

Fiscal Regimes for Guyana's Mining Sector (Small, Medium, & Large-Scale Operations)

Guyana's mining sector is governed by a tax-and-royalty fiscal regime, with specific rules varying by the scale of operations (small, medium, or large) and by the type of mineral. Key legislation includes the Mining Act 1989 (Cap. 65:01), which defines licensing for small, medium, and large-scale mining, the Guyana Geology and Mines Commission (GGMC) Act, and the Guyana Gold Board Act. Environmental obligations are regulated under the Environmental Protection Act 1996, enforced by the Environmental Protection Agency (EPA). Below is an overview of direct fiscal contributions (royalties, taxes, etc., paid on production or income) versus indirect contributions (fees, permits, and other obligations) for each scale of mining, including how each obligation is determined and the governing laws or regulations.

Direct Fiscal Contributions

- I. **Mineral Royalties:** All mineral production is subject to royalties payable to the state (since all subsoil minerals are vested in the State of Guyana under the Mining Act). Royalties are charged ad valorem (as a percentage of the gross production value). For gold, the standard royalty is 5% of production value for all scales (small, medium, and large); however, large-scale mining agreements now commonly apply an elevated 8% royalty when gold prices exceed US\$1,000/oz. Royalties on diamonds are set at 3% of the declared value. Other minerals (such as bauxite and other ores) have royalties defined by regulation or mineral agreements. For example, bauxite operations have historically negotiated royalty rates around 1.5%–3% of the export value (often specified in the mining agreement). The authority to set royalty rates is vested in the Minister responsible for mining under the Mining Act, allowing rates to be adjusted by regulation. These royalty payments are mandated by the Mining Act 1989 and its Regulations, and are collected by the GGMC or, in the case of gold, via the Guyana Gold Board.
- II. **Corporate and Income Taxes:** Mining operators are subject to Guyana's general tax laws (administered by the Guyana Revenue Authority) for corporate income tax and personal income tax. Large-scale mining companies (which are typically incorporated companies) pay corporate income tax on their profits at rates up to 40%, as per the Income Tax Act and Corporation Tax Act. In Guyana, "commercial" companies are taxed at 40% of chargeable profits, whereas "non-commercial" companies are normally taxed at 25%. However, in practice, the fiscal terms for big mining projects are often stabilized through Mineral Agreements: for example, recent large-scale gold mining agreements fix the corporate tax rate between 27% - 30%. Small- and medium-scale

miners are often individuals or local partnerships. The tax regime for gold and diamond production at those scales functions as a withholding (turnover) tax. Specifically, a 2% tax on gross revenue from gold and diamond sales is withheld as a final income tax for small and medium producers. Individual miners are otherwise subject to personal income tax rates of 28% and 40% (on lower- and upper-income bands respectively), Mining employees also contribute via a “tributors” tax of 10% on their earnings in the mining sector, which is a withholding tax designed for mine workers. All these taxes are governed by the Income Tax Act (Cap. 81:01) and related tax laws. Notably, mining companies may receive tax concessions (such as tax holidays or duty/VAT exemptions on imports) under the In-Aid of Industry Act or via investment agreements, but those are conditional incentives rather than standard obligations.

- III. **Export Duties and Withholding on Exports:** Guyana does not levy any separate export duty on minerals exported, apart from the royalties and taxes described above. Once royalty and the 2% tax are paid, gold and diamonds can be exported without an additional export tariff. The 2% turnover tax on gold and diamond sales serves a similar purpose to an export tax, in that it is collected at the point of sale/export and is in lieu of further income tax for small operators. In summary, there is no explicit export levy on mineral shipments; the fiscal take is realized through royalties and income taxes.

Indirect Fiscal Contributions

- I. **License, Permit and Rental Fees (GGMC Fee Structure):** In addition to royalties and taxes, miners must pay various fees to acquire and maintain mining rights. These fees are generally fixed by the Mining Regulations (under the Mining Act) and are often based on the size of the area or type of license. Small-scale mining requires obtaining a claim license after first obtaining a prospecting permit. A small-scale Prospecting Permit (Small Scale) is a general permit that allows the holder to search for minerals within a mining district; it carries a nominal annual fee (about US\$7.50 per year, or GYD \$1,500). Once a location is identified, a Claim License (for a parcel typically 800 x 1500 feet) must be acquired to mine, this has a flat annual rental fee of around US\$10 per claim. Medium-scale operations (150 to 1,200 acres) require two tiers of permits: a Prospecting Permit (Medium Scale) to explore, and upon discovery, a Mining Permit (Medium Scale) to mine. The fees for medium-scale titles are charged per acre: the prospecting permit rental starts at US\$0.25 per acre for the first year, escalating by an additional US\$0.10 per acre each year of renewal (e.g. \$0.35 in year 2, \$0.45 in year 3, etc.). If the holder converts to a mining permit, the Mining Permit (Medium) carries an annual rental of US\$1.00 per acre.

Large-scale operations use a Prospecting License (Large Scale) for exploration (covering between 500 and 12,800 acres) and, if successful, a Mining License for production. The Prospecting License entails an acreage-based fee as well: US\$0.50 per acre in year 1, \$0.60 in year 2, and \$1.00 in year 3 (with similar rates applying if extended up to a 5-year maximum). Additionally, the Mining Act and regulations require large-scale prospecting license holders to post a performance bond equal to 10% of the planned exploration budget each year. Once a Mining License (Large Scale) is granted, the holder pays an annual rental of US\$5.00 per acre of the licensed area. These rental and license fees are paid to the GGMC and are stipulated by the Mining (Amendment) Regulations. In addition to these, there are typically one-time application and processing fees: for example, an application fee of US\$100 is required for a Prospecting License application, and various documentation fees, which are relatively minor. All such fees and rentals are authorized by the Mining Act 1989 and detailed in its Regulations and official fee schedules published by GGMC.

- II. **Environmental Permits and Bonds:** Before any mining operation begins, the operator must obtain an environmental authorization from the EPA in compliance with the Environmental Protection Act (1996). A critical component of this permitting process is the requirement to post an environmental bond or financial guarantee before commencing operations. Under mining regulations, medium-scale miners must post a bond of GYD \$100,000 (approximately US\$500) per operation prior to starting to mine. Small-scale miners have also been typically required to lodge a bond (GYD \$100,000, in practice) as part of their environmental agreement. Large-scale mines negotiate the bond amount with the GGMC based on the scope of the project, and it can be substantially higher (these could range in the millions of US dollars, often tied to mine closure plans).
- III. **Infrastructure and Social Obligations:** Large-scale mining operations often entail significant infrastructure development – sometimes as obligations stipulated by the government, other times as necessary investments by the company that incidentally benefit the public. These are considered indirect contributions because they do not go directly into the government treasury as taxes or fees, but they contribute to the public good. In Guyana, mining licenses (especially for large projects) are typically governed by Mineral Agreements between the company and the government. These agreements may include clauses on infrastructure investment, local content, and community development.

In summary, the indirect contributions related to infrastructure are governed by negotiated license conditions and the broad powers of the Minister under the Mining Act to include such terms, as well

as by environmental and occupational regulations that require mine sites to be safely managed and eventually closed.