

# Publisher's Note

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Gamble

## Taxation of Canadian Mining

Chapters 1-6, 9, 12, 14-16, and 18 have been updated.

### Highlights

**Chapter 1 — Mineral Property Interests:** Commentary discussing mining option agreements has been added, and additional case law regarding royalties.

**Chapter 2 — Taxpayer Classification:** Joint venture has been updated discussing undertaking; contractual intention; tax motivation; co-ownership of property and participation of costs and revenues; allocation of revenues and expenses; income tax treatment; and joint venture agreements.

**Chapter 3 — Exploration and Development:** Commentary about Canadian Exploration Expense (“CEE”) has been updated discussing whether expenses qualify as CEE. Discussion of certain studies and the purpose test for CEE has been added.

**Chapter 4 — Capital Cost Allowance:** Commentary has been updated regarding capital cost allowance and applicable classes. Commentary has been expanded discussing the half-year rule, Class 10 which is still relevant today, zero emission vehicles, and utilities connections and rights of way.

**Chapter 5 — Provincial Levies:** Deduction for mining taxes has been updated and case law has been added pertaining to the resource allowance.

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**Chapter 6 — Reclamation Funding:** Deductibility of reclamation costs incurred has been expanded with case law. Payments other than on a sale of an operating mine has been added.

**Chapter 9 — Successor Rules:** A conceptual example of selected points of partnership has been added.

**Chapter 12 — Flow-Through Shares:** The goals of flow-through share arrangements has been expanded. Commentary regarding prescribed share and prescribed rights has been refreshed highlighting the *Jes Investments* case. Commentary regarding Canadian Exploration Expense has been refreshed, in particular flow-through mining expenditure. Commentary discussing notice of objection and appeal, and donation of flow-through shares where a so-called liquidity provider is not dealing at arm's length with the corporation issuing the flow-through shares has been added.

**Chapter 14 — Provincial Mining Taxes:** British Columbia commentary and case law have been refreshed citing decisions in *Huckleberry Mines Ltd.* and *Thompson Creek Mining Ltd.* regarding the calculation of tax. Commentary has been updated regarding Saskatchewan potash royalties, mining tax, and capital tax.

**Chapter 15 — Industrial Minerals:** Commentary discussing a CRA view document regarding limestone deposits has been added.

**Chapter 16 — Foreign Exploration and Mining:** Commentary discussing royalty rights structure has been updated.

**Chapter 18 — Functional Currency:** The Japanese yen was requested to be included as a qualifying currency.