

## **Media Statement by the Minister of Finance, Mr Pravin Gordhan, on the Preliminary Outcome of the 2011 Tax Season**

**Nearly 5 million taxpayers respond to call to take the “eish” out of tax-eish-ion**

### **Highlights:**

- 23% increase to nearly 5 million returns
- 2% increase in on-time filing to 83.16%
- Over 1 million outstanding returns submitted
- Over 99% electronic submission
- Over 98% returns assessed in 24 hours
- Over 85% refunds paid in 72 hours

Pretoria, 30 November 2011 – The South African Revenue Service (SARS) has again recorded encouraging growth in the levels of tax compliance in the country with a new record of 4.86 million income tax returns submitted during this year's Tax Season.

The total number of returns received between 1 July and 25 November 2011 is 23% higher than the previous year.

The total includes 3.688 million returns from individuals for the 2011 tax year - an increase of 15.5% compared to last year when 3.193 million individuals submitted their 2010 returns by the deadline.

In addition, SARS received 1.09 million outstanding tax returns from previous tax years, 61.7% more than the 679 544 outstanding tax returns received in 2010. SARS wants to thank all South African taxpayers for their phenomenal response to the 2011 Tax Season. More taxpayers than ever responded to the call to file their returns on time and to file it electronically.

After just five years, the migration from paper or manual returns to electronic submission – via eFiling or at a SARS branch – is almost absolute with 99.15% of all returns submitted electronically this year. Only 32 071 returns (0.85%) were submitted on paper compared to 123 674 last year. In addition SARS assisted close to 1.5 million taxpayers at branch offices to complete their returns.

The adoption of electronic submission has enabled SARS to further improve its turnaround times with 98.36% of income tax returns assessed with 24 hours (up from 93.6% in 2010), demonstrating the huge benefits of the increased use of technology and automation and the value of the modernization programme SARS has introduced to the Income Tax system since 2007.

Faster turn-around times in assessing tax returns also enabled SARS to more rapidly issue income tax refunds of R12.67 billion (11.45% more than in 2010) which is a direct contribution to our economy. This year, SARS paid 85.44% of income tax refunds within 72 hours of the return being submitted compared to 74.28% in 2010.

The Tax Season has also become an important indicator of the levels tax awareness and compliance in the country and SARS is very encouraged by this year's response with on-time filing rising more than 2% to 83.16% (up from 80.72% last year).

Along with improving service, convenience and ease of submission, an increase in enforcement has also contributed to the growth in compliance. SARS has improved its capability, through better risk detection and technology to identify non-compliance and 5.2 million penalty notices (up from 1.7 million in 2010) were issued to 637 965 taxpayers (up from 123 402 in 2010) with outstanding returns.

Such punitive measures are necessary to ensure fairness between nearly 5 million taxpayers who abide by the law and submit returns on time and those who do not. Despite the improvements in compliance, there are approximately 750 000 returns still outstanding for the 2011 tax year.

While penalties to date have primarily focussed on those taxpayers with multiple outstanding returns (i.e. two years or more) SARS will soon be imposing penalties for those taxpayers with only one outstanding return.

These taxpayers face administrative penalties of at least R250 for each month that their return is not submitted. SARS urges any taxpayer who has not yet submitted a return – for any tax year – to submit these as soon as possible to limit and/or avoid administrative penalties.

ENDS.