

CIRCULAR 13 / 2018

**TO : MUNICIPAL MANAGERS
CHIEF FINANCIAL OFFICERS**

CC : SALGA PROVINCIAL EXECUTIVE OFFICERS

DATE : 29 MARCH 2018

URGENT NOTICE ON VAT INCREASE

During the budget speech on 21 February 2018 the Minister of Finance announced the Value-Added Tax (VAT) rate increase. The standard rate of VAT will change from 14% to 15% with effect from 1 April 2018. Municipalities are reminded to charge VAT at the rate of 15% instead of 14% on all taxable goods or services supplied effective from 1 April 2018. The normal rules for claiming input tax will apply at the increased rate.

Municipalities are advised to carefully check the tax invoices received after 1 April 2018 before completing and submitting VAT201 return. Municipalities that are not ready for this process and require some form of intervention should contact our office urgently.

Please take note that this pronouncement is mandatory and should be implemented by all municipalities effective 1 April 2018. For ease of reference see attached documents and also refer to the FAQs published on the SARS website.

Yours Sincerely,



XOLILE GEORGE
CHIEF EXECUTIVE OFFICER