

MEDIA STATEMENT: FURTHER CLARIFICATION ON THE VAT REGISTRATION OF NON-EXECUTIVE DIRECTORS

PRETORIA, 5 May 2017 – The South African Revenue Service (SARS) has clarified certain aspects regarding the liability of non-executive directors (NEDs) of companies to register for and charge VAT.

On 10 February 2017, two binding general rulings (BGR) – BGR No's 40 and 41 were issued confirming the application of the law as from 1 June 2017 in connection with VAT registration and employees' tax (PAYE). Subsequently, a further media statement was issued on 14 February 2017 to alert the public of the BGRs, as there was apparently some uncertainty on how the tax laws apply to NEDs.

In order to further clarify the position regarding VAT registration for NEDs, an updated version of BGR 41 was published on 4 May 2017. To access the updated BGR 41 [click here](#)

The updated BGR 41 clarifies that:

- a NED who is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 unless an earlier date of liability is chosen.
- a NED who was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the NED fees must charge VAT with effect from 1 June 2017 unless that person chooses to account for VAT on those fees from an earlier date.

This applies regardless of whether the fees earned by NEDs were subject to PAYE or not.

SARS would like to encourage NEDs that have a liability to register for VAT, to register as soon as possible via SARS eFiling at www.sarsefiling.co.za or to visit their nearest SARS branch. Reference can be made to the VAT-REG-02-G01 – Guide for Completion of VAT Registration Application Forms on the SARS website for further information regarding the VAT registration procedure.

Any person that requires a ruling on any VAT matter pertaining to NEDs, can refer to the Quick reference guide on VAT ruling application procedure on how to apply for a ruling on the SARS website. Properly completed ruling applications may be sent for attention to VATRulings@sars.gov.za.

For more information, NEDs and other parties concerned may contact NEDEnquiries@sars.gov.za and sarsmedia@sars.gov.za.

Regards

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