



Tax & Legal Flash



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Amidst the strong message from the South African Revenue Service (SARS) that it is business as usual for taxpayers to comply with their tax obligations, along with understandably strict health and safety measures being introduced, there may be several unusual VAT consequences for your business that you may need to consider. Transactions that are generally not prevalent in your business, as well as other matters to consider, include the following:

- **Deposits:** Whether an amount received is indeed a deposit and, if so, the VAT treatment when such deposit is forfeited or applied as consideration for the supply of goods or services
- **Vouchers issued or credits granted for cancellations:** Whether the voucher is taxable or not, the implications when tendered or forfeited and different forms of credits received for future use
- **Cancellation fees:** The rate of VAT to be applied to these charges to customers together with documentary requirements, where relevant, i.e. a local standard rated flight for a non-resident will potentially have a zero rated cancellation fee
- **Unpaid creditors:** The implications of creditors unpaid for a period of more than 12 months (subject to the exceptions, e.g. certain inter-group transactions)
- **Bad debts:** The requirements for the relief available for bad debts written off, considering the exceptions to certain inter-group transactions and the potential VAT liability on bad debts subsequently recovered
- **Dealings with SARS:** The potential impact which new measures introduced by SARS will have on VAT registrations, disputes, account queries, ruling applications, delayed refunds, verifications etc.
- **VAT refunds:** In the unlikely event of the closure of SARS branches or a significant reduction in staff members, the potential impact on cash flow due to delayed payment of VAT refunds
- **VAT due which you cannot afford to pay timeously:** Arranging extended payment terms with SARS due to cash flow restrictions

Please contact us to assist with advice in relation to these and any other areas that may affect your business from a VAT perspective, as well as alleviating any VAT compliance challenges you may experience.

Contact us



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