South African Revenue Service

VAT RULING: VR 023

DATE: 27 July 2026

ACT	**:**	**VALUE-ADDED TAX ACT 89 OF 1991**
SECTION	**:**	**SECTION 7(1)(*a*) AND SECTION 12(*h*)(i)(*aa*)**
SUBJECT	**:**	**VAT TREATMENT OF EDUCATIONAL SERVICES**

Preamble

This value-added tax (VAT) ruling is published with the consent of the Applicant to which it has been issued and is binding only upon the South African Revenue Service (SARS) and applies only to the Applicant. This VAT ruling is published for general information. It does not constitute a practice generally prevailing.

1. Summary

The ruling confirms the VAT treatment of the supply of educational services by an accredited further education services supplier that is not registered under the CET Act.[1]

2. Relevant tax laws

In this VAT ruling, all references to sections hereinafter are to sections of the VAT Act unless otherwise stated. Unless the context indicates otherwise, any word or expression in this VAT ruling bears the meaning ascribed to it in the VAT Act.

This VAT ruling concerns the interpretation and application of the following provision of the VAT Act:

- Section 7(1)(*a*)
- Section 12(*h*)(i)(*aa*)

3. Parties to the application

The Applicant is a private company operating in the further education and training industry in South Africa.

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[1] The Further Education and Training Act 16 of 2016 (the FET Act) has been renamed the Continuing Education and Training Act 16 of 2016 (CET Act). At the time the ruling was issued, the said act is still reflected as the FET Act in the VAT Act.

4. Background and facts

The Applicant is a supplier of further education services. It holds accreditation from a Sector Education and Training Authority (SETA). The Applicant is therefore permitted, from an education regulatory perspective, to provide the relevant training services for which it is accredited.

In recent years, the statutory registration framework for certain education providers has changed in practice. With effect from 7 February 2020, *Government Gazette* 43007 recorded changes relating to the registration of private education and training providers that offer qualifications and part-qualifications on the Occupational Qualifications Sub-Framework. Under that position, certain institutions that hold the required SETA accreditation are exempt from registration with the Department of Higher Education and Training (DHET). Therefore, the Registrar does not require and does not accept registration applications from institutions that fall within the SETA-accredited category. They are nevertheless regarded as operating lawfully within the education regulatory framework.

From a VAT perspective, the issue is whether the exemption in section 12(*h*)(i)(*aa*) can apply to a SETA-accredited institution that is lawfully permitted to provide educational services, but is not registered under the CET Act because such registration is no longer required for institutions in this category.

5. Conditions and assumptions

This VAT ruling is subject to the Standard Terms, Conditions and Assumptions issued by the Commissioner, and the provisions of Chapter 7 of the Tax Administration Act 28 of 2011, excluding sections 79(4)(*f*), (*k*), (6) and 81(1)(*b*).

6. Ruling

The binding private ruling issued to the Applicant is as follows:

a) The Applicant's supplies of educational services do not qualify for exemption under section 12(*h*)(i)(*aa*) as the Applicant is not established, declared, registered or provisionally registered under the CET Act.

b) The Applicant is required to account for VAT at the standard rate on the supply of such services under section 7(1)(*a*).

7. Period for which this ruling is valid

This VAT ruling applies only in respect of the transaction(s) set out above and is effective from 07 December 2023.

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