

SOUTH AFRICAN REVENUE SERVICE

No.

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**FIXING OF RATE PER KILOMETRE IN RESPECT OF MOTOR VEHICLES
FOR THE PURPOSES OF SECTION 8(1)(b)(ii) AND (iii) OF THE INCOME
TAX ACT, 1962**

Under section 8(1)(b)(ii) and (iii) of the Income Tax Act, 1962 (Act No. 58 of 1962), I, Tito Titus Mboweni, Minister of Finance, hereby determine that the rate per kilometre referred to in that section must be an amount determined in accordance with the Schedule hereto.

TT MBOWENI
Minister of Finance

SCHEDULE

1. Definition

In this Schedule, “**value**” in relation to a motor vehicle used by the recipient of an allowance as contemplated in section 8(1)(b)(ii) and (iii) of the Income Tax Act, 1962, means—

- (a) where that motor vehicle (not being a motor vehicle in respect of which paragraph (b)(ii) of this definition applies) was acquired by that recipient under a *bona fide* agreement of sale or exchange concluded by parties dealing at arm’s length, the original cost thereof to him/her, including any value-added tax but excluding any finance charge or interest payable by him/her in respect of the acquisition thereof;
- (b) where that motor vehicle—
 - (i) is held by that recipient under a lease contemplated in paragraph (b) of the definition of “instalment credit agreement” in section 1 of the Value-Added Tax Act, 1991; or
 - (ii) was held by him/her under such a lease and the ownership thereof was acquired by him/her on the termination of the lease, the cash value thereof as contemplated in the definition of “cash value” in section 1 of the Value-Added Tax Act; or
- (c) in any other case, the market value of that motor vehicle at the time when that recipient first obtained the vehicle or the right of use thereof, plus an amount equal to value added tax which would have been payable in respect of the purchase of the vehicle had it been purchased by the recipient at that time at a price equal to that market value.

2. Determination of rate per kilometre

The rate per kilometre referred to in section 8(1)(b)(ii) and (iii) must, subject to the provisions of paragraph 4, be determined in accordance with the cost scale set out in paragraph 3, and must be the sum of—

- (a) the fixed cost divided by the total distance in kilometres (for both private and business purposes) shown to have been travelled in the vehicle during the year of assessment: Provided that where the vehicle has been used for business purposes during a period in that year which is less than the full period of that year, the fixed cost must be an amount which bears to the fixed cost the same ratio as the period of use for business purposes bears to 365 days;
- (b) where the recipient of the allowance has borne the full cost of the fuel used in the vehicle, the fuel cost; and
- (c) where that recipient has borne the full cost of maintaining the vehicle (including the cost of repairs, servicing, lubrication and tyres), the maintenance cost.

3. Cost scale

Where the value of the vehicle—	Fixed Cost R	Fuel Cost c/km	Maintenance Cost c/km
does not exceed R95 000	29 504	104.1	38.6
exceeds R95 000 but does not exceed R190 000	52 226	116.2	48.3
exceeds R190 000 but does not exceed R285 000	75 039	126.3	53.2
exceeds R285 000 but does not exceed R380 000	94 871	135.8	58.1
exceeds R380 000 but does not exceed R475 000	114 781	145.3	68.3
exceeds R475 000 but does not exceed R570 000	135 746	166.7	80.2
exceeds R570 000 but does not exceed R665 000	156 711	172.4	99.6
exceeds R665 000	156 711	172.4	99.6

4. Simplified method

Where—

- (a) the provisions of section 8(1)(b)(iii) are applicable in respect of the recipient of an allowance or advance; and
- (b) no other compensation in the form of a further allowance or reimbursement (other than for parking or toll fees) is payable by the employer to that recipient,

that rate per kilometre is, at the option of the recipient, equal to 382 cents per kilometre.

5. Effective date

The rate per kilometre determined in terms of this Schedule applies in respect of years of assessment commencing on or after 1 March 2021.