

## Excise

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Reference  
Diesel- Food Manufacturers

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South African Revenue Service

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### ATT: STAKEHOLDERS

### **CLARITY ON THE EXTENSION OF THE DIESEL REFUND TO MANUFACTURERS OF FOODSTUFFS**

In the 2023 budget speech, the Minister of Finance announced the following tax relief measures in an effort to address the current load-shedding problem the country is facing:

*“Government implemented the diesel refund system in 2000, to provide full or partial relief for the general fuel levy and the RAF levy to primary sectors. The refund system is in place for the farming, forestry, fishing, and mining sectors. In light of the current electricity crisis, a similar refund on the RAF levy for diesel used in the manufacturing process (such as for generators) will be extended to the manufacturers of foodstuffs. This will take effect from 1 April 2023, with refund payments taking place once the system is developed and will be in place for two years until 31 March 2025. This relief is implemented to limit the impact of power cuts on food prices.”*

SARS will administer the new refund to the extent of 80% of the RAF levy for diesel purchased for use and used in the manufacturing of foodstuffs through the DA66 Excise Refund System. The currently manual DA66 process will be automated in the last quarter of 2023 and is separate from the diesel refund system that is administered through the VAT system by way of submitting VAT 201 returns.

#### **Clarification**

1. Persons that intend to participate in the new refund must apply to register as refund users, including their manufacturing premises. The DA185 and annexure DA185.4A3 forms must be submitted for this purpose.
2. Every application for registration as refund user, which is approved for purposes of the new refund, will be issued with effect from 1 April 2023, as the date on which the refund user became eligible for claiming refunds.
3. The relief is effective from 1 April 2023, but refund payments to registered refund users will commence on completion of the system for administration purposes.
4. Registered refund users will be allowed to apply for refunds retrospectively in respect of qualifying diesel purchases and use once the legislation for the new refund item is promulgated.
5. As the new refund is separate from the diesel refund scheme, refund applications must be done through the DA66 process and not the VAT return. This also applies to taxpayers that are currently registered as diesel refund users.

6. Any inflation of diesel refund claims, using the current VAT diesel refund system, to account for diesel usage within food manufacturing, will attract punitive measures in terms of the Customs and Excise Act, No. 91 of 1964.

Further communication on the implementation and procedures will follow in due course. As with the roll-out of other new tax measures, SARS intends to host stakeholder engagements to facilitate the implementation and compliance.

You can access the draft legislation on the following link:

<https://www.sars.gov.za/legal-counsel/preparation-of-legislation/draft-documents-for-public-comment/>

Do not hesitate to contact us should you have further queries in this regard.

Sincerely,



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**Anand Khelawon**  
**Executive Excise**  
**Date:** 2023/05/18

**ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICA  
REVENUE SERVICE**