Gold Royalty Information Sheet

Royalty is paid at the rate of 2.75% of the 'net market value'.

Royalty also applies to any silver or other mineral produced as a by-product of producing the gold which must be declared.

The royalty does not apply to:
- gold produced on a prospecting licence; or
- the first 2500 ounces produced each year.

Net Market Value

Net market value means the market value ie commercial value, of the mineral at the time it is first sold, transferred or disposed of less any costs reasonably, necessarily, and directly incurred by the licensee in connection with the sale, transfer or disposal (including insurance, freight and marketing).

Determining Net Market Value

The market value of the mineral means the value of the mineral if it were sold to an unrelated party in an arms-length commercial sale. The transfer or sale of the mineral to a related party at a price not reflecting the market value of the mineral is not accepted as the market value of the mineral.

If Regulation Victoria is of the opinion that the net market value is not a true or fair value in relation to the mineral the Minister may determine the net market value.

Deductible Costs

Minerals royalty under the Mineral Resources (Sustainable Development) Act 1990 is a royalty on value, not profit. As such, the costs that are deductible are only those that relate to the movement or sale of the finished product from the mine site to the customer (first receiver).

Deductible costs are those incurred directly by the licensee to the extent that these are attributable to the processing, sale and transfer of the mineral from the mine to the first receiver, including:

- cost of transit to point of sale. i.e. processing facility
- insurance of the product in transiting to the point of sale.
- marketing of the product

Mining operation costs are not deductible.

Royalty Returns

All Mining Licence holders are required to complete and submit a Production and Royalty Return for assessment. Returns are to be submitted using the Resource Rights Application Management System (RRAM).

Resources Victoria will deduct the 2500 exempt ounces and will issue an invoice to the licensee for any royalty payable.

Licensees are required to retain records for at least five (5) years of production, disposals, transfers, sales and costs. Resources Victoria may seek copies of these records as part of audits of annual returns.

Penalties may apply for non-compliance.

Period and Timing

A licensee can request to vary the period and timing for submission of royalty returns and payment of royalties. Please contact Regulation Victoria to lodge a request.