

EXCISE

EXTERNAL POLICY

**MANAGE DIESEL REFUND
CALCULATIONS**

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1 SCOPE

- a) This policy applies to Diesel Refund registrants claiming a refund in terms of Rebate Item 670.04 of Schedule 6 to the Customs and Excise Act.

2 POLICY

- a) The provisions of Section 75 (1A)(a) provides that a refund in respect of the general fuel levy and road accident fund levy shall be granted for eligible diesel purchases. In order to qualify for a diesel refund, prospective claimants must:

- i) Be registered as a VAT vendor;
- ii) Apply for registration for the diesel refund with SARS by completing RAV 01 form on eFiling;
- iii) Be involved in one of the following business activities as listed in Schedule 6 Part 3 Note 6:
 - A) On land:
 - I) Farming;
 - II) Mining; or
 - III) Forestry;
 - B) Offshore:
 - I) Commercial fishing;
 - II) Coastwise shipping;
 - III) Offshore mining;
 - IV) The National Sea Rescue Institute;
 - V) Marine research vessels;
 - VI) Coastal patrol vessels; or
 - VII) Vessels employed to service fibre optic telecommunication cables along the South African coastline;
 - C) Electricity generating plants; or
 - D) Railway or harbour services, which include:
 - I) Vessels operated by Portnet; and
 - II) Vessels used by in-port bunker barge operators;
- iv) Keep a detailed logbook that contains records of all diesel purchases, storage and usage records and dates of vehicles filled with diesel as well as which qualifying activity was conducted per vehicle filled with diesel; and
- v) Be the buyer and user of the diesel they are claiming a refund for.

- b) To calculate the refund as prescribed in Rebate Item 670.04 and in Schedule 6 Part 3 Note 6 (b)(i)(aa)(bb):

- i) Claimants must populate Part C on the VAT201:
 - A) The total purchases; and
 - B) Non-eligible purchases.
- ii) All further fields including the total amount due for refund are greyed out as they are automatically calculated as follows:
 - A) Non-eligible litres are deducted from the total litres purchased and used to establish eligible litres.
 - B) For **On Land purchases** only: The eligible litres are multiplied by 80%. All other usage types are claimed at 100%.
 - C) The eligible litres are then multiplied with the applicable rate per usage type to determine the rand value of the refund.
- iii) Example: A client registered to claim diesel refunds for On Land purchases, recorded total litres **purchased and used** of 5 800 litres and non-eligible litres purchased and used of 1 750 litres. If the current rate per usage type for On Land purchases and usage is, for example, R5 per litre, the calculation would look as follows:

Total purchases	5 800				
Non-eligible purchases	1 750				
Eligible purchases	4 050	x	80%		
Claimable litres	3 240	x	R5.00	TOTAL	R16 200.00

c) Correction of litres purchased:

- i) Where the implementation date of the new rates for the general fuel and Road Accident Fund levies falls within the tax period, litres purchased and used before the rate changed must be adjusted using a factor.
- ii) The factor can be determined by dividing the previous rate per usage type with the current rate to the 5th decimal.
- iii) The current and historic extent of the refund can be found by:
- Going to www.sars.gov.za;
 - Clicking on Legal Counsel;
 - Clicking on Secondary Legislation; and
 - Clicking on Tariff Amendments.
- iv) To calculate the adjusted litres, the claimant must:
- Multiply the total litres purchased and used before the rate change with the factor calculated in ii) above.
 - Multiply the non-eligible litres before the rate change with the factor calculated in ii) above.
- v) To complete Part C of the VAT201, the claimants must:
- For **Total purchases**: Add the total litres recalculated in iv)A) to the total litres purchased and used after the rate change.
 - For **Non-eligible purchases**: Add the non-eligible litres recalculated in iv)B) to the non-eligible litres purchased and used after the rate change.
- vi) All further fields are automatically calculated and populated as described in paragraph b)ii).
- vii) **Example**: Where a rate change during the tax period impacts a client's refund for, for example, On Land purchases, the factor must be used to adjust the litres **purchased and used** before the rate changed. The client's records indicate total litres purchased and used of 1 385 before and 4 250 after the rate changed. They also recorded non-eligible litres purchased and used of 400 before and 1 500 after the rate changed. If the previous rate for On Land purchases were, for example, R7 per litre and the current rate R8.50 per litre, the calculations would look as follows:

- A) To calculate the factor:

Previous Rate	/	Current Rate	=	Factor
R7.00	/	R8.50	=	0.82353

- B) To calculate the adjusted litres purchased and used:

	Previous litres		Factor	Adjusted Litres
Total litres before rate change	1 385	X	0.82353	1 141
Non-eligible litres before rate change	400	X	0.82353	329

- C) To calculate the combined total and non-eligible litres purchased and used:

	Previous litres		Current litres	Litres to be entered on the VAT201
Total litres to be included on the return	1 141	+	4 250	5 391
Total non-eligible litres to be included on the return	329	+	1 500	1 829

D) To complete Part C of the VAT201:

Total Purchases	5 391				
Non-eligible Purchases	1 829				
Eligible Purchases	3 562	X	80%		
Claimable Litres	2 850	X	R8.50	TOTAL	R24 221.60

3 REFERENCES

3.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Customs and Excise Act No. 91 of 1964: Section 75 Customs and Excise Rules: None Part 3 of Schedule 6: Rebate Item 670.04 and Note 6
Other Legislation:	None
International Instruments:	None

3.2 Cross References

DOCUMENT #	DOCUMENT TITLE
None	

4 DEFINITIONS AND ACRONYMS

VAT	Value-Added Tax
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5 DOCUMENT MANAGEMENT

Business Owner	Executive: Excise
Detail of change from previous revision	<p>a) The document has been amended to include:</p> <ul style="list-style-type: none"> i) All criteria that a prospective claimant must meet to qualify for a diesel refund. ii) The refund calculation prescribed in Rebate Item 670.04. iii) Information needed to complete Part C of the VAT201. iv) Steps to follow where the implementation date of the new rates fall within the tax period. v) Calculation examples. <p>b) The extent of the refund of the General Fuel and Road Accident Fund levies has been deleted from the document as it is readily available in Schedule 6. The path to the current and historic rates has been included.</p>
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