

Income Tax

IMP. 1-5/R2 Mineral resource
Date of publication: March 31, 2005

Reference(s): *Taxation Act* (R.S.Q., c. I-3), section 1

This bulletin supersedes bulletin IMP. 1-5/R1 dated August 30, 1996, and, unless otherwise indicated, applies to taxation years or fiscal periods that begins after December 31, 1996.

This bulletin explains the definition of “mineral resource” for the purposes of Part I of the *Taxation Act* (TA) and the *Regulation respecting the Taxation Act* (R.R.Q., 1981, c. I-3, r. 1, as amended).

APPLICATION OF THE ACT

1. Within the meaning of section 1 of the TA, a mineral resource is a base or precious metal deposit, a coal deposit, a bituminous sands deposit or oil shale deposit, or a mineral deposit from which the principal mineral extracted is

- (a) an industrial mineral contained in a non-bedded deposit, as certified by the Minister of Natural Resources and Wildlife;
- (b) ammonite gemstone, calcium chloride, diamond, gypsum, halite, kaolin or sylvite; or
- (c) silica that is extracted from sandstone or quartzite.

2. It should be noted that the fiscal legislation provides for certain transitional rules as a consequence of the inclusion of ammonite gemstone in the definition of “mineral resource”. In particular, these rules limit the reclassification of expenditures made or costs incurred during a taxation year or fiscal period that began before January 1, 1997, as Canadian exploration expenses, Canadian development expenses, Canadian exploration and development expenses, and foreign exploration and development expenses.

CERTIFICATION

3. For the purposes of paragraph (a) of point 1, each of the following industrial minerals is certified by the Minister of Natural Resources and Wildlife as being contained in a non-bedded deposit:

apatite	ilmenite	pyrophyllite
brucite	lithium	rare earths
chromite	manganese	rutile
chrysotile	mica	sillimanite
disthene	nepheline syenite	sulphur
feldspar	olivine	talc
fluorine	perlite	wollastonite
garnet	pyrite	zircon
graphite		

4. The list in point 3 is not exhaustive. Consequently, in the case of an industrial mineral not included in the list, the taxpayer must submit an application requesting the Minister of Natural Resources and Wildlife to certify that the mineral is contained in a non-bedded deposit.

5. Such a request for certification must be sent to the following address:

Ministère des Ressources naturelles et de la Faune
Géologie Québec
5700, 4^e Avenue Ouest, A 208
Charlesbourg (Québec) G1H 6R1

MISCELLANEOUS

6. Where two or more industrial minerals are found in the same mineral deposit, that deposit may qualify as a mineral deposit within the meaning of section 1 of the TA only if the principal mineral to be extracted is either

- (a) a mineral included in the list in point 3;
- (b) ammonite gemstone, calcium chloride, diamond, gypsum, halite, kaolin or sylvite, or silica extracted from sandstone or quartzite; or
- (c) a mineral contained in a non-bedded deposit, as certified by the Minister of Natural Resources and Wildlife.