BINDING GENERAL RULING (VAT) 75

DATE: 30 June 2026

ACT : VALUE-ADDED TAX ACT 89 OF 1991

SECTIONS : SECTIONS 12(*g*) AND 10(22)

SUBJECT : VALUE-ADDED TAX TREATMENT OF AMBULANCE SERVICES

Preamble

For purposes of this ruling –

- **"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;
- **"Republic"** means the Republic of South Africa;
- **"section"** means a section of 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.

1. Purpose

This BGR clarifies the VAT treatment of the provision of ambulance services and whether section 12(*g*) applies to these services.

2. Background

When VAT was introduced in 1991, one of the main concerns was whether it would increase the price of supplies of transport services. As public passenger transportation was used mainly by low-income consumers, such supplies were extremely price-sensitive. In this regard, VATCOM[1] noted that the bus, rail, and taxi transportation industries were vital to the Republic and were heavily subsidised. At that time, the decision was taken to exempt public passenger transportation within the Republic by road or rail. The purpose of this exemption was to place low-income commuters using public transport in the same position they had occupied under the General Sales Tax, thereby limiting any increase in the price of passenger transportation.

[1] Paragraph 42 of Chapter 3 of the VATCOM Report discusses supplies of transport services. VATCOM, a committee consisting of members from both the private and the public sectors, was appointed by the Minister of Finance to consider the comments and representations made by interested parties on the Government's Draft Value-Added Tax Bill, which was published on 18 June 1990.

There has been no material change in the relationship between public passenger transport and low-income consumers since the inception of VAT, that is, public passenger transportation is still used mainly by low-income consumers and remains extremely price-sensitive. It is evident, therefore, that the purpose of the exemption in section 12(*g*) is still to provide relief to low-income commuters.

3. Discussion

The supply of services by a person in the course or furtherance of its enterprise is subject to VAT at the standard rate of 15% under section 7(1)(*a*), unless an exemption or exception applies to such supply.

Section 12(*g*) provides such an exemption, stating that –

> "the supply by any person in the course of a transport business of any service comprising the transport by that person in a vehicle (other than a game viewing vehicle contemplated in paragraph (*e*) of the definition of 'motor car' in section 1) operated by him of fare paying passengers and their personal effects by road or railway (excluding a funicular railway), not being a supply of any such service which, but for this paragraph, would be charged with tax at the rate of zero per cent under section 11(2)(*a*)".

An analysis of the section reveals the following key requirements:

- There must be a supply of a service.
- The supplier must make the supply in the course of a transport business.
- The service must comprise the transport by that person.
- The transport must be in a qualifying vehicle, by road or railway, excluding a funicular railway.
- The passengers must be fare-paying passengers.
- The exemption does not apply if the supply would otherwise be zero-rated under section 11(2)(*a*).

For the purposes of ambulance services and whether these services meet the requirements of section 12(*g*), the key interpretive issue being considered in this BGR is the meaning and scope of "fare-paying passengers".

Exemptions and zero-ratings should be narrowly interpreted in a VAT system, with due regard to context, text, and purposive approach.

Fare-paying passenger

The ordinary meaning of a "fare" is –

> "money paid for a journey on public transport".

The Oxford Dictionary defines "public transport" as –

> "buses, trains, and other forms of transport that are available to the public, charge set fares and run on fixed routes".

The Road Transportation Act[2] regulates the provision of public transport in the Republic and states the following:

> "(1) In this Act, unless the context otherwise indicates—
>
> 'road transportation' means, subject to the provisions of subsection (2)—
>
> (*a*) the conveyance of persons or goods on a public road by means of a motor vehicle for reward;
>
> (*b*) the conveyance of persons or goods on a public road by means of a motor vehicle in the course of any industry or trade or business;
>
> 'road transportation service' means a transportation service operated over a public road, by means of a motor vehicle and for reward, under a public permit;
>
> (2) For the purposes of this Act, the conveyance of persons or goods contemplated in the definition of "road transportation" in subsection (1) shall be deemed not to include the following, namely—
>
> (*e*) the conveyance, by means of a motor vehicle, of a patient to any place where he is to receive medical treatment from a person authorized to administer such treatment in terms of any law relating to the medical profession, or from any place where he has received such treatment;"

It is evident from the above that the Road Transportation Act excludes transportation[3] in an ambulance from its definition of "road transportation". This exclusion refers to the person being transported as a "patient" and not as a "passenger". Furthermore, an ambulance service provider is required to apply to the provincial Minister of Health for registration as an ambulance service provider. The Department of Health, as opposed to the Department of Transport, is the regulator of ambulance services.

Emergency Medical Services

Under section 27 of the Constitution everyone has the right of access to health. The Department of Health is mandated to provide emergency medical services.

The Regulations[4] relating to the standards for emergency medical services, which are published under the National Health Act,[5] define in Regulation 1 an "ambulance" to mean an appropriately equipped vehicle which is either airborne or land-based, and designed or adapted for the purpose of providing emergency care and the transportation of patients, which is owned by an Emergency Medical Service, registered as an ambulance in terms of the National Road Traffic Act[6] staffed and equipped under the Emergency Medical Services Regulations, published in the *Government Gazette* of 1 December 2017.

Regulation 1 further defines "Critically ill or injured" to mean a patient who has an actual or potentially life-threatening health problem which requires an immediate response.

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[2] Act 74 of 1977.
[3] Section 1(2)(*e*).
[4] Regulations published in *Government Gazette* 44161 on 16 February 2021.
[5] Act 61 of 2023.
[6] Act 93 of 1996.

Ambulance services are a vital component of the healthcare system, providing rapid response and transportation for individuals experiencing medical emergencies or traumatic injuries. The role of ambulance services can be summarised as follows:[7]

- **Emergency response and medical transport:** Ambulance services are equipped to *respond* quickly to emergency calls, often dispatched through emergency communication centres. Ambulances serve as mobile medical units, capable of transporting patients safely and efficiently to medical facilities.
- **Basic life support (BLS):** Most ambulance services provide basic life support, staffed by emergency medical technicians equipped to handle a wide range of medical emergencies, including administering oxygen, bandaging wounds, and providing assistance with *basic* life support interventions.
- **Advanced life support (ALS):** Some ambulance services offer advanced life support units, *staffed* by paramedics with additional training and certification to perform more advanced medical interventions, such as advanced airway management, cardiac monitoring, and administration of intravenous medications.
- **Trauma care:** Ambulance services play a crucial role in the management of traumatic injuries, such as those sustained in motor vehicle accidents, falls, or acts of violence. *Paramedics* are trained to assess and stabilise trauma patients, providing life-saving interventions before transport to a trauma centre or hospital.
- **Interfacility transfers:** Ambulance services facilitate the transfer of patients between healthcare facilities, ensuring continuity of care for individuals requiring specialised *treatment* or higher levels of medical intervention. This may include transfers between hospitals, nursing homes, or long-term care facilities.
- **Specialised care:** *Some* ambulance services offer specialised care for specific patient populations, such as neonatal transport for premature infants or critical care transport for patients requiring intensive medical monitoring and interventions during transport.

In light of the above, it is submitted that the supply of an ambulance service does not constitute the supply of transporting fare-paying passengers but rather the supply of a specialised emergency service. The dominant service is the medical service of stabilising the patient while taking them to the nearest medical facility for trauma care, or from one treatment facility to another. Therefore, the provisions of section 12(*g*) do not apply to ambulance services.

It would be pretentious to separate the transport and medical elements in respect of ambulance services. While it is possible to distinguish between the two elements, should either the transport or the medical service be supplied separately from the other, either service would no longer constitute an "ambulance service".

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[7] Alkharan ME, et al. (2023). Saving lives on the go: The vital role of paramedics and ambulance services. *Journal of Namibian Studies: History Politics Culture, 36,* 1680-1688. **https://doi.org/10.59670/ewrpmp80**

4. Ruling

The transport of persons in an ambulance constitutes the transport of patients rather than fare-paying passengers, and as such, section 12(*g*) does not apply. The transport of patients in an ambulance is a taxable supply under section 7(1)(*a*) unless the supply of the ambulance services is provided across or outside the borders of the Republic and is therefore subject to the zero rate under section 11(2)(*a*).

This ruling constitutes a BGR issued under section 89 of the Tax Administration Act 28 of 2011.

5. Period for which this ruling is valid

This BGR applies with effect from 1 January 2027, and is valid until it is withdrawn, amended, or the relevant legislation is amended.

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