
Uranium Crown Royalty

Uranium Information Circular

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Governing Legislation:

Acts: *The Crown Minerals Act*

The Mineral Taxation Act, 1983

Regulations: *The Crown Mineral Royalty Regulations*

Introduction

This summary has been prepared by the Ministry of Energy and Resources to assist users in their understanding of the regulations that govern the calculation of uranium royalties. The Government of Saskatchewan approved a new uranium royalty system effective January 1, 2013. The uranium royalty system is enacted under [The Crown Mineral Royalty Regulations](#), pursuant to [The Crown Minerals Act](#). In the case of conflict between this summary and the provisions of the Regulations, the Regulations will apply.

Overview of Royalty System

Each owner or joint venture participant in a uranium mine is a royalty payer. Individual interests of a royalty payer are consolidated on a corporate basis for the calculation of royalties applied to the royalty payer's sales of uranium. The royalty system has three components:

- Basic royalty – 5% of gross revenue
- Profit royalty – rates increase from 10% to 15% as net profit increases
- Saskatchewan Resource Credit – a credit of 0.75% gross revenue

Calculation of Royalty Payment

Royalty Payment = Basic Royalty + Profit Royalty - Saskatchewan Resource Credit

- (a) The Basic Royalty is 5% of gross revenue.
- (b) The Profit Royalty will be based on net profits, with a two-tier rate structure. It will apply at rates of 10% on net profits up to and including \$22 per kilogram, and 15% on net profits above \$22 per kilogram. Basic Royalty is not deductible from Profit Royalty payable. Profit is calculated based on recognition of the full dollar value of a royalty payer's exploration, capital, production, decommissioning and reclamation costs. Capital allowances calculated under the previous royalty system for projects currently under construction are granted under transition rules to the new system.
- (c) The Saskatchewan Resource Credit (SRC) is a credit of 0.75% of the gross revenue value in the calculation of the Basic Royalty payment. The SRC was established to partially offset the Corporation Capital Tax Surcharge and is retained from the current system.

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