

Media Releases 2009

Clean up of VAT register under way

Pretoria 15 September 2009 - The South African Revenue Service (SARS) this week embarked on the second phase of a clean-up of the Value Added Tax (VAT) register aimed at removing non-compliant vendors.

The first phase of the clean-up of the register resulted in 20 665 VAT vendors identified for possible deregistration due to them not meeting the legal requirements for registration. In terms of the second phase, additional VAT vendors who do not meet the requirements of the VAT Act will now have their registrations suspended pending an audit process leading to formal deregistration.

Specifically affected are:

- VAT vendors who have not submitted any VAT returns (VAT 201) over a prolonged period.
- VAT vendors whose VAT 201 returns for the past 12 months reflect a liability of zero. In other words, the returns of these vendors show no evidence of taxable supplies being made.
- VAT vendors whose turnover per annum is below the voluntary registration threshold of R20 000.

In terms of Section 24(5) read with Section 23(3) of the Value-Added Tax Act, 89 of 1991, the Commissioner is empowered to suspend or cancel the registration of a VAT vendor where he is satisfied that the requirements of the Act are no longer being complied with.

SARS has identified the affected vendors and has over the past few months communicated with the vendors who fall into this category to advise them of the pending clean-up of the register. They were given the option to notify SARS of their intention to remain registered for VAT or not. As a next step letters have now been sent to those vendors who do not meet these legal requirements to inform them of the suspension of their registration with immediate effect.

These businesses will no longer receive VAT returns and may no longer make use of their VAT vendor number. They will be audited and a formal deregistration process will be followed in order to take them off the VAT register. Where fraudulent registration is detected, criminal charges will be instituted against those vendors responsible.

If the business wants to remain registered as a VAT vendor, the owner or their representative will be required to re-apply in person at the nearest SARS branch in accordance with the VAT registration requirements which were introduced last year. These include a validation of the vendor's business and trading information as well as proof of identity, proof of banking details and proof of physical address. A physical inspection of the business premises may also be required.