



Tax & Legal – News Alert



January 2024

Change in VAT verification requests by SARS

VAT verification notices issued by the South African Revenue Service (SARS) to date generally requested standard information/documentation to be submitted by vendors in support of the disclosures on a VAT return. However, the most recent notices are very specific on the information/documentation to be submitted and the requested information/documentation differs from vendor to vendor. Since these requests are much more comprehensive than before, e.g. contracts, financing arrangements, customer payment arrangements, etc, it will likely be more onerous to compile, review and submit the information/documentation requested by SARS.

The recent notices specifically state that failure to submit all the information/documentation by the stipulated deadline will result in estimated assessments for VAT, penalties and interest being raised by SARS. SARS published communication in this regard on 11 December 2023 and noted that once the estimated assessment has been issued, the vendor must submit the required material within 40 business days from the date of the assessment (VAT217). Where the VAT 217 resulted in an amount or additional amount payable, the vendor may request suspension of payment.

In terms of the Tax Administration Act, an estimated assessment is only subject to objection and appeal once SARS decides not to make a reduced or additional assessment after the relevant information/documentation has been submitted by the vendor within the required timeframe.

Even though the response to VAT verification notices now requires more effort and time, it is evident that not submitting all the information/documentation timely will be even more time consuming and costly and will, where applicable, result in delays of refunds being paid.

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