

# PRICES VALID UNTIL STOCKS LAST.

## PRICES EXCLUDING VAT.

The issue whether to quote prices with value added tax ("**VAT**") included or excluded recently came up in the matter of Security Outfitters Safety Gear/L Munian/2016-4420F, a ruling handed down by the Directorate of the Advertising Standards Authority of South Africa (ASA Directorate) on 18 November 2016 (the "**Ruling**").

The vendor advertised its range of products and quoted the price followed by "Prices valid until stocks last. Prices excluding **VAT**". The complainant objected and argued that the prices as advertised does not exclude **VAT**.

The respondent submitted, that its advertising brochures clearly indicated that its prices exclude **VAT** and that there is no confusion to **VAT** being charged on the advertised prices. The Value Added Tax Act (the "**VAT Act**") states that any price charged by a vendor for a taxable supply shall be deemed to include any **VAT** that is to be levied on such supply.

The **VAT Act** further states that price advertised or quoted by a **VAT** vendor must include **VAT** and the vendor must state in the advertisement or quote that the price includes **VAT**, unless the total price quoted or advertised is displayed as excluding tax and the price inclusive of tax are advertised or quoted.

Therefore, if the **VAT** vendor decides to advertise or quote the price exclusive of **VAT** and the price inclusive of **VAT** separately, both prices must be advertised or quoted with equal importance.

SARS clarified the practice of only reflecting a price excluding **VAT** on an advertisement and confirmed it is not in compliance with the requirements of the **VAT Act**. Notwithstanding aforementioned, the **VAT Act** does not regard the mentioned practice as an offence.

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