



CHAMBER OF MINES
of South Africa

MEDIA STATEMENT

For immediate release

CHAMBER OF MINES MAKES INITIAL ASSESSMENT OF DAVIS TAX COMMITTEE'S REPORT Further study and consultation required

Johannesburg, 20 November 2017: The Chamber of Mines has made an initial assessment of the Davis Tax Committee's (DTC) second and final report on hard-rock mining. It will need to study the report further, and consult with its members before being able to make any comprehensive observations.

At this stage, on balance, the Chamber is reasonably comfortable with its findings and recommendations, though there are some areas where we would have preferred different outcomes.

The Chamber agrees with its assessment that the partially profit-based royalty system ensures a fair benefit to the state during mining boom times, making any additional "windfall" or other such tax unnecessary.

The Chamber appreciates that social and labour plan spending on infrastructure projects is now allowed for tax purposes. Where other Social and Labour Plan spending is concerned, the Chamber awaits the DTC report on public benefit organisations which the DTC has stated should be the basis of these allowances.

One area that will need thorough consideration is the proposal that the existing capex write-off system be replaced by a depreciation regime similar to that applying to the manufacturing sector. The Chamber has previously argued against such an approach, given mining's comparatively long lead time between initial investment and the beginning of revenue flows.



Finally, the Chamber is disappointed that the committee did not see its way clear to recommending, as was proposed, that a set portion of royalty payments be set aside for spending in mining communities.

The Chamber is looking forward to further engagements with the National Treasury on these and other matters.

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