

Media Releases 2010

Exemption for fringe benefit tax on 2010 FIFA World Cup items

Pretoria, 10 June 2010 – In view of the importance of the 2010 FIFA World Cup for South Africa, its people and for nation building, draft legislation released today proposes a **once-off de minimis exemption of R750** on 2010 FIFA World Cup related items provided by employers to their employees.

The exemption will only apply to 2010 World Cup related goods, such as T-shirts, jerseys and similar clothing, and match tickets. It will be effective for individual taxpayers for the 2010/11 tax year.

The proposed exemption is also in support of employers that have encouraged their employees to wear FIFA World Cup T-shirts and jerseys, particularly on what has become known as “Football-Friday”, to show their support for South Africa’s hosting of the 2010 FIFA World Cup.

The draft legislation is aligned with Cabinet’s view last week that the 2010 FIFA World Cup “is already playing a key role to promote nation building [as] millions of South Africans from all walks of life are wearing shirts and other regalia to support Bafana Bafana every single day, especially on Fridays...”

In most cases these T-shirts, jerseys and similar clothing are acquired by the employees themselves. However, some employers are providing World Cup T-shirts, jerseys and match tickets to their employees at no or little cost.

Such items are normally subject to fringe benefits tax under the current provisions of the Income Tax Act, 1962. The draft legislation proposes a limited exception to this rule –

Exemption for fringe benefit tax on 2010 FIFA World Cup clothing, other goods or match tickets supplied to employees

(1) Notwithstanding anything to the contrary contained in the Seventh Schedule to the Income Tax Act, 1962, no value must be determined under the Schedule for any 2010 FIFA World Cup related clothing, other goods or match tickets, supplied to an employee on or before 11 July 2010, to the extent that the aggregate of the cash equivalent of the value of the clothing, other goods or match tickets does not exceed an amount of R750 in respect of the employee.

(2) Subsection (1) applies to the year of assessment commencing on 1 March 2010.

The South African Revenue Service (SARS) invites members of the public to submit comments on the draft legislation by no later than 24 June 2010 to:

Ms Adele Collins
acollins@sars.gov.za

or

Ms Nomfanelo Mpotulo:
nomfanelo.mpotulo@treasury.gov.za
Or by Fax: 012 315 5516.

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