

# **VALUE ADDED TAX (AMENDMENT) BILL, 2017**

## **ARRANGEMENT OF SECTIONS**

### *Sections*

1. Section 3 of Act 870 amended
2. Section 26 of Act 870 amended
3. Section 48 of Act 870 amended
4. Section 65 of Act 870 amended
5. First Schedule to Act 870 amended
6. Consequential amendments to Act 852

*Value Added Tax (Amendment) Bill, 2017*

A  
**BILL**

ENTITLED

**VALUE ADDED TAX (AMENDMENT) ACT, 2017**

**AN ACT** to amend the Value Added Tax Act, 2013 (Act 870) to classify the supply of financial services, domestic transportation of passengers by air and supply of immovable property by a real estate developer as exempt supplies, to give legal backing to a VAT Flat Rate Scheme that will facilitate collection of VAT on the supply of goods in the distribution chain and to provide for related matters.

PASSED by Parliament and assented to by the President:

**Section 3 of Act 870 amended**

1. The Value Added Tax Act, 2013 (Act 870), referred to in this Act as the “principal enactment”, is amended in section 3 by

(a) the substitution for subsection (2) of

“(2) Unless otherwise directed by the Commissioner-General in writing, a taxable person who is a retailer or wholesaler of goods shall account for the Value Added Tax payable under this section at a flat rate of three per cent calculated on the value of the taxable supply.”; and

(b) the insertion after subsection (2) of

“(3) Subsection (2) does not apply to the supply of goods specified under section 27.”

*Value Added Tax (Amendment) Bill, 2017*

**Section 26 of Act 870 amended**

2. The principal enactment is amended in section 26 by the deletion of subsection (3).

**Section 48 of Act 870 amended**

3. The principal enactment is amended in section 48 by
- (a) the deletion of paragraph (d) of subsection (1); and
  - (b) the substitution for subsection (7A) of

“(7A) A taxable person to whom subsection (2) of section 3 applies does not qualify for an input tax deduction in respect of a supply of goods.”.

**Section 65 of Act 870 amended**

4. The principal enactment is amended in section 65 by the insertion after “VAT” of

“VAT Flat Rate Scheme” means a Value Added Tax collection and accounting mechanism that applies a marginal tax percentage representing net VAT payable on the value of taxable goods supplied.”

**First Schedule to Act 870 amended**

5. The First Schedule to the principal enactment is amended
- (a) by the substitution for paragraph 15 of

“15. A supply of domestic transportation of passengers by air, road, rail and water, except the supply of haulage or the rental or hiring of passenger and other vehicles.”;

- (b) by the substitution for paragraph 17 of

“17. A supply of crude oil and the following hydrocarbon products:

- (a) petrol;
- (b) diesel;
- (c) liquefied petroleum gas;
- (d) kerosene; and
- (e) residual fuel oil.”;