

Hessequa Municipality



**MUNICIPAL SUPPLY CHAIN MANAGEMENT
INVITATION TO SUBMIT CLOSED QUOTATION
SERVICES REQUIRED FOR: HESSEQUA MUNICIPALITY'S ANNUAL VAT
APPORTIONMENT PERCENTAGE REVIEW**

RQ Nr: 53220

22 November 2016

Dear Sir/Madam

Please provide a written quotation for the supply of goods and / or services as detailed in the list attached.

The quotation must be submitted, on the official letterhead of your business, by the one of the following means for the attention of Ms C Prins

- Fax: (086) 536-3768
- Email carisha@hessequa.gov.za
- Per Hand at the Hessequa Municipality SCM offices, Post Office Building, 19 Main Road, Riversdale, 6670

Quotations must reach the Municipality by no later than 12:00 on 29 November 2016

The following conditions will apply to all quotations:

- Prices quoted must be firm, inclusive of VAT and where applicable for delivery to the address indicated below. The total amount of the quotation must also be clearly indicated;
- Please refrain from quoting on goods that are out of stock or not usually stocked by your company, or indicate on your quotation that this is the case and what the delivery period on those items will be;
- If your quotation is accepted, goods and/or services must be supplied and delivered to the below mentioned address, accompanied by your delivery note and invoice (if possible);
- Quotations must to be valid for a period of 30 days;
- The delivery period must be indicated.

- The closed quotation is subjected to the General Conditions of Contract as contained in MFMA Circular 25 of 2005 and the conditions contained in Hessequa Municipal SCM POS section 3.2.4.

If your quotation does not comply with above stated conditions, your quotation will not be considered.

If you have not received a response from the Municipality within thirty (30) days after the closing date of the quotation, please regard your quotation as unsuccessful.

Should you be interested in wanting to know to who the successful bidder was, you may consult our website at www.hessequa.gov.za where monthly reports on awards will be published.

Quotations will be evaluated and adjudicated in terms of the Preferential Procurement Policy Framework Act (Act 5 of 2000), The Preferential Procurement Regulations, 2011 and the Hessequa Municipality's Supply Chain Management Policy, for which 80 points will be allocated in respect of price and 20 points in respect of B-BBEE contribution.

The Municipality reserves the right to withdraw any invitation for closed quotations and/or to re-advertise or to reject any quotation or to accept a part of it. The Municipality does not bind itself to accepting the lowest quotation.

Any Prospective Service Provider must make sure that they are registered and are valid on the Database of Hessequa Municipality and/or on the Centralised Supplier Database (CSD) and that they are in possession of a Valid Tax Clearance Certificate.

Please address any technical enquiries regarding the specifications to Mr Trevor Maddison Tel: 028 713 8047 or any Supply Chain Management related enquiries to Ms C Prins at Tel: 028 713 7974

Important note: a valid original or certified B-BBEE certificate must be submitted with the documentation. (MBD 6.1 Preference Points Claim form need to be completed to claim points. NB- Only points claims will be awarded. The MBD 6.1 is available from the municipal website at www.hessequa.gov.za under the tab general information tenders or at the Supply Chain Management offices at Post Office Building, 19 Main Road, Riversdale.)

Scope of a Municipality's annual VAT apportionment percentage review

The scope of the review for financial year (2015/16) should include the following:

- Review of the individual income VAT indicator codes to ensure that income has been correctly treated as taxable, zero rated or non- taxable and calculate the amount of under-paid or over-paid output tax, if any.
- Recalculate the apportionment percentage according to the SARS' approved "Turnover method of apportionment" based on the financial statements for the financial year under review.
- Review of the activities of the Municipal Departments to ensure that the previously determined VAT designation for the intended activities carried on by respective Departments, is still valid.
- Review of the expenditure Votes within Departments to ascertain whether the VAT parameter indicator code allocation is still valid according to the intended usage of the expense items posted to that particular expense Vote.
- Ensure that any newly created Vote has been allocated the correct VAT indicator code according to the intended activity related to that Vote. (Taxable, exempt or non- supply activity.)
- Review sample line item expenditure transactions to identify possible unclaimed input tax and extract and prepare sample documents in support of any unclaimed input tax identified.
- Review sample line item expense transactions to assess possible incorrectly claimed input tax and prepare a schedule of findings and calculations, if any, for adjustment (car hire, entertainment, etc).
- Apply the recalculated apportionment percentage to the mixed supply expenses and calculate the amount of over-claimed or under-claimed input tax, if any.
- Calculate the total identified VAT adjustments resulting from the review, if any, for inclusion on the relevant VAT return.
- Prepare and deliver a final review report together with calculations and sample supporting documents, where required, for presentation to the Municipality.
- Prepare an amended VAT indicator code template for the following financial year, if necessary.
- Provide basic on site VAT training for the Municipal staff responsible for transaction data capture. The training envisaged would include the basic understanding of how the VAT system operates, basic knowledge of what constitutes a valid Tax invoice, Tax debit note and Tax credit note, and a basic knowledge of non-claimable input tax pertaining to expenses incurred by the Municipality. It is suggested that a twenty (20) hour training session be provided for.
- The VAT apportionment percentage review would place reliance on the VAT compliance controls in place and would not require in-depth transaction analysis, full document sampling or the reviewing/ reconciling of VAT returns.

- The successful supplier should be a registered Tax Practitioner under the Tax Administration Act of 2011. Proof to be attached to quotation.
- **Onsite working** of the above.
- Venus experience – knowledge on the system is crucial requirement. Please state experience
- Quotes should be valid to 28 February 2017.