



## **ADVERTISEMENT – BID: VAT RECOVERY/REVIEW SERVICES**

Umsobomvu Municipality hereby invites suitably prospective service providers to submit proposals for the submission of VAT 201 returns, VAT compliance, Improvement of VAT Administration processes and procedures, VAT recovery, staff training and capacity building, performing detailed VAT reconciliations, compilation of all supporting schedules to support all VAT returns, using the companies VAT compliance software.

Sealed Price proposal clearly marked” **VAT Recovery / Review for a period of 3 years**” must be submitted to the Umsobomvu Municipality 21A Church Street, COLESBERG. Postal delivery to reach Umsobomvu Municipality, Private Bag X6, COLESBERG, 9795, not later than 12h00 on Monday 13<sup>th</sup> January 2020.

The bid will be evaluated on the 80/20 points system where 80 points represents price and 20 points represents B-BBEE status level contribution. **The Scope of work is available on the municipal website ([www.umsobomvumun.co.za](http://www.umsobomvumun.co.za)).**

Bids which are deposited late, incomplete, unsigned, not accompanied by the documents required or submitted per facsimile or electronically will not be considered.

All bids will be adjudicated and awarded in terms of the Umsobomvu Supply Chain Management Policy, the Preferential Policy Framework Act 2000 (Act No. 5 of 2000) and the regulations promulgated in terms of this Act and on the following criteria: Price = 80 points. BBBEE contribution level = 20 points.

### **Service providers must submit their proposals with the following documentation and or information:**

- All proposals will be adjudicated and awarded in terms of the Umsobomvu Municipality Procurement and Supply Chain Management Policy, the Preferential Procurement Policy Framework Act, Act No. 5 of 2000 and the regulations promulgated under this Act. This bid is subject to the General Conditions of Contract and, if applicable, any other Special Condition of Contract.
- All bidders must be registered on the Central Suppliers Database (log on [www.csd.gov.za](http://www.csd.gov.za) for registration and the tax status on the CSD must be compliant.
- A valid original Tax Clearance certificate or a SARS verification PIN must be supplied.
- A certificate certifying that the bidder has no undisputed commitments for Municipal services towards a municipality or service provider i.r.o. payments which are overdue more than 90 days;
- Bids to hold goods for 90 days.
- Bids submitted by persons in the service of government (national, provincial, local or SOCs’) will not be considered.
- Certified evidence of B-B.B.E.E. contributor status by SANAS, IRBA or SANAS accredited agencies; or sworn affidavit of DTI.
- MBD 4, 8 and 9 forms obtainable from the municipal website must be completed and signed.
- The Municipality does not bind itself to accept the lowest or any bid and reserves the

right to accept the whole or only part of a bid if (a) the bid amounts received are too high; (b) the bids do not comply with the specific bid goals; or (c) objective criteria exist which justify or necessitate the non-acceptance of any bids.

Enquiries: Mrs NS Khapha, N Hermanus at Tel no :( 051) 7530777. Fax (086 403 4554) or (051)7530574 or (e-mail:nhermanus@umsobomvumun.co.za) or selina@umsobomvumun.co.za



**AC.MPELA**  
**MUNICIPAL MANAGER**

Notice no: 95/2019

**Date: 4 December 2019**

## SCOPE OF WORK

The scope of the project will cover a review of the past 5 financial years as per this proposal, appointment date moving forward for the next 36 months compilation of VAT From workings, submission of VAT 201 returns, VAT compliance, Improvement of VAT Administration processes and procedures, VAT recovery, staff training and capacity building, performing detailed VAT reconciliations, compilation of all supporting schedules to support all VAT returns, using the companies VAT compliance software.

The main focus of the project will be the area of VAT Review (Previous 5 years), VAT compliance (for next 36 months moving forward), Improvement of VAT Administration processes and procedures, VAT recovery, staff training and capacity building, performing detailed VAT reconciliations, compilation of all supporting schedules to support all VAT returns, using the companies VAT compliance software.

Prospective bidders must have their own VAT compliance software to assist the municipality with SARS and Auditor General compliance.

## SCOPE OF WORK:

VAT review or recovery to cover past five years and the next 36 months current.

Review general ledger for the past five years to ensure that VAT on transactions was treated correctly. Compare these transactions to VAT returns submitted to ensure that VAT was correctly claimed.

Review the accounting transaction of the Municipality to identify over and under payments made to the South African Revenue Services (SARS) on VAT assessments (VAT 201).

Analysis of the systems and procedures to obtain the relevant information from the Municipality;

Conducting database comparisons and analysis of findings in order to identify potential instances of erroneous payments and unclaimed overpaid/taxes;

The above will enable us to identify any areas where VAT had previously not been claimed, as a result of the incorrect coding of the computer system.

Performing a manual line by verification of all payments in order to identify instances where VAT has not been claimed correctly.

Verification of the fact that the municipality is in possession of the necessary documentation to enable it to claim the amounts identified.

Reconciliation of output tax paid to SARS with receipts in respect of taxable goods and services;

Verification the VAT treatment of grants received from Government;

Verification the VAT treatment of capital projects;

Check with SARS whether any penalties have been levied during the past five years and request the waiver thereof if this had not been done

Compile a comprehensive report detailing the amounts claimable from SARS per transaction

Submit a reviewed assessment to SARS on behalf of the Municipality

In terms of Section 44 of VAT Act any amount of tax which is refundable to any vendor shall be refunded to the vendor by the Commissioner: Provided that the claim for the refund is received within five years after the end of the said tax period.

SARS should refund the Municipality within 21 business days that is if the results of the review end up with an amount to be refunded.

The main activity required with regard to submission of a claim to SARS is to ensure that VAT is only claimed is supported by a tax invoice, as required by section 20(4) of the VAT act. A valid tax invoice must have the following detail:

The Word: "tax invoice" must appear on the voice.

The name, address and VAT registration number of the business enterprise.

The name, address and VAT registration number of the receiver of the goods.

A tax invoice number as well as the date when the invoice was issued.

Detail description of the goods or services.

The quantity or volume of the goods sold.

The value of the goods (exclusive of VAT), the VAT charged and the total price payable inclusive of VAT.

Indication if the VAT is charged at the standard rate, zero - rate or exempt

Attend and resolve queries relating to the claims with SARS on behalf of the Municipality

Ensuring that all records and explanations that SARS requires from the Municipality are attended to and addressed to the satisfaction of SARS.

Implement corrective measures to Council to prevent re-occurrence of problems identified during the execution of the project.

Ensuring correct coding of VAT amendments and any other necessary amendments on the system;

Facilitating the performance of VAT reconciliation.

Provide training to municipal officials on applicable VAT Act.

Capacitating the Municipality on VAT treatment;

Capacitating the Municipality in dealing with audit queries relating to VAT.

Proposals will be more preferable if the above scope is performed with the aid of VAT compliance software or computer/software assisted tools. A proof of concept can be requested on demand of Municipality.

The VAT compliance software must have the following functionality:

Client must be able to login remotely into their unique profile and view monthly VAT reconciliations, VAT returns, General Ledgers and supporting documentation for VAT 201's previously submitted to SARS;

Software must be able to upload the client's database information, bank statements, SARS Statement of accounts and all supporting documentation for VAT returns to be submitted

Software must be able to do a VAT reconciliation each month;

Software must have the capability to view and upload PDF's and other documentation to support valid input claims;

Software must be able to export any reports as required by the client;

Company must have the ability to customise these reports to the client specifications;

Software must be able to link supporting documentation and transactions to VAT201 submitted;

Software must have the capability to send push notifications to client's IOS or Android phone for example if a return has been submitted the client must be kept up to date using the notification software;

Software must have the ability to assign rights to different users;

Software must have the capability to ensure that VAT transactions are supported with "Valid" tax invoice's in accordance with the VAT Act, section 20(4).

Prospective service providers must demonstrate specific experience in providing the services required by the Municipality with regard to VAT Review, Assessment, Compliance and Recovery. Furthermore, prospective service providers must demonstrate that they have a proven track record in compiling Annual Financial Statements for municipalities.

Notes to Prospective Bidders:

Compulsory submissions (Failure to submit any of the following will result in disqualification):

All bids submitted should remain valid for a period of 90 days after the bid closing date.

Certified copies of BBBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor or a Sworn Affidavit.

Company profile with traceable references

The Municipality is not bound to accept the lowest or any bidder.

Bidders are required to submit Proposed Project Team, their CV's and qualifications.

All prospective service providers of goods and services and infrastructure procurement are to be registered on Central Database in order to business with all organs of state in the Republic of South Africa.

Authority for Signatory form duly completed and is a certified copy of the resolution late, unsigned, or incomplete bids will not be accepted.

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Tax pin from SARS must be provided (Municipality will verify tax status)

An up to date utilities account/statement must be submitted. If any municipal rates and taxes or municipal service charges owed by the bidder or any of its directors/members to the municipality or municipal entity, or to any other municipality or municipal entity, are in arrears for more than three months, the bid will be disqualified. (Copies of all latest relevant municipal accounts of the bidding entity and all of its directors or members of the board or in the case of joint ventures, each entity constituting the joint venture must be attached to this bid).

Bidders must ensure that the company status is "In business" with the Company and Intellectual Property Commission (CIPC), the CK must therefore be submitted.

Bidders must attach their Central Supplier Database (CSD) registration report.

The use of correction fluid (i.e. tippex) or any erasable ink, e.g. pencil is prohibited

The Bid must be properly signed by a person authorised to do so (a signed letter of authority on company letterhead must be submitted)

Individual Income Tax Reference Numbers of all Directors/ Partners/ Owners must be submitted (proof from SARS must be submitted).

All directors will be subjected to verification processes to ensure that they are not in the employment of the State, if found to be in the employment of the State, the bid will be disqualified.

Certified id copies of all directors.

CA(SA)/Professional Accountant and Business Accountant qualification and must be registered Tax Practitioner (e.g. SAIT, or any other recognised professional Accounting Body) for project manager

Failure to supply all required and supplementary information will result in the tender being deemed nonresponsive; and therefore, the tender will not be considered for award.

#### Evaluation Criteria

The bids will be evaluated on the basis of the Preferential Procurement Policy Framework Act (Act No.5, 2000), and the regulations pertaining thereto (2011), as well as the municipality, Municipality's Supply Chain Management policy. 80/20 preference point system will be used as per the municipalities SCM Policy.

Received Responsive bids will be evaluated based on the following criteria:

Stage 1 – Functionality

Stage 2 – Price and Preferential Points

Only bidder scored a minimum of 70 out of 100 points will be considered for a Stage 2 evaluations.

Stage 1 – Technical or Functional Evaluation Criteria

STAGE 1 OF EVALUATION: FUNCTIONALITY

Functionality	100
Previous Experience	25
Compliance software	50
Capacity and Expertise	25
Methodology	10

STAGE 2 OF EVALUATION: PRICE AND BBBEE POINTS

B-BBEE	20 (Level 1- 20 Points)
Price	80
Total	100

Functionality:

Previous Experience

Bidder must demonstrate experience in executing projects of this nature- reference/appointment letters with contactable references to be attached. (2 Reference letters)

Capacity and Expertise

Project Leader: must be a member of Accounting Professional Body, registered as Tax Practitioner (e.g. SAIT or any other recognised Accounting Professional body) he/she must register with SARS as Tax practitioner. CA(SA) or other similar qualifications like ACCA, SAIPA, SAIBA etc., certified SAICA/SAIPA and SAIBA registration, Bcom degree. (preferably CA or any Accounting Professional Qualifications in the company)

Registration of key personnel with professional accounting bodies.

VAT Recovery methodology covering Review, audit and reporting.

Confirmation Letters of similar work conducted.

Amounts recovered for institutions.

Compliance software

Software proof of concept.

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	16
4	14
5	12
6	7
7	4
8	2
Non-compliant contributor	0