

**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 **22.0c** per litre and the Road Accident Fund (RAF) levy by **30.0c per litre** respectively, with effect from **4 April 2018**, as follows:
- Fuel levy = Increases from **300.0 c/l to 322.0 c/l**; and
  - RAF = Increases from **163.0 c/l to 193.0 c/l**.
- b) The diesel refund in respect of on-land primary sector beneficiaries is 40% of the general fuel levy of **322.0 c/l** which equals **128.8 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)	283.0 c/l	321.8 c/l
Offshore (Commercial fishing, Coastwise Shipping, Offshore Mining & NSRI)	463.0 c/l	515.0 c/l
Electricity Generation Plants	313.0 c/l	354.0 c/l
Rail & Harbour Services	163.0 c/l	193.0 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>0.87942</b>
Offshore	<b>0.89902</b>
Electricity Generation Plants	<b>0.88418</b>
Rail & Harbour Services	<b>0.84455</b>

- f) The VAT vendor must recalculate total non-eligible and eligible litres purchased up to and on **3 April 2018**; 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 <b>08/2018</b> <b>(01 March to 31 August)</b>	Invoices to <b>03/04/2018 @ 283.0c/l</b>	Invoices from <b>04/04/2018 @ 321.8c/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 226 400.00</b>	<b>R 257 440.00</b>
<b>TOTAL REFUNDABLE</b>	<b>R 226 400.00 + R 257 440.00 = R 483 840.00</b>	

a) Correction of litres purchased until **3 April 2018**:

Total litres <b>times</b> factor <b>equals</b> recalculated litres:	102 000 litres	x	0.87942	=	89 701 litres
Non-eligible litres <b>times</b> factor <b>equals</b> recalculated litres:	2 000 litres	x	0.87942	=	1 759 litres
<b>Recalculated eligible litres:</b>	<b>89 701 litres</b>	-	<b>1 759 litres</b>	=	<b>87 942 litres</b>

b) Return for **April 2018** to be completed as follows:

i) Recalculated litres **plus** litres purchased from **04/04/2018 equals** figures for return.

<b>Total litres</b>	<b>89 701</b>	(Recalculated)	+	102 000	(litres from 04/04/18)	=	<b>191 701</b>
<b>Non-eligible litres</b>	<b>1 759</b>	(Recalculated)	+	2 000	(litres from 04/04/18)	=	<b>3 759</b>
<b>Eligible litres</b>	<b>87 942</b>	(Recalculated)	+	100 000	(litres from 04/04/18)	=	<b>187 942</b>
<b>80% of eligible litres</b>	<b>70 354</b>	(Recalculated)	+	80 000	(litres from 04/04/18)	=	<b>150 354</b>

ii) Amount refundable **150 354 (litres) x 321.8c/l = R 483 839.17.**

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

<b>Return for tax period 04/2018 (March and April)</b>	Invoices to <b>03/04/2018 @ 463.0c/l</b>	Invoices from <b>04/04/2018 @ 515.0c/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 463 000.00</b>	<b>R 515 000.00</b>
<b>TOTAL REFUNDABLE</b>	<b>R 463 000.00 + R 515 000.00 = R 978 000.00</b>	

a) Correction of litres purchased until **03/04/2018**:

Total litres <b>times</b> factor <b>equals</b> recalculated litres:	102 000 litres	x	0.89902	=	91 700 litres
Non-eligible litres <b>times</b> factor <b>equals</b> recalculated litres:	2 000 litres	x	0.89902	=	1 798 litres
<b>Recalculated eligible litres:</b>	<b>91 700 litres</b>	-	<b>1 798 litres</b>	=	<b>89 902 litres</b>

b) Return for **April 2018** to be completed as follows:

i) Recalculated litres **plus** litres purchased from **04/04/2018 equals** figures for return.

<b>Total litres</b>	<b>91 700</b>	(Recalculated)	+	102 000	(litres from 04/04/18)	=	<b>193 700</b>
<b>Non-eligible litres</b>	<b>1 798</b>	(Recalculated)	+	2 000	(litres from 04/04/18)	=	<b>3 798</b>
<b>Eligible litres</b>	<b>89 902</b>	(Recalculated)	+	100 000	(litres from 04/04/18)	=	<b>189 902</b>

ii) Amount refundable **189 902 (litres) x 515.0c/l = R 977 995.30.**

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

<b>Return for tax period 04/2018 (April)</b>	Invoices to <b>03/04/2018 @ 313.0c/l</b>	Invoices from <b>04/04/2018 @ 354.0c/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 313 000.00</b>	<b>R 354 000.00</b>
<b>TOTAL REFUNDABLE</b>	<b>R 313 000.00 + R 354 000.00 = R 667 000.00</b>	

a) Correction of litres purchased until **04/04/2018**:

Total litres <b>times</b> factor <b>equals</b> recalculated litres:	102 000 litres	x	<b>0.88418</b>	=	<b>90 186 litres</b>
Non-eligible litres <b>times</b> factor <b>equals</b> recalculated litres:	2 000 litres	x	<b>0.88418</b>	=	<b>1 768 litres</b>
<b>Recalculated eligible litres:</b>	<b>90 186 litres</b>	-	<b>1 768 litres</b>	=	<b>88 418 litres</b>

b) Return for **April 2018** to be completed as follows:

i) Recalculated litres **plus** litres purchased from **04/04/2018 equals** figures for return.

<b>Total litres</b>	<b>90 186</b>	(Recalculated)	+	102 000	(litres from <b>04/04/18</b> )	=	<b>192 186</b>
<b>Non-eligible litres</b>	<b>1 768</b>	(Recalculated)	+	2 000	(litres from <b>04/04/18</b> )	=	<b>3 768</b>
<b>Eligible litres</b>	<b>88 418</b>	(Recalculated)	+	100 000	(litres from <b>04/04/18</b> )	=	<b>188 418</b>

ii) Amount refundable **188 418 (litres) x 354.0c/l = R 666 999.72.**

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

<b>Return for tax period 04/2018 (March and April)</b>	Invoices to <b>03/04/2018 @ 163.0c/l</b>	Invoices from <b>04/04/2018 @ 193.0c/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 163 000.00</b>	<b>R 193 000.00</b>
<b>TOTAL REFUNDABLE</b>	<b>R 163 000.00 + R 193 000.00 = R 356 000.00</b>	

a) Correction of litres purchased until **03/04/2018**:

Total litres <b>times</b> factor <b>equals</b> recalculated litres:	102 000 litres	x	<b>0.84455</b>	=	<b>86 144 litres</b>
Non-eligible litres <b>times</b> factor <b>equals</b> recalculated litres:	2 000 litres	x	<b>0.84455</b>	=	<b>1 689 litres</b>
<b>Recalculated eligible litres:</b>	<b>86 144 litres</b>	-	<b>1 689 litres</b>	=	<b>84 455 litres</b>

b) Return for **April 2018** to be completed as follows:

i) Recalculated litres **plus** litres purchased from **04/04/2018 equals** figures for return.

<b>Total litres</b>	<b>86 144</b>	(Recalculated)	+	102 000	(litres from <b>04/04/18</b> )	=	<b>188 144</b>
<b>Non-eligible litres</b>	<b>1 689</b>	(Recalculated)	+	2 000	(litres from <b>04/04/18</b> )	=	<b>3 689</b>
<b>Eligible litres</b>	<b>84 455</b>	(Recalculated)	+	100 000	(litres from <b>04/04/18</b> )	=	<b>184 455</b>

ii) Amount refundable **184 455 (litres) x 193.0c/l = R 355 998.15.**

## 3 RELATED INFORMATION

### 3.1 Legislation

<b>TYPE OF REFERENCE</b>	<b>REFERENCE</b>
Legislation and Rules administered by SARS:	<b>Customs and Excise Act No. 91 of 1964:</b> Section 75 <b>Customs and Excise Rules:</b> None <b>Part 3 of Schedule 6:</b> Rebate Item 670.04
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 21 February 2018, the Minister of Finance announced that the fuel levy increases by 22c per litre and Road Accident Fund (RAF) levy will be increased by 30c per litre respectively, with effect from 4 April 2018. Q-code has changed from SE-FS-18 to SE-DSL-02
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