

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 **15.0c** per litre and the Road Accident Fund (RAF) levy by **5.0c** per litre respectively, with effect from **3 April 2019**, as follows:
- Fuel levy = Increases from **322.0 c/l to 337.0 c/l**; and
 - RAF = Increases from **193.0 c/l to 198.0 c/l**.
- b) The diesel refund in respect of on-land primary sector beneficiaries is 40% of the general fuel levy of **337.0 c/l**, which equals **134.8 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)	321.8 c/l	332.8 c/l
Offshore (Commercial fishing, Coastwise Shipping, Offshore Mining & NSRI)	515.0 c/l	535.0 c/l
Electricity Generation Plants	354.0 c/l	366.5 c/l
Rail & Harbour Services	193.0 c/l	198.0 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	0.96694
Offshore	0.96261
Electricity Generation Plants	0.96589
Rail & Harbour Services	0.97474

- f) The VAT vendor must recalculate total non-eligible and eligible litres purchased up to and on **2 April 2019**, 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 08/2019 (01 March to 31 August)	Invoices to 02/04/2019 @ 321.8c/l	Invoices from 03/04/2019 @ 332.8c/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
80% of Eligible Litres	80 000.00	80 000.00
Amount Refundable	R 257 440.00	R 266 240.00
TOTAL REFUNDABLE	R 257 440.00 + R 266 240.00 = R 523 680.00	

a) Correction of litres purchased until **2 April 2019**:

Total litres times factor equals recalculated litres:	102 000 litres	x	0.96694	=	98 628 litres
Non-eligible litres times factor equals recalculated litres:	2 000 litres	x	0.96694	=	1 934 litres
Recalculated eligible litres:	98 628 litres	-	1 934 litres	=	96 694 litres

b) Return for **April 2019** to be completed as follows:

i) Recalculated litres **plus** litres purchased from **03/04/2019 equals** figures for return.

Total litres	98 628	(Recalculated)	+	102 000	(litres from 03/04/19)	=	200 628
Non-eligible litres	1 934	(Recalculated)	+	2 000	(litres from 03/04/19)	=	3 934
Eligible litres	96 694	(Recalculated)	+	100 000	(litres from 03/04/19)	=	196 694
80% of eligible litres	77 355	(Recalculated)	+	80 000	(litres from 03/04/19)	=	157 355

ii) Amount refundable **157 355 (litres) x 332.8c/l = R 523 667.44.**

2.2 Example 2 (offshore) – tax period 2 monthly

Return for tax period 04/2019 (March and April)	Invoices to 02/04/2019 @ 515.0c/l	Invoices from 03/04/2019 @ 535.0c/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	R 515 000.00	R 535 000.00
TOTAL REFUNDABLE	R 515 000.00 + R 535 000.00 = R 1 050 000.00	

a) Correction of litres purchased until **02/04/2019**:

Total litres times factor equals recalculated litres:	102 000 litres	x	0.96261	=	98 186 litres
Non-eligible litres times factor equals recalculated litres:	2 000 litres	x	0.96261	=	1 925 litres
Recalculated eligible litres:	98 186 litres	-	1 925 litres	=	96 261 litres

b) Return for **April 2019** to be completed as follows:

i) Recalculated litres **plus** litres purchased from **03/04/2019 equals** figures for return.

Total litres	98 186	(Recalculated)	+	102 000	(litres from 03/04/19)	=	200 186
Non-eligible litres	1 925	(Recalculated)	+	2 000	(litres from 03/04/19)	=	3 925
Eligible litres	96 261	(Recalculated)	+	100 000	(litres from 03/04/19)	=	196 261

ii) Amount refundable **196 261 (litres) x 535.0c/l = R 1 049 996.35.**

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

Return for tax period 04/2019 (April)	Invoices to 02/04/2019 @ 354.0c/l	Invoices from 03/04/2019 @ 366.5c/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	R 354 000.00	R 366 500.00
TOTAL REFUNDABLE	R 354 000.00+ R 366 500.00= R 720 500.00	

a) Correction of litres purchased until 02/04/2019:

Total litres times factor equals recalculated litres:	102 000 litres	x	0.96589	=	98 521 litres
Non-eligible litres times factor equals recalculated litres:	2 000 litres	x	0.96589	=	1 932 litres
Recalculated eligible litres:	98 521 litres	-	1 932 litres	=	96 589 litres

b) Return for April 2019 to be completed as follows:

i) Recalculated litres **plus** litres purchased from 03/04/2019 **equals** figures for return.

Total litres	98 521	(Recalculated)	+	102 000	(litres from 03/04/19)	=	200 521
Non-eligible litres	1 932	(Recalculated)	+	2 000	(litres from 03/04/19)	=	3 932
Eligible litres	96 589	(Recalculated)	+	100 000	(litres from 03/04/19)	=	196 589

ii) Amount refundable **196 589 (litres) x 366.5c/l = R 720 498.62.**

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

Return for tax period 04/2019 (March and April)	Invoices to 02/04/2019 @ 193.0c/l	Invoices from 03/04/2019 @ 198.0c/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	R 193 000.00	R 198 000.00
TOTAL REFUNDABLE	R 193 000.00 + R 198 000.00 = R 391 000.00	

a) Correction of litres purchased until 02/04/2019:

Total litres times factor equals recalculated litres:	102 000 litres	x	0.97474	=	99 423 litres
Non-eligible litres times factor equals recalculated litres:	2 000 litres	x	0.97474	=	1 949 litres
Recalculated eligible litres:	99 423 litres	-	1 949 litres	=	97 474 litres

b) Return for April 2019 to be completed as follows:

i) Recalculated litres **plus** litres purchased from 03/04/2019 **equals** figures for return.

Total litres	99 423	(Recalculated)	+	102 000	(litres from 03/04/19)	=	201 423
Non-eligible litres	1 949	(Recalculated)	+	2 000	(litres from 03/04/19)	=	3 949
Eligible litres	97 474	(Recalculated)	+	100 000	(litres from 03/04/19)	=	197 474

ii) Amount refundable **197 474 (litres) x 198.0c/l = R 390 998.52.**

3 RELATED INFORMATION

3.1 Legislation

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

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 20 February 2019, the Minister of Finance announced that the fuel levy increases by 15c per litre and Road Accident Fund (RAF) levy would be increased by 5c per litre respectively, with effect from 3 April 2019.
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