

# Sars offers more time

By **KHULEKANI MAGUBANE**

● The South African Revenue Service (Sars) has given businesses and service providers that cannot immediately reverse the 15.5% VAT charge an opportunity to do so by May 15. This comes as thousands of companies and suppliers that have already incorporated the 0.5 percentage point increase scramble to reverse it.

Businesses including banks, cellphone companies, insurance firms and other service providers have already sent notices to thousands of customers informing them of the higher VAT charge kicking in on May 1. However, with finance minister Enoch Godongwana reversing the increase as a result of political pressure, these businesses are now under pressure to readjust their billing systems back to 15% VAT.

On Friday, Sars commissioner Edward Kieswetter noted that the decision to reverse the hike had “significant practical implications for VAT vendors and consumers”. He advised businesses and service providers that had already incorporated the 15.5% rate to use the limited time between now and May 1 to readjust their systems – and to report their progress to the revenue service. Companies that

cannot do this immediately have a three-week window to reset their systems to 15% VAT.

“Should a vendor not be able to revert to the 15% rate, such supplies and purchases must be reported and accounted for at the 15.5% rate until such time that you are able to make the necessary system adjustments, which should be completed by no later than May 15,” Kieswetter said in a statement.

## Returns

Businesses that cannot immediately revert to 15% must report refunds to customers to Sars when they file their VAT returns.

“The VAT return declarations made will then be taken into consideration when verifications and/or audits on affected VAT tax

**Sars Commissioner Edward Kieswetter.** Picture: Ruvan Boshoff



# for VAT hike reversals



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**Edward Kieswetter**

periods are conducted. Sars will do its best to provide further clarity for vendors,” Kieswetter said.

Businesses approached by Business Times were confident they would be able to reset their systems or reimburse customers if they couldn’t do so on time.

Sizwekazi Mdingi, FNB’s head of communications, said the bank would comply with all the necessary legal and regulatory structures that govern all industries. “Where these changes are not possible through

automated processes and fees have been incurred, the bank will fully refund affected customers. The bank will be communicating with all customers in this regard,” Mdingi said.

A spokesperson for Nedbank said: “We are implementing the VAT change rollback on our systems ... and any discrepancies will be rectified accordingly.”

Standard Bank spokesperson Ross Linstrom said the group would continue applying the 15% VAT rate.

Absa said that in cases where systems were not adjusted back in time, affected customers would be reimbursed.

Pay-TV operator MultiChoice said DStv would no longer be implementing the increase.

Insurance company Outsurance said: “We have already communicated to our clients that their premium remains unaffected.”

Derek Wilcocks, chief information officer at Discovery Group, said while the sudden reversal had had a minor effect on the insurance giant’s internal processes, it had been able to update its systems and retain the VAT rate of 15%.

Retailer Pick n Pay said it would ensure

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