

Mali - New Mining Code

By **Alban Dorin**

A new ordinance on the new mining code of the Republic of Mali dated 27 September 2019 has been published with the official gazette on 30 October 2019 (the "**New Mining Code**").

The New Mining Code contains a number of provisions amending the previous mining code dated 27 February 2012 (the "**2012 Mining Code**"). The New Mining Code includes in particular the following significant changes:

- limitation of the tax stabilization period from 30 years to 10 years for exploitation licenses (but stabilization now extends to exploration licenses) – please also refer to our comment below in relation to a possible extension to 20 years;
- reduction of the term of the exploitation license from 30 years to 10 years (renewable by periods of 10 years until depletion of reserves);
- increase of the term of the exploration license from 8 to 9 years;
- corporate income tax capped at 25% limited to 3 years as from the date of first commercial production (against 15 years in the 2012 Mining Code);
- removal of the 3-year VAT exemption during production phase;
- end of exemptions on community or importation taxes or customs duties;
- compliance of the title holder with the Kimberley process, the EITI standards and the Minamata convention on mercury;
- removal of the authorization for prospection (*autorisation de prospection*);
- creation of an escrow account to fund rehabilitation obligations;
- extension of environmental protection obligations to the exploration phase;
- disclosure of mining conventions on the internet website of the Ministry of Mines ;
- reorganization of the classification of mineral substances and extension of the special tax on mineral products (ISCP) to all mineral substances;
- possible award of mining titles by tender; and
- creation of a local development fund (in which mining companies shall contribute up to 0.25% of their turnover).



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Note that the mining titles issued before the effective date of the New Mining Code remain valid and their relevant stabilization provisions continue to apply (subject to compliance with certain specific environmental, health and safety and social requirements of the New Mining Code).

However, holders of mining titles may opt to be governed by all the provisions of the New Mining Code within twelve (12) months of its entry into force. A decree will also have to be enacted to implement the New Mining Code.

One of the main changes brought by the Mining Code is the shortening of the tax and stability period from 30 to 10 years for exploitation licenses. Recent press releases suggest that the duration of the stabilization

period would have been extended to 20 years based on a statement of the Minister of Mines, but on the date of this article, no amendment has to our knowledge been published in this respect. In any case, the duration of the new stabilization period is likely to exceed the life of mine of most of the mining projects in the country.

The significant impact for most of the projects may therefore rather be the changes in the tax and customs regime during the exploitation phase, such as the end of the 3-year VAT exemption and other tax and custom exemptions, as well as the new contribution to a local fund, which may increase the tax burden for the new mining companies and existing companies opting for the application of the New Mining Code.

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