



VAT VENDOR
DEREGISTRATION HEADACHE

Deregistering as a VAT vendor can be challenging, as the case below illustrates, where the South African Revenue Service (SARS) delayed deregistering a taxpayer's VAT profile for over a year.

SUMMARY OF COMPLAINT

A taxpayer approached the OTO after submitting numerous requests for deregistration of a VAT number and experiencing substantial delays in having the request finalised.

FINDINGS

The OTO investigated the complaint and discovered that although a request for VAT deregistration was submitted to SARS on 6 August 2020, the taxpayer had not provided all the relevant documentation, as indicated on the SARS website, to substantiate the request. Although the application did not meet the requirements, SARS failed to guide the taxpayer about how to have the matter resolved correctly.

The taxpayer submitted a second VAT deregistration request on 9 February 2021, which was again incomplete. SARS did, however, request some additional information on 10 February 2021, which the taxpayer submitted on 11 February 2021. Unbeknown to the taxpayer, certain information was still missing but SARS did not mention this and again left the taxpayer without further guidance.

A third incomplete application for VAT deregistration was submitted on 19 July 2021, which SARS declined on 20 July 2021. Eventually, the application containing all relevant information was submitted by the taxpayer to SARS on 22 March 2022.

The taxpayer received no feedback from SARS and accordingly lodged a complaint with the SARS Complaints Management Office (CMO) on 5 May 2022. The complaint covered the deregistration of both the VAT and income tax numbers. SARS finalised the CMO complaint on 21 May 2022. SARS deregistered only the income tax number on 18 May 2022, but they did not deregister VAT.

On 15 June 2023, the taxpayer lodged a complaint with the OTO for deregistration of VAT.

RECOMMENDATION

The OTO recommended that SARS finalise the request to deregister the VAT account, as all supporting documentation had been submitted.

RESOLUTION

The deregistration of VAT was finalised on 14 July 2023. A Notice of Cancellation of Registration was sent to the vendor.

LESSON LEARNT

To avoid such situations, taxpayers must familiarise themselves with the requirements for requests they want to send to SARS. They should know what documents should be submitted with the requests, as well as the timeframes in which SARS deals with the requests. At the same time, it is important for SARS to communicate with taxpayers about shortcomings in their requests so that taxpayers become aware of the problem and can rectify it.

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