AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES

TOPIC: PETROLEUM RESOURCE RENT TAX

REFERENCE: HANSARD 29/05/06, PAGE E92

QUESTION No.BI-44
(Hansard 29/05/06, p.E92)

Senator O'Brien asked about:

What is considered to be a 'reasonable rate of return' under the Petroleum Resource Rent Tax (PRRT)?

ANSWER

The PRRT is a profit-based tax therefore the production tax is not payable until the project generates a profit. , The PRRT is levied on net project income once all exploration, project development and operating expenditures, including appreciation of costs, have been deducted form all assessable receipts. The rate of return above which PRRT will become payable will therefore vary between projects as each project has a unique revenue and cost profile.