



South Africa

This guide covers only the taxation of digital services. If you sell goods, this guide does not apply.

Effective since 1st of June 2014 due to the Value-Added Tax Act, 1991 (No. 89 of 1991).

VAT Standard rate

The standard VAT rate in South Africa in 2023 is **15%** (effective from April 2018).

VAT Reduced rate

There's no VAT reduced rate established.

Threshold

The South African VAT legislation requires all foreign electronic service entities to register for VAT, where the total value of electronic services supplied in SA exceeds 50,000 South African rands (ZAR).

Pieces of evidence

The supply of electronic services by a person from a place in an export country, where at least two of the following circumstances are present –

The recipient is a resident of SA;

Any payment to that person in respect of such electronic services originates from a bank registered or authorized in terms of the Banks Act, 1990 (Act No. 94 of 1990);

The recipient of the electronic services has a business, residential or postal address in SA.

E-services list

Educational services, if the supplier is not regulated by an educational authority in its own country, e.g. distance teaching programs, internet-based courses, and webinars (live and recorded);

Games and games of chance, internet-based games, multi-player role-playing games, and interactive games of chance;

Electronic betting or wagering, where this constitutes the acceptance of a bet or a wager on the outcome of a race or any other event or occurrence;
The supply of an internet-based auction service facility;
Miscellaneous services such as e-books; audio-visual content; the download of still digital images (e.g. desktop theme), and downloaded music;
Subscription services to blogs, journals, magazines, newspapers, games, websites, etc.

Registration procedure

Registration for South African VAT must be done by downloading a copy of the VAT101 form, available from the SARS (South African Revenue Service) website, completing and signing the VAT101, which must then be emailed together with the supporting documents to a dedicated SARS email address. For that purpose, a company has to register as an eFiler.

The Commissioner will process the VAT101 and determine the date from which a foreign entity of electronic services (FESE) is required to commence charging South African VAT, at 15%.

Once the VAT registration is finalised the Commissioner will notify the FESE of the successful VAT registration by emailing the VAT103I (notice of registration).

Contrary to normal foreign VAT registration, the supplier is not required to appoint a VAT representative in South Africa or open a local South African bank account. However, the applicant is required to provide contact details of a local representative for receiving information and correspondence.

VAT returns filing date

The FESE must register as an eFiler. Registration as an eFiler will enable the FESE to file VAT201 and make VAT payments from outside South Africa.

The VAT201 must be filed and the payment must be made by the last business day of the month after the end of the Foreign Electronic Service Entity's tax period. For example, if the tax period ends on 30th June 2014, the Foreign Electronic Service Entity has until 31st July 2014 to file the VAT201 and make payment. Note that if the due date for payment is on a Saturday, Sunday or public holiday, the VAT201 and the payment must be submitted timeously so that it is received by SARS by no later than the last working day before that date.

VAT payment date

The same day as the VAT returns filing date (see above).

Penalties

Failure to pay the SA VAT within the prescribed period will result in penalty and interest being imposed by SARS.

Keeping records

A company must keep your records for a period of five years from the date of the last entry in any book, as SARS can ask to see these records at any time within this timeframe.



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