

## **Opening of Tax Season on 02 July 2018**

### **Statement by Acting Commissioner of SARS**

Honourable Minister of Finance  
Honourable Deputy Minister of Finance  
Director-General of the National Treasury  
Colleagues from the National Treasury

Members of the SARS Executive Committee  
Members of SARS management  
SARS colleagues across the country

Members of the Media

And most importantly, our taxpayers

South Africa, Tax Season 2018 is open for filing. Tax Season commenced yesterday, 01 July, with taxpayers able to eFile their income tax returns.

We have already received just over 90 000 income tax returns via eFiling as of yesterday and in the course of this morning (updated at 11:30 on 02 July 2018). Thus far our contact centre which opened at this morning, has handled 12900 calls thus far (updated at 11:30 on 02 July 2018).

We launched Tax Season 2018 on 04 June and announced that this year, Tax Season will conclude on 31 October for non-provisional taxpayers and provisional taxpayers who opt to file

at a branch. Provisional taxpayers who file via eFiling will have until end January 2019 to file their returns.

We have spent the last few months assessing what we can do better and how we can improve the taxpayer's experience. Allow me to expand on some of our objectives and initiatives for Tax Season 2018.

We aim to reduce traffic at our branches and when we engage taxpayers, the public or the media, we will be talking about eFiling and promoting our digital platforms for the filing of income tax returns.

We want to show taxpayers that filing your return can be an easy exercise, and that you need not stand in a queue or make a special trip to one of our branches to file.

Last month I shared that in assessing our operations, we analysed the volumes at branches, the reason for the taxpayer's visit, as well as who was filing a tax return and the filing channel they were using. I shared the figures of millions of people who went to a branch and were not required to and/or could have transacted on eFiling.

We will be reiterating the following messages during Tax Season:

- **Who is required to file:** You do not need to submit a return if all the following criteria apply to you:
  - Your total salary for the year before tax is R350 000 or less;
  - You have only one employer;

- You have no car allowance/company car/ travel allowance or other income (e.g. interest or rental income); and
- You are not claiming tax related deductions/rebates (e.g. medical expenses, retirement annuity contributions other than pension contributions made by your employer, travel)

We have communicated directly with taxpayers who meet this criteria [based on last year's data](#) and published a dedicated Tax Season page on our website to help taxpayers understand which tax obligations apply to them. For taxpayers who are not eligible to file but still want to, we encourage you to eFile.

- **Employers:** We have communicated with employers not to send prospective employees to our branches to obtain a tax reference number, this is the employer's duty to register their employees for income tax.
- **Tax Practitioners** - We have communicated with tax practitioners to use eFiling as their primary channel, not our branches, to file their clients' income tax returns.
- **Taxpayers registered for eFiling** and still using a branch have been encouraged to eFile with the support of Help-You-eFile. We will demonstrate how Help-You-eFile works in a minute.
- **Drop boxes** - We have a very small percentage of taxpayers who submit their income tax returns manually at a branch via drop boxes. In the course of Tax Season, we

will be removing these drop boxes and assisting taxpayers to migrate to eFiling. We are considerate of taxpayers who may require an assisted filing experience, and have made a special counter available where we will assist such taxpayers to upload their returns and documents.

Transactions such as payments and the uploading of supporting documents can be done on eFiling. SARS has increased the size threshold of files from 2 megabytes to 5 megabytes ahead of tax season.

This is the traffic that we are driving towards eFiling, and thereby optimising the use of our resources which we anticipate will translate into improved service to taxpayers.

### **Other initiatives and approaches:**

- **Current year assessments and refunds – Personal Individual Tax (PIT) and Value Added Tax (VAT)**
  - While it is welcomed that taxpayers' bring their tax affairs up to date, the submission of outstanding returns for prior years makes processing returns for the current year of assessment quite challenging.
  - We will prioritise income tax returns that have been filed for the current year of assessment ahead of income tax returns filed for prior years
  - Refunds due on individual income tax returns will be released only if the individual taxpayer is not facing any audits for prior year assessments
  - In the case of VAT however, VAT returns will be assessed per period and refunds due, will be released per period despite audits underway for prior periods.

- Where an assessment on one return may reflect a refund due, there may be instances where prior returns may reflect that the taxpayer needs to make a payment. These amounts will be offset against each other and the taxpayer will be notified of the outcome.
- **Increased and specific communication with taxpayers during transactions and processes:**
  - **Audit letters** will be more specific about what SARS requires from a taxpayer when they have been flagged for one specific risk. This will assist the taxpayer to respond timeously and accurately.
  - **Flagging of taxpayers for specific risks** – our system will allow increased visibility by our front-facing staff so that they track the progress of a taxpayer's case and provide feedback
- **Enhanced case selection**
- **Pre-population of additional fields:** SARS is phasing in the **pre-population of additional fields** on the income tax return (ITR12), relating to medical aid contributions and retirement annuity contributions, where such information has been supplied to SARS by the medical aid or retirement fund. Importantly, the onus is on the affected taxpayer to check that the information on their income tax return is correct against the tax certificate from the medical aid or retirement annuity fund.

- Issuing of penalties: Penalties for late submissions will be imposed and we will be taking a harsher stance on non-payment through prosecution.

The above approaches are in consideration of the Tax Ombud's recommendations, feedback from tax practitioner bodies and other stakeholders and the feedback from taxpayers, as well as our own operational assessment.

As a result, we trust that taxpayers will experience an enhanced service this tax season, as we streamline our operations.

Service and efficiency is where we believe our focus as an organisation should lie in order to meet our core mandate of revenue collection. We need taxpayers to contribute to this by understanding their tax obligations and doing the right thing.

**Other institutional, strategic and operational areas we have been focusing on:**

### **Our service to large business**

- We are looking at an end-to-end service solution for large business as a taxpayer category.
- It is unclear at this stage, whether the service will take on the shape of the former large business centre. Our response to large business will need to be relevant to the requirements and challenges today and going forward, anticipating challenges as we enter the fourth industrial revolution and other developments.

- A key focus area for us is assessing our compliance and service strategy for specific sectors and tax products, with Large Business and High Networth Individuals being amongst these sectors.

### **Enhancing our investigation capacity through a special investigations unit focusing on the illicit economy**

- At this stage we are assessing our current investigative capacity and reviewing the governance and legislative processes required to establish additional structures.

### **Compliance**

- We are honing in on non-compliance and have the required data on which taxpayers we need to follow up with
- We will escalate non-compliant cases to prosecution
- On the other hand, I have mentioned our efforts to enhance service and increase education and communication with taxpayers.
- All three elements are required to improve taxpayer compliance.

### **A SARS at your service: Launch of the SARS Service Charter**

I mentioned some of our objectives for tax season earlier and this brings me to our next key objective, which is *being at the service of taxpayers*. Service is a key pillar in our compliance model. In saying that, the opening of tax season today

coincides with the launch of our Service Charter. Our Service Charter outlines our service commitments and turn-around times, with regard to our engagement with the taxpayer, processes such as registration applications, returns and declarations, audits, refunds and payments, as well as dispute resolution processes.

Besides the commitments that we make, it also sets out the taxpayer's legislative rights and obligations.

Our Service Charter followed a series of engagement with tax practitioner bodies as well as the Tax Ombud and other key stakeholders. We now proudly make it available to you, in our local South African languages.

### **In conclusion,**

We are taking stock of how we can be more efficient and improve service to taxpayers. This requires that we make better use of our resources and factor in feedback from taxpayers on what their pain-points are. This is a work in progress, and we will be refining our initiatives with every tax season, over the next two years, taking on board the lessons learned.

Be assured that we are committed to ensuring SARS is an efficient, credible and world-class revenue authority. With that I invite you to file that return and approach us where you need a better understanding of your tax obligations. We have made it simple for you.

**Thank you**