

EXTERNAL GUIDE

NON-REGISTERED VAT VENDORS

1	PURPOSE	3
2	BACKGROUND	3
	2.1 IMPORTED SERVICES	3
	2.2 SALE OF GOODS FOR ENVISAGED DEBT	4
	2.3 PAYMENT	4
3	CROSS REFERENCES	5
4	DEFINITIONS AND ACRONYMS	5

1 PURPOSE

- a) The purpose of this document is to guide a person who is not a registered VAT vendor of imported service; and for the seller of goods in relation to goods sold in satisfaction of envisaged debt.
- b) This guide in its design, development, implementation and review phases is guided and underpinned by the SARS values, code of conduct and the applicable legislation.
- c) Should any aspect of this guide be in conflict with the applicable legislation the legislation will take precedence.

2 BACKGROUND

- a) The VAT Act imposes the obligation on the following :
 - (i) The recipient (where the recipient is not a registered vendor) of imported services (as defined), and
 - (ii) The seller of goods, in relation to goods sold in satisfaction of a debt envisaged under section 8(1) to pay an amount of VAT to SARS.
- b) The VAT liability on these circumstance cannot be disclosed on the VAT 201 declaration and cannot be paid into a VAT account of the persons described above.
- c) Their VAT liability is declared in the VAT 215 and VAT 216 records, and the payment thereof can be made through eFiling.
- d) The client is required to insert the receipt number acquired from eFiling payment transaction indicates successful , on the VAT215 / VAT 216 record.
- e) In terms of section 55 of the VAT Act, read with section 29 of the Tax Administration Act, the VAT 215 and VAT 216 records and the relevant invoices or tax invoices (whichever are applicable) are required to be retained by the client as relevant material.

2.1 IMPORTED SERVICES

- a) Imported services refers to the “supply of services” by a supplier that is not a resident of the Republic of South Africa or conducts business outside the Republic to a resident of the Republic to the extent such service are utilized or consumed in the Republic, for purposes of making non-taxable supplies.
- b) The imported services may be supplied either to a resident, being the recipient, that is a vendor or a resident that is not a vendor.
- c) The VAT 215 declaration must be completed when a recipient of services, which has been supplied by a foreign supplier, with the intention to use services in the Republic. The person making the **payment is not registered for VAT** and SARS will not have a VAT number, and SARS will not maintain a specific taxpayer account for VAT, for such person.
- d) VAT is not payable on imported services where:
 - (i) The supply would be exempt from VAT or zero-rated if supplied in the Republic
 - (ii) The supply of the service is subject to VAT at the standard rate (presently 14%)
 - (iii) A supply is of an educational service by an educational institution established in an export country which is regulated by an educational authority in that export country
 - (iv) The supply is of the services of a non-resident employee under an employment contract.

2.2 SALE OF GOODS FOR ENVISAGED DEBT

- a) In terms of section 8(1) of the VAT Act, goods of one person can be sold, under a power exercisable by another person, in or towards the satisfaction in whole or part of a debt by the person whose goods are sold.
- b) In the case of a VAT 216, the VAT charged on the sale must not be included in the VAT 201 return of the seller or the owner of goods, if the seller and owner are registered for VAT, i.e. the VAT is not allowed to be allocated to the specific taxpayer account of the seller or the owner. Where the seller or the owner is not registered for VAT, there will be no taxpayer reference number for VAT and the VAT payable on the VAT 216 can therefore not be allocated to a specific taxpayer account.

2.3 PAYMENT

- a) For VAT, a person that is liable to pay an amount of VAT, many not necessarily be required to specifically register for VAT in order to make that VAT payment, or that person may be registered for VAT. The **VAT payment is not required to be allocated specifically to that VAT person's tax account.** These instances arise as set out below:
 - (i) A person who is liable to pay an amount of VAT on imported services, as defined in section 1(1) of the Value-Added Tax Act, 1991 (The Act), and is not registered as a vendor (as a registered vendor will disclose such liability and pay the VAT using the allocated taxpayer reference number which is allocated to the respective tax account, i.e. on the VAT 201). In this case the person, being the recipient of the imported services, is required to complete a declaration referred to as the VAT 215 (reflecting the VAT liability) and must pay such VAT to SARS; or
 - (ii) A person who is liable to pay an amount of VAT on the sale of goods, where that person, through the power exercisable by such person (referred to as the seller), sells goods belonging to another person (referred to as the owner), towards the satisfaction of debt in full or part owed by the owner of goods that are being sold, i.e. goods sold towards the satisfaction of debt envisaged under section 8(1) of the Act. In this case the the seller of the goods is required to complete a document referred to as the VAT 216 (reflecting the VAT liability) and must pay such VAT to SARS.
- b) Since VAT that is payable, as reflected on the **VAT 215** and the **VAT 216**, are not allocated to a specific taxpayer account. The **VAT payment** for the above transaction must be made **on eFiling** by following the steps below:
 - (i) Click on "Returns"
 - (ii) Click on "Additional Payments"
 - (iii) Click on "Create Additional Payment"
 - (iv) For the Tax Type select "VAT for Non Registered (VNR)"
 - (v) From the Type of Payment drop down list, select "Vat Non Registered Normal Payment" option.
- c) For a detailed payment guideline, access the link below:
<https://www.sars.gov.za/ClientSegments/Individuals/How-Pay/Pages/Discontinuation-of-Debit-Pull-Transactions-on-eFiling.aspx>
- d) Please note that in order to make the above-mentioned VAT payments, the **Income Tax Reference Number** of the recipient of the imported services or the seller of the goods is a pre-requisite.

3 CROSS REFERENCES

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
GEN-PAYM-01-G01	South African Revenue Service Payment Rules	All
VAT 404	Guide for Vendors	All

4 DEFINITIONS AND ACRONYMS

VAT 215	Declaration in respect of imported services
VAT 216	Return in respect of sale of goods towards the settlement of a debt of the owner of the goods.
VAT	Value Added Tax
RSA/Republic	Republic of South Africa
SA	South African / South Africa
SARS	South African Revenue Service
Sections	Sections of the Act
TAAct	Tax Administration Act No. 28 of 2011
The Act	Value-Added Tax Act No. 89 of 1991