

Part II - Value-Added Tax

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7. Imposition of value-added tax

1. Subject to the exemptions, exceptions, deductions and adjustments provided for in this Act, there shall be levied and paid for the benefit of the National Revenue Fund a tax, to be known as the value-added tax-
 - a. on the supply by any vendor of goods or services supplied by him on or after the commencement date in the course or furtherance of any enterprise carried on by him;
 - b. on the importation of any goods into the Republic by any person on or after the commencement date; and
 - c. on the supply of any imported services by any person on or after the commencement date,

calculated at the rate of 14 per cent on the value of the supply concerned or the importation, as the case may be.

2. Except as otherwise provided in this Act, the tax payable in terms of paragraph (a) of subsection (1) shall be paid by the vendor referred to in that paragraph, the tax payable in terms of paragraph (b) of that subsection shall be paid by the person referred to in that paragraph and the tax payable in terms of paragraph (c) of that subsection shall be paid by the recipient of the imported services.
3.
 - a. Where any goods manufactured in the Republic, being of a class or kind subject to excise duty under Part 2 of Schedule No. 1 to the Customs and Excise Act, have been supplied at a price which does not include such excise duty and tax has become payable in respect of the supply in terms of subsection (1)(a), value-added tax shall be levied and paid at the rate of 14 per cent for the benefit of the National Revenue Fund on an amount equal to the amount of such excise duty which, subject to any rebate of such excise duty under the said Act is paid.
 - b. The tax payable in terms of paragraph (a) shall be paid by the person liable in terms of the Customs and Excise Act for the payment of the said excise duty.
 - c. [Paragraph (c) deleted by s.4 of Act No. 34 of 1997];
 - d. Subject to this Act, the provisions of the Customs and Excise Act relating to the clearance of goods subject to excise duty and the payment of such excise duty shall *mutatis mutandis* have effect as if enacted in this Act.

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12. Exempt supplies

The supply of any of the following goods or services shall be exempt from the tax imposed under section 7(1)(a):

- a. The supply of any financial services, but excluding the supply of financial services which, but for this paragraph, would be charged with tax at the rate of zero per cent under section 11;
- b. the supply by any association not for gain of any donated goods or services or any other goods made or manufactured by such association if at least 80 per cent of the value of the materials used in making or manufacturing such other goods consists of donated goods;
- c. the supply of any accommodation in a dwelling-
 - i. under an agreement for the letting and hiring of the accommodation; or
 - ii. where the supplier is the employer of the recipient (including any employer as defined in paragraph 1 of the Fourth Schedule to the Income Tax Act), the recipient is entitled to occupy the accommodation as a benefit of his office or employment and his right thereto is limited to the period of his employment or the term of his office or a period agreed upon by the supplier and the recipient;
- d. the supply of leasehold land by way of letting (not being a grant or sale of the lease of that land) to the extent that that land is used or is to be used for the principal purpose of accommodation in a dwelling erected or to be erected on that land;
- e. the supply of land (together with any improvements to such land existing on the date on which the supplier became contractually obliged to supply such land and such existing improvements to the recipient) where such land is situated outside the Republic and such supply is made by way of sale or by way of letting;
- f. the supply of any services to any of its members in the course of the management of-
 - i. a body corporate as defined in section 1 of the Sectional Titles Act, 1986 (Act No. 95 of 1986); or
 - ii. a share block company; or
 - iii. any housing development scheme as defined in the Housing Development Schemes for Retired Persons Act, 1988 (Act No. 65 of 1988),

where the cost of supplying such services is met out of contributions levied by such body corporate or share block company or under such housing development scheme, as the case may be: Provided that this paragraph shall not apply or shall apply to a limited extent where such body corporate or share block company applies in writing to the Commissioner, and the Commissioner, having regard to the circumstances of the case, directs that the provisions of this paragraph shall not apply to that body corporate or share block company or that the provisions of this paragraph shall apply only to a limited extent specified by him: Provided further that this paragraph shall not apply to the services supplied by any body corporate or share block company which manages a property time-sharing scheme as defined in section 1 of the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983);

- g. the supply by any person in the course of a transport business of any service comprising the transport by that person in a vehicle operated by him of fare-paying passengers and their personal effects by road or railway (excluding a funicular railway), not being a supply of any such service which, but for this paragraph, would be charged with tax at the rate of zero per cent under section 11(2)(a);
- h.
 - i. the supply by the State (including any provincial administration) or any institution of a public character of any educational services-

(aa) in respect of primary or secondary education in any school or preprimary school education provided in any institution which meets the requirements of any recognized educational authority; or

(bb) in any technikon established or deemed to have been established or declared to be such under any Act of Parliament; or
(cc) in any educational institution established by or under any other law of the Republic which is in all material respects similar to a technikon referred to in subparagraph (bb); or
(dd) in any university established by an Act of Parliament or in any university college established under the Tertiary Education Act, 1988 (Act No. 66 of 1988); or
(ee) in any permanent institution in the Republic approved by the Minister for the purposes of section 18A of the Income Tax Act which has been formed-

(A) for the promotion of adult education, vocational training or technical education; or

(B) to promote the education and training of religious or social workers; or

(C) for the education or training of physically or mentally handicapped persons;

- ii. the supply by the State (including a provincial administration) or any institution of a public character solely or mainly for the benefit of pupils or students of such school, technikon, university or institution of any goods or services necessary for and subordinate and incidental to the supply of any services contemplated in subparagraph (i) of this paragraph (including the supply of board or lodging) where such goods or services are not supplied for a consideration other than the payment of school fees or tuition fees or fees for board or lodging;
- i. the supply of any goods or services by an employee organization to any of its members to the extent that the consideration for such supply consists of membership contributions.