

**A CRITICAL REVIEW OF THE CURRENT INCOME TAX HOLIDAY
GRANTED TO MINING COMPANIES IN PROMOTING
INVESTMENTS IN THE MINING INDUSTRY**

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ABSTRACT

This study was conducted to analyze the effectiveness of the current Income Tax Holiday granted to mining companies in promoting investments in the mining industry. It also aimed to determine the advantages and disadvantages of granting Income Tax Holidays to mining companies, the effect of its temporary suspension, and the recommendations based on research findings in promoting investments.

This is a qualitative study using content analysis research design in order to analyze Income Tax Holiday granted to Mining Companies for a period of eight years which is the maximum number of years of availment.

The study showed that income tax holiday granted to mining companies is effective and proven to be beneficial in their early life-cycle. The early stage of operation is very crucial because after years of exploration which requires heavy capitalization, the early stage of their commercial operation is when they slowly recover the losses obtained

during the exploration stage of mining. Thus, with the benefit of income tax holiday, the losses that the company incurred may slowly be recovered.

It is concluded that mining companies invest in the country because of the potential mineral resources. Other considerations of investment are the general business environment, legal system and availability of human resource. The income tax holiday acts as a promotional tool but is not really a major consideration in investment as reflected in the number of mining companies that availed of it.