
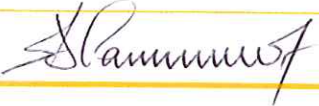




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PRACTICE NOTES NO DT- VAT/ IT 013-14
DEFINITION AND INTERPRETATION OF PROPER BOOKS OF ACCOUNTS

In exercise of the powers conferred by section 68*bis* of the Income Tax Order, 1975 as amended, the Commissioner General hereby issues the following:

CITATION AND COMMENCEMENT

This notice may be cited as Practice Note **NO DT-VAT/ IT 013-14**, on the importance of keeping proper books of accounts for Income Tax and Value Added Tax and shall come into effect on the 1st of July 2015.

SECTION

In terms of section 51 of the VAT Act of 2011 and section 35*bis* of the Income Tax Order 1975 as amended, a taxable person shall keep in Swaziland, at the place where the trade is carried, original records either in English or SiSwati to enable ready ascertainment by the Commissioner General or any officer acting on behalf of the Commissioner General.

DEFINITIONS

For purposes of this Practice note, the following terms shall, unless the context otherwise indicates, be defined as follows;

'Credit note' - has the meaning as defined in paragraph 2(a) of the Third Schedule.

'Debit note'- has the meaning as defined in paragraph 3 of the Third Schedule.

'Proper books of accounts' - are records which are sufficient to show and explain taxpayers' transactions and to disclose (with reasonable accuracy) its financial position at any given time.

'Purchases Book' - Records all the purchase invoices of the business. The invoices should be categorized under the various expense headings and, if the supply attracts VAT, also be recorded.

'Payments Book' - Records all cash, cheque and bank payments of the business.

'Sales Book' - Records all the sales of the taxpayer which may be for cash or credit but a full record must be maintained.

'Cash Book' - Records all the cash received by the taxpayer. In some businesses the Cash Book and the Sales Book may be the same especially where sales are on cash basis only.

'Creditors Ledger' - If purchases are made on a credit basis the taxpayer should maintain a creditor's ledger which keeps an account of amounts due to each of its suppliers.

'Debtors Ledger' - Where sales are made on a credit basis to customers it is essential that an accurate and up-to-date account be kept of the amounts owing by each individual debtor.

'Paper Records' - a simple note book or cash book where payments are recorded daily.

'Spreadsheet Records' - are simply an electronic version of paper records with rows and columns that records transactions on a daily basis.

'Wages Book' - records all salaries and wages paid by the business including over time and other allowances.

'Stock Count Sheets' - where all closing stock is recorded during the stock taking process and signatures of the persons that have conducted same.

'Asset Register'- records all assets held by the business both owned and leased.

'Tax Invoice' has the meaning as defined in paragraph 1 of the Third Schedule.

PURPOSE

The purpose of the practice note is to define what proper books are and emphasise the importance of keeping proper records by a taxpayer for taxation purposes (VAT and Income Tax). It also highlights the importance of the correctness of such books, availability to SRA and the duration for which they should be kept.

THE LAW

In terms of the law the following constitute proper records:

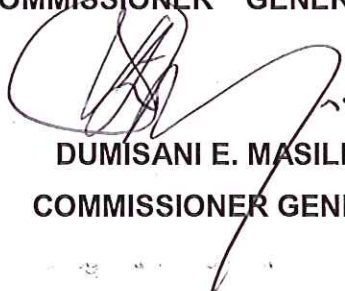
1. Tax invoices, credit notes and debit notes;
2. Customs documentation & documents relating to imports and exports;
3. Purchases books, payments books, sales books, cash books, creditors ledger and debtors ledger;
4. Records of assets and liabilities;
5. Records of agents and suppliers;
6. Records of trading stock held at the end of each year of assessment;

7. Records of stock takings;
8. Records of fixed asset including records of the services provided on such assets;
9. Records of contracts related to services provided;
10. Salaries and / or wages record;
11. Any other document as may be required.

PRACTICE

1. The taxpayer is required to maintain and retain in Swaziland at the place where the trade is carried on all records in siSwati and/or English.
2. The records must be kept for at least five years after the end of the tax period to which they relate.
3. All the records must be kept in their original form.
4. The records must clearly show the amount of VAT (if applicable) incurred as well as VAT charged (if applicable).
5. The records must be accurate, complete and readable.
6. The records must also be easily accessible and readily available.
7. The records must be up to date.
8. Every taxpayer must be able to make available their accounting policies and procedures to the satisfaction of the Commissioner General.
9. The accounting records must enable the taxpayer to determine the taxable income for purposes of filing their income tax returns in terms of Section 33, of the Order and for calculation of the VAT payable in terms of Section 25 of the VAT Act.
10. Where a taxpayer has lodged an objection or appeal, that taxpayer shall retain all records relevant to that objection or appeal until that assessment or decision becomes final.

**ISSUED BY THE COMMISSIONER GENERAL, SWAZILAND REVENUE
AUTHORITY**



**DUMISANI E. MASILELA
COMMISSIONER GENERAL**