

# NEW VAT (VALUE ADDED TAX) REGISTRATION PROCESS

SARS's compliance strategy is premised on three pillars: excellent service for those who are compliant, education for those who are unaware, and strict enforcement for those who are wilfully non-compliant.

Over the past few years SARS has worked hard to improve all three of these vital aspects which together and in unison help to improve the culture of compliance and ensure each person pays their fair share of tax.

In line with this and as part of our work to reduce the administrative burden, especially for smaller businesses, earlier this year we introduced a new VAT registration process which made it simpler and easier to register. However, our service offerings need to be balanced with the inherent risk that certain processes pose.

For this reason SARS has now implemented changes to the process which will require more stringent validation and verification as part of its on going efforts to reduce risk and enhance compliance.

0800 00 SARS (7277)



[www.sars.gov.za](http://www.sars.gov.za)

## New VAT vendors

Among the changes being introduced for new VAT applications are:

1. Applications for VAT registration must be done in person so that SARS can verify identity and other application details
2. Applicants must present their identity document and the original copy of a utility bill, e.g. a municipal bill and a recent bank statement when applying for VAT registration.

These steps are in line with security measures introduced by a variety of financial institutions, including FICA requirements, and are intended to prevent incorrect or fraudulent payments.

3. SARS officials will conduct site inspections of businesses, where necessary, to verify trade activities before the activation of VAT accounts.

## Existing VAT vendors

Existing VAT vendors are also to be subjected to review and, where identified for additional verification, will be required to visit a SARS branch in person to verify their information. Refunds may be withheld until these vendors present themselves or provide the necessary proof of transactions and trade.

**VAT vendors must note that they are required by law to notify SARS about any material change to their status and the failure to do so is an offence.**

One specific area which SARS will target for further investigation and audit are businesses which are claiming refunds but show no turnover or turnover below the legislative threshold of R20 000. While legitimate circumstances exist for this situation – including property development and start-up expenditure – in some instances businesses have shown no turnover for periods exceeding 12 months. To prevent fraudulent claims, SARS will require businesses to explain their lack of turnover before the release of refunds.

As part of its clampdown in this area, SARS will also conduct an anti-crime awareness campaign and urges South Africans to report any fraud, corruption or suspicious behaviour on our dedicated hotline 0800 00 28 70.