

29 April 2016

The South African Revenue Service

Lehae La SARS

299 Bronkhorst Street

**PRETORIA**

0181

**BY EMAIL:**     [policycomments@sars.gov.za](mailto:policycomments@sars.gov.za)

**RE:     DRAFT BINDING GENERAL RULING: DOCUMENTARY PROOF REQUIRED FOR INPUT DEDUCTIONS ON  
THE IMPORTATION OF GOODS**

Provided below are SAIT's comments in respect of the draft binding general ruling addressing the required documentary proof for claiming VAT inputs in respect of the importation of goods via agents. We fully support the ruling but request that the ruling be extended to cover a more pressing matter.

*1.     Simplification of documentary agency statements*

The draft ruling essentially confirms prior practice in regards to agency documentation. In order to be eligible for VAT inputs when using agents for imported goods, agents must provide the importer with a statement containing five elements. The first two elements are as follows:

- (a)     A full and proper description of the goods imported; and
- (b)     The quantity or volume of the goods imported.

However, the draft ruling provides a more practical alternative. The draft ruling states that the possession of a packing list containing information relating to both elements will be sufficient documentary proof. We further understand that this approach merely recognises common practice adopted by many SARS officials.

It goes without say that we fully support this approach. Perhaps, other documents commonly used to support value (the third of the five elements in the required agency statement) could be added to the ruling to confirm additional commonly accepted practices.

2. *More notable issue*

The real issue for many importers appears to arise from documentary problems associated with certain clearing agents when agents import on behalf of multiple client principals (usually in respect of a single container). In these circumstances, the agent does not (and possibly cannot) transmit the full list of items imported by the agent on the container list. Each importing client is entitled to know only the information relating to that client's goods. The names and goods of other clients is not something agents are generally comfortable revealing as matter of sound business practice. Full access to the importer of this other information will also probably leave the agent in violation of law once the POPI Act goes into effect.

This failure to transmit the underlying list of goods by the agent ultimately creates problems for the importer. This lack of information by the importer means that the documentation required to claim VAT input deductions may be in jeopardy even though this lack of documentation is wholly outside the importer's control.

In order to overcome these problems, we would suggest alternative methods of documentation be endorsed pursuant to the general binding ruling process. Two potential alternatives may possibly include:

- A statement by the importer that the underlying documents cannot be transmitted to the importer principal due to privacy concerns of other clients as well as a further statement by the agent of the relevant numbers (e.g. consignment or container numbers) and item list / value; or

- Provision of the underlying container list or other document with information relating to other importing clients (e.g. names and imports) being made available but “blacked-out” so that the importer at issue cannot view unrelated information.

We thank you for the opportunity to comment on this matter.

Yours sincerely

**Keith Engel**

**Chief Executive**