



ADMINISTRATIVE RULES OF MONTANA



42.25.1113 LABOR COSTS

- (1) Labor expenses will include amounts paid to employees, up to and including, mine and mill foremen and superintendents. No deduction will be allowed for any person or officer not actually engaged in the mining or milling operations. Labor expenses will be deductible to the extent they relate specifically to the mining and processing operations up to the point of mineral valuation for the following functions:
 - (a) overburden removal;
 - (b) drilling and blasting;
 - (c) loading;
 - (d) hauling;
 - (e) crushing;
 - (f) washing, sorting, and screening;
 - (g) drying;
 - (h) testing to satisfy federal and state health and safety laws;
 - (i) plant security;
 - (j) assaying and sampling;
 - (k) reclamation;
 - (l) engineering and geological services performed in Montana for existing operations; and
 - (m) equipment maintenance.
- (2) Labor expenses are not deductible for the following functions:
 - (a) accounting and bookkeeping;
 - (b) legal;
 - (c) management above the superintendent level;
 - (d) engineering and geological services performed out of Montana or related to exploration;
 - (e) janitorial;
 - (f) laboratory work except as allowed in (h) and (j) above; and
 - (g) any other labor expenses incurred beyond the point of mineral valuation.

- (3) The following items may be included in the amounts deducted for the functions listed in (1) :
- (a) wages and salaries;
 - (b) overtime;
 - (c) holiday and vacation pay;
 - (d) shift differentials;
 - (e) payroll taxes;
 - (f) health and welfare benefits;
 - (g) safety clothing;
 - (h) locker and shower facilities;
 - (i) meal expenses;
 - (j) bonuses;
 - (k) safety training;
 - (l) transportation to the mine provided by employer;
 - (m) workers' compensation insurance; and
 - (n) retirement fund contributions provided for in labor contracts.
- (4) Accounting records for labor expenses must be maintained by the taxpayer. These records must include contemporaneous man-hour logs for employees who do not work 100% of their time in one of the functions listed in (1) or who are involved in processing minerals both up to and beyond the point of mineral valuation.

Authorizing statute(s): Sec. 15-23-108, MCA

Implementing statute(s): Sec. 15-23-503, MCA

History: NEW, Eff. 4/5/74; AMD and TRANS, from ARM 42.22.1113, 1986 MAR p. 2072, Eff. 12/27/86; AMD, 1988 MAR p. 2507, Eff. 11/24/88; AMD, 2000 MAR p. 2988, Eff. 10/27/00.