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**GOVERNMENT NOTICE**

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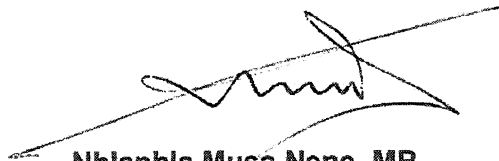
**NATIONAL TREASURY**

No. R. 362

28 April 2015

**INCOME TAX ACT, 1962****REGULATIONS UNDER ITEMS (a) AND (c) OF DEFINITION OF "DETERMINED VALUE" IN PARAGRAPH 7(1) OF SEVENTH SCHEDULE TO INCOME TAX ACT, 1962, ON RETAIL MARKET VALUE IN RESPECT OF RIGHT OF USE OF MOTOR VEHICLE**

I, Nhlanhla Musa Nene, Minister of Finance, under items (a) and (c) of the definition of "determined value" in paragraph 7(1) of the Seventh Schedule to the Income Tax Act, 1962 (Act No. 58 of 1962), hereby make the regulations as set out in the Schedule hereto.



**Nhlanhla Musa Nene, MP**  
MINISTER OF FINANCE

## SCHEDULE

**Definitions**

1. In these regulations, unless the context otherwise indicates, any word or expression to which a meaning has been assigned in the Income Tax Act bears the meaning so assigned; and—

“**dealer billing price**” means the recommended selling price of a motor vehicle as determined by the manufacturer thereof in the Republic or importer thereof in respect of the selling of motor vehicles to motor vehicle dealers and motor vehicle rental companies.

**Retail market value of motor vehicle**

2. Where any motor vehicle is manufactured, obtained or acquired or the right of use of any motor vehicle is obtained by the employer, the retail market value thereof for the purposes of items (a) and (c) of the definition of “determined value” in paragraph 7(1) of the Seventh Schedule to the Income Tax Act, 1962 (Act No. 58 of 1962), is—

(a) in the case of motor vehicle manufacturers or motor vehicle importers in respect of—

(i) a new motor vehicle or a motor vehicle used for the purposes of demonstration—

(aa) in respect of any year of assessment commencing on or after 1 March 2015 but before 1 March 2016, an amount equal to the dealer billing price (excluding value-added tax) reduced by ten per cent;

(bb) in respect of any year of assessment commencing on or after 1 March 2016 but before 1 March 2017, an amount equal to the dealer billing price (excluding value-added tax) reduced by five per cent;

(cc) in respect of any year of assessment commencing on or after 1 March 2017 but before 1 March 2018, an amount equal to the dealer billing price (excluding value-added tax); and

(dd) in respect of any year of assessment commencing on or after 1 March 2018, an amount equal to the dealer billing price (including value-added tax); and

- (ii) a pre-owned motor vehicle, in respect of any year of assessment commencing before 1 March 2018, the cost to the employer to acquire the motor vehicle (excluding any finance charge, interest or value-added tax payable by the employer in respect of the employer's acquisition thereof), or where the motor vehicle is acquired at no cost to the employer the market value thereof, as well as any costs of repairs incurred for the purposes of granting an employee the right of use of that motor vehicle; and
  - (iii) a pre-owned motor vehicle, in respect of any year of assessment commencing on or after 1 March 2018, the cost to the employer to acquire the motor vehicle (excluding any finance charge or interest payable by the employer in respect of the employer's acquisition thereof), or where the motor vehicle is acquired at no cost to the employer the market value thereof, as well as any costs of repairs incurred for the purposes of granting an employee the right of use of that motor vehicle (including value-added tax); and
- (b) in the case of motor vehicle dealers or motor vehicle rental companies in respect of —
- (i) a new motor vehicle or a motor vehicle used for the purposes of demonstration, in respect of any year of assessment, commencing on or after 1 March 2015 but before 1 March 2018, the dealer billing price (excluding value-added tax);
  - (ii) a new motor vehicle or a motor vehicle used for the purposes of demonstration, in respect of any year of assessment commencing on or after 1 March 2018, an amount equal to the dealer billing price (including value-added tax);
  - (iii) a pre-owned motor vehicle, in respect of any year of assessment, commencing before 1 March 2018, the cost to the employer to acquire the motor vehicle (excluding any finance charge, interest or value-added tax payable by the employer in respect of the employer's acquisition thereof), or where the motor vehicle is acquired at no cost to the employer the market value thereof, as well as any costs of repairs incurred for the purposes of granting an employee the right of use of that motor vehicle; and

- (iv) a pre-owned motor vehicle, in respect of any year of assessment, commencing on or after 1 March 2018, the cost to the employer to acquire the motor vehicle (excluding any finance charge or interest payable by the employer in respect of the employer's acquisition thereof), or where the motor vehicle is acquired at no cost to the employer the market value thereof, as well as any costs of repairs incurred for the purposes of granting an employee the right of use of that motor vehicle (including value-added tax); and
- (c) in cases other than motor vehicle manufacturers, motor vehicle importers, motor vehicle dealers or motor vehicle rental companies, in respect of any year of assessment, the price of acquisition of the motor vehicle paid by the employer (including value-added tax).

#### **Short title and commencement**

3. These regulations are called the Regulations in terms of items (a) and (c) of definition of "determined value" in paragraph 7(1) of Seventh Schedule to Income Tax Act, 1962, on retail market value in respect of right of use of motor vehicle and are deemed to have come into operation on 1 March 2015.

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