

Frequently Asked Questions (FAQs)

VAT Webinar

1. What sort of documents do we need to have in place in order to register for VAT?

Copy of Certificate of Incorporation
Copy of Trust Deed and Authority letter
Copy of Original Identity document
Original letter from your banker/Original stamped statement from the bank
Latest month invoices as proof of trading
A recent copy of the business municipal account/rental agreement as proof of business address

2. Can a company levy VAT on invoices while they are waiting on SARS registration?

Not levy and collect VAT from customers. The implications are:

- i. Since the vendor is obliged to levy VAT, the amount charged by the vendor to the customer without levying VAT will be deemed to be inclusive of VAT

3. What are the requirements for VAT registration?

For compulsory registration, if the total value of taxable supplies made in any consecutive twelve months period exceed or is likely to exceed R1 million. The business must register for VAT on e-Filing.

Voluntary registration a business may also choose to register voluntarily for VAT if the value of taxable supplies made or to be made is less than R1 million, but has exceeded R50 000 in the past period of 12 months.

SARS will issue a VAT reference number immediately to any person who submitted a registration application through eFiling or walk-in channel, if no risk was identified. If a risk has been identified, a letter will be issued to the applicant advising him/her to submit supporting documents via eFiling if the application is done on eFiling.

4. We attach the VAT statement of account for the 2022 tax year, we had submitted VAT verification documents on the 20th of September 2021, to date, we have still not received any progress on the case number assigned above, we have been sent back and forth by the SARS Call Centre as the agent cannot give me an answer as to why this refund has been withheld for such an extensive amount of time.

VAT refunds should be paid within 21 days provided all the relevant material/supporting documents has been submitted, should SARS request additional supporting documents then the initial 21 days falls away and the vendor is afforded another 21 days.

5. I get a lot of queries from SMME we deal with who ask how does an organisation for example a non-profit company apply for VAT exemption.

Non-profit company will only be exempted if it meet requirements of Section 30, preferential tax treatment is designed to assist non-profit organisation by augmenting their financial resources, the

preferential treatment is however not automatic and organisation that meet the requirement set out in the income tax must apply for this exemption. The company needs to apply and get approval.

6. Can Diesel registration be backdated? If yes, how many months far back is allowed?

No it cannot be backdated, you can claim a diesel refund only once you have registered as a VAT vendor and you have met all the requirements of registering as a Vendor. You can claim diesel fuel refund if you are registered VAT vendor and your business is involved in one of the following industries:

- i. Farming on land
- ii. Mining on land
- iii. Forestry
- iv. Offshore activities

7. I intend to file a VAT201 via Xero. Please advise where I can get the SARS ISV logins

On eFiling you need to select the following options (they already need to know which software they will be using)

- Organisation
- Organisation (Left)
- ISV activation

8. Why is there a delay in my VAT refunds not being paid out?

There can however be many reasons, i.e. supporting documents, audit etc. VAT refunds should be paid within 21 days provided all the relevant material/supporting documents has been submitted, should SARS request additional supporting documents then the initial 21 days falls away and the vendor is afforded another 21 days or unless an Auditor decides otherwise.

9. I have been activated as a representative on eFiling and I need to register for VAT on voluntary basis. I struggle when I get to step 5, only income tax is listed thereon?

Step 5

Click VAT under My tax products > Revenue on the left menu

Step 6

Select Add new product registration to register new or additional VAT branch registration:

Step 7

- i. eFiling channel: if the VAT liability date is back dated, the liability date will default to the date the application is made. The vendor must visit the SARS Branch with the necessary supporting documents such as financial statements, signed contracts or invoices issued to request the liability date to be back dated.

- ii. **Note:** In the case of voluntary registration, back dating is not allowed unless it can be proven that the person charged VAT (output tax) prior to the application, and it is therefore necessary to back date registration for SARS to collect the tax.

Step 8

When you select the business activity code field, the VAT Business Activity box will display to select the section applicable to your business. The codes can be obtained from the VAT -Reg-02-G01-Guide for Completion of the VAT Application and the VAT 403 – Vendors and Employers: Trade Classification Guide.

Step 9

If you select the business activity code field, the Farming Activity codes will display to select the section codes applicable to your business

Step 10

If your answer to the question 'Taxable supply exceed R50, 000 in the preceding 12 months', is 'Y' for yes, then the sum of standard rated supplies and zero rated supplies must be more than R50,000. If you have answered 'N' to the 'Taxable Supplies exceed in the preceding 12 months' then the expected Taxable Supplies question then the expected Taxable Supplies question must be answered Y and if you have answered Y to the fact that you have not yet exceed this amount, you are required to indicate when and how will expect to reach the R50 000 Taxable Turnover. These questions are mandatory and you will be unable to proceed if this not completed.