

National Public Entities

CFO Forum: November 2024

State of Compliance



Discussion topics

1. Debt
2. Unallocated payments
3. Additional assessments

SARS Vision and Strategic Intent

Vision

A smart, modern SARS with unquestionable integrity, trusted and admired

Strategic Intent

To give effect to our mandate, our Strategic Intent is to develop and administer a Tax and Customs system of voluntary compliance, and where appropriate, enforce responsibly and decisively. Our Strategic Intent further translates into the following 9 strategic objectives:

Our Mandate and Mission

Our mission is derived from our legal mandate that is crafted in the SARS Act (1997). To ensure that the Tax and Customs revenue due to the State is collected as and when it becomes due, by building a high level of taxpayer compliance and facilitating legitimate trade

SARS Revenue Collection Target 2025

Based on the adjusted revenue collection target tabled by the Minister of Finance in the Mid-term budget speech in October 2024, the revised target is now set at **R1.84 trillion**.

As a country, we are reliant to collect taxes, outstanding taxes and encourage voluntary compliance, this allows for funds to be distributed to government departments and address the needs of the citizens of the country. When targets are not met due to non-compliance it impacts funding and inevitably negatively impacting the most vulnerable citizens of the country.

In saying that, all taxpayers including that of Government institutions plays a very important role in SARS achieving its revenue target.

Debt owed by National Public Entities

The total outstanding debt for National Public Entities across all taxes amounted to **R2.63 billion**.

This can be broken up as follows:

1. PAYE – **R 710 million**
2. PAYE Additional Assessments – **R 209 million**
3. VAT – **R1.715 billion**
4. VAT Additional Assessment – **R 2.29 million**

Total amount of returns outstanding is **7** relating to Income Tax, therefore the tax liability is unknown.

Unallocated Payments

Unallocated payments on an account are the result of payments being made for debit returns but the amount is more than the actual tax liability, or a payment is made but no return is submitted. Once a return has been requested the system automatically generates a Payment Reference Number (PRN) that is linked to the tax reference number and the period. This has been put in place to mitigate payments being allocated incorrectly. However, there is still many unallocated payments on accounts especially for PAYE and VAT.

Example:

Tax liability on the return is R150, this is linked to the PRN number, however the taxpayer pays R200, meaning that R150 will be allocated against the liability on the return and R50 will be unallocated, or R200 is paid over, but no return is submitted to offset it against, meaning that the full R200 will be unallocated.

Unallocated Payments

The total amount of unallocated payments for PAYE and VAT amounts to **R19.84 million**, this can be broken down as follows:

1. PAYE – **R 11.43 million**
2. VAT – **R 8.41 million**

In order to get the payments allocated correctly, the department can do it on eFiling if it is not a complex allocation. If it is a complexed allocation, a letter from the department must be sent to SARS Account Maintenance department instructing them on how to allocate the unallocated payments and proof of payment to show that the payment was made by the said department.

Additional Assessments Raised

Additional assessments are the results of audits or verifications done on a tax period(s).

Additional assessments can relate to the following:

- Under declaration of income
- Overstating of expenses
- Incorrect claiming of Input tax
- Incorrect accounting for output tax
- Under deduction of PAYE

Most of the reasons are related to the above mentioned, the issue arises when audit tries to liaise with a department and the contact details are outdated on the SARS system.

Thank you
Rea leboha
Re a leboga
Ndza Khenza
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyabonga

