

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 2561**

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**Dr D T George (DA) to ask the Minister of Finance:**

- (1) Whether any Value-Added Tax (VAT) refunds are overdue for payment; if not, why not; if so, what is the total outstanding amount per economic sector;
- (2) whether any steps will be taken to resolve any backlog in the payment of overdue VAT refunds; if not, why not; if so, what are the relevant details?

NW3202E

**REPLY:**

- (1) Value-Added Tax (VAT) refunds outside the prescribed 21 days amounts to R1,7 billion. These refunds are subject to audit and review and amount to 0.89% of the value of all VAT transactions in the 2010 financial year. A breakdown of these refunds per SARS defined activity is set out in the attached schedule.
- (2) These refunds are as a result of refund verification procedures which are taking longer than 21 working days to finalise. VAT refunds have been a target for fraudulent activity; therefore any process change with a view to expediting refunds must take this risk into account and must balance the desire for service and efficiency with the responsibility SARS has to ensure that refunds are not erroneously paid.

SARS is however continually engaged in a process to improve the audit of VAT vendors to ensure that these refunds are processed as timeously as possible. VAT is also on the SARS Modernisation Agenda for future enhancements to the entire VAT process. The key reason for delays relates to difficulties in obtaining the correct data from taxpayers timeously to enable SARS to determine the accuracy and validity of the VAT refund claims.

Industry	Older than one months		Older than two months		Older than three months		Older than four months		Older than five months		6 months and older		Grand Total	
	No.	Value	No	Value	No	Value	No	Value	No	Value	No	Value	No	Value
AGENCIES AND OTHER SERVICES	1506	R 117,467,656	623	R 62,108,027	227	R 11,811,349	143	R 6,830,177	87	R 764,288	69	R 1,158,639	2655	R 200,140,136
AGRICULTURE, FORESTRY AND FISHING	1238	R 29,141,909	604	R 11,625,795	411	R 4,561,391	205	R 1,691,603	104	R 403,055	94	R 755,100	2656	R 48,178,853
BRICKS, CERAMICS, GLASS, CEMENT AND SIMI	44	R 1,180,424	17	R 1,701,126	8	R 72,147	9	R 508,279	4	R 421,887	3	R 128,276	85	R 4,012,141
CATERING AND ACCOMMODATION	468	R 13,299,164	247	R 5,567,128	145	R 5,059,919	45	R 621,806	21	R 523,282	19	R 615,570	945	R 25,686,870
CHEMICALS AND CHEMICAL, RUBBER AND PLAST	75	R 15,391,022	45	R 21,920,406	24	R 2,684,846	6	R 140,328	7	R 2,174,633	3	R 1,368,808	160	R 43,680,042
CLOTHING AND FOOTWEAR	49	R 532,253	32	R 73,445	6	R 16,515	9	R 84,171	3	R 34,772	2	R 41,429	101	R 782,585
COAL AND PETROLEUM PRODUCTS	38	R 666,361	12	R 498,498			1	R 14,034			1	R 10,544	52	R 1,189,438
CONSTRUCTION	1197	R 55,725,092	621	R 19,297,866	293	R 6,959,563	119	R 2,516,984	67	R 840,734	58	R 6,102,843	2355	R 91,443,081
EDUCATIONAL SERVICES	74	R 2,720,726	44	R 2,234,285	29	R 189,924	9	R 9,705	2	R 796,053	3	R 9,455	161	R 5,960,148
ELECTRICITY, GAS AND WATER	31	R 23,507,529	13	R 3,697,073	2	R 7,135	4	R 31,184			1	R 72	51	R 27,242,993
FINANCING, INSURANCE, REAL ESTATE AND BU	4707	R 254,690,073	2163	R 96,730,506	971	R 24,149,303	517	R 12,217,725	252	R 6,027,397	234	R 7,102,596	8844	R 400,917,600
FOOD, DRINK AND TOBACCO	103	R 10,978,940	48	R 514,260	37	R 384,976	17	R 466,214	6	R 212,747	30	R 743,148	241	R 13,300,285
LEATHER, LEATHER GOODS + FUR(EXCLUDING F	1	R 953	2	R 56,420	1	R 5,075	2	R 14,251					6	R 76,699
MACHINERY AND RELATED ITEMS	133	R 2,760,595	98	R 1,530,610	43	R 338,528	19	R 82,058	7	R 36,422	7	R 26,246	307	R 4,774,459
MEDICAL, DENTAL AND OTHER HEALTH AND VET	125	R 3,364,294	87	R 1,127,267	62	R 420,891	21	R 140,447	6	R 26,647	13	R 790,809	314	R 5,870,355
METAL	36	R 2,471,239	14	R 658,907	18	R 112,031	11	R 53,626	2	R 815	15	R 157,553	96	R 3,454,172
METAL PRODUCTS (EXCEPT MACHINERY AND EQU	66	R 3,593,798	35	R 585,978	29	R 858,645	7	R 71,103	4	R 16,216	13	R 85,081	154	R 5,210,821
MINING AND QUARRYING	160	R 185,775,742	58	R 89,447,404	31	R 13,432,117	22	R 675,330	9	R 1,524,861	13	R 999,281	293	R 291,854,735
OTHER MANUFACTURING INDUSTRIES	71	R 2,748,535	40	R 171,323	20	R 176,373	7	R 20,475	5	R 21,582	2	R 21,129	145	R 3,159,417
PAPER, PRINTING AND PUBLISHING	101	R 3,391,790	61	R 847,973	39	R 261,407	12	R 23,103	5	R 14,897	8	R 679,741	226	R 5,218,912
PERSONAL AND HOUSEHOLD SERVICES	101	R 5,181,902	52	R 309,533	17	R 112,456	17	R 109,461	5	R 52,178	16	R 79,690	208	R 5,845,221
PUBLIC ADMINISTRATION	258	R 157,556,370	105	R 31,155,584	49	R 7,425,389	19	R 1,754,182	5	R 644,024	1	R 374,174	437	R 198,909,723
RECREATIONAL AND CULTURAL SERVICES	114	R 4,121,068	51	R 3,318,636	43	R 370,166	40	R 459,819	25	R 1,097,120	10	R 575,868	283	R 9,942,677
RESEARCH AND SCIENTIFIC INSTITUTES	10	R 612,506	13	R 470,101	10	R 214,931	1	R 5,520					34	R 1,303,058
RETAIL TRADE	1181	R 86,384,954	653	R 41,225,200	401	R 4,680,609	228	R 2,197,102	79	R 738,938	98	R 972,046	2640	R 136,198,849
SCIENTIFIC, OPTICAL AND SIMILAR EQUIPMEN	9	R 2,473,912	12	R 189,174					5	R 49,865	1	R 75,977	27	R 2,788,927
SOCIAL + RELATED COMMUNITY SERVICES NOT	268	R 11,424,895	150	R 4,485,995	92	R 5,115,196	17	R 987,028	4	R 22,334	4	R 53,443	535	R 22,088,891
SPECIALISED REPAIR SERVICES	173	R 2,304,429	84	R 717,952	36	R 378,622	19	R 112,953	12	R 52,083	8	R 9,771	332	R 3,575,810
TEXTILES	35	R 189,306	15	R 149,264	5	R 26,398	5	R 4,761	3	R 17,546	2	R 38,608	65	R 425,882
TRANSPORT EQUIPMENT(EXCEPT VEHICLES, PAR	23	R 454,370	18	R 219,071	4	R 19,652	2	R 14,863	3	R 1,634,153	2	R 1,313,174	52	R 3,655,283
TRANSPORT, STORAGE AND COMMUNICATION	484	R 37,015,466	222	R 9,569,283	98	R 1,892,702	51	R 577,592	35	R 1,485,045	25	R 1,176,535	915	R 51,716,623
VEHICLES, PARTS AND ACCESSORIES	102	R 5,563,788	52	R 1,843,924	17	R 1,235,500	7	R 14,172	2	R 24,794	20	R 1,557,205	200	R 10,239,381
WHOLESALE TRADE	670	R 35,131,408	327	R 11,222,961	178	R 3,338,350	75	R 1,750,101	45	R 401,214	61	R 948,185	1356	R 52,792,219
WOOD, WOOD PRODUCTS AND FURNITURE	61	R 750,709	35	R 728,584	25	R 283,349	10	R 108,071	9	R 272,791	9	R 210,178	149	R 2,353,682
Grand Total	13712	R 1,078,573,179	6653	R 425,999,556	3371	R 96,595,455	1676	R 34,308,232	823	R 20,332,373	845	R 28,181,174	27080	R 1,683,989,968