



THE SUPREME COURT OF APPEAL  
OF SOUTH AFRICA

MEDIA SUMMARY

From: The Registrar, Supreme Court of Appeal  
Date: 22 September 2016  
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*

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**Neutral citation:** CSARS v Marula Platinum Mines (218/2015) [2015] ZASCA 121 (22 September 2016)

The SCA today upheld an appeal of the Commissioner for SARS against the judgment and order of the Gauteng Tax Court. It concerned the income tax assessments of Marula Platinum Mines Ltd (a subsidiary of Impala Platinum Holdings Ltd) for the years 2007-2009. The SCA held that the activities whereby Marula extracted ore from the land and reduced it to a mineral bearing concentrate, amounted to a manufacturing process, with the result that the ore and concentrate constituted 'trading stock' as envisaged in s 1 of the Income Tax Act (the ITA). In selling the concentrate Marula deferred, in terms of s 24M of the ITA, the inclusion in its gross income of the selling price in respect of the last four months of each tax year. However, Marula claimed the expenditure incurred in respect of the sales of the concentrate as a deduction under s 11(a) of the ITA in the year that it was incurred, resulting in a disjuncture between expenditure and income. Therefore the Commissioner was entitled to invoke the provisions of s 23F(2) of the ITA by disallowing a percentage of the deductions claimed in respect of each of the years of assessment.

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