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**GOVERNMENT NOTICE**

No. R.

October 2018

**NATIONAL TREASURY**

**VALUE-ADDED TAX ACT, 1991**

**REGULATIONS PRESCRIBING ELECTRONIC SERVICES FOR THE PURPOSE  
OF THE DEFINITION OF “ELECTRONIC SERVICES” IN SECTION 1 OF THE  
VALUE-ADDED TAX ACT, 1991**

I, Tito Titus Mboweni, Minister of Finance, for the purposes of the definition of “electronic services” in section 1(1) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991), hereby make the regulations as set out in the Schedule hereto.

**TT Mboweni**  
MINISTER OF FINANCE

## Schedule

### Definitions

1. 1. In these regulations, “**the Regulations**” means the regulations published by Government Notice No. R 221 of 28 March 2014.

### Amendment of regulation 1 of the Regulations

2. Regulation 1 of the Regulations is hereby amended—

(a) by the substitution for the words preceding the definition of “electronic agent” of the following words:

“In these Regulations, unless otherwise indicated, any word or expression to which a meaning has been assigned in the Value-Added Tax Act, 1991, (Act No. 89 of 1991), bears the meaning so assigned, and—”;

(b) by the insertion after the definition of “Electronic Communications and Transactions Act” of the following definition:

“**group of companies**’ means two or more companies in which one company (the ‘**controlling group company**’) directly or indirectly holds shares in at least one other company (the ‘**controlled group company**’), to the extent that—

(a) 100 percent of the equity shares in each controlled group company are directly held by the controlling group company, one or more other controlled group companies or any combination thereof; and

(b) the controlling group company directly holds 100 per cent of the equity shares in at least one controlled group company;”;

(c) by the deletion of the definitions of “internet-based auctions service” and “the Act” and “web site”;

(d) by the insertion of the following definition:

“**telecommunications services**’ means telecommunications services as defined in section 1 of the Electronic Communications and Transactions Act.”.

### **Amendment of Regulation 2 of the Regulations**

3. The following regulation is hereby substituted for Regulation 2 of the Regulation:

#### **“Services prescribed as electronic services**

2. For the purposes of the definition of ‘electronic services’ in section 1(1) of the Act ‘electronic services’ means any services supplied by means of an electronic agent, electronic communication or the internet for any consideration, other than—

- (a) educational services supplied from a place in an export country and regulated by an educational authority in terms of the laws of that export country; or
- (b) telecommunications services; or
- (c) services supplied from a place in an export country by a company that is not a resident of the Republic to a company that is a resident of the Republic if—
  - (i) both those companies form part of the same group of companies; and
  - (ii) the company that is not a resident of the Republic itself supplies those services exclusively for the purposes of consumption of those services by the company that is a resident of the Republic.”.

### **Repeal of regulations 3 to 7 of the Regulations**

4. Regulations 3 to 7 of the Regulations are hereby repealed.

### **Short title and commencement**

5. These regulations are called the Regulations prescribing electronic services for the purpose of the definition of “electronic services” in section 1(1) of the Value-Added Tax Act, 1991, and come into operation on 1 April 2019.

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