

INTERPRETATION NOTE: NO. 92

DATE: 24 October 2016

ACT : VALUE-ADDED TAX ACT NO. 89 OF 1991
SECTION : SECTIONS 16(2)(f) AND 16(3)(c) TO (n)
SUBJECT : DOCUMENTARY PROOF PRESCRIBED BY THE COMMISSIONER

Preamble

In this Note unless the context indicates otherwise –

- “**section**” means a section of the VAT Act;
- “**VAT**” means value-added tax;
- “**VAT Act**” means the Value-Added Tax Act No. 89 of 1991; and
- any other word or expression bears the meaning ascribed to it in the VAT Act.

1. Purpose

This Note prescribes the documentary proof required under section 16(2)(f) that must be obtained and retained by a vendor (or the vendor's agent) to substantiate the vendor's entitlement to a deduction as contemplated in section 16(3)(c) to (n).

2. The law

The relevant sections of the VAT Act are quoted in the **Annexure**.

3. Documentary proof

The table below lists the documentary proof required for deductions under sections 16(3)(c) to (n).

The vendor must be in possession of all documents pertaining to the relevant deduction reflected in the table below at the time a return for the deduction is furnished and must retain such documents for a period of five years from the date of the submission of the return or five years from the end of the relevant tax period.

| Item | Description of supply | Documentary proof required |
|----------|--|--|
| A | Indemnity payments ¹ [section 16(3)(c)] | a) Copy of the original insurance contract including an electronic or voice-recorded copy where applicable b) Proof that the supply of the contract of insurance is a taxable supply at the standard rate, for example a copy of the insurance contract or the tax invoice c) Proof that the indemnity payment (in money) was made, for example, payment advice, bank statement or internet payment confirmation d) Proof that the goods supplied are in the Republic or that the services are physically performed in the Republic at the time of the supply, for example a copy of the insurance contract or delivery note signed by the recipient |
| B | Betting transactions: Awarding of a prize or winnings [section 16(3)(d)] <i>Money</i> <i>Off-setting of prize or winnings</i> <i>Goods and services (including a taxable supply of goods previously acquired as second-hand goods but excluding fixed property)</i> <i>Taxable supply of fixed property</i> | Proof of payment of the money is required, for example, payment advice, bank statement, internet payment confirmation etc. if the prize or winnings constitute money. Proof of such off-setting, for example journal entries in the accounting records of the vendor if the prize or winnings is used as a means to off-set the prize winner's debt owing to the vendor. The tax invoice for the acquisition of the goods or services and the date that the prize was awarded if a prize awarded constitutes goods or services. a) Tax invoice/a deed of sale containing the information as required under section 20(4) b) Proof of payment |

¹ See Binding General Ruling (VAT) No. 14 dated 18 March 2016 "The VAT Treatment of Specific Supplies in the Short-term Insurance Industry".

| Item | Description of supply | Documentary proof required |
|----------|---|---|
| | <p><i>Second-hand goods: Other than fixed property acquired under a non-taxable supply</i></p> <p><i>Second-hand, repossessed and surrendered goods: Fixed property acquired under a non-taxable supply</i></p> | <p>a) A copy of the completed VAT 264 form</p> <p>b) Proof of payment</p> <p>c) A photocopy of the supplier's identity document or valid driver's licence should the supplier be a natural person</p> <p>d) A photocopy of the name and any legally allocated registration number of the supplier issued by the relevant regulatory authority, for example, the Company and Intellectual Property Commission, where the company is registered in the Republic, appearing on the letterhead or other similar document</p> <p>a) A copy of the completed TDC01 form</p> <p>b) A copy of the purchase or sale agreement</p> <p>c) A photocopy of the supplier's identity document or valid driver's licence should the supplier be a natural person</p> <p>d) A photocopy of the name and any legally allocated registration number of the supplier issued by the relevant regulatory authority, for example, the Company and Intellectual Property Commission, where the company is registered in the Republic, appearing on the letterhead or other similar document</p> |
| C | Betting transactions: National Lottery Distribution Trust Fund [section 16(3)(dA)] | Proof of payment to the National Lottery Distribution Trust Fund, for example, payment advice, bank statement or internet payment confirmation |
| D | Betting transactions: Provincial betting taxes payable in terms of the Provincial Revenue Fund [section 16(3)(e)] | <p>a) Copy of the return for the betting tax submitted to the relevant Province</p> <p>b) Proof of payment of the betting tax paid to the relevant Provincial Revenue Fund, for example, payment advice, bank statement or internet payment confirmation</p> |

| Item | Description of supply | Documentary proof required |
|------|---|---|
| E | <p>Adjustments: Increase in taxable application or use of goods or services [section 16(3)(f)]</p> <p><i>Goods or services acquired on a date falling within a period of 5 years immediately preceding the date of the adjustment:</i></p> <ul style="list-style-type: none"> • <i>Goods or services</i> • <i>Importation of goods</i> <ul style="list-style-type: none"> ➤ <i>Documents under section 16(2)(d)</i> ➤ <i>Documents under section 16(2)(dA) (On or after 1 April 2015)</i> <p>• <i>Second-hand goods: Other than fixed property</i></p> <p>• <i>Second-hand goods: Fixed property</i></p> | <p>Tax invoice and proof of the open market value</p> <p>For purposes of deducting the VAT paid on the importation of goods where the bill of entry or such other document prescribed by the Customs and Excise Act reflects the vendor as the importer the vendor must be in possession of the following documentation:</p> <ul style="list-style-type: none"> • An “EDI Customs Status 1 Release Message”. • A valid bill of entry or other document prescribed by the Customs and Excise Act (for example, form SAD 500 and/or any additional SAD document that might be required). • The amount of tax paid and the receipt number reflected on the receipt issued on eFiling relating to the payment of such tax. <p>The vendor must possess a statement containing the following particulars:²</p> <ul style="list-style-type: none"> • The full and proper description of the goods. • The quantity or volume of the goods. • The value of the goods. • The amount of tax paid and the receipt number reflected on the receipt issued on eFiling relating to the payment of such tax. <p>Records required under item B, Second-hand goods: Other than fixed property acquired under a non-taxable supply.</p> <p>Records required under item B, Second-hand goods: Fixed property acquired under a non-taxable supply.</p> |

² See section 54(3)(b).

| Item | Description of supply | Documentary proof required |
|----------|--|--|
| | <ul style="list-style-type: none"> • <i>Second-hand goods: Shares in a share block company</i> • <i>Goods or services acquired on a date prior to a period of 5 years immediately preceding the date of the adjustment</i> | Records required as listed above under Second-hand goods: Fixed property. <ol style="list-style-type: none"> a) Copy of the asset register (where relevant) b) Copy of the financial statements c) A calculation (using the formula provided in the VAT Act) reflecting the determination of the amount of the deduction |
| F | Documentary proof obtained after input tax or a deduction was denied under section 16(2) [section 16(3)(g)] <i>Input tax</i> <i>Deductions</i> | See the relevant documentary proof required under section 16(2)(a) – (e). See the relevant documentary proof required in this Note. |
| G | Adjustments: Input tax in respect of a non-taxable portion of a supply which is deemed to be a taxable supply of goods or services [section 16(3)(h)] <i>Goods or services acquired on a date falling within a period of 5 years immediately preceding the date of the adjustment:</i> <ul style="list-style-type: none"> • <i>Goods or services</i> • <i>Importation of goods</i> • <i>Second-hand goods other than fixed property</i> • <i>Second-hand goods: Fixed property</i> • <i>Second-hand goods: Shares in a share block company</i> | Tax invoice and proof of the open market value. Records as required under item E, Importation of goods. Records required under item B, Second-hand goods: Other than fixed property acquired under a non-taxable supply. Records required under item B, Second-hand goods: Fixed property acquired under a non-taxable supply. Records required as listed above under Second-hand goods: Fixed property. |

| Item | Description of supply | Documentary proof required |
|----------|--|---|
| | <i>Goods or services acquired on a date prior to a period of 5 years immediately preceding the date of the adjustment</i> | Records required under item E, Goods or services acquired on a date prior to a period of 5 years immediately preceding the date of the adjustment. |
| H | Redemption of tokens, vouchers or stamps [section 16(3)(i)] | <ul style="list-style-type: none"> a) The redeemed token, voucher or stamp b) Proof that the underlying supply of goods or services was taxable at the rate of 14% |
| I | <p>Properties in possession [section 16(3)(j)]</p> <p><i>Unrecovered loan balance</i></p> <p><i>Acquisition of the property by the vendor (for example at a sale in execution)</i></p> <p><i>Subsequent sale of the property by the vendor</i></p> | <p>A copy of the accounting records reflecting the outstanding balance or a certificate of balance.</p> <ul style="list-style-type: none"> a) A copy of the loan agreement b) A copy of the court order authorising the sale in execution and a copy of the writ of execution (not required in the case of abandonment) c) A copy of the sale agreement as presented by the sheriff's auctioneer at the sale in execution or the judgment or authorisation document in the case of an abandonment authorised by the Master of the High Court d) Proof of payment for the acquisition and in respect of amounts paid to third parties and accounting entries to account for the purchase or 'buy in' price paid e) Proof of registration in a deeds registry of the property in the name of the vendor f) A declaration by the person whose property has been sold stating that the property had not been held or applied for the purpose of making taxable supplies <ul style="list-style-type: none"> a) Copy of the deed of sale b) Proof of payment received in respect of the subsequent sale of the property by the vendor |

| Item | Description of supply | Documentary proof required |
|----------|---|---|
| J | Deductions allowed in respect of payments to suppliers which are not vendors in the small-scale farming scheme approved by the Minister of Finance [section 16(3)(k)] | <ul style="list-style-type: none"> a) Copy of SARS's ruling approving the methodology for determining the rate to be applied to the product together with the supporting calculation wherein the approved methodology was used to determine the amount to be deducted b) The annual report by an independent auditor subsequent to the review of the supporting calculation by such auditor c) Goods received note substantiating the product delivered by the small grower d) Proof of payment of the VAT to the small-scale farmer, for example, receipt, bank statement or internet payment confirmation |
| K | Deductions in respect of the purchase and use of diesel [section 16(3)(l)] | <ul style="list-style-type: none"> a) Copy of SARS's letter approving the methodology for determining the rate to be applied to the eligible diesel purchased and used, together with the supporting calculation wherein the approved methodology was used to determine the amount to be deducted b) The annual report by an independent auditor subsequent to the review of the supporting calculation by such auditor c) Goods received note substantiating the eligible diesel purchased and used d) Proof of payment of the diesel purchased by the small-scale farmer, for example, receipt, bank statement or internet payment confirmation |
| L | Deductions allowed in respect of excess consideration refunded [section 16(3)(m)] | <ul style="list-style-type: none"> a) Proof that the output tax has been accounted for on the excess amount received as contemplated in section 8(27) b) Proof that the excess amount has been refunded to the customer, for example, receipt, bank statement, deposit slip or internet payment confirmation or proof that the overpayment is offset against the customer's outstanding liability |
| M | Deductions allowed in respect of goods returned to or supplied by a customs controlled area enterprise or IDZ operator [section 16(3)(n)] | <ul style="list-style-type: none"> a) VAT 267 form b) Proof that the amount was included in output tax previously declared or accounted for |

4. General

A deduction may be made in a later tax period if the vendor is unable to obtain the documentary proof required by the Commissioner at the time the return is furnished. This deduction is however, subject to the prescription periods set out in proviso (i) to section 16(3). If the Commissioner is satisfied that the deduction was not permissible in accordance with the practice generally prevailing, the five-year period is limited to six months.

5. Conclusion

The vendor must be in possession of the relevant documentary proof set out in the abovementioned table at the time that the return is furnished in which the deduction is made.

A vendor that experiences difficulties in obtaining the documentary proof listed in **3**, may apply to the Commissioner under section 16(2)(g) for approval to use alternative documentary proof. In this regard, refer to Binding General Ruling (VAT) No. 36 dated 24 October 2016 "Circumstances Prescribed by the Commissioner for the Application of Section 16(2)(g)".

Legal Counsel
SOUTH AFRICAN REVENUE SERVICE

Annexure – The law

Section 16 – Calculation of tax payable

(1) The tax payable by a vendor shall be calculated by him in accordance with the provisions of this section in respect of each tax period during which he has carried on an enterprise in respect of which he is registered or is required to be registered under section 23: Provided that the Commissioner may authorise a vendor to calculate the tax payable in accordance with a method which the Minister may prescribe by regulation.

(2) No deduction of input tax in respect of a supply of goods or services, the importation of any goods into the Republic or any other deduction shall be made in terms of this Act, unless—

- (f) the vendor, in the case where an amount is deducted from the sum of the amounts of output tax which are attributable to that period in terms of subsection (3)(c),(d),(e), (f),(g),(h),(i),(j),(k),(l),(m) or (n), is in possession of documentary proof, as is prescribed by the Commissioner, substantiating the vendor's entitlement to the deduction at the time a return in respect of the deduction is furnished; or

...

Provided that where a tax invoice or debit note or credit note in relation to that supply has been provided in accordance with this Act, or a release notification or other document has been delivered (including by means of an electronic delivery mechanism) in accordance with the Customs Control Act, , as the case may be, the Commissioner may determine that no deduction for input tax in relation to that supply or importation shall be made unless that tax invoice or debit note or credit note or that release notification or other document is retained in accordance with the provisions of section 55 and Part A of Chapter 4 of the Tax Administration Act.

(3) Subject to the provisions of subsection (2) of this section and the provisions of sections 15 and 17, the amount of tax payable in respect of a tax period shall be calculated by deducting from the sum of the amounts of output tax of the vendor which are attributable to that period, as determined under subsection (4), and the amounts (if any) received by the vendor during that period by way of refunds of tax charged under section 7(1)(b) and (c) and 7(3)(a), the following amounts, namely—

- (a) in the case of a vendor who is under section 15 required to account for tax payable on an invoice basis, the amounts of input tax—
- (i) in respect of supplies of goods and services (not being supplies of second-hand goods to which paragraph (b) of the definition of "input tax" in section 1 applies and supplies referred to in subparagraph (iiA) made to the vendor during that tax period;
 - (ii) (aa) subject to the provisions of item (bb), in respect of supplies of second-hand goods to which paragraph (b) of the definition of "input tax" in section 1 applies to the extent that payment of any consideration which has the effect of reducing or discharging any obligation (whether an existing obligation or an obligation which will arise in the future) relating to the purchase price for those supplies has been made during that tax period;
 - (bb) in respect of supplies of second-hand goods to which paragraph (b) of the definition of "input tax" in section 1 applies which consist of—
 - (A) fixed property in respect of which the provisions of section 9(3)(d) apply if transfer of that fixed property was effected by registration in a deeds registry and the fixed property was registered in the name of the vendor that makes the deduction during that tax period;
 - (B) a share in a share block company which confers a right to or an interest in the use of immovable property if a signed use agreement has been entered into between the company that operates the share block scheme and a member of that company;

- (iiA) in respect of taxable supplies made to the vendor under sales concluded on or after 6 June 1996 in respect of which the provisions of section 9(3)(d) apply (other than supplies in respect of which the provisions of section 10(4) apply), to the extent that payment of any consideration which has the effect of reducing or discharging any obligation (whether an existing obligation or an obligation which will arise in the future) relating to the purchase price for those supplies has been made during that tax period;
- (iii) charged under section 7(1)(b) in respect of goods imported into the Republic by the vendor and released, in terms of the Customs and Excise Act during that tax period;
- (iv) charged under section 7(3)(a) in respect of goods subject to excise duty as contemplated in that section and invoiced or paid, whichever is the earlier, during that tax period;
- (v) calculated in accordance with section 21(2)(b) or 21(7) or section 22(1), 22(1A) or 22(4), as applicable to the vendor:

Provided that this paragraph does not apply where a vendor acquires goods or services that are to be awarded as a prize or winnings and in respect of which that vendor qualifies or will qualify for a deduction in terms of paragraph (d);

- (b) in the case of a vendor who is under section 15 required to account for tax payable on a payments basis, the amounts of input tax—
 - (i) in respect of supplies of goods and services made to the vendor in respect of which the provisions of section 9(1), (3)(a), (b) or (d) or (4) apply, to the extent that payments of any consideration which has the effect of reducing or discharging any obligation (whether an existing obligation or an obligation which will arise in the future) relating to the purchase price for those supplies have been made during that tax period.
 - (ii) charged under section 7(1)(b) in respect of goods imported into the Republic by the vendor or under section 7(3)(a) in respect of goods imported into the Republic by the vendor and released in terms of the Customs and Excise Act or under section 7(3)(a) in respect of goods subject to excise duty or environmental levy as contemplated in that section and paid by the vendor during that tax period;
 - (iii) in respect of supplies of goods and services made to the vendor during the tax period, excluding supplies of goods and services to which subparagraph (i) of this paragraph applies;
 - (iv) calculated in accordance with section 21(2)(b) or 21(7), as applicable to the vendor, to the extent that payments in respect of the tax so calculated have been made during the tax period;
 - (v) calculated in accordance with section 22(1), as applicable to the vendor:

Provided that this paragraph does not apply where a vendor acquires goods or services that are to be awarded as a prize or winnings and in respect of which that vendor qualifies or will qualify for a deduction in terms of paragraph (d);

- (c) an amount equal to the tax fraction of any payment made during the tax period by the vendor to indemnify another person in terms of any contract of insurance: Provided that this paragraph—
 - (i) shall only apply where the supply of that contract of insurance is a taxable supply or where the supply of that contract of insurance would have been a taxable supply if the time of performance of that supply had been on or after the commencement date;
 - (ii) shall not apply where that payment is in respect of the supply of goods or services to the vendor or the importation of any goods by the vendor;

- (iii) shall not apply where the supply of that contract of insurance is a supply charged with tax at the rate of zero per cent under section 11 and that other person is, at the time that that payment is made, not a vendor and not a resident of the Republic;
- (iv) shall not apply where that payment results from a supply of goods or services to that other person where those goods are situated outside the Republic or those services are physically performed elsewhere than in the Republic at the time of that supply;
- (d) an amount equal to the tax fraction of any amount paid during the tax period by the supplier of the services contemplated in section 8(13) as a prize or winnings to the recipient of such services: Provided that where the prize or winnings awarded constitutes either goods or services, the deduction must be limited to the input tax on the initial cost of acquiring those goods or services;
- (dA) an amount equal to the tax fraction of any amount paid by the supplier of the services as contemplated in section 8(13) to the National Lottery Distribution Trust Fund, established by section 21 of the Lotteries Act, 1997 (Act No. 57 of 1997);
- (e) an amount equal to the tax fraction of any amount of tax on totalizator transactions or tax on betting levied and paid for the benefit of any Provincial Revenue Fund by the supplier of the services contemplated in section 8(13);
- (f) the amounts calculated in accordance with section 18(4) or (5) in relation to any goods or services applied during the tax period as contemplated in that section;
- (g) any amount of input tax in relation to any supply or other deduction in respect of which subsection (2) of this section has operated to deny a deduction and the vendor has obtained, during the tax period, the prescribed document or records in relation to that supply;
- (h) in the case of a vendor who has supplied goods or services during that tax period otherwise than under section 18(2), an amount determined in accordance with the formula

$$A \times B \times C,$$

in which formula—

“A” represents the tax fraction;

“B” represents the lesser of—

- (i) (aa) the adjusted cost (including any tax forming part of such adjusted cost) to the vendor of the acquisition, manufacture, assembly, construction or production of those goods or services: Provided that where the goods or services were acquired under a supply in respect of which the consideration in money was under section 10(4) deemed to be the open market value of the supply, the adjusted cost of those goods or services shall be deemed to include such open market value to the extent that it exceeds the consideration in money for that supply; or
- (bb) where the vendor was at some time after the acquisition of such goods or services deemed under section 18(4) to have been supplied with such goods or services, the amount which was represented by “B” in the formula contemplated in section 18(4) when such goods or services were deemed to be supplied to the vendor; or
- (cc) where the vendor was at some time after the acquisition of such goods or services required to make an adjustment contemplated in section 18(2) or (5), the amounts then represented by “A” in the formula contemplated in section 10(9) or “B” in the formula contemplated in section 18(5) respectively, in the most recent adjustment made under section 18(2) or (5) by the vendor prior to such supply of goods or services; and

(ii) the open market value of the supply of those goods or services at the time those goods or services are deemed to be supplied; and

“C” represents the percentage that, immediately before the time of the supply, the use or application of the goods or services for the purpose other than that of making taxable supplies was of the total use or application of the goods or services:

Provided that—

(i) ...

(ii) this subsection does not apply where—

(aa) such goods or services were acquired before 1 April 2005, or an input tax deduction in respect of that acquisition was denied under proviso (iv) to section 18(4); and

(bb) the vendor is a public authority which registered prior to 1 April 2005, notwithstanding paragraph (b)(i) of “enterprise” in section 1 or a public entity listed in Part A or C of Schedule 3 to the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(iii) this subsection does not apply where such goods or services were acquired by a municipality before 1 July 2006, or an input tax deduction in respect of that acquisition was denied in terms of paragraph (v) of the proviso to section 18(4);

(i) an amount equal to the tax fraction of any payment made by the vendor during the tax period in respect of the redemption with him, or his agent, of the monetary value of any token, voucher or stamp contemplated in section 10(20), to a supplier of goods or services who has granted a discount on the surrender to him of such token, voucher or stamp by a recipient of a supply of goods or services if those goods or services are not charged with tax at the rate of zero per cent under section 11;

(j) (i) in the case of a vendor who has, during the tax period, supplied a property in possession in the course or furtherance of his enterprise under a sale, an amount equal to the tax fraction of the lesser of—

(aa) the amount (excluding any amount of tax) received in respect of the sale of such property in possession less any amount paid by the vendor in respect of the acquisition of such property in possession; and

(bb) the amount of the unrecovered loan balance less any amount paid by the vendor in respect of the acquisition of such property in possession:

Provided that no deduction shall be made in terms of this paragraph where the person in default is or will be held liable for payment of such lesser amount;

(ii) for the purposes of this paragraph—

(aa) “**property in possession**” means fixed property acquired by any vendor—

(A) at a sale in execution as a result of default by any person (other than a person who held or applied such fixed property for the purpose of making taxable supplies in the course or furtherance of his enterprise immediately before such sale in execution) in respect of an unrecovered loan balance due to that vendor in terms of a credit agreement; or

(B) as a result of an abandonment authorised by the Master of the High Court where such person has defaulted in respect of an unrecovered loan balance due to that vendor in terms of a credit agreement or gone insolvent;

- (bb) “**unrecovered loan balance**” means the amount of capital, interest and administrative holding costs outstanding in terms of a credit agreement at the date of sale in execution or the date of authorisation of abandonment by the Master of the High Court;
- (k) an amount of input tax as determined by the Commissioner paid by a vendor to a supplier of pastoral, agricultural or other farming products who is not a vendor, in terms of a scheme operated by the controlling body of an industry for the development of small-scale farmers approved by the Minister with the concurrence of the Minister of Agriculture and Land Affairs to compensate that supplier for tax incurred in the production of such goods;
- (l) an amount as determined by the Commissioner in lieu of a refund in respect of the purchase and use of diesel paid by a vendor to a supplier of pastoral, agricultural or other farming products who is not a vendor, in terms of a scheme operated by the controlling body of an industry for the development of small-scale farmers approved by the Minister with the concurrence of the Cabinet member responsible for agriculture to compensate that supplier for an amount refundable in the production of such goods;
- (m) an amount equal to the tax fraction initially applied to any excess amount contemplated in section 8(27) which is refunded by the vendor during the tax period
- (n) an amount equal to the tax fraction of the lesser of the amount contemplated in section 10(25) or the open market value of the movable goods on the date-
- (i) those goods are returned to the customs controlled area enterprise or IDZ operator; or
 - (ii) those goods are supplied by the customs controlled area enterprise or IDZ operator where those goods are supplied after the relevant prescribed time period contemplated in section 8(24):

Provided that—

- (i) where any vendor is entitled under the preceding provisions of this subsection to deduct any amount in respect of any tax period from the said sum, the vendor may deduct that amount from the amount of output tax attributable to a later tax period which ends no later than five years after the end of the tax period during which—
 - (aa) the tax invoice for that supply should have been issued as contemplated in section 20(1);
 - (bb) goods were cleared for home use in terms of the Customs and Excise Act;
 - (cc) second-hand goods were acquired or goods as contemplated in section 8(10) were repossessed or surrendered;
 - (dd) the agent should have notified the principal as contemplated in section 54(3); or
 - (ee) in any other case, the vendor for the first time became entitled to such deduction, notwithstanding the documentary proof that the vendor must be in possession of in terms of subsection (2) of this section, and
- (ii) the said period of five years contemplated in proviso (i) of this section shall be limited to six months prior to the tax period in which the deduction is made, where the Commissioner is satisfied that the deduction was not permissible in accordance with the practice generally prevailing,

and to the extent that it has not previously been deducted by the vendor under this subsection: Provided further that the amount of input tax which, in relation to any supply of goods or services to a vendor, the vendor may deduct in respect of any payment referred to in paragraph (a)(ii) or (b)(i) of this subsection, shall be an amount which bears to the full amount of the input tax relating to that

supply the same ratio as the amount of the payment bears to the full value on which tax was payable in respect of the supply.