

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 982**

**DATE OF PUBLICATION: 30 MARCH 2010**

**Mr S B Farrow (DA) to ask the Minister of Finance:**

- (1) Whether the total literage of petrol and diesel sold through the pump is reconciled with the amounts of levies received by the National Treasury for the purpose of the Road Accident Fund (RAF); if not, why not; if so, (a) who does this reconciliation and (b) how are losses and leakages accounted for;
- (2) whether there is any assurance that the amounts passed over to the RAF reflect an accurate amount of fuel sold at the fuel pump; if not, why not; if so, what are the relevant details;
- (3) whether any defaulters have been identified in the past five years; if not, what is the position in this regard; if so, (a) how many and (b) how much was lost as a result of this defaulting;
- (4) whether any compensation for these losses is taken into account when transferring funds to the RAF; if not, why not; if so, what are the relevant details?

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**REPLY:**

- (1) No. The Customs and Excise Act, 1964, (the Act) provides for the collection of the excise duty, fuel levy and RAF levy on fuel at the point where the fuel leaves the refining or blending facility, which must be licensed by SARS. The assessment of duty and levy liability are thus at source and well before the fuel reaches the pump at the retail fuel station according to the "Duty at Source" (DAS) principle.

DAS was introduced during 2002/2003 to improve control over leviable goods and fix the point of duty assessment as close as possible to the source (point of manufacture) in order to prevent any downstream losses of any duties and levies due.

In the case of fuel the oil companies that import or manufacture fuel have an obligation in terms of the Act to license their refineries and pay all duties and levies, including the RAF levy, when the fuel is removed from the licensed premises.

- (2) The result of assessing at source is that the amount of RAF levy paid over to the RAF is not based on the amount of fuel sold at the pump, but on the amount of fuel removed from the licensed premises.
- (3) The duties and levies are collected from seven major oil companies and relate to the fuel removed from ten refining or blending facilities. The assessments are subjected to audit by SARS auditors on an ongoing basis. These audits, as would be expected, reveal errors from time to time. When such errors are discovered they form the subject of corrective action that may include penalties and interest.

In addition, the SARS collections and funds transfers to the RAF are subject to a monthly audit by SARS' internal audit division and a formal audit report is sent to the RAF monthly. On an annual basis the process is subjected to a reasonable assurance audit by the Auditor General. These procedures form part of the Memorandum of Understanding between SARS and the RAF.

- (4) Due to the use of the DAS principle of assessment, no downstream losses influence the amount of RAF levy paid to the RAF. Where duty assessment errors are discovered the shortfalls are recovered and the RAF (and other) levies forming part of those recoveries are fully accounted for. In the case of the RAF levy, such levy recoveries are passed over to the RAF in the normal course.