



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

PUBLICATION OF GAZETTED REGULATIONS ON DOMESTIC REVERSE CHARGE RELATING TO VALUABLE METAL, ISSUED IN TERMS OF SECTION 74(2) OF THE VALUE-ADDED TAX ACT, 1991 (ACT NO 89 OF 1991)

The National Treasury today publishes the gazetted Regulations on Domestic Reverse Charge Relating to Valuable Metal, issued in terms of section 74(2) of the Value Added Tax Act, 1991 (Act No. 89 of 1991) (“Regulations”).

The Regulations are an anti-abuse measure aimed at foreclosing schemes and malpractices to claim undue VAT refunds from SARS by vendors operating in the value chain relating to high-risk goods containing gold, for example, gold, gold bars, gold granules, gold doré or jewellery (“valuable metal”). The Regulations make provision for registered vendors acquiring valuable metal, to pay VAT on the supply of “valuable metal” over to SARS before these registered vendors can claim the VAT input tax refund. This additional compliance process makes it difficult for registered vendors to claim input tax for VAT that was not actually declared and paid to SARS by the supplier registered vendor in respect of the supply of “valuable metal”.

The gazetting of Regulations follows a publication of the draft Regulations for public comment on 6 October 2021. Taxpayers and stakeholders were given 30 days to submit their written comments, and the closing date for comments was 6 November 2021. National Treasury received 12 written submissions from a wide range of stakeholders including industry associations, tax practitioners, companies etc. Substantive comments were received in relation to the definition of “valuable metal”, which is the key definition specifying the type of “valuable metal” falling within the ambit of the Regulations. Other comments were received in relation to the responsibilities of the supplier and recipient of “valuable metal”, transitional measures and the effective date. Following receipt of public comments, several workshops were held with the taxpayers and stakeholders to discuss the written comments. The first workshop was held on 14 December 2021, the second workshop was held on 14 March 2022 and the third workshop was held on 13 April 2022.

After the workshops, further changes were made to the definition of “valuable metal”, responsibilities of the supplier and recipient of “valuable metal”, transitional measures and the effective date of the Regulations.

The Regulations will come into operation on 1 July 2022. In terms of the transitional measures, registered vendors will be allowed a period of one month from 1 July 2022 to 1 August 2022 to ensure that they comply with the requirements of Regulations. This implies that registered vendors must account for and pay VAT in respect of transactions falling within the ambit of Regulations in the tax period covering August 2022.

The Regulations and the accompanying Explanatory Memorandum, can be found on the National Treasury (www.treasury.gov.za) and SARS (www.sars.gov.za) websites.

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