

**BINDING PRIVATE RULING: BPR 415**

DATE: 12 November 2025

**ACT : VALUE-ADDED TAX ACT 89 OF 1991 (the VAT Act)**  
**SECTION : SECTION 7(1)(a)**  
**SUBJECT : SALE OF FIXED ASSETS AND AN INTEREST IN A JOINT VENTURE**

***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, 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 the tax consequences of the Applicant selling fixed assets and an interest in a Joint Venture (JV), which operates the Applicant's assets on a cost recovery basis.

**2. Relevant tax laws**

In this ruling references to sections are to sections of the VAT Act applicable as at 22 July 2025. Unless the context indicates otherwise any word or expression in this ruling bears the meaning ascribed to it in the VAT Act.

This is a ruling on the interpretation and application of –

- section 7(1)(a).

**3. Parties to the proposed transaction**

The Applicant:	A resident company
Foreign Co:	A company resident in the United Kingdom, unrelated to the Applicant
SA Co:	A resident company, of which all the shares are indirectly held by Foreign Co
Joint Venture:	A joint venture in which the Applicant holds an interest

**4. Description of the proposed transaction**

The Applicant and Foreign Co entered into a sale agreement (the Sale Agreement) in terms of which the Applicant will dispose of assets to Foreign Co. The sale assets include the Applicant's interest in the JV (the JV interest). The JV interest consists of a 36.36% undivided interest in fixed assets owned by the Applicant and a 36.36% undivided interest in the JV agreement with the other JV partner in respect of the

operations which are conducted on a cost recovery basis. Foreign Co has assigned all of its rights and obligations under the Sale Agreement to SA Co.

**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) Although the Joint Venture operations are separately registered for VAT, the Joint Venture operates the Applicant's fixed assets on a cost recovery basis for the benefit of the Applicant, and therefore the assets sold under the Agreement as set out are connected to the Applicant's enterprise.
- b) The sale of the fixed assets and the interest in the Joint Venture agreement by the Applicant, which are together defined as "the assets" under the Sale Agreement, is subject to VAT at the standard rate in accordance with section 7(1)(a) of the VAT Act.

**7. Period for which this ruling is valid**

This binding private ruling is in respect of the proposed transaction described in paragraph 4.