

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER PQ 5 [NW6E]

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Mr P F Smith (IFP) to ask the Minister of Finance:

- (1) Whether shopkeepers are legally required to issue receipts to customers; if not, what is the position in this regard; if so, what are the relevant details;
- (2) whether he has been informed of complaints in the media indicating that many vendors do not issue receipts; if not, what is the position in this regard; if so, what are the relevant details;
- (3) whether his department has calculated the tax revenue lost to the fiscus because of this practice; if not, what is the position in this regard; if so, what is the amount;
- (4) what steps does he intend to take to combat this contravention?

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REPLY:

- (1) Receipts are issued to provide evidence that goods have been received or payment has been made. In terms of common law, a purchaser has the right to demand a receipt as evidence that payment for goods or services has been made. In terms of section 26 of the Consumer Protection Act, 2008, a supplier of goods or services is obliged to provide a written record of transactions to a consumer, unless the goods or services have been exempt from this requirement.

In terms of the Value-Added Tax Act, 1991, registered VAT vendor is obliged to issue a tax invoice in respect of supplies. Such tax invoices must comply with the specifications outlined in section 20 of the VAT Act.

It is important to distinguish between shopkeepers who are registered VAT vendors and as such required to issue valid tax invoice and those who are not. Shopkeepers who are not registered VAT vendors are not required to issue a tax invoice. Companies or individuals who supply goods and services are only required by law to register for VAT where their annual turnover (or expected turnover) is above R1 million per year. Where turnover is between R50 000 and R1 million a year, VAT registration is voluntary and under R50 000 VAT registration is only permitted in very limited circumstances.

- (2) SARS is aware of incidents where registered VAT vendors fail to issue tax invoices and, where reported to SARS, these incidents are investigated. SARS provides an online facility to allow any person to verify whether any company or individual is registered for VAT and whether a VAT number is valid.
- (3) Tax revenue would only be lost where a supplier is liable for tax and a supply is not accounted for to SARS. The Tax Administration Act, 2011, requires that taxpayers keep records to enable them to observe the requirements of tax legislation. Even if receipts are not issued in all cases this requirement may be met by other records. The act of not issuing a receipt on its own does not necessarily indicate a loss of revenue and no qualification of revenue lost as a result of not issuing receipts is available.
- (4) SARS conducts a variety of compliance checks and initiatives with respect to VAT, Income Tax and other taxes. These include a variety of tests for tax legislation, subjecting tax declarations to risk assessments and other

compliance measures, and comprehensive audits and investigations where required. SARS also conducts a variety of spot checks on premises where a person is suspected of non-compliance. One of the seven priority areas identified by SARS for special attention over the next five in its Compliance Programme is the informal economy.

To the extent that anyone believes that a person is acting in contravention of any tax or customs law that person is encouraged to file a suspicious activity report on www.sars.gov.za or can call the SARS Anti-Corruption and Fraud hotline on 0800 00 2870.