

Media Releases 2007

Draft regulations for small businesses

Pretoria, 24 January 2007 -- The Minister of Finance today published draft regulations for public comment that prescribe the circumstances under which the South African Revenue Service (SARS) may waive additional taxes, penalties and interest for qualifying small businesses.

These measures are part of the SARS Small Business Tax Amnesty process. They are applicable to small businesses that have already provided returns to SARS or have been assessed by SARS for taxes, since full amnesty is not available for these taxes. Additional tax, penalties and interest may have been levied on these taxes, thereby increasing the outstanding amount of the small businesses' tax debt.

Since an objective of the amnesty process is to facilitate the normalisation of the tax affairs of small businesses, a partial waiver of outstanding tax debts has been proposed as part of the amnesty process. It must be emphasised that the waiver applies only to additional tax, penalties and interest and excludes the underlying tax portion of the tax debt owed to SARS (e.g. outstanding Income Tax or VAT).

Application

An applicant applying for the waiver must submit an application before 31 May 2007. The application must contain the following:

- A statement of all assets (at cost) and liabilities as at 31 March 2006
- All outstanding returns of the applicant as on 31 December 2006

The application will not be considered by SARS in the following instances:

- Where the Sheriff of the High Court has attached assets of the applicant in execution of a writ of execution obtained on behalf of SARS;
- Formal sequestration or liquidation proceedings have commenced against the applicant
- A notice has been issued by SARS to the applicant to indicate that an audit or investigation is to be conducted by SARS on the affairs of the applicant.

Waiver

The amount of the additional tax, penalty and interest that will be waived is the amount that relates to the qualifying period covered by the amnesty legislation and is still outstanding as at the close of business on 31 July 2006, the day before the amnesty window period opened. The maximum amount of additional tax, penalties and interest that may be waived by SARS is R1 million, which covers the situation of the vast majority of small businesses. In return the applicant must settle any outstanding balance within six months or such longer period as SARS may allow, failing which the additional tax, penalty and interest waived will be reinstated.

Comment

The draft regulations are available in the [Government Gazette](#) and open for public comment from today until 9 February 2007. Public comments can be submitted to:

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