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Directions for purposes of section 10(8) and (13)

I, Barend Jacobus du Plessis, Minister of Finance, hereby prescribe in terms of subsections (8) and (13) of section 10 of the Value-Added Tax Act, 1991 (Act No. 89 of 1991), that the consideration in money for the supplies contemplated in the said paragraphs be determined in the manner as set out in the Schedule.

Schedule

(1) In this Schedule, any word or expression to which a meaning has been assigned in the Act, bears the meaning so assigned thereto, and, unless the context otherwise indicates -

"determined value", in relation to a motor vehicle, means -

(a) where a motor vehicle, except a motor vehicle contemplated in paragraph (b)(ii) of this definition was acquired by a vendor under an agreement of sale or exchange concluded by parties acting at arms' length, the original cost thereof to him, excluding any finance charges, interest, sales tax or value-added tax; or

(b) where such motor vehicle -

(i) is held by the vendor under a lease; or

(ii) was held by the vendor under a lease and the ownership thereof was acquired by him on the termination of the lease,

the retail market value thereof at the time the vendor first obtained the right of use of the motor vehicle or, where at such time such lease was a financial lease for the purposes of the Sales Tax Act, 1978 (Act No. 103 of 1978), the cash value thereof as contemplated in paragraph 2 of Schedule 4 of that Act, or, where at such time such lease was an instalment credit agreement as contemplated in section 1 of the Act, the cash value thereof as defined in section 1 of the Act reduced by the amount of value-added tax; or

(c) where such vehicle was acquired otherwise than contemplated in paragraphs (a) or (b), the market value of such motor vehicle at the time when the vendor first obtained the vehicle or right of use thereof:

Provided that where an employee has been granted the right of use of such motor vehicle and such vehicle, or the right of use thereof, was acquired by the vendor not less than 12 months before the date on which the employee was granted such right of use, there shall be deducted from the amount so determined under the foregoing provisions of this definition a depreciation allowance calculated according to the reducing balance method at the rate of 15 per cent for each completed period of 12 months from the date on which the vendor first obtained such vehicle or the right of use thereof to the date on which the said employee was first granted the right of use thereof; and

"the Act" means the Value-Added Tax Act, 1991 (Act No. 89 of 1991).

(2) (a) For the purposes of the proviso to subsection (8) of section 10 of the Act, the consideration in money for the deemed supply shall be 0,3 per cent of the determined value of the motor vehicle for each month or part thereof calculated as from 1 October 1991.

(b) If the method of determination of consideration in money contemplated in subparagraph (a) is used with reference to a motor vehicle, that method of determination of consideration in money shall also be used for the succeeding 11 months in respect of the motor vehicle in question.

(3) For the purposes of the proviso to subsection (13) of section 10 of the Act, the consideration in money for the deemed supply shall be -

(a) 0,3 per cent of the determined value of the motor vehicle (for each month or part thereof calculated as from 1 October 1991) where the motor vehicle is a motor car as contemplated in the Act

and the vendor was in terms of section 17(2) of the Act not entitled, or would not have been entitled had that section been applicable prior to the commencement date, to deduct the full amount of input tax in terms of section 16(3) of the Act in respect of such motor car when it was supplied to or imported by him; or

(b) in a case other than contemplated in paragraph (a) 0,6 per cent of the determined value of the motor vehicle (for each month or part thereof calculated as from 1 October 1991): Provided that where the employee pays a consideration for the right of use of such motor vehicle, the consideration in money determined monthly in terms of this paragraph shall be reduced by the lesser of the consideration paid by the said employee or the amount of the consideration in money determined monthly:

Provided that where the employee bears the full cost of repairs and maintenance of the motor vehicle and no compensation in the form of an allowance or reimbursement is payable by the vendor to the employee in respect of the said cost, the consideration in money so determined monthly shall be reduced by the lesser of -

(i) R85; or

(ii) the amount of the consideration in money determined monthly:

Provided further that the consideration in money calculated in this paragraph, after the application of the provisos, shall be reduced to the extent that the right to use the motor vehicle is granted by the vendor in the course of making exempt supplies.