

Backgrounder on Changes to *The Potash Production Tax Regulations*

- *The Potash Production Tax Regulations* would be revised to create a new deduction in the calculation for the profit tax portion of the Potash Production Tax.
- The changes would come into effect January 1, 2010.
- The deduction from income in the calculation of operating profits will equal \$100,000 per year for each new corporate office job, and \$25,000 per year for each existing corporate office job.
- A base job figure would be established based on the number of corporate office jobs each company has in Saskatchewan at the end of 2009.
- Any new corporate office jobs created in the province over the base job figure would receive the higher allowance.
- After five years of receiving the \$100,000 deduction, each new corporate office job will be treated as an existing job at the lower deduction level (\$25,000).
- The impact on Government revenue will depend on the number of corporate office jobs industry creates in response.
- Although there will be some loss in tax revenue, there is also expected to be additional revenue that accrues from increased employment.
- Three companies – Mosaic, PCS, and Agrium – currently operate ten mines in Saskatchewan.
- Potash is the largest single sub-sector within Saskatchewan's mineral industry, employing roughly 6,000 people.
- A number of companies, including both junior and major mining companies, are studying the possibility of developing new potash mines in the province. The changes to *The Potash Production Tax Regulations* should have a positive influence on their deliberations.