

Guide for FMT

Summary of client inquiries

General tax, tax statement, FMT roles, owner information, payor information, unit value information, Amendments (recalculations), revised tax statements and notice of objection to tax and ETS for FMT.

General tax

How is the tax calculated?

Freehold Mineral Tax is calculated on an annual basis against the mineral certificate of title owners covering a portion of the land in the spacing unit of the production entity (PE). The tax is calculated on calendar year petroleum and/or natural gas production figures filed with the Alberta Energy Regulator (AER) in March of the year following the production year.

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.

The tax formula used takes into consideration the amount of production, the hours of production, value of each unit of production (Unit Value), the tax rate, the percentages that the owners hold in the title, and the percentages that the title and well(s) hold in the production entities being taxed. For more information regarding the tax calculation formula, please refer to the Freehold Mineral Tax Regulation Schedule A for Oil and Schedule B for Gas.

Values per unit of production (Unit Values) are used to determine a fair unique tax assessment for each production entity on each statement. If companies

For more information, contact the Freehold Mineral Tax help desk at 780-427-6000 or e-mail MinTax.energy@gov.ab.ca. To call toll-free within Alberta, dial 310-0000 first.

do not wish to file individual unit values, a default price will be supplied by the Crown.

The tax rates are .269 for oil and/or field condensate and .069 for gas and/or solution gas with reductions for low productivity wells.

See the Freehold Mineral Tax Guides for more information or contact the Freehold Mineral Tax help desk at 780-427-6000 or e-mail: MinTax.energy@gov.ab.ca.

To call toll-free within Alberta, dial 310-0000 first. Deaf callers with TTY equipment can reach Alberta government offices by dialing 780-427-9999 in

Edmonton or 1-800-232-7215 in other Alberta locations.

How is the effective tax rate calculated?

The FMT tax rate for Gas is 6.9% and for Oil is 26.9%. The tax rate will not be more than these percentages. The effective tax rate is not a flat rate calculation. It is a result of a formula which takes into account production, value per cubic metre, and percentage interest in property. With oil there is also a low productivity modifier that is also factored into the tax rate, if applicable to the well. Please refer to the [Freehold Mineral Rights Tax Regulation](#) that has all formulas listed in schedule A for Oil and schedule B for Gas on how we calculate tax.

Tax statement information

Who receives tax statements?

Freehold Mineral tax statements are sent to all registered freehold title owners. Copies of the tax statement are sent to the registered Payor and all Lessees.

How do I read the tax statement? See an actual statement on the [FMT website](#).

How do I retrieve statements from ETS?

FMT Tax Statements are available in ETS via the "Request Status" node. Once you are in the Request Status node, select the Form type and ensure that the start date is prior to when the tax was run, we suggest using January 1. Click on the "Retrieve" button and your tax statements should appear in the results section of the screen.

Please note that tax statements are only available to retrieve from ETS for 60 days.

For more information on how to retrieve your tax statements please refer to the [Request Status and Tax Statement Retrieval](#) in ETS online learning.

If no taxes or less than \$100 is owing will I still be sent a statement? Is there an exemption?

As per the [Freehold Mineral Rights Tax Regulation](#), each title will receive 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.

If your tax statement has \$0 due a tax statement will not be sent out. A \$0 statement can be due to low productivity from the well(s) tied to the title, low unit values, the amount of taxes due being less than the \$1600 exemption amount, or a combination of these circumstances.

Tax statements that are under \$100 after the exemption being applied are not sent out to the owners or registered payors. The Department only collects taxes due on a title that are over \$100.

I didn't receive a tax statement, what do I do?

If you were expecting to receive an FMT statement and you didn't, please email MinTax.energy@gov.ab.ca and inquire as to why you didn't receive one. The most common reasons why you may not have received a statement are either you didn't have any tax due for the tax year or your address is not up to date with Alberta Land Titles.

FMT roles

What are the roles?

Production Entity (PE) Administrator –The ETS client responsible for administering the roles within a Freehold Mineral Tax production entity.

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.

Payor – A party that has agreed to be responsible for remitting payments for Freehold Mineral Tax.

Owner – The Fee Simple Certificate of Title mineral rights owner as registered with Alberta Land Titles.

What roles do I have?

To determine which Freehold Mineral Tax roles your company has you can use the Query FMT function in ETS. Please refer to the ETS Online Learning for instructions on how to use the [Query FMT](#) in ETS. Mineral tax is dependent upon industry to maintain the acquisition and divestment of interest on the FMT web interface in ETS.

Who can transfer roles and how do I transfer?

The PE Administrator can transfer the PE Administrator or Lessee roles. They can also add Lessees. An existing Lessee can transfer their Lessee role. If there are multiple Lessees on the PE/Title, then they can also delete their Lessee role. Note that only a PE Administrator can see if there are multiple Lessees tied to the PE/Title. If you are a Lessee you will only be able to see your Lessee role. Existing Payors can transfer their Payor role. Payor roles cannot be deleted.

FMT roles are maintained using ETS. Any role transfers must be done via ETS. Only active titles can have their roles transferred/changed. Prior to transferring any roles in ETS, it is recommended that you Query FMT in ETS to confirm that the roles you want to transfer are valid and that you have the most current role information. When roles are transferred they must go through a concurrence process where the PE Administrator must concur to the role transfer request. For further information on how to transfer your FMT roles in ETS, please refer to [FMT Transfer Role](#) in the ETS online learning.

How are FMT roles assigned?

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: They get assigned as the PE Administrator, Payor and Lessee.

If the owner of the new title is an individual: The PE Administrator, Payor and Lessee gets copied from the previous title.

I received a “FMT Role Assignment” email, what is this and what does this mean?

These emails are automatically generated by the FMT system when a new role is assigned to a company. This can be due to a new title being entered or if a role is transferred. The email is sent to the FMT ETS Site Administrator. The email will include the ETS account ID, the role that was assigned (Lessee, PE Admin or Payor), the Production Entity and the Title ID. It is the company's responsibility to ensure that their FMT roles are correct. You should review the information provided in the email and ensure that the role was assigned correctly. If you have questions regarding the email please do not reply to the email as you will not receive a response. You will have to forward the email or create a new email and send it to MinTax.energy@gov.ab.ca.

I've been assigned an FMT role and I should not have been, what do I do?

If you have a role assigned to you and it should not be, you may transfer the role to the correct company via ETS. Please refer to [FMT Transfer Role](#) in the ETS Online Learning.

I need to transfer all my roles. What order should I do them in/which ones can be transferred together?

Payor role needs to be transferred by title. PE Admin role needs to be transferred by PE/well. Lessee can be transferred by either title or PE/well.

Transfer the PE Admin role first. Then transfer the Lessee/Payor roles together.

Owner information

How do I find out if the tax has been paid?

To find out if your tax has been paid you may contact either the Payor listed on your tax statement or the Alberta Department of Energy to find out if your taxes have been paid. Please do not call the Department until after the tax due date to find out if the taxes have been paid. If you are calling the department, please have your Title number or your MTX account number ready.

How do I update my address or transfer my Certificate of Title?

Your address can be updated at the Alberta Land Titles Office. You will be required to fill out a [change of address form](#).

Once your address change request has been processed by Alberta Land Titles, the FMT system will automatically be updated.

Certificates of Title are issued by the Alberta Land Titles Office. To transfer your title you may contact the Alberta Land Titles Office and fill out the required documentation. More information on how to change title ownership can be found on the [Alberta Land Titles website](#).

Payor information

Where and How do I pay the taxes?

Payment of your annual Freehold Mineral Taxes can be made at either the Edmonton or Calgary offices. Payments can be sent via mail, courier or dropped off in person at the following addresses:

Edmonton:

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

Calgary:

300 AMEC Place
801 – 6 Avenue SW
Calgary, Alberta T2P 3W2

FMT is payable by cheque or wire transfer. Please make cheques payable to the “Government of Alberta”. The wire transfer information is as follows:

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

Please include sufficient back-up to assist with allocating the payment. Either your Payor tax summary, statement of account, a copy of the tax statement(s) or the MTX account number(s) would be acceptable.

What do the following terms mean? Summary of \$0 Tax Payable, Payor Tax Summary and Statement of Account.

The Summary of \$0 Tax Payable is sent to Payors that had producing wells during the tax year but \$0 tax is due for the tax year. \$0 tax due can be due to low productivity from the well(s) tied to the title, low unit values, the amount of taxes due being less than the \$1600 exemption amount, the tax due on a title is under \$100, or a combination of these circumstances.

The Payor Tax Summary is a listing of all the titles that went through the tax calculation for the tax year that the company is listed as the Payor for. Often the Payor Tax Summary is submitted along with the payment for FMT. It is a useful summary to ensure that all titles are being paid in full.

FMT Statements of Accounts are sent to Payors of Freehold Mineral Tax that have outstanding taxes due. The statement of account has the interest calculated on the overdue amount to the 25th day of the month it is issued. The Statements are generated on the third business day of the month and are available for the Payor to download via ETS.

If I only owned the mineral rights for a portion of the year, who is responsible to pay the taxes?

Only one payor tax statement is created per title and it is sent to the company that is listed as the Payor on a title as of December 31 of the tax year. That is the company that is billed for the taxes. It is up to the companies that transferred/sold the mineral rights to work out payment arrangements amongst themselves. If you believe you should only be paying the FMT for a portion of the year, you need to make the arrangements and agreements with the other company.

Unit Value Information

How do I submit Unit Values in ETS and what is the deadline?

Please refer to the [Download Unit Values](#) module and the [Submit Unit Values](#) module in ETS Online learning. It is recommended that you download your unit values before you submit them to ensure that you are submitting unit values for the correct PE. Note that if there are multiple Lessees on a PE and multiple unit values are submitted, we take the simple average of all the unit values submitted.

The deadline for submitting unit values varies year to year.

What are the three different types of Petroleum that FMT is calculated on?

Effective the 2012 tax year, petroleum default and industry submitted unit values have been split into three petroleum code categories, Heavy Oil (HOIL), Light-Medium Oil (LOIL) and Bitumen (BIT). Heavy Oil is defined as oil that has a density greater than or equal to 900 kilograms per cubic metre, Light Oil is defined as oil that has a density less than 900 kilograms per cubic metre. Bitumen is defined as oil that is reported as crude Bitumen production.

Do I submit a \$0 Unit Value?

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

or used for lease fuel. Only submit a value of \$0.00 if the unit value calculation is \$0.00. Do not submit a \$0.00 unit value if you have no interest in the PE. If you have no interest in the PE leave it blank and transfer the role(s) to the correct company in ETS.

I want to change from submitting our own calculated unit values to using the Crown calculated unit values, or change from using the Crown calculated default unit values to submitting our own calculated unit values, how do I do that?

The method of calculating a Unit Value for FMT must be consistent for all properties and all years. If you wish to change your unit value methodology (calculating your own unit values and changing to using Crown calculated, or using Crown calculated values and changing to calculating your own) you must contact the Department and request a methodology change. You will be asked to provide a valid reason as to why you wish to change your method of calculating unit values. The Department will then review your request and either approve or deny your request. Any requests to change methodology need to be received, reviewed and approved prior to the unit value submission deadline. Please allow at least 2 business days for your request to be reviewed. You may email your methodology change request to MinTax.energy@gov.ab.ca.

How is the default unit value calculated?

Alberta Energy calculates the default unit values using the productions 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.

Amendments (Recalculations), Revised Tax Statements and Notice of Objection to Tax

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

A recalculation is done to have any new or corrected information amended on your tax statement. Recalculations are done on an as-needed basis and are generally done near the end of the month. Amendments can be filed for all non-statute barred years. To request a recalculation based on new or updated information, email MinTax.energy@gov.ab.ca. You will be asked to provide the title number(s) and the PE ID(s), as well as the information being amended and for which tax year it applies to. Please note that only lessees may apply for a recalculation. Once the FMT area receives your recalculation request it will be reviewed and you will be notified if your request has been approved or denied. Before a recalculation can be done on a title, all taxes need to be paid in full, including interest.

Why did I receive a revised tax statement?

Tax statements can be revised before the statute barred deadline. This timeframe includes any time on or before December 31 of the third year following the end of the production year. Revisions are usually due to new or corrected information and can be the result of well status changes or corrections to the spacing unit due to pool code changes etc., 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.

Who gets the refund or makes the payment when a recalculation is done?

When a recalculation is done and there is a positive balance that needs to be refunded, the refund will be issued to the company that paid the tax. When a

recalculation results in a balance owing, the registered Payor is issued a revised tax statement that has the new amount owing.

What are the statute barred dates?

Effective the 2015 tax year, industry has 3 years to edit, amend or submit new information regarding their freehold mineral taxes. For tax years prior to 2015, industry has 4 years to edit, amend or submit new information.

What is a Notice of Objection to Tax and how do I apply for one?

A Notice of Objection to Tax is when an interested party (Owner, Lessee, Payor) objects to the amount of tax calculated by the Minister. To apply for a notice of objection to tax you must contact Alberta Energy and provide sufficient due cause for the objection. The objection will be reviewed and you will be notified of the decision. Any objections to tax must be received by the Department on or before August 15 in the year following the taxation year. An objection to tax payable on a new or corrected statement may be made within 90 days after the date of issue shown on the new or correct tax statement. Before an objection may be made all taxes (including any interest) must be paid.

ETS for FMT

Who can apply for ETS FMT access and how do I apply?

In order to apply for FMT access in ETS your company is required to have a Business Associate (BA) ID that is issued by Client Registry. If your company does not have a BA ID you will have to request one from Client Registry. You should only be requesting FMT access in ETS if you have business with FMT. To apply for access, see [Accounts administration](#) in online learning.

What is FMT access in ETS used for?

ETS is used by FMT users to maintain the FMT roles (transfer, delete and concur to requests), retrieve tax statements, download and submit unit values and to query FMT. ETS online learning offers [FMT information](#).