

MINERAL OPERATIONS INFORMATION BULLETIN

August 1999

Enhancements to the Late Filing Penalty Rules

In continuing to promote the Alberta Advantage by making Alberta a dynamic environment for growth in business and industry, the Department of Resource Development announces further refinements to the late filing penalty structure. These changes respond to the ever changing needs of both government and industry.

The Department is enhancing the penalty administration process to first, maintain consistency and fairness among royalty payers who submit reports by the due date, those who received and paid penalties, and those who have never submitted reports that are now past due.

Gas Royalty penalty administration will do the following:

1. Once a report became overdue, a late filing penalty accrued for the first and each subsequent month or partial month it remained overdue. The Department will charge the penalties that have so accrued from the beginning of 1995 that have not been previously charged, whether or not the reports have been received. This differs from the current administration under which penalties, although accruing monthly on an overdue report, were only charged upon receipt of the report.
2. All late filing penalties so charged will be adjusted however, to bring them in line with the 'new' penalty rules introduced in January 1999. Likewise, late filing penalties charged and paid for 1995 to 1998 will be adjusted to bring them in line with the new penalty rules.
3. The Department will waive any uncharged late filing penalties that accrued for the 1994 production year. Late filing penalties charged and paid for 1994 will not be adjusted or reimbursed.
4. Prior period interest will not be charged on the penalties that accrued but were not charged previously. Prior period interest will not be paid on any refund of a penalty arising from an adjustment that results in a reduction of a penalty previously charged and paid.

This penalty enhancement will be implemented in the calendar month of November 1999 (September 1999 billing period).

The Department will issue reports to assist in the preparation of filing missing documents. These reports should assist in identifying outstanding documents, but will not cover all forms, nor can the reports be relied upon as a completely accurate representation of accrued penalties.

Further details will be issued in upcoming Information Bulletins. Additional information can be obtained by contacting Karin Hammond (780-422-9261) or Mark McTavish (780-422-6684).

Examples:

1) 1997 AC2 Report

Due date: April 15, 1998 (this represents the date that the late filing liability commences)

Date received: June 10, 1999

Previous penalty amount paid: April 1998 to December 1998 (9 months) X \$1,000/month = \$9,000.00
January 1999 to June 1999 (6 Months)X \$100/month = \$ 600.00
\$9,600.00
New penalty amount: April 1998 to June 1999 (15 months) X \$100/month = **\$1,500.00**
Invoice Credit = **\$8,100.00**

2) 1996 AC5 Report

Due date: May 15, 1997 (this represents the date that the late filing liability commences)

Date received: August 12, 1998

Previously paid penalty amount: January 1998 - August 1998 (8 months) X \$1,000/month = **\$8,000.00***

*Penalty charges did not commence until January 1998.

New penalty amount: January 1998 to August 1998 (8 months) X \$100/month = **\$ 800.00**
Invoice Credit = **\$7,200.00**

3) 1997 AC5 Report

Due date: May 15, 1998 (this represents the date that the late filing liability commences)

*Client has not yet filed the AC5 report with the Department

New Penalty amount: May 1998 to November 1999 (19 months) X \$100/month = \$1,900.00

A \$1,900.00 charge will appear on the client's November calendar month (September billing period) invoice and continue at \$100/month until the report is received by the Department.

Carlene Edden
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