

**EXCISE**

**EXTERNAL POLICY**

**MANAGE DIESEL REFUND  
CALCULATIONS**

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## 1 SUMMARY OF MAIN POINTS

- a) This policy applies to Diesel Refund Registrants claiming a refund in terms of Rebate Item 670.04 of Schedule 6 to the Customs and Excise Act, Act No. 91 of 1964.

## 2 POLICY

- a) The general fuel levy increases by **16.0c** per litre and the Road Accident Fund (RAF) levy by **9.0c** per litre respectively, with effect from **01 April 2020**, as follows:
- General Fuel levy = Increases from **339.0 c/l to 355.0 c/l**; and
  - RAF levy = Increases from **198.0 c/l to 207.0 c/l**.
- b) The diesel refund in respect of on-land primary sector beneficiaries is 40% of the general fuel levy of **355.0 c/l**, which equals **142.0 c/l** of the qualifying 80% of diesel consumption.
- c) As from 1 April 2016, the diesel refund levy on the generation of electricity by Eskom's open cycle gas turbines was reduced to 50% of the general fuel levy.

| USAGE TYPES   | PREVIOUS  | NEW       |
|---|-----------|-----------|
| On Land (Farming, Mining & Forestry)                                      | 333.6 c/l | 349.0 c/l |
| Offshore (Commercial fishing, Coastwise Shipping, Offshore Mining & NSRI) | 537.0 c/l | 562.0 c/l |
| Electricity Generation Plants   | 367.5 c/l | 384.5 c/l |
| Rail & Harbour Services   | 198.0 c/l | 207.0 c/l |

- d) Where the implementation date of the new rates for RAF levy and fuel levy falls within the tax period, a factor has been determined, on which a vendor must recalculate total non-eligible and eligible litres to determine the correct litres to be entered on the VAT 201 return.
- e) The prescribed factor per usage type is as follows:

|                               |                |
|-------------------------------|----------------|
| On Land                       | <b>0.95587</b> |
| Offshore                      | <b>0.95551</b> |
| Electricity Generation Plants | <b>0.95578</b> |
| Rail & Harbour Services       | <b>0.95652</b> |

- f) The VAT vendor must recalculate total non-eligible and eligible litres purchased up to and on **31 March 2020**, by using the factor (shown above) to reduce these litres to enable them to use the new rate when calculating the diesel refund.
- g) Examples of the calculations are shown below.

### 2.1 Example 1(on land) – tax period 6 monthly

| Return for tax period<br><b>08/2020</b><br><b>(01 March to 31 August)</b> | Invoices to <b>31/03/2020 @ 333.6 c/l</b>         | Invoices from <b>01/04/2020 @ 349.0 c/l</b> |
|---|---|---|
| Total Litres  | 102 000.00  | 102 000.00                                  |
| Non-eligible Litres   | 2 000.00  | 2 000.00                                    |
| Eligible Litres   | 100 000.00  | 100 000.00                                  |
| 80% of Eligible Litres  | 80 000.00   | 80 000.00                                   |
| Amount Refundable   | <b>R 266 880.00</b>                               | <b>R 279 200.00</b>                         |
| <b>TOTAL REFUNDABLE</b>   | <b>R 266 880.00 + R 279 200.00 = R 546 080.00</b> |   |

a) Correction of litres purchased until 31/03/2020:

|  |                      |   |                     |   |                      |
|--|----------------------|---|---------------------|---|----------------------|
| Total litres <b>times</b> factor <b>equals</b> recalculated litres:        | 102 000 litres       | x | 0.95587             | = | 97 498 litres        |
| Non-eligible litres <b>times</b> factor <b>equals</b> recalculated litres: | 2 000 litres         | x | 0.95587             | = | 1 911 litres         |
| <b>Recalculated eligible litres:</b>                                       | <b>97 498 litres</b> | - | <b>1 911 litres</b> | = | <b>95 587 litres</b> |

b) Return for April 2020 to be completed as follows:

i) Recalculated litres **plus** litres purchased from 01/04/2020 **equals** figures for return.

|                               |               |                |   |         |                        |   |                |
|-------------------------------|---------------|----------------|---|---------|------------------------|---|----------------|
| <b>Total litres</b>           | <b>97 498</b> | (Recalculated) | + | 102 000 | (litres from 01/04/20) | = | <b>199 498</b> |
| <b>Non-eligible litres</b>    | <b>1 911</b>  | (Recalculated) | + | 2 000   | (litres from 01/04/20) | = | <b>3 911</b>   |
| <b>Eligible litres</b>        | <b>95 587</b> | (Recalculated) | + | 100 000 | (litres from 01/04/20) | = | <b>195 587</b> |
| <b>80% of eligible litres</b> | <b>76 469</b> | (Recalculated) | + | 80 000  | (litres from 01/04/20) | = | <b>156 469</b> |

ii) Amount refundable **156 469 (litres) x 349.0 c/l = R 546 076.81**

## 2.2 Example 2 (offshore) – tax period 2 monthly

| Return for tax period<br><b>04/2020</b><br><b>(March and April)</b> | Invoices to 31/03/2020 @ 537.0c/l                   | Invoices from 01/04/2020 @ 562.0c/l |
|---|---|-------------------------------------|
| Total Litres  | 102 000.00  | 102 000.00                          |
| Non-eligible Litres   | 2 000.00  | 2 000.00                            |
| Eligible Litres   | 100 000.00  | 100 000.00                          |
| Amount Refundable   | <b>R 537 000.00</b>                                 | <b>R 562 000.00</b>                 |
| <b>TOTAL REFUNDABLE</b>   | <b>R 537 000.00 + R 562 000.00 = R 1 099 000.00</b> |                                     |

a) Correction of litres purchased until 31/03/2020:

|  |                      |   |                     |   |                      |
|--|----------------------|---|---------------------|---|----------------------|
| Total litres <b>times</b> factor <b>equals</b> recalculated litres:        | 102 000 litres       | x | 0.95551             | = | 97 462 litres        |
| Non-eligible litres <b>times</b> factor <b>equals</b> recalculated litres: | 2 000 litres         | x | 0.95551             | = | 1 911 litres         |
| <b>Recalculated eligible litres:</b>                                       | <b>97 462 litres</b> | - | <b>1 911 litres</b> | = | <b>95 551 litres</b> |

b) Return for April 2020 to be completed as follows:

i) Recalculated litres **plus** litres purchased from 01/04/2020 **equals** figures for return.

|                            |               |                |   |         |                        |   |                |
|----------------------------|---------------|----------------|---|---------|------------------------|---|----------------|
| <b>Total litres</b>        | <b>97 462</b> | (Recalculated) | + | 102 000 | (litres from 01/04/20) | = | <b>199 462</b> |
| <b>Non-eligible litres</b> | <b>1 991</b>  | (Recalculated) | + | 2 000   | (litres from 01/04/20) | = | <b>3 911</b>   |
| <b>Eligible litres</b>     | <b>95 551</b> | (Recalculated) | + | 100 000 | (litres from 01/04/20) | = | <b>195 551</b> |

ii) Amount refundable **195 551 (litres) x 562.0 c/l = R 1 098 996.62**

## 2.3 Example 3 (electricity generating plants) – tax period monthly

| Return for tax period<br><b>04/2020 (April)</b> | Invoices to 31/03/2020 @ 367.5c/l               | Invoices from 01/04/2020 @ 384.5c/l |
|---|---|-------------------------------------|
| Total Litres                                    | 102 000.00                                      | 102 000.00                          |
| Non-eligible Litres                             | 2 000.00  | 2 000.00                            |
| Eligible Litres                                 | 100 000.00                                      | 100 000.00                          |
| Amount Refundable                               | <b>R 367 500.00</b>                             | <b>R 384 500.00</b>                 |
| <b>TOTAL REFUNDABLE</b>                         | <b>R 367 500.00+ R 384 500.00= R 752 000.00</b> |                                     |

a) Correction of litres purchased until **31/03/2020**:

|  |                      |   |                     |   |                      |
|--|----------------------|---|---------------------|---|----------------------|
| Total litres <b>times</b> factor <b>equals</b> recalculated litres:        | 102 000 litres       | x | <b>0.95578</b>      | = | <b>97 489 litres</b> |
| Non-eligible litres <b>times</b> factor <b>equals</b> recalculated litres: | 2 000 litres         | x | <b>0.95578</b>      | = | <b>1 911 litres</b>  |
| <b>Recalculated eligible litres:</b>                                       | <b>97 489 litres</b> | - | <b>1 911 litres</b> | = | <b>95 578 litres</b> |

b) Return for **April 2020** to be completed as follows:

i) Recalculated litres **plus** litres purchased from **01/04/2020 equals** figures for return.

|                            |               |                |   |         |                                |   |                |
|----------------------------|---------------|----------------|---|---------|--------------------------------|---|----------------|
| <b>Total litres</b>        | <b>97 489</b> | (Recalculated) | + | 102 000 | (litres from <b>01/04/20</b> ) | = | <b>199 489</b> |
| <b>Non-eligible litres</b> | <b>1 911</b>  | (Recalculated) | + | 2 000   | (litres from <b>01/04/20</b> ) | = | <b>3 911</b>   |
| <b>Eligible litres</b>     | <b>95 578</b> | (Recalculated) | + | 100 000 | (litres from <b>01/04/20</b> ) | = | <b>195 578</b> |

ii) Amount refundable **195 578 (litres) x 384.5 c/l = R 751 997.41**

## 2.4 Example 4 (rail and certain harbour vessels) – tax period 2 monthly

| Return for tax period<br><b>04/2020</b><br>(March and April) | Invoices to <b>31/03/2020 @ 198.0c/l</b>          | Invoices from <b>01/04/2020 @ 207.0c/l</b> |
|--|---|--|
| Total Litres   | 102 000.00  | 102 000.00                                 |
| Non-eligible Litres  | 2 000.00  | 2 000.00                                   |
| Eligible Litres  | 100 000.00  | 100 000.00                                 |
| Amount Refundable  | <b>R 198 000.00</b>                               | <b>R 207 000.00</b>                        |
| <b>TOTAL REFUNDABLE</b>                                      | <b>R 198 000.00 + R 207 000.00 = R 405 000.00</b> |  |

a) Correction of litres purchased until **01/04/2019**:

|  |                      |   |                     |   |                      |
|--|----------------------|---|---------------------|---|----------------------|
| Total litres <b>times</b> factor <b>equals</b> recalculated litres:        | 102 000 litres       | x | <b>0.95652</b>      | = | <b>97 565 litres</b> |
| Non-eligible litres <b>times</b> factor <b>equals</b> recalculated litres: | 2 000 litres         | x | <b>0.95652</b>      | = | <b>1 913 litres</b>  |
| <b>Recalculated eligible litres:</b>                                       | <b>97 565 litres</b> | - | <b>1 913 litres</b> | = | <b>95 652 litres</b> |

b) Return for April **2020** to be completed as follows:

i) Recalculated litres **plus** litres purchased from **01/04/2020 equals** figures for return.

|                            |               |                |   |         |                                |   |                |
|----------------------------|---------------|----------------|---|---------|--------------------------------|---|----------------|
| <b>Total litres</b>        | <b>97 565</b> | (Recalculated) | + | 102 000 | (litres from <b>01/04/20</b> ) | = | <b>199 565</b> |
| <b>Non-eligible litres</b> | <b>1 913</b>  | (Recalculated) | + | 2 000   | (litres from <b>01/04/20</b> ) | = | <b>3 913</b>   |
| <b>Eligible litres</b>     | <b>95 652</b> | (Recalculated) | + | 100 000 | (litres from <b>01/04/20</b> ) | = | <b>195 652</b> |

ii) Amount refundable **195 652 (litres) x 207.0c/l = R 404 999.64**

## 3 RELATED INFORMATION

### 3.1 Legislation

| TYPE OF REFERENCE                           | REFERENCE  |
|---|--|
| Legislation and Rules administered by SARS: | <b>Customs and Excise Act No. 91 of 1964: Section 75</b><br><b>Customs and Excise Rules: None</b><br><b>Part 3 of Schedule 6: Rebate Item 670.04</b> |
| Other Legislation:                          | None   |
| International Instruments:                  | <b>None</b>  |

### 3.2 Cross References

| DOCUMENT # | DOCUMENT TITLE                   |
|------------|----------------------------------|
| QMS-01     | Quality Management System Manual |

### 3.3 Quality Records

| Number  | Title                  |
|---------|------------------------|
| VAT 201 | Value Added Tax Return |

## 4 DEFINITIONS AND ACRONYMS

|             |   |
|-------------|---|
| c/l         | Cents per litre   |
| Item 670.04 | Distillate fuel purchased for use and used for the purposes specified in, and subject to compliance with Note 6 to Schedule No. 6 |
| Policy      | Used to convey the policy mandated by legislation and the sequential steps to be followed   |
| RAF         | Road Accident Fund  |
| SARS        | South African Revenue Service   |
| Schedule 6  | Rebates and Refunds of excise duty and fuel levy  |
| VAT         | Value Added Tax   |

## 5 DOCUMENT MANAGEMENT

|   |   |
|---|---|
| Policy Owner                            | Executive: Governance   |
| Detail of change from previous revision | In his budget speech on 26 February 2020, the Minister of Finance announced that the fuel levy increases by 16c per litre and Road Accident Fund (RAF) levy will be increased by 9c per litre respectively, with effect from 1 April 2020; and <b>Note: Diesel refunds cannot be claimed against the carbon fuel levy, but will only be allowed against the general fuel levy component of the fuel levy.</b> |
| Template number and revision            | GC-TM-03 - Rev 9  |