

EXTERNAL GUIDE

MANAGE VALUE ADDED TAX ON IMPORTED SERVICES

1	PURPOSE	4
2	IMPORTED SERVICES	4
2.1	VAT 215 RECORD	4
2.2	PAYMENT OF THE VAT LIABILITY FOR IMPORTED SERVICES	4
3	CROSS REFERENCES	5
4	DEFINITIONS AND ACRONYMS	5

Date	Version	Description
29-05-2020	2	Legislative changes
28-08-2020	3	Process updates

1 PURPOSE

- a) The purpose of this document is to guide a recipient of imported services, who is not registered as a vendor, on the record keeping and payment process of the VAT that is payable on imported services.
- 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 IMPORTED SERVICES

- a) Imported services refers to the supply of services by a supplier who is not a resident of the Republic or conducts business outside the Republic, to a recipient who is a resident of the Republic, to the extent such service are utilized or consumed in the Republic, otherwise than for purposes of making taxable supplies.
- b) In terms of section 7(1)(c) of the Act, VAT at the standard rate is payable by the recipient of imported services.
- c) 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 services by an employee in the course of their employment or the rendering of services by a holder of any office to the extent that remuneration is paid or payable to such employee or holder of office
 - (v) The value of the imported services does not exceed R100 per invoice.
- d) Where the recipient is not registered as a vendor, the VAT liability is declared in the VAT 215 record and must be paid through the SARS eFiling channel or as directed below.

2.1 VAT 215 RECORD

- a) In the case of a recipient that is not registered as a vendor, the VAT 215 record must be obtained from the SARS website www.sars.gov.za, completed and retained by the recipient of the imported services.
- b) As regards the receipt number field on the VAT 215, the receipt number generated from the SARS eFiling system where the payment transaction reflected a successful status must be inserted therein.
- c) In terms of section 55 of the Act, read with section 29 of the TAAAct, the VAT 215 record and the relevant invoices must be retained by the recipient as relevant material for the prescribed period (5 years).

2.2 PAYMENT OF THE VAT LIABILITY FOR IMPORTED SERVICES

- a) Payment of VAT must be made on the value of the imported services within 30 days from time of supply. This is determined based on the date of an invoice having been issued or payment having been made for the imported services, whichever is earlier. Failure to pay the VAT within this timeframe will result in the imposition of a 10% penalty and interest at the prescribed rate. The applicable standard rate of VAT depends on the time of the supply, i.e. either 14% or 15% as the case may be.

- b) The income tax reference number of the recipient is required in order to make the VAT payment. The VAT liability can only be paid via the SARS eFiling system.
- c) In instances where the recipient of the imported services is not registered for income tax and therefore does not have an income tax reference number to make the payment on SARS eFiling system, the recipient can register a SARS eFiling profile and SARS will automatically issue the income tax reference number.
- d) The recipient must have a valid South African Identity Document (ID) to be registered by SARS for the income tax reference number for the first time on the SARS eFiling website www.sarsefiling.co.za. Click on Register to begin registration process.
- e) The VAT payment for the above transaction must be made on the SARS eFiling system according to the following steps:
 - (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.
- f) Once the payment transaction reflects a successful status on the SARS eFiling system, insert the receipt number on the applicable field on the VAT 215 record.
- g) Where a recipient does not have an income tax reference number and is also unable to register a SARS eFiling profile to obtain the income tax reference number to pay the VAT liability on the SARS eFiling system (e.g. basic accounting system (BAS) users), such recipient must contact SARS via the importedservices@sars.gov.za email address, for further guidance regarding the payment of the VAT liability to SARS.
- h) In addition, failure to make the VAT payment can result in SARS issuing either an estimated original assessment or estimated additional assessment to the recipient for the VAT liability on imported services.

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

VAT 215	Record in respect of imported services
RSA/Republic	Republic of South Africa
SA	South African / South Africa
SARS	South African Revenue Service
Sections	Sections of the Act
TAAct	Tax Administration Act No. 28 of 2011
The Act	Value-Added Tax Act No. 89 of 1991
VAT	Value Added Tax