

Supreme Court of Appeal of South Africa

MEDIA SUMMARY– JUDGMENT DELIVERED IN THE SUPREME COURT OF APPEAL

From: The Registrar, Supreme Court of Appeal

Date: 25 March 2020

Status: Immediate

Please note that the media summary is intended for the benefit of the media and does not form part of the judgment of the Supreme Court of Appeal.

*C:SARS v United Manganese of Kalahari (Pty) Ltd (264/2019) [2020]  
ZASCA 16 (25 March 2020)*

The SCA today dismissed an appeal against the decision of the Gauteng Division of the High Court, Pretoria, granting the respondent declaratory relief in regard to the interpretation of s 6(3)(b) of the Mineral and Petroleum Resources Royalty Act 28 of 2008. The dispute between the parties was whether the taxpayer was obliged to deduct the transport, insurance and handling expenditure it incurred in disposing of manganese from its mine, after that manganese had been brought to a statutorily specified condition from its receipts and accruals arising from such disposal.

SARS contended that a deduction was permissible where these items of expenditure formed specific components of the price at which the manganese was disposed of, but not when the expenditure was not expressly included as separate components in the price. The taxpayer contended that the section provided that expenditure incurred, irrespective of whether it was separately set out as part of the price had to be deducted.

The court upheld the latter argument and held that no reason existed for distinguishing between the two situations. Neither the language of the section, nor relevant contextual considerations, justified such a construction of the section. The section was clarified by way of an amendment in 2019 that made it clear that the taxpayer's contentions were correct.