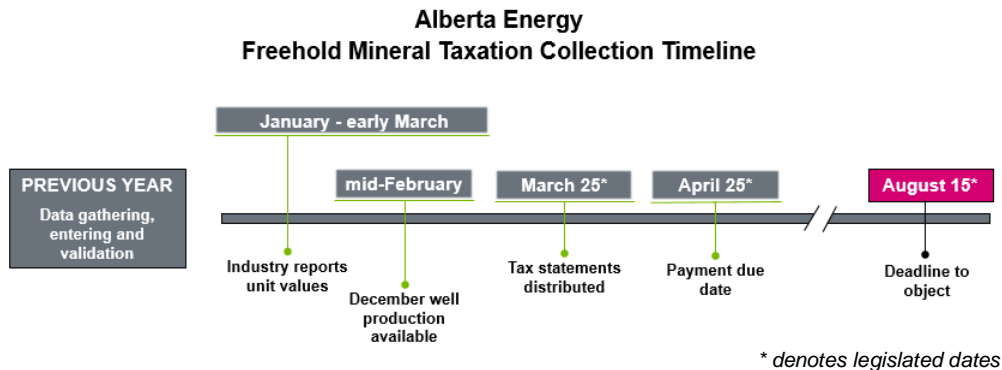


Taxation on Freehold Mineral Rights



The Farmers' Advocate Office (FAO) handles inquiries from freehold mineral owners who have been approached by Alberta Energy for the payment of outstanding freehold mineral tax.

A freehold mineral lease will typically establish an arrangement between the company and the freehold owner for the payment of taxes. The exact nature of this agreement will differ from contract to contract. The freehold mineral tax is based on production of the asset.

Freehold owners should be aware that, notwithstanding anything in the lease agreement, they are ultimately responsible for the payment of the freehold mineral tax under the [Freehold Mineral Taxation Act](#) if the tax remains unpaid by the due date.

Freehold minerals have been subject to some form of provincial production tax since 1938. The current *Freehold Mineral Taxation Act* was established in 1983. The legislation allows that if collection efforts with the designated payer are unsuccessful, the Crown may approach the freehold owner for payment of the outstanding amount. Under the Act, the Crown has the ability to revoke freehold mineral title if these amounts are not paid.

Since the tax is based on production, the amount owing will vary depending on the production reported during the previous calendar year. All producing mineral rights are taxed. A tax exemption of up to \$1600 may be granted in the interest of conservation or of maintaining or increasing the recovery of a mineral. In the vast majority of cases, the tax is successfully collected from the designated payer, but freehold owners should be aware of and plan for this risk.

Learn more about [mineral ownership](#) in Alberta and [freehold mineral tax](#) collection and statistics.

If you have questions about the freehold mineral tax, contact Alberta Energy [780-427-6000](tel:780-427-6000) or email: mintax.energy@gov.ab.ca.