

**SOUTH AFRICAN REVENUE SERVICE
SUID-AFRIKAANSE INKOMSTEDIENS**

No. R. 288

17 April 2014

AMENDMENT OF PARAGRAPH 8 OF SCHEDULE 1 TO THE VALUE-ADDED TAX ACT, 1991 (ACT NO. 89 OF 1991), IN TERMS OF SECTION 74(3)(a) TO INSERT ITEM 460.23 IN CONSEQUENCE OF THE INSERTION OF REBATE ITEM 460.23/00.00/02.00 AND THE SUBSTITUTION OF REBATE ITEM 460.23 IN PART 2 OF SCHEDULE NO. 4 OF THE CUSTOMS AND EXCISE ACT, 1964 (ACT NO. 91 OF 1964)

By virtue of the power vested in me by section 74(3)(a) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991) (the Act), I, Pravin Jamnadas Gordhan, Minister of Finance, hereby amend paragraph 8 of Schedule 1 to the Act to provide for the exemption from value-added tax on the importation of dutiable goods which are subject to an ITAC permit and duty free goods not subject to an ITAC permit, imported on or after 1 January 2014 solely for use in petroleum exploration and production activities, as indicated in the Schedule hereto.



PJ GORDHAN
Minister of Finance

GENERAL EXPLANATORY NOTES:

[] Words in bold type in square brackets indicate omissions from existing enactments.

_____ Words underlined with a solid line indicate insertions in existing enactments.

SCHEDULE

Schedule 1 to the Value-Added Tax Act, 1991 (Act No. 89 of 1991), is hereby amended –

by the insertion in paragraph 8 after item no. 414.03/00.00/01.00 of the following items:

“460.23 **GOODS IMPORTED OR CLEARED FROM A CUSTOMS AND EXCISE WAREHOUSE FOR THE EXPLORATION FOR PETROLEUM OR PRODUCTION OF PETROLEUM AS CERTIFIED BY THE DIRECTOR-GENERAL: MINERAL RESOURCES**

Goods imported or cleared from a Customs and Excise warehouse by a person who-

- (i) is certified by the Director-General: Mineral Resources or Chief Executive Officer of the agency designated in terms of section 70 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) to be a person who, in the Republic-
- (1) explores for petroleum in terms of an exploration right issued in terms of section 80 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002);
- (2) produces petroleum in terms of a production right issued in terms of section 84 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002); or
- (3) is a contractor of any person referred to in paragraph (1) or (2); or
- (ii) subject to the approval of the Director-General: Mineral Resources or the Chief Executive Officer of

the agency designated in terms of section 70 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), is a person (including, if a company, any subsidiary of such company) referred to in paragraph (1) or (3) who supplies such goods directly to any person or of any contractor or any person referred to in paragraph (2), for use in the manufacture of any equipment, installation or device, for use solely in operations in connection with the exploration for, or production of petroleum, and except for the purposes of item 460.23/00.00/02.00, in such quantities and at such times as the International Trade Administration Commission, may allow by specific permit, excluding -

- (a) distillate fuels, residual fuel oil and biodiesel;
- (b) goods for the personal use of any person; or
- (c) goods for use in the exploration or processing of any product other than petroleum as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002);

NOTES:

1. For the purposes of paragraph (ii), the person entering such goods under rebate of duty shall be liable for the duty rebated unless-
 - (a) he or she proves that such goods have been so supplied or used in the manufacture of the equipment, installation or device which has been delivered to the person referred to in paragraph (2); or
 - (b) on request by the person who entered the goods under rebate of duty, and subject to the permission of the Commissioner the goods have been -
 - (i) entered for home consumption and any duty and value-added tax payable in terms of the Value-Added Tax Act, 1991 (Act No. 89 of 1991) have been paid;

(ii) destroyed or abandoned in terms of item 412.07; or

(iii) exported.

460.23/00.00/01.00 Goods imported or cleared from a customs and excise warehouse for the exploration for or production of petroleum as contemplated in the notes to this item.

460.23/00.00/02.00 Goods free of duty imported or cleared from a customs and excise warehouse for the exploration for or production of petroleum as contemplated in the notes to this item.”.