Net Proceeds of Minerals Tax

Mining Operation’s Gross Yield

\[-) certain Allowable Deductions\]

= Net Proceeds

\[\times\text{ a tax rate not to exceed 5}\%\]

= Tax
NRS 362.140  The rate of tax depends on the percentage ratio of net proceeds to gross yield:

<table>
<thead>
<tr>
<th>Net Proceeds as Percentage of Gross</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10%</td>
<td>. . . 2.00</td>
</tr>
<tr>
<td>10% or more but less than 18%</td>
<td>. . . 2.50</td>
</tr>
<tr>
<td>18% or more but less than 26%</td>
<td>. . . 3.00</td>
</tr>
<tr>
<td>26% or more but less than 34%</td>
<td>. . . 3.50</td>
</tr>
<tr>
<td>34% or more but less than 42%</td>
<td>. . . 4.00</td>
</tr>
<tr>
<td>42% or more but less than 50%</td>
<td>. . . 4.50</td>
</tr>
<tr>
<td>50% or more</td>
<td>. . . 5.00</td>
</tr>
</tbody>
</table>
Net Proceeds Tax Rate Exceptions

• The minimum tax rate is the combined property tax rate where located.
• The rate of tax on geothermals = the combined property tax rate where located.
• If net proceeds is greater than $4 M, then the rate of tax = 5%.
• The rate of tax on all royalties = 5%.
Distribution

- County gets an amount equal to the NPM multiplied by the combined rate (less the rate for the State debt fund)
- 0.17 per $100 assessed to the State debt fund
- Balance, if any, to the State general fund
<table>
<thead>
<tr>
<th>Year</th>
<th>Annual County Tax</th>
<th>Annual State Tax</th>
<th>Total Tax</th>
<th>% County</th>
<th>% State</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>12,641,648</td>
<td>16,556,640</td>
<td>29,198,288</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>1997</td>
<td>13,948,654</td>
<td>16,110,703</td>
<td>30,059,357</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>1998</td>
<td>17,333,035</td>
<td>15,934,116</td>
<td>33,267,151</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>1999</td>
<td>14,805,200</td>
<td>14,152,644</td>
<td>28,957,844</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>2000</td>
<td>14,124,892</td>
<td>15,476,252</td>
<td>29,601,144</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2001</td>
<td>11,380,633</td>
<td>9,974,116</td>
<td>21,354,749</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>2002</td>
<td>14,078,126</td>
<td>11,986,971</td>
<td>26,065,097</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>2003</td>
<td>20,135,704</td>
<td>18,651,926</td>
<td>38,877,630</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>2004</td>
<td>23,191,055</td>
<td>20,802,966</td>
<td>43,994,020</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>2005</td>
<td>22,424,616</td>
<td>19,381,298</td>
<td>41,805,914</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>2006</td>
<td>32,621,781</td>
<td>29,972,916</td>
<td>62,594,697</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>2007</td>
<td>37,441,967</td>
<td>38,252,414</td>
<td>75,694,380</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>2008</td>
<td>42,335,076</td>
<td>49,491,135</td>
<td>91,826,211</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>2009</td>
<td>46,415,472</td>
<td>51,162,647</td>
<td>97,578,120</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2010</td>
<td>81,963,944</td>
<td>81,030,244</td>
<td>162,994,188</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2011</td>
<td>110,292,948</td>
<td>106,430,629</td>
<td>216,723,577</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>2012</td>
<td>127,274,036</td>
<td>128,371,997</td>
<td>255,646,033</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2013</td>
<td>88,693,564</td>
<td>82,293,975</td>
<td>170,987,539</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>2014</td>
<td>50,431,885</td>
<td>52,749,163</td>
<td>103,181,048</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>2015</td>
<td>51,088,726</td>
<td>50,502,791</td>
<td>101,591,517</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>
Net Proceeds of Minerals - County Percentage of Total in 2015
Net Proceeds of Minerals Reporting and Payment Timeline

**NRS 362.110**  
February 16, 2016  
Report 2015 NPM

**NRS 362.115**  
March 1, 2016  
Taxpayer required to file projected 2016 year NPM along with pre-payment

**April 30:**  
1st Q Report of Projected Taxes Due, Current Year

**May 31:**  
Payment Due on 1st Quarter Report of Projected Taxes Due, Current Year

**July 31:**  
2nd Q Report of Projected Taxes Due, Current Year

**August 30:**  
Payment Due on 2nd Quarter Report of Projected Taxes Due, Current Year

**NRS 362.130(3)**  
May 10, 2016  
Any remaining Net proceeds taxes due for 2015

Pre-payment system sunsets 6-30-16

2015 Production Year

2016 Production Year

January 31  
4th Q Report of Projected Taxes Due, 2015

February 28  
Payment Due on 4th Quarter Report of Projected Taxes Due, 2015

May 10, 2016  
Certification of NPM for 2015 production year by Department of Taxation

Any remaining Net proceeds taxes due for 2015

February 16, 2016  
Report 2015 NPM

April 20, 2016  
Certification of NPM for 2015 production year by Department of Taxation

May 31  
Payment Due on 1st Quarter Report of Projected Taxes Due, Current Year

July 31  
2nd Q Report of Projected Taxes Due, Current Year

August 30  
Payment Due on 2nd Quarter Report of Projected Taxes Due, Current Year

February 16, 2016  
Report 2015 NPM

April 20, 2016  
Certification of NPM for 2015 production year by Department of Taxation

May 31  
Payment Due on 1st Quarter Report of Projected Taxes Due, Current Year

July 31  
2nd Q Report of Projected Taxes Due, Current Year

August 30  
Payment Due on 2nd Quarter Report of Projected Taxes Due, Current Year

Net Proceeds of Minerals Reporting and Payment Timeline

2016 Calendar Year
Net Proceeds of Minerals
Reporting and Payment Timeline

- **NRS 362.110**
  - February 16, 2017
  - Report 2016 NPM

- **NRS 362.115**
  - March 1, 2017
  - Taxpayer required to file projected 2017 year NPM
  - NO PREPAYMENT

- **NRS 362.130**
  - April 20, 2017
  - Certification of NPM for 2016 production year by Department of Taxation

- **NRS 362.130(3)**
  - May 10, 2017
  - Any remaining Net proceeds taxes due for 2016

- **2016 Production Year**
  - April 20, 2017
  - Certificate of NPM for 2016 production year by Department of Taxation
  - May 10, 2017
  - Any remaining Net proceeds taxes due for 2016

2017 Production Year
Changes from prepayment to current

Prior to June 30th 2016

• Projection Report and Prepayment due by March 1st for entire Production Year.
• Quarterly Adjustments and payments accepted.
• Mines withheld tax from royalty payments, reported and paid tax to the State for Royalty Recipients.
• Reports due in February to on previous years production.
• Payment of “true up” between annual projection and prepayment and actual production by May 10th.

After June 30th 2016

• Projection Report due by March 1st, no payment associated with this report.
• Royalty holders no longer have tax withheld from payments, they have to report and pay directly to the State
• Reports due in February on previous year’s production
• Payment due on Net Proceeds by May 10th.
Net Proceeds of Minerals Tax

For More Information, check out the Department’s website at:
https://tax.nv.gov/LocalGovt/Net_Proceeds/Net_Proceeds_Forms_and_Instructions_Main/

Annual NPM Bulletins:
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Net_Proceeds_of_Minerals/