



MANAGE DIESEL REFUND CALCULATION

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1 PURPOSE

- a) This policy describes the calculation of the diesel refund allowable eligible litres under rebate item 670.04 of Schedule 6 to the Customs and Excise Act No.91 of 1964.

2 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.

3 POLICY STATEMENT

- 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 of the Customs and Excise Act, Act No. 91 of 1964:
 - 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) 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				
Claimable litres	4050	x	R 5.00	TOTAL	R20250.00

- c) Total eligible litres calculation for On Land where both 80% of eligible litres and 100% of eligible litres will apply in a single submission.
- i) Example: a user under category B, submitting April 2026 period. The submission will be in May 2026, for litres purchased and used in March and April.
- A) March:
- I) Total litres purchased and used 4000.
- II) Non-eligible litres 500.
- B) April:
- I) Total litres purchased and used 4500.
- II) Non-eligible litres 600.
- ii) As the 100% only applies from April 2026, the user must adjust their March litres before they capture the litres on the form.
- A) Step 1: Determine a factor to be used to adjust the March litres. Previous allowable percentage divide by the current allowable percentage $80/100 = 0.80$
- B) Step 2: Adjust the March litres using a factor calculated as in d)ii) below and c)ii)A) above.

March 2026	Litres		Rate change Factor	On land % change Factor	Adjusted Litres
Total litres purchased and used	4000	X	0.82353	0.80	2635
Non-eligible litres	(500)	X	0.82353	0.80	(329)

- C) Step 3: Combine the March adjusted litres with the April litres to determine the litres to be captured on the form.

	March Adjusted Litres		April Litres	Litres to be captured on VAT201
Total litres purchased and used	2635	+	4500	7135
Non-eligible litres	(329)	+	(600)	(929)

- D) To complete the VAT201 Form April 2026 Return:

Total Purchases Used	7 135				
Non-Eligible Purchases Used	(929)				
Eligible Purchases used	6 206	X	100%		
Claimable litres	6 206	X	8.5	TOTAL	R 52 751

- d) 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) To calculate the adjusted litres, the claimant must:
- A) Multiply the total litres purchased and used before the rate change with the factor calculated in ii) above.
- B) 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:
- A) For **Total purchases**: Add the total litres recalculated in iv)A) to the total litres purchased and used after the rate change.
- B) 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				
Claimable Litres	3562	X	R8.50	TOTAL	R30277

4 REFERENCES

4.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation, Rules, Regulations and Interpretation Notes 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

4.2 Cross References

DOCUMENT NUMBER	DOCUMENT TITLE
None	

5 DEFINITIONS AND ACRONYMS

VAT	Value-Added Tax
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