



## VATFlash 5 of 2009

### Payment Dates

We are increasingly finding vendors misinterpreting the payment terms allowed by SARS for VAT. Vendors who make use of eFiling have until the last business day of the month concerned to file VAT returns and to make VAT payments in respect of such returns. However, it is important to note that in order to be able to pay on the last business day, the vendor must register to file via eFiling and pay via eFiling. It is not sufficient that the vendor merely registers to file the VAT returns on eFiling. As a result, recently it has been noted that some eFiling clients have filed the returns on eFiling, but made their payments via another payment method, and as a result, have incurred penalties.

Therefore if you are going to make use of the eFiling method, in order to obtain the benefit of filing a VAT return and making payment on the last business day of the month, the VAT liability indicated on the VAT return filed via eFiling must be matched by full payment of that liability on the eFiling system.

When making payment, vendors must select the "VAT Normal Payment" option when making a VAT payment for a specific tax period and VAT return to avoid having penalties imposed. When making payment of any other VAT liability, for example arrear VAT, penalties or interest, the "ADHOC" or "VAT Allocation Payment" option must be selected.

A further option to be entitled to make use of the benefit of making payment on the last business day is apply to SARS to pay via a debit order. In this instance SARS will debit the amount disclosed on the VAT return directly from the vendor's account.

### Budget Tax Proposals

Below we summarise some of the proposed changes with regards to the 2009 budget.

- False statements on VAT application for registration forms considered an offence. The purpose of this is to deter fraudulent and impermissible registrations.

- Measures to be introduced to verify the identity of applicants for new registrations (e.g. fingerprints).
- Minimum VAT registration threshold to increase from R20 000 to R50 000 from 1 March 2010. Another measure to prevent fraud whereby persons with very little output tax can register voluntarily and then claim large amounts of input tax.
- SARS to pay interest where the vendor has paid an amount previously, based on an assessment and the amount is later repaid when the vendor's objection is allowed.

Transfer of shares in a share block company to at least attract VAT or transfer duty. Currently, the transfer of shares can trigger transfer duty, VAT or neither. Therefore there will be a shift in legislation so that at least one form of indirect tax must apply to supplies such as the recent fractional ownership schemes.

## SARS – Special Investigations

Due to the increased incidence of fraudulent VAT claims experienced by SARS, we have noticed that a special investigation unit of SARS called the Business Intelligent Unit (“the BIU”) has been auditing cases where the vendor is mostly in a refund position. We understand this move by SARS to be a preventative measure in response to fictitious companies being registered and claiming VAT refunds. In these cases, SARS will withhold the refunds and issue a letter requesting to be furnished with the following:

- A detailed explanation of the nature of the business;
- Name and contact details of the person responsible for the VAT accounting;
- Detailed input tax schedules together with 5 tax invoices relating to the periods under question;
- Detailed output tax schedules together with 5 tax invoices issued;
- Copies of tax invoices for capital goods purchased.
- An explanation of how the enterprise finances their running expenses;
- An explanation of why the input tax exceeds the output tax.

More information on the topics covered in this newsletter is available from Deloitte's Indirect Tax, by contacting:

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