

# VAT Registration in South Africa

Once a company is registered with Companies and Intellectual Property commission, the company must register with the South African Revenue Service (SARS) for Value Added Tax (VAT) and Pay-As-You-Earn tax (PAYE).

## Compulsory registration

The registration threshold (in South African Rand/ZAR) is R1 million ( $\pm$  USD93 000). If an entity's annual revenue exceeds this threshold during the 12 months, or there are reasonable grounds to expect that the threshold will be exceeded during the following 12 months, the entity must register for VAT.

Foreign suppliers of electronic services are required to register for VAT where supplies are made to residents of South Africa or payment is made from a South African bank account, and the value of these supplies has exceeded R50 000 in a 12 month period.

## Voluntary registration

An entity may apply for a voluntary VAT registration if:

- The entity's taxable supplies have exceeded R50 000 in a preceding 12-month period;
- The entity's taxable supplies are in excess of R50 000 during a 12-month period due to its nature;
- The entity buys a business as a going concern if the previous owner made taxable supplies in excess of R50 000 in a 12-month period; and
- The entity (even if the R50 000 requirement has not been met) is a:
  - welfare organisation,
  - share block company,
  - foreign donor-funded,
  - project or municipality.



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## Documents required for a VAT registration

- Colour copies of all directors / members and representative's identity or passport documents;
- **Copy of the Certificate of Incorporation;**
- Resolution for the appointment of the public officer/representative and acknowledgement letter (must be a South Africa resident);
- **Tax invoices for the last three months but not later than one month from application;**
- Original bank statements with original bank stamp;
- **Copy of a utility bill, e.g. a recent municipal bill or a proof of a physical address of business;**
- Copy of the residential municipal account of a representative/public officer (Must be a South Africa resident);
- **Effective date of the VAT registration; and**
- Nature of the business.
- **For a non-resident to register in South Africa, they must furnish the South African Revenue Services with the particulars of their fiscal representative (who must be a natural person and reside in South Africa), and their bank account details in South Africa.**

