



Nevada Department of Taxation

Local Government Services Division

Net Proceeds of Minerals

02/02/2018



Net Proceeds of Minerals Tax

Mining Operation's Gross Yield
(-) *certain Allowable Deductions*
= Net Proceeds
x a tax rate not to exceed 5%
= Tax



Net Proceeds – Rate of Tax

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

| Net Proceeds as Percentage of Gross: | Rate of Tax |
|---|--------------------|
| Less than 10%..... | .2.00 |
| 10% or more but less than 18%..... | 2.50 |
| 18% or more but less than 26%..... | 3.00 |
| 26% or more but less than 34%..... | 3.50 |
| 34% or more but less than 42%..... | 4.00 |
| 42% or more but less than 50%..... | 4.50 |
| 50% or more..... | 5.00 |



Net Proceeds Tax Rate Exceptions

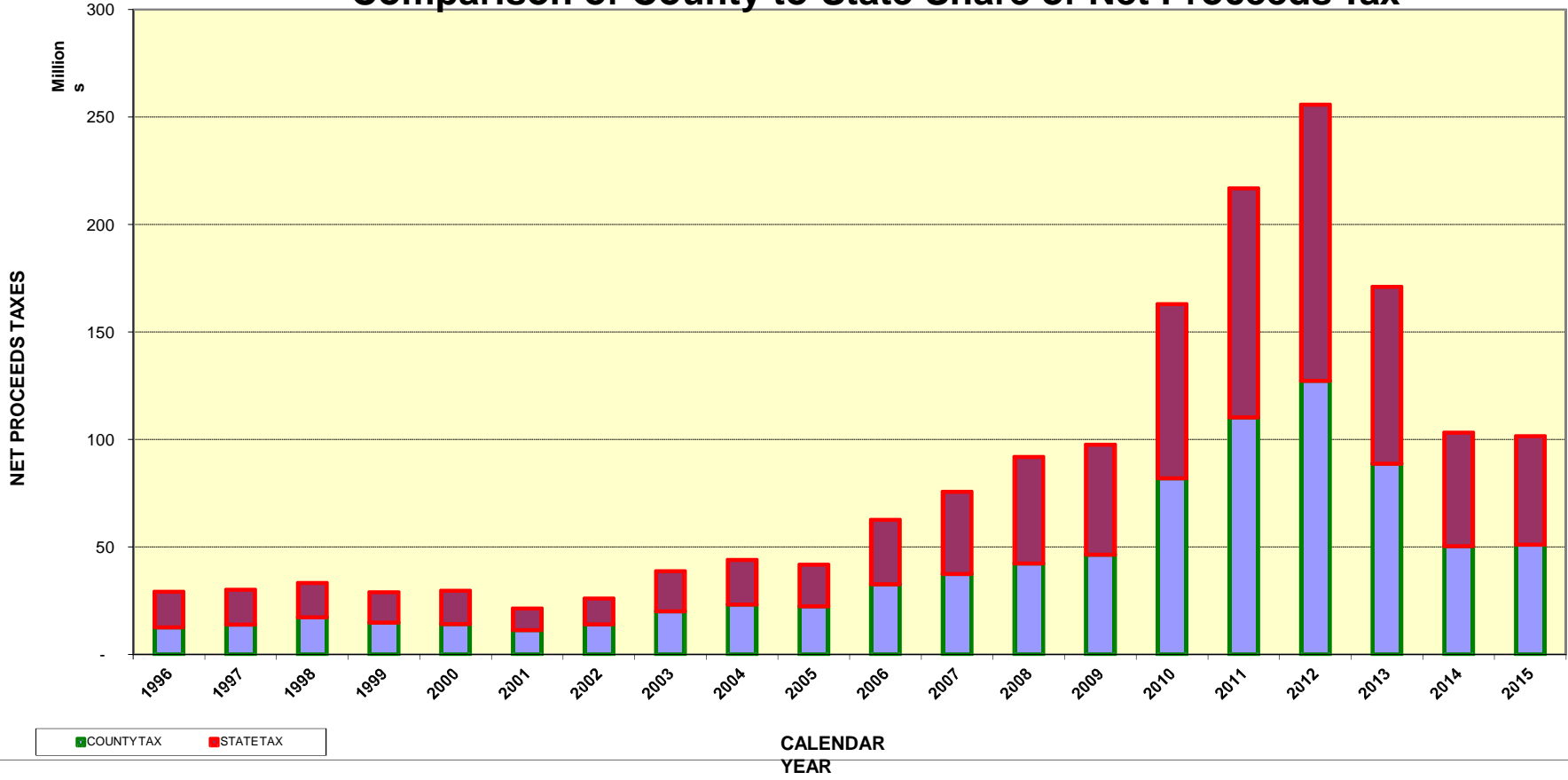
- The minimum tax rate is the combined property tax rate where located.
- The rate of tax on geothermals = the combined property tax rate where located.
- If net proceeds is greater than \$4 M, then the rate of tax = 5%.
- The rate of tax on all royalties = 5%.



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

Comparison of County to State Share of Net Proceeds Tax

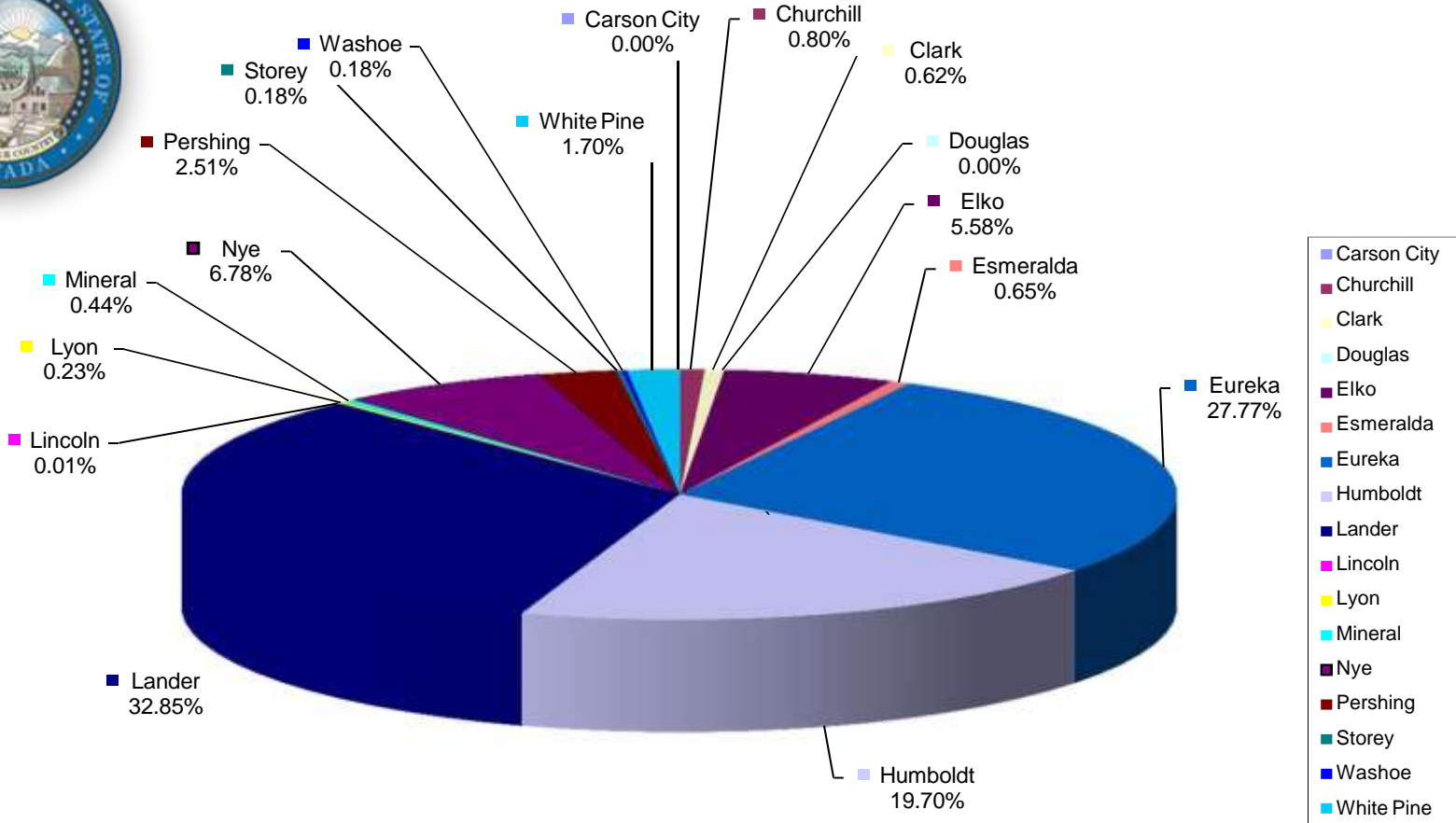


| Year | Annual County Tax | Annual State Tax | Total Tax | % County | % State |
|------|-------------------|------------------|------------|----------|---------|
| 1996 | 12,641,648 | 16,556,640 | 29,198,288 | 43% | 57% |
| 1997 | 13,948,654 | 16,110,703 | 30,059,357 | 46% | 54% |
| 1998 | 17,333,035 | 15,934,116 | 33,267,151 | 52% | 48% |
| 1999 | 14,805,200 | 14,152,644 | 28,957,844 | 51% | 49% |
| 2000 | 14,124,892 | 15,476,252 | 29,601,144 | 48% | 52% |
| 2001 | 11,380,633 | 9,974,116 | 21,354,749 | 53% | 47% |
| 2002 | 14,078,126 | 11,986,971 | 26,065,097 | 54% | 46% |
| 2003 | 20,135,704 | 18,651,926 | 38,787,630 | 52% | 48% |
| 2004 | 23,191,055 | 20,802,966 | 43,994,020 | 53% | 47% |
| 2005 | 22,424,616 | 19,381,298 | 41,805,914 | 54% | 46% |

| Year | Annual County Tax | Annual State Tax | Total Tax | % County | % State |
|------|-------------------|------------------|-------------|----------|---------|
| 2006 | 32,621,781 | 29,972,916 | 62,594,697 | 52% | 48% |
| 2007 | 37,441,967 | 38,252,414 | 75,694,380 | 49% | 51% |
| 2008 | 42,335,076 | 49,491,135 | 91,826,211 | 46% | 54% |
| 2009 | 46,415,472 | 51,162,647 | 97,578,120 | 48% | 52% |
| 2010 | 81,963,944 | 81,030,244 | 162,994,188 | 50% | 50% |
| 2011 | 110,292,948 | 106,430,629 | 216,723,577 | 51% | 49% |
| 2012 | 127,274,036 | 128,371,997 | 255,646,033 | 50% | 50% |
| 2013 | 88,693,564 | 82,293,975 | 170,987,539 | 52% | 48% |
| 2014 | 50,431,885 | 52,749,163 | 103,181,048 | 49% | 51% |
| 2015 | 51,088,726 | 50,502,791 | 101,591,517 | 50% | 50% |

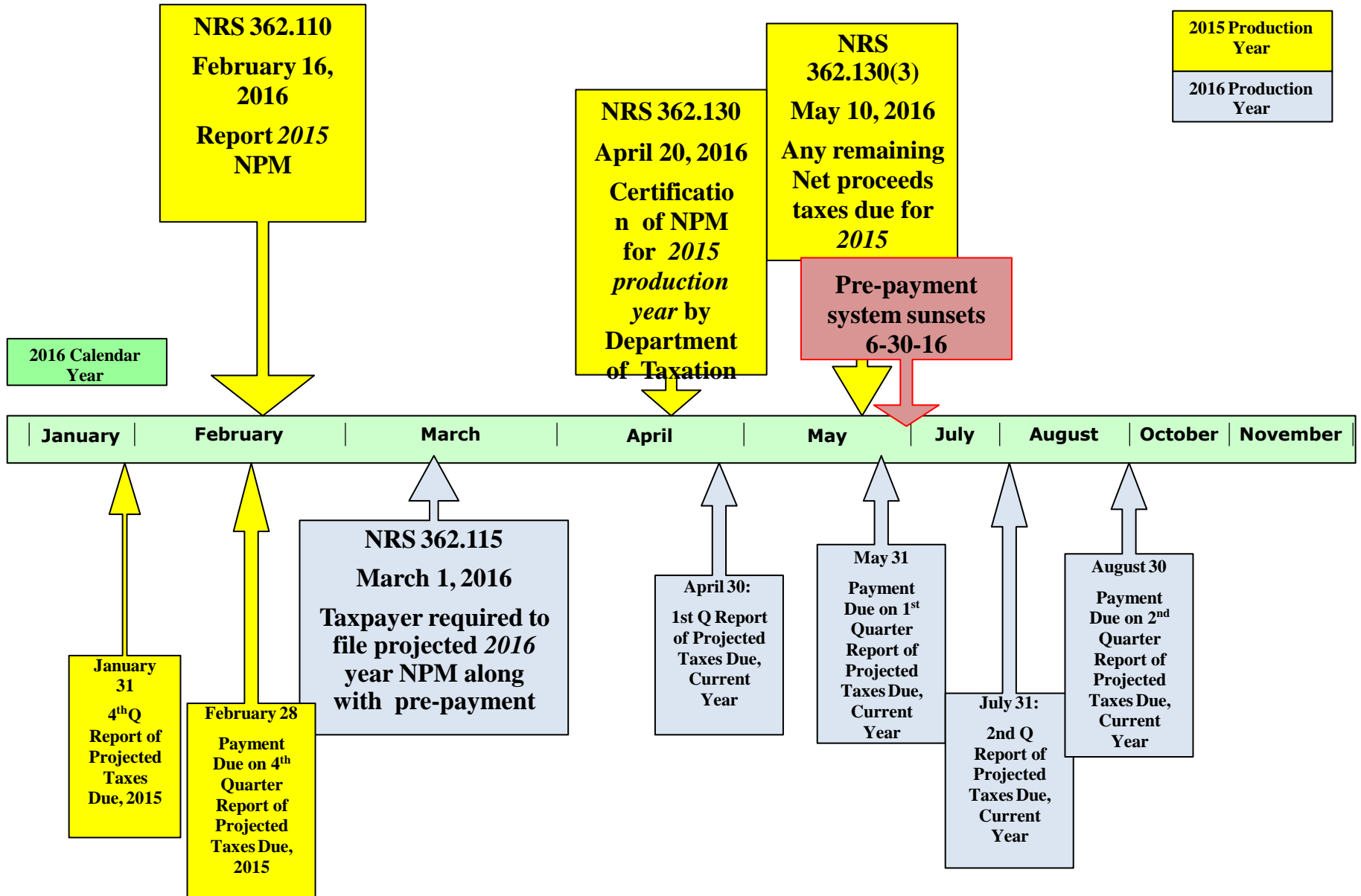
Nevada

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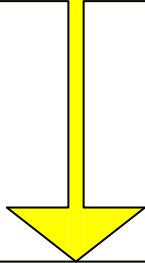
Net Proceeds of Minerals - County Percentage of Total in 2015

Net Proceeds of Minerals Reporting and Payment Timeline



Net Proceeds of Minerals Reporting and Payment Timeline

NRS 362.110
February 16, 2017
Report 2016 NPM



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

2017 Production Year



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



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/