



PUBLIC ANNOUNCEMENT
VAT RATE INCREASE:
HOW DOES IT IMPACT SHORT-TERM INSURANCE POLICYHOLDERS?

The Minister of Finance in his budget speech to Parliament on 21 February 2018 announced an increase in the VAT rate from 14% to 15% effective from 1 April 2018.

The South African Insurance Association (SAIA) and the Financial Intermediaries Association of Southern Africa (FIA), on behalf of the short-term insurance industry, wish to inform all policyholders that short-term insurance premiums will increase accordingly.

Insurers will settle claims including VAT at 15% with effect from 1 April 2018.

Policyholders that are VAT registered vendors will be able to use a policy document showing VAT at 14% when supported by evidence of payment of premium at 15%, to constitute a valid tax invoice so as to permit the deduction of a VAT input credit of 15%, as per a confirmation received from SARS.

For more information, please contact your insurer or broker, or go to www.saia.co.za and www.fia.org.za where a more detailed general communication and series of frequently asked questions (FAQ's) are available