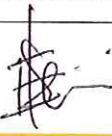
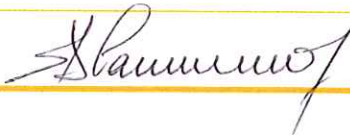




**APPROVED DOCUMENT CONTROL PAGE**

<b>DOCUMENT CONTROL</b>		
<b>Document Title</b>	<b>Practice Note on the Advance payment of VAT</b>	
<b>Date</b>	<b>September 2014</b>	
<b>Document Number</b>	<b>1</b>	
<b>Revision Number</b>	<b>0</b>	
<b>Distribution List</b>		
<b>Process Owner</b>	<b>Director Legislative</b>	
▪ <b>Job Title</b>	<b>Director Legislative, DT</b>	
▪ <b>Name</b>	<b>Ntombifuthi E. Simelane</b>	
▪ <b>Signature</b>		<b>11/11/2014</b>
<b>Approval</b>	<b>Commissioner Domestic Taxes</b>	
<b>Job Title</b>	<b>Commissioner Domestic Taxes</b>	
<b>Name</b>	<b>Nompumelelo Dlamini</b>	
<b>Signature</b>		<b>2014/11/18</b>

## **PRACTICE NOTE NO: DT- VAT/011-14**

### **ADVANCE PAYMENT OF VAT**

In exercise of the powers conferred by section 75 of the VAT Act 2011, the Commissioner General hereby issues the following notice:

#### **CITATION**

This Practice Note may be cited as Practice Note **No. DT-VAT/011-14** on **Advance Payment of VAT** and shall come into effect on 01 April 2015.

#### **SECTION**

In terms of section 31 of the VAT Act, read with VAT Regulation 5, the Commissioner General may in writing, designate a registered person to be a "Category A", or "Category B" taxable person depending on the annual turnover of that registered person, where:

**"Category A"** means the category of registered persons whose tax periods are periods' ending on the last day of each month and their turnover is not less than twenty million Emalangeni per annum.

**"Category B"** means the category of registered persons whose tax periods are three months and do not qualify to be in Category A.

#### **PURPOSE**

The purpose of this Practice note is allow tax payers who fall under both, "Category A" and "Category B" and who are required in terms of the law, to submit their VAT returns and make payments of VAT due on a period of one month or three months ending on the last day of the month or of the third month to be allowed to make advance payments of VAT on a monthly basis prior to Vat returns due date.

## DEFINITIONS

For purposes of this practice note the following terms shall, unless the context otherwise indicate, be defined as follows;

'*Quarterly filers*' the category of taxpayers that are required to submit their returns and remit VAT due on a three months basis and are said to fall into "**Category B**", in that their annual turnover is less than twenty million emalangi.

"*Tax Period*" the frequency within which a VAT registered taxpayer has to pay VAT and file a VAT return.

"*VAT due*" the tax due by a VAT-registered person for a period is the total amount of output tax charged for supplies made for that period (monthly or quarterly), plus any output tax charged in tax debit notes issued or tax credit notes received, less deductions which are allowable. These are, input tax on taxable supplies received during the month; and tax paid on any importation of business inputs.

"*Advance payment*" payment of VAT before the due date for payment as prescribed in the VAT Act.

## THE LAW

- a. A VAT return together with payment must be submitted within 20days at the end of each VAT tax period. For quarterly filers this will be within 20days after the last month of a three month period ending in June, September, December and March.
- b. Such advance payment will not be credited into the taxpayers account before the end of the tax period in question. The advance payments will only be accounted for at the end of the tax period when VAT has become due.
- c. Any such advance payment made will not be used to offset other tax liabilities other than the VAT liability it is meant.



## **PRACTICE**

### **Taxpayers are advised to note the following;**

- a. Monthly and Quarterly filers are allowed to make advance payments of the VAT due even before the end of their tax period. The return will only be submitted on or before the 20<sup>th</sup> day of the month following the end of the tax period.
- b. Taxpayers must have made all VAT payments relating to that particular tax period on or before the 20<sup>th</sup> day of the month following the end of the tax period.
- c. Advance payment does not absolve the taxpayer from submitting the required VAT Returns as stipulated in Section 32 of the VAT Act, failure to submit on or before the due date shall continue to attract penalties in terms of Section 57 of the VAT Act.
- d. The facility provided by this Practice note is given as an option to both "Category A" and "Category B" taxpayers. Taxpayers who are comfortable with the payment intervals as prescribed in the legislation may continue to make payments in that manner.

**ISSUED BY THE COMMISSIONER GENERAL, SWAZILAND REVENUE AUTHORITY**



**DUMISANI E. MASILELA**

**COMMISSIONER GENERAL**