

29 June 2018



TO ALL SASRIA AGENTS AND INTERMEDIARIES

VALUE-ADDED TAX (VAT) RATE INCREASE CLARIFICATION

Following the announcement by the Minister of Finance on the VAT increase effective 1 April 2018, Sasria issued **Circular 483** of 29 March 2018 (paragraph 2) stating the following:

- a. For all sums insured that include the VAT at 15%, the Sasria derived premium will automatically be calculated inclusive of the 15% VAT;
- b. For cases where the sum insured does not include the 15% VAT, the Sasria on-line rate calculator should be utilized to determine the Sasria rate applicable; and
- c. Motor specific: for flat-rated cases such as Private Motor vehicles, Goods vehicles and Taxis, new rates will be effected.

Following engagements Sasria has had with the Insurance industry, and consultations with TAX Experts to clarify the principles of the increase in VAT, we hereby clarify Sasria's position with reference to Circular 483 as follows:

1. Sasria is dependent on agents insurers to levy and collect premiums on its behalf. The decision relating to the value of the sum insured lies with the broker / insurer and the policyholder and not with Sasria.
2. The VAT rate has increased from 14% to 15% and Sasria is obliged to comply and pay 15% VAT to SARS.
3. Accordingly, in order to implement the VAT increase, Sasria has done the following:
 - a. Rates which are linked to the sum insured are increased in line with the additional 1% (by increasing the sum insured Sasria is taking on more risk, hence the increase in rates);
 - b. Rand value premiums are increased by 1%; and

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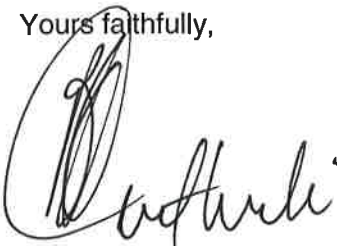
Directors: NT Baloyi (Chairperson), PO Mokonyane (Deputy Chairperson), CM Masondo (MD), B Luthuli (Finance Director),
BJ Mkgangisa, JM Nair, MO Ndlovu, T Mbatsha, MT Moutlane, CJ van Dyk,
Company Secretary; MS Mavuso | Sasria SOC Ltd: Reg No 1979/000287/06 | FSP License No: 39117

- c. The Marine and Fidelity cover have not changed as the rates are stated excluding VAT.
4. Sasria will apply one rate across the industry.
 5. Sasria will review all rates periodically as deemed necessary, aligned to rate indication reviews outside of VAT impact.
 6. If, due to system restrictions or any other reasons, the above-mentioned changes cannot be effected, a written dispensation must be obtained directly from the Head of CRM Mr L Tau at Sasria at lenthlogonolot@sasria.co.za
 7. The current rates on the rates calculator and CWP have already been increased by the 1%. These need to be used with **immediate effect**.

We apologise for any inconvenience caused, and wish to thank you for your ongoing engagement and understanding.

Queries may be directed to Ms Philippa Viljoen at philippav@sasria.co.za

Yours faithfully,



Bajabulile Luthuli
Finance Director