



Amendment of VAT Act: Removal of Low Value Goods

SARS Stakeholder Engagement

18 August 2026

Context

Section 48 of the Taxation Laws Amendment Act, 2026 introduces a significant reform to South Africa's VAT framework in response to the rapid growth of cross-border e-commerce. The amendment removes the historical VAT exemption on certain low-value imported goods, including imports valued at R500 or less where no customs duty was payable. It also withdraws the exemption for certain postal imports, such as printed books, newspapers, journals, and periodicals valued at R100 or less per parcel. The reform aligns South Africa with international trends aimed at eliminating de minimis VAT thresholds and establishing a consistent VAT treatment for all imports, regardless of value or customs duty status. As a result, VAT will be levied on all imported goods entering the Republic, reinforcing the principle that VAT is a broad-based consumption tax applied independently of customs duty considerations.

Legislative framework Impacted by Changes

What is changing?

Section 48 of the Taxation Laws Amendment Act, 2026 removes the VAT exemption previously granted to certain low-value imported goods. This means that imported goods previously exempt from VAT due to their low value will now be subject to VAT upon importation.

Imports affected by the amendment:

The amendment does not alter the general VAT liability on imported goods under Sections 13(1) and 13(2) of the VAT Act. Instead, it removes specific import VAT exemptions previously provided under Section 13(3), read together with Schedule 1. The exemptions being withdrawn apply to:

- Imported goods with a customs value not exceeding R500 where no customs duty is payable.
- Certain postal imports, including printed books, newspapers, journals, and periodicals, with a value of R100 or less per parcel.

Customs and Excise Legislative provision impacted:

- Section 38(1)(a)(v) of Customs and Excise Act, which provided VAT relief for imported goods valued at R500 or less for customs purposes where no customs duty was payable.

Strategic Benefits and Expected Outcomes

The amendment delivers several strategic benefits that support SARS' broader revenue and compliance objectives:

- Enhances revenue integrity by eliminating VAT leakage associated with high-volume, low-value import consignments.
- Promotes fair competition by ensuring a level playing field between foreign e-commerce suppliers and domestic businesses.
- Improves tax compliance through the consistent application of VAT across all imported goods, regardless of value.
- Aligns South Africa with international best practice by removing low value VAT exemptions increasingly phased out in major jurisdictions.
- Strengthens the integrity of the cross-border trade environment through a more transparent and equitable VAT framework.

Overall, Section 48 represents a forward looking policy intervention that aligns South Africa's VAT framework with global best practice while enhancing compliance, revenue collection, and the integrity of the cross border trade environment.

Key Action Items

- Amend the Guideline for the Expedited Processing and Release of Cross-Border E-Commerce Goods to align with the VAT legislative changes. The guideline was introduced as an interim measure pending the implementation of a digitised cross-border e-commerce solution. Customs analysis indicates limited impact, as only five traders currently utilise this regime. The majority of traders already use the formal declaration process, under which VAT is levied through the Declaration Processing System (DPS).
- Review opportunities to implement a simplified clearance process for Categories 1–3 in line with the WCO Immediate Release Guidelines, while ensuring alignment with the amended VAT framework and emerging cross-border e-commerce requirements.
- Implement continuous internal and external stakeholder engagement and change management programme to create awareness of the legislative amendments, support industry readiness, and facilitate a smooth transition to the revised VAT treatment of low-value imports.

Conclusion

- While the implementation date is yet to be confirmed, traders are encouraged to proactively evaluate system readiness and process requirements to facilitate a smooth transition to the amended VAT framework.
- SARS policy framework to be reviewed and implement changes where applicable.

Thank you
Siyabulela
Siyabonga
Siyathokoza
Dankie
Re a leboga
Re a leboha
Ro livhuwa
Ha khensa