

# 2016 Production Cost Summary

For informational purposes only. Based on pre-1990 occupation tax form.

<b>Print or Type</b>	Name of Company	Minnesota Tax ID	FEIN
	Street	<input type="checkbox"/> Check if new address	<input type="checkbox"/> Check if Amended
	City	County	State ZIP code

**Round amounts to the nearest whole dollar**

<b>Tons/ Value</b>	<b>1</b> Gross tons produced (from M30-G, column A, total production) . . . . . <b>1</b> _____ tons
	<b>2</b> Mine value of ore produced (from M30-I, line 1) . . . . . <b>2</b> _____
<b>Nonstatutory Deductions</b>	<b>3</b> Costs of beneficiation (provide a percentage allocation of costs)
	<b>a</b> Labor . . . . . <b>3a</b> _____
	<b>b</b> Supplies . . . . . <b>3b</b> _____
	<b>c</b> Plant depreciation . . . . . <b>3c</b> _____
	<b>d</b> Plant interest . . . . . <b>3d</b> _____
	<b>e</b> Miscellaneous (attach schedule) . . . . . <b>3e</b> _____
	<b>4</b> Stockpile loading . . . . . <b>4</b> _____
<b>5</b> Sales and use tax . . . . . <b>5</b> _____	
<b>6</b> Total of nonstatutory deductions (add lines 3a through 3e, 4 and 5) . . . . . <b>6</b> _____	
<b>7</b> Value of ore at mouth of mine (subtract line 6 from line 2) . . . . . <b>7</b> _____	
<b>Statutory Deductions</b>	<b>8</b> Development (attach schedule) . . . . . <b>8</b> _____
	<b>9</b> Cost of mining
	<b>a</b> Labor . . . . . <b>9a</b> _____
	<b>b</b> Supplies . . . . . <b>9b</b> _____
	<b>c</b> Depreciation on standard plant and motorized equipment . . . . . <b>9c</b> _____
	<b>10</b> Administrative expenses (see instructions for allowable and nonallowable expenses) . . . . . <b>10</b> _____
	<b>11</b> Miscellaneous (attach schedule) . . . . . <b>11</b> _____
	<b>12</b> Royalties, including overriding royalties . . . . . <b>12</b> _____ (amount of overriding royalties: _____)
	<b>13</b> Taxes . . . . . <b>13</b> _____
	<b>14</b> Total statutory deductions (add lines 8, 9a, 9b, 9c, 10 through 13) . . . . . <b>14</b> _____
<b>15</b> Value of current year production (subtract line 14 from line 7) . . . . . <b>15</b> _____	

**Please mail completed form by May 25, 2017.**

Mail to: Minnesota Revenue, Occupation Tax, Mail Station 3331, St Paul, MN 55146-3331

# 2016 Form M30-P Instructions

Form M30-P, the production cost summary, is an informational report used for statistical and cost information. It is based on your pre-1990 occupation tax report. **Please mail completed form by May 25, 2017.**

## Line 1 Gross Tons Produced

Include all production, including acid and flux pellets, chips, fines, concentrate not converted into pellets and direct reduced iron (DRI).

Enter the total of column A from Form M30-G, *Gross Income*.

## Line 2 Mine Value

The value of taconite or iron ore at the mine is subject to change annually. The factors that determine changes in the mine value are the Steel Mill Products Index (SMPI) and the non-equity selling price of taconite products.

Enter the amount from Form M30-I, line 1.

## Nonstatutory Deductions

Nonstatutory deductions are costs not specifically allowed as deductions under M.S. 298 as it was written and effective through 1989. These deductions are a result of court decisions and administrative interpretations.

## Line 3 Beneficiation

The beneficiation process begins at the primary crusher and ends with the pellet loadout from the kiln.

**a) Labor.** Include all costs associated with labor in the beneficiation process as defined above. Do not include the costs of employer-paid benefits (i.e., insurances, pensions, Social Security taxes, worker's compensation insurance), which will be reported on line 11.

**b) Supplies.** Include the costs of expendable supplies allocated to the beneficiation process as defined above.

**c) Plant Depreciation.** The beneficiation plant includes all crushing and beneficiation equipment and facilities; all buildings housing beneficiation and processing machinery, generators, welding and burning equipment, compressors, and all buildings containing machinery and auxiliary equipment within; stockpile conveyors and stacker, tailings basins and reserve water control facilities; and power plants and substations serving these facilities. **Do not include land acquisition costs in the value of these assets.**

The depreciation on a beneficiation plant for taconite facilities is at a 4 percent straight-line rate. The depreciation is limited to 90 percent of the cost of all depreciable assets on hand at the end of the taxable year.

If it becomes apparent that this depreciation rate will not permit recovery of the cost of nonmovable property prior to exhaustion of a mine, a tonnage basis of computing depreciation may be substituted.

**d) Plant Interest.** For the purposes of this information return, **report actual interest paid for the entire plant (capital),** not for normal operations.

**e) Miscellaneous.** Attach a schedule identifying any costs included on this line. Do not include employer-paid benefits such as insurance, pensions, Social Security taxes and worker's compensation insurance. Include these costs on line 11.

## Line 4 Stockpile Loading Costs

If stockpile loading costs are not included in operating costs, they may be reported and deducted here.

## Line 5 Sales and Use Tax

This deduction is for all sales and use tax paid that is expensed, not capitalized.

## Statutory Deductions

Statutory deductions are deductions specifically allowed by M.S. 298 through Dec. 31, 1989.

## Line 8 Development

Stripping and development costs for the purpose of determining deferred development expenses are defined as the cost of clearing the land, removing the surface overburden (glacial drift), and removing any waste iron formation (or Virginia Slate) down to the first layer of mineable iron formation (taconite).

Any waste or lean iron formation removed thereafter is charged to current mining costs. If magnetic taconite is mined beneath a previously mined natural ore mine, the cost of removing the waste iron formation above the first layer of mineable taconite is considered a development expense.

The deferred development expense is deducted on a prorated basis per ton of crude taconite or pellets in the proportion of the current year's production to the total reserve. The computation may be made either on a crude ore or concentrate (pellet) basis, as long as the method is consistent from year to year.

In calculations involving future development expenditures and unamortized expenditures, the tonnages of crude ore or pellets and the cubic yards of surface or waste formation should be in a deductive relationship from year to year unless a new engineering estimate is made. If a new estimate is made, a summary of it must accompany the occupation tax report. Also, all fringe benefits that apply to man-hours in development must be included in development costs, not in mining costs.

Attach a detailed schedule for line 8.

## Line 9 Cost of Mining

Mining is considered to be all activity leading up to and including dumping the crude ore into the primary crusher. It does not include development costs.

**a) Labor.** Include all costs associated with labor in the mining process as defined above. Do not include the costs of employer-paid benefits (i.e., insurances, pensions, Social Security taxes, worker's compensation insurance), which will be reported on line 11.

# 2016 Form M30-P Instructions (continued)

b) **Supplies.** Include all costs of expendable supplies allocated to the mining process as defined above.

c) **Depreciation on Standard Plant and Motorized Equipment.** “Standard plant” includes all administrative offices, labs, garages, shops and associate buildings and equipment (including roads and parking lots); power shovels, drills, compressors, welding and burning equipment, generators and light plants; railroad locomotives, cranes, cars, plows, tracks, roadbeds and associated facilities, conveyors, skip hoists, skipways, screening plants and ore dumping pockets; all of which are used in the movement of crude ore from a mine to a beneficiation plant, or of finished product (pellets, concentrate or merchantable ore) to railroad cars of a common carrier. **Do not include land acquisition costs in the value of assets.**

“Motorized equipment” includes all trucks, automobiles, trailers, dozers, graders and rubber-tired and crawler-mounted cranes.

The rates of depreciation for mining are on a straight-line basis. The standard plant is calculated at a 4 percent rate. Motorized equipment is calculated at a 10 percent rate. Depreciation is limited, however, to 90 percent of the costs of all depreciable assets on hand at the end of the taxable year.

The same election as for a beneficiation plant can be made for a standard plant for use of a tonnage basis for computing depreciation for nonmovable property prior to exhaustion of a mine.

## Line 10 Administrative Expenses

- **Allowable Expenses.** Report general operating and administrative expenses as a single figure on the summary page. These are expenses incurred at the administrative and district offices in Minnesota such as engineering, accounting, management, computer-center, industrial relations, personnel, laboratory (ore analysis), safety, research and experimental expenses. These expenses **must** pertain directly to the mining or beneficiation of taconite.
- **Nonallowable Expenses.** Certain expenses incurred by the district offices in Minnesota, and managing agents or headquarter offices outside Minnesota, are not allowed as deductions. These are functions performed for other aspects of the parent corporation, managing agents, or district office not related to the production of ore.

Examples include work performed for federal income tax requirements, timber operations, management of real-estate holdings or investments in other projects. Also not allowable are MSHA fines, other fines, demurrage charges, contributions, investment expenses, federal income taxes, public-relations expenses, occupation taxes, Minnesota corporate franchise taxes and employee benefits (for other than personnel in a direct relationship to Minnesota operations). Any allowable benefit expenses must be reported on line 11.

Real-estate taxes and ad valorem taxes are not normally allowable deductions. The only exception is land within the general plant and mine parameter containing a mine apparatus. Any real-estate tax paid to the county on such property is an allowable deduction.

- **Partially Allowable Expenses (on a percentage basis).** Some expenses that are allowable from out-of-state headquarters are purchasing, industrial engineering, employee relations, environmental energy and engineering and research expenses, but only if these costs can be directly tied to Minnesota operations. The expenses **must** be allocated on a prorated basis. The allocation of allowable expenses to non-allowable expenses is the same as the allocation of beneficiation labor to mining labor.

## Line 11 Miscellaneous

Includes insurance for Minnesota facilities and equipment plus the employer-paid costs of employee insurances (medical/dental), pensions, Social Security taxes and worker’s compensation insurance. Do not include development expenses.

Attach a detailed schedule for line 11.

## Line 12 Royalties

Include the total royalties paid or accrued on production included on Form M30-I, line 12.

In the space provided, enter the amount reported on line 12 that is attributable to overriding royalties.

## Line 13 Taxes

Enter the total production tax paid from the 2015 taconite production tax report.

## Information and Assistance

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Email: [mining.taxes@state.mn.us](mailto:mining.taxes@state.mn.us)

Phone: 218-744-7424

We’ll provide information in other formats upon request to persons with disabilities.