



**DATE:** 26 May 2008  
**NOTICE NUMBER** 16/2008  
**SUBJECT:** INCREASE IN COMPULSORY VAT REGISTRATION THRESHOLD  
**IMPORTANCE:**

Dear Colleague

The 2008 Budget Review announced that; "The introduction of the simplified tax package for very small businesses with an annual turnover below R1 million will provide scope to increase the compulsory VAT registration threshold. It is proposed that this threshold be increased from an annual turnover of R300 000 to R1 million." Enquiries to SARS indicate that there is some uncertainty about whether the increase has been implemented already or not.

The intention is that the increase will coincide with the introduction of the simplified presumptive turnover tax for very small businesses in 2009. Although some of the principles of the presumptive tax have been announced, a number of matters remain to be dealt with and refined after consultation with small business.

VAT vendors whose current taxable supplies are more than R300 000 but less than R1 million per annum exceed the current compulsory VAT registration threshold and cannot deregister for VAT at this stage. Similarly, those businesses whose current taxable supplies have exceeded or are likely to exceed R300 000 per annum for the first time must register for VAT.

Draft legislation regarding the increase, the presumptive tax and related matters will be released later this year for stakeholders' comments.

Regards,

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