



South African Revenue Service

Dear VAT Vendor

### VAT RATE INCREASE FROM 1 APRIL 2018

The Minister of Finance announced a VAT rate increase from 14% to 15% effective 1 April 2018 in the 2018 Budget Speech.

In preparation for the rate change, we wish to bring the following to your attention:

#### The new tax fraction applicable from 1 April 2018

The new tax fraction to calculate the amount of VAT is as follows:

$$\frac{\text{Rate of tax}}{100 + \text{rate of tax}} = \frac{15}{115}$$

For example, if the VAT-inclusive price (final consideration) is R1 150, the VAT amount is calculated as follows:

$$R1\ 150 \times 15/115 = \underline{R150\ \text{VAT}}$$

#### Effect of VAT rate increase

You are reminded to make all necessary changes and adjustments to your systems and tax invoices to ensure that VAT at a rate of 15% is levied on all goods and services supplied by you on or after 1 April 2018. Vendors should determine when supplies of goods and services are deemed to have taken place and also consider the special rules that apply when there is a change in the VAT rate to ensure that the correct rate of VAT is applied in respect of the supply, the acquisition and importation of goods and services. A comprehensive set of Frequently Asked Questions (FAQs) is available on the SARS website or you can [click here](#) to open the document.

#### How to prepare and submit your VAT201

For all standard rated supplies where VAT at **14%** has been levied or is applicable, please use Field 12 – “Other and Imported Services” on the VAT201, to declare the output tax.

For all capital and other goods and/or services supplied to you and charged with VAT at a rate of **14%**, please use Field 18 – “Other” on the VAT201, to deduct the VAT.

For all supplies or acquisitions made where the rate of 15% was levied or is applicable, please use the standard rated fields on the VAT201 that you would normally use to declare the output tax and fields 14 and 15 on the VAT201 that you would normally use to deduct the input tax.

Should you have any enquiries in this regard, please call the SARS Contact centre on 0800 00 7277 or send an email to [VATRateEnquiries@sars.gov.za](mailto:VATRateEnquiries@sars.gov.za)

**ISSUED BY THE SOUTH AFRICAN REVENUE SERVICE**

**March 2018**