VAT RATE INCREASE PRESENTATION

TAXPAYER ENGAGEMENT

Our Values

* Performance Excellence
* Customer Centricity
* Innovative
* Integrity

‘Raising the Standard’
1. VAT Rate Increase
   • Gazette
2. Implication
   a) Consumers
   b) Vendors
3. Time of Supply Rule
4. New VAT Return

"Taxes are what we pay for civilized society."  Oliver Wendell Holmes Jr.
(U.S. Supreme Court Justice)
The Value Added Tax Rates (Amendment) Regulations Notice No. 112 of 2018, under Section 84 (2) of the Value Added Tax Act No. 12 of 2011. The Minister for Finance exercising powers under the said provision, issued the above mentioned Notice. Under the Notice, the Rate of VAT shall be increased to 15% with effect from 1st August 2018.
• **Consumers and Businesses** that are not registered for VAT will now be charged 15% VAT from the 1st August 2018.
  
  - The increased rate will be reflected on tax invoices that must be issued by the vendor to the customer/purchaser.
  - The tax burden is borne by the end-consumer.

• **Taxable Persons (VAT Vendors)** should configure their billing systems to charge 15%
  
  - Tax Invoices (including cash register slips) must reflect the new rate.
  - Tax burden is still passed onto the final consumer.
This is the transaction date which also informs the *applicable rate* when accounting for VAT.

The **general time of supply** is the earliest of the 3 dates when:

1. Invoice for the supply is issued
2. Payment (including part-payment) is made.
3. Delivery of goods and/ services is made.
There are also specific Time of Supply rules. These supplies are but not limited to:

1) Successive, periodic or continuous
   • VAT rate determined by earlier of payment due date/ received.

2) Progressive
   • Purchase price due according to the progress made (Payment/invoice)

3) Instalment Credit Agreements
   • Earlier of delivery or when payment/ part payment is made.

4) Lay-by agreements
   • Time when payment to reserve the goods is made.
• **Importation of goods** – the date of importation is the date that Customs clears the goods for home consumption

• **Clearance date** is on or after 1 August 2018, the new rate of VAT will apply even if the documents in connection with the importation were prepared before the clearance date

• **Goods warehoused** prior to 1 August 2018, when entered for home consumption on or after 1 August 2018, the new rate will apply
• Where goods were entered prior to 1 August 2018 and the declaration is lodged on or after 1 August 2018, the new rate will apply.

• **Amendments** done on or after 1 August 2018 to goods imported before 1 August 2018 will be subjected to the old rate (14%)

• **Sekulula Claims** submitted for goods imported before 1 August 2018, the current administration cost for claiming the extra 1% difference will still apply.

• From 1 August the **E50% Admin fee** will fall away as there is no need to claim.
THANK YOU