# VAT PRACTICE NOTE: NO 1

*25 September 1991*

## Valuation of livestock
## [Section 78 of the Value-Added Tax Act, 1991 (The Act)]

Section 78(11) of the Act provides:

- that where any person is, on the day before the commencement date of value-added tax (VAT) registered as a vendor under the Sales Tax Act,

  - at the end of that day has in his possession goods, which includes livestock, which he has not disposed of, or which he has disposed of under as sale but for which he has not received full payment, and in either case sales tax was not borne by him on acquisition of such goods, and

  - on the commencement date he is not a vendor for value-added tax purposes

he is deemed to have applied such goods on that day to a use or consumption and must therefore pay sales tax on the value of such goods.

The purpose of the provision is to place any person who is registered as a vendor for sales tax purposes and who does not register for VAT, in the same postion as any other person who does not register for VAT, namely, both will have paid tax on their purchases.

To calculate any sales tax which is payable as a result of this, it is necessary to place a value on the goods on hand at the end of the day before implementation date. The value may be determined on the following basis :

In respect of all livestock that has been purchased, the lower of the cost or market value of such livestock must be determined.

In respect of all progeny, the following values must be applied :

| Classification | Value<br><br>R |
|---|---|
| Cattle: | |
| Bulls | 50 |
| Oxen | 40 |
| Cows | 40 |
| Tollies and heifers: | |
| Two to three years | 30 |
| One to two years | 14 |
| Calves: | 4 |