

INTERPRETATION NOTE 31 (Issue 5)

DATE: 17 July 2026

ACT : VALUE-ADDED TAX ACT NO. 89 OF 1991
SECTION : SECTIONS 11(3) READ WITH SECTION 11(1) AND 11(2)
SUBJECT : DOCUMENTARY PROOF REQUIRED FOR THE ZERO-RATING OF GOODS OR SERVICES

Preamble

In this Note unless the context indicates otherwise –

- **“BGR”** means a binding general ruling issued under section 89 of the Tax Administration Act 28 of 2011;
- **“Constitution”** means the Constitution of the Republic of South Africa, 1996;
- **“key office bearer”**, in relation to an organisation, means the head of its tax function, its public officer; its chief financial officer; or any other similarly designated officer depending on specific organisational or group structure;
- **“non-resident”** means a person that is not a “resident of the Republic” as defined under section 1(1);
- **“Regulations”** means the regulations issued under Government Notice R316 (published in *Government Gazette* 37580 of 2 May 2014) in terms of section 74(1) and paragraph (d) of the definition of “exported” under section 1(1);
- **“section”** means a section of the VAT Act;
- **“Schedule”** means a Schedule to the VAT Act;
- **“VAT”** means value-added tax;
- **“VAT Act”** means the Value-Added Tax Act 89 of 1991; and
- any other word or expression bears the meaning ascribed to it in the VAT Act.

The binding general ruling, interpretation note, regulations, and VAT reference guide referred to in this Note are available on the SARS website at www.sars.gov.za. Unless indicated otherwise, the latest version of these documents should be consulted.

1. Purpose

This Note sets out the documentary proof that is acceptable to the Commissioner as contemplated in section 11(3), in instances that goods or services are supplied at the zero rate.

2. Background

A fundamental principle of VAT is that goods or services supplied by a vendor in the course or furtherance of the vendor's enterprise should generally be subject to VAT at the standard rate.¹ Section 11(1) and (2) respectively make provision for a vendor to supply certain goods or services at the zero rate. To zero-rate these supplies, a vendor must comply with section 11(3), which requires a vendor to obtain and retain sufficient documentation to substantiate the zero-rating of such supplies.

3. The law

The relevant zero-rating provisions contained in section 11(1) and (2), are quoted in **Annexure A**.

4. Application of the law

The provisions of section 11(3) place an obligation on a vendor to obtain and retain documentary proof as is acceptable to the Commissioner substantiating the vendor's entitlement to apply the zero rate to a supply of goods or services under section 11(1) and (2).

5. Documentary proof

The documentary proof, acceptable to the Commissioner, which must be obtained and retained by a vendor to substantiate the entitlement to apply the zero rate under section 11(1) and (2), is set out in Tables A and B. Any words or phrases that are underlined have the meaning as described in **Annexure B**.

In instances that a BGR applies to a vendor that requires the vendor to obtain and retain additional documents not listed in Table A or B, the vendor is required to meet the documentary requirements of both the BGR and this Note.

5.1 Supply of goods [section 11(1)]

Table A below provides an overview of the documentary proof to be obtained and retained by a vendor in respect of a supply of goods under section 11(1), as well as references to the relevant sections of and schedules to the VAT Act.

Table A – Vendors making a supply of goods under section 11(1)

Item	Description of supply	Documentary proof required
A	Movable goods as a "direct export" [section 11(1)(a)(i), read with paragraph (a) of the definition of "exported" under section 1(1)]	a) Refer to paragraphs 6 and 8 of Interpretation Note 30 (Issue 3). ² b) <u>In the case of supplies made by an agent on behalf of the principal as contemplated under section 54(2C), refer to paragraphs 4.1 and 4.2 of BGR 69.</u>
B	Goods to a foreign-going ship or foreign-going aircraft [section 11(1)(a)(i), read with	a) <u>Tax invoice</u> ; b) Proof that the vendor delivered the goods to the aircraft or ship, i.e., a copy of the dispatch or

¹ Refers to the rate at which VAT is to be calculated under section 7(1). The official rate was 15% as at the date of issue of this Note.

² The reference to Interpretation Note 30 (Issue 3) dated 5 May 2014, includes any future updates.

Item	Description of supply	Documentary proof required
	paragraphs (b) and (c) of the definition of “exported” under section 1(1)]	delivery or receipt note, stamped by the vessel’s master or aircraft captain or a responsible person appointed by the master or captain; c) <u>Proof of export</u>; d) <u>Proof of payment</u>; and e) In addition to the documentary proof listed in a) to d), the following must be obtained for a “foreign-going ship” and “foreign-going aircraft” respectively: i) <u>“Foreign-going ship”</u>: (aa) For all foreign-going ships: ➤ Copy of a DA 1 form that is verified, stamped and numbered by SARS Customs; or ➤ Copy of a DA 3 certificate issued by SARS Customs; or ➤ Written confirmation from the vessel’s master or a responsible person appointed by the master that the vessel is going to a destination in an export country; and (bb) Paragraph (a) of “foreign-going ship”: ➤ Trading licence or certificate of registration or any other equivalent document confirming that the vessel is engaged in the transportation of passengers or goods on voyages between countries, for a reward; or (cc) Paragraph (b) of “foreign-going ship”: ➤ Certificate of registration or any other equivalent official document confirming that the vessel is registered in an export country; and ➤ Trading licence or any other equivalent document confirming that the commercial, fishing or other concern is conducted outside the Republic; and ➤ Written confirmation from the person conducting the concern referred in (bb), or a responsible person authorised by such first mentioned person, that the latter person is not a resident of the Republic and not a vendor; or

Item	Description of supply	Documentary proof required
		(dd) Paragraph (c) of “foreign-going ship”: ➤ Licence or certificate of registration or any other official document confirming that the vessel is foreign naval ship. ii) “Foreign-going aircraft”: (aa) For all “foreign-going aircraft”: ➤ Copy of a DA 2 form that is verified, stamped and numbered by SARS Customs; or ➤ Written confirmation from the aircraft’s captain or a responsible person appointed by the captain that the aircraft is going to a destination in an export country; and (bb) Paragraph (a) of “foreign-going aircraft”: ➤ Trading licence or certificate of registration or any other official document confirming that the aircraft is engaged in the transportation of passengers or goods at least wholly or mainly on flights between countries, for a reward; or (cc) Paragraph (b) of “foreign-going aircraft”: ➤ Licence or certificate of registration or any other official document confirming that the aircraft is foreign military aircraft.
C	Movable goods as an “indirect export” [section 11(1)(a)(ii), read with paragraph (d) of the definition of “exported” under section 1(1)]	Refer to Part Two – Section A paragraph 10 and Part Two – Section B paragraph 13 of the Regulations.
D	Goods forming part of a repair, renovating, modifying or treating service supplied in respect of goods to which section 11(2)(g)(ii) and section 11(2)(g)(iv) refer [section 11(1)(b)]	a) <u>Tax invoice</u>; b) <u>Proof of payment</u>; and c) Section 11(2)(g)(ii): ➤ In respect of goods entered under Item No’s 470.00 or 480.00 in paragraph 8 of Schedule 1, the SARS Customs Declaration evidencing the temporary import as well as the corresponding release notification; or

		d) Section 11(2)(g)(iv): i) <u>For all “foreign-going ship” or “foreign-going aircraft”:</u> ➤ Written confirmation from the recipient of the particulars of the foreign-going aircraft or foreign-going ship (i.e. make or type, name, registration number, and country of registration); and ii) <u>“Foreign-going ship”:</u> (aa) <i>Paragraph (a) of “foreign-going ship”:</i> ➤ Trading licence or certificate of registration or any other equivalent official document confirming that the vessel is engaged in the transportation of passengers or goods on voyages between countries, for a reward; or (bb) <i>Paragraph (b) of “foreign-going ship”:</i> ➤ Certificate of registration or any other equivalent official document confirming that the vessel is registered in an export country; and ➤ Trading licence or any other equivalent official document confirming that the commercial, fishing or other concern is conducted outside the Republic; and ➤ Written confirmation that the commercial, fishing, or other concern is conducted by a person that it is not a resident of the Republic and not a vendor; or (cc) <i>Paragraph (c) of “foreign-going ship”:</i> ➤ Licence or certificate of registration or any other official document confirming that the vessel is a foreign naval ship; or iii) <u>“Foreign-going aircraft”:</u> (aa) <i>Paragraph (a) of “foreign-going aircraft”:</i> ➤ Trading licence or certificate of registration or any other document confirming that the aircraft is engaged in the transportation of passengers or goods at least wholly
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Item	Description of supply	Documentary proof required
		or mainly on flights between countries, for a reward; or (bb) Paragraph (b) of “foreign-going aircraft”: ➤ Licence or certificate of registration or any other official document confirming that the aircraft is a foreign military aircraft.
E	Movable goods used exclusively in an export country or by a <u>customs-controlled area enterprise</u> (CAAE) or a special economic zone (SEZ) operator in a customs control area (CCA) [section 11(1)(c)]	a) <u>Tax invoice</u>; b) <u>Written agreement or similar between the vendor and the recipient confirming that the goods are for use exclusively in an export country.</u> c) <u>Proof of payment</u>; and d) In the case of use in an export country: <u>Proof of export from the Republic or proof that the movable goods are situated outside the Republic</u>; or e) In the case of use in a CCA: i) The original VAT267 form endorsed by an SEZ operator when the goods entered the CCA; and ii) Proof that the lessee is a registered or licenced CCAE or an SEZ operator in accordance with the Customs and Excise Act.
F	Movable goods used exclusively in a business conducted in an export country [section 11(1)(d)]	a) <u>Tax invoice</u>; and b) Trading licence or any other equivalent document confirming that the business of the recipient is conducted in an export country; and c) <u>Proof of payment</u>, which must also evidence that the rent or other consideration was affected from the export country where the business operates or trades.
G	Disposal of an enterprise or part of the enterprise as a going concern [section 11(1)(e)]	a) A copy of the contract of sale between the recipient and the vendor confirming in writing that – i) the enterprise or part of the enterprise– ➤ is disposed of as a going concern; and ➤ will be an income-earning activity on the date of transfer of such enterprise; ii) the assets necessary for carrying on such enterprise or part of the enterprise must be disposed of to the purchaser; and

Item	Description of supply	Documentary proof required
		iii) the consideration for the supply includes VAT at the zero rate; b) <u>Tax invoice</u>; and c) The recipient's Notice of Registration. Refer to paragraphs 4.3 and 4.5 of Interpretation Note 57 for a more detailed explanation of this requirement.
H	Gold to the South African Reserve Bank, South African Mint Company (Pty) Ltd or registered banks [section 11(1)(f)]	a) <u>Tax invoice</u>. b) <u>In the case of supplies made by an agent on behalf of the principal as contemplated under section 54(2C), refer to paragraphs 4.1 and 4.2 of BGR 69.</u>
I	Goods used or consumed for agricultural, pastoral or other farming purposes [section 11(1)(g)]	a) <u>Tax invoice</u>; and b) The recipient's Notice of Registration in which authorisation is granted for goods to be supplied to that recipient, at the rate of 0%.
J	Fuel levy goods [section 11(1)(h)]	<u>Tax invoice</u> .
K	Crude for the purpose of being refined for the production of fuel levy goods [section 11(1)(hA)]	a) <u>Tax invoice</u>; b) Copy of the recipient's valid manufacturer licence issued under the Petroleum Products Act 120 of 1977. c) Written confirmation from the recipient that the goods are acquired for purposes of being refined for the production of fuel levy goods.
L	Deemed supply of goods consigned or delivered to a branch or main business in an export country [section 11(1)(i)]	Refer to paragraphs 6 and 8 of Interpretation Note 30 (Issue 3).
M	Certain specified foodstuffs [section 11(1)(j)] (Part B of Schedule 2)	<u>Tax invoice</u> .
N	Gold coins issued by the South African Reserve Bank [section 11(1)(k)]	a) <u>Tax invoice</u>; and b) <u>Proof of payment</u>.
O	Illuminating kerosene (marked) [section 11(1)(l)]	<u>Tax invoice</u> . The description of the goods on the tax invoice must specify that the illuminating kerosene is marked.

Item	Description of supply	Documentary proof required
P	Movable goods to a <u>CCAE</u> or an SEZ operator in a CCA [section 11(1)(m)]	a) <u>Tax invoice</u> ; b) Proof that the vendor used its own mode of transport or its cartage contractor; c) Proof that the purchaser is a registered or licenced CCAE or an SEZ operator in accordance with the Customs and Excise Act; d) The original VAT267 form endorsed by an SEZ operator when the goods entered the CCA; and e) <u>Proof of payment</u> .
Q	Fixed property situated in a CCA to a <u>CCAE</u> or an SEZ operator under any agreement of sale or letting or any other agreement for use or permission to use [section 11(1)(mA)]	a) <u>Tax invoice</u> ; b) Written confirmation that the fixed property is situated in a CCA; c) Proof that the purchaser/lessee is a registered or licenced CCAE or an SEZ operator in accordance with the Customs and Excise Act; and d) <u>Proof of payment</u> .
R	Any old order right or OP26 right converted into a new right pursuant to the relevant item under the Mineral and Petroleum Resources Development Act 28 of 2002 (the MPRD Act) [section 11(1)(n)(i)]	Approval from the Department of Mineral Resources and Energy that the old order right or OP26 right has been converted into a new right pursuant to Item 7(3) in Schedule II to the MPRD Act.
S	Disposal of an enterprise or part of such enterprise as a going concern, between separately registered vendors falling within the same legal entity [section 11(1)(p)]	a) <u>Tax invoice</u> in relation to that supply is inclusive of tax at the rate of 0%; b) A copy of the recipient's Notice of Registration; and c) A declaration by the seller and the recipient confirming the disposal is a going concern.
T	Goods supplied to a person that is not a resident of the Republic and not a vendor (non-resident) and such goods are delivered to that non-resident's customer that is a vendor in the Republic [section 11(1)(q)]	a) <u>Tax invoice</u> ; b) Written confirmation from the non-resident that it is not a resident of the Republic and not a vendor; c) A statement from the non-resident's customer reflecting the customer's VAT registration number and confirming that the goods are to be used wholly for the purpose of consumption, use or supply in the course of making taxable supplies; and d) <u>Proof of payment</u> from the non-resident for the goods.

Item	Description of supply	Documentary proof required
U	Compensation paid by a public authority under of section 19 of the Animal Diseases Act 35 of 1984 (the Animal Diseases Act) for the supply of a "controlled animal or thing" to that public authority [section 11(1)(r)]	A document issued by the public authority confirming that the compensation is paid under section 19 of the Animal Diseases Act.
V	Goods (being fixed property) supplied to the Minister of the Department of Rural Development & Land Reform (previously known as the Minister of Land Affairs) who acquired those goods under the Provision of Land and Assistance Act 126 of 1993 (PLA Act), or section 42E of the Restitution of Land Rights Act 22 of 1994 (RLR Act) [section 11(1)(s)]	a) <u>Tax invoice</u> ; b) <u>Proof of payment</u> ; and c) Confirmation that the goods are acquired under the PLA Act or section 42E of the RLR Act.
W	Goods (being fixed property) supplied to a person to the extent that the consideration for those goods is an advance or subsidy granted under the PLA Act [section 11(1)(t)]	a) <u>Tax invoice</u> ; b) <u>Proof of payment</u> ; and c) Confirmation that the payment is a subsidy from the Department of Rural Development and Land Reform under the PLA Act.
X	Goods, other than the supply of goods by an inbound duty- and tax-free shop, which have been imported and entered for storage in a licensed Customs and Excise storage warehouse but have not been entered for home consumption [section 11(1)(u)]	a) <u>Tax invoice</u> ; b) The relevant Customs documentation; and c) <u>Proof of payment</u> .
Y	Goods supplied by an inbound duty- and tax-free shop [section 11(1)(v)]	a) <u>Tax invoice</u> ; b) The relevant Customs license to operate in the duty- and tax-free area; c) A copy of the monthly consolidated "ex warehouse" Customs Declaration; and d) <u>Proof of payment</u> .

Item	Description of supply	Documentary proof required
Z	Goods supplied consisting of sanitary towels (pads) [(section 11(w), (Part C of Schedule 2)]	a) <u>Tax Invoice.</u>
AA	<u>Goods supplied in the course of supplying testing services referred to in section 11(2)(z) [section 11(2)(x)]</u>	a) <u>The documentary proof in Table B, Item Z:</u> b) <u>Costing or other approved commercial records of the consumable goods necessary for the supply of the testing services that became unusable or had no commercial value as a direct result of being used in the supply of the testing services.</u>

5.2 Supply of services [section 11(2)]

Table B below provides an overview of the documentary proof to be obtained and retained by a vendor in respect of a supply of services under section 11(2), as well as references to the relevant sections of and schedules to the VAT Act.

Table B – Vendors making a supply of services under of section 11(2)

Item	Description of supply	Documentary proof required
A	International transport services in respect of goods [section 11(2)(a)]	a) <u>Tax invoice;</u> b) The <u>applicable transport document</u> indicating the collection and delivery addresses or the point of origin and the point of destination; c) Signed <u>delivery</u> note or goods received note or a processed goods declaration in the country of origin or destination; and d) <u>Proof of payment.</u>
B	International transport services in respect of passengers [section 11(2)(a)]	<u>Tax invoice</u> reflecting the ticket number, point of origin, point of destination and recipient's details.
C	Domestic air transportation associated with the international carriage by air of passengers [section 11(2)(b)]	<u>Tax invoice</u> reflecting the ticket number, the point of origin, the point destination and recipient's details.
D	Local transport services of goods provided by the same supplier of the international transport services [section 11(2)(c)]	a) <u>Tax invoice;</u> b) A copy of the transport contract for the local transport services and the relevant international transport document indicating the collection and delivery addresses and point of origin and the point of destination; c) Signed delivery note or goods received note or a processed goods declaration in the country of destination; and

Item	Description of supply	Documentary proof required
		d) <u>Proof of payment.</u>
E	The insuring or the arranging of the insurance or the arranging of the international transportation of passengers or goods [section 11(2)(d)]	a) <u>Tax invoice</u> ; b) A copy of the insurance or transport contract; c) In the case of the arranging of international transportation of goods or passengers, proof that the underlying transport service was zero-rated; and d) <u>Proof of payment.</u>
F	Certain services comprising the transport of goods or any ancillary transport services supplied directly to a person that is not a resident of the Republic and not a vendor [section 11(2)(e)]	a) <u>Tax invoice</u> ; b) Written <u>confirmation</u> from the recipient that it is not a resident of the Republic and not a vendor. An annual declaration made by a “key office bearer” representing the recipient may be obtained in the case of an ongoing agreement for the making of recurring supplies of the services; c) <u>Proof of payment</u> ; and d) In the case of services comprising the transport of goods – i) signed delivery note or goods received note or a processed goods declaration in the country of destination; and ii) a copy of the <u>transport document</u> .
G	Services supplied directly in connection with land or improvements to land in an export country [section 11(2)(f)]	a) <u>Tax invoice</u> ; b) A copy of the contract or other written confirmation that the land is situated in an address in an export country; and c) <u>Proof of payment.</u>
H	Services supplied directly in respect of [section 11(2)(g)] – a) movable property situated in an export country [section 11(2)(g)(i)]; or b) certain movable goods temporarily admitted into the Republic from an export country [section 11(2)(g)(ii)] [see also section 11(1)(b)]; or c) movable goods supplied to a “foreign-going ship” or a “foreign going aircraft” for use or consumption in such ship	a) <u>Tax invoice</u> ; b) <u>Proof of payment</u> ; and c) Section 11(2)(g)(i): i) Written confirmation from the recipient that the movable property was situated in an export country at the time that the services were rendered; or ii) In the case of “securities” defined under section 2(2), either a written agreement, account statement or investment list or similar documents issued to the recipient containing sufficient details of the securities, including confirmation of location in an export country; or d) Section 11(2)(g)(ii): In respect of goods entered under Item No’s 470.00 or 480.00 in paragraph 8 of Schedule 1, the

Item	Description of supply	Documentary proof required
	or aircraft [section 11(2)(g)(iii)]; or d) repair, maintenance, cleaning or re-conditioning of a “foreign-going ship” or a “foreign-going aircraft” [section 11(2)(g)(iv)]	SARS Customs Declaration evidencing the temporary import as well as the corresponding release notification; or e) Section 11(2)(g)(iii): Refer to Table A, Item B; or f) Section 11(2)(g)(iv): Refer to paragraph (d) (see Table A, Item D).
I	Certain services rendered to a person that is not a resident of the Republic and is not a vendor in which case the services are in connection with a “foreign-going ship” or a “foreign-going aircraft” or temporarily imported containers [section 11(2)(h)]	a) <u>Tax invoice</u>; b) Written confirmation from the recipient that it is not a resident of the Republic and not a vendor. An annual declaration made by a “key office bearer” representing the recipient may be obtained in the case of an ongoing agreement for the making of recurring supplies of the services; c) <u>Proof of payment</u>; and d) Section 11(2)(h)(i) & (ii): Refer to paragraph (d) (see Table A, Item D) ; or e) Section 11(2)(h)(iii): The SARS Customs Declaration evidencing the temporary import.
J	Arranging the supply of goods, services or the transport of goods for a person that is not a resident of the Republic and not a vendor [section 11(2)(i)]	a) <u>Tax invoice</u>; b) Written confirmation from the recipient that it is not a resident of the Republic and not a vendor. An annual declaration made by a “key office bearer” representing the recipient may be obtained in the case of an ongoing agreement for the making of recurring supplies of the services; and c) <u>Proof of payment</u>.
K	Repair, maintenance, cleaning or reconditioning of railway trains operated by a person that is not a resident of the Republic and is not a vendor [section 11(2)(j)]	a) <u>Tax invoice</u>; b) A copy of the contract setting out that the nature of the services to be supplied is repair, maintenance, cleaning or reconditioning of railway train operated by the recipient. c) Written confirmation from the recipient that it is not a resident of the Republic and is not a vendor, if that information is not contained in the contract. An annual declaration made by a “key office bearer” representing the recipient may be obtained in the case of an ongoing agreement for the making of recurring supplies of the services; and d) <u>Proof of payment</u>.

Item	Description of supply	Documentary proof required
L	Services physically rendered in an export country or to a <u>CCA</u> or an SEZ operator in a CCA [section 11(2)(k)]	a) <u>Tax invoice</u> ; b) Services physically rendered in an export country: - A copy of the vendor's or the vendor's employee's passport bearing a stamp of entry into the export country; or - In instances that a vendor sub-contracts the services to a person situated in an export country, a copy of the contract between the vendor and the subcontracted person situated in an export country; or c) Services physically rendered to a CCAE or an SEZ operator in a CCA: - The original page of the VAT267 form endorsed by an SEZ operator to evidence the entry and exit of the vendor or the vendor's employee into and out of a CCA, in order to perform the services; and - Proof that the recipient is a registered or licenced CCAE or an SEZ operator in accordance with the Customs and Excise Act. d) <u>Proof of payment</u> .
M	Certain services supplied to a person that is not a resident of the Republic [section 11(2)(l)]	a) <u>Tax invoice</u> ; b) Written confirmation from the recipient that it is not a resident of the Republic. An annual declaration made by a "key office bearer" representing the recipient may be obtained in the case of an ongoing agreement for the making of recurring supplies of the services; c) <u>Proof of payment</u> ; and d) Section 11(2)(l)(ii)(aa): <u>Proof of export</u> (see Table A, Item A); or e) Section 11(2)(l)(ii)(bb): A statement from the non-resident containing the name, address and VAT registration number of that non-resident's local recipient; or f) Section 11(2)(l)(iii): A statement from the non-resident that the non-resident or any other person as contemplated under section 11(2)(l)(iii) is not present in the Republic at the time that the services are rendered. An annual declaration made by a "key office bearer" representing the recipient may be obtained in the case of an ongoing agreement for the making of recurring supplies of the services.

Item	Description of supply	Documentary proof required
N	Services connected with intellectual property rights for use outside the Republic [section 11(2)(m)]	a) A copy of the contract between the vendor and the recipient; b) A supplementary document, indicating where the rights are or to be used if not stated in the contract between the vendor and the recipient; c) <u>Tax invoice</u> ; d) <u>Proof of payment</u> ; and e) Section 11(2)(m)(ii): A copy of the contract or other document containing an acceptance by the person contemplated under section 11(2)(m)(ii) of the obligation to refrain from pursuing or exercising any such rights as contemplated under section 11(2)(m)(i).
O	Grants paid by public authorities or municipalities to welfare organisations [section 11(2)(n)]	a) Proof that the public authority or municipality paid a grant to a welfare organisation, for example a copy of the agreement or other applicable document; and b) The welfare organisation's (grantee's) copy of the zero-rated tax invoice (if applicable).
P	Services supplied to a branch or main business situated in an export country [section 11(2)(o)]	a) <u>Tax invoice</u> ; b) <u>Proof of payment</u> ; and c) Section 11(2)(o)(ii)(aa): <u>Proof of export</u> (see Table A, Item A); or d) Section 11(2)(o)(ii)(bb): A statement from the branch or main business containing the name, address and VAT registration number of that branch or main business' local recipient; or e) Section 11(2)(o)(iii): A statement from the branch or main business that the branch or main business or the other person as contemplated under section 11(2)(o)(iii) is not present in the Republic at the time that the services are rendered. An annual declaration made by a "key office bearer" representing the recipient may be obtained in the case of an ongoing arrangement for the making of recurring supplies of the services.
Q	Services supplied by a foreign donor funded project, being a vendor, to an	a) <u>Tax invoice</u> ; and b) Either the – (i) ODAA agreement between the applicable country and South Africa, in respect of which the international donor funding was received

Item	Description of supply	Documentary proof required
	international donor [section 11(2)(q)] ³	reflecting the name of the implementing agency; or (ii) the agreement between the implementing agency and the foreign donor or government department; and c) A copy of a signed letter with a unique reference number from National Treasury confirming that the project is an approved foreign donor funded project for VAT purposes.
R	Services of vocational training provided to employees for the benefit of an employer that is not a resident of the Republic and not a vendor [section 11(2)(r)]	a) <u>Tax invoice</u>; b) Written confirmation from the recipient that it is not a resident of the Republic and not a vendor. An annual declaration made by a “key office bearer” representing the recipient may be obtained in the case of an ongoing arrangement for the making of recurring supplies of the services; and c) <u>Proof of payment</u>.
S	Grants paid by public authorities or municipalities to a vendor under the housing subsidy scheme [section 11(2)(s)]	A copy of the agreement or any other applicable documentation/correspondence between the vendor and the public authority or municipality pertaining to the payment, stipulating that it is made in terms of the housing subsidy scheme referred to under section 3(5)(a) of the Housing Act 107 of 1997 relating to housing under the Reconstruction and Development Programme.
T	Grants paid by certain public authorities, municipalities or constitutional institutions to or on behalf of vendors [section 11(2)(t)]	a) <u>Tax invoice</u>; and b) A copy of the agreement or any other applicable official documentation or correspondence between the vendor and the public authority, municipality or constitutional institution pertaining to the payment of the grant.
U	Services deemed to be supplied by a designated entity to a public authority or municipality in respect of a payment received under the Skills Development Act 97 of 1998 (SDA) [section 11(2)(u)]	A copy of any applicable official documentation or correspondence in respect of the payment, confirming that it is made under the SDA.
V	Services relating to goods supplied under warranty by a warrantor that is not a resident of the Republic and	a) <u>Tax invoice</u>; b) A copy of the warranty agreement or any other documentation setting out the terms of the warranty and the warrantor’s particulars;

³ For detailed guidance on foreign donor funded projects see the *VAT Reference Guide for Foreign Donor Funded Projects*.

Item	Description of supply	Documentary proof required
	is not a vendor [section 11(2)(v)]	c) Written confirmation from the warrantor that the warrantor is not a resident of the Republic and not a vendor, if not stated in the copy of the warranty agreement or any other relevant documentation. An annual declaration made by a “key office bearer” representing the recipient may be obtained in the case of an ongoing arrangement for the making of recurring supplies of the services; and d) <u>Proof of payment</u>.
W	Municipal rates levied by a municipality [section 11(2)(w)]	The vendor's copy of the tax invoice reflecting the municipal rates levied at the zero rate.
X	Services supplied by the owner of a horse, being a vendor, to the operator of a horse-racing event to the extent of any consideration paid as a result of the successful participation of that horse in that event [section 11(2)(x)]	a) <u>Tax invoice</u>; b) A copy of the remittance advice/statement issued by the operator of the horse-racing event; and c) <u>Proof of payment</u>.
Y	International telecommunications services [section 11(2)(y)]	a) <u>Tax invoice</u>; b) Proof of supplier's licencing or registration under the Electronic Communications Act 36 of 2005; c) Written contract or service level agreement between the contracting parties, setting out clearly that services comprise international roaming services or any other non-roaming international telecommunication services as contemplated in the International Telecommunications Union Regulations contained in the Final Acts of the World Conference on International Telecommunications (Dubai, 2012); d) <u>Proof of payment</u>; and e) In addition to documentary proof listed in paragraphs (a) to (d), the following must be obtained in respect of non-roaming services: A statement from the recipient International Telecommunications Services Provider that the services are not procured for supply to its branch, main business or customer situated in the Republic at the time the services are rendered.

Item	Description of supply	Documentary proof required
Z	Testing services supplied to a non-resident [section 11(2)(z)]	a) <u>Tax invoice;</u> b) <u>A copy of the contract setting out that the nature of the supply is that of testing services;</u> c) <u>Written confirmation from the recipient that it is not a resident of the Republic. An annual declaration made by a “key office bearer” representing the recipient may be obtained in the case of an ongoing agreement for the making of recurring supplies of the services;</u> d) <u>Proof of payment;</u> e) <u>Section 11(2)(z)(i)(aa):</u> <u>Refer to Table A, Item AA; or</u> f) <u>Section 11(2)(z)(i)(bb):</u> <u>Proof of export (see Table A, Item A); and</u> g) <u>Section 11(z)(ii):</u> <u>A statement from the non-resident recipient that the non-resident is not present in the Republic at the time that the services are rendered. An annual declaration made by a “key office bearer” representing the recipient may be obtained in the case of an ongoing agreement for the making of recurring supplies of the services.</u>
AA	Distribution services deemed to be made under section 8(31) [section 11(2)(zA)]	a) <u>Records of the purchase price and selling price of the airtime vouchers.</u> b) A copy of the contract or similar written agreement for the distribution services of the airtime vouchers of the International Telecommunications Service Provider.

6. Time period to obtain documentary proof

- (a) The vendor must be in possession of the applicable documentary proof within a period of 90 days calculated from the earlier of the time an invoice is issued or the time any payment of consideration is received by the vendor in respect of the supply. In the case that a supply of goods is made under section 11(1)(a)(i), read with paragraph (a) of the definition of “exported” under section 1(1),⁴ and section 11(1)(a)(ii)(aa), read with paragraph (d) of the definition of “exported” under section 1(1),⁵ the required documentary proof to be obtained and retained by a vendor and the time period within which the documentary proof must be obtained by the vendor are set out in Interpretation Note 30 (Issue 3) and the Regulation⁶ respectively. In the case of a supply of goods comprising gold that is exported by

⁴ See Interpretation Note No. 30 (Issue 3).

⁵ See the Regulations.

⁶ This includes any future updates or Regulations as envisaged in paragraph (d) of the definition of “exported”.

an agent as contemplated under section 54(2C), the required documentary proof that must be obtained by the agent is set out in BGR 69.

- (b) In the event that the required documentation is not obtained by the vendor within the prescribed period set out in **6(a)**, the requirements of section 11(3) are not met and VAT therefore could not have been levied at the zero rate under section 11. As a result, the vendor is required to account for output tax on the supply. The output tax is calculated by applying the tax fraction to the consideration for the supply [that is, the consideration is deemed to include VAT under section 64(1)]. The vendor must include the amount of output tax in Block 12 of the VAT return for the tax period in which the said period of 90 days ends. This does not apply in respect of supplies that would have been exempt from VAT under section 12 had it not been zero-rated under section 11 (for example, the supply of financial services to a person that is not a resident of the Republic). These supplies will therefore revert to being exempt with the corresponding denial of input tax. This would also not apply in respect of goods that are zero-rated without being subsequently exported, the default zero-rating would apply in this instance.
- (c) Should the vendor receive the required documentation in respect of which output tax was calculated as stipulated in **6(b)** within five years from the end of the tax period during which the original tax invoice was or should have been issued, the output tax adjustment as contemplated in **6(b)** may be deducted as an adjustment in Block 18 of the vendor's VAT return for the tax period in which the documentation is received. Provided that the vendor must be able to provide proof to the Commissioner that the vendor –
 - (i) initially accounted for VAT at the zero rate;
 - (ii) has furnished a return for the tax period for which the output tax calculated in **6(b)**, that is, the output tax adjustment, was payable; and
 - (iii) has properly accounted for the output tax on that supply as contemplated in **6(b)**.
- (d) The vendor, having obtained all the other required documentary proof, is not required to account for output tax as a result of not obtaining the required proof of payment for the total consideration within the period set out in **6(a)** if –
 - (i) the vendor has entered into a written agreement with the recipient for the payment of the consideration for the supply to be made after or over a period exceeding the 90 days but not exceeding 12 months; or
 - (ii) a written contract provides for a retention amount to be withheld, for a period exceeding five years, due to the nature of the services supplied and proof of payment of the retention amount has not been obtained; or
 - (iii) the recipient is unable to effect the payment due to the restrictions imposed on foreign exchange by the country in which the recipient conducts its enterprise; or
 - (iv) the vendor has written off the said consideration as irrecoverable; or
- (e) In the event that the required proof of payment for the total consideration is not obtained by the vendor within the prescribed period set out in **6(d)**, excluding (iv), the vendor would not comply with the requirements of section 11(3) and is therefore

not allowed to levy VAT at the zero rate under section 11. The vendor is required to account for output tax on the supply to the extent of payment not received, if the vendor has not received proof of payment for the total consideration within the period allowed. The output tax is calculated by applying the tax fraction to the consideration for the supply. The vendor must include the amount of output tax in Block 12 of the VAT return for the tax period in which the said period ends.

- (f) Should the vendor receive the documentation in respect of which output tax was calculated as stipulated in **6(f)** within five years from the end of the tax period during which the original tax invoice for that supply was or should have been issued, the amount calculated in **6(f)** may be deducted as an adjustment in Block 18 of the VAT return for the tax period in which this documentation is received. The vendor must, however, be able to provide proof to the Commissioner that the vendor –
 - (i) initially accounted for VAT at the zero rate;
 - (ii) has furnished a return for the tax period for which the output tax calculated in **6(f)**, that is, the output tax adjustment, was payable; and
 - (iii) has properly accounted for the output tax on that supply as contemplated in **6(f)**.
- (g) If a written contract provides for a retention amount to be withheld as contemplated in **6(d)(ii)**, proof of payment of that retention amount does not have to be obtained in order to satisfy the proof of payment requirement.
- (h)
 - (i) The Commissioner may extend the period within which the required documentary proof must be obtained by the vendor should such documentary proof not be obtained within the prescribed period set out in **6(a)** or the extended periods in **6(d)** due to circumstances beyond the control of that vendor. The vendor must, before the expiry of the 90-day period or such extended period as set out in **6(a)** or **6(d)** respectively, submit a written application to the Commissioner by e-mail to **VATRulings@sars.gov.za** requesting a decision for the extension of the aforementioned period. Such an application must contain the circumstances that would be regarded as being circumstances beyond the control of the vendor.
 - (ii) In the event that the vendor is unable to submit the application as set out above, the vendor must submit the application to the Commissioner by e-mail to **VATRulings@sars.gov.za** within a period of 30 days from the expiry of the period within which the application should have been submitted. Such an application must include both the circumstances that would be regarded as being circumstances beyond the control of the vendor and the reasons substantiating why the application could not have been submitted timeously.
 - (iii) For purposes of **(h)**, circumstances beyond the control of the vendor means –
 - (aa) a natural or human-made disaster;
 - (bb) a civil disturbance or disruption in services; or

- (cc) a serious illness of or accident concerning the recipient or a person duly authorised to represent the recipient.
- (i) The rate of tax applicable for purposes of this paragraph is the rate of tax in force at the date the tax invoice was or should have been issued.

7. Conclusion

For a vendor to substantiate its entitlement to apply the zero rate to the supply of goods or services under section 11, that vendor must be in possession of documentary proof as is acceptable to the Commissioner.

In the event that the Commissioner is not satisfied that there is sufficient proof of the zero rate under section 11, the supply cannot be zero-rated and is therefore subject to VAT at the standard rate.

Section 55, read with Part A of Chapter 4 of the Tax Administration Act 28 of 2011, places the burden of proof on the vendor to retain documentation acceptable to the Commissioner to substantiate the entitlement to apply the zero rate to the supply of the goods or services.

This Note may not prescribe all possible scenarios. A vendor experiencing difficulty in determining the applicable rate of tax may, before applying the zero rate to the supply of movable goods, submit a written application to the Commissioner by e-mail to **VATRulings@sars.gov.za** requesting confirmation of the application of the zero rate in the specific circumstances.

Legal and Policy Division
SOUTH AFRICAN REVENUE SERVICE

Annexure A – The law

Section 1(1) – Definitions

“exported”, in relation to any movable goods supplied by any vendor under a sale or an instalment credit agreement, means—

- (a) consigned or delivered by the vendor to the recipient at an address in an export country as evidenced by documentary proof acceptable to the Commissioner; or
- (b) delivered by the vendor to the owner or charterer of any foreign-going ship contemplated in paragraph (a) of the definition of “foreign-going ship” or to a foreign-going aircraft when such ship or aircraft is going to a destination in an export country and such goods are for use or consumption in such ship or aircraft, as the case may be; or
- (c) delivered by the vendor to the owner or charterer of any foreign-going ship contemplated in paragraph (b) of the definition of “foreign-going ship” for use in such ship; or
- (d) removed from the Republic by the recipient for conveyance to an export country in accordance with any regulation made by the Minister in terms of this Act;

“tax invoice”, means a document provided as required by section 20;

“foreign-going aircraft” means any—

- (a) aircraft engaged in the transportation for reward of passengers or goods wholly or mainly on flights between airports in the Republic and airports in export countries or between airports in export countries; or
- (b) foreign military aircraft;

“foreign-going ship” means any—

- (a) any ship or other vessel engaged in the transportation for reward of passengers or goods wholly or mainly on voyages between ports in the Republic and ports in export countries or between ports in export countries;
- (b) any ship or other vessel registered in an export country where such ship or vessel is utilized for the purposes of a commercial, fishing or other concern conducted outside the Republic by a person who is not a vendor and is not a resident of the Republic; or
- (c) any foreign naval ship;

Section 11(1) – Zero-rating of supplies of goods

Where, but for this section, a supply of goods would be charged with tax at the rate referred to in section 7(1), such supply of goods shall, subject to compliance with subsection (3) of this section, be charged with tax at the rate of zero per cent where—

- (a) the supplier has supplied the goods (being movable goods) in terms of a sale or instalment credit agreement and—
 - (i) the supplier has exported the goods in the circumstances contemplated in paragraph (a), (b) or (c) of the definition of “exported” in section 1; or
 - (ii) the goods have been exported by the recipient and the supplier has elected to supply the goods at the zero rate as contemplated in Part 2 of the regulation referred to in paragraph (d) of the definition of “exported” in section 1: Provided that—
 - (aa) where a supplier has supplied the goods to the recipient in the Republic otherwise than in terms of this subparagraph, such supply shall not be charged with tax at the rate of zero per cent; and

- (bb) where the goods have been removed from the Republic by the recipient in accordance with the regulation referred to in paragraph (d) of the definition of “exported” in section 1, such tax shall be refunded to the recipient in accordance with the provisions of section 44(9); or
- (b) the goods have been supplied in the course of repairing, renovating, modifying, treating, processing, cleaning, reconditioning or manufacture of any goods to which subsection (2)(g)(ii) or (iv) refers and the goods supplied—
 - (i) are wrought into, affixed to, attached to or otherwise form part of those other goods; or
 - (ii) being consumable goods, become unusable or worthless as a direct result of being used in that repair, renovation, modification or treatment process; or
- (c) the goods (being movable goods) are supplied to a lessee or other person under a rental agreement, charter party or agreement for chartering, if the goods are used exclusively in an export country or by a customs controlled area enterprise or an SEZ operator in a customs controlled area: Provided that this subsection shall not apply where a “motor car” as defined in section 1 is supplied to a person located in a customs controlled area;
- (d) the goods (being movable goods) are supplied to a lessee or other person under a rental agreement, charter party or agreement for chartering, if those goods are used by that lessee or other person exclusively in any commercial, financial, industrial, mining, farming, fishing or professional concern conducted in an export country and payment of rent or other consideration under that agreement is effected from such export country; or
- (e) the supply is to a registered vendor of an enterprise or of a part of an enterprise which is capable of separate operation, where the supplier and the recipient have agreed in writing that such enterprise or part, as the case may be, is disposed of as a going concern: Provided that—
 - (i) such enterprise or part, as the case may be, shall not be disposed of as a going concern unless—
 - (aa) such supplier and such recipient have, at the time of the conclusion of the agreement for the disposal of the enterprise or part, as the case may be, agreed in writing that such enterprise or part, as the case may be, will be an income-earning activity on the date of transfer thereof; and
 - (bb) the assets which are necessary for carrying on such enterprise or part, as the case may be, are disposed of by such supplier to such recipient; and
 - (cc) in respect of supplies on or after 1 January 2000, such supplier and such recipient have at the time of the conclusion of the agreement for the disposal of such enterprise or part, as the case may be, agreed in writing that the consideration agreed upon for that supply is inclusive of tax at the rate of zero per cent;
 - (ii) where the enterprise or part, as the case may be, disposed of as a going concern has been carried on in, on or in relation to goods or services applied mainly for purposes of such enterprise or part, as the case may be, and partly for other purposes, such goods or services shall, where disposed of to such recipient, for the purposes of this paragraph and section 18A be deemed to form part of such enterprise or part, as the case may be, notwithstanding the provisions of paragraph (v) of the proviso to the definition of “enterprise” in section 1; or

- (f) the supply is to the South African Reserve Bank, the South African Mint Company (Proprietary) Limited or any bank registered under the Banks Act, 1990 (Act No. 94 of 1990), of gold in the form of bars, blank coins, ingots, buttons, wire, plate or granules or in solution, which has not undergone any manufacturing process other than the refining thereof or the manufacture or production of such bars, blank coins, ingots, buttons, wire, plate, granules or solution; or
- (g) the supply is of such goods used or consumed for agricultural, pastoral or other farming purposes as are set forth in Part A of Schedule 2, provided such supply is made in compliance with such conditions as may be prescribed in the said Part; or
- (h) the goods consist of fuel levy goods referred to in Fuel Item Levy numbers 195.10.03, 195.10.17, 195.20.01 and 195.20.03 in Part 5A of Schedule No. 1 to the Customs and Excise Act; or
- (hA) the goods consist of petroleum oil and oils obtained from bituminous minerals, known as crude, referred to in Heading No. 27.09 in Chapter 27 of Part 1 of Schedule No. 1 to the Customs and Excise Act when supplied for the purpose of being refined for the production of fuel levy goods as defined in section 1 of the Customs and Excise Act; or
- (hB) ...
- (i) the goods are supplied as contemplated in section 8(9);
- (j) the goods consist of such foodstuffs as are set forth in Part B of Schedule 2, but subject to such conditions as may be prescribed in the said Part; or
- (k) the goods are gold coins supplied as such and which the Reserve Bank has issued in the Republic in accordance with the provisions of section 14 of the South African Reserve Bank Act, 1989 (Act No. 90 of 1989), or which remain in circulation as contemplated in the proviso to subsection (1) of that section; or
- (l) the goods consist of illuminating kerosene (marked) intended for use as fuel for illuminating or heating, referred to in Fuel Item Levy number 195.10.13 in Part 5A of Schedule No. 1 to the Customs and Excise Act and are not mixed or blended with another substance; or
- (m) a vendor supplies movable goods, (excluding any "motor car" as defined in section 1), in terms of a sale or instalment credit agreement to a customs controlled area enterprise or an SEZ operator and those goods are physically delivered to that customs controlled area enterprise or SEZ operator in a customs controlled area either—
 - (i) by the supplier; or
 - (ii) by a cartage contractor, whose activities include transporting goods and who is engaged by the supplier to deliver the goods and that supplier is liable for the full cost relating to that delivery;
- (mA) a vendor supplies fixed property situated in a customs controlled area to a customs controlled area enterprise or an SEZ operator under any agreement of sale or letting or any other agreement under which the use or permission to use such fixed property is granted;
- (n) the goods consist of—
 - (i) any old order right or OP26 right as defined in Schedule II of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), converted into a new right pursuant to item 7(3) of that Schedule if that supply is made pursuant to that conversion; or
 - (ii) ...;
- (o) ...

- (p)
 - (i) the supply of an enterprise or part of an enterprise as a going concern, by a vendor to that vendor's branch or division, which branch or division is separately registered in terms of section 50(2): Provided that that enterprise or part, as the case may be, shall not be disposed of as a going concern unless—
 - (aa) that enterprise or part is capable of separate operation; and
 - (bb) will be an income-earning activity on the date of transfer thereof; and
 - (cc) a tax invoice issued in accordance with section 20 in relation to that supply is inclusive of tax at the rate of zero per cent; or
 - (ii) the supply of an enterprise, branch or division, as contemplated in section 50(2), as a going concern to a separately registered enterprise of that vendor: Provided that that enterprise or part, as the case may be, shall not be disposed of as a going concern unless—
 - (aa) that enterprise or part is capable of separate operation; and
 - (bb) will be an income-earning activity on the date of transfer thereof; and
 - (cc) a tax invoice issued in accordance with section 20 in relation to that supply is inclusive of tax at the rate of zero per cent;
- (q) the goods—
 - (i) are supplied by a vendor to a person who is not a resident of the Republic and not a vendor and who has contracted with that vendor to deliver goods to a recipient, who is a vendor in the Republic; and
 - (ii) form part of a supply by the person referred to in paragraph (i) to the recipient; and
 - (iii) are used by the recipient wholly for the purposes of consumption, use or supply in the course of making taxable supplies; or
- (r) compensation is paid by a public authority in terms of section 19 of the Animal Diseases Act, 1984 (Act No. 35 of 1984) for the supply of a "controlled animal or thing" as defined in that Act to that public authority;
- (s) the goods (being fixed property) are supplied to the Cabinet member responsible for land reform who acquired those goods in terms of the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993), or section 42E of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994); or
- (t) the goods (being fixed property) are supplied to a person to the extent that the consideration for those goods is an advance or subsidy granted in terms of the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
- (u) the supply of goods, other than the supply of goods by an inbound duty and tax free shop, which have been imported and entered for storage in a licensed Customs and Excise storage warehouse but have not been entered for home consumption; or
- (v) the supply of goods by an inbound duty and tax free shop.
- (w) the goods supplied consist of sanitary towels (pads) as are set forth in Part C of Schedule 2:
- (x) the goods have been supplied in the course of supplying testing services referred to in section 11(2)(z) and the goods supplied, being consumable goods—
 - (i) become unusable or have no commercial value as a direct result of being used in the supply of those testing services; and
 - (ii) are necessary for the supply of the testing services:

Provided that paragraphs (a), (b), (c), (d) and (i) of this subsection shall not apply in respect of any supply of goods by a vendor if in respect of such goods input tax contemplated in paragraph (b) of the definition of “input tax” in section 1 has been deducted in terms of section 16(3) by that vendor or any other person where that vendor and that other person are connected persons.

Section 11(2) – Zero-rating of supplies of services

Where, but for this section, a supply of services, other than services contemplated in section 11(2)(k) that are electronic services, would be charged with tax at the rate referred to in section 7(1), such supply of services shall, subject to compliance with subsection (3) of this section, be charged with tax at the rate of zero per cent where—

- (a) the services (not being ancillary transport services) comprise the transport of passengers or goods—
 - (i) from a place outside the Republic to another place outside the Republic; or
 - (ii) from a place in the Republic to a place in an export country; or
 - (iii) from a place in an export country to a place in the Republic; or
- (b) the services comprise the transport of passengers from a place in the Republic to another place in the Republic to the extent that that transport is by aircraft and constitutes “international carriage” as defined in Article 1 of the Convention set out in the Schedule to the Carriage by Air Act, 1946 (Act No. 17 of 1946); or
- (c) the services (including any ancillary transport services) comprise the transport of goods from a place in the Republic to another place in the Republic to the extent that those services are supplied by the same supplier as part of the supply of services to which paragraph (a) applies; or
- (d)
 - (i) the services comprise the—
 - (aa) insuring; and
 - (bb) arranging of the insurance; or
 - (cc) arranging of the transport,
 of passengers or goods to which any provisions of paragraph (a), (b) or (c) apply; or
 - (ii) insuring or the arranging of the insurance of passengers on an international journey, where the insurance of those passengers is provided under a single inbound or outbound insurance policy in respect of which a single premium is levied; or
- (e) the services comprise the transport of goods or any ancillary transport services supplied directly in connection with the exportation from or the importation into the Republic of goods or the movement of goods through the Republic from one export country to another export country, where such services are supplied directly to a person who is not a resident of the Republic and is not a vendor, otherwise than through an agent or other person; or
- (f) the services are supplied directly in connection with land, or any improvement thereto, situated in any export country; or
- (g) the services are supplied directly in respect of—
 - (i) movable property (excluding debt securities, equity securities or participatory securities, as respectively defined in section 2(2), listed on an exchange as defined in section 1 of the Financial Markets Act, 2012 (Act No. 19 of 2012) and licensed under section 9 of that Act) situated in any export country at the time the services are rendered; or

- (ii) goods temporarily admitted into the Republic from an export country which are exempt from tax on importation under Items 470 and 480 of paragraph 8 of Schedule 1; or
 - (iii) goods in respect of which the provisions of paragraph (b) or (c) of the definition of “exported” in section 1 apply; or
 - (iv) the repair, maintenance, cleaning or reconditioning of a foreign-going ship or foreign-going aircraft; or
- (h) the services comprise—
 - (i) the handling, pilotage, salvage or towage of any foreign-going ship or foreign-going aircraft while situated in the Republic; or
 - (ii) services provided in connection with the operation or management of any foreign-going ship or foreign-going aircraft; or
 - (iii) the storage, repair, maintenance, cleaning, management or arranging the provision of a container referred to in paragraph (1)(i) of Schedule 1 or the arranging of those services,

where the services are supplied directly to a person who is not a resident of the Republic and is not a vendor, otherwise than through an agent or other person; or
- (i) the services of arranging—
 - (i) the supply of goods as contemplated in paragraph (b) or (c) of the definition of “exported”; or
 - (ii) the supply of services referred to in paragraph (g)(iv) or (h); or
 - (iii) the transport of goods (including ancillary transport services) within the Republic, for a person who is not a resident of the Republic and is not a vendor; or
- (j) the services comprise the repair, maintenance, cleaning or reconditioning of a railway train operated by a person who is not a resident of the Republic and is not a vendor; or
- (k) the services are physically rendered elsewhere than in the Republic or to a customs controlled area enterprise or an SEZ operator in a customs controlled area; or
- (l) the services are supplied to a person who is not a resident of the Republic, not being services which are supplied directly—
 - (i) in connection with land or any improvement thereto situated inside the Republic; or
 - (ii) in connection with movable property (excluding debt securities, equity securities or participatory securities) situated inside the Republic at the time the services are rendered, except movable property which—
 - (aa) is exported to the said person subsequent to the supply of such services; or
 - (bb) forms part of a supply by the said person to a registered vendor and such services are supplied to the said person for purposes of such supply to the registered vendor; or
 - (iii) to the said person or any other person, other than in circumstances contemplated in subparagraph (ii)(bb), if the said person or such other person is in the Republic at the time the services are rendered,

and not being services which are the acceptance by any person of an obligation to refrain from carrying on any enterprise, to the extent that the carrying on of that enterprise would have occurred within the Republic; or

- (m) the services comprise—
 - (i) the filing, prosecution, granting, maintenance, transfer, assignment, licensing or enforcement, including the incidental supply by the supplier of such services of any other services which are necessary for the supply of such services, of intellectual property rights, including patents, designs, trade marks, copyrights, know-how, confidential information, trade secrets or similar rights; or
 - (ii) the acceptance by any person of an obligation to refrain from pursuing or exercising in whole or in part any such rights,
 where and to the extent that those rights are for use outside the Republic; or
- (n) the services comprise the carrying on by a welfare organisation of the activities referred to in the definition of “welfare organisation” in section 1 and to the extent that any payment in respect of those services is made in terms of section 8(5) those services shall be deemed to be supplied by that organisation to a public authority or municipality; or
- (o) the services are supplied as contemplated in section 8(9) by a vendor, not being services which are supplied directly—
 - (i) in connection with land or any improvements thereto situated inside the Republic; or
 - (ii) in connection with movable property (excluding debt securities, equity securities or participatory securities) situated inside the Republic at the time the services are rendered, except movable property which—
 - (aa) is consigned or delivered to the said person at an address in an export country subsequent to the supply of such services; or
 - (bb) forms part of a supply by the said person to a registered vendor and such services are supplied to the said person for purposes of such supply to the registered vendor; or
 - (iii) to the said person or any other person, other than in the circumstances contemplated in subparagraph (ii)(bb), if the said person or such other person is in the Republic at the time that the services are rendered; or
- (p) ...
- (q) the services are deemed to be supplied in terms of section 8(5B);
- (r) the services comprise of the vocational training of employees (other than educational services contemplated in section 12(h) for the benefit of an employer who is not a resident of the Republic and who is not a vendor: Provided that this paragraph shall not apply where the supply is made to a person who is a resident of the Republic or a vendor; or
- (s) the services are deemed to be supplied to a public authority or municipality in terms of section 8(23); or
- (t) the services are deemed to be supplied in terms of section 8(5A); or
- (u) the services are deemed to be supplied in terms of section 8(5) by a designated entity in respect of any payment made in terms of section 10(1)(f) of the Skills Development Act, 1998 (Act No. 97 of 1998), to that designated entity; or
- (v) the services relate to goods under warranty to the extent that the services are—
 - (i) provided in terms of that warranty;

- (ii) supplied to the warrantor for consideration under that warranty given by the warrantor who is—
 - (aa) not a resident of the Republic;
 - (bb) not a vendor; and
 - (cc) outside the Republic at the time the services are rendered; and
 - (iii) in respect of goods that were subject to tax upon importation (in terms of section 7(1)(b) of this Act); or
- (w) a “municipal rate” as defined in section 1, is levied by a municipality; or
- (x) the services are supplied by a vendor, being the owner of a horse, to the operator of a horse-racing event to the extent of any consideration paid as a result of the successful participation of that horse in that event;
- (y) the services as contemplated in the International Telecommunication Union Regulations contained in the Final Acts of the World Conference on International Telecommunications (Dubai, 2012) and supplied by Telecommunications Service Providers registered in the Republic in terms of the Electronic Communications Act, 2005 (Act No. 36 of 2005), to International Telecommunications Service Providers, provided that such services are not supplied to a branch, main business or customer of the International Telecommunications Service Providers situated in the Republic at the time the services are rendered, unless such services are international roaming services.
- (z) the services comprise of testing services supplied to a person who is not a resident of the Republic and that is not a vendor, not being testing services that are supplied directly—
 - (i) in connection with moveable property situated in the Republic at the time the services are rendered, except moveable property that is—
 - (aa) referred to in section 11(1)(x); or
 - (bb) exported to the said person subsequent to the supply of such services;
 - (ii) to the said person if the said person is in the Republic at the time when the services are rendered;
- (zA) the supply of distribution services deemed to be made under section 8(31).

Section 11(3) – Documentary proof to substantiate a vendor applying the zero rate

Where a rate of zero per cent has been applied by any vendor under a provision of this section, the vendor shall obtain and retain such documentary proof substantiating the vendor's entitlement to apply the said rate under that provision as is acceptable to the Commissioner.

Section 20 – Tax invoices

(4) Except as the Commissioner may otherwise allow, and subject to this section, a tax invoice (full tax invoice) shall be in the currency of the Republic and shall contain the following particulars:

- (a) The words “tax invoice”, “VAT invoice” or “invoice”;
- (b) The name, address and VAT registration number of the supplier;
- (c) The name, address, where the recipient is a registered vendor, the VAT registration number of the recipient;
- (d) An individual serialised number and the date upon which the tax invoice is issued;
- (e) Full and proper description of the goods (indicating, where applicable, that the goods are second-hand goods) or services supplied;
- (f) the quantity or volume of the goods or services supplied;
- (g) either—
 - (i) the value of the supply, the amount of tax charged and the consideration for the supply; or
 - (ii) where the amount of tax charged is calculated by applying the tax fraction to the consideration, the consideration for the supply and either the amount of the tax charged, or a statement that it includes a charge in respect of the tax and the rate at which the tax was charged:

Provided that the requirement that the consideration or the value of the supply, as the case may be, shall be in the currency of the Republic shall not apply to a supply that is charged with tax under section 11.

(5) Notwithstanding anything in subsection (4), where the consideration in money for a supply does not exceed R5 000, a tax invoice (abridged tax invoice) shall be in the currency of the Republic and shall contain the particulars specified in that subsection or the following particulars:

- (a) The words “tax invoice”, “VAT invoice” or “invoice”;
- (b) The name, address and VAT registration number of the supplier;
- (c) An individual serialised number and the date upon which the tax invoice is issued;
- (d) A description of the goods (indicating, where applicable, that the goods are second-hand goods) or services supplied;
- (e) either—
 - (i) the value of the supply, the amount of tax charged and the consideration for the supply; or
 - (ii) where the amount of tax charged is calculated by applying the tax fraction to the consideration, the consideration for the supply and either the amount of the tax charged, or a statement that it includes a charge in respect of the tax and the rate at which the tax was charged:

Provided that this subsection shall not apply to a supply that is charged with tax under section 11.

Annexure B – Glossary

For the purposes of this Note, the following words and phrases have the meaning as described below:

Tax invoice includes debit and credit notes and any document as approved by the Commissioner in terms of section 20(7) or 21(5), whichever is applicable.

Confirmation document includes any note, addendum or annexure, advice, instruction, schedule or any similar operational or commercial document sent to the client by a vendor, that serves as confirmation of the terms for each transaction under a master agreement and that may, amongst other details, reflect the –

- Description or type of the service or product;
- transaction date;
- Unique identification numbers or codes of the supplier and recipient;
- supplier and recipient details, including the address,
- Price or pricing rate;
- contractual currency;
- Quantity.

A copy of the airfreight transport document, which must, amongst others, reflect the flight number, the date and the place of departure, includes an air waybill;

A copy of the sea freight transport document duly stamped where applicable or endorsed that the goods have been shipped on board, which must, amongst others, reflect the vessel's name, the date and the place of departure and, includes –

- a bill of lading;
- a waybill etc.

“Customs Controlled Area Enterprise (CCAEE)” as defined under section 21A of the Customs and Excise Act, 1964 is either a –⁷

- “CCAEE Rebate Manufacturer” being a CCAEE operating a licensed Customs and Excise manufacturing warehouse in a CCA of an SEZ; or
- “CCAEE Rebate Stockist” being a CCAEE operating a special licensed Customs and Excise warehouse in order to supply registered rebate manufacturers with rebated goods. SEZ enterprise means an “SEZ enterprise” as defined in section 1 of the Customs Control Act to the extent to which it is carried on in a CCA.

“Customs Controlled Area (CCA)” as defined under section 21A of the Customs and Excise Act, 1964

⁷ This includes any future updates to the definition of “CCAEE”.

Proof of export refers to the documentary proof as required by Interpretation Note 30 (Issue 3) or the Regulations and the export and acquittal documentation prescribed under the Customs and Excise Act, 1964.

Proof of payment, includes –

- where forex is the means of payment, the Exchange Control declaration form from the South African Reserve Bank;
- proof of a bank deposit, details of a cheque payment or confirmation of an electronic funds transfer;
- the debiting and crediting of intercompany loan accounts between the supplier and recipient to the extent it has the reciprocal effect of discharging the obligations that the parties have towards each other;
- SWIFT or other similar platform messaging or report confirming payment or settlement of consideration or
- a supply of goods or services, i.e. a barter transaction.

Transport document, includes –

- a road transport contract;
- a copy of the sea freight transport document;
- a copy of the airfreight transport document;
- a Post Office receipt;
- a railway consignment note etc.