

# SOUTH AFRICA – AUTHORITY OPTION CHANGES

## AUTHORITY UPDATE GUIDE

THOMSON REUTERS TAX RESEARCH  
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### Introduction

This guide provides an explanation of the most recent changes made to Determination for the authority of South Africa, which were implemented in connection to the review of provisions regarding the application of reverse charge mechanism in the local tax law.

Considering the relevant regulations, the following authority option was changed, effective from 1 December 2020:

- **PP – Physical Performance Reverse Charge**
  - Condition activated as “Both”
  - Value activated as “Dual Registration”

As a result of these content changes, in case of B2B supplies of Physical Performance services, as well as other transaction types sharing its logic (including in particular CLS, DS and ES) Determination will return Tax Type of Reverse Charge (RC) for the Buyer and Not Liable (NL) result for the foreign Seller. Local tax will be returned for both B2B and B2C supplies of services if local registration (ZA) of the Seller is provided.

More test cases reflecting these changes may be found in the later part of this guide.

## TAX RESULTS EXAMPLES

### Test 1: B2B Physical Performance Services provided by a foreign entity to the ZA Buyer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Physical Performance
Seller Primary	Germany
Buyer Primary	South Africa
Supply	South Africa
Seller Registration	DE123456789
Buyer Registration	4234567890

The image shows services provided by an entity to the buyer.

Tax Calculation Results													
Scenario 2020 December 1st Update - South Africa PP RC Option Seller Non-Registered:													
View Results: 1			Gross Amount: 100.00		Eff%: 0%								
Zone			Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: SOUTH AFRICA			South Africa		VAT		RC	O		15%	15.00		
Country: SOUTH AFRICA			South Africa		VAT		RC	I		15%	15.00		
											0.00 USD		
Authority Messages:													
Authority		RuleOrder		Message									
South Africa		10000		GCBPP1: Reverse charge in Service location.									
South Africa		10000		GCBPP2: Recovery of reverse charge in Service location.									

## Test 2: B2B Physical Performance Services provided by a foreign, registered entity to the ZA Buyer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Physical Performance
Seller Primary	Germany
Buyer Primary	South Africa
Supply	South Africa
Seller Registration	4234567891
Buyer Registration	4234567890

The image shows the services provided by a registered entity to the buyer.

Scenario 2020 December 1st Update - South Africa PP RC Option Seller Registered:

View Results: <div><div>1</div></div>		Gross Amount: 100.00	Eff%: 15%						
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: SOUTH AFRICA	South Africa	VAT	S	I		15%	15.00		
							15.00 USD		

☐ Authority Messages:

Authority	RuleOrder	Message
South Africa	10000	GCBPP5: Input VAT in Service location.

### Test 3: B2C Physical Performance Services provided by a foreign, registered entity to the ZA consumer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Physical Performance
Seller Primary	Germany
Buyer Primary	South Africa
Supply	South Africa
Seller Registration	4234567891
Buyer Registration	None

The image shows the services provided by a registered entity to the consumer.

Scenario 2020 December 1st Update - South Africa PP RC Option Seller Registered:

View Results: <div><div></div><div>1</div><div></div></div>		Gross Amount: 100.00	Eff%: 15%							
Zone	Country: SOUTH AFRICA	Authority South Africa	Invoice Desc VAT	Type S	Dir I	Fee 15%	Rate 15.00	Tax Amt 15.00 USD	TT	IT
<div><div></div> Authority Messages:</div>										
Authority South Africa	RuleOrder 10000	Message GCBPPS: Input VAT in Service location.								

System Message: Buyer must register to recover input VAT in Service location.