

DRAFT BINDING GENERAL RULING (VAT)

DATE:

ACT : VALUE-ADDED TAX ACT NO. 89 OF 1991
SECTION : SECTION 16(2)(g)
SUBJECT : THE CIRCUMSTANCES PRESCRIBED BY THE COMMISSIONER UNDER SECTION 16(2)(g)

Preamble

For the purposes of this ruling –

- “**BGR**” means a binding general ruling issued under section 89 of the Tax Administration Act No. 28 of 2011;
- “**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 BGR prescribes the circumstances under which the Commissioner will allow a vendor to use alternative documentary proof to substantiate the vendor’s entitlement to a deduction under section 16(3).

2. Background

Section 16(2)(g) has been inserted into the VAT Act in order to provide vendors a further opportunity to make a deduction of input tax where the required documentary proof as prescribed in sections 16(2)(a)-(f) could not be obtained. This BGR must be read together with the BGR¹ which sets out the information that must be reflected on the alternative documentary proof and be in the vendor’s possession at the time that the relevant return is furnished.

3. Ruling

A vendor may rely on alternative documentary proof containing the minimum information set out in the BGR on information when all the following circumstances are satisfied:

- (a) The vendor must have exhausted all available means to obtain the documents required under section 16(2)(a), (b), (c), (d), (e) or (f) and must retain sufficient proof of such attempt(s).

¹ Refer to the BGR issued for public comment on 22 February 2016 in this regard (the BGR on information).

- (b) The vendor must have submitted all returns and paid any tax that may be due in terms of a tax Act as contemplated by the Tax Administration Act No. 28 of 2011. Alternatively, the vendor must have made arrangements acceptable to the Commissioner for the submission of any outstanding returns or the payment of any outstanding tax.
- (c) The deduction under section 16(3), read with section 16(2)(g), only applies to tax periods commencing on or after 1 April 2016.

This ruling constitutes a BGR issued under section 89 of the Tax Administration Act No. 28 of 2011.

4. Period for which the ruling is valid

This BGR will apply to tax periods commencing on or after 1 April 2016 until it is withdrawn, amended or the relevant legislation is amended.

**Senior Manager: Indirect Taxes
Legal and Policy Division
SOUTH AFRICAN REVENUE SERVICE**