

## EXTERNAL GUIDE

# MANAGE DECLARATION FOR NON-REGISTERED VAT VENDORS

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Date	Version	Description
29-05-2020	2	Legislative changes

## 1 PURPOSE

- a) The purpose of this document is to guide a person, who is not a registered VAT vendor, on the documentation and payment of VAT on imported services and where the person is the seller of goods that is sold in satisfaction of envisaged debt.
- b) This guide in its design, development, implementation and review phases is guided and underpinned by the SARS values, code of conduct and the applicable legislation.
- c) Should any aspect of this guide be in conflict with the applicable legislation the legislation will take precedence.

## 2 BACKGROUND

- a) The VAT Act imposes the obligation on the following persons :
  - (i) a recipient (where the recipient is not a registered vendor) of imported services (as defined), and
  - (ii) a seller of goods, in relation to goods sold in satisfaction of a debt envisaged under section 8(1), to pay an amount of VAT (VAT liability) to SARS.
- b) The VAT liability on these circumstance cannot be disclosed on the traditional VAT 201 declaration and cannot be paid into a VAT account of the persons described above.
- c) The VAT liability is declared in the VAT 215 and VAT 216 records, respectively, and the associated VAT liability must be paid through the SARS eFiling channel.
- d) The recipient or seller, as the case maybe, is required to insert the receipt number, on the VAT 215/VAT 216 record, generated from the SARS eFiling system where the payment transaction reflected a successful status.
- e) In terms of section 55 of the VAT Act, read with section 29 of the Tax Administration Act, the VAT 215 and VAT 216 records and the relevant invoices or tax invoices (whichever are applicable) are required to be retained by the recipient or seller, as the case maybe, as relevant material.

### 2.1 IMPORTED SERVICES

- a) In terms of section 7(1)(c) of the Act, VAT at the standard rate is payable by the recipient of imported services (as defined) .
- b) Imported services refers to the “supply of services” by a supplier that is not a resident of the Republic of South Africa (Republic) or conducts business outside the Republic, to a resident of the Republic, to the extent such service are utilized or consumed in the Republic, for purposes of making non-taxable supplies.
- c) The imported services may be supplied either to a recipient (resident of the Republic) that is registered as a vendor, in which case the VAT liability will be disclosed and paid using the vendor’s VAT 201 declaration channel, or a recipient that is not registered as a vendor.
- d) In the case of a recipient that is not registered as a vendor, the VAT 215 record must be obtained, completed and retained by the recipient of imported services. Further, such recipient, will not have a VAT registration number and SARS will therefore not be required to maintain a specific taxpayer account for VAT, for such recipient.

- e) VAT is not payable on imported services where:
  - (i) the supply would be exempt from VAT or zero-rated if supplied in the Republic
  - (ii) the supply of the service is subject to VAT at the standard rate (presently 15%)
  - (iii) a supply is of an educational service by an educational institution established in an export country which is regulated by an educational authority in that export country
  - (iv) the supply is of the services of a non-resident employee under an employment contract.

## 2.2 GOODS SOLD TOWARD THE SATISFACTION OF A DEBT

- a) In terms of section 8(1) of the Act, goods of one person can be sold, under a power exercisable by another person, in or towards the satisfaction in whole or part of a debt by the person whose goods are sold.
- b) The seller of the goods is required to obtain, complete and retain a VAT 216 record to evidence the supply of the said goods.
- c) In the case of a VAT 216 record, the VAT charged and payable (VAT liability) on the said sale is not allowed to be disclosed and paid using the VAT 201 declaration channel of the seller or the owner of goods, if the seller and owner are registered for VAT, i.e. the VAT is not allowed to be allocated to the specific taxpayer account of the seller or the owner. Hence, there will not be a taxpayer reference number for VAT and the VAT liability on the VAT 216 record will therefore not be allocated to a specific taxpayer account.

## 2.3 PAYMENT OF THE VAT LIABILITY

- a) In certain instances, the payment of an amount of VAT, may not require a person who is liable to pay, to be registered for VAT and have a specific taxpayer account or where the person is registered for VAT and has a specific taxpayer account, to have the payment made into their specific taxpayer account. These instances arise as set out below:
  - (i) a person who is liable to pay an amount of VAT on imported services, as defined in section 1(1) of the the Act, and is not registered as a vendor (as a registered vendor will disclose such liability and pay the VAT using the allocated taxpayer reference number which is allocated to the respective tax account, i.e. on the VAT 201 declaration). In this case the person, being the recipient of the imported services, is required to obtain, complete and retain a document referred to as the VAT 215 record (reflecting the VAT liability) and must pay such VAT to SARS; or
  - (ii) a person who is liable to pay an amount of VAT on the sale of goods, where that person, through the power exercisable by such person (referred to as the seller), sells goods belonging to another person (referred to as the owner), towards the satisfaction of debt in full or part owed by the owner of goods that are being sold, i.e. goods sold towards the satisfaction of debt envisaged under section 8(1) of the Act. In this case the the seller of the goods is required to complete a document referred to as the VAT 216 record (reflecting the VAT liability) and must pay such VAT to SARS.
- b) Since the VAT liability that is payable, as reflected on the **VAT 215** record and the **VAT 216 record**, are not allocated to a specific taxpayer account. The **VAT payment** for the above transactions must be made **on the SARS eFiling** system, by following the steps below:
  - (i) Click on “Returns”
  - (ii) Click on “Additional Payments”
  - (iii) Click on “Create Additional Payment”
  - (iv) For the Tax Type select “VAT for Non Registered (VNR)”
  - (v) From the Type of Payment drop down list, select “Vat Non Registered Normal Payment” option.

c) For a detailed payment guideline, access the link below:

<https://www.sars.gov.za/ClientSegments/Individuals/How-Pay/Pages/Discontinuation-of-Debit-Pull-Transactions-on-eFiling.aspx>

d) Please note that in order to make the above-mentioned VAT payments, the **Income Tax Reference Number** of the recipient of the imported services or the seller of the goods is a pre-requisite.

### 3 CROSS REFERENCES

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
GEN-PAYM-01-G01	South African Revenue Service Payment Rules	All
VAT 404	Guide for Vendors	All

### 4 DEFINITIONS AND ACRONYMS

<b>VAT 215</b>	Record in respect of imported services
<b>VAT 216</b>	Record in respect of sale of goods towards the satisfaction of a debt of the owner of the goods.
<b>VAT</b>	Value Added Tax
<b>RSA/Republic</b>	Republic of South Africa
<b>SA</b>	South African / South Africa
<b>SARS</b>	South African Revenue Service
<b>Sections</b>	Sections of the Act
<b>TAAct</b>	Tax Administration Act No. 28 of 2011
<b>The Act</b>	Value-Added Tax Act No. 89 of 1991