

# Claim back input tax on this one lesser-known office expense

**FSB**

You're a business finance savvy individual, so I'm sure you claim input tax credits back on goods and services you supply or buy...

But are you 100% sure you're claiming all the input tax credits back available to you?

For example, one of the lesser-known office expenses you can claim input tax on are the pretty flowers you bought for the reception desk. Did you know you can claim back for these?

No? You're not alone. Not many people did.

You can even claim back for the flowers you sent to your receptionist when she was off sick for a week.

It's completely legal and easy to claim input tax. All you need is to know how...

## How to get money back for your office plant and flower purchases

All you have to do is:

1. Pay for the flowers;
2. Keep the receipt;
3. Include the input tax claim in your next Vat Return

You deduct your input tax against the amount of your output tax charge. The difference between these two amounts will indicate either that SARS owes you a refund (see example 2 below) OR that you owe SARS Vat (see example 1 below).

### Example 1

<i>Sales for Jan/Feb 2012 (incl VAT)</i>	<i>R2 280 000</i>	
<i>Output tax</i>	<i>R2 280 000 X 14/114</i>	<i>=</i>
<i>R280 000</i>		
<i>Input tax*</i>		
<i>R180 000</i>		
<i>Vat payable to SARS</i>		
<i>R100 000</i>		

### Example 2

<i>Sales for Mar/Apr 2012</i>	<i>(incl VAT)</i>	<i>R171 000</i>	
<i>Output tax</i>		<i>R171 000 X 14/114</i>	
<i>=</i>	<i>R21 000</i>		
<i>Input tax*</i>			
<i>R25 000</i>			
<i>Vat refund from SARS</i>			<i>R4 000</i>

*\*Is the Vat shown on valid tax invoices in your possession.*

1. Get the money back!

It's that easy. But there are some general rules you must know before you can make these claims else SARS'll disallow them.

Let's have a look.

### **Eight rules you must follow to make an input tax claim**

If you want to claim back for your office flower purchases, follow these general rules when you submit any input tax claim:

#### **Rule 1 – Have a valid tax invoice**

You must have a valid tax invoice for the transaction or a bill of entry for an import.

#### **Rule 2 – Your supplier must charge Vat**

You can claim input tax on any item or expense used in the course of your Vat-registered business. This means Vat must've been charged on the transaction by your supplier.

#### **Rule 3 – Keep a record of the seller's details if claiming notional input vat**

You can claim input tax on second-hand goods you buy for your business. This is known as notional input tax.

But you must keep a record of the details of the person who sold the goods to you. You must also keep a description of the goods and the amount you paid for it. The Vat 264 declaration form's used instead of a tax invoice.

#### **Rule 4 – Avoid this common mistake**

One common mistake a lot of people make is to claim input tax on the purchase or rental expenses related to motor cars or entertainment.

But, be careful! This is a red flag for SARS and one of the first things the SARS auditors will look for when they audit you for Vat.

The good news is you can claim input tax on tyres, services and insurance on motor cars.

#### **Rule 5 – Check if you need to do an apportionment calculation**

If your business makes mixed supplies – meaning taxable and exempt supplies, you need to check if you need to do an apportionment calculation on your input tax deductions.

#### **Rule 6 – Add back the input tax**

If you've claimed input tax on a tax invoice, and you haven't paid your supplier within 12 months of the date of that invoice, then you have to "add back" the input tax. This means you'll have to include that specific Vat amount as output tax in block 12 of the relevant Vat return.

#### **Rule 7 – Claim back Vat that you have missed**

If you discover you haven't claimed Vat back on some back invoices, you can, but it must be within five years of the date of that invoice.

#### **Rule 8 – Claim back input tax if you render zero-rated supplies**

If you only render zero-rated supplies, e.g., you sell fresh fruit and vegetables – you're still entitled to claim your input tax on your business expenses, such as rent, telephone and electricity.

Use these rules to claim back your input tax today and you'll guarantee a refund and improve your cash flow.

#### **Increase your cash flow, minimise your Vat bill and get your Vat refund quicker by becoming an instant input tax expert!**

Can you really afford not to be 100% sure about every input tax claim you submit? You can minimise your Vat bill by up to R10 000 a month by claiming input tax on 29 items available to you! That's a saving of R120 000 per year! Imagine how impressed your boss will be with you! And maybe that promotion you're waiting for might come quicker than what you think!

Now you can rest easy knowing that ALL your input tax claims submitted to SARS are 100% legal. You'll find everything you need to make sure you get this right in **Input Tax 101**.

It'll also save you hours of unnecessary paper-shuffling time through old tax invoices, trying to double check if you made the correct input tax claim or not.

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Go to [www.fspbusiness.co.za](http://www.fspbusiness.co.za) for more information or visit [www.tfaglobal.co.za](http://www.tfaglobal.co.za) for assistance.

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