

MINERAL ROYALTY ACT

Royalty Guideline

RG-MRA-007: CRD Factors

Version	Issued	Dates of Effect	
1	29 August 2011	From: 29 August 2011	To: 5 January 2012
2	6 January 2012	From: 6 January 2012	To: Current

Purpose

1. This Guideline announces the capital recognition deduction (CRD) factors and the period during which they apply for the purpose of sections 4C(2) and (6) of the *Mineral Royalty Act 1982* (NT) (the MRA), and in conjunction with Guideline [RG-MRA-006: Capital Recognition Deduction](#), explains how CRD is to be determined for the purposes of the MRA.
2. This Guideline is issued by the Secretary under section 4E of the MRA.

Introduction

3. As detailed in [RG-MRA-006: Capital Recognition Deduction](#), CRD must be determined as follows:
 - (1) CRD is a fraction of each item of 'eligible capital assets expenditure' (ECAE) actually used on a production unit, for the purposes of the operations of the production unit, during the whole or part of a six month period of a royalty year.
 - (2) The fraction, known as the CRD factor, is published or announced from time to time by the Secretary, and applies retrospectively for the period specified in the announcement (being six months before the announcement).
 - (3) The Secretary determines the CRD factor by converting a given present value capital sum into a series of semi-annual annuities at a prescribed rate of interest.
 - (4) The implicit interest rate is the 10 year bond rate for Australian Federal Government securities, uplifted by 2 per cent.
 - (5) Each item of ECAE is allocated a period of years over which a CRD will be allowed. This period will generally be aligned to *the Income Tax Assessment Act 1936* (Cth) periods for depreciation. The CRD on ECAE is claimed over a period of 3, 5 or 10 years (in accordance with the capital deduction life schedule set out in paragraphs 30 to 31 of [RG-MRA-006: Capital Recognition Deduction](#)).
 - (6) CRD in respect of each item of ECAE is an allowable deduction for a period not exceeding the period allowed for it (as outlined in paragraph 3(5) above), whether that period is a period of uninterrupted use or the sum of fractional periods of use.
 - (7) Where an item of ECAE is sold independently from a production unit, for a value different from its written down value, and such sale is at arm's length, the difference is recognised in determining gross realization, for the purpose of calculating royalty liability.
4. The announcement of the factors to be used in calculating CRD and the period during which the factors will apply is generally made within a week after the end of each six month period to

allow royalty payers sufficient time to determine their royalty liabilities. In default of the Secretary making an announcement within 12 months of the most recent announcement, the factors announced in the most recent announcement shall continue to apply in the next consecutive six month periods until the Secretary makes a new announcement of the factors and periods.

5. Announcements of the factors to be used in calculating CRD and the period during which they apply will be made in the form of a Guideline, to the extent that it is capable of being a Guideline in terms of section 4E of the MRA, for the purposes of the MRA and will be made publicly available online at www.revenue.nt.gov.au.

Factors to be used in calculating CRD and the periods during which the factors apply

6. The factors, the periods during which the factors apply and the period of years over which the CRD will be allowable that are to be taken into account for the purposes of calculating CRD, are presented in tabular form on page 3:

CRD PERIOD	3 YEARS	5 YEARS	10 YEARS
1 Jul to 31 Dec 2011	0.18561	0.11823	0.06825
1 Jan to 30 Jun 2011	0.18918	0.12172	0.07192
1 Jul to 31 Dec 2010	0.18814	0.12070	0.07085
1 Jan to 30 Jun 2010	0.18941	0.12196	0.07217
1 Jul to 31 Dec 2009	0.18911	0.12166	0.07185
1 Jan to 30 Jun 2009	0.18582	0.11843	0.06847
1 Jul to 31 Dec 2008	0.19004	0.12258	0.07283
1 Jan to 30 Jun 2008	0.19138	0.12390	0.07424
1 Jul to 31 Dec 2007	0.19101	0.12353	0.07384
1 Jan to 30 Jun 2007	0.19022	0.12276	0.07302
1 Jul to 31 Dec 2006	0.18983	0.12237	0.07261
1 Jan to 30 Jun 2006	0.18896	0.12151	0.07170
1 Jul to 31 Dec 2005	0.18848	0.12104	0.07120
1 Jan to 30 Jun 2005	0.18890	0.12145	0.07163
1 Jul to 31 Dec 2004	0.18940	0.12194	0.07216
1 Jan to 30 Jun 2004	0.18985	0.12238	0.07262
1 Jul to 31 Dec 2003	0.18899	0.12155	0.07174
1 Jan to 30 Jun 2003	0.18842	0.12098	0.07114
1 Jul to 31 Dec 2002	0.18977	0.12232	0.07255
1 Jan to 30 Jun 2002	0.19101	0.12353	0.07384
1 Jul to 31 Dec 2001	0.18982	0.12236	0.07259

MRA publications

7. Guideline [RG-MRA-001](#): *Guidelines and Advance Opinions*, which sets out information on the Guideline system, is incorporated into and read as one with this Guideline.



Anne Tan
Secretary

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For further information please contact the Territory Revenue Office:

GPO Box 154
Darwin NT 0801

Email: ntrevenue.ntt@nt.gov.au

Phone: 1300 305 353

Fax: 08 8999 5577

Website: www.revenue.nt.gov.au
