



Freehold Mineral Tax (FMT) Enquiries guide

Information for freehold owners, lessees, and payors about the FMT program and their obligations

FMT roles and assignments

If you are a business, use the [Query FMT](#) function in the Electronic Transfer System (ETS) to find out which role applies to you. Individuals can contact TRA for information about their role.

Lessee: A party that has declared an interest in the Title ID specified as the mineral rights title covering lands associated with the Freehold Mineral lease agreement(s). The lessee is responsible for submitting the Unit Values via ETS for their production entities before the annual tax run. An existing lessee can transfer their lessee role by either title or PE/well, or they can delete their lessee role if there are multiple lessees on the PE/title. A lessee will only be able to see their own role and not the other lessees on the PE/title.

Payor: A party that has agreed to be responsible for remitting payments for FMT. Payors can view the Payor Tax Summary in ETS for a listing of all the titles that they are the assigned payor for and the related tax calculation. Existing payors can transfer their payor role by title but cannot be deleted until a new payor is assigned.

Owner: Title mineral rights owner as registered with Alberta Land Titles.

Production Entity (PE) Administrator: The ETS client responsible for administering the roles within an FMT production entity. The PE Administrator can transfer the PE Administrator by PE/well, or lessee roles and add new lessees.

How are FMT roles assigned?

FMT roles are maintained in ETS.

New well/unit: The unit operator of well licensee is assigned as the PE Administrator, Payor and Lessee.

New title: If the owner of the new title is a company, the company is assigned as the PE Administrator, Payor and Lessee. If the owner of the new title is an individual, the existing PE

Administrator, Payor and Lessee get copied from the previous title. Transferring roles

Select the User Training option in ETS then click on the Online Learning link and select the [FMT Transfer Role](#) module for more information. Role transfers must be completed in ETS.

FMT role assignment email

Emails are automatically generated by the FMT system and sent to the ETS Site Administrator when a new role is assigned to a company due to a new title being entered or if a role is transferred. It is the ETS Site Administrator's responsibility to review the information in the email and ensure the role was assigned correctly. If a role was assigned incorrectly, transfer the role to the correct company via ETS. Contact TRA if you have questions regarding the role assignment.

FMT Calculation

How is the FMT calculated?

The FMT is calculated using the petroleum (oil) and/or natural gas production figures filed with the Alberta Energy Regulator (AER) in March. The production volumes reported for the prior year on the mineral certificate of title owners covering the portion of the land in the spacing unit of the production entity (PE) is used.

A normal oil spacing unit of a quarter section, and a normal gas spacing unit of one section, or a smaller special spacing unit as designated by the AER, is used to calculate the percentage taxed on each title-owners statement.

Unit values are used to determine a fair unique tax assessment for each production entity on each statement. If companies do not wish to file individual calculated unit values, a default price will be used by the Crown.

The tax formula considers the amount of production, the hours of production, value of each unit of production (unit value), the tax rate, owner title percentages, and the

percentages that the title and well(s) hold in the production entities being taxed.

How is the effective tax rate calculated?

The FMT effective tax rate for gas is 6.9% and 26.9% for oil. The effective tax rate is calculated using production volumes, value per cubic metre, and percentage interest in property. With oil there is also a low productivity modifier that is also factored into the calculation, if applicable to the well. Refer to the [Freehold Mineral Rights Tax Regulation Schedule A](#) (for oil) and Schedule B (for natural gas) for more information about the effective tax rate calculation.

Tax Statements and Statements of Accounts

Who receives tax statements?

Freehold Mineral tax statements are sent to all registered freehold title owners, payors and lessees.

Only producing titles with an amount owing greater than \$100 will receive a statement.

A Summary of \$0 tax payable statement is sent to payors that had producing wells during the tax year, but \$0 tax is due for the tax year.

When are tax statements issued?

Tax statements are sent on or before March 25 of each year. Contact TRA if you have not received your tax statement by April 15.

Is there an exemption?

Each title will receive up to a \$1600 exemption, one for oil and one for gas production. If a title has tenants in common, each title owner will receive the exemption.

Are tax statements still sent if the amount owing is less than \$100?

Tax statements with a tax due of less than \$100 after the exemption is applied are not issued to the registered owners, lessees or payors.

How to retrieve a tax statement in ETS

Only businesses can apply for access to ETS. You will require a Business Associate (BA) ID from client registry. See the ETS Account Setup and Preferences module for more information including how to retrieve a tax statement.

Follow these steps to retrieve a tax statement in ETS:

1. Select 'Request Status'.
2. Select 'FMT Payor Statement' from the Form dropdown menu.

3. Enter March 1 and the current year in the 'Start Date' field.
4. Select 'Retrieve'. The tax statement will appear in the results section in ETS.

For more details see [Request Status and Tax Statement Retrieval](#).

Understanding your tax statement

See the Request Status and Tax Statement Retrieval module in the [Freehold Mineral Tax Statement](#) for help understanding your statement.

Revised tax statements

Tax statements can be revised before the statute barred deadline. Revisions are usually due to new or corrected information (e.g., well status changes or corrections to the spacing unit due to pool code changes, enlargement of the area that the multiple well production entity covers, filing of wells production information, unit value calculation errors or omissions and certificates of title and their owners).

Recalculations must be requested by email to mintax.energy@gov.ab.ca and provide the title number(s), year(s) and recalculations.

Statement of account

Statements of account are issued to payors with outstanding balances and can be accessed in ETS. The statement of account is generated monthly and includes interest calculated to the 25th day of the month. Interest will accrue until the balance is paid in full. If the payor is an individual, the statement of account is mailed to them.

Payments

Who is required to pay the FMT?

The Payor on the title as of December 31 of the tax year that appears on the tax statement. Companies that transferred or sold the mineral rights are responsible to make payment arrangements between parties.

Where and how to pay the FMT

FMT is payable by cheque or wire transfer.

Wire transfer:

On or before the date of the wire transfer, email G94deposit@gov.ab.ca and attach a copy of your payor tax summary, statement of account, or tax statement; or indicate your MTX account number. In the email body include the wire transfer amount and payor name.

The required wire transfer details are:

For more information see [Freehold Mineral Tax](#) or [FMT](#) in online learning in ETS

Bank Name: Canadian Imperial Bank of Commerce (CIBC)
Beneficiary Name: PT-Mineral Revenue Account Bank
Address: 10102 Jasper Ave, Edmonton, AB T5J 1W5
Bank No: 010
Swift Code: CIBCCATT
Transit No: 00059
Account No: 00 – 54305

Cheques:

Cheques are payable to the “Government of Alberta” and are to be delivered by mail, courier, or in-person to one of the following offices. If paying by cheque include a copy of either your payor tax summary, statement of account, tax statement or indicate your MTX account number.

Edmonton: North Petroleum Plaza, 9945 - 108 Street NW, Edmonton, AB T5K 2G6

Calgary: 300 AMEC Place, 801 - 6 Avenue SW, Calgary, AB T2P 3W2

How to find out if the tax has been paid?

Contact the payor listed on the tax statement or contact TRA [after](#) the tax due date. You will need the title number or your MTX account number.

Unit value information

Submitting unit values in ETS

Refer to the [Download Unit Values](#) and [Submit Unit Values](#) modules in the ETS Online learning. A listing of your Production Entities(PE) should be downloaded before submitting unit values to ensure they are for the correct PE. If there are multiple lessees on a PE and multiple unit values are submitted, the simple average of all the unit values submitted is used. Submission deadlines vary each year so be sure to check the ETS bulletins for deadline dates.

Unit values

Unit values are split into six code categories

- Heavy Oil (HOIL).
- Light-Medium Oil (LOIL)
- Bitumen (BIT)
- GAS
- Condensate (CON)
- Solution Gas (SOL)

For more information on unit values, please refer to the [unit values guidelines](#)

\$0 unit value

A unit value of \$0.00 is acceptable for PE/products where costs exceed revenues, or where all gas was flared or used

for lease fuel. Do not submit a \$0.00 unit value if you have no interest in the PE, instead, leave it blank and transfer the role(s) to the correct company in ETS.

Unit value methodology

The method of calculating a unit value must be consistent for all properties and all years. To change the unit value methodology (e.g., switching from calculating your own unit values or using Crown default calculated values) contact TRA at mintax.energy@gov.ab.ca and request a methodology change.

An explanation is required as to why you wish to change the methodology. TRA will review the request and approve or deny it. All methodology change requests must be received, reviewed and approved a minimum of two business days prior to the unit value submission deadline.

A combination of calculated and Crown unit values cannot be used, and you cannot switch back and forth between default and calculated unit values.

How is the default unit value calculated?

The default unit value is calculated using the production months from January to December of the tax year. The default unit value for gas is calculated at 80% of the weighted average Crown gas reference prices. The default unit values for oil are calculated on the [Alberta Petroleum Marketing Commission](#) (APMC) average oil prices. The default value for bitumen is calculated on the average Hardisty bitumen prices.

Recalculations and Notice of Objections

What is a recalculation and how do I apply for one?

A lessee may apply for a recalculation when new or updated information is available impacting the FMT calculation.

Amendments can be filed for all non-statute barred years but will only be accepted if all balances owing are paid in full.

Contact TRA to request a recalculation and provide:

- the title number(s)
- PE ID(s)
- what has changed
- tax year

Once TRA reviews the recalculation request they will notify the lessee whether it is approved or denied.

Recalculation refunds or balances owing

Refunds will only be issued to the company that paid the tax. When a recalculation results in a balance owing, the

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registered payor is issued a revised tax statement showing the new amount owing.

Notice of objection to tax

When an interested party (e.g., owner, lessee, or payor) objects to the amount of tax calculated by the Minister, they can apply for a notice of objection to the tax and provide sufficient due cause for the objection. A notice of objection to tax must be received by TRA on or before August 15 of the same taxation year.

All taxes, including interest, must be paid in full before a notice of objection will be reviewed.

A notice of objection to tax payable on a revised tax statement may be made within 90 days after the date of issue of the revised tax statement.

Certificate of Title

Certificate of title transfers

Certificates of Title are issued by the Alberta Land Titles Office, see [land titles change of ownership](#) for more information.

Certificate of title address changes

The address can be updated by completing a [Change of Address form](#). The FMT system will automatically update once the request has been processed by Alberta Land Titles.

For more information

Contact TRA

Visit our website at: www.alberta.ca/freehold-mineral-tax

Phone: 780-427-6000, toll free in Alberta: dial 310-0000 followed by 780-427-6000

Email: MinTax.energy@gov.ab.ca.