

SARS meets with Agri SA to explain diesel refund system

Agri SA and Grain SA recently met with senior SARS personnel to discuss the diesel refund system and problems relating to audits, administration and fines currently experienced in the agricultural sector.

Audits that were conducted in certain provinces revealed that claimants in various instances did not fully comply with the guidelines and legal requirements in terms of the Customs and Excise Act. The relevant legislation requires, among others, that logbooks be maintained for every vehicle using so-called 'farm diesel'. It seems that in most cases there was ignorance in this regard or farmers were totally unaware of the need to keep logbooks. It also seems that the guides that are distributed on an annual basis had not been applied at grassroots level. Farmers are apparently under the impression that the 80% refund dispensation makes the keeping of logbooks unnecessary.

Commodity budget calculations

The purpose of the meeting was to find an acceptable method to assist those who now have to repay amounts already paid out or face fines. There was a specific request that SARS and the relevant audit teams should accept information such as commodity budget calculations and financial analyses by, for example, agribusinesses as a sufficient alternative to logbooks.

During 2012 farmers were repeatedly reminded that they have to comply with the relevant administrative requirements of the diesel refund system. In this regard SARS was requested to allow farmers in the 2012/2013 tax year to get the necessary administrative practices in place which would support future audits more effectively. It is therefore critical that all farmers take note of this because SARS will clearly insist on full compliance with the law after this year. Although there is no pro forma for logbooks, it is important that diesel usage per vehicle be indicated in detail. SARS was also requested to consider workshops in this regard in the respective provinces with which Agri SA and its affiliates would assist.

No concessions in future

Although an attempt is being made to reach a satisfactory arrangement with SARS regarding the problems currently experienced, it is clear that possible concessions in this regard will not be readily forthcoming in future. It is therefore absolutely critical that Agri SA's affiliates do everything possible to make all farmers aware of the statutory requirements relating to the refund, with an urgent reminder that they have to comply fully with such requirements in the current tax year.

A submission detailing the proposals will be provided to SARS with a view to finding a workable solution as soon as possible. Although SARS is in discussion with Agri SA and Grain SA, it is important that individual claimants, who have already been audited and who have to repay their refunds and/or face fines, follow the correct route to register objection or to appeal to ensure that their interests are protected.

Agri SA again circulated to its affiliates the Reference Guide for diesel refunds published by SARS in April 2012. The requirements that have to be met are set out in detail in this guide.

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