

TO: All Stakeholders
FROM: SASSETA Administration
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SARS DIRECTIVE FOR VAT ON EDUCATIONAL SERVICE PROVISION

With all the confusion with regards to VAT (Value Added Tax), SARS has issued a directive for VAT on Grant payments as stated below:

"Section 6.11.5

Where a designated entity receives a training grant from a Sectoral Education Training Authority (SETA) , the deemed supply to which that payment relates is taxed at the zero rate.

It states that the grants we received are Zero rated for VAT and therefore grants paid to vendors are also Zero rated for VAT purposes. Therefore vendor or Service Providers must supply us with a Zero Rated VAT invoice according to the SARS Directive attached."

Example

Amount	15 000
VAT Zero-rated	<u>0</u>
Total	15 000

Therefore:

- All training providers who invoiced the SETA and included VAT amount on their invoices, can re-submit new invoices to the SETA which does not reflect VAT, should they so wish; OR if they have already paid VAT to SARS they would need to claim it back.
- Those training providers, whose projects are currently in progress, should submit their invoices at zero VAT as stated above.
- For the training providers which just signed contracts, they should note that the above directive will apply with immediate effect.



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