

## **BINDING GENERAL RULING (VAT): NO. 19 (Issue 2)**

DATE: 10 March 2014

**ACT : VALUE-ADDED TAX ACT NO. 89 OF 1991**  
**SECTION : SECTION 27(6)**  
**SUBJECT : APPROVAL TO END A TAX PERIOD ON A DAY OTHER THAN THE LAST DAY OF A MONTH**

### ***Preamble***

For the purposes of this ruling –

- “**BGR**” means a binding general ruling issued under section 89 of the TA Act;
- “**section**” means a section of the VAT Act;
- “**TA Act**” means Tax Administration Act No. 28 of 2011;
- “**VAT Act**” means the Value-Added Tax Act No. 89 of 1991; and
- any word or expression bears the meaning ascribed to it in the VAT Act.

### **1. Purpose**

This BGR relates to the approval to end tax periods on a day other than the last day of the month.

### **2. Ruling**

The following three categories of cut-off dates of a vendor’s tax periods are approved by the Commissioner for purposes of proviso (ii) to section 27(6):

- (i) A fixed day, being a specific day of the week.
- (ii) A fixed date, being a specific date in a calendar month.
- (iii) A fixed day determined in accordance and consistent with the “commercial accounting periods” applied by the vendor.

This approval is conditional upon the following:

- (a) In respect of the cut-off dates set out in the last-mentioned category, the vendor is required to retain the necessary proof that the cut-off dates required are in accordance and consistent with its commercial accounting periods (for example, the minutes of a board meeting in which a decision was made regarding the entity’s commercial accounting period or proof of cut-off dates for management reporting purposes);
- (b) In all instances where a change in cut-off dates is allowed, the first day of the next tax period is the day following the last day of the previous tax period, or the fixed day as approved by the Commissioner;

- (c) Any cut-off date that is changed in accordance with this ruling must be for a future tax period and remain unchanged for a minimum period of 12 months under proviso (ii) to section 27(6);
- (d) Notwithstanding any of the above, the cut-off date must fall within 10 days before or after the end of the tax period; and
- (e) Failure to comply with the above will result in the imposition of interest under section 39 of the VAT Act and penalties under sections 210 and 213 of the TA Act, where applicable.

This ruling constitutes a BGR issued under section 89 of the TA Act.

### **3. General**

A vendor who intends changing the date on which its tax period ends, and the date does not fall within one of the categories listed in **2**, may apply for a VAT ruling or VAT class ruling in writing by sending an e-mail to **VATRulings@sars.gov.za** or by facsimile to 086 540 9390. In this regard a clearly motivated application complying with the provisions of section 79 of the TA Act, excluding sections 79(4)(f) and (k) and (6), must be submitted. The cut-off dates requested must fall within the ambit of the 10-day rule.

### **4. Period for which this ruling is valid**

This BGR applies with effect from 1 May 2013 and will apply for an indefinite period.

**Group Executive: Interpretation and Rulings**  
**Legal and Policy Division**  
**SOUTH AFRICAN REVENUE SERVICE**  
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