

From: Soretha Guerini <sguerini@sars.gov.za>
Sent: 02 May 2018 13:34
To: Eben Nel <Eben.Nel@psg.co.za>
Cc: EuDaniels@justice.gov.za
Subject: FW: HOW TO REFLECT OLD VAT & NEW VAT IN L & D ACCOUNT

Good Afternoon

Below find an e-mail where an executor had a question on how to reflect the NEW and OLD rates on VAT in the L & D Account. You may share with the FISA members should they have the same question.

Kind regards

Soretha Guerini
Operations Manager - Estates Assessment & Audit
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South African Revenue Service

From: Soretha Guerini
Sent: 02 May 2018 01:30 PM
To: sean@Lex-icon.co.za
Subject: FW: HOW TO REFLECT OLD VAT & NEW VAT IN L & D ACCOUNT

Good Afternoon

Your enquiry has reference. Please find information on the topic below. Our specialist also confirmed that each transaction must be reflected separately in the L and D account.

Regards

“VAT rate increase effective 1 April 2018

Dear Branch Operations and Contact Centre Colleagues,

In the 2018 Budget Speech, the Minister of Finance announced a VAT rate increase from 14% to 15% effective 1 April 2018.

For ease of reference, the calculation of the new tax fraction, the effect of the VAT rate change and the submission of future VAT returns are discussed below.

The new tax fraction applicable from 1 April 2018

The new tax fraction to calculate the amount of VAT is as follows:

Rate of tax = 15

100 + rate of tax 115

For example, if the VAT-inclusive price (final consideration) is R1 150, the VAT amount is calculated as follows:

$R1\ 150 \times 15/115 = R150\ \text{VAT}$

Effect of VAT rate increase on VAT vendors

Vendors need to make all necessary changes and adjustments to their business systems, including tax invoices to ensure that VAT at the rate of 15% is levied on all goods and services supplied, where those supplies qualify to be charged with VAT at the new rate of 15%.

Vendors should determine when supplies of goods and services are deemed to have taken place and also consider the special rules that apply when there is a change in the VAT rate to ensure that the

correct rate of VAT is applied in respect of the supply, the acquisition and importation of goods and services.

A comprehensive set of Frequently Asked Questions is available on the SARS website or you can click [here](#) to open the document.

How must VAT vendors prepare and submit their VAT 201 returns?

Vendors whose tax periods span between the old VAT rate of 14% and the new VAT rate of 15% (effective from 1 April 2018) will be required to declare these transactions on a single VAT201 return. The most impacted will be the Category B vendors whose tax periods are periods of two months ending on the last day of April 2018.

Also impacted are the Category D vendors whose tax periods are periods of six months ending on the last day of August 2018. Category E vendors whose tax periods are periods of twelve months ending on the last day of the year of assessment will also be impacted.

Vendors who have tax periods that span between the 14% and 15% VAT rate (Category B, D and E vendors) as well as future tax periods where the rate of 14% is applicable will be required to disclose their transactions on the VAT201 as follows:

Output Tax

- *For all standard rated supplies where VAT at 15% has been levied, vendors will use the fields that are normally used to declare the output tax.*
- *For all standard rated supplies where VAT at 14% has been levied, vendors must declare the output tax in field 12 – “Other and Imported Services” on the VAT201.*

Input tax

- *For all acquisitions of goods and services charged with VAT at a rate of 15%, vendors must use fields 14 and 15 on the VAT 201 (as applicable) to deduct the input tax.*
- *For all acquisitions of goods and services where VAT rate of 14% is applicable, vendors are requested to use field 18 – “Other” of the VAT201, to deduct the input tax; and*
- *For all imports, irrespective of whether the VAT was charged at 14% or 15%, vendors are requested to use Field 14A and 15A of the VAT201 to deduct the input tax.*

Please note:

- *Vendors who use eFiling for the submission of VAT201 returns and have saved any VAT201 for tax periods commencing on or after March 2018, their saved VAT201 returns will be removed so that the updated VAT201 with the correct rate of tax can be requested.*
- *Vendors should be advised that their updated VAT201 will be made available during March 2018.*

Vendors should be advised and encouraged to visit the Value Added Tax page on the SARS website www.sars.gov.za where they will find guides and FAQ's to assist them in understanding the implications of the VAT rate increase on various types of transactions or contact the SARS Contact Centre on 0800 00 7277.

Vendors should also be informed that they can direct all questions and queries by sending an e-mail to a dedicated VAT rate change mailbox: VATRateEnquiries@sars.gov.za.”

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South African Revenue Service

From: Piet Botha
Sent: 02 May 2018 10:05 AM
To: Soretha Guerini

Cc: Lorna de Clercq
Subject: RE: HOW TO REFLECT OLD VAT & NEW VAT IN L & D ACCOUNT

Soretha

They will have to reflect each transaction separately in the L and D account.

Regards.
Pieter Botha
Ops Manager: Estates

Tel +27 12 4333142
Email: pbotha@sars.gov.za

Riverwalk Office Park-Block A, Ashlea Gardens.



From:
Sent: 04 April 2018 09:41 AM
To: Soretha Guerini
Cc:
Subject: HOW TO REFLECT OLD VAT & NEW VAT IN L & D ACCOUNT

Dear Ms Guerini

I refer to my discussion this morning with Liesl at your offices.

In one of my matters I expect that I would need to pay VAT over to SARS.

The VAT charged was on transactions which occurred prior to the VAT increase. In other words it was charged at the rate of 14%.

Any transactions after the 31st of March will attract the new rate of 15%.

Do I simply reflect the 14% VAT transactions separately from the 15% VAT transactions and in the end add them up ?

I await your reply.

Kind regards