



South African Revenue Service

Dear VAT Vendor

VAT RATE INCREASE FROM 1 APRIL 2018

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

To assist you in preparing your VAT return (VAT201) submission, the South African Revenue Service (SARS) would like to bring the following to your attention:

The new tax fraction applicable from 1 April 2018

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

$$\frac{\text{Rate of tax}}{100 + \text{rate of tax}} = \frac{15}{115}$$

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

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

Effect on VAT Vendors

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 (FAQs) is available on the SARS website or you can [click here](#) to open the document.

How to prepare and submit your VAT201

Vendors whose tax periods span 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 would 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 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 to certain supplies will be required to disclose their transactions as follows:

Output Tax

- for all standard rated supplies where VAT at **15%** has been levied, please use the standard rated fields on the VAT201 that you would normally use to declare the output tax.
- for all standard rated supplies where VAT at **14%** has been levied, please use Field 12 – “Other and Imported Services” on the VAT201, to declare the output tax.

Input tax

- for all capital and other goods and/or services supplied to you and charged with VAT at a rate of 15%, please use fields 14 and 15 on the VAT201;
- for all capital and other goods and/or services supplied to you and charged with VAT at a rate of **14%**, please use Field 18 – “Other” on the VAT201, to deduct the VAT; and
- for all imports, irrespective of whether the VAT was charged at 14% or 15%, please use Field 14A and 15A on the VAT201 to deduct the VAT.

Please note:

- If you are using eFiling for the submission of your VAT201 and have saved a VAT201 for tax periods commencing on or after March 2018, the saved VAT201 will be removed so that the updated VAT201 with the correct rate of tax can be requested.
- The updated VAT201 will be made available soon. Please monitor the website for updates regarding the VAT201.

For more information please visit the Value Added Tax page on the SARS website www.sars.gov.za where you will find guides to help you complete and submit your VAT return, or contact the SARS Contact Centre on 0800 00 7277. You can also send an email to VATRateEnquiries@sars.gov.za with your enquiries.

ISSUED BY THE SOUTH AFRICAN REVENUE SERVICE

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