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Dear Diesel Claimants

Adjustment to Diesel Refund for Onland Users in Farming, Forestry, and Mining Sectors.

Effective from 1 April 2026, primary sector claimants operating onland will be entitled to claim a refund on 100% of eligible diesel used in qualifying farming, forestry, and mining activities. This amendment streamlines the administration of the Diesel Refund Scheme. To ease the transition, the new rate, which is effectively applied from the April 2026 return, will reflect only from the calendar month when this VAT return must be submitted, i.e. May 2026.

Because the VAT returns are generally due by the 25th day or the last business day for eFiling, of the month following the end of the specific tax period, claimants will not be disadvantaged because of this system upgrade.

Context

In the Budget Speech of 2025, the Minister of Finance announced that, to align with the policy intent of the Diesel Refund Scheme, there would be an adjustment to the rate for onland diesel users.

Note 6 to Part 3 of Schedule 6 of the Customs and Excise Act No. 91 of 1964 ("The Customs Act"), currently allows for diesel users in the farming, forestry, and mining sectors to claim refunds on 80% of eligible diesel purchases and usage.

As a result of the announcement, Note 6 to Part 3 of Schedule 6 of the Customs Act will be amended to reflect that diesel users in the farming, forestry, and

mining sectors can now claim refunds on 100% of eligible diesel purchases and use, instead of the previous 80%.

SARS asks for your understanding and cooperation while the system upgrade is underway.

Yours Sincerely

A handwritten signature in black ink, appearing to be 'Anand Khelawon', written over a horizontal line.

Anand Khelawon

Product Owner: Excise