

VAT

Summary

V.A.T.

Value Added Tax
@ 15%
Paid to government

VAT

$$= 15\% \times \text{VAT-excl. price}$$

e.g. Calculate VAT on milk if it costs R25,00 excl. VAT.

$$\begin{aligned}\text{VAT} &= 15\% \times \text{R}25,00 \\ &= \text{R}3,75\end{aligned}$$

VAT-incl.

$$\begin{aligned}&= \text{VAT-excl. price} \times 115\% \\ &= \text{VAT} + \text{VAT-excl. price}\end{aligned}$$

e.g. Calculate VAT-incl. price of milk if it costs R25,00 excl. VAT.

$$\begin{aligned}\text{VAT-incl. price} &= \text{R}25,00 \times 115\% \\ &= \text{R}28,75 \dots \text{OR} \\ \text{VAT} &= 15\% \times \text{R}25,00 \\ &= \text{R}3,75 \\ \text{VAT-incl. price} &= \text{R}3,75 + \text{R}25,00 \\ &= \text{R}28,75\end{aligned}$$

VAT-Exempt (#)

No VAT charged on selected basic goods e.g. fruit, veg, milk, rice

VAT-excl.

$$= \text{VAT-incl. price} \div 115\%$$

e.g. Calculate VAT-excl. price of milk if it costs R28,75 incl. VAT.

$$\begin{aligned}\text{VAT-excl. price} &= \text{R}28,75 \div 115\% \\ &= \text{R}25,00\end{aligned}$$