



*SOUTH AFRICAN REVENUE SERVICE*

**BINDING PRIVATE RULING: BPR 068**

DATE: 09 December 2009

**ACT : INCOME TAX ACT, NO. 58 OF 1962 (the Act)**

**SECTION : SECTIONS 15, 36 AND 37**

**SUBJECT : CLASSIFICATION OF THE EXTRATION OF CLAY FROM THE SOIL**

**1. Summary**

This ruling deals with the question as to whether the extraction of clay from the soil will constitute mining operations for income tax purposes.

**2. Relevant tax laws**

This is a binding private ruling issued in accordance with section 76Q of the Act.

In this ruling legislative references to sections are to sections of the Act applicable as at 1 January 2009 and unless the context indicates otherwise any word or expression in this ruling bears the meaning ascribed to it in the Act.

This ruling has been requested under the provisions of the following sections of the Act –

- section 15;
- section 36; and
- section 37.

**3. Parties to the proposed transaction**

The Applicant: A newly formed company which will extract clay from the soil

**4. Description of the proposed transaction**

The Applicant will purchase certain immovable property and the mining rights thereon, from which it will extract clay.

**5. Condition and assumptions**

This ruling is not subject to any conditions and assumptions.

**6. Ruling**

The ruling made in connection with the proposed transaction is as follows:

- The revenue derived by the Applicant shall not be regarded as income derived from mining operations, for purposes of sections 15, 36 and 37 of the Act as the quarrying of clay is not regarded as mining operations for income tax purposes.

**7. Period for which this ruling is valid**

This binding private ruling will remain valid for a period of five (5) years as from 29 May 2008.

Issued by:

**Legal and Policy Division: Advance Tax Rulings  
SOUTH AFRICAN REVENUE SERVICE**