

Notice of Proposed New Regulations

Background

The Resource Development Division of the Ministry of Energy and Resources (ER) is consulting with stakeholders on two new sets of proposed regulations that will modernize interest charges assessed on late payments of royalties, rents, taxes and other fees owing to the Crown pursuant to *The Crown Minerals Act (CMA)* and *The Mineral Taxation Act, 1983 (MTA)*. The proposed new regulations include:

- *The Late Payment Interest Charges Regulations*, which will be established under the CMA to repeal and replace *The Delayed Payment Charge Regulations, 1970 (DPCR)*; and
- *The Mineral Taxation Late Payment Interest Charges Regulations*, to be established under the MTA.

The proposed new regulations will standardize the late payment interest charges under the CMA and the MTA at a rate of prime plus three (3) per cent per year.

The Process

Stakeholders are invited to review and provide comment on the proposed new regulations until September 25, 2020. Upon conclusion of this consultation period, ER will review feedback received in the preparation of final drafts to be presented for consideration by the Lieutenant Governor in Council.

Summary of Proposed Changes

The proposed new regulations prescribe an interest rate of prime plus three (3) per cent per year to be charged on all late payments of royalties, rents, taxes, fees, dues or charges owing to ER under the CMA and the MTA. This rate will replace the higher 18 per cent per year late payment interest provisions found in certain regulations under these Acts, including the DPCR. This rate is also currently used for late payments discovered through audits of royalties and taxes under the CMA and the MTA as well as in other government revenue programs.

The regulations under the CMA and MTA to which the proposed new regulations will apply are:

THE CROWN MINERALS ACT	THE MINERAL TAXATION ACT, 1983
<i>The Late Payment Interest Charges Regulations</i>	<i>The Mineral Taxation Late Payment Interest Charges Regulations</i>
<ul style="list-style-type: none"> • <i>The Alkali Mining Regulations</i> • <i>The Coal Disposition Regulations, 1988</i> 	<ul style="list-style-type: none"> • <i>The Freehold Coal Production Tax Regulations*</i>

<ul style="list-style-type: none"> • <i>The Crown Mineral Royalty Regulations</i> • <i>The Crown Oil and Gas Royalty Regulations, 2012</i> • <i>The Mineral Tenure Registry Regulations</i> • <i>The Oil and Gas Tenure Registry Regulations</i> • <i>The Quarrying Regulations, 1957</i> • <i>The Subsurface Mineral Royalty Regulations, 2017</i> • <i>The Subsurface Mineral Tenure Regulations*</i> 	<ul style="list-style-type: none"> • <i>The Mineral Rights Tax Regulations, 1998*</i> • <i>The Potash Production Tax Regulations*</i> • <i>The Sodium Chloride Production Tax Regulations*</i>
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Provisions prescribing a late payment interest rate on unpaid royalties, taxes, rents or other fees that differs from prime plus three (3) per cent per year will be repealed from those regulations listed above marked with an asterisk (*) when the proposed new regulations come into force.

Review of Draft Regulations

ER is seeking written comments on drafts of the proposed new regulations. Side-by-sides of the proposed new regulations are attached to this notice as Appendices A and B.

Please direct any comments or questions about the proposed amendments to the ER Service Desk at er.servicedesk@gov.sk.ca.

The deadline for submitting written comments is **September 25, 2020**.

Appendix A

The Late Payment Interest Charges Regulations

Existing Section/Wording	Proposed New Section/Wording	Explanation
<p>Short Title 1 These regulations may be cited as “The Delayed Payment Charge Regulations, 1970”.</p>	<p>Title 1 These regulations may be cited as <i>The Late Payment Interest Charges Regulations</i>.</p>	<p>Name updated and modernized.</p>
<p>NEW</p>	<p>Definition 2 In these regulations, “Act” means <i>The Crown Minerals Act</i>.</p>	<p>Definition added as per modern legislative drafting practices.</p>
<p>Charge for late payment of royalty, rent, etc. 2(1) Notwithstanding anything contained in any other regulations made under The Mineral Resources Act, every person who has failed to remit any royalty, rent, fee, due or charge, or any portion thereof, to be paid for or under a disposition, or for any other privilege granted under the Act or any regulation or order made thereunder, on or before the date prescribed by the applicable regulation or order, shall be liable for an additional charge on the unpaid royalty, rent, fee, due or charge, or any portion thereof, from the date on which it should have been paid to the date on which it is received in the office of the Department of Mineral Resources in Regina, Saskatchewan.</p> <p>(2) The additional charge mentioned in subsection (1) shall be determined at the</p>	<p>Charge for late payment of royalty, rent, etc. 3(1) Notwithstanding anything contained in any other regulations made pursuant to the Act, every person who, on or after April 1, 2020, fails to pay or remit all or any portion of any royalty, rent, fee, due or charge that is to be paid for or under a disposition, or for any other privilege granted pursuant to the Act or any regulation or order made pursuant to the Act, on or before the date set out in the applicable regulation or order is liable for an additional charge on the unpaid royalty, rent, fee, due or charge, calculated from the day on which that amount should have been paid or remitted to the date on which it is received by the minister as shown in the records of the minister.</p>	<p>Subsection (1) is similar to previous version but establishes retroactivity for application of these regulations to April 1, 2020.</p> <p>Subsection (2) is new, emphasizing that these regulations apply to late payments of royalties, rents and other fees regardless of whether they were discovered through an ER audit pursuant to section 24.1 of <i>The Crown Minerals Act</i>.</p> <p>Subsection (3) contains the main change to these regulations, namely the replacement of the 1.5 per cent/month late payment interest rate with prime + 3%, which is the late payment interest rate levied in other regulations administered by ER and the Government of Saskatchewan.</p> <p>The requirement in the new subsection (4) for this interest rate to be assessed twice per year is also consistent with other</p>

Existing Section/Wording	Proposed New Section/Wording	Explanation
<p>rate of one and one-half per cent of the unpaid amount of any royalty, rent, fee, due or charge for each month and one and one-half per cent of such unpaid amount for any portion of a month and the minimum charge shall be \$10.</p>	<p>(2) Subsection (1) applies whether or not the failure to pay or remit is discovered as the result of an audit.</p> <p>(3) For the purposes of subsection (1), the rate of interest per year with respect to unpaid royalty, rent, fees, dues or charges is the rate equal to the sum of:</p> <ul style="list-style-type: none"> (a) the prime lending rate of the bank holding the general revenue fund as determined and adjusted in accordance with this section; and (b) 3%. <p>(4) The interest rate set out in subsection (3) is to be determined on June 15 and December 15 in each year and:</p> <ul style="list-style-type: none"> (a) the interest rate as determined on June 15 applies to unpaid rent, fees, dues or charges that are owing on or after July 1; and (b) the interest rate as determined on December 15 applies to unpaid royalty, rent, fees, dues or charges that are owing on or after January 1 of the following year. 	<p>regulations administered by ER and the Government of Saskatchewan.</p>
<p>Charge not to be construed as extending time for payment 3 The payment of a charge pursuant to Section 2 shall not be construed as extending the time for payment of any</p>	<p>REPEALED</p>	<p>It is unnecessary to carry forward this section. Under <i>The Crown Minerals Act</i> and its regulations, payers are under a clear requirement to submit payments of royalties, rents and other charges in the</p>

Existing Section/Wording	Proposed New Section/Wording	Explanation		
royalty, rent, fee, due or charge to be paid beyond the date prescribed by the applicable regulation or order.		prescribed manner at the prescribed rate or rates.		
NEW	Application 4 These regulations apply to the regulations that are set out in Table 1 of the Appendix.	This section, along with the Appendix clarifies which regulations under <i>The Crown Minerals Act</i> are subject to these regulations.		
NEW	SR 263/70 repealed 5 "The Delayed Payment Charge Regulations, 1970", being Saskatchewan Regulations 263/70, are repealed.	This section repeals the older regulations that these regulations are intended to replace.		
NEW	Coming into force 6 These regulations come into force on the day on which they are filed with the Registrar of Regulations.	This section has been added to align with current legislative drafting practices.		
NEW	<p style="text-align: center;">Appendix</p> <p style="text-align: center;">TABLE 1 [Section 4]</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th data-bbox="758 987 1278 1062">Regulations for which Charges for Late Payment Apply</th> </tr> </thead> <tbody> <tr> <td data-bbox="758 1062 1278 1310"> Alkali Mining Regulations, being Saskatchewan Regulation 444/67 <i>The Coal Disposition Regulations, 1988</i> <i>The Crown Mineral Royalty Regulations</i> <i>The Crown Oil and Gas Royalty Regulations, 2012</i> <i>The Mineral Tenure Registry Regulations</i> </td> </tr> </tbody> </table>	Regulations for which Charges for Late Payment Apply	Alkali Mining Regulations, being Saskatchewan Regulation 444/67 <i>The Coal Disposition Regulations, 1988</i> <i>The Crown Mineral Royalty Regulations</i> <i>The Crown Oil and Gas Royalty Regulations, 2012</i> <i>The Mineral Tenure Registry Regulations</i>	Appendix, along with section 4 clarifies which regulations under <i>The Crown Minerals Act</i> are subject to these regulations.
Regulations for which Charges for Late Payment Apply				
Alkali Mining Regulations, being Saskatchewan Regulation 444/67 <i>The Coal Disposition Regulations, 1988</i> <i>The Crown Mineral Royalty Regulations</i> <i>The Crown Oil and Gas Royalty Regulations, 2012</i> <i>The Mineral Tenure Registry Regulations</i>				

Existing Section/Wording	Proposed New Section/Wording	Explanation
	<p><i>The Oil and Gas Tenure Registry Regulations</i> The Quarrying Regulations, 1957, being Saskatchewan Regulation 553/67 <i>The Subsurface Mineral Royalty Regulations, 2017</i> <i>The Subsurface Mineral Tenure Regulations</i></p>	

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Appendix B

The Mineral Taxation Late Payment Interest Charges Regulations

Existing Section/Wording	Proposed New Section/Wording	Explanation
NEW	<p>Short Title 1 These regulations may be cited as <i>The Mineral Taxation Late Payment Interest Charges Regulations</i>.</p>	
NEW	<p>Definition 2 In these regulations, “Act” means <i>The Mineral Taxation Act, 1983</i>.</p>	Definition added as per modern legislative drafting practices.
NEW	<p>Charge for late payment of taxes 3(1) Notwithstanding anything contained in any other regulations made pursuant to the Act, every person who has failed to remit all or any portion of any taxes that are to be paid pursuant to the Act or any regulation or order made pursuant to the Act, on or before the date set out in the applicable regulation or order is liable for an additional charge on the unpaid taxes, calculated from the day on which that amount should have been paid or remitted to the date on which it is received by the minister as shown in the records of the minister.</p> <p>(2) Subsection (1) applies whether or not the failure to remit is discovered as the result of an audit.</p> <p>(3) For the purposes of subsection (1), the rate of interest per year with respect to unpaid taxes is the rate equal to the sum of:</p>	<p>Subsection (1) is similar to subsection 3(1) of the proposed new <i>Late Payment Interest Charges Regulations</i>, which have the same function as these proposed new regulations in relation to regulations under <i>The Crown Minerals Act</i>.</p> <p>Subsection (2) emphasizes that interest on late payments of mineral rights/production taxes automatically accrues from the date on which the taxes are due to the date they are received by the Ministry of Energy and Resources (ER), regardless of whether they are discovered through an ER audit pursuant to section 26.1 of <i>The Mineral Taxation Act, 1983</i>.</p> <p>The interest rate established in subsection (3) is consistent with the rate established in the proposed new <i>Late Payment Interest Charges Regulations</i>. This rate will replace the 1.5 per cent/month late payment</p>

Existing Section/Wording	Proposed New Section/Wording	Explanation
	<p>(a) the prime lending rate of the bank holding the general revenue fund as determined and adjusted in accordance with this section; and</p> <p>(b) 3%.</p> <p>(4) The interest rate set out in subsection (2) is to be determined on June 15 and December 15 in each year and:</p> <p>(a) the interest rate as determined on June 15 applies to unpaid taxes that are owing on or after July 1; and</p> <p>(b) the interest rate as determined on December 15 applies to unpaid taxes that are owing on or after January 1 of the following year.</p>	<p>interest rate in the regulations under <i>The Mineral Taxation Act, 1983</i>.</p> <p>The twice-annual assessment of the late payment interest rate described in subsection (4) is consistent with other regulations administered by ER and the Government of Saskatchewan.</p>
NEW	<p>Application</p> <p>4 These regulations apply to the regulations that are set out in Table 1 of the Appendix.</p>	<p>This section, along with the Appendix clarifies which regulations under <i>The Mineral Taxation Act, 1983</i> are subject to these regulations.</p>
NEW	<p>Coming into force</p> <p>5 These regulations come into force on the day on which they are filed with the Registrar of Regulations, but are retroactive and deemed to have been in force on and from April 1, 2020.</p>	<p>This section has been added to align with current legislative drafting practices. It also establishes the retroactivity for application of these regulations to April 1, 2020.</p>
NEW	<p>Appendix</p> <p>TABLE 1 [Section 4]</p>	<p>Appendix, along with section 4 clarifies which regulations under <i>The Mineral Taxation Act, 1983</i> are subject to these regulations.</p>

Existing Section/Wording	Proposed New Section/Wording	Explanation
	<p style="text-align: center;">Regulations for which Charges for Late Payment Apply</p> <p><i>The Freehold Coal Production Tax Regulations, being Saskatchewan Regulation 39/84</i></p> <p><i>The Mineral Rights Tax Regulations, 1998</i></p> <p><i>The Potash Production Tax Regulations</i></p> <p><i>The Sodium Chloride Production Tax Regulations</i></p>	

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