

SOUTH AFRICAN REVENUE SERVICE

BINDING PRIVATE RULING: BPR 017

DATE : 14 July 2008

Policy guidance on the subject provided in Interpretation Note No. 81 The supply of goods and services by professional hunters and taxidermists to non-residents.

ACT : VALUE-ADDED TAX ACT, 89 OF 1991 ("the VAT Act")
SECTION : SECTIONS 11(2)(l) and 72
SUBJECT : THE SUPPLY OF TROPHY, ACCOMMODATION AND SERVICES TO A PERSON WHO IS NOT A RESIDENT OF THE REPUBLIC

1. Summary

The issues considered in this ruling are whether the following supplies by an applicant to a foreign hunter will be subject to VAT:

- The supply of accommodation in the Republic.
- The supply of the trophy.
- The supply of services in respect of the removing and salting of the skin of the animal to prevent decay.

2. Relevant tax laws

This ruling is a binding private ruling which was requested by the Applicant in accordance with the requirements of section 76E of the Income Tax Act, No. 58 of 1962 ("the Act") and issued by the Legal and Policy Division: Advance Rulings in accordance with section 41A of the VAT Act read with section 76Q of the Act.

All legislative references are to sections of the VAT Act applicable at 16 November 2007 and unless the context otherwise indicates, any word or expression in this ruling bears the meaning ascribed to them in the VAT Act.

The relevant provisions of the VAT Act are –

- section 11(2)(l); and
- section 72.

3. Parties to the transaction

Applicant: A VAT registered company incorporated in the Republic of South Africa, its main business being the supply of hunting safari packages to persons who are not residents of the Republic

Foreign Hunter: The prospective hunter, who is not a “**resident of the Republic**” as defined in section 1 of the VAT Act and who physically resides in an “**export country**” which is also defined in section 1 of the VAT Act

4. Description of the proposed transaction

The Applicant intends to market various hunting safari packages in the Republic at exhibitions in export countries.

The hunting safari package includes the following, namely, the supply of a trophy, accommodation, meals, tracker/guide, professional hunter and land transport to the Foreign Hunter.

The Foreign Hunter will confirm the dates of the hunting safari and on arrival in the Republic the Applicant will provide the Foreign Hunter with the various components of the hunting safari package.

Where the Foreign Hunter is successful in the hunt, the Applicant will undertake to remove and salt the skin of the animal to prevent decay and determine the value of the trophy.

The Applicant will issue a tax invoice, in foreign currency, to the Foreign Hunter. The Foreign Hunter will settle the amounts due by him or her to the Applicant in respect of the hunting safari package and return to his or her country of residence. Once the Foreign Hunter has paid the amount due by him or her, the Applicant will forward the trophy to a taxidermist and provide the taxidermist with the necessary hunting permits.

The Foreign Hunter will then deal directly with the taxidermist as a transaction separate from the supply of the hunting safari package by the Applicant.

The taxidermist will preserve and may mount the trophy and will thereafter export the trophy to the Foreign Hunter located in the export country. The taxidermist will provide the export permits and issue a tax invoice to the Foreign Hunter for the services supplied by the taxidermist.

5. Specific conditions and assumptions

This binding private ruling is made subject to the following conditions and assumptions:

- As regards to the supply of the trophy by the Applicant to the Foreign Hunter where delivery is directly to the taxidermist, the Applicant must comply with paragraphs 2.2.3, 2.2.5, 2.2.6 and 4.2 (except that form SAD 500 must be obtained and retained instead of form DA 550) of VAT Practice Note: No. 13 – dated 6 September 1994.
- The supply of a tracker, professional hunter and land transport, by the Applicant, are regarded as separate supplies for VAT purposes. Where these supplies are made to a Foreign Hunter, while that Foreign hunter is in the Republic at the time the supplies are rendered, VAT at the standard rate must be charged on such supplies.
- It is not necessary for the Applicant to disclose the supply of a tracker, professional hunter and land transport as separate elements of the package on the tax invoice to be issued to the Foreign Hunter. However, the Applicant must keep the necessary records to show what portion of the supply of the hunting safari package has been properly attributed to each element.

6. Specific ruling

This specific ruling made in connection with the proposed transaction is as follows:

- The supply of accommodation in the Republic by the Applicant to the Foreign Hunter will be subject to VAT at the standard rate, in terms of section 7(1)(a).
- The supply of the trophy by the Applicant to the Foreign Hunter (excluding the supply of the tracker, professional hunter and land transport) will be subject to VAT at the rate of zero percent in terms of section 72 read with VAT Practice Note: No. 13 – dated 6 September 1994, where the trophy is delivered to a taxidermist and the conditions above have been met.
- The supply of the services by the Applicant in respect of removing and salting the skin of the animal to prevent decay, will be subject to VAT at the rate of zero percent in terms of section 11(2)(l)(ii)(aa).

7. Period for which this ruling letter is valid

This binding private ruling will remain valid until 31 December 2010.

Issued by:

Legal and Policy Division: Advance Tax Rulings
SOUTH AFRICAN REVENUE SERVICE