VAT Basic

South African Revenue Service





South African Revenue Service

SARS Vision
To build a smart, modern SARS with unquestionable integrity, Trusted and admired by Government, The public, and our international peers.



Purpose:

- **This presentation provides information in a clear and accessible format.**
- **It has no binding legal effect.**
- **The relevant legislation must be consulted where interpretation is required.**

Points Of Discussion

- Why are we paying Tax?
- What is VAT?
- Registration Requirements
- Different Tax Periods and submission dates
- Output vs Input
- Tax Invoice VAT 201
- Record Keeping

Why are we paying taxes?



Every government is mandated to provide basic services to citizens



Basic services include:

- Education
- Health
- Welfare (Child Grants/Old Age Pensions)
- Policing



Every citizen enjoys the benefits of one or other government basic services

Value Added Tax (VAT)





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Value Added Tax (VAT)

VAT- VAT Act no 89 of 1991.

VAT is an abbreviation for the term Value-Added Tax.

It is an indirect tax on the consumption of goods and services in the economy. Revenue is raised for government by requiring certain traders (vendors), that carry on an enterprise to register for VAT.

Subject to certain conditions, the vendor must then charge VAT on supplies of goods and services made by it (output tax). VAT is only charged on taxable supplies made.

Value Added Tax (VAT)

Levied at:

- **Standard Rate (15%)**
  - Building material, motor repairs, restaurant services
- **Zero Rate (0%)**
  - Brown bread, milk, eggs, rice, petrol, sale of a going concern, direct exports
  - If zero rated items are sold as a meal then it is supplied at Standard Rate (e.g. Glass of milk sold in a restaurant)
- **Exempt Supplies**
  - Passenger transportation, renting a dwelling for use as a private home, educational services (crèche)

Registration Requirements

Compulsory Registration

- R2.3 million sales for the last 12 months
- In terms of a written contractual obligation, the value of taxable supplies to be made in a 12 month period will exceed R2.3 million
- R2.3 million for non-resident suppliers of certain electronic services and intermediaries

Voluntary Registration

- R 120 000 sales for last 12 months
- not yet made any taxable supplies or who made less than the R120 000 threshold and is reasonably expected to be met after a period of 12 months in terms of regulations

Registration Requirements

- A person must carry on an “enterprise” not hobbies or once off transaction.



An Enterprise is defined as:

- Any activity carried on continuously or regularly,
- In the Republic of South Africa or partly in the Republic
- In the course or furtherance of which,
- Goods or services are supplied
- For a consideration

Registration Requirements

Things to take note of when registering:

- The person (Sole Proprietor) is registered only once for all his enterprises/sections/branches.
- If a sole proprietor have 2 businesses with the following turnovers:

  A – R 1 500 000

  B – R 1 100 000

- In this case the sole proprietor should register for VAT as his TOTAL turnover is in excess of R 2 300 000.



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Registration Requirements

- You **cannot register** for VAT if the service you are supplying is an **exempt** service: e.g.
  - Financial services (life insurance, medical)
  - Domestic Passenger transport by bus, taxi or train
  - Educational Services (crèches, schools, tertiary institutions)
  - Renting a dwelling for use as a private home



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Registration Requirements

When to register ?

Example

Month	Oct	Nov	Dec	Jan	Feb	March
Amount	**254 000**	**485 000**	**668 000**	**767 000**	**52 000**	**578 000**
Cumulative Amount	**254 000**	**739 000**	**1 407 000**	**2 174 000**	**2 226 000**	**2 804000**

Note: You only register for VAT in March once your turnover for the 12 month period exceeds R 2 300 000 (compulsory to register)

VAT Tax periods

Tax Period – for efiling payment and filing of return is the end of the Month.

Category A

- January, March, May, July, September, etc.

End Period	JANUARY	MARCH	MAY
	Dec/Jan	Feb/Mar	April/May
Payment Period	25-Feb eFiling 28-Feb	25-Apr eFiling 30 April	25-Jun eFiling 30 June

VAT Tax periods

Category B

- February, April, June, August, October, etc.

End Period	FEBRUARY	APRIL	JUNE
	Jan/Feb	Mar/April	May/June
Payment Period	25-Mar	25-May	25-Jul

VAT Tax periods

Category C

- One return for **each** calendar month
- R30 million taxable supplies per 12 month period
- Have to apply in writing
- Repeatedly failed to perform any vendor obligations

VAT Tax periods

Category E

- One return for **twelve** calendar months
- Ending the last day of the financial year end
- Have to apply in writing
- Company or Trust Fund
- Letting of fixed property, renting of movable goods or administration of such companies

Output Tax

What is output Tax?

- It is VAT you charge your customers for supplying goods or services.
- Levied at 15%
- When a business is sold or closes down Output tax is calculated on all assets and stock that the business still has
- Goods or services taken for own use will give rise to a deemed taxable supply
- Valid Tax invoices are to be issued by vendors within 21 days from the date of the taxable supply



Input Tax



What is input Tax?

- VAT you pay on all your business expenses in the course and furtherance of your enterprise and for which you have a valid Tax Invoice
- Input tax is claimed for purchases made during the Tax Period under question
- It can be claimed on assets or stock that the business is either still using or still has stock left on which VAT was paid initially

Note: Vendors can confirm the VAT number of a supplier on e-Filing

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Input Tax



- In the case of “second hand goods” where no VAT was charged when purchased you can claim deemed Input tax deduction provided you have the following:

  - name, identity number and address of seller

  - date of purchase

  - description and quantity of goods

  - amount paid

  - proof and date of payment

  - VAT 264

Input Tax



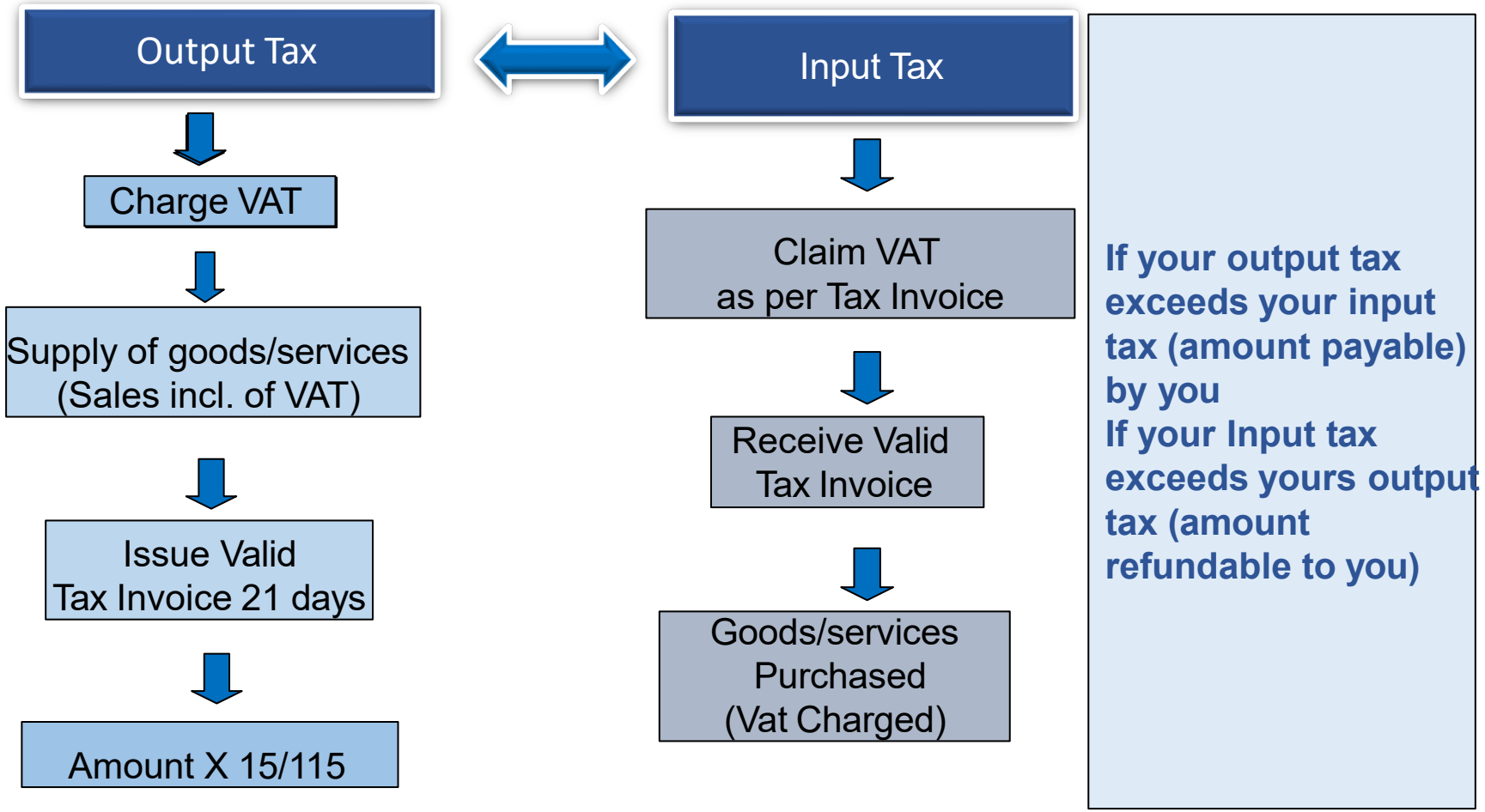
Input tax **cannot** be claimed on the following:

- Expenses relating to exempt supplies

- Acquisition of Motor vehicles (passenger vehicles) Motor dealers

- Staff entertainment expenses (including the equipment purchased to Provide staff entertainment.

Output vs Input Tax



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How to Register for VAT

- Register for VAT on E-Filling
- Make a virtual appointment via our eBooking system, follow the options:
  - Telephonic engagement or Video
  - Reason category
  - Other>Reason for appointment: VAT Registration
- Only personally presented applications by individual owner, partner, legal representative vendor and authorised registered tax practitioner will be accepted.





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How to Register for VAT

Note: All supporting documents must be submitted, otherwise there may be a delay in finalising the VAT registration. The turnaround time is 21 business days after all relevant documents have been submitted.



The period is 1 to 2 days on eFiling, if the risk engine detects a risk then registration will be finalised within 21 working days of submission and immediate via the walk in appointment system depending on the supporting documents.

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Tax Invoice

The following information must be reflected on a tax invoice for it to be considered valid:

Contains the words “Tax Invoice”, “VAT Invoice” or “Invoice”
Name, address and VAT registration number of the supplier's name, address and where the recipient is a vendor, the recipient’s VAT registration, number Serial number and date of issue of invoice
Accurate description of goods and /or services (indicating where applicable that the goods are secondhand goods)
Quantity or volume of goods or services supplied
Value of the supply, the amount of tax charged and the consideration of the supply (value and the tax)

VAT Tax Return - VAT 201

The VAT201 is a prescribed declaration form used by Vendors to declare the Input and Output tax of the goods or services rendered for a specific tax period.

Vendors are encouraged to register for eFiling, as eFiling will enable time-saving, hassle-free submission of VAT201 declarations and payments.

Vendors who submit their VAT201 declarations manually have to do so by the 25th of the month, while vendors who use eFiling have until the last business day of the month to submit VAT201 declarations and payments.

Record keeping - Tax invoices



Documentary proof are essential to enable you to claim actual expenses incurred



Expenses may be overlooked, unless you record them at the time they are incurred



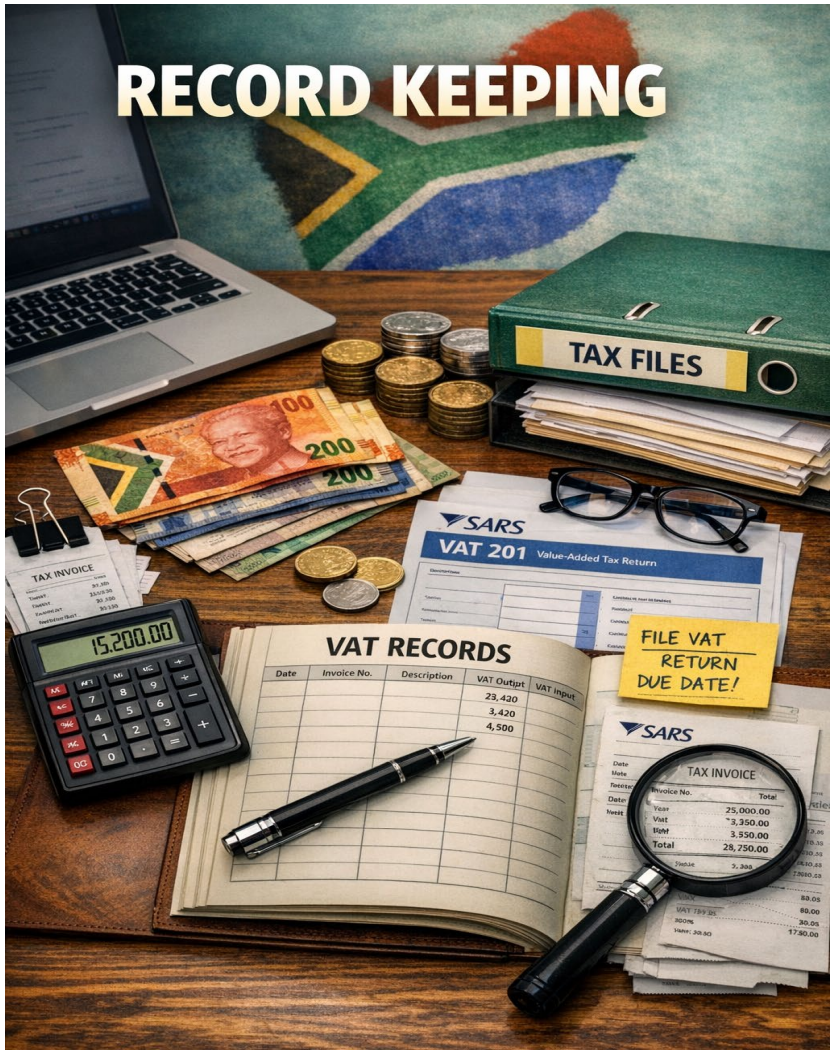
To enable you to complete your tax returns accurately



All documents must be kept for a period of 5 years

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Record keeping



Records to be kept include:

- ✓ Tax invoices
- ✓ Credit and debit notes
- ✓ Fixed asset register
- ✓ Receipts and payments
- ✓ VAT returns
- ✓ Accounting books and ledgers
- ✓ Bank statements
- ✓ Purchase and sales records
- ✓ Import and export documentation
- ✓ Supporting vouchers



Manage tax matters on the go with SARS digital channels

Use these digital channels:

*# USSD *134*7277#

SMS Service 47277

WhatsApp 0800 11 7277
Send "Hi or Hello"

SARS Online Query System (SOQS) at www.sars.gov.za

SARS MobiApp

AI Assistant on www.sars.gov.za

Say goodbye to queues. Go to sars.gov.za

MAKE TAX MATTERS YOUR PRIORITY #1

Tax matters, so does your time.

SARS
At Your Service

Thank you

Siyabulela

Siyabonga

Siyathokoza

Dankie

Re a leboga

Re a leboha

Ro livhuwa

Ha khensa

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