

Media Releases 2009

Joint Media Statement by the South African Revenue Service and the Banking Association of South Africa

Johannesburg, 29 January 2009 – SARS and the Banking Association of South Africa today signed an Accord that establishes a framework for co-operation between the parties in order to improve levels of tax compliance, discourage impermissible tax avoidance arrangements and enhance service.

By signing the Accord the two parties effectively concluded an eight-year process of engagement since the Minister of Finance expressed serious concern about the effective tax rates of the banking industry in South Africa.

Over recent years SARS has consistently engaged with banks that has resulted in closer co-operation and improved levels of compliance.

The Accord follows the approach of the OECD's Forum on Tax Administration, which South Africa chairs. It will seek to further enhance relationships between SARS and banks and provide greater certainty on the interpretation and application of tax and customs laws and the identification of tax risks.

A key feature of such an enhanced relationship will include the establishment of a Banking–SARS Forum which will seek to promote tax certainty for Banks. These matters have the potential to be translated into industry standards once accepted by SARS and the Banking Association Board.

Amongst other things, the Accord will:

- Establish a guiding framework for future engagement. This framework will promote better service offerings to the Banking industry while pursuing a climate of higher tax morality.
- Strive to protect the South African tax base and leveling the playing field in the industry by discouraging impermissible tax avoidance arrangements. This will translate into ongoing monitoring of banks effective tax rates while providing an enabling environment of greater tax certainty and resolution of common concerns.
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In addition, the parties commit themselves to the following--

- **Banking Association:**
 - Regularly determining, scrutinising and monitoring the effective tax rate of individual banks and across the banking industry
 - Raising awareness of tax governance processes to Board level within the bank
 - Enhancing risk management and governance processes to ensure optimal tax compliance
 - Improving the quality and timeliness of information flows to SARS
 - Co-operating on issues of mutual concern
- **SARS:**
 - Offering dedicated services to the Banking industry through the Large Business Centre which will include the appointment of a taxpayer relationship manager to focus exclusively on the banking industry. Service delivery will be measured against the standards prescribed in the SARS Taxpayer Service Charter
 - SARS will deepening its understanding of the banking industry in terms of building technical and professional skills
 - SARS aims to offer an advance ruling system that is responsive and facilitates tax certainty for banks and the industry as a whole
 - SARS We will promote the highest standards of tax compliance and also discourage practices that are inconsistent with the law

ENDS.