

**BINDING PRIVATE RULING: BPR 426**

DATE: 31 March 2026

**ACT : INCOME TAX ACT 58 OF 1962 (the Act)**  
**SECTION : SECTION 1(1) – DEFINITION OF “GROSS INCOME” AND DEFINITION OF “REMUNERATION” AND “EMPLOYER” IN THE FOURTH SCHEDULE AND PARAGRAPHS 2(d), 9(3), 9(3)(C) AND 9(7) OF THE SEVENTH SCHEDULE TO THE ACT**  
**SUBJECT : RESIDENTIAL ACCOMMODATION**

***Preamble***

This binding private ruling is published with the consent of the Applicant(s) to which it has been issued. It is binding between SARS and the Applicant only and published for general information. It does not constitute a practice generally prevailing.

**1. Summary**

This ruling considers the application of paragraph 9(7) of the Seventh Schedule to residential accommodation to be provided by the Applicant to qualifying employees.

**2. Relevant tax laws**

In this ruling, references to sections and paragraphs are to sections of the Act and paragraphs of the Fourth and Seventh Schedule to the Act applicable as at 18 February 2026. Unless the context indicates otherwise any word or expression in this ruling bears the meaning ascribed to it in the Act.

This is a ruling on the interpretation and application of –

- section 1(1) – paragraph (i) of the definition of “gross income”;
- definition of “remuneration” and “employer” in the Fourth Schedule; and
- paragraphs 2(d), 9(3), 9(3C), and 9(7) of the Seventh Schedule.

**3. Parties to the proposed transaction**

The Applicant: A resident company.

Qualifying employees: Eligible employees of the Applicant.

**4. Description of the proposed transaction**

The Applicant conducts operations across South Africa and has agreed to secure residential accommodation for qualifying employees whose primary residence is more than 150 kilometres away from the work site where they are required to perform their employment duties. In certain circumstances, qualifying employees residing within 150 kilometres are also provided with residential accommodation by the Applicant, depending on operational requirements.

Each qualifying employee is employed by the Applicant on a permanent basis, which requires the employees to work from Monday to Friday on the work site. Such arrangement reflects a permanent and uniform mode of life for all qualifying employees, rather than a temporary or exceptional circumstance. The Applicant will conclude lease agreements with third parties in respect of furnished residential properties for a period of 12-months, which will continue on a month-to-month basis if not cancelled before expiry of the initial 12-month period. The qualifying employees may request an extension of the agreement for another 12-months if so required.

The Applicant will be responsible for the payment of all rental amounts under these lease agreements. The qualifying employees who are allocated accommodation by the Applicant will maintain separate primary residences in other towns or cities, which remain their family homes. While actively rendering employment services at the work site, the qualifying employees will reside in the accommodation arranged by the Applicant and may return to their primary residences over weekends or during periods of leave.

The proposed accommodation arrangement will operate as follows:

- The qualifying employees will spend the majority of each month residing in the accommodation provided by the Applicant.
- Family members of the qualifying employees may accompany such employees and reside with them in the accommodation to be provided.
- The accommodation to be provided will typically comprise of at least four rooms, fully furnished, and include electricity, the cost of which will be paid for by the Applicant.
- The qualifying employees may keep personal belongings and effects at the accommodation for the duration of their stay.

## **5. Conditions and assumptions**

This binding private ruling is subject to the additional condition and assumption that the accommodation provided to the qualifying employees is obtained by the Applicant in terms of transactions at arm's length with persons that are not connected persons in relation to the Applicant or associated institution, and full ownership does not vest in the Applicant or associated institution, as contemplated in paragraph 9(3C) of the Seventh Schedule

## **6. Ruling**

The ruling made in connection with the proposed transaction is as follows:

- a) The residential accommodation provided to each qualifying employee will be a taxable benefit as contemplated in paragraph 2(d) of the Seventh Schedule.
- b) The cash equivalent of the value of the taxable benefit must be determined in accordance with the provisions of paragraph 9(3C) of the Seventh Schedule.
- c) The provisions of paragraph 9(7) of the Seventh Schedule do not apply.

**7. Period for which this ruling is valid**

This binding private ruling is valid for a period of five years from 18 February 2026.

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