

# VAT Alert

8 July 2013

## Registration of non-resident suppliers of e-commerce services

*With effect from January 2014 non-South African suppliers of e-commerce services will be required to register as VAT vendors in South Africa and account for output tax on its supplies to South African residents. Suppliers affected by the new dispensation have approximately five months to prepare to comply with the new requirements.*

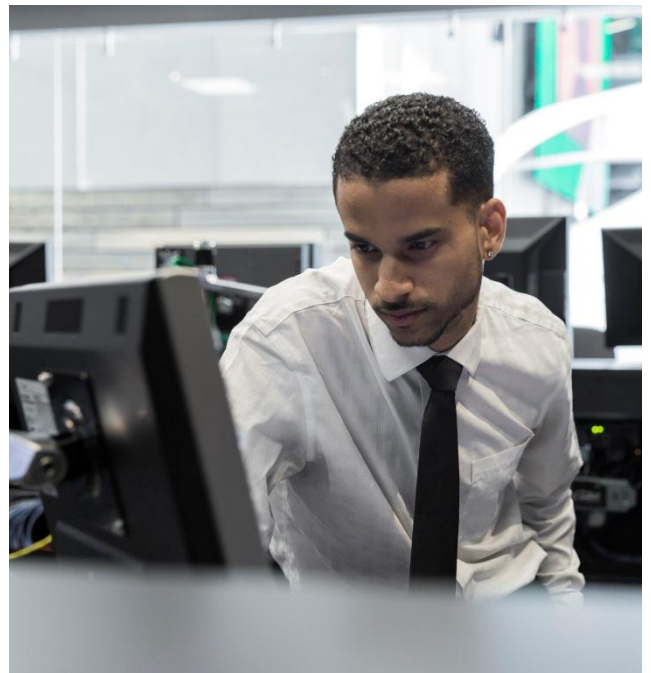
*E-commerce services* is defined in the VAT Act to include any supply of services where the placing of the order and delivery of the service is made electronically.

The VAT registration requirement for a non-resident supplier of e-commerce services is triggered by either the supply of such services to a SA resident recipients or where payment is affected from a South African registered bank. The level of supplies made by the non-resident in South Africa is irrelevant.

From a compliance perspective, other than the requirement to register as a vendor and submit VAT returns in South Africa, VAT must be accounted for on the payments/cash basis, and an abridged tax invoice must be issued for each supply.

Businesses affected by the proposed amendments should position themselves to comply with the new requirements. This may be challenging where the business has no formal business structure or presence in South Africa.

Please contact one of our indirect tax specialists listed below for further advice.



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