



national treasury

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TRANSVERSAL CONTRACTING

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Ref: VAT Increase

NOTICE TO: ALL PARTICIPATING DEPARTMENTS AND APPOINTED CONTRACTORS

SUBJECT: PRICE ADJUSTMENT DUE TO 15% VAT INCREASE ON TRANSVERSAL CONTRACTS

1. PURPOSE

The purpose of this notification is to inform the Participating Departments and awarded Suppliers regarding the automatic adjustment of prices in the contract circulars for all applicable transversal commodity contracts.

2. BACKGROUND

The Minister of Finance announced in February 2018 that VAT will increase from 14% to 15%. This legislated increase will take effect from 1 April 2018.

3. IMPLEMENTATION

3.1. All affected transversal medical contract prices have been adjusted automatically and the contract circulars are updated accordingly to reflect the 15% VAT increase.

3.2. In line with Section 9 of VAT Act 89 of 1991, sub-section 1, VAT rate is applicable at the time an invoice is issued and as such, the following shall apply:

- Where goods have been delivered or services rendered before or on 31 March 2018, but the invoice not issued, the applicable VAT rate must be at 14% when the invoice is issued.
- Purchases orders created but delivery has not been made by 31 March 2018 must be adjusted to the new VAT rate of 15%.
- With regards to the purchasing orders created, however a partial delivery has been made before 31 March 2018, the accrual amount of the delivered goods or service rendered must be at the rate of 14% VAT. The remainder of the goods to be delivered or service to be rendered after 1 April 2018 must be adjusted to 15% VAT rate.

3.3. The above communication is applicable to the contracts listed below and its supplementary contracts.

| LINE NO. | CONTRACT NUMBER | CONTRACT DESCRIPTION |
|----------|-----------------|--|
| 1 | HM01 | Male- and female condoms and lubricants |
| 2 | HM02 | Bandages and Dressings |
| 3 | HM04 | Surgical Sundries |
| 4 | HM06 | Sterilization related items |
| 5 | HM07 | Surgical catheters, tubes and related items |
| 6 | HM08 | Hypodermic syringes, needles and bloodletting devices |
| 7 | HM10 | Administration accessories |
| 8 | RT9 | Infant Feed, Complete enteral feeds for paediatrics and adults |
| 9 | RT13 | Respiratory Aids |
| 10 | RT21 | Radiographic Material |
| 11 | RT35 | Voluntary medical male circumcision (VMMC) |
| 12 | RT41 | Rapid HIV test kits |
| 13 | RT50 | Medical gases |
| 14 | RT72 | Medical oxygen : Home patients |
| 15 | RT76 | Medical examination and surgical gloves |
| 16 | RT296 | Dental materials and consumables |
| 17 | RT302 | Surgical sutures and ligatures |
| 18 | RT275 | Speech therapy equipment |
| 19 | RT287 | Dental instruments and related items |
| 20 | RT252 | Surgical instruments |
| 21 | HM03 | Crutches and Walking aids |
| 22 | RT233 | Wheelchairs |

| LINE NO. | CONTRACT NUMBER | CONTRACT DESCRIPTION |
|----------|-----------------|--|
| 23 | RT274 | Hearing aids |
| 24 | RT2 | Medical equipment |
| 25 | RT4 | Ambulance rescue and emergency equipment and accessories |
| 26 | RT286 | Dental equipment |
| 27 | RT24 | Hospital ward and theatre furniture |
| 28 | RT78 | Antituberculosis |
| 29 | RT302 | Anti-infective medicines |
| 30 | RT283 | Contraceptives and hormone modulating agents |
| 31 | HP 04 | Oncology and immunological agents |
| 32 | HP 05 | Diagnostic agents and contrast media |
| 33 | HP 06 | Small volume parenterals and insulin devices |
| 34 | HP 07 | Drops, aerosols and inhalants |
| 35 | HP 08 | Semisolid dosage forms and powders |
| 36 | HP 09 | Solid dosage forms and transdermal patches |
| 37 | HP 10 | Biological preparations |
| 38 | RT300 | Large volume parenterals |
| 39 | RT299 | Pharmaceutical liquids |
| 40 | HP 13 | Antiretroviral medicine |
| 41 | HP 14 | Pharmaceutical packaging material |

Kind regards



MANTHEPENG TSHINAVHA

for CHIEF DIRECTOR: TRANSVERSAL CONTRACTING

OFFICE OF THE OCPO

DATE: 11 May 2018