

The background of the slide features a hand holding a laptop. Overlaid on this is a blue-tinted globe of the Earth, with a digital network of lines and nodes connecting various points across the globe. The overall aesthetic is modern and technological.

NATIONAL PUBLIC ENTITIES CFO FORUM

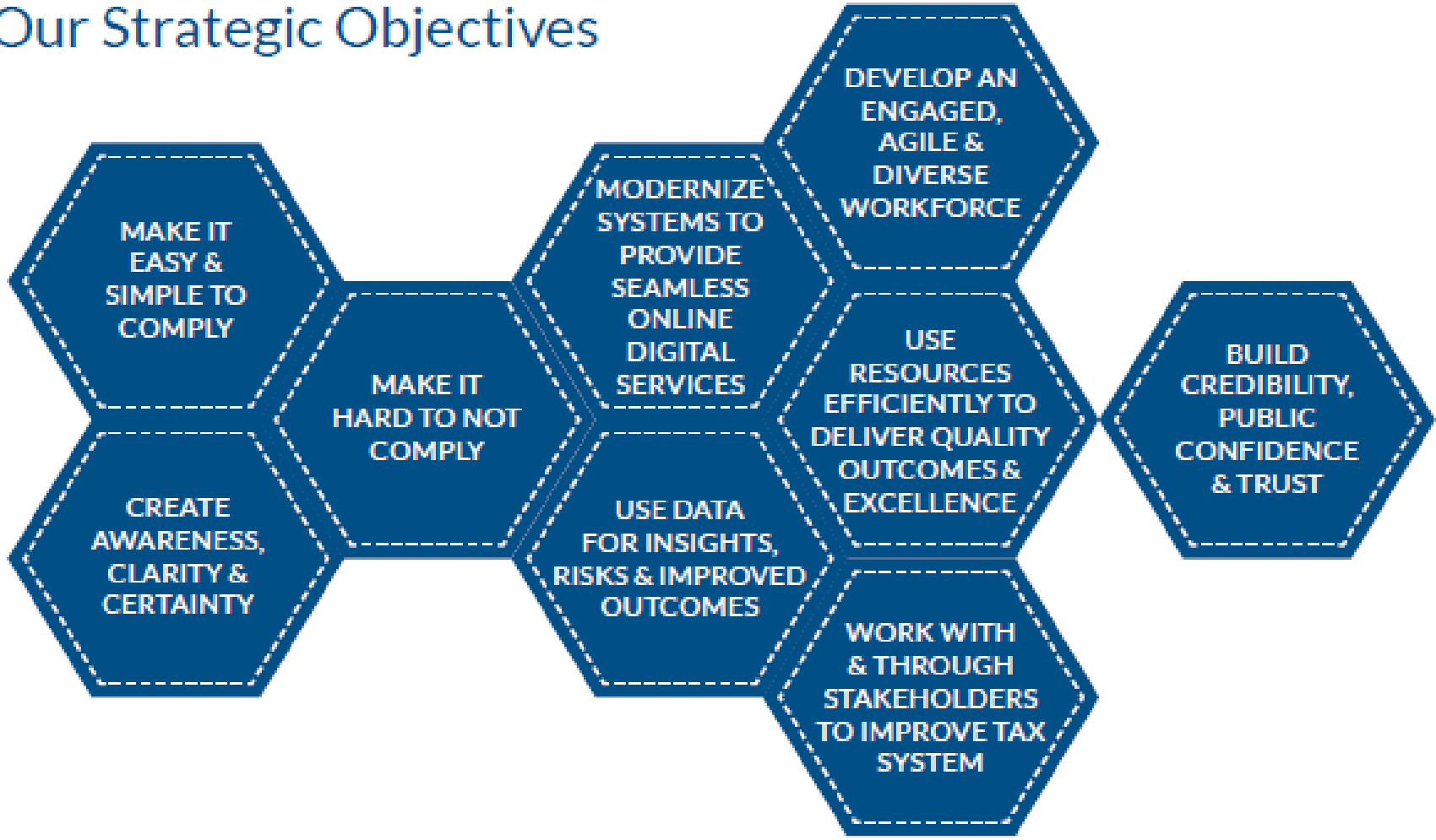
08 December 2023

**Government – A Model Fiscal
Citizen**

 **SARS**
South African Revenue Service

SARS Strategic Objectives

Our Strategic Objectives



- SARS exists to serve the HIGHER PURPOSE of Enabling Government to build a democratic state that fosters sustainable economic growth and social development in the interest and wellbeing of all South Africans.
- For the government segment to contribute towards achieving the set SARS mandate, the segment has formulated its vision as follows:
 - **To work towards having government institutions as model fiscal citizens and demonstrate a culture of voluntary compliance. This requires us to have a better understanding of the compliance profiles of government institutions.**

Design and Enabling Segment: Government Sub-Segment

Our role:

- Dealing with Government across all three spheres
- Assisting Government as per the Strategic Objectives as mentioned below
 - Make it easy and simple to comply
 - Create awareness clarity and certainty
 - Make it hard to not comply
 - Work with & through the Stakeholders to improve tax system

Strategic Objectives

- **Strategic Objective 1- Make it easy for taxpayers to comply with their obligations**

The strategic objective will be achieved when SARS improves its understanding of the reasons why municipalities make use of consultants and the role it can play in making it easy for municipalities to comply with the SARS requirements.

- **Strategic Objective 2 - Provide clarity and certainty of their obligations**

SARS must ensure that municipalities have clarity and certainty with regards to application of the legislation and processes applicable to them. This clarity and certainty cannot be achieved without engaging municipalities with regard to the challenges they are experiencing.

The four compliance pillars

- Correct registration
- Submission of returns
- Correct declaration
- Payment

Representative taxpayer Tax Administrative Act

153. (1) In this Act, a representative taxpayer means a person who is responsible for paying the tax liability of another person as an agent, other than as a withholding agent, and includes a person who—

(a) is a representative taxpayer in terms of the Income Tax Act;

(b) is a representative employer in terms of the Fourth Schedule to the Income Tax Act; or

(c) is a representative vendor in terms of section 46 of the Value-Added Tax Act.

(2) Every person who becomes or ceases to be a representative taxpayer (except a public officer of a company) under a tax Act, must notify SARS accordingly in such form as the Commissioner may prescribe, within 21 business days after becoming or ceasing to be a representative taxpayer, as the case may be.

Representative taxpayer Tax Administrative Act

153. (3) A taxpayer is not relieved from any liability, responsibility or duty imposed under a tax Act by reason of the fact that the taxpayer's representative—

- (a) failed to perform such responsibilities or duties; or
- (b) is liable for the tax payable by the taxpayer.

Correct registration

Registration details

Ensure:

1. Correct registration as Government Institution – Nature of person “D”
2. Correct contact details of municipality
3. Correct main activity – VAT 403 guide
4. Correct sub activity – VAT 403 guide
5. Correct tax period – Category C
6. Correct accounting basis – Payment Basis
7. Correct details of representative person for municipality – Municipal Manager
8. Correct banking details

Ensure that details are the same for PAYE and VAT

Correct registration - Tax Administration Act

Communication of changes in particulars

23. A person who has been registered under section 22 must communicate to SARS within 21 business days any change that relates to—

- (a) postal address;
- (b) physical address;
- (c) representative taxpayer;
- (d) banking particulars used for transactions with SARS;
- (e) electronic address used for communication with SARS; or
- (f) such other details as the Commissioner may require by public notice.

Submission of returns – Tax Administration Act

25. (1) A person required under a tax Act to submit or who voluntarily submits a return must do so—

(a) in the prescribed form and manner; and

(b) by the date specified in the tax Act or, in its absence, by the date specified by the Commissioner in the public notice requiring the submission.

Submission and Payments Due Dates

Payment method	VAT		PAYE	
	Submission Date	Payment Date	Submission Date	Payment Date
Payments at ABSA, Albaraka Bank Limited, Access Bank (previously Grobank), FNB, HBZ Bank LTD, Nedbank and Standard Bank.	25 th of every month	25 th of every month	7 th of every month	7 th of every month
Electronic Fund Transfers (including internet banking)	25 th of every month	25 th of every month	7 th of every month	7 th of every month
eFiling of return and payment via either SARS eFiling or Electronic Funds Transfers (internet banking)	Last business day	Last business day	7 th of every month	7 th of every month

- Benefits of submitting returns via eFiling and paying is to the benefit of the municipality as payment for VAT is on average 5/6 days later.
- Working days excludes weekends and public holidays.
- **Payments have to be in the SARS bank account by the payment date.**

Submission of returns – Tax Administration Act

Duty to keep records

29. (1) A person must keep the records, books of account or documents that —

(a) enable the person to observe the requirements of a tax Act;

(b) are specifically required under a tax Act; and

(c) enable SARS to be satisfied that the person has observed these requirements.

(2) The requirements of this Act to keep records for a tax period apply to a person who—

(a) has submitted a return for the tax period;

(b) is required to submit a return for the tax period and has not submitted a return for the tax period; or

Declarations – of information on a tax return

Inspection of records

31. The records, books of account and documents referred to in section 29 whether in the form referred to in section 30(1) or in a form authorised under section 30(2), must at all reasonable times during the required periods under section 29, be open for inspection by a SARS official in the Republic for the purpose of—

(a) determining compliance with the requirements of sections 29 and 30; or

(b) an inspection, audit or investigation under Chapter 5.

General rules for inspection, verification, audit and criminal investigation – Tax Administration Act

Selection for inspection, verification or audit

40. SARS may select a person for inspection, verification or audit on the basis of any consideration relevant for the proper administration of a tax Act, including on a random or a risk assessment basis.

- Verification
 - Verification is a face-value verification of the information declared by the taxpayer on the declaration or in a return.
 - involves a comparison of this information against third party data gathered by SARS from various sources, the financial and accounting records and/or other supporting documents provided by taxpayers to ensure that the declaration/return is a fair and accurate representation of the taxpayer's tax position.

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General rules for inspection, verification, audit and criminal investigation – tax Administration Act

Audit

- It is an examination of the financial and accounting records and/or the supporting documents of the taxpayer to determine whether the taxpayer has correctly declared his/her tax position to SARS.
- Where the taxpayer has not made a declaration or filed a return, it is an investigation regarding whether the taxpayer's actions complies with the provisions of the relevant tax legislation.
- All the information is available on the SARS website.

Payment of tax – Tax Administration Act

Determination of time and manner of payment of tax

162. (1) Tax must be paid by the day and at the place notified by SARS or as specified in a tax Act and must be paid as a single amount or in terms of an instalment payment agreement under section 167.

(2) SARS may prescribe the method of payment of tax, including electronically.

(3) Despite sections 96(1)(f) and 167, a senior SARS official may, if there are reasonable grounds to believe that—

(a) a taxpayer will not pay the full amount of tax;

(b) a taxpayer will dissipate the taxpayer's assets; or

(c) that recovery may become difficult in the future,

require the taxpayer to—

(i) pay the full amount immediately upon receipt of the notice of assessment or a notice described in section 167(6) or within the period as the official deems appropriate under the circumstances; or

(ii) provide such security as the official deems necessary.

Payment of tax pending objection or appeal

164. (1) Unless a senior SARS official otherwise directs in terms of subsection

(3)—

(a) the obligation to pay tax; and

(b) the right of SARS to receive and recover tax,

will not be suspended by an objection or appeal or pending the decision of a court of law pursuant to an appeal under section 133.

(2) A taxpayer may request a senior SARS official to suspend the payment of tax or a portion thereof due under an assessment if the taxpayer intends to dispute or disputes the liability to pay that tax under Chapter 9.

Government Tax Compliance

Government is seen as being the largest employer and procurer of goods and services, it is therefore alarming when looking at the compliance health of government across all spheres. The areas of concern are as follows:

Outstanding returns

The total outstanding returns amounts to 966, of which National government is the highest contributor at 643, followed by Provincial government of 56 and Local government of 267. In terms of taxes, VAT contributes the highest to outstanding returns amounting to 557, followed by PAYE of 248 and Income tax at 161. National government contributes the highest to PAYE amounting to 147 and in respect of VAT 425.

NIL returns

NIL returns remain a factor, the total amount of NIL returns submitted amounted to 423. National government being the highest contributor amounting to 206, Provincial government submitting 112, Local government submitting 105.

Government Tax Compliance

Debt

The total outstanding debt across the three spheres of government amounts to R8 billion. Of this debt R2.7 billion is older than 3 years.

Unallocated Payments for PAYE

Unallocated payments are the result of either the incorrect payment reference number being used or whereby a payment has been made with no PAYE return to set it off against. The total amount of unallocated payments is R909 million.

VAT refunds

Vat refunds amounted to R11.3 billion, of which R442 million were reduced due to audits/verification. National government saw the highest reduction in VAT refunds amount which amounted to R263 million, followed by Local government R171 million and Provincial government R7 million.

*Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza*