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15 March 2018

Dear Valued Customer

RE: VAT Transition from 14% to 15%

The Minister announced that the standard rate of VAT will increase from the current 14% to 15% with effect from 1 April 2018. In terms of s7(4) of the Value-Added Tax Act, No 89 of 1991 (the VAT Act), the increased rate will apply from the effective date as announced by the Minister and the rate in s7(1) of the VAT Act must be amended by Parliament to 15% before 31 March 2019 to give effect to the rate in the Minister's announcement.

In line with that, Datacentrix and its subsidiaries, (eNetworks and Infracol), have embarked on a project to understand the impact of this change in order to minimise the impact to business operations and ensure all parties comply with updated legislation.

As a valued supplier, we would appreciate your assistance in the following areas:

- **Supplies before 1 April 2018**
 - Any goods or services supplied to you before 1 April 2018, will be invoiced at a VAT rate of 14%.
 - We will ensure that invoices are raised timeously to ensure that there are no payment delays.

- **Supplies made on or after 1 April 2018**
 - Any goods or services supplied to you on 1 April or thereafter will be invoiced at a VAT rate of 15%.
 - The VAT rate on open orders not yet fulfilled before 1 April must be amended to 15%.
This may mean that the total value of the order which you have previously issued to us will differ to the invoice you receive. The VAT exclusive order value will be at the same value as agreed with you previously. However if this will cause an issue on your system when processing, kindly advise us as soon as possible and re-issue a new order at a VAT rate of 15%.

Where applicable, contractual terms and conditions refer to amounts exclusive of VAT and will therefore not require immediate amendments thereto.

Kindly note that standard credit terms will still apply to any outstanding invoices.

Please contact Elizabeth Naidoo (enaidoo@datacentrix.co.za) or Yackshna Singh (yasingh@datacentrix.co.za) should you have any questions regarding the transition.

Regards,



Elizabeth Naidoo
Chief Financial Officer



Yackshna Singh
Group Financial Manager