



VALUE-ADDED TAX

SPECIAL ECONOMIC ZONES

10 September 2018

General VAT Principle

VALUE ADDED TAX

tax on consumption based on destination principle

supply of goods and services in SA

importation of goods and services into SA

broad based, levied at various stages of production and distribution

tax on inputs credited against tax on outputs

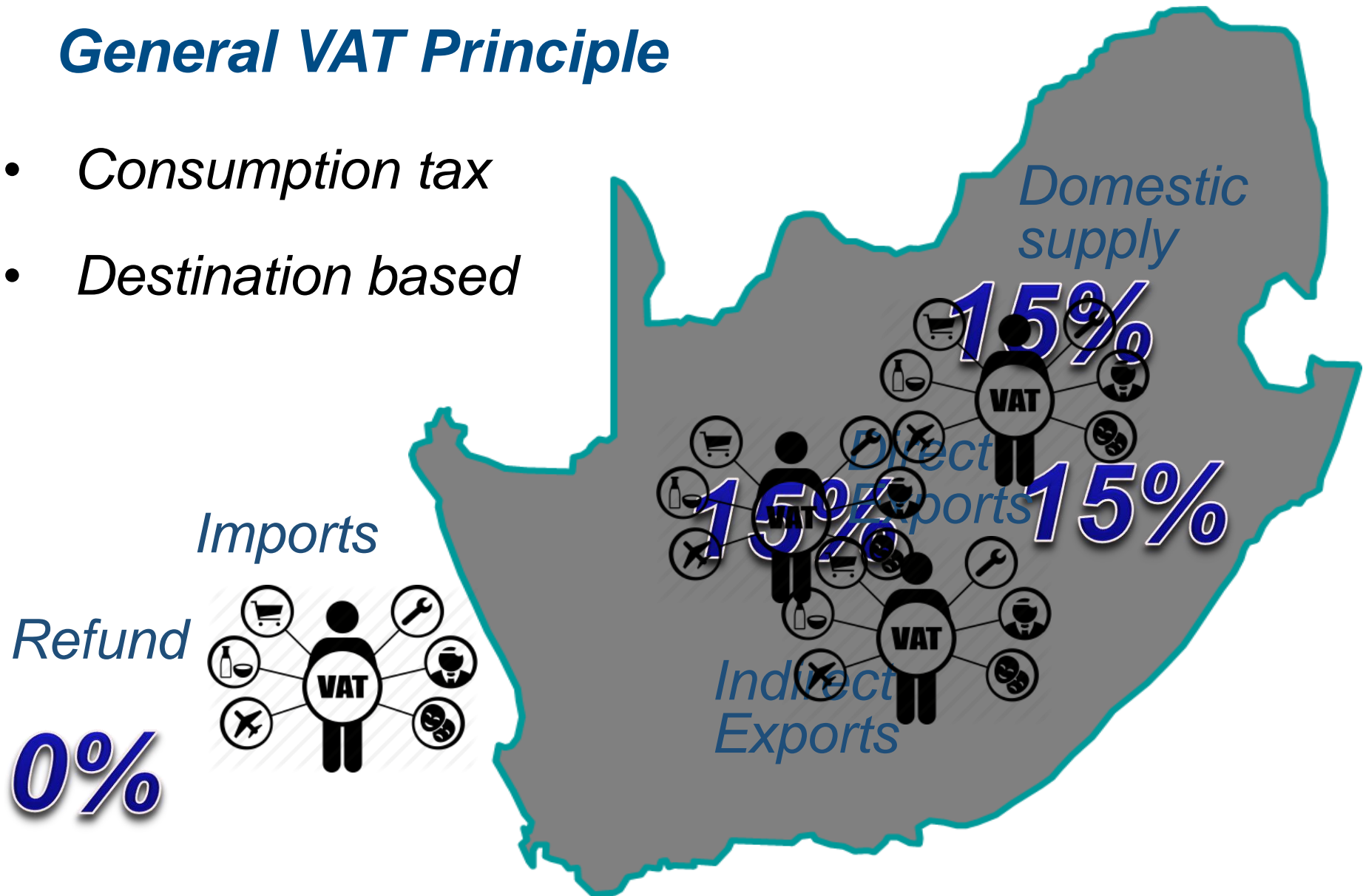
tax charged on expenses allowed as credits against tax charged on sales

revenue secured thro' out various stages of production and distribution

tax ultimately borne by end consumer

General VAT Principle

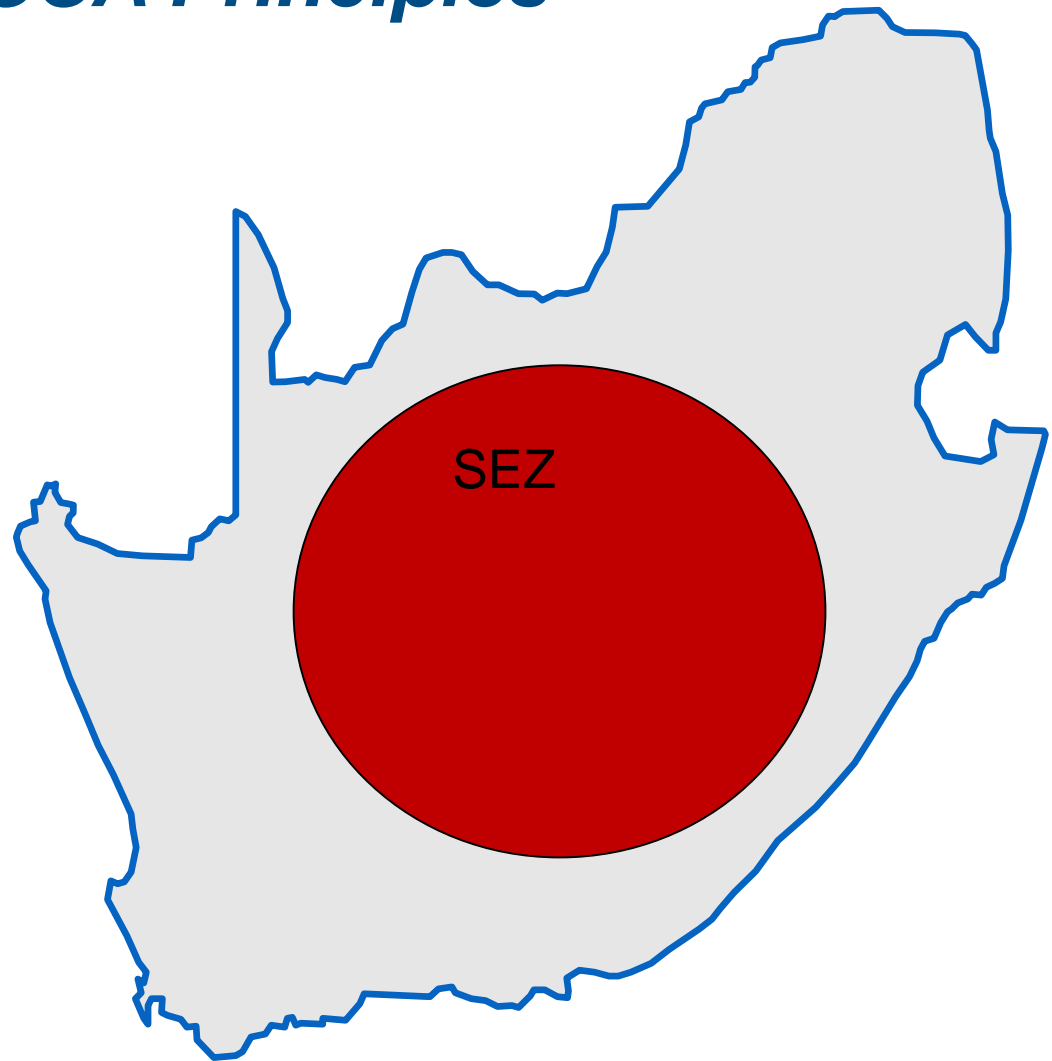
- Consumption tax
- Destination based



SEZ & CCA Principles

What is an SEZ?

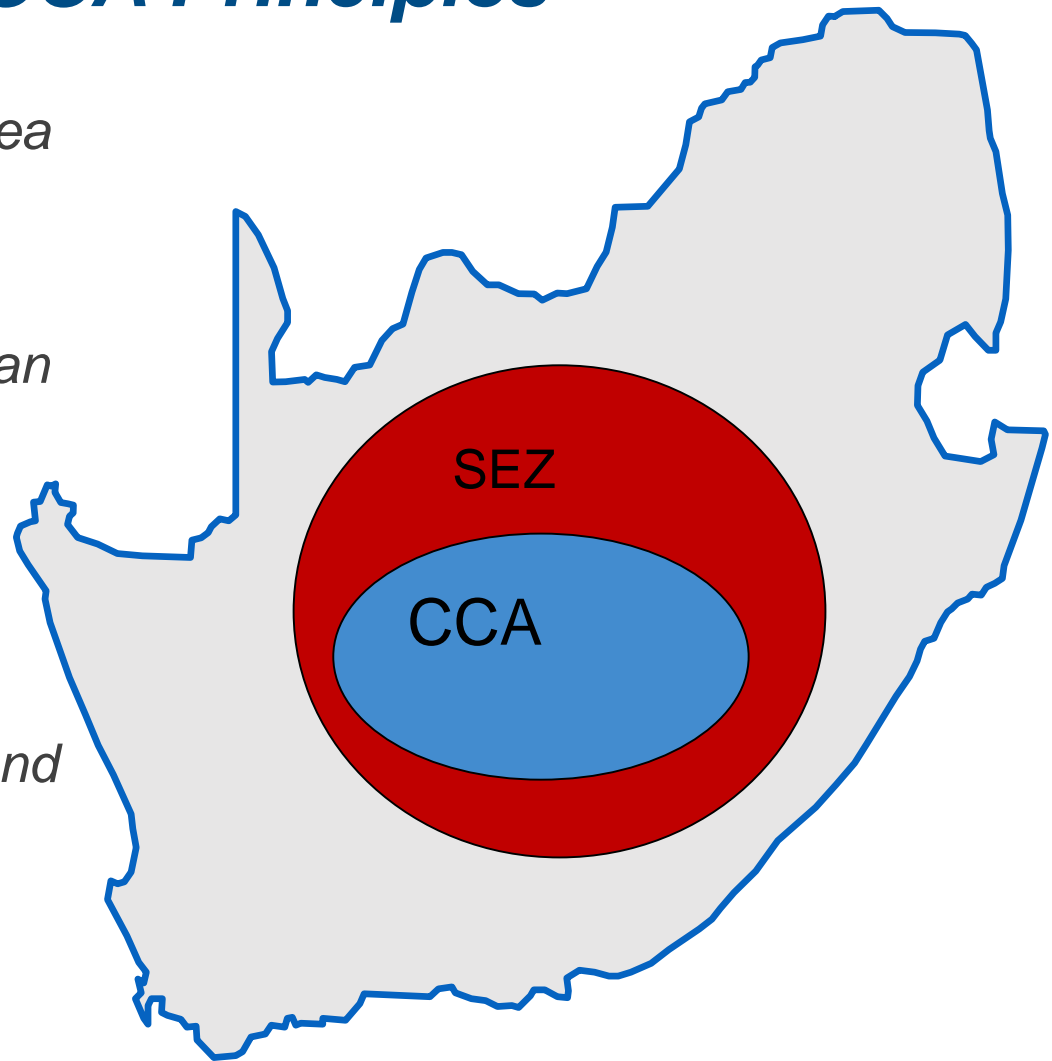
- *area situated in the Republic*
- *geographically designed*
- *purpose-built industrial estate*
- *linked to a harbour or airport (IDZ)*
- *designated by the MoT&I*



SEZ & CCA Principles

What is a Customs Controlled Area (CCA)?

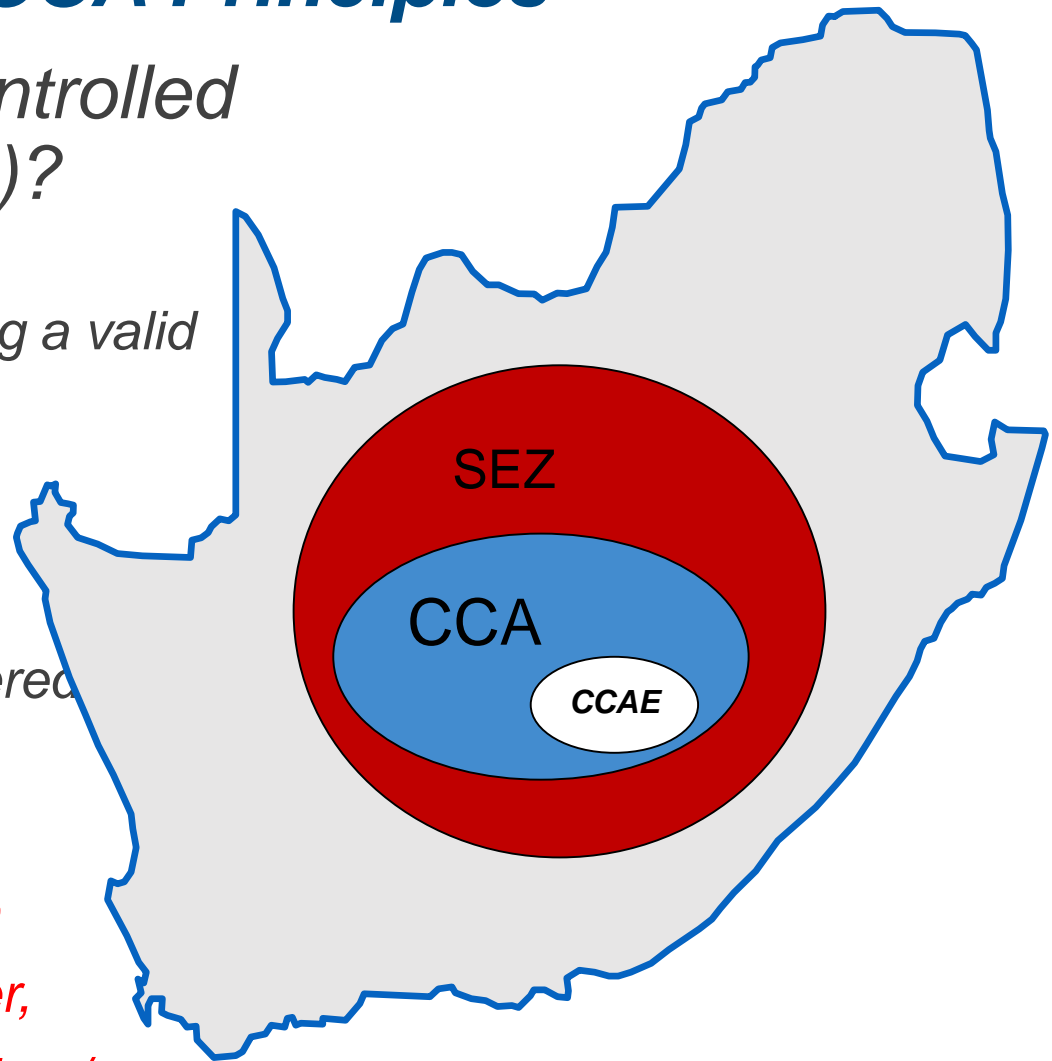
- *designated approved areas (C:SARS and DG:T&I) within an SEZ*
- *having entrances and exits controlled by SARS Customs*
- *where approved enterprises and business activities will be conducted*



SEZ & CCA Principles

What is a Customs Controlled Area Enterprise (CCAEE)?

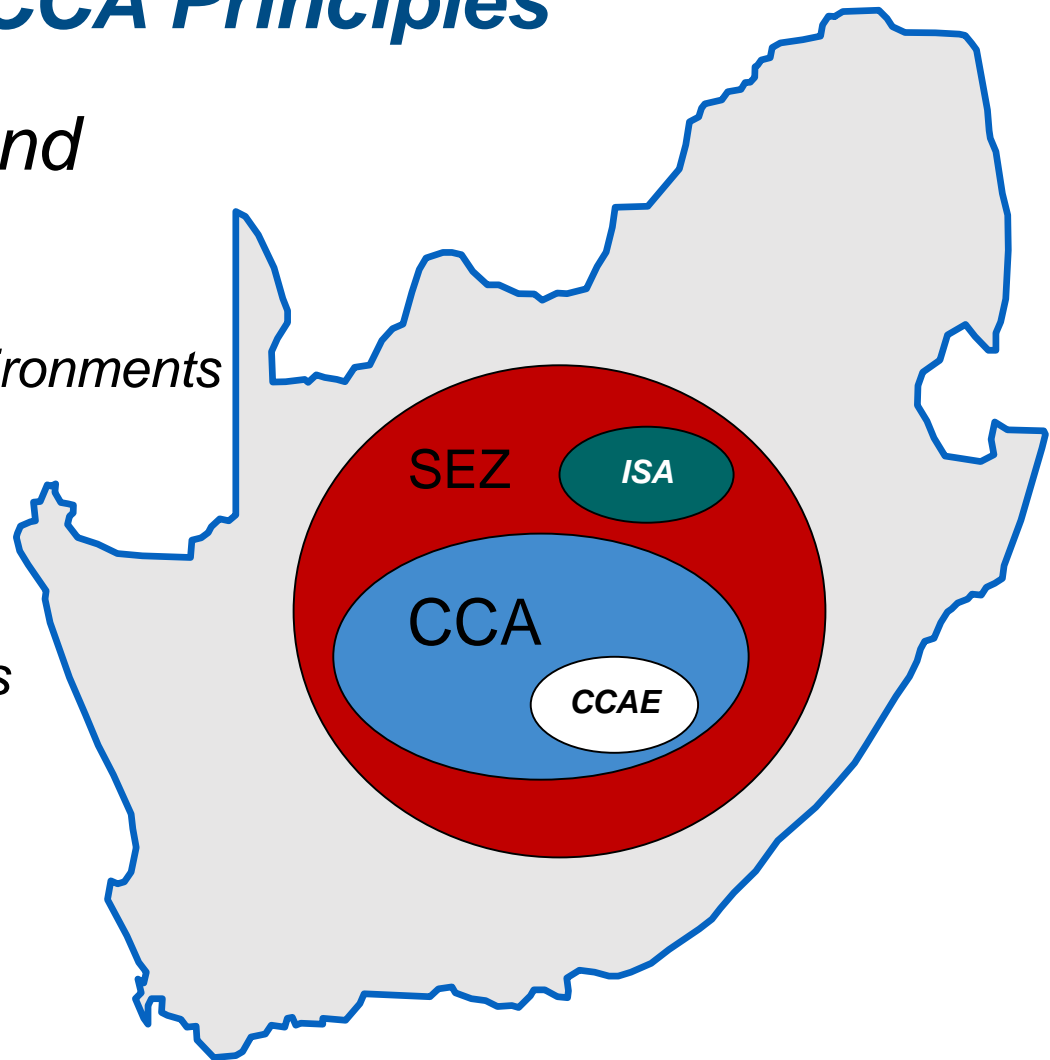
- an approved business holding a valid SEZ permit
- situated in a CCA
- **a vendor** (a business registered for VAT)
- CCAE = **Storage Warehouse Rebate Stockist/Manufacturer, therefore require C&E licensing / registration**



SEZ & CCA Principles

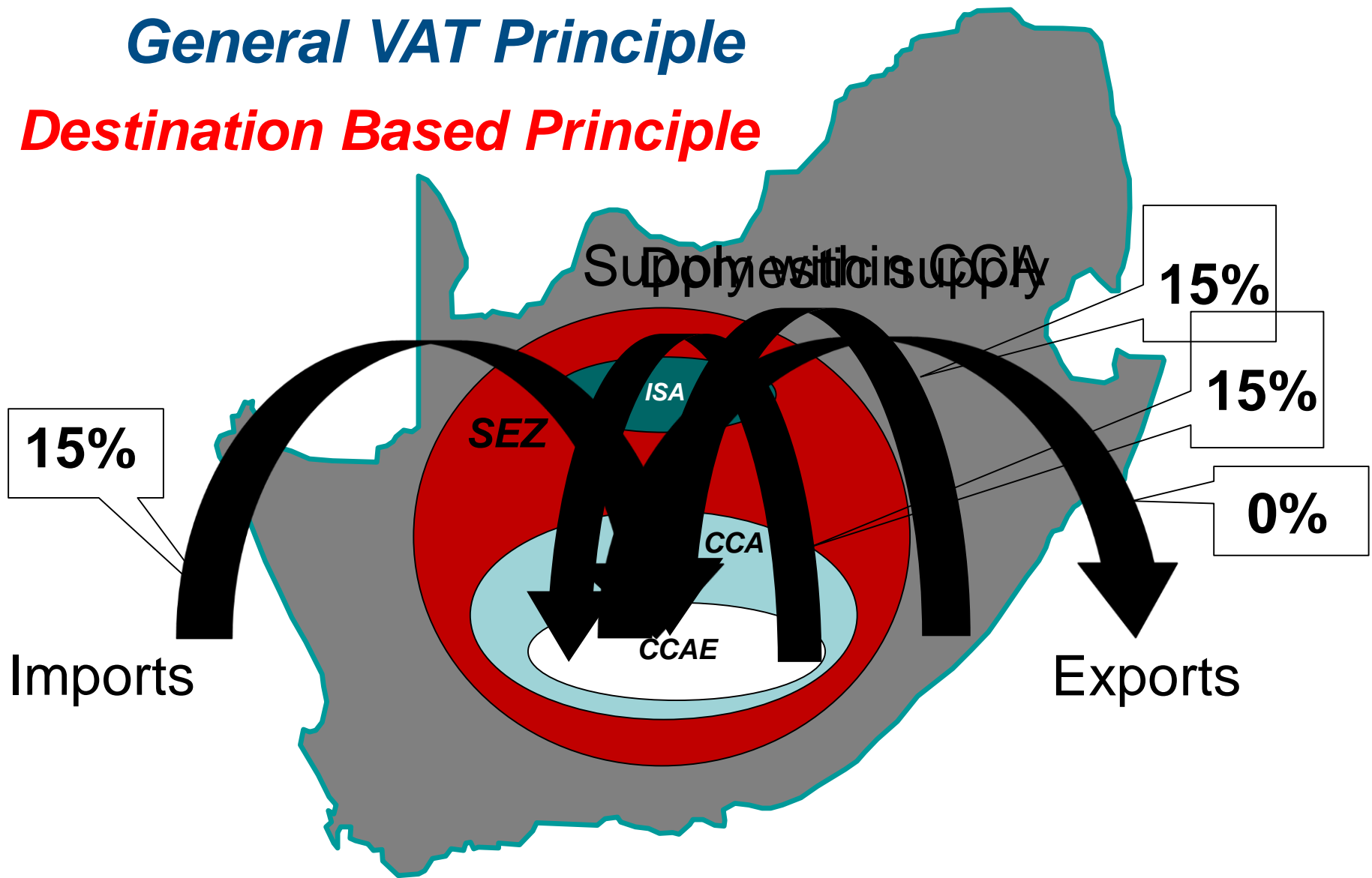
What is an Industries and Services Area (ISA)?

- industrial and office park environments*
- surrounding the CCA and*
- occupied by service providers supplying local raw materials or services to CCAE's and SEZ operators*



General VAT Principle

Destination Based Principle



SEZ - an area situated in the Republic

SEZ & CCA VAT Policy

VAT Policy Intention

- *alignment to SEZ objective via the introduction of a VAT Incentive*
- *VAT Incentive only applicable in the CCA of the SEZ*

Two fold approach to the Incentive

- *Policy and legislative amendment – 2003*
- *Operational impact - New Customs and VAT procedures to evidence movement of goods and rendering of services*

CCA VAT Principle

Legislative measures

- *specific zero rating of goods and services*
 - *Section 11(1)(c) – lease of goods under a rental agreement*
 - *Section 11(1)(u) – sale goods that were imported and not entered for home use*
 - *Section 11(1)(m) – sale of goods to the CCA **(excluding motor car)***
 - *Section 11(1)(mA) – sale of fixed property situated in a CCA*
 - *Section 11(2)(k) – services rendered in a CCA*

CCA VAT Principle

Legislative measures


- *specific exemption of goods imported into the SEZ*
 - *Item 498 in Schedule 1 - goods imported into the CCA*
 - *498.01 for the CCAE*
 - *498.02 for the SEZ Operator*

- *Specific exclusions*
 - *Denied input tax - motor cars and entertainment*
 - *Adjustments – timeframes and partially taxable CCAE*

CCA VAT Principle

Operational Measures

- Preparation of a new form (VAT267) to control and administer the VAT incentive

	VALUE-ADDED TAX Declaration in respect of goods and services supplied and delivered / rendered to a CCAE* / SEZ Operator* in a CCA* and the temporary admittance / removal of goods to / from a CCA	Print Form
		VAT267
	*This page is to be retained by the SEZ Operator	ORIGINAL
A: Particulars of CCAE / SEZ Operator		
Name of CCAE* / SEZ Operator	<input type="text"/>	
VAT registration number (if applicable)	<input type="text"/>	
Physical address in the CCA		
Unit no.	Complex (If applicable)	<input type="text"/>
Street no.	Street/ Name of farm	<input type="text"/>
Suburb/ District	<input type="text"/>	
City/Town	<input type="text"/>	Postal Code <input type="text"/>
Customs and Excise client number	<input type="text"/>	

CCA VAT Principle

Operational Measures

- *Publication of Interpretation Note to clarify the VAT Incentive*



INTERPRETATION NOTE: NO. 40 (Issue 3)

DATE: 24 March 2016

ACT : VALUE-ADDED TAX ACT NO. 89 OF 1991

SECTIONS : SECTIONS 1(1), 7, 8, 9, 10, 11, 12, 13 AND 18 AND ITEM 498.00 IN PARAGRAPH 8 of SCHEDULE 1

SUBJECT : VAT TREATMENT OF THE SUPPLY OF GOODS OR SERVICES TO AND/OR FROM A CUSTOMS CONTROLLED AREA OF AN INDUSTRIAL DEVELOPMENT ZONE

Detailed Scope of Incentive

Applies to the following transaction types

- *Supply of Goods to a CCA*
 - *RSA Storage Warehouse to CCAE Storage Warehouse*
 - *RSA Storage Warehouse to CCAE Rebate Store*
 - *Foreign supplier to CCAE Rebate Store*
 - *Foreign supplier to CCAE Storage Warehouse*
 - *RSA Rebate Store to CCAE Rebate Store – delivery in CCA*
 - *Vendor to CCAE/SEZ Operator inside CCA*

Detailed Scope of Incentive

Applies to the following transaction types

➤ *Supply of Goods from a CCA*

- *CCA Storage Warehouse to RSA Storage Warehouse*
- *CCA Storage Warehouse to Vendor before home use entry*
- *CCA Storage Warehouse to another CCA Storage Warehouse*
- *CCA Storage Warehouse to CCA Rebate Store – supplier delivers or before home use entry*
- *CCA Storage Warehouse Foreign Purchaser*
- *CCA Rebate Store to another CCA Rebate Store - supplier delivers*

Detailed Scope of Incentive

Applies to the following transaction types

➤ *Lease of goods*

- *Vendor to CCAE/SEZ Operator – exclusive use*
- *CCAЕ to another CCAE - exclusive use in CCA*

➤ *Services*

- *Vendor to CCAE/SEZ Operator in CCA*
- *CCAЕ rendered to another CCAE in the CCA*

Detailed Scope of Incentive

Exclusions

➤ *General*

- *the domestic sale or importation of a motor car*
- *goods that were temporarily removed from the CCAE and not returned within 30 days (liability for tax at 15%)*

Detailed Scope of Incentive

Exclusions

➤ Specific

- *CCAE Rebate Store to RSA Rebate Store / Vendor in RSA / another CCAE Rebate Store – recipient collects*
- *RSA Rebate Store to CCAE Rebate Store – delivery outside CCA*
- *Vendor to CCAE/SEZ Operator outside CCA*
- *CCAE Storage Warehouse to a Vendor after home use entry / CCAE Rebate Store - recipient collects*
- *Permanent Removal of Goods from a CCAE Storage Warehouse to RSA*

Accessing the Incentive

- *Must be a CCAE and a vendor*
- *If not a vendor - registration is done through the VAT101*
- *If already registered or once registered as a vendor any VAT incurred is refunded by completing and filing the **VAT201***
- *Administration of the relief is mainly evidenced by completing and retaining the **VAT267** and the **SAD500** (for goods where a Customs procedure applies) and the **VAT267** (for goods where no Customs procedure applies and for services)*

QUESTIONS



Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza