

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1371

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Mr M Swart (DA) to ask the Minister of Finance:

How far has the SA Revenue Service progressed with the VAT deregistration project of companies whose taxable yield was less than R20 000 per year?

NW1727E

REPLY:

The VAT Act (in particular, section 23(3) of the Value Added Tax Act; No. 89 of 1991) stipulates that a person can apply to register for VAT on a voluntary basis if their turnover exceeds or is likely to exceed R20 000 in a period of 12 months.

Section 24(5) of the VAT Act empowers SARS to cancel a vendor's VAT registration if that vendor's turnover does not exceed R20 000 in a period of 12 months.

As part of SARS's on-going process of managing the VAT register, 20 665 vendors were found to be submitting returns declaring turnover of less than R20 000 in a period of 12 months. These vendors were, however, consistently claiming refunds from SARS. This category of vendors was issued with letters informing them that their VAT registration would be cancelled because they were no longer complying with the requirements of the law. They were, however, given until 31 March 2009 to provide information showing that they were carrying on an enterprise that would give rise to a turnover of R20 000 over a period of 12 months. As at the end of August 2009, 4 929 vendors had provided such information and their registrations were re-activated. The other 15 736 vendors were suspended with effect from 31 March 2009. These vendors will no longer receive any returns. A de-registration audit will be carried out before their registration is cancelled.

A further 15 514 vendors who have submitted NIL returns or failed to submit returns will be issued with similar letters shortly. They will also be given an opportunity to provide information showing that they are carrying on an enterprise that will give rise to a turnover of more than R20 000 over a period of 12 months.