

Value-Added Tax Alert

Quarter 1





New VAT Amendment for Non-Resident Electronic Service Providers in South Africa.

The South African National Treasury issued Government Gazette No. 52293, dated 14 March 2025, which pronounces amendments to the Regulations prescribing electronic services for the purpose of the definition of “Electronic Services” in section 1(1) of the Value-Added Tax Act, 1991 (the VAT Act), effective 1 April 2025.

The amendment introduces paragraph(d) in section 2 of the Regulation, which now excludes from the definition of “electronic services”, services supplied from a place in an export country by a person that is not a resident of the Republic where such services are supplied solely to vendors registered in the Republic in terms of **section 23 of the VAT Act**.

The non-resident suppliers of electronic services making such supplies solely to registered VAT vendors, the so-called Business-2-Business supplies, are no longer required to register for VAT purposes in South Africa.

Effectively this means that non-resident electronic service providers that are currently registered for VAT purposes but only supplying electronic services to VAT registered vendors in South Africa, will be required to deregister for VAT purposes in South Africa with effect from **1st April 2025** since such non-resident suppliers will no longer be carrying on an enterprise.

Should you require our assistance in assessing the status of the VAT registration liability in South Africa or the VAT implications where the historic VAT registration liability exists, please do not hesitate to contact:



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