

### **Claiming of a deemed VAT input on purchases of imported scrap metal**

It is an offence to claim a deemed VAT input on purchases of scrap metal imported from foreign countries.

The correct procedure is:

VAT is paid to SARS by the importer on arrival of the goods at the border, based on the value declared to SARS.

This VAT is subsequently claimed back from SARS by the importer.

Thus on offloading in South Africa, the foreign supplier must be paid on a zero-rated VAT basis. No deemed VAT input may be claimed from SARS on any such transaction.

Similarly, members are reminded that SARS does not allow deemed input VAT to be claimed on (domestic) purchases from non-VAT vendors, where that scrap metal is exported out of South Africa on a zero-rated VAT basis.

SARS has announced that they are targeting irregularities within the scrap metal sector and members are warned that contraventions in this respect, may result in that member bringing the association into disrepute.