Australia to Retain Hefty Mining Tax

Contributed by Tom McGregor
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The embattled Prime Minister Julia Gillard of Australia pledged on Monday to retain a hefty tax on mining profits if she succeeds in establishing a government following deadlocked national polls.
According to AFP, “Gillard said she had brokered an agreement with the mining sector ahead of Saturday’s elections, which ended with neither her center-left Labor Party on the main opposition Liberal/National coalition holding enough seats to govern.”
Gillard informed journalists in Canberra that, “I entered a breakthrough agreement with the Australian miners, our biggest miners, about the Mineral Resources Rent Tax and I will be honoring that agreement.”
PM Gillard pushed a significant deal with mining behemoths’ BHP Billiton, Xstrata and Rio Tinto which will impose a 30 percent tax on coal and iron ore profits, within days of deposing Kevin Rudd as prime minister in a party coup.
As reported by AFP, “the deal effectively watered down Rudd’s original plan to tax all resources companies at a rate of 40 percent of profits – a move which provoked a furious backlash from the country’s most important export sector.”
Tony Abbott, Australia’s Liberal leader, has promised to scrap the levy if he’s elected prime minister and major shares rose Monday on the possibility of him forming a government with BHP shares rising 0.55 percent and Rio Tinto increasing 0.87 percent.
Still, votes are being counted in the national polls of Australia, but a minimum of three independents are preparing to hold the balance of power in parliament and are being charmed by Gillard and Abbott to support their parties.
AFP reports that, “voter concern about the tax particularly that it could drive jobs and investment overseas, is believed to have contributed to Labor’s loss of a swath of seats in the key mining states of Queensland and Western Australia.”
To read the entire article from AFP, Link here:
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