

DRAFT BINDING GENERAL RULING (VAT)

DATE:

ACT : VALUE-ADDED TAX ACT NO. 89 OF 1991

SECTION : SECTION 16(2)(g)

SUBJECT : ALTERNATIVE DOCUMENTARY PROOF ACCEPTABLE TO THE COMMISSIONER TO SUBSTANTIATE A VENDOR'S ENTITLEMENT TO A DEDUCTION UNDER SECTION 16(3)

Preamble

For the purposes of this ruling –

- **“alternative documentary proof”** means documentary proof other than the documents listed in section 16(2)(a)-(f) that contains the information acceptable to the Commissioner as required in this BGR;
- **“BGR”** means a binding general ruling issued under section 89 of the Tax Administration Act No. 28 of 2011;
- **“section”** means a section of the VAT Act;
- **“VAT”** means value-added tax;
- **“VAT Act”** means the Value-Added Tax Act No. 89 of 1991; and
- any other word or expression bears the meaning ascribed to it in the VAT Act.

1. Purpose

The BGR sets out the information that must be contained in documentation for it to be regarded as being acceptable to the Commissioner, where the vendor is unable to obtain the documents specified under section 16(2)(a)-(f).

2. Ruling

This ruling constitutes a BGR issued under section 89 of the Tax Administration Act No. 28 of 2011.

2.1 Information acceptable to the Commissioner

The Commissioner directs that a vendor must be in possession of documentation containing the following information *at the time a return is submitted in which the vendor is entitled to make the deduction*.

2.1.1 In respect of a taxable supply as contemplated in section 16(2)(a)-(b)

(a) The identity of the –

- (i) supplier, by means of a valid VAT registration number and registered or applicable trading name(s) of the supplier; and

- (ii) in instances where the consideration in money exceeds R5 000 for the particular supply, either the recipient's valid VAT registration number or the recipient's registered or trading name;
- (b) The date on which the supply was made;
- (c) A proper description of the goods or services supplied;
- (d) The consideration due for the goods or services supplied; and
- (e) The VAT amount reflected separately or a statement that the amount payable includes VAT and the rate at which VAT was charged.

2.1.2 In respect of a non-taxable supply as contemplated in section 16(2)(c)

- (a) The identity of the non-registered supplier must be confirmed as follows:
 - (i) If the non-registered supplier is a natural person, by means of a copy of that supplier's identity document or driver's licence; or
 - (ii) If the non-registered supplier is not a natural person, by means of a copy of that supplier's representative's identity document or driver's licence as well as any documentation reflecting the legally allocated registration number of the supplier;
- (b) A proper description of the goods supplied;
- (c) Any documentation confirming that the supply is not a taxable supply;
- (d) The consideration for the supply; and
- (e) Proof and date of payment.

2.2 Alternative documentary proof in respect of a deduction as contemplated in section 16(2)(d)-(f)

A vendor seeking to rely on the use of alternative documents for these deductions must, before making the deduction, make a written application to the Commissioner for approval by sending an e-mail to **VATRulings@sars.gov.za** or by facsimile to 086 540 9390. The application should consist of a completed VAT301 form, a clearly motivated application, and must comply with the provisions of section 79 of the Tax Administration Act excluding section 79(4)(f), (k) and (6). The vendor must be in possession of the approval granted by the Commissioner as well as the relevant documents *at the time the return is submitted*.

2.3 Record-keeping

The vendor must retain the alternative documentary proof as required under section 55 of the Value-Added Tax Act, 1991 for the period prescribed in section 29 of the Tax Administration Act.

3. Period for which this ruling is valid

This BGR will apply in respect of tax periods commencing on or after 1 April 2016 until it is withdrawn, amended or the relevant legislation is amended.