

BINDING PRIVATE RULING: BPR 221

DATE: 17 February 2016

ACT : INCOME TAX ACT NO. 58 OF 1962 (the Act)
SECTION : SECTION 12C(1)(a)
SUBJECT : DEDUCTIBILITY OF THE COST OF ASSETS TO BE ACQUIRED TO CONSTRUCT ROADS

1. Summary

This ruling determines whether the cost of assets to be acquired and brought into use solely to construct roads will be deductible under section 12C of the Act.

2. Relevant tax laws

This is a binding private ruling issued in accordance with section 78(1) and published in accordance with section 87(2) of the Tax Administration Act No. 28 of 2011.

In this ruling references to sections are to sections of the Act applicable as at 11 February 2016. Unless the context indicates otherwise, any word or expression in this ruling bears the meaning ascribed to it in the Act.

This is a ruling on the interpretation and application of the provisions of section 12C(1)(a).

3. Parties to the proposed transaction

The Applicant: A company incorporated in and a resident of South Africa.

4. Description of the proposed transaction

The Applicant will acquire tipper trucks and water tankers which will be used by the Applicant solely for the construction of roads.

5. Conditions and assumptions

This binding private ruling is not subject to any additional conditions and assumptions.

6. Ruling

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

- The cost of the tipper trucks and water tankers to be acquired by the Applicant will qualify for the deduction under section 12C(1)(a).

7. Period for which this ruling is valid

This binding private ruling is valid for a period of 5 years from 11 February 2016.

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