

## General Mineral Rights Tax (MRT) Questions and Answers

### 1. What is MRT?

MRT is an annual tax applicable to freehold (privately owned) mineral titles whether or not the minerals are in production. More information can be found on the [mineral rights website](https://www.saskatchewan.ca/business/agriculture-natural-resources-and-industry/mineral-rights) at <https://www.saskatchewan.ca/business/agriculture-natural-resources-and-industry/mineral-rights>. Surface titles are not subject to MRT and are not included in any of the MRT information.

### 2. Who pays MRT?

MRT is assessed to all freehold mineral title owners under [The Mineral Taxation Act, 1983](#) (the Act). The following are generally exempt from paying MRT:

- Individuals with five nominal sections (1,295 hectares) or less of mineral rights;
- Approved Agricultural Corporations with five nominal sections (1,295 hectares) or less of mineral rights;
- Trust Companies holding a valid licence under *The Trust and Loan Corporations Act, 1997* who apply for a Trust Corporation Exemption;
- Mineral rights included in railway operations;
- Mineral rights within the boundaries of a city, town, village or northern municipality;
- Mineral rights on subdivided lots intended for residential, business or cemetery purposes; and,
- Mineral rights purchased under the terms of a Treaty Land Entitlement Framework Agreement.

### 3. Why did MRT electronic administration get moved to the [Integrated Resource Information System \(IRIS\)](#)? (Note: IRIS is located at [www.saskatchewan.ca/IRIS](http://www.saskatchewan.ca/IRIS))

MRT electronic administration has moved to IRIS as existing MRT administration systems were at the end of their life, required replacement, and the move to IRIS offered several benefits including:

- Online structured applications for Agricultural and Trust Corporations exemptions result in faster response time to clients;
- Online self-service allows all MRT clients to view and download the list of mineral titles used to determine the tax assessment. This leads to easier reconciliation of MRT to corporate records;
- Online self-service provides all MRT clients with immediate access to MRT invoices once issued and access to historic invoice data for future years. Please note that no historic MRT data is being transitioned into IRIS and will only be available for present (2022) and future years;
- Moving MRT administration into IRIS allows use of the enhanced data security features in IRIS.
- IRIS is a secure electronic business system that is used extensively by clients who account for approximately 70 per cent of annual MRT billings;
- Data and documents contained in IRIS are confidential and only available to those that require access for specific purposes; no printed documents will be created or stored; and,

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- A direct feed of mineral title data from Information Services Corporation (ISC) will reduce manual effort and lead to fewer discrepancies between invoices and client data.

#### 4. How is MRT calculated?

Effective with the 2022 taxation year, the Government of Saskatchewan has converted the per-acre rate to a per-hectare rate based on the size of a mineral parcel as provided by ISC. This conversion will not result in a tax increase; the MRT rate is \$3.70 per taxable hectare. The conversion and use of the mineral parcel size will result in a slightly different tax total than the amount previously invoiced.

MRT is calculated per mineral title. For each mineral title, the taxable portion of mineral parcel area is divided by the ownership share to arrive at the total taxable hectares per mineral title. For instance:

- 100 per cent ownership share of 64.75 total taxable hectares x \$3.70 = \$239.58 tax calculation; and,
- 50 per cent ownership share of 64.75 total taxable hectares x \$3.70 = \$119.79 tax calculation.

'Taxable hectares' of a mineral parcel takes into consideration any portion of a mineral parcel whose surface is used for an exempted purpose, e.g. railway, cemetery, urban and other purposes mentioned in Question 2. These portions are untaxable hectares. Both the taxable and untaxable hectares can be reviewed on IRIS and are included in various reports.

MRT is applied to each mineral title when multiple titles exist on the same parcel of land for different commodities. For instance:

- 64.75-hectare parcel of land with two mineral titles (petroleum and coal) = 129.5 taxable hectares; and,
- 64.75-hectare parcel with three mineral titles (petroleum, natural gas and coal) = 194.25 taxable hectares.

Title holders will not be charged for MRT assessments totaling less than \$100 unless previous invoice amounts together with the current supplemental invoice amount exceed \$100. A running total is applied to all invoice amounts and, if the \$100 limit is met or exceeded at any point in the year, an invoice for the running total amount will be issued. Once the \$100 limit has been exceeded, invoices of less than \$100 can be issued. For instance:

- MRT was calculated to be \$90.00 for one title holder at the time of the annual billing; as the amount is less than \$100, no invoice was created. The title holder acquires a mineral title involving 16 hectares on August 10. During the next supplemental billing sweep, the title holder will be invoiced for all rights owned including the amount not invoiced in the annual billing.

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**5. When is MRT invoiced and payable?**

Prior to 2022, Mineral title owners received an invoice in the mail dated June 1. Effective for the 2022 taxation year, invoices will only be available through IRIS no later than June 1.

Annual MRT is assessed to the mineral title owner on record as of May 1 and is calculated for the full tax year (January 1 to December 31). Taxes are due and payable by June 30 each year.

New in 2022, supplemental billing will occur from June to December. Supplemental billing invoices any previously non-taxed title that has become taxable.

- If a previously untaxed mineral title becomes taxable after May 1 (e.g. an individual or Agricultural Corporation owned title is transferred to a corporation), MRT is calculated based on the transfer date and is payable 60 days from the transfer date; and,
- If more than one transfer occurs to the same taxpayer on different days more than one invoice will be generated.

Interest will be assessed as per *The Mineral Taxation Late Payment Interest Charges Regulations, 2020* at prime lending rate plus 3.0 per cent per annum or portion thereof on any unpaid balance as of the due and payable date.

In the event the mineral title is transferred to a new owner after May 1<sup>st</sup>, the owner as of May 1 is responsible for the entire tax amount. The minister will not refund or prorate the tax amount to accommodate the transfer. Parties to a transfer are advised to ensure their transfer agreement takes this into consideration.

**6. Can someone explain the reports? There is a lot of information included on them.**

Please review the [Mineral Rights Tax \(MRT\) in IRIS Learning Module](#). For additional information, please reference the Mineral Rights Tax Glossary available on the [mineral rights website](#).

**7. All my titles are not listed. What should I do?**

The following steps should be followed if titles are not listed.

- Only mineral titles are listed; surface titles are not included. Double check to determine if the missing title refers to a surface parcel;
- Mineral titles are linked to a BA by an interpretation of the ISC client number. Check ISC at [www.isc.ca](http://www.isc.ca), email to [ask@isc.ca](mailto:ask@isc.ca) or phone 1-866-275-4721 to determine what name and client number is being used at ISC. Please note there can be many client numbers associated with one customer. Consolidating many ISC client numbers to one is encouraged; and,
- Contact **the ER Service Desk**.

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**8. My mineral lands are not producing mineral commodities. Do I still have to pay MRT?**

Yes. MRT is assessed on mineral titles regardless of mineral production.

**9. Should I transfer my mineral titles to a corporation?**

You may transfer your mineral titles to a corporation of your choice, however, exemptions based on the current title status may not necessarily transfer to the new title. Please contact the ER Service Desk to fully understand the tax implications before transferring any mineral rights to a corporation.

**10. I did not know that transferring mineral titles to a corporation would make them taxable. Can I transfer the mineral rights back into my name?**

Mineral titles may be transferred from a corporation into an individual's name. However, the mineral rights will be subject to MRT after the transfer unless the minister is satisfied that the parties are dealing at arms length, and that the transferor retains no right to profit, no right to reacquire, and no right to administer those mineral rights. See section 17 of the Act for more details.

In circumstances where the transfer to a corporation from an individual was done without understanding of the tax implications, the requirement to be dealing at an arms length can be overridden. However, the reversal of the transfer must be done in a timely fashion (i.e. 12 months) and return ownership to the original pre-transfer owners. See section 13 of *The Mineral Rights Tax Regulations, 2022* for more details.

**11. Can I appeal MRT assessment?**

You may appeal an MRT assessment within 90 days of receiving a notice of determination or notice of assessment provided the taxes are paid in full.

Complete the [notice of appeal](#) and submit the notice to the Saskatchewan Municipal Board, Board of Revenue Commissioners by email, submitting online, personal delivery, or by registered mail. Contact the Board of Revenue Commissioners at 1-306-787-6221 for more information.

**12. What if I cannot/do not pay MRT?**

If you cannot pay MRT, you may surrender, and the minister may accept, your mineral rights provided that the mineral titles are free of all encumbrances and any late payment fees owing have been paid. Contact the ER Service Desk for more information.

If you do not pay MRT within one year after the tax is due and payable and the mineral rights have not been surrendered, the minister will begin mineral title forfeiture proceedings. The mineral rights will be forfeited to the Crown if the outstanding MRT, interest and other penalties have not been paid within the six-month forfeiture proceedings window.

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**13. Inquiries:**

For inquiries, please visit the [mineral rights website](#) or contact the Ministry of Energy and Resources (ER) Service Desk:

Email: [er.servicedesk@gov.sk.ca](mailto:er.servicedesk@gov.sk.ca)

Phone: 1-855-219-9373

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## **Agricultural Corporation Exemption (ACE) Application MRT Questions and Answers**

For training and information on submitting ACE Applications and understanding other features regarding this exemption, please use the following online training module:

[Mineral Rights Tax – Agricultural Corporation Exemption Application Learning Module](#)

### **1. What is a “routine” or a “non-routine” submission?**

Routine applications result when all criteria have been met based on the data entered into the application. Routine approvals are issued by IRIS immediately; however, routine approvals are also subject to an internal audit after issuance. Depending on the results of the internal audit, the approval can be revoked.

Non-routine applications result when the data entered into the application must be reviewed before a decision can be made. Non-routine approvals, and denials, are issued only after all questions have been answered and the review is complete. You may be contacted for further information during this time. You will need to log back into your IRIS account to determine the results of the review.

### **2. Will IRIS conduct any validation tests on the data entered into the online applications?**

Yes, some of the validation tests will prevent an exemption application from being submitted while others will provide informational messages. For example:

- Agricultural Corporations:
  - if the revenue data entered into the online application does not indicate that the corporation and its shareholders’ gross revenue from “farming” exceeds the gross revenue obtained from cash land rentals and other revenue sources, the application cannot be submitted;
  - If the corporate financial statements and corporate profile report are not attached, the application cannot be submitted; and,
  - If IRIS is unable to determine that the shareholder meets the Saskatchewan resident farmer criteria, the application can be submitted but will go “non-routine” and follow up will be required.

### **3. Will I get a letter informing me that my exemption application was approved or denied?**

Approvals, or denials, of the ACE, will be provided through IRIS and can be accessed online at any time. Paper certificates or denial letters will no longer be mailed to the applicant. Notification preferences in IRIS can be changed to send an email to the specified email address when something has changed in your IRIS account.

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**4. How can I receive an ACE?**

The process has changed for the 2022 and future tax years. All applications for an ACE will need to be made through IRIS. If your existing ACE Certificate expires at the end of 2021 or you do not yet have an ACE, you will be required to use the new online application. Agricultural Corporations with exemptions expiring in future years will also need to use the online application method when their exemption expires and will be able to start the application process as early as November in the year the existing exemption expires. For your information:

- The exemption is valid for up to three-years provided no changes are made to the Agricultural Corporation; and,
- A new ACE application is required at the end of the three-year exemption period.

**5. What criteria must I meet to qualify for an ACE?**

There are three criteria that have to be met in order to qualify for an ACE:

- The Agricultural Corporation applying for exemption must earn the majority of their gross revenue from approved farming activities. Farming activities relate to the tillage of soil, livestock raising, poultry raising, dairying, fur farming, tree farming, beekeeping or fish farming or any other activity undertaken to produce agricultural products. Ineligible farming activities include:
  - i. the production of agricultural products for the purpose of crop science research;
  - ii. the purchase for resale of agricultural products; or,
  - iii. the commercial processing of agricultural products.
- The majority of shareholders in the company must live in Saskatchewan for at least 183 days a year; and,
- The majority of shareholders must be actively engaged in farming.

**6. Do I need to submit Corporate Financial Statements (CFS) with the application for an ACE? I consider these personal and confidential.**

All ACE applications will require a minimum of two attachments:

- Corporate Financial Statements; and,
- Corporate Profile Report from ISC's Corporate Registry.

If your corporate structure or shareholders include other corporations, the above documents are required for each corporation. Please note that IRIS is a secure electronic business system that is used extensively by clients who have many confidential business needs. Your corporate information will only be accessible by you and government officials who need to access the financial statements to verify if the corporation meets the revenue criteria.

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**7. Will my ACE application be denied if I do not submit CFS?**

The online ACE application method requires that the CFS be attached. The application cannot be submitted unless the required documents are attached.

**8. Do I need to inform the minister if my Agricultural Corporation structure changes?**

Yes. When the previously approved Agricultural Corporation undergoes changes to the corporation's status or shareholders, the minister must be informed in writing. This information cannot be submitted through IRIS but can be emailed to the ER Service Desk. A review will be conducted to ensure the exemption criteria is still being met.

**9. Inquiries:**

For inquiries, please visit the [mineral rights website](#) or contact the Ministry of Energy and Resources (ER) Service Desk:

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## Trust Corporation Exemption Application MRT Questions and Answers

For training and information on submitting Agricultural Corporation Exemption Applications and understanding other features regarding this exemption, please use the following online training module:

[Mineral Rights Tax – Trust Corporation Exemption Application Learning Module](#)

### 1. What is a “routine” or a “non-routine” submission?

Routine applications result when all criteria have been met based on the data entered into the application. Routine approvals are issued by IRIS immediately; however, routine approvals are also subject to an internal audit after issuance. Depending on the results of the internal audit, the approval can be revoked.

Non-routine applications result when the data entered into the application must be reviewed before a decision can be made. Non-routine approvals, and denials, are issued only after all questions have been answered and the review is complete. You may be contacted for further information during this time. You will need to log back into your IRIS account to determine the results of the review.

### 2. Will IRIS conduct any validation tests on the data entered into the online applications?

Yes, some of the validation tests will prevent an exemption application from being submitted while others will provide informational messages.

### 3. Will I get a letter informing me that my exemption application was approved or denied?

Approvals will be provided through IRIS and can be accessed online at any time. Paper responses will no longer be mailed to the applicant. If any applications go non-routine or the status of the exemption is amended, a notification will be provided through IRIS. Notification preferences in IRIS can be changed to send an email to the specified email address when something has changed in your IRIS account.

### 4. As a Trust Corporation, the corporation owns minerals on behalf of individuals. Do I have to apply for a Trust Corporation Exemption?

Yes. In addition to requiring that the Trust Corporation holds a valid licence under *The Trust and Loan Corporation Act, 1997*, the Act, requires the Trust Corporation to deliver a certificate in the “prescribed form”. With the move to IRIS, the “prescribed form” will be an online application. This application needs to be submitted annually to verify the trust beneficiaries and the continued validity of the trust licence.

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**5. How long is the Trust Corporation exemption?**

Trust Corporation exemptions are issued for one year at a time. As the licence issued under *The Trust and Loan Corporations Act, 1997* must be renewed each year, trust exemptions must be approved each year as well.

**6. What information is required?**

The full legal name and address of each individual for whom the Trust Corporation holds the mineral title in trust (Trust Beneficiary) must be provided. This information is required to determine the total amount of mineral ownership held by the Trust Beneficiary.

**7. When can I apply for the Trust Corporation exemption?**

Once MRT in IRIS is operational, the application can be submitted at any time throughout the taxation year. If the application is not received prior to the annual invoicing in May, an MRT invoice will be created which can be adjusted after the application is approved.

**8. Inquiries:**

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