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Zero rating prior to May 2014

Vendors were required to account for output tax at the standard rate when the recipient (importer) took possession of the goods in SA. The recipient was entitled to a Vat refund if all the legal and documentation requirements were met.

A vendor was allowed to apply the zero rate when goods were transported by air or by ship to an export country. The supplier had to obtain the proof that the export took place, if and when required. When goods were exported by road or rail, the zero rate could not be applied.

Under the new Vat regulations the following applies to indirect exports

A vendor may elect to zero rate the supply of movable goods where the goods are supplied to the purchaser's agent if the following requirements are met:

1. The vendor must consign or deliver the goods to the agent's premises,



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2. The vendor must ensure that the goods are exported within 90 days from invoice or payment received date.

An agent is defined as:

- Located in SA and registered in terms of Section 59A to the Customs and Excise Act,
 - Appointed by the vendor to collect, consolidate and deliver goods to an export address, and
 - Licensed as a remover of goods in bond.
3. The purchaser must be registered as an exporter in terms of rule 59A.03 to the Customs and Excise Act.

There are many complicated rules and requirements to be met, if a vendor does not comply and fulfill any of the above rules, the vendor must account for Vat at the standard rate.

Please do not hesitate to call BCE to discuss the Vat rules applicable to your business and export processes.



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