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PRACTICE NOTE NO. LEG – VAT/001/2023

VALUE ADDED TAX – SIMPLIFIED VALUE ADDED TAX MECHANISM FOR GOVERNMENT SUPPLIERS

In exercise of powers conferred by Section 75 (1) of the Value Added Tax Act 2011 (as amended), the Commissioner General issues the following Notice:

Citation and Commencement

This Notice may be cited as **Practice Note No. LEG – VAT/001/2023** on the application of the **Simplified VAT Mechanism for Government Suppliers System** on the supply of goods and services by taxable persons to the Government of Eswatini and shall come into effect on 11 September 2023.

Section

Section 4 (a) of the Value Added Tax Act, 2011 (as amended) states that tax payable shall be collected and paid by the taxable person making a taxable supply.

Purpose

This Notice seeks to reduce the compliance costs on taxable persons supplying the Government of Eswatini while enhancing compliance with the Value Added Tax Act, 2011 (as amended). Furthermore, the Notice seeks to ease the Value Added Tax (VAT) administrative burden on the part of both the taxable person and Eswatini Revenue Service (ERS).

Definition

Any word or term used in this Notice shall have the same meaning as defined in the Value Added Tax Act, 2011 (as amended).

1. Requirements

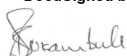
This Notice shall apply to the supply of goods and services to the Government of Eswatini by taxable persons who are required by law to collect and remit value added tax (VAT).

2. Application of the Notice

- (a) Taxable persons contracted to the Government of Eswatini as suppliers of goods or services shall, where appropriate, charge VAT at the standard rate (currently, **15 per cent**) and reflect this in the invoice to Government as per expectation from any VAT registered supplier.
- (b) The Accountant General or successor in title, shall withhold the standard rated VAT from all invoices submitted by all taxable persons contracted to the Government of Eswatini as suppliers of goods or services. The Accountant General or successor in title shall remit the withheld VAT to the ERS on behalf of the VAT registered supplier.
- (c) The Government suppliers, who are taxable persons, shall be still required to submit their VAT Return to the ERS as per the defined regular intervals (i.e., quarterly, monthly, or annually). The amount of VAT withheld by the Government will be credited in the VAT account of the Government suppliers by the ERS to offset the liability that will be generated by the VAT return.

3. Exclusions

Where a taxable person is making supplies to other persons other than the Government of Eswatini, the simplified VAT mechanism for Government suppliers system covered by this Notice shall not be applicable.

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BRIGHTWELL S. NKAMBULE
Commissioner General
11 September 2023