



NOTICE TO ALL VAT REGISTERED GOVERNMENT SUPPLIERS

The Ministry of Finance in collaboration with Eswatini Revenue Service (ERS) hereby advise all Government contracted suppliers that to enhance compliance and reduce administrative costs, a new “Simplified Value Added Tax (VAT) Mechanism for Government Suppliers” will with effect from 11 September 2023 be applicable to all VAT registered suppliers contracted by Government. This initiative is designed to protect Government contracted suppliers from incurring undue tax liabilities and interest whilst enhancing compliance with the country’s tax laws.

The implications of this development are as follows:

1. The Government contracted suppliers will charge VAT at the Standard rate (currently, 15 per cent) and reflect this in the invoice to government as per expectation from any VAT registered supplier.
2. Treasury Department (Office of Accountant General) shall withhold the 15% VAT from all invoices during

disbursement of payments to all Government contracted suppliers and remit same to the ERS on behalf of the supplier.

3. The government suppliers will still be expected to submit their VAT Return to the ERS as per the defined regular intervals (quarterly, monthly, or annually). The amount of VAT withheld by the Government will be credited in the VAT account of the government suppliers by the ERS to offset the liability that will be generated by the VAT return.

A Practice Note (Practice Note No. LEG – VAT/001/2023-Simplified VAT Mechanism for Government Suppliers System) has been published on the ERS website. Furthermore, the ERS will host a workshop for all Government contracted suppliers in the month of September where this new mechanism will be unpacked.



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