

BINDING PRIVATE RULING: BPR 353

DATE: 10 September 2020

ACT : MINERAL AND PETROLEUM RESOURCES ROYALTY ACT 28 OF 2008 (the Act)
SECTION : SECTIONS 6(2), 6A AND SCHEDULE 2 TO THE ACT
SUBJECT : LINEAR ADJUSTMENT OF GROSS SALES OF UNREFINED MINERAL RESOURCE

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 and any co-applicant(s) only and published for general information. It does not constitute a practice generally prevailing.

1. Summary

This ruling determines that a linear adjustment may be made to adjust gross sales of an unrefined mineral resource in the event that the mineral is supplied in a condition higher than the maximum condition specified in Schedule 2 to the Act, read with section 6(2).

2. Relevant tax laws

In this ruling references to sections are to sections of the Act applicable as at 14 August 2020. 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 6(2);
- section 6A; and
- Schedule 2 to the Act.

3. Parties to the proposed transaction

The applicant: A resident company

4. Description of the proposed transaction

The applicant mines and sells unrefined mineral resources.

The applicant will, from time to time, transfer unrefined mineral resources that are above the maximum range of conditions, that is with calorific values higher than those stipulated in Schedule 2.

5. Conditions and assumptions

This binding private ruling is not subject to any additional conditions and assumptions.

6. Ruling

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

- a) The applicant may, under section 6(2), read with section 6A(1A)(c), apply linear adjustments to its gross sales, in the event that the unrefined mineral resource is transferred in a condition above the maximum range stipulated in Schedule 2.
- b) The formula for applying the linear adjustment as contemplated in a) is as follows:

Gross sales = Amount received or accrued × (27 / Actual calorific value of unrefined mineral resource transferred).

7. Period for which this ruling is valid

This binding private ruling is valid for a period of five years from 14 August 2020.