

Media Releases 2011

Introduction of the Tax Administration Bill in Parliament

Media Statement by the Minister of Finance

Cape Town – The Tax Administration Bill is introduced in Parliament today for public comment and is an attempt to simplify, to provide greater certainty and better coherence in South African tax administrative law.

The Tax Administration Bill is one part of the rewrite of fiscal legislation in South Africa that is currently under way.

Parallel to this Bill, the rewrite of customs aspects in the Customs and Excise Act, 1962, is at an advanced stage. The Customs Duty Bill and Customs Control Bill are currently being considered by the State Law Adviser and it is anticipated that they will be introduced into Parliament later this year.

The Bill incorporates into one piece of legislation certain generic administrative provisions and attempts to eliminate duplication, remove redundant and align disparate requirements that currently exist in different tax Acts.

The Bill seeks to facilitate tax compliance, provides consistency in the application of tax law and to further improve the levels of tax compliance in South Africa.

It seeks to enhance tax compliance and SARS's powers to effect this, recognising that to maintain confidence in the integrity of the tax system, SARS is duty bound to actively pursue tax evaders. Most taxpayers are compliant and for them the Bill should ensure better service and a lower compliance cost.

Tax evaders, however, will have to face stricter enforcement, assessment and collection powers. At the same the Bill will cut red tape and reduce the administrative burden and cost for businesses and individuals to remain tax compliant. As an example the Bill will enable SARS to move towards a single registration for multiple tax types such as Income Tax, employees tax and Value Added Tax.

The proposed provisions in the Bill focus on the registration of taxpayers, return submissions, assessment procedures, objection and appeal procedures, information gathering, search and seizure provisions, provisions relating to the secrecy of the affairs of taxpayer affairs and the processes for the payment and collecting of outstanding tax.

It will allow for the revenue administration to develop an accurate view on the life cycle of a taxpayer from the point of registration, through the requesting of taxpayer information, assessing the taxpayer, the collection of tax revenue and ultimately, the point of de-registration.

The Bill seeks to balance the powers and duties of SARS with the rights and obligations of taxpayers in order to enhance equity and fairness in tax administration by providing a single body of law that outlines common procedures in a transparent relationship.

The Bill also seeks to align current outdated tax administrative provisions with modern approaches, business, accounting, constitutional rights etc. Regarding the latter the Bill takes account of the constitutional rights of taxpayers but does not seek to re-codify them, since all legislation - including the TAB - must be read together with the Constitution.

The Bill seeks to provide a foundation for further modernisation of the tax system through the phased introduction of a single registration of a taxpayer for all tax types, the extension of third party information for reporting purposes and a framework to support the modernisation of SARS's accounting system.

The Bill also further proposes the establishment of a Tax Ombud to deal with taxpayer complaints, providing for search and seizure without a warrant under limited circumstances, providing the collection powers of SARS.

The comprehensive review of tax and customs legislation is a process that we are committed to conducting transparently through the legislative processes of Parliament. I want to encourage South African taxpayers and interested parties to be active participants in the review and legislative processes.