

World Cup shirts will not be taxed after all

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The taxman has relented and is now allowing a once-off exemption on soccer tickets, jerseys and other World Cup paraphernalia, worth R750.

This is a relief to businesses which would have otherwise had to record the items as a fringe benefit tax when given to staff.

'Nation building'

The South African Revenue Service (SARS) last week said that the proposed exemption was in line with the Cabinet's view that the World Cup was already promoting "nation building".

SARS spokesman Adrian Lackay said the aim of the proposed exemption was to not disadvantage employees who had been given World Cup-related goods by their employers.

"Most employees are receiving such goods in good faith and it would place them at a disadvantage to subsequently tax them," Lackay said.

World Cup only

Finance Minister Pravin Gordhan has made it clear the exemption is once-off and only applied to the 2010 Soccer World Cup. He said it would not set a precedent for other tax exemptions in the "national interest" in future. But SARS was always open to hear cases and arguments from stakeholders, Lackay said.

Opposing views

But tax analysts were not unanimously in favour of the exemption, saying policy should not be based on "sentiment". Beric Croome, a tax executive at corporate law advisers Edward Nathan Sonnenbergs, said the government's decision came just two days before the World Cup. "It seems rather ad hoc. It is also questionable as to whether fiscal policy should be implemented on the grounds of emotion."

Vedika Andhee, a director for tax at Ernst & Young, was "flabbergasted" by the decision. "It opens the sluice gates in the future for taxpayers to approach SARS and argue for concessions on the ground of national interest," Andhee said.

But Peter Surtees, a director at Deneys Reitz Tax Services, said SARS was helping those who got the gifts without realising

the tax implications. Nazrien Kader, a tax director at Deloitte, was pleased that SARS had "seen the light".

The exemption applies only to gifts received before 11 July.

Source: Business Day

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