Cabinet approves mineral royalty tax changes

RSSS

Posted in News on April 14, 2015 by Web Editor

KELVIN CHONGO, Lusaka

CABINET has approved changes to the mineral royalty tax regime and President Lungu has directed ministers to bring to next Monday's meeting details to be presented to Parliament.

This follows extensive consultations with the mining industry in the light of significant changes in the fundamental assumptions upon which the law was based and a sudden fall in the price of copper on the international market.

This is contained in a statement issued yesterday by special assistant to the President for press and public relations Amos Chanda.

"The budget approved by Parliament had the assumption that the price of copper was going to be US$6,780 per tonne but this has reduced to US$5,665 representing a reduction of US$1,115," Mr Chanda said.

He also said production, which was also assumed to likely stay at a peak of 959,696 tonnes per year, has since dropped to 839,000 tonnes representing a drop of 130,696 tonnes.

Mr Chanda said all administrative and legislative procedures to effect the changes will be completed before the next Cabinet meeting.

He said these measures will have revenue implications given that the basic assumption in the budget regarding the price of copper and production has changed downwards.

"The changes to the mineral royalty tax regime will have revenue implications requiring rationalisation of expenditure, which the Minister of Finance Alexander Chikwanda has been directed to present to Parliament," Mr Chanda said.

He also said the President has directed that a technical committee he appointed to interrogate the challenges that arose from the mineral royalty tax regime will continue with consultations with stakeholders to ensure a robust and predictable mining tax regime, which will be linked to the medium-term expenditure framework.

President Lungu hopes that the changes will promptly eliminate market anxieties in the mining sector and forestall any potential instability.