

22 March 2018

Valued client

Good day

STANDARD VAT RATE INCREASE TO 15%

All clients, please read further:

If you are not a client, you do not need to read further.

This is not compulsory reading for all clients.

Only relevant to South African circumstances.

No afrikaans version of this e-mail available.

Hereby a friendly reminder that the standard VAT rate will change from 14% to 15% effectively from 1 April 2018. All other applicable VAT rates, mostly related to the supply of accommodation, will change accordingly.

This may be an opportune time for registered and non-registered businesses and private individuals, depending on your unique circumstances, to buy larger items, e g motor vehicles, before 1 April 2018, as to avoid the additional 1% tax on the cost price of these items.

Registered business owners should again note that all prices advertised, quoted, labeled, mentioned, invoiced, etc are assumed to include VAT, in most cases at the increased standard rate of 15%. It is therefor important that all such referrals to prices be adjusted effective from 1 April 2018. Particular care should be taken to re-price future and long-term contracts, e g commercial rentals, larger building contracts, etc.

Registered business owners should prepare to physically re-label all stock items after close of business on 31 March 2018. Alternatively management may decide to sell out smaller fast-moving stock items at the old prices and only re-label incoming stock items at the higher prices.

Bookkeepers should beforehand setup their bookkeeping to facilitate the upcoming standard VAT rate of 15% and start applying the new rate codes effective from 1 April 2018. Please contact our firm should you require assistance in this regard.

Registered business owners should not allow politics, certain factions currently arguing for the standard VAT rate not to increase from 14%, to compromise their preparation for the increased standard VAT rate.

Private individuals, who will effectively pay the additional VAT, should increase their personal budgets to include the additional 1% on most household expenses.

Please contact us, should you require any further advice or assistance.

Regards

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