

# VAT TE: Practical session

**NB:** *Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.*

1. VAT across the supply chain===== Calculate the VAT revenue under this supply chain with a standard rate of 15%. No exemption in this case



Farmer



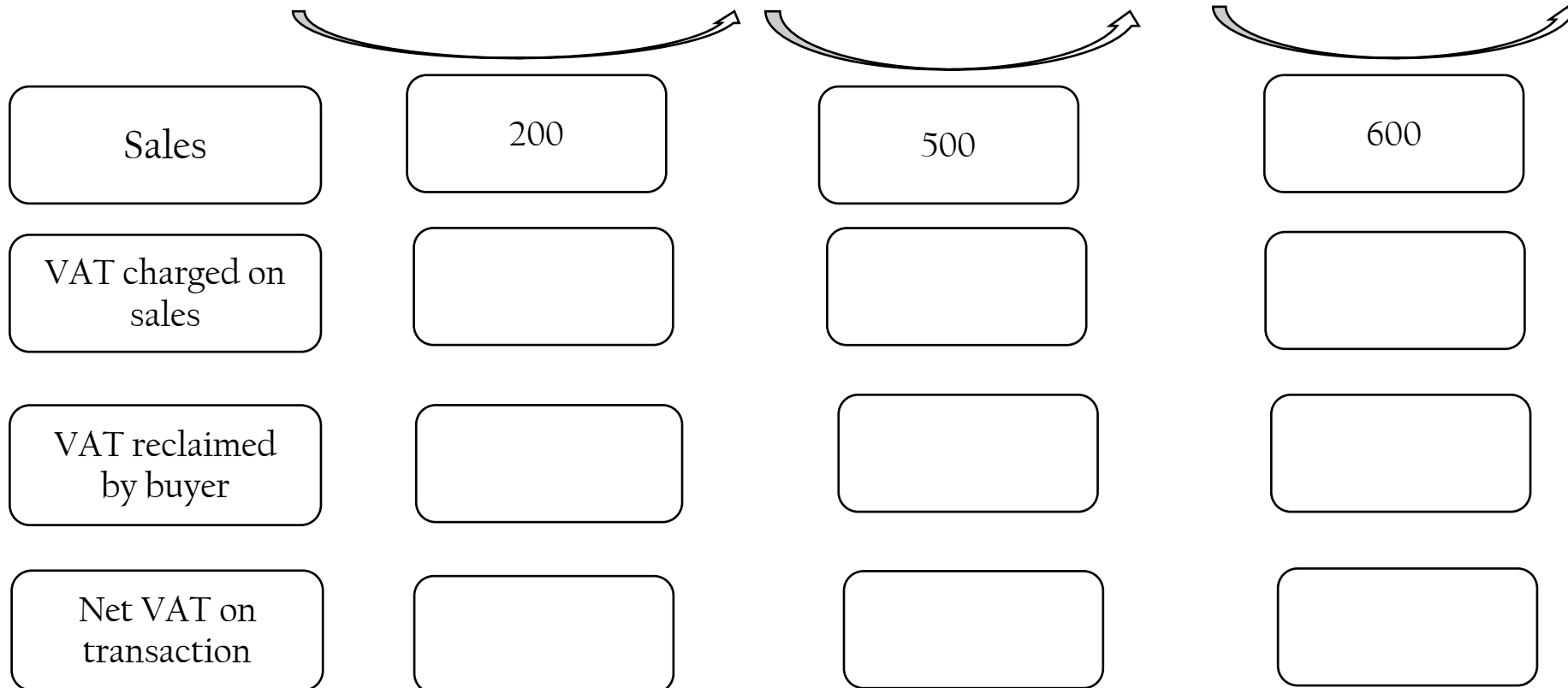
Mill Factory



Bakery



Final consumer



**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.

2.1. VAT across the supply chain===== Only flour (Miller's produce) is VAT exempt and the standard VAT rate of 15% applies to the other products. What is the VAT revenue under this supply chain?



Farmer



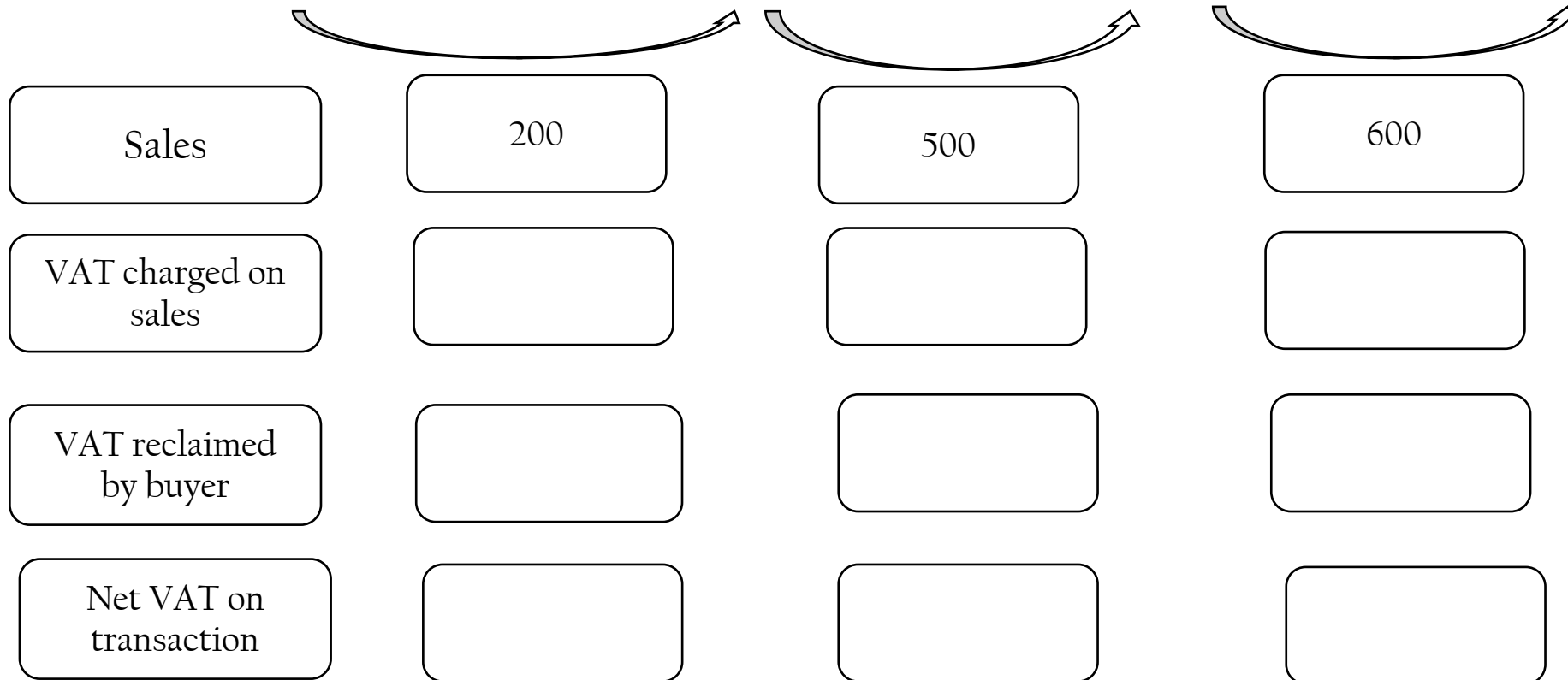
Mill Factory



Bakery



Final consumer



**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.

2.2. VAT across the supply chain===== Flour (Factory's produce) is **zero-rated**, and the standard VAT rate is 15% for all other products. What is the VAT revenue under this supply chain?



Farmer



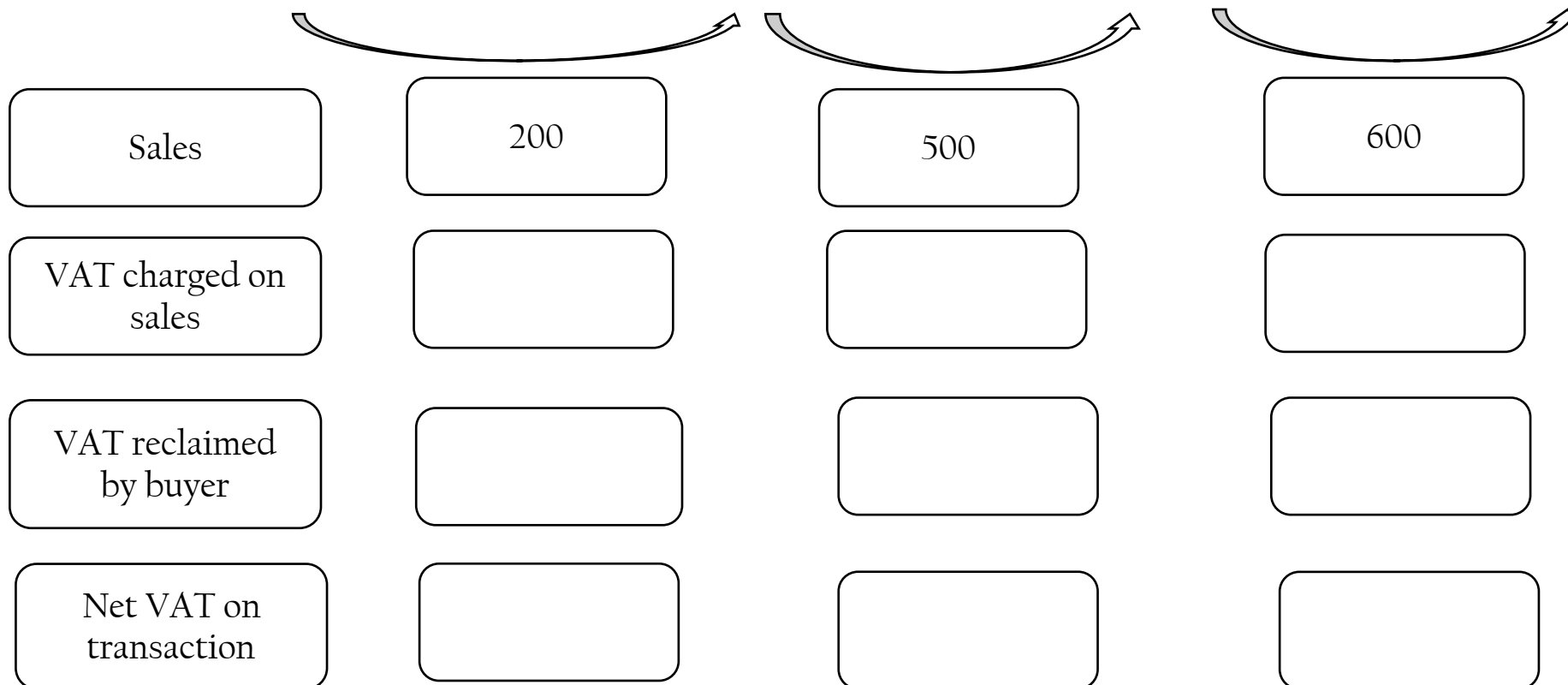
Mill



Bakery



Final consumer



**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.

2.3. VAT across the supply chain===== Only wheat (farmer's produce) is VAT exempt and the standard VAT rate of 15% applies to all other products. What is the VAT revenue under this supply chain?



Farmer



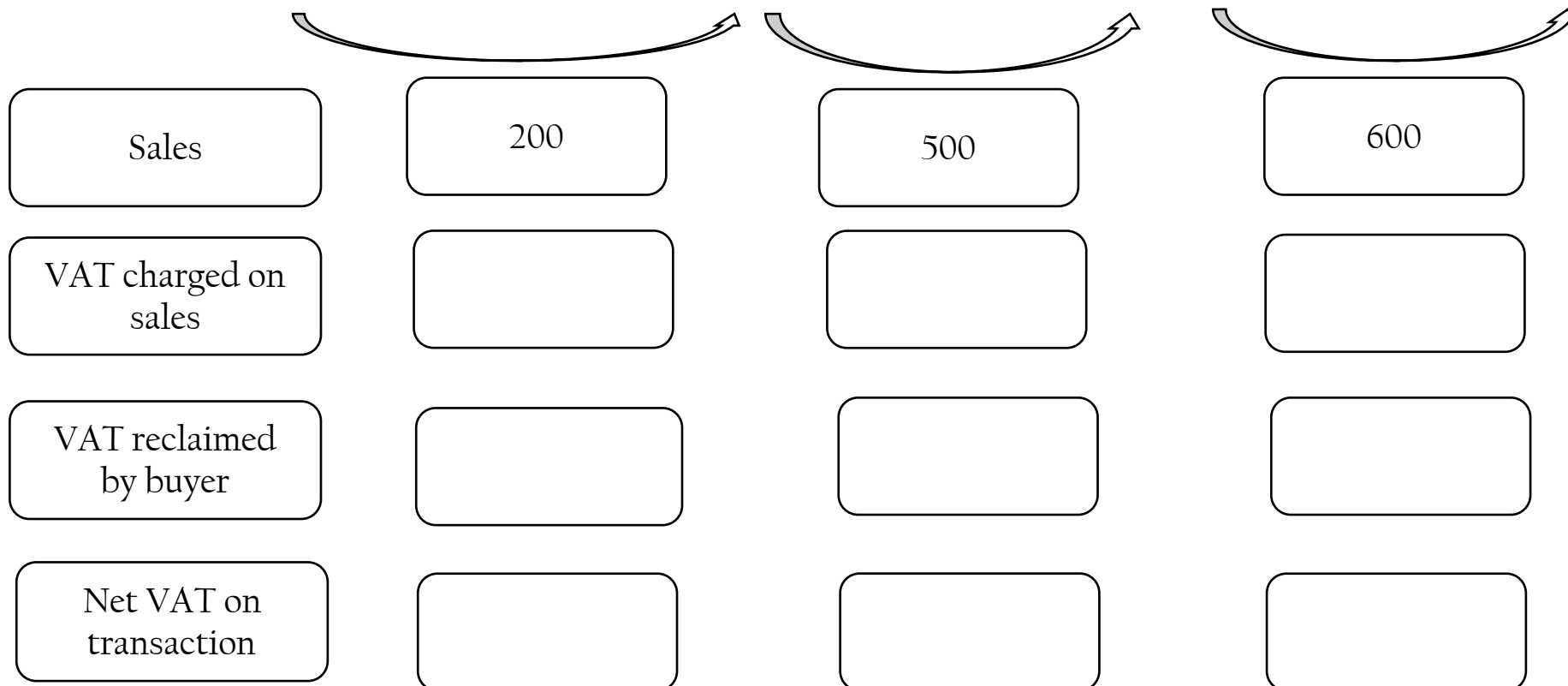
Mill



Bakery



Final consumer



**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.

2.4. VAT across the supply chain===== Only bread (Baker's produce) is VAT exempt and the standard VAT rate of 15% applies to all other products. What is the VAT revenue under this supply chain?



Farmer



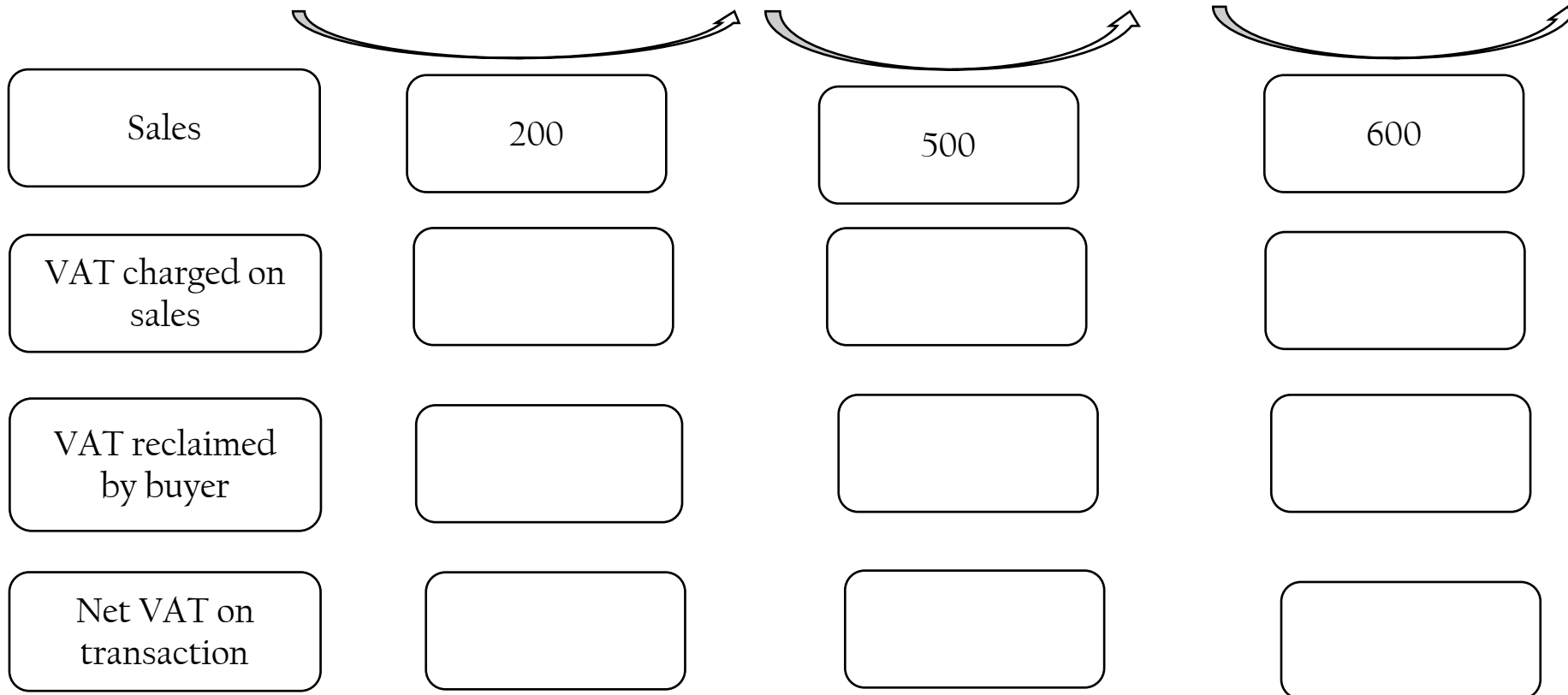
Mill



Bakery



Final consumer



**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.

# Bonus question

Company ABC, operating in 'East Africa', had an annual turnover of USD 1,000,000 in FY2022. Of this turnover, US\$250,000 is VAT-exempt and US\$250,000 is exported. During the year, the company collected US\$100,000 but only remitted US\$30,000 to the tax authority. Given this information, can you estimate the VAT TE for this company? Let us also assume that the standard rate of VAT is 15 %.

**NB:** *Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.*