



The VAT Rate Change Checklist

March 2018

The budget announcement to increase VAT to 15% on 1 April 2018 impacts all industries. Some industries may have particular issues with the transition to 15% VAT due to the nature of supplies, the timing of supplies and the applicable transitional rules. This may include, but not limited to:

- Retailers
- Insurance companies
- Financial institutions
- Leasing companies
- Landlords
- Construction companies
- Utility companies (water, electricity, gas etc.)
- Motor vehicle companies
- Anyone who accounts for VAT on a payments basis
- Any business that bills for goods or services on a continuous or progressive basis
- Anyone who receives deposits to provide goods and services at a future date

To assist you managing the VAT transition, we recommend you work your way through this VAT checklist to identify potential risks and issues to consider.

Set out below are some of the key potential issues for you to check off as having been considered and, where relevant, addressed. If not already addressed you need to take action now to ensure that your business will be prepared for the change.

Business Issues

Concessions Available to Suppliers (that may be relevant) refer to table on next page	Checked
Do you have someone with the responsibility to manage the VAT rate change?	<input type="checkbox"/>
Have you considered how much, if any of the VAT rate increase will be passed on to customers?	<input type="checkbox"/>
Have you considered the new prices which will be created by either changing the VAT rate or increasing/reducing individual pricing master records (e.g. where it is VAT inclusive)?	<input type="checkbox"/>
How does this impact your budgeting which were done at 14% and now needs to change to 15%, where is the difference going to come from?	<input type="checkbox"/>
Have you communicated the new pricing to your customers, suppliers, agents and staff?	<input type="checkbox"/>
Do you have a plan for the updated of pricing documentation on your website, customer contracts, price labelling, advertising material and other communications?	<input type="checkbox"/>
Have you trained your staff on how the changes will affect your business (e.g. exchanges and credits)?	<input type="checkbox"/>
Will changes in your pricing comply with the contractual and regulatory requirements?	<input type="checkbox"/>
How will the change affect cashflows and stock levels? An increase in demand of larger value customer goods and services prior to the change and decrease in demand post change is likely.	<input type="checkbox"/>
Do you have a project plan in place to document the actions required in your business for the VAT increase?	<input type="checkbox"/>

Transitional issues

VAT Transitional issues that may affect VAT vendors	Checked
Have you considered the impact if you account for VAT on the payment vs the invoice basis?	<input type="checkbox"/>
Do you have a process for how to respond to invoices from suppliers at an incorrect rate?	<input type="checkbox"/>
Do you know the correct point in time that sales and purchases will become subject to VAT at 15%?	<input type="checkbox"/>
Are you aware of the VAT treatment, time of supply and transitional rules for the following types of transactions?	<input type="checkbox"/>
<ul style="list-style-type: none"> • Bad debt write-offs and recoveries 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Debt notes and/or credit notes 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Returns and replacement of goods 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Deposits received and prepayments 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Taxable value of fringe benefits 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Instalment type transactions – e.g. operating leases, finance leases, hire purchase, monthly insurance, lay-by transactions, progress payments 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Insurance claim payments and insurance recoveries 	<input type="checkbox"/>
Have you considered the implications on VAT apportionment adjustments?	<input type="checkbox"/>
Do you make change of use adjustments? When is the appropriate time to process such change in use of assets?	<input type="checkbox"/>
Do you receive government grants? Entities receiving grants may be affected?	<input type="checkbox"/>

System issues

System issues that may affect VAT vendors	Checked
Can you change your budget versus actual in your systems to account for this change?	<input type="checkbox"/>
Have you considered how your system will deal with supplies that span 1 April 2018 (e.g. leases, insurance contracts)?	<input type="checkbox"/>
Can your current accounting software account for both the current rate of 14% and a separate rate of 15%?	<input type="checkbox"/>
Do you have a process for requesting corrections to supplier invoices received at the incorrect rate?	<input type="checkbox"/>
Will your accounting software apply the correct rate to the transactions listed in the previous section?	<input type="checkbox"/>
Have you completed a review to ensure your software will operate correctly during the transition period (e.g. POS systems, accounting software)?	<input type="checkbox"/>
Have you educated your staff on how the changes will affect the capturing of data?	<input type="checkbox"/>



Contacts

The contacts at KPMG

Madelein van Zyl

Partner: Tax Technology

T: +27 (0) 82 718 8810

E: madelwa.vanzyl@kpmg.co.za

Shamit Govind

Partner: Technology Advisory

T: +27 (0) 827191389

E: shamit.govind@kpmg.co.za

Eugene Buitendach

Senior Manager: Tax Technology

T: +27 (0) 82 716 9342

E: eugene.buitendach@kpmg.co.za



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