

25 March 2013

Legal & Policy
The South African Revenue Service
Lehae La SARS
PRETORIA
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BY E-MAIL: policycomments@sars.gov.za

To whom it may concern

RE: CALL FOR COMMENT ON THE DRAFT INTERPRETATION NOTE ON THE DEDUCTION INCURRED ON EXPENDITURE ON REPAIRS

Thank you for the opportunity to contribute commentary on this draft interpretation note.

1 GENERAL COMMENTS

1.1 Concern regarding the treatment against termites

Problem statement:

Paragraph 4.1.8 provides guidance on the deduction of the cost of treatment against beetle infestation of timber forming part of the premises. No mention is made of the cost of treatment against termites.

Proposed solution / recommendation:

It would be useful if the interpretation note indicates whether this would include a deduction for treatment against termites, as the word “termite” is generally used by the pest control industry.

1.2 Capable of generating rental income

Problem statement:

Paragraph 4.1.6 mentions that the section 11(d) deduction may be claimed if a property is capable of generating rental income during a year of assessment. Although it provides some guidance on this aspect, more specific guidance in this regard would be helpful to taxpayers.

Proposed solution / recommendation:

More clarity regarding the meaning of “capable of” would be helpful, given the fact that the deduction would be deferred in terms of section 11A, if the property is not capable of producing income at the moment the repairs are affected.

Please do not hesitate to contact us if you have any queries in this regard.

Yours sincerely,

Prof Dr Sharon Smulders

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