



Tax & Legal – News Alert



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Estimated assessments now applicable for VAT

SARS announced on 11 December 2023 that functionality has been introduced for it to issue estimated assessments for Value-Added Tax (**VAT**) in specific circumstances. In terms of the Tax Administration Act, SARS is permitted to issue estimated assessments where a taxpayer effectively does not present SARS with sufficient information to verify the disclosures (or lack of disclosures) made to it. SARS has not previously issued estimated assessments for VAT purposes in the event that a vendor does not submit supporting documentation following a VAT return verification request. In terms of the latest announcement, it is confirmed that estimated assessments can now be issued by SARS in these circumstances.

Important considerations to note:

- Estimated assessments will be issued to vendors in the form of a VAT217 notice.
- Where SARS has raised an estimated assessment for a specific tax period, the vendor will not be afforded the opportunity to request a correction of the VAT return for that tax period.
- Since an estimated assessment where supporting documentation has not been submitted to SARS is not subject to objection or appeal, the vendor will not be permitted to dispute the estimated assessment issued under the normal dispute resolution process.
- However, where a vendor disagrees with the estimated assessment raised, it may submit the relevant supporting documentation in respect of the tax period to SARS via eFiling, at a SARS branch or via the SARS Online Query System, within 40 business days from the date of the VAT217 notice. Should the vendor be unable to provide the relevant documentation within the specified time-frame, an extension of the 40 business day period may be requested by the vendor.
- In the event that SARS issues a revised assessment following submission of documentation, such assessment would be subject to objection or appeal under the normal dispute resolution rules.
- The vendor may submit a request to SARS for the suspension of payment due in respect of the estimated assessment issued.

Based on the above, it is recommended that vendors review their SARS eFiling profiles on a regular basis to determine whether correspondence has been issued by SARS and to action these timeously.

Further, it is also important to ensure that the correct contact details are reflected on the eFiling profile to avoid situations where the notifications are not received.

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