

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1069 [NW1230E]
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1069. Adv A de W Alberts (FF Plus) to ask the Minister of Finance:†

- (1) Whether he is able to give an indication of the holiday clubs that generate income run according to the point system and are not run according to the Sectional Titles Act, Act 95 of 1986, and/or the Share Blocks Control Act, Act 59 of 1980;
- (2) whether holiday clubs based on a point system are classified as entities that qualify for exemptions in terms of section 10(1)(e) of the Income Tax Act, Act 58 of 1962; if so, on what grounds; if not,
- (3) whether the billions of rands that this type of holiday club generates (a) are taxed or (b) will be taxed; if not, why not; if so, how much tax has been collected from the point system clubs since 2000 for each individual financial year;
- (4) whether the National Treasury will undertake a fullscale investigation into the financial and specifically the tax matters of the (a) holiday clubs based on the point system, (b) groups, (c) relationships and (d) subsidiaries (i) in which and (ii) by means of which they are run and that are exempted from such Act on an unlawful basis?

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REPLY:

- (1) No, as the legislation referred to (Sectional Titles Act, Act 95 of 1986 and Share Blocks Control Act, Act 59 of 1980) under which holiday clubs may operate, is not the responsibility of the Minister of Finance. Therefore, I am unable to provide any information on the activities related to these entities. The Honourable Member is referred to the responsible Minister for any such information on holiday clubs.
- (2) No, my interpretation of tax legislation is that holiday clubs based on a points system do not qualify for exemption in terms of section 10(1)(e) of the Income Tax Act, Act 58 of 1962.
- (3) Yes, these entities are taxed as any other business entity. As these activities are not separately identified from other business types, e.g. hotels, accommodation, etc., the estimated tax revenues payable by them for holiday club activities cannot be estimated at this stage by the South African Revenue Service.

- (4) No, the South African Revenue Service does not plan to have a fullscale investigation into the financial and tax matters of these entities. The Honourable Member is free to provide any information on tax evasion that he may have to the Commissioner of SARS if he believes there is evidence to justify any such investigation. Any consumer oriented abuse should also be referred to the NCC.