



Market Notice

Number: A1396
Date: 28 March 2011

Reminder: Value Added Tax (VAT) applicable to physical deliveries processed on wheat, sunflower seed and sorghum

Following the change to the random allocation algorithm whereby deliveries are allocated on a silo receipt basis, we have seen smaller clients take delivery of physical grain sooner than before. Since the delivery process is facilitated via a Safex silo receipt the product can easily be retendered the following business day provided a short position is entered into.

When it comes to processing deliveries for product where VAT is applicable to the delivery, namely wheat, sunflower seed and sorghum, it is imperative that the correct VAT details are loaded under the client information section in NUTRON.

The delivery system relies on the detail as captured via the "VAT Registration" field in order to determine whether VAT must be applied to the delivery or not. In the instance when "not applicable" is captured and the client is indeed registered, the delivery system WILL NOT apply VAT to the delivery notice should the client wish to retender product and therefore will not be correctly invoiced. Members are therefore required to ensure the field is accurately reflected.

Further to the above, clients who are speculating in the products where VAT is applicable to the physical delivery and who are **not VAT** registered must take note that by taking physical delivery and then retendering the product they will not recover the 14% VAT paid on assignment of the product.

If any of the above requires further clarification please do not hesitate to contact the Commodity Derivatives Team on commodities@jse.co.za or 011 520 7535

Rod Gravelet-Blondin

Designation Senior General Manager
Division Commodity Derivatives Division
Tel +27 11 520 7258
Fax +27 11 520 7558
E-mail address: rodgb@jse.co.za

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JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

Executive Directors: RM Loubser (CEO), NF Newton-King, F Evans (CFO), JH Burke, LV Parsons **Non-Executive Directors:** HJ Borkum (Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence, W Luhabe, A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne, G Serobe **Alternate Director:** J Berman