

Macro-Economy | Business Economy | Industrial Economy | Regional Economy

Home > News > Full article

Select

Search

## New tax looms for coal miners

2010/11/3 0:00:00 Source: Global Times

Market jitters over inflationary pressures are making it highly unlikely that a new resource tax will be levied on coal mining companies before the year's end, analysts said Monday. When the new tax does kick in, coal producers will pay between 3 and 5 percent on the actual selling price of coal, the Chinese-language Economic Information newspaper reported yesterday, citing unnamed sources.

The tax is similar to one imposed on crude oil and natural gas from the Xinjiang Uygur Autonomous Region starting back in June.

Current coal resource taxes are based on volume rather than price, and charged at 8 yuan (\$1.2) per ton for coking coal, which is primarily used for iron and steel making. Per ton prices for other types of coal are forecast to increase by 3 yuan (\$0.45).

"The volume-based tax is equal to approximately a 1 percent tax on the selling price, (which will mean) the new tax calculation method will increase costs for coal miners," Song Zhichen, an energy-sector analyst with Shenzhen-based CIC Industry Research Center, told the Global Times.

Even though the highly profitable coal sector should be able to absorb rising costs, they will likely pass the increase on to downstream industries, Song said.

If the new tax plan is adopted, power producers will suffer the most, as they are unable to pass the costs on to end users as the government sets electricity prices.

To date, power producers in 10 provinces have incurred losses this year, according to

China Electricity Council's report last Friday.

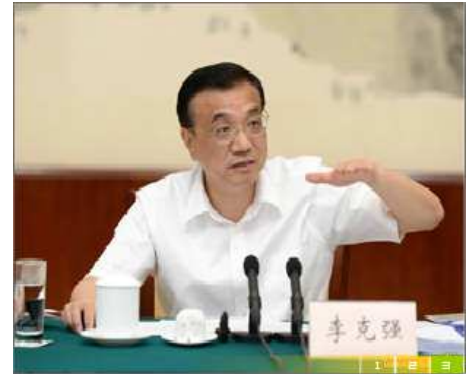
Despite the government's efforts to push for renewable resources including nuclear, wind and solar power, coal currently still remains the nation's main source of power and heat.

Coal prices have already reached a new high in the third quarter, up 15 percent year-on-year.

Meanwhile, the consumer price index (CPI), an indicator of inflation, increased by 3.6 percent in September, and CPI growth could rise higher in October, economists have predicted.

In view of inflationary pressures and losses at power producers, the new tax plan might not be enacted soon, CIC Industry Research Center's Song noted.

Another market watcher had a slightly different take on the new tax plan, stating that it will most likely be implemented early next year, said Yu Hongjie, an energy consultant with Adfaith Management Consulting.



Ministry of Commerce held a press confer  
Apple CEO met China Mobile head, talked  
Tax reform pilot programme to go nationw  
Open Changsha Invites Overseas Capital  
Changsha Secretary Yi Lianhong Meets Imp  
World Bank to Provide Loans of 500 Milli  
Hunan, Taiwan Sign Friendly Cooperation

[Related News](#)

[More>>](#)

[Site Map](#) | [About Us](#) | [Services](#) | [Links](#) | [Statement](#)

Operated by Investment Promotion Agency of MOFCOM

Add: No.82 Donganmen Street Beijing China (100747)

Copyright by Invest in China

Tel: (86-10) 85226708 (86-10) 85226702

Fax: (86-10) 85226522 (86-10) 85226521

E-mail: [service@fdi.gov.cn](mailto:service@fdi.gov.cn)

ICP Record No.: Beijing ICP 06041048