

vat news

keeping vendors informed

MAY/JUNE 2002 No. 19

This issue of VAT News is to emphasise the requirements for the different methods of payment of VAT and the effect of the payment limits that were introduced by the Payments Association of South Africa (PASA) on 2 January 2002.

1. PAYMENTS AT SARS CASH OFFICE

Payment of your VAT can be made at the cash office of **any** SARS branch by means of cash, cheque or postal order during office hours, Monday to Friday between 8h00 and 15h30. You must ensure that your payment is made on or before the 25th or last preceding business day. Drop boxes are available at each SARS branch office where you can submit your cheque or postal order payment together with your VAT return.

2. PAYMENTS THROUGH THE POST

Should you prefer to pay your VAT by post, you must ensure that your payment will be received by SARS on or before the 25th or last preceding business day.

3. PAYMENTS AT FIRST NATIONAL BANK (FNB)

You may choose to pay your VAT at FNB, in which case you must ensure that your payment at the bank is made on or before the due date reflected on the VAT return. In order for your payment to be successfully processed, the following information is required on the FNB deposit slip:

- i) A 19 digit **Bank Payment Reference** which is made up as follows:
 - a) Your 10 digit **VAT Registration Number** and;
 - b) the **Tax Type** indicator - **V** for VAT and;
 - c) an 8 digit **Tax Period** number to follow the format: 00mmccyy, for example 00062002 represents payment for the tax period ending June 2002.
- ii) The **Branch Code** - 253145
- iii) The **SARS VAT Bank Account number** - 51421187737

An example of the above is shown below:

Bank Payment Ref: 4880124452V00062002

Branch Code: 253145

Bank Account: 51421187737

Note: The above information is also pre-printed on your VAT return.

4. DEBIT ORDERS

SARS has referred to the requirements for the payment of VAT by means of the transfer of funds by electronic means on various occasions, setting out the requirements of SARS.

Payment of VAT to SARS by means of electronic transfer, in which case the vendor's bank account would be debited **by SARS** on the last business day of the month. The VAT return must still be submitted on or before the 25th or last preceding business day. A Form VAT201(a), debit order authorisation, is required to be completed and must be stamped by your bank, certifying the correctness of your bank account particulars and must be furnished to SARS, in order to authorise SARS to electronically transfer the VAT amount from your bank account.

5. E-FILING

In order to qualify for E-Filing, both VAT returns and payments must be filed electronically through certain service providers appointed by SARS. You may register with one of them and can then submit your **VAT return AND payment electronically** through the service provider. The return and payment using the e-filing system must be received by SARS on or before the last business day of the month.

6. INTERNET BANKING

Where payment is made by using internet banking facilities or any other electronic transfer medium, the payment must be received in SARS's bank account on or before the 25th or last preceding business day and, such payment must accurately reflect your VAT reference number and the tax period for which the payment is being made. The bank payment details set out under "Payments at First National Bank" must be furnished. Failure to provide these details will result in the payment not being credited to your account. Arrangements with your bank to effect "same day" or "online" transfers are your responsibility.

BANK LIMITS

The following limits have been imposed as from 2 January 2002 under the payments system rules set by the PASA:

Debit Order	R500 000
Credit payment through EFT (electronic funds transfer)	R5 million
Cheque	R5 million
E-filing	No limit

Should your existing payment exceed any of these limits, you must approach your bank timeously in order to effect the transfer of funds to ensure full payment of VAT on the due date.

SARS emphasised that payments received late as a result of these changes would lead to penalties and interest being imposed.

Therefore, to avoid penalties and interest being levied, kindly adhere to the time frames for the submission of VAT returns and payments tabled below:

PAYMENT METHOD	SARS MUST RECEIVE RETURN BY - OR LAST PRECEDING BUSINESS DAY	SARS MUST RECEIVE PAYMENT BY - OR LAST PRECEDING BUSINESS DAY
Cash	25th	25th
Cheque	25th	25th
Postal Order	25th	25th
Payments at FNB	25th	25th
VAT201(a) debit order	25th	Last business day
E-filing of return and payment via service provider	Last business day	Last business day
Electronic transfers (including Internet banking)	25th	25th

As pointed out in VAT News No. 18, you must ensure that payment will reach SARS by the due date shown on the VAT return, in whichever way you choose to effect payment. The onus is on you to ensure that payments are received in SARS's banking account on the due date. If not, penalty and interest will be incurred.

UNSIGNED VAT RETURNS

You must ensure that all VAT returns submitted to SARS are signed in order to qualify as valid returns.

DID YOU KNOW?

The VAT Vendor Search application is now available on the SARS web-site for business enterprises and members of the public to verify whether persons who supply goods and/or services to them are registered for VAT. You can also provide feedback to SARS by submitting an enquiry in respect of enterprises that may not be complying with the VAT Act.

To use this application:

Go to www.sars.gov.za

Click on the VAT icon

Click on VAT Vendor Search