NEW VAT registration requirements for non-resident suppliers of E-services

From 1 April 2019, an increased number of non-resident suppliers of electronic services (e-services) will be required to register for VAT purposes in South Africa as a result of the amendment to the definition of ‘electronic services’. The said definition previously limited electronic services to very specific services. This definition was expanded to include, subject to very limited exceptions, all services supplied by means of any electronic agent, electronic communication or the internet for a consideration. The broadened definition gives effect to the legislator’s intention of reducing the risk of biases which may result from VAT between businesses carried on by foreign suppliers and domestic suppliers.
Suppliers will therefore, subject to certain exceptions, be liable for VAT registration in South Africa if the following criteria are fulfilled:

- Supply by non-resident
- Supply of e-services by electronic agent, electronic communication or the Internet subject to certain exclusions and exceptions
- Supply from export country, AND where at least 2 of the following are present:
  - Supply to a SA resident entity
  - Payment from SA Bank; OR
  - Recipient has business/postal address in SA
- Total value of supplies > ZAR 1 million

VAT registration liability

For more detailed information on the above, refer to the following annexures (please follow the relevant link):

- Annexure A: Electronic Services
- Annexure B: Exclusions
- Annexure C: Exceptions

It is important to note that:

- contrary to e-service legislation in other jurisdictions, there is no exclusion for B2B (business-to-business) supplies;
- where the non-resident supplier is not registered and not required to be registered for VAT, the recipient may still be liable to declare VAT on imported services.

Should you require more information or any assistance with VAT registration and/or compliance, please contact us: