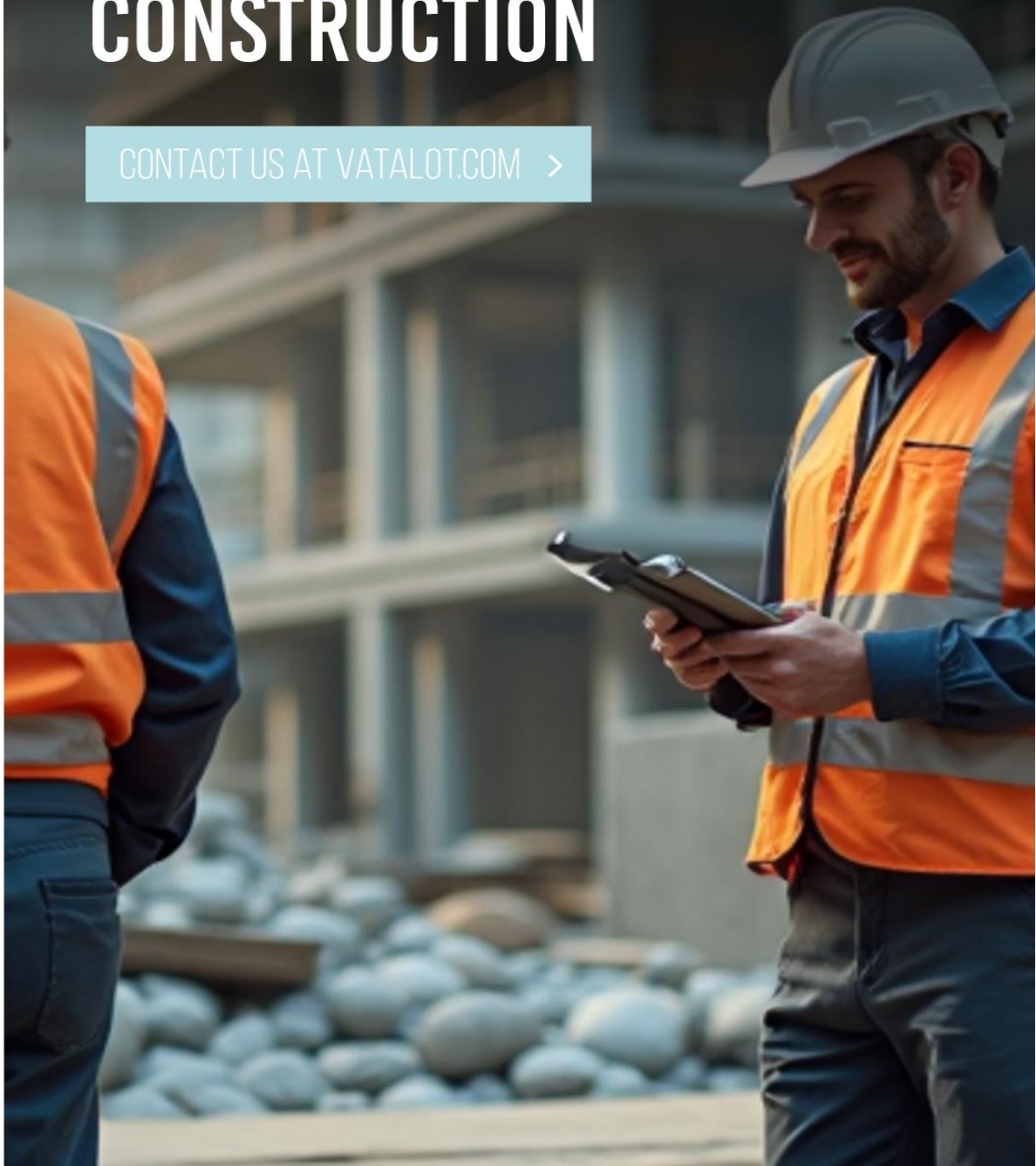




# VAT RECOVERY OPPORTUNITIES CONSTRUCTION

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In the construction industry, VAT recovery opportunities and risk mitigation strategies are crucial due to the complexity of transactions, long project timelines, and industry-specific VAT rules. Here's a breakdown of key areas:



## Opportunities for VAT Recovery in Construction

### 1. Input VAT on Materials & Services

- VAT incurred on construction materials, plant hire, subcontractor services, and professional fees (architects, engineers) can be claimed.
- Ensure proper VAT invoices and documentation are maintained.

### 2. Zero-Rated Supplies

- Construction of new residential properties (not alterations) may qualify for zero-rating.
- Exported construction services may also be zero-rated.

### 3. VAT on Importation of Equipment & Materials

- VAT paid on imported goods used in projects can be recovered, provided they are used for taxable supplies.

### 4. Unclaimed VAT from Previous Periods

- Review past transactions to identify unclaimed VAT on expenses.
- Corrections can be made through input VAT adjustments in later returns.

### 5. VAT on Bad Debts

- If a debtor fails to pay and the debt is written off, VAT can be recovered under the bad debt relief provisions.

#### **6. Use of the Reverse Charge Mechanism**

- In some cases, the reverse charge mechanism may be applicable, reducing the need to pay VAT upfront.



#### **Risk Mitigation Strategies for VAT in Construction**

##### **1. Proper Record-Keeping & Compliance**

- Ensure all invoices meet SARS requirements (supplier's VAT number, correct tax amounts, etc.).
- Implement a system to track input and output VAT.

##### **2. Distinguishing Between Zero-Rated and Exempt Supplies**

- Incorrect classification can lead to penalties or denied VAT claims.
- For example, construction of new dwellings is zero-rated, but property rentals are exempt.

##### **3. Managing VAT on Advance Payments & Retentions**

- VAT is triggered on invoice or payment receipt, so delays in claiming VAT due to retentions must be planned for.

##### **4. Avoiding VAT Fraud & Non-Compliance Risks**

- Verify that subcontractors and suppliers are VAT-registered.

- **Be cautious of fraudulent VAT claims or overstated input tax deductions.**

#### **5. VAT on Mixed-Use Developments**

- **If a project has both taxable (commercial properties) and exempt elements (residential rentals), VAT apportionment rules must be followed to avoid incorrect claims.**

#### **6. Correct VAT Treatment on Change of Use**

- **If a property initially intended for sale (taxable) is later rented out (exempt), VAT adjustments may be required.**

#### **7. Dealing with VAT Audits & Assessments**

- **SARS frequently audits construction businesses due to the high value of transactions.**
- **Keeping proper documentation and performing regular VAT reconciliations can help mitigate audit risks.**

The logo features the word 'VATALOT' in a large, bold, sans-serif font. The 'V' is a light teal color, while the remaining letters are white. Below it, the tagline 'VAT RECOVERY SPECIALISTS' is written in a smaller, white, all-caps sans-serif font. The background of the top section is a dark blue overlay on a photograph of three business professionals in an office setting, with several clock faces visible in the background.

# VATALOT

VAT RECOVERY SPECIALISTS

— VAT TECHNOLOGY

## Specialists

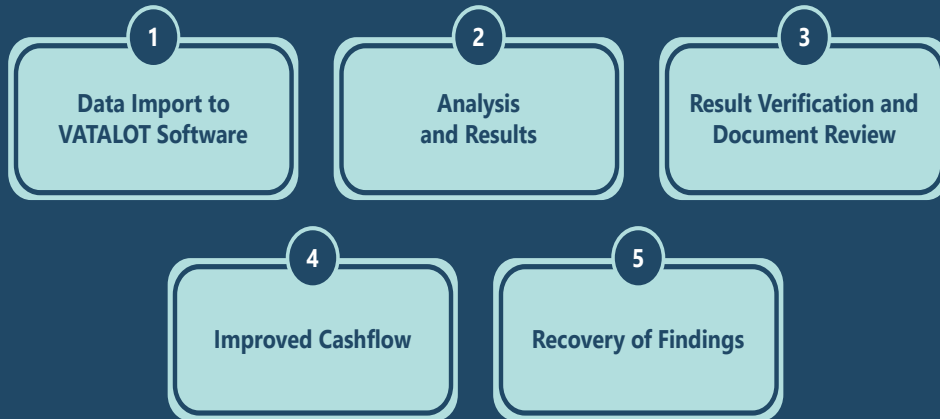
### What We Do

Vatalot is a financial technology company - our speciality is identifying Unclaimed Input VAT from Big Data. We identify considerable savings and effect an immediate cash flow boost for our clients. We extract results and savings from 5 years historical transactions and help our clients to recover lost profits. We add value by giving unique insights to prevent future mistakes and losses. We have a very high success rate in finding considerable savings for our clients. Once we identify and confirm the Unclaimed Input VAT for our client, we ensure immediate cash flow benefits. Our methods and processes are in line with SARS regulations and best accounting practices.

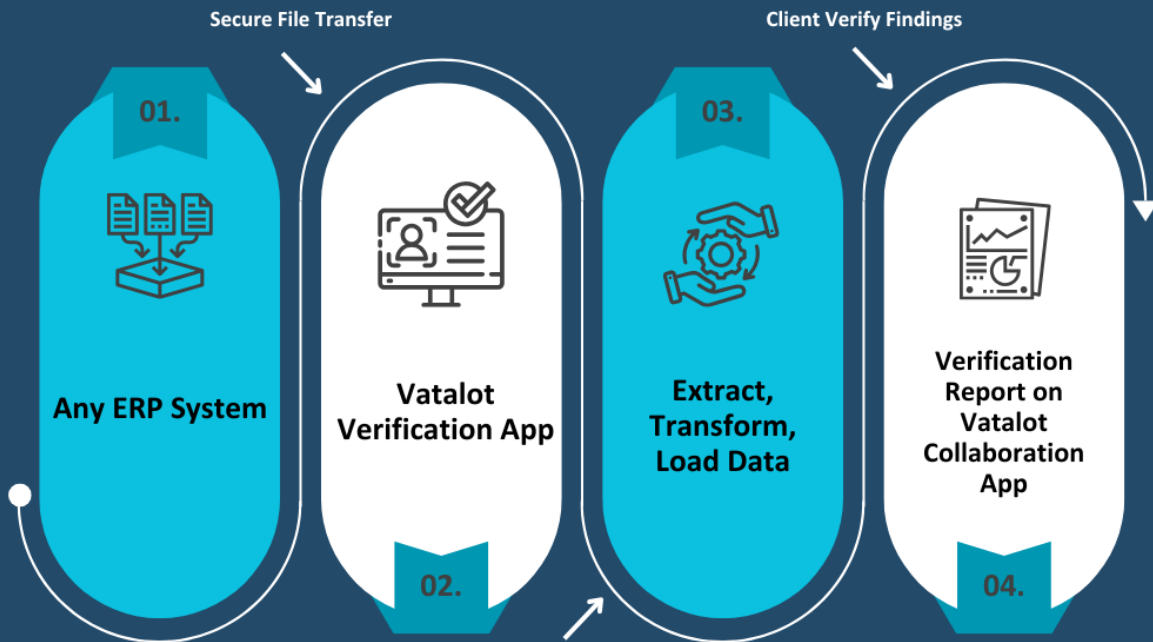
### Why Vatalot?

Leading Technology and Service. We charge a recovery based fee (No Recovery, No Fee). We work with your Auditors or Accountants Confidentiality through Non-Disclosure Agreement. Accurate and Detailed Reports. Secure Data Handling. Fast and Detailed Feedback. Expert Advice.

## Our Process



## VATALOT ANALYSIS PROCESS



Vatalot Rules Engine, VAT AI data

VAT TECHNOLOGY SPECIALISTS

## The Cause



Accounting System Settings



Accidental Input Errors



Automated Transaction Capturing



Automated Bank Imports



Lack of Knowledge around VAT



Changes to VAT rules



VAT TECHNOLOGY SPECIALISTS

## The Effects



Inaccurate / Inflated VAT Submissions



Inflated Payments to SARS



Lost Profits



Inflated Cost of Sales



Incorrect Profit Projections



Reduced Cashflow



— THE VATALOT

## Solution

**01** Review of Transaction History (5 Yrs)

**02** Verification of our Findings

**03** Correction of Input VAT Errors

**04** Deduction of Input VAT Errors

**05** Detailed Reports for Client

**06** Correction of System Settings

**VATALOT**  
VAT RECOVERY SPECIALISTS

— VAT TECHNOLOGY

## Benefits



Recover Lost Profits



Improve Cash Flow



Improve Understanding of VAT Rules



Ensure Input VAT Compliance



Prevent future losses



Correct Accounting/ERP System Settings



Immediate Benefit

**VATALOT**  
VAT RECOVERY SPECIALISTS



— THE VATALOT  
**Workflow**



— VATALOT  
**Pricing**

**NO**

**Upfront Fees**

**50%**

**of Verified and Agreed Findings**

