

VAT Alert

3 October 2011

Reconfirmation of SARS rulings

The binding effect of SARS rulings obtained prior to 2007 will be withdrawn with effect from 1 October 2011. If you have applied for, but have not yet received reconfirmation, you should urgently follow up the matter.



Businesses can no longer rely on the rulings register as a result of a new rulings process to be issued by the South African Revenue Service (SARS).

In 2007, SARS indicated that it intended to withdraw all binding rulings from its rulings register. This was as a result of many rulings being out of date and inconsistent with those already passed. The register will now be withdrawn and the rulings process revised and updated.

The VAT Act was amended in 2006 to bring it in line with the advance tax ruling system introduced into the Income Tax Act. As a result, vendors now have to apply for binding rulings.

However, SARS had to decide on the status of a ruling issued prior to 1 January 2007. Written rulings issued prior to 1 January 2007 were given a binding status in terms of Binding General Ruling No. 2. On the other hand, written decisions would only be regarded as binding if the vendor applied for confirmation of such ruling within the prescribed time periods. The last day for lodging such requests was 30 June 2007.

Any ruling or written decision submitted for confirmation within the time periods remains binding until SARS notifies the applicant of its status. If SARS is not satisfied with the correctness of a written decision, it will be withdrawn. However, the decision may be relied on until the applicant is notified of the effective date of the withdrawal.

Binding effect of rulings will lapse on 1 October 2011

In February 2011, SARS informed vendors who have applied for, but not yet received confirmation of the binding status or withdrawal of a pre-2007 ruling, to follow up with SARS as it was in the process of finalising and reconciling the list of reconfirmation applications. The binding effect of these rulings is withdrawn with effect from 1 October 2011 (see VAT News 37). Another reminder was issued in VATconnect (Issue 1 of August 2011).

Vendors that submitted reconfirmation requests but have not yet received written confirmation or a notice

of withdrawal and require the rulings for the purposes of determining the VAT implications of the supply of goods or service should follow up immediately.

Where vendors still rely on rulings issued by SARS to industry bodies or associations, for instance, relating to apportionment methods or concessions regarding the issuing of tax invoices, they should confirm with these bodies or associations whether reconfirmation has yet been received.

PwC Indirect Tax can assist affect businesses in their negotiations with SARS in this regard, or to apply for new rulings, where appropriate. Please contact one of our indirect tax specialists listed below for assistance:

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