cM-16.1 Reg 3 s7.

**Coming into force**

**8** These regulations come into force on the day on which they are filed with the Registrar of Regulations, but are retroactive and are deemed to have been in force on and from October 18, 2000.

14 Dec 2001 cM-16.1 Reg 3 s8.

**Expiry**

**9** These regulations expire and are deemed to be repealed on January 1, 2014.

14 Dec 2001 cM-16.1 Reg 3 s9.