Value-Added Tax

What is new?

- **8 September 2026 – Latest VAT Connect newsletter**
  Issue 22 (September 2026) (https://www.sars.gov.za/businesses-and-employers/my-business-and-tax/vat-connect-issue-21-september-2026/) of the VAT Connect newsletter is available.
- **17 August 2026 – Media release: SARS invites public input on a new digital VAT model to modernise VAT administration**

  SARS aspires for a future in which tax just happens for most of taxpayers by leveraging data and technology. To this end, and pursuant to the VAT Modernisation Discussion Paper of 2023, the South African Revenue Service (SARS) is pleased to release the VAT Modernisation Consultation Paper for public consultation and comment, calling on all impacted and interested stakeholders to contribute to a modern, transparent and efficient VAT administration system in South Africa.

  See the full media release here. (https://www.sars.gov.za/media-release/sars-invites-public-input-on-a-new-digital-vat-model-to-modernise-vat-administration/)

  Keep an eye on the VAT Modernisation webpage. (https://www.sars.gov.za/types-of-tax/value-added-tax/vat-modernisation/)
- **14 May 2026 – Schools Exiting the VAT System Frequently Asked Questions**
  The purpose of the Schools Exiting the VAT System Frequently Asked Questions (https://www.sars.gov.za/types-of-tax/value-added-tax/schools-exiting-the-vat-system-frequently-asked-questions/) is to give taxpayers a comprehensive overview of the changes relating to schools and translating it into clear and practical guidance following the amendments that were made to the VAT Act in the Taxation Laws Amendment Act 5 of 2026, with effect from 1 January 2026.
- **16 April 2026 – SARS Podcast series**

  In the SARS Podcast series, “The VAT Chat” is here [illegible]e of VAT topics and include discussions on VAT related legisla[illegible] and selected Binding General Rulings (BGRs), Interpretation Notes, Regulations and Guides which help clarify what the legislation intends and how it applies in practice.

Watch the podcasts using the links below:

- Binding General Ruling 4 (https://youtu.be/HbczSKwEDk8)
- Binding General Ruling 74 (https://youtu.be/OZ_V1Q2OGSU)

- **20 March 2026 – Budget 2026 Frequently Asked Questions**
  Key VAT changes from Budget 2026: FAQs on the VAT threshold changes (https://www.sars.gov.za/about/sars-tax-and-customs-system/budget/budget-2026-frequently-asked-questions/)

- **25 February 2026 – National Budget**
  The Minister of Finance announced in the Budget Speech, 2026 an increase in the VAT registration threshold. The compulsory registration threshold is increased from R1 million to R2.3 million. The voluntary registration threshold is increased from R50 000 to R120 000. The effective date for the increase is 1 April 2026.

- **8 December 2025 – VAT Registration Process Enhancements**
  As part of SARS's commitment to improve taxpayer/trader experience, SARS is pleased to announce certain enhancements to the VAT registration process.
  The enhancements are designed to provide applicants with clear, precise communication and ensure transparency and efficiency. Applicants will have certainty and clarity on the requirements and outcome of their VAT registration applications.

  - Updated VAT Notice of Rejection:

    With effect from 8 December 2025, if a VAT registration application does not meet registration requirements, SARS service consultants are able to select applicable rejection reason(s). The system will generate a customised rejection notice with specific reason(s) for the rejection.

  - Improved Process for Requesting Additional/Outstanding Supporting Documents:

    - If additional or outstanding supporting documents are required or submitted documents are found to be incomplete, incorrect or outdated, SARS service consultants may engage telephonically with applicants to request the required documents.

    - In addition to telephonic engagement, SARS can now issue a formal, tailored letter specifying the additional or outstanding d[illegible] needed. Applicants will have five business days from the dat[illegible]quested documents. If the required documents a[illegible]ime frame, the system will automatically reject the application. In such cases, a notice of rejection will be issued, stating that additional or outstanding supporting documents were not provided.

- **10 October 2025 – Latest VAT Connect newsletter**

  Issue 20 (October 2025) (https://www.sars.gov.za/businesses-and-employers/my-business-and-tax/vat-connect-issue-20-october-2025/) of the VAT Connect newsletter is available.

- **27 April 2025 – Media release: SARS welcomes court order relating to the VAT rate originally announced to come into effect on 1 May 2025**
  The Commissioner for the South African Revenue Service (SARS), Mr Edward Kieswetter, welcomes the agreement between the parties and court order in the matter relating to the 0.5 percentage point increase in value-added tax (VAT) that was originally announced to come into effect on 1 May 2025, along with other matters. Read the full media statement here. (https://www.sars.gov.za/media-release/sars-welcomes-court-order-relating-to-the-vat-rate-originally-announced-to-come-into-effect-on-1-may-2025/)

- **25 April 2025 – Media release: Practical implication on Finance Minister's decision to reverse VAT**
  The Commissioner for the South African Revenue Service (SARS), Mr. Edward Kieswetter has noted the Finance Minister, Mr. Enoch Godongwana's decision to reverse the planned 0.5% VAT rate increase, which was initially set to take effect on 1 May 2025. This decision has significant practical implications for VAT vendors and consumers. As the administrator of all national government tax measures, SARS will ensure that the necessary adjustments are made to accommodate this change. Read the full media statement here. (https://www.sars.gov.za/media-release/practical-implication-on-finance-ministers-decision-to-reverse-vat/)
- **24 April 2025 – Rates and Monetary Amounts and the Amendment of Revenue Laws Bill introduced**
  The Minister of Finance introduced the Rates and Monetary Amounts and the Amendment of Revenue Laws Bill [B14—2025] (https://www.sars.gov.za/legal-lprep-bills-2025-02-rates-and-monetary-amounts-and-amendment-of-revenue-laws-bill-b14-2025-24-april-2025/) (Rates Bill), which proposes to maintain the Value-Added Tax (VAT) rate at 15% from 1 May 2025, instead of the proposed increase to VAT announced in the Budget in March.
- **12 March 2025 – National budget speech**
  VAT is levied at the standard rate of 15% on the supply of goo[illegible]rvices by registered vendors. The rate was to increase to 15.5% from 1 Ma[illegible] 2025 and to 16% from [illegible]il 2026 but this is reversed by clause 13 of the Bill introduc[illegible] [illegible]hat makes taxable supplies of more than R1 million per annum must register for VAT. A vendor

that makes taxable supplies of more than R50 000, but not more than R1 million per annum, may apply for voluntary registration. Certain supplies are subject to a zero rate, or are exempt from VAT.

- **30 March 2023 – VAT264 form modernised**
  The VAT264 form has been modernised to make it easier and simpler for vendors to complete. It has also been updated to align with the recent VAT amendment contained in the Taxation Laws Amendment Act, 2022. See the new form VAT264 declaration for the supply of second hand goods external form (https://www.sars.gov.za/vat-264-declaration-for-the-supply-of-second-hand-goods-external-form/) here.
- **1 July 2022 – VAT Domestic Reverse Charge (DRC) on valuable metal from 1 July 2022**
  A VAT Domestic Reverse Charge (DRC) on valuable metal was introduced in the Regulation published in *Government Gazette* 46512 on 8 June 2022, see Regulations on Domestic Reverse Charge relating to valuable metal, issued in terms of section 74(2) of the Value-Added Tax Act, 1991 (Act 89 of 1991), Notice 2140. (https://www.sars.gov.za/lapd-lsec-reg-2022-01-2140-gg-46512-domestic-reverse-charge-regulations-8-june-2022/) The DRC Regulations came into effect on **1 July 2022.** For a comprehensive understanding of these Regulations, see the Explanatory Memorandum (https://www.sars.gov.za/lapd-lprep-em-2022-01-explanatory-memorandum-regulations-on-domestic-reverse-charge-relating-to-valuable-metal-13-june-2022/) and Media Statement. (https://www.sars.gov.za/lapd-lsec-reg-2022-01b-media-statement-publication-of-regulations-on-domestic-reverse-charge-relating-to-valuable-metal-13-june-2022/)For more information see the VAT Domestic Reverse Charge webpage. (https://www.sars.gov.za/types-of-tax/value-added-tax/vat-regulations-on-domestic-reverse-charge-relating-to-valuable-metal/)

What is VAT?

VAT is an abbreviation for the term Value-Added Tax. It is an indirect tax on the consumption of goods and services in the economy. Revenue is raised for government by requiring certain traders (vendors), that carry on an enterprise to register for VAT.

Subject to certain conditions, the vendor must then charge VAT on supplies of goods and services made by it (output tax). VAT is only charged on taxable supplies made. Taxable supplies are supplies for which VAT is charged at either the standard rate (currently 15% or zero rate (0%). There is a limited range of goods and services which are subject to VAT at the zero rate or exempt from VAT.

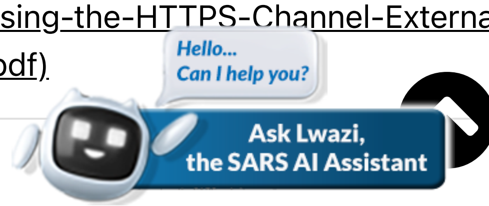
The vendor will also be entitled to deduct VAT charged t [illegible] making taxable supplies. Under limited circumstances a vendor may claim a deduction (notional input tax) on a supply made to it by a business that is not registered for VAT.

VAT is non-cumulative, meaning that a credit/deduction is allowed for VAT paid in previous stages, within the production and distribution chain. The vendor is required to pay the difference between the output tax and the input tax or claim a VAT refund where the input tax exceeds the output tax.

VAT is therefore, charged at each stage of the production and distribution process and it is proportional to the price charged for the goods and services. VAT is also payable on the importation of goods and on imported services.

Related Documents

- VAT-REG-02-G02 – Supply of Electronic Services by Foreign Suppliers and Foreign Intermediaries – External Guide → (/wp-content/uploads/Ops/Guides/VAT-REG-02-G02-Supply-of-Electronic-Services-by-Foreign-Suppliers-and-Foreign-Intermediaries-External-Guide.pdf)
- Legal-Pub-Guide-Gen02 – Guide for Tax Rates Duties Levies → (/wp-content/uploads/Ops/Guides/Legal-Pub-Guide-Gen02-Guide-for-Tax-Rates-Duties-Levies.pdf)
- VAT 101 – Value-Added Tax Registration Application form → (/wp-content/uploads/Ops/Forms/SARS_VAT101_Registration-Threshold_LookFeel_v2026.00.03.pdf)
- GEN-ENR-01-G01 – Guide for the submission of third party data using the connect direct channel – External Guide → (/wp-content/uploads/Ops/Guides/GEN-ENR-01-G01-Guide-for-the-submission-of-third-party-data-using-the-connect-direct-channel-External-Guide.pdf)
- GEN-ENR-01-G02 – Guide for Submission of Third Party Data Using the HTTPS Channel – External Guide → (/wp-content/uploads/Ops/Guides/GEN-ENR-01-G02-Guide-for-Submission-of-Third-Party-Data-Using-the-HTTPS-Channel-External-Guide.pdf)



- GEN-REG-01-G04 – How to Complete the Registration Amendments and Verification Form RAV01 – External Guide → (/wp-content/uploads/Ops/Guides/GEN-REG-01-G04-How-to-Complete-the-Registration-Amendments-and-Verification-Form-RAV01-External-Guide.pdf)

- Legal-Pub-Guide-VAT420 – VAT 420 – Guide for Motor Dealers → (/wp-content/uploads/Ops/Guides/Legal-Pub-Guide-VAT420-VAT-420-Guide-for-Motor-Dealers.pdf)

- GEN-ELEC-04-G01 – Guide for completing the Value Added Tax VAT201 Declaration – External Guide → (/wp-content/uploads/Ops/Guides/GEN-ELEC-04-G01-Guide-for-completing-the-Value-Added-Tax-VAT201-Declaration-External-Guide.pdf)

- Legal-Pub-FAQs-VAT02 – FAQs (VAT) on Supplies of Electronic Services → (/wp-content/uploads/Ops/Guides/Legal-Pub-FAQs-VAT02-FAQs-VAT-on-Supplies-of-Electronic-Services.pdf)

- LAPD-VAT-G16 – VAT FAQs Supplies of electronic services → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G16-VAT-FAQs-Supplies-of-electronic-services.pdf)

- Legal-Pub-Guide-VATRef01 – VAT Reference Guide – Foreign Donor Funded Projects → (/wp-content/uploads/Ops/Guides/Legal-Pub-Guide-VATRef01-VAT-Reference-Guide-Foreign-Donor-Funded-Projects.pdf)

- Legal-Pub-Guide-VAT404 – VAT 404 – Guide for Vendors → (/wp-content/uploads/Ops/Guides/Legal-Pub-Guide-VAT404-VAT-404-Guide-for-Vendors.pdf)

- Legal-Pub-Guide-VAT03 – VAT 409 Guide for Fixed Property and Construction → (/wp-content/uploads/Ops/Guides/Legal-Pub-Guide-VAT03-VAT-4 [illegible] for-Fix [illegible] Property-a [illegible]

- [VAT216 – Return iro Goods Sold for Settlement of Debt of Holder of the Goods – External Form → (/wp-content/uploads/Ops/Forms/VAT216-Return-iro-Goods-Sold-for-Settlement-of-Debt-of-Holder-of-the-Goods-External-Form.pdf)]
- [TPPOA – Special Power of Attorney to Tax Practitioner – External Form → (/wp-content/uploads/Ops/Forms/TPPOA-Special-Power-of-Attorney-to-Tax-Practitioner-External-Form.pdf)]
- [SPPOA – Special Power of Attorney – External Form → (/wp-content/uploads/Ops/Forms/SPPOA-Special-Power-of-Attorney-External-Form.pdf)]
- [Legal-Pub-Guide-VAT19 – VAT Rulings Process Reference Guide → (/wp-content/uploads/Ops/Guides/Legal-Pub-Guide-VAT19-VAT-Rulings-Process-Reference-Guide.pdf)]
- [Legal-Pub-Guide-VAT20 – VAT section 72 decisions process reference guide → (/wp-content/uploads/Ops/Guides/Legal-Pub-Guide-VAT20---VAT-section-72-decisions-process-reference-guide.pdf)]
- [VAT 264 declaration for the supply of second hand goods external form → (/wp-content/uploads/Docs/VAT/VAT-264-declaration-for-the-supply-of-second-hand-goods-external-form.pdf)]
- [LAPD-IT-G24 – Guide on Mutual Agreement Procedures → (/wp-content/uploads/Ops/Guides/LAPD-IT-G24-Guide-on-Mutual-Agreement-Procedures.pdf)]
- [Legal-Pub-Guide-VAT15 – VAT Quick Reference Guide for Non-Executive Directors → (/wp-content/uploads/Ops/Guides/Legal-Pub-Guide-VAT15-VAT-Quick-Reference-Guide-for-Non-Executive-Dire

- [Legal-Pub-FAQs-VAT12 – FAQs on BGRs 40 and 41 Non-executive Directors (VAT and PAYE) → (/wp-content/uploads/Ops/Guides/Legal-Pub-FAQs-VAT12-FAQs-on-BGRs-40-and-41-Non-executive-Directors-VAT-and-PAYE.pdf)

VAT-ELEC-01-G01 – Manage Value Added Tax on Imported Services – External Guide → (/wp-content/uploads/Ops/Guides/VAT-ELEC-01-G01-Manage-Value-Added-Tax-on-Imported-Services-External-Guide.pdf)

LAPD-IT-G19 – Comprehensive Guide to Dividends Tax → (/wp-content/uploads/Ops/Guides/LAPD-IT-G19-Comprehensive-Guide-to-Dividends-Tax.pdf)

VAT-REG-02-G01 – Guide for Completion of VAT Application – External Guide → (/wp-content/uploads/Ops/Guides/VAT-REG-02-G01-Guide-for-Completion-of-VAT-Application-External-Guide.pdf)

VAT 411 – Guide for Entertainment Accommodation and Catering – External Guide → (/wp-content/uploads/Ops/Guides/VAT-411-Guide-for-Entertainment-Accommodation-and-Catering-External-Guide.pdf)

LAPD-VAT-G08 – VAT 419 Guide for Municipalities → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G08-VAT-419-Guide-for-Municipalities.pdf)

LAPD-VAT-G10 – VAT 421 Guide for Short Term Insurance → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G10-VAT-421-Guide-for-Short-Term-Insurance.pdf)

LAPD-VAT-G13 – Pocket Guide on the VAT rate increase on 1 April 2018 → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G13-Pocket-Guide-on-the-VAT-rate-increase-on-1-April-2018.pdf)

LAPD-VAT-G14 – VAT FAQs Increase in the VAT Rate from 1 April 2018 → (/wp-content/[illegible]T-G14-VAT-F[illegible]rom-1-April-2018.p[illegible])

- [LAPD-VAT-G01 – VAT 403 Vendors and Employers Trade Classification Guide] → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G01-VAT-403-Vendors-and-Employers-Trade-Classification-Guide.pdf)
- [LAPD-VAT-G04 – VAT 411 Guide for Entertainment Accommodation and Catering] → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G04-VAT-411-Guide-for-Entertainment-Accommodation-and-Catering.pdf)
- [LAPD-VAT-G05 – VAT 412 Guide for Share Block Schemes] → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G05-VAT-412-Guide-for-Share-Block-Schemes.pdf)
- [LAPD-VAT-G06 – VAT 413 Guide for Estates] → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G06-VAT-413-Guide-for-Estates.pdf)
- [LAPD-VAT-G07 – VAT 414 Guide for Associations not for Gain and Welfare Organisations] → (/wp-content/uploads/Ops/Guides/LAPD-VAT-G07-VAT-414-Guide-for-Associations-not-for-Gain-and-Welfare-Organisations.pdf)
- [LAPD-IT-G21 – Guide on the Taxation of Foreigners working in South Africa] → (/wp-content/uploads/Ops/Guides/LAPD-IT-G21-Guide-on-the-Taxation-of-Foreigners-working-in-South-Africa.pdf)
- [LAPD-TAdm-G01 – Short Guide to the Tax Administration Act 2011] → (/wp-content/uploads/Ops/Guides/LAPD-TAdm-G01-Short-Guide-to-the-Tax-Administration-Act-2011.pdf)
- [LAPD-Gen-G08 – Guide on the Taxation of Professional Sports Clubs and Players] → (/wp-content/uploads/Ops/Guides/LAPD-Gen-G08-Guide-on-the-Taxation-of-Professional-Sports-Clubs-and-Players.pdf)
- [VAT101D – Application for Registration of Diesel Refund – → (/wp-conten[illegible]1D-Application-for-Registration-of-Diesel-Refund-

External Form	→	External-Form.pdf)
VAT102 – Application for separate registration VAT – External form	→	(/wp-content/uploads/Ops/Forms/VAT102-Application-for-separate-registration-VAT-External-form.pdf)
VAT123T – Application for Cancellation of a Separately Registered Enterprise – External Form	→	(/wp-content/uploads/Ops/Forms/VAT123T-Application-for-Cancellation-of-a-Separately-Registered-Enterprise-External-Form.pdf)
VAT125 – Declaration by Representative Vendor – External Form	→	(/wp-content/uploads/Ops/Forms/VAT125-Declaration-by-Representative-Vendor-External-Form.pdf)
VAT128 – Confirmation of Partnership – External Form	→	(/wp-content/uploads/Ops/Forms/VAT128-Confirmation-of-Partnership-External-Form.pdf)
VAT201 – Vendor Declaration – Sticky Notes	→	(/wp-content/uploads/Ops/Forms/VAT201-Vendor-Declaration-Sticky-Notes.pdf)
VAT202e – Notice of Change of Tax Period iro the Submission of a Return VAT 201 – External Form	→	(/wp-content/uploads/Ops/Forms/VAT202e-Notice-of-Change-of-Tax-Period-iro-the-Submission-of-a-Return-VAT-201-External-Form.pdf)
VAT215 – Record in respect of Imported Services – External Form	→	(/wp-content/uploads/Ops/Forms/VAT215-Record-in-respect-of-Imported-Services-External-Form.pdf)
VAT266 – Declaration of Goods (incl Fuel) Supplied at the Zero Rate – External Form	→	(/wp-content/uploa ms/VAT266- Declaration at- the-Zero R

VAT267 – Declaration in respect of supply of goods or services to or from a CCA or an SEZ – External Form → (/wp-content/uploads/Ops/Forms/VAT267-Declaration-in-respect-of-supply-of-goods-or-services-to-or-from-a-CCA-or-an-SEZ-External-Form.pdf)

VAT301 – Application for VAT Rulings – External Form → (/wp-content/uploads/Ops/Forms/VAT301-Application-for-VAT-Rulings-External-Form.pdf)

VAT403 – Trade Classification – External Form → (/wp-content/uploads/Ops/Forms/VAT403-Trade-Classification-External-Form.pdf)

VAT102D – Application for Registration of Diesel Refund – External Form → (/wp-content/uploads/Ops/Forms/VAT102D-Application-for-Registration-of-Diesel-Refund-External-Form.pdf)

VAT102DIP – Application for Separate Registration of Offices of International Organisations – External Form → (/wp-content/uploads/Ops/Forms/VAT102DIP-Application-for-Separate-Registration-of-Offices-of-International-Organisations-External-Form.pdf)

VAT117 – Application for Change in Accounting Basis – External Form → (/wp-content/uploads/Ops/Forms/VAT117-Application-for-Change-in-Accounting-Basis-External-Form.pdf)

VAT119i – Indemnity iro VAT Act Bank Details – External Form → (/wp-content/uploads/Ops/Forms/VAT119i-Indemnity-iro-VAT-Act-Bank-Details-External-Form.pdf)

VAT121 – Application for Category E – External Form → (/wp-content/uploads/Ops/Forms/VAT121-Application-for-Catego[illegible]nal-Form.pdf)

VAT123D – Application for the Cancellation of Diesel

Registration of a Person – External Form (/wp-content/uploads/Ops/Forms/VAT123D-Application-for-the-Cancellation-of-Diesel-Registration-of-a-Person-External-Form.pdf)

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