

VAT PRACTICE NOTE: NO 13

06 September 1994

Professional hunters and taxidermists (Section 11(1)(a) of the Act)

1. Introduction

1.1 Paragraph 2 of this practice note intends to make it possible for professional hunters to supply trophies to foreign hunters at the zero rate if there is a substantial delay in the consignment of the goods to the recipient (at an address in an export counter) after the "supply" of the goods has taken place, provided the delay is caused merely by the fact that the treatment referred to in 2.1 has not yet been completed. A trophy will accordingly be regarded as having been exported by a professional hunter if either the conditions set out in paragraph 2.2 below, or those set out in paragraph 2.3 below were complied with.

1.2 Paragraph 3 of this practice note explains the position of taxidermists.

1.3 The arrangements set out in paragraphs 2 and 3 have been made in terms of section 72 of the Act.

2. Professional hunters

2.1 Section 11(1)(a) of the Value-Added Tax Act, 1991 ("the Act"), has the effect that a supplier of goods will be charged with tax at the rate of zero per cent where he has supplied movable goods in terms of a sale or instalment credit agreement and has exported the goods. The term "exported" is defined in section 1 of the Act as meaning, inter alia -

"(a) consigned or delivered by the vendor to the recipient at an address in an export country as evidenced by documentary proof acceptable to the Commissioner".

Section 9(1) of the Act provides that a supply of goods shall be deemed to take place, inter alia, at the time when an invoice is issued by the supplier, or at the time when any payment of consideration is received by the supplier in respect of that supply, whichever time is earlier. In practice, foreign hunters, to whom professional hunters sell animals, usually make payment of a portion or the whole of the purchase price before they leave South Africa. The professional hunter would in any event issue an invoice to the foreign hunter before the latter leaves South Africa.

However, the consignment to the foreign hunter of such parts of the animals as are retained by him after they have been hunted ("the trophies") can usually not be done simultaneously with the "supply" of the trophies to the foreign hunter, since the trophies first have to undergo some or other form of treatment. That treatment may either consist of work done by the professional hunter himself (such as "raw preparation"), or of work done by a taxidermist. The consignment can usually only take place after the aforementioned work done by the professional hunter or taxidermist has been completed.

2.2 Delivery to taxidermist

2.2.1 The professional hunter should have supplied the animal to a person ("the recipient") who holds a passport issued by an export country and who is not ordinarily resident in the Republic or a specified country.

2.2.2 The professional hunter should, within six months after the animal was supplied by the professional hunter to the recipient, have delivered the trophy to a taxidermist carrying on business at an address in South Africa in order that the trophy may be preserved and/or mounted by that taxidermist.

2.2.3 The professional hunter must, at the time of delivery referred to in 2.2.2, retain a copy from his taxidermist's instruction register, which copy must contain at least the following information -

- (a) the date of such instruction;
- (b) the name and address of the recipient;
- (c) the recipient's passport number and the name of the country by which the passport was issued;

- (d) a description of the trophy or trophies; and
- (e) the name and address of the taxidermist and the nature of the instructions which he received.

In addition, the taxidermist must within 30 days provide a copy of his order to the professional hunter. This order should correspond with the professional hunter's taxidermy instruction register and will serve as proof that the trophies listed in the professional hunter's register have in fact been delivered to the taxidermist.

2.2.4 The taxidermist must, after completion of the preservation and/or mounting, as the case may be, consign the trophy to the recipient. The consignment must be to an address in an export country as evidenced by documentary proof acceptable to the Commissioner and will be deemed also to be an export by the professional hunter.

2.2.5 The consignment referred to in paragraph 2.2.4 must take place within eighteen months after the delivery of the trophy by the professional hunter to such taxidermist. The professional hunter may, however, before the expiry of the aforementioned period of eighteen months, or within such reasonable time after such expiry as the Commissioner may allow in his discretion, apply to the Commissioner for an extension of the eighteen month period. The Commissioner may allow such extension on any grounds which he may deem reasonable. The Commissioner may, in this regard, take into consideration the factors mentioned below, or any other factors which may be relevant -

- (a) whether there is a probability that the trophy will in fact be consigned to the recipient at an address in an export country within a reasonable time after expiry of the aforementioned eighteen month period; or
- (b) whether the other conditions of this practice note were complied with properly.

2.2.6 The professional hunter must, within the period or extended period referred to in paragraph 2.2.5, obtain possession of documentary proof to the effect that the trophy has been consigned to the recipient at an address in an export country.

2.2.7 The professional hunter must maintain such register as he may be required to maintain in terms of the applicable nature conservation ordinance, or in terms of any law which may replace such ordinance.

2.3 Raw preparation by professional hunter himself

2.3.1 A distinction must be drawn between the cost of the trophy which is to be exported and the cost of the raw preparation of the trophy which is a service supplied to the recipient and is subject to the standard rate of VAT.

2.3.2 The professional hunter should have supplied the animal to a person ("the recipient") who holds a passport issued by an export country and who is not ordinarily resident in the Republic or a specified country.

2.3.3 The professional hunter should have retained the trophy of the aforementioned animal for purposes of the raw preparation thereof by him.

The expression "raw preparation" means all work which may be required to ensure that the trophy does not undergo decay before it is properly preserved and/or mounted by a taxidermist. Such work may include, but is not necessarily limited to, the salting, drying and disinfection of the trophy.

2.3.4 The professional hunter must, after completion of the raw preparation, consign the trophy to the recipient at an address in an export country as evidenced by documentary proof acceptable to the Commissioner.

2.3.5 The consignment referred to in paragraph 2.3.4 must take place within six months after the supply of the trophy by the professional hunter to the recipient. The professional hunter may, however, before the expiry of the aforementioned period of six months, or within such reasonable time after such expiry as the Commissioner may allow in his discretion, apply to the Commissioner for an extension of the six months. The Commissioner may allow such extension on any grounds which he may deem reasonable. The Commissioner may, in this regard, take into consideration the factors mentioned below or any factors which may be relevant -

(a) whether there is a probability that the trophy will in fact be consigned to the recipient at an address in an export country within a reasonable time after expiry of the aforementioned six month period; or

(b) whether the other conditions of this practice note were complied with properly.

2.3.6 The professional hunter must maintain such register as he may be required to maintain in terms of the applicable nature conservation ordinance, or in terms of any law which may replace such ordinance.

2.4 The question whether the supply of any accommodation by a professional hunter will be subject to tax will depend on the applicability of the relevant provisions of the Act.

2.5 The provisions of section 55 of the Act shall apply to the documents referred to in paragraph 2.2.3 as if they were documents of the nature described in section 11(3) of the Act.

3. Taxidermists

3.1 In the past, the services supplied by taxidermists during the course of preserving and/or mounting a trophy have been subject to VAT as the services are supplied directly in connection with movable property situated in the RSA at the time the services are supplied [section 11(2)(l)].

It is, however, now accepted that taxidermists manufacture products some of which are destined for export.

3.1.1 If a trophy is consigned by a taxidermist to a recipient at an address in an export country as evidenced by documentary proof acceptable to the Commissioner, then the total amount charged by the taxidermist for mounting the trophy shall be apportioned as follows for VAT purposes :

(a) The manufacture of the trophy into the final mounted product shall be deemed to constitute 70% of the total amount charged by the taxidermist and shall be subject to VAT at the zero rate; and

(b) Services supplied in connection with the raw preparation shall be deemed to constitute 30% of the total amount charged by the taxidermist and shall be subject to VAT at the standard rate.

3.1.2 If the taxidermist supplies only the service of raw preparation and/or tanning of flat skins, the full cost of such service is subject to VAT at the standard rate, as is the case where the raw preparation is supplied by the professional hunter (see paragraph 2.3.1).

3.1.3 The expression "raw preparation" means all work which may be required to ensure that the trophy does not undergo decay before it is properly preserved and/or mounted by a taxidermist. Such work may include, but is not necessarily limited to, the sailing, drying and disinfection of the trophy.

3.1.4 This arrangement is effective from 2 December 1993.

4. Documentary proof

4.1 In the normal course of events the taxidermist will be in possession of copies of the following documents after the consignment referred to in paragraph 3.1.1 has taken place -

- (a) DA-550 - bill of export;
- (b) airwaybill;
- (c) F178 - exchange control declaration;
- (d) Form E - proof of payment from export country.

4.2 Paragraph 2.2.6 of this practice note requires the professional hunter to obtain possession, within a certain period, of documentary proof to the effect that the trophy has been consigned to the recipient at an address in an export country. Copies of the DA-550 and airwaybill will suffice in this instance.

4.3 Where the consignment referred to in paragraph 2.3.4 has taken place, the documentary proof referred to in 4.1 above will be acceptable.

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