



Deloitte Africa Tax & Legal

VAT Update | Extended timelines for export transactions

Covid-19 pandemic: Concessions with regard to timeframes that apply to goods exported

Binding General Ruling 52 (BGR 52) issued by the South African Revenue Service (SARS) with regards to the export of movable goods is effective 26 March 2020. The purpose of BGR 52 is to extend the timeframe for vendors and qualifying purchasers (who seek to apply for a refund from the VAT Refund Administrator) to export movable goods due to the global COVID-19 pandemic.

Noteworthy changes

- The measures aim to alleviate the difficulties vendors and/or qualifying purchasers face in meeting the prescribed time periods set out in the Regulation dealing with indirect exports and Interpretation Note 30 (Issue 3)(IN 30) dealing with direct exports.
- The BGR grants an extension of the time periods prescribed, because of **circumstances beyond the control** of the vendor or qualifying purchaser.

- It only applies to supplies of movable goods in respect of which, as at the date of issue of the BGR, the original **prescribed timeframes** in the Regulation and IN30 **have not yet been exceeded**.

How will these changes impact qualifying purchasers?

Where the qualifying purchaser or its agent, is responsible for the export of the movable goods under the Regulation:

1. Under Part One, dealing with the procedures for granting VAT refunds to qualifying purchasers residing in or conducting business in an export country, the goods must be exported within 90 days from the date of the invoice. The time period to export is **extended by a further three months** in terms of BGR 52.
2. Under Part One, the time period prescribed for a qualifying purchaser to apply for a VAT refund is stated to be within 90 days from the date of export. This period is now **extended to six months** from date of export in terms of BGR 52.
3. Under Part Two, the procedures for a vendor to elect to supply movable goods to a qualifying purchaser at the zero rate are detailed in Sections A and B, and
 - the general rule is that the goods must be exported within 90 days from the earlier of the time the invoice was issued or any payment of consideration is received by the vendor.
 - there are specific exceptions to the general rule which include advance payments, precious metals, goods subject to repair, improvement, erection, manufacture, assembly or alteration, part of a hunted animal subject to preservation or mounting and tank containers.

The **time period to export** under both the general rule and the exceptions is **extended by a further three months** in terms of BGR 52.

How will these changes impact you as a vendor?

Where the vendor is responsible for the export of goods from South Africa:

1. IN30 stipulates the requirements and documentary proof to be obtained when exporting movable goods from the Republic. In this regard:
 - The general rule is that the goods must be exported within 90 days from the earlier of the time the invoice was issued or any payment of consideration is received.
 - There are specific exceptions to the general rule which include advance payments, precious metals, goods subject to repair, improvement, erection, manufacture, assembly or alteration, part of a hunted animal that is subsequently subject to preservation or mounting and tank containers.

The **time period to export** under both the general rule and the exceptions is **extended** by a **further three months** in terms of BGR 52.

General

All exporters of movable goods from the Republic should assess how the extension of the time periods impact them as vendors or qualifying purchasers. To the extent the BGR does not provide for a specific scenario, vendors or qualifying purchasers should apply for private binding ruling.

The BGR further provides that no relief will be granted by means of an extension for any export of movable goods where the original time periods have already been exceeded on or before 26 March 2020.

Who to contact

Should you require further clarification or assistance regarding the above matters or any indirect tax matters in general, please contact any of us at the numbers or email addresses below.

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