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| **EXPOSURE DRAFT** |

Income Tax Assessment (1997 Act) Amendment (Critical Minerals) Regulations 2025

I, the Honourable Sam Mostyn AC, Governor‑General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following regulations.

Dated 2025

Sam Mostyn AC

Governor‑General

By Her Excellency’s Command

Dr Jim Chalmers **[DRAFT ONLY—NOT FOR SIGNATURE]**

Treasurer

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1 Name

 This instrument is the *Income Tax Assessment (1997 Act) Amendment (Critical Minerals) Regulations 2025*.

2 Commencement

 (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

| Commencement information |
| --- |
| Column 1 | Column 2 | Column 3 |
| Provisions | Commencement | Date/Details |
| 1. The whole of this instrument | The day after this instrument is registered. |  |

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

 (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

 This instrument is made under the *Income Tax Assessment Act 1997*.

4 Schedules

 Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

Income Tax Assessment (1997 Act) Regulations 2021

1 At the end of Part 3‑45

Add:

Division 419—Critical minerals

Subdivision 419‑A—Tax offset for expenditure for producing critical minerals in Australia

419‑20.01 CMPTI processing activity—high purity alumina

Kind of processing activity

 (1) For the purposes of subparagraph 419‑20(1)(b)(ii) of the Act, a processing activity is prescribed if it is of a kind that:

 (a) substantially transforms a feedstock containing aluminium through extractive metallurgical processing; and

 (b) is not beneficiation (including grinding, crushing, floating and other mechanical processing); and

 (c) is not manufacturing.

Outcome of processing activity

 (2) For the purposes of subparagraph 419‑20(1)(b)(iii) of the Act, a kind of outcome for this kind of processing activity is where high purity alumina with a purity of at least 99.99% is produced.

Note: For the processing activity to be a CMPTI processing activity, a substantial purpose for carrying on the processing activity must be to achieve the outcome mentioned in this subsection (see paragraph 419‑20(1)(b) of the Act).

419‑20.02 CMPTI processing activity—graphite

Kind of processing activity

 (1) For the purposes of subparagraph 419‑20(1)(b)(ii) of the Act, a processing activity is prescribed if it is of a kind that:

 (a) substantially transforms a feedstock containing graphite by using chemical or thermal purification; or

 (b) reduces the size of the particles of graphite in a feedstock; or

 (c) shapes the particles of graphite in a feedstock;

and it is neither beneficiation (including grinding, crushing, floating and other mechanical processing) nor manufacturing.

Outcome of processing activity

 (2) For the purposes of subparagraph 419‑20(1)(b)(iii) of the Act, the following kinds of outcome are prescribed:

 (a) for the kind of processing activity mentioned in paragraph (1)(a) of this section—the total graphitic carbon content of the feedstock is increased;

 (b) for the kind of processing activity mentioned in paragraph (1)(b) of this section—the particles have a substantially more uniform size;

 (c) for the kind of processing activity mentioned in paragraph (1)(c) of this section—the particles have a substantially more spherical shape.

Note: For the processing activity to be a CMPTI processing activity, a substantial purpose for carrying on the processing activity must be to achieve the relevant outcome mentioned in this subsection (see paragraph 419‑20(1)(b) of the Act).

419‑20.03 CMPTI processing activity—precursor cathode active material

Kind of processing activity

 (1) For the purposes of subparagraph 419‑20(1)(b)(ii) of the Act, a processing activity is prescribed if it is of a kind that:

 (a) substantially transforms a feedstock containing one or more critical minerals into an output that is chemically distinct from the feedstock; and

 (b) is not beneficiation (including grinding, crushing, floating and other mechanical processing); and

 (c) is not manufacturing.

Outcome of processing activity

 (2) For the purposes of subparagraph 419‑20(1)(b)(iii) of the Act, a kind of outcome for this kind of processing activity is where:

 (a) precursor cathode active material is produced; and

 (b) the material contains one or more critical minerals; and

 (c) the material is suitable for use in the manufacturing of cathode active material for lithium‑ion batteries.

Note: For the processing activity to be a CMPTI processing activity, a substantial purpose for carrying on the processing activity must be to achieve the outcome mentioned in this subsection (see paragraph 419‑20(1)(b) of the Act).