

To Whom It May Concern

RE: Zero-rating of services rendered to foreign persons

Section 11(2)(l) of the VAT Act read together with judgement delivered by the tax court in the matter of *ABD CC v Commission for the South African Revenue Service* TC VAT 969 CTN confirms the below important facts regarding the rendering of services to foreign persons:

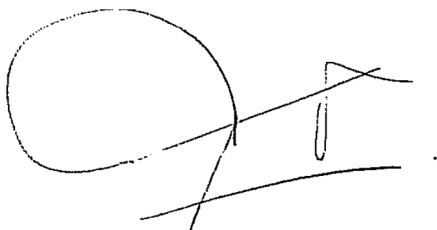
- VAT is destination-based and is levied on the consumption of goods and services **in** South Africa
- Services supplied to **non-residents** cannot be zero-rated where the person to whom it is legally or contractually supplied, or any other person to whom it is physically or directly rendered, is in South Africa at the time the services are actually rendered.

In the case of Ifacts (Pty) Ltd this means that all services rendered to non-resident/foreign customers will be zero-rated **provided** such customer is not situated in South Africa at the time of rendering the service (i.e. is not consuming/making use of the service in South Africa).

Therefore all sales of Ifacts (Pty) Ltd to non-resident/foreign customers who consume/make use of the services of Ifacts **outside** of South Africa will not be subject to sales tax/VAT at the standard rate of 15% but will be treated as zero-rated sales taxed at 0%.

The above treatment is and will be effective as of the beginning of the new financial year being 1 March 2018.

Yours faithfully



JP THERON

Director:
J P Theron CA(SA)