

## Ease of opening a business

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South Africa is currently rated 88nd when it comes to the ease of doing business according to survey that is done yearly by The World Bank. This is all good and well if you are an overseas investor with a lot of money and looking for new places to invest in. However, if you are a South African with little or no money, doing and / or starting a business in South Africa can be a daunting task!

To begin with, the statistics are against you when starting a business. It is said that 80%-90% of all new start-up businesses fail within the first two years. Of the remaining 10%-20% another 80% bites in the dust within the next three years. So, of the original businesses that start out only a handful survive the first five years. These are scary statistics!

You think the large family concern that you are working for is safe from failing, wrong again, most family owned businesses last not much longer than twenty-five years. Strangely enough, when it comes to family owned businesses the second generation either loses it all or they make a huge success, even more so than the first generation.

But let us get back to the ease of opening a business in South Africa.

You will have to have a fixed address from which you are going to operate your business. Keep this in mind because South African Legislation dictates that you must supply a legitimate address when registering for a multitude of things.

If you are going to open a legitimate business (and I really hope this is the case) then the second thing you will need is a bank account. This is a straightforward process and I recommend that you start out with a savings account with little or no bank charges. This is to say if you start out with a small one-man business. Obviously, you must consider the needs of the business when opening a bank account but try and keep the initial costs to a bare minimum. You will need proof of Identity as well as proof of your address to open a bank account. If you are in a partnership you will also have to have a partnership agreement. In the case of a company you will have to have the company registration documents on hand to give to the bank.

Once you have a bank account you can start receiving money into your business. You will find that once you start selling your product or service, your customers are going to ask you for a Tax Invoice. This is where the fun starts. If you are registered for Value Added Tax or VAT in short, there would be no problem to supply your customers with a tax invoice, but if you are not registered for VAT this is where it becomes tricky. The South African public and business folk are so brain washed on a Tax Invoice that hardly anyone knows what a Tax Invoice actually is. All they know is that their Auditors demand a Tax Invoice and if they cannot supply a Tax Invoice to the Auditors they are in trouble. A Tax Invoice can only be issued by a business or vendor that is registered for VAT. There are several instances where a business or vendor can register for VAT, but the number one requirement is if the turnover of the business exceeds R1 million per year.

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