



# TECH TALK

18 MAY 2023

# PROGRAM FLOW

08:00	<b>We Go Live</b>	
08:00 – 08:05	Welcome and Overview	5
08:05 – 08:35	<b>Audit and Assurance</b>	
	The New Illustrative Regulatory Reports on Property Practitioners Trust Accounts	30
	Thomas Makupo: Audit Compliance Manager, Property Practitioners Regulatory Authority.	
08:35 – 09:05	<b>Legal and Governance</b>	
	Presentation on trusts - Phia van der Spuy: Founder and owner: Trusteeze Pty (Ltd)	30
09:05 – 09:25	<b>Tax</b>	
	The ring-fencing of foreign assessed losses. When can an assessed loss (or a balance of assessed loss) incurred by a person during a year of assessment, in carrying on a trade outside the RSA be set off against an amount (of income) derived by a taxpayer from a source within the RSA?	20
	Piet Nel - SAICA Project Director: Tax Professional Development	
09:25 – 09:45	<b>Public Sector</b>	
	Advocating for improved public sector consulting - Msizi Gwala: SAICA Project Director: Public Sector	20
09:45 – 10:05	<b>Tax</b>	
	Tax Operational and Tax Administration Matters	20
	Somaya Khaki – SAICA Project Director: Tax	
10:05 – 10:25	<b>Corporate Reporting</b>	
	Sustainability reporting developments	20
	Bongeka Nodada – Executive: Corporate Reporting	
	Nomsa Nkomo – Project Director: Sustainability and Integrated Reporting and Integrated Thinking	
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## New Illustrative Regulatory Reports on Property Practitioners Trust Accounts

Thomas Makupo



# ABOUT THE SPEAKER



Thomas Makupo is a CA(SA) and a Registered Auditor. He is currently the Audit Compliance Manager at the Property Practitioners Regulatory Authority (PPRA) (previously, the Estate Agency Affairs Board).

He has also previously occupied acting roles of Chief Financial Officer and Executive Manager: Inspections at the Estate Agency Affairs Board. Prior to joining PPRA, Thomas previously worked as a Finance Manager in a listed company before re-joining public practice as a Senior Audit Manager.

His responsibilities at the PPRA include verifications of submitted audit reports of property practitioners, analysing the basis of audit opinions in the submitted audit reports, evaluating contraventions and non-compliance matters in submitted audit reports as well as providing technical guidance to registered auditors on the audit of property practitioners trust accounts.

# OVERVIEW

**Property Practitioners  
Act No. 22 of 2019**

–  
Signed into law on 19  
September 2019

**Property Practitioners  
Act**

–  
Came into operation on  
1 February 2022

**Project Proposal to  
Draft Illustrative  
Reports**

–  
Approved by IRBA's CFAS  
Steering Committee on  
12 October 2022

**Illustrative reports  
drafted by Task Group**

–  
Considered by IRBA's  
RIRSC on 24 January  
2023

**Final Illustrative Reports  
recommended by RIRSC**

–  
Approved by IRBA's CFAS  
on 1 March 2023

# CATEGORIES OF PROPERTY PRACTITIONERS



## **Property practitioners exempted from holding trust monies –**

None of the illustrative reports apply to this category



## **Property practitioners that handle and manage own trust monies –**

Only one of the illustrative reports on trust accounts is applicable to this category



## **Property practitioners that manage trust monies on behalf of other property practitioners (Payment Processing Agents) –**

All three of the illustrative reports are applicable to this category

# ILLUSTRATIVE REPORTS AS PUBLISHED BY IRBA

<https://www.irba.co.za/guidance-to-ras/industry-specific-guides-and-regulatory-reports/estate-agents-trust-account-report>

## Illustrative Reports to be Used by Independent Assurance Practitioners When Required to Report in terms of the Property Practitioners Act No. 22 of 2019

### Reports

Title	Date issued	Effective date	Download documents
Illustrative regulatory reports on the property practitioners trust accounts, Parts A and B	March 2023	Effective for year-ends of property practitioners on or after 28 February 2023	<a href="#">PDF</a>   <a href="#">Word</a>
Illustrative limited assurance report on the payment processing agent's trust accounting environment	March 2023	Effective for year-ends of property practitioners on or after 28 February 2023	<a href="#">PDF</a>   <a href="#">Word</a>
Illustrative regulatory reports on the agreed-upon procedures engagement in respect of the payment processing agent's list of mandating client business property practitioners	March 2023	Effective for year-ends of property practitioners on or after 28 February 2023	<a href="#">PDF</a>   <a href="#">Word</a>

# REPORT ON PROPERTY PRACTITIONERS TRUST ACCOUNTS



## **PART A – REASONABLE ASSURANCE REPORT**

- a. Conducted in accordance ISAE 3000 (Revised)
- b. Compliance with sections 54(1), (2), (3), (5) and (10) of the PPA



## **PART B1 – AGREED-UPON PROCEDURES REPORT**

- a. Conducted in accordance with ISRS 4400 (Revised)
- b. Factual findings on interest earned on trust accounts, unclaimed/unidentified trust monies and winding up of trust accounts



## **PART B2 – AGREED-UPON PROCEDURES REPORT**

- a. Conducted in accordance with ISRS 4400 (Revised)
- b. Factual findings on possession of a Fidelity Fund Certificate and registration with Financial Intelligence Centre as accountable institution (estate agencies only)



# REPORT ON PAYMENT PROCESSING AGENT'S ENVIRONMENT



## LIMITED ASSURANCE REPORT

- a. Conducted in accordance ISAE 3000 (Revised)
- b. Compliance with Regulation 30 of Property Practitioners Regulations
- c. Report required in accordance with Regulation 2.4.4 of the Property Practitioners Regulations



## REGULATION 30

Assessing the appropriateness of the design of the key controls and determining that such controls have been implemented (through inquiry and walkthrough procedures):



- a. Trust accounting system and environment operated by payment processing agent (Regulation 30)
- b. Pertinent information maintained on movements of trust monies (Regulation 30.2.1)
- c. Safeguarding of trust accounting records against unauthorized access, manipulation, alteration or destruction (Regulation 30.2.2)
- d. Retrievability and accessibility of trust accounting records by PPRA or auditor (Regulation 30.2.3)



## AGREED-UPON PROCEDURES REPORT



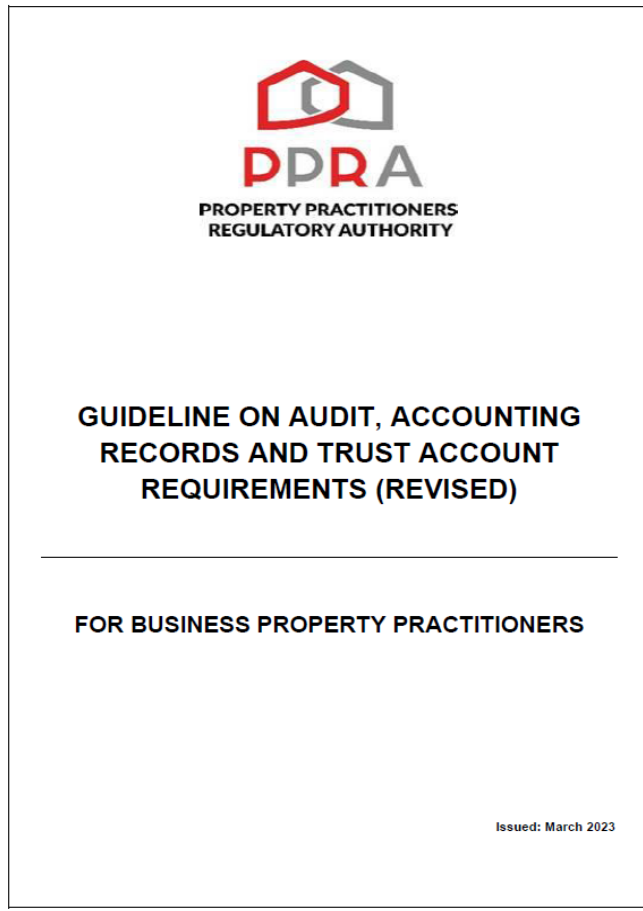
a. Conducted in accordance ISRS 4400 (Revised)



b. Factual findings on accuracy and completeness of list of mandating client business property practitioners

# CHANGES TO MYPPRA AUDITORS PORTAL & GUIDELINES

<https://theppra.org.za/uploads/files/Revised%20Guideline%20on%20Audit%20Accounting%20Records%20and%20Trust%20Account%20Requirements.pdf>



<https://theppra.org.za/myaudit>

The screenshot shows the website 'theppra.org.za/myaudit'. The header features the PPRA logo and the tagline 'ENHANCING EFFICIENCY AND EFFECTIVITY OF THE PROPERTY PROFESSION'. Below the header is a navigation menu with links: HOME, LICENSING, EDUCATION, DISCIPLINARIES, INSPECTIONS, CLAIMS, MYPPRA, RESEARCH REPOSITORY, and MYCPD. The main content area is titled 'MyPPRA AUDITORS PORTAL' and includes a breadcrumb trail 'HOME > AUDITORS PORTAL'. The section is titled 'Auditors Portal' and contains the following text: 'MyPPRA Auditors Portal is a free and secure online platform for submission of audit reports of business property practitioners, who have not been exempted from keeping trust accounts, to the Property Practitioners Regulatory Authority by auditors, as required by the Property Practitioners Act.' Below this, it states: 'Auditors, who should be registered as assurance with the Independent Regulatory Board for Auditors, can register on MyPPRA Auditors Portal free of charge and submit audit reports on trust accounts of business property practitioners online.' A prominent button says 'CLICK HERE TO REGISTER'. On the right side, there is a 'YOUR ACCOUNT' section with input fields for 'IRBA Number' and 'Password', a CAPTCHA image with the text 'Please re-type the words in the image:', and a 'Login' button. There are also links for 'Forgot your password?' and 'Not yet registered?'.

# SUBMISSION OF 2023 REPORTS ON AUDITORS PORTAL

[https://theppra.org.za/article/audit\\_compliance\\_2023\\_new\\_illustrative\\_trust\\_account\\_audit\\_reports](https://theppra.org.za/article/audit_compliance_2023_new_illustrative_trust_account_audit_reports)



30 March 2023

## 2023 NEW ILLUSTRATIVE TRUST ACCOUNT AUDIT REPORTS

On 1 March 2023, the Independent Regulatory Board for Auditors (IRBA)'s Committee for Auditing Standards approved new illustrative reports to be used by auditors of business property practitioners when reporting to the Property Practitioners Regulatory Authority (PPRA) in terms of section 54(5)(b) of the Property Practitioners Act (PPA) and Regulation 2.4.4 of the Property Practitioners Regulations. These new reports can be accessed on the [IRBA website](#). In addition, the PPRA has also revised the Guideline on Audit, Accounting Records and Trust Account Requirements to include these new reports and this Revised Guideline is available on the [MyPPRA Auditors Portal](#) (Auditors Portal) landing page.

The new illustrative reports are effective for financial years ending on or after 28 February 2023. In terms of the PPA, audit reports on the property practitioners trust accounts are required to be electronically submitted to the PPRA on the Auditors Portal within six months of the financial year-end of the business property practitioners. Consequently, the audit reports for the financial year ended 28 February 2023 are only due for submission to the PPRA on or before 31 August 2023.

The PPRA is currently making changes to the Auditors Portal to reflect the new audit reports published by the IRBA. Accordingly, auditors of property practitioners must hold in abeyance the electronic submission of the 2023 audit reports on the Auditors Portal until such time when the PPRA has finalised the new changes on the Auditors Portal and communicated as such. It is anticipated that these changes will be completed well in advance for auditors to meet the August 2023 submission deadline. However, audit reports for 2022 and prior years can still be submitted on the Auditors Portal using the old format.

Principals of business property practitioners are required to share this communicate with their auditors. Any further queries in relation to this communicate must be emailed to the PPRA Audit Compliance Department at [audit@theppra.org.za](mailto:audit@theppra.org.za).

Issued By:

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

- a. New illustrative reports effective for financial years ended on or after 28 February 2023, which are due on or before 31 August 2023;
- b. PPRA now making changes to the Auditors Portal to reflect new illustrative reports;
- c. Auditors to hold in abeyance the electronic submission of 2023 reports until changes on Auditors Portal are finalised
- d. PPRA will issue communication once the changes to the Auditors Portal are finalised, which will be well before the August 2023 deadline
- e. Reports for 2022 and prior years can be submitted on the Auditors Portal using old format





**Piet Nel**  
**Tax**  
**18 May 2023**



When can an assessed loss (or a balance of assessed loss) incurred by a person during a year of assessment, in carrying on a trade outside the RSA be set off against an amount (of income) derived by a taxpayer from a source within the RSA?



Relevant to a partner in a partnership that owned and operated a passenger aircraft for charter purposes.

# CONTEXT

To give context, the facts in the following case will be used

**IN THE TAX COURT OF SOUTH AFRICA  
HELD AT MEGAWATT PARK, SUNNINGHILL**

**CONTEXT  
MATTERS**

**CASE NUMBER: 46206  
DATE: 21st February 2023**



**THE SOUTH AFRICAN JUDICIARY**

# CONTEXT

Case Number: 46206 – the facts

Up to and until 3 September 2017, the taxpayer was a 'resident' of South Africa for tax purposes.



Prior to that date, she and her father were members (holding one-third and two-third undivided shares respectively) of a partnership that owned and operated a passenger aircraft for charter purposes.

The partnership, which traded under the name and style of 'Tri-Air Aviation Partnership' was formed under and in terms of South African law.

It ran a charter business using a passenger aircraft and charter business or trade operated in and from the UK. The aircraft was not registered to operate in South Africa, and did not do so.

It was registered and based in the UK, where the business' offices were also situated.

# ... RESIDENT CEASES TO BE A RESIDENT ...

The relevant legislation



... the taxpayer emigrated (for purposes of both exchange control and tax) to the United Kingdom with effect from 3 September 2017.

In terms of section 9H(2), of the Income Tax Act, *where a resident ceases to be a resident that person must be treated as having disposed of her (or his) assets on the date immediately before the day on which she so ceases to be a resident.*

In terms of section 9H(4)(b), this deemed disposal does *not apply in respect of an asset of a person where that asset constitutes any asset which is, after the person ceases to be a resident ... attributable to a permanent establishment of that person in the RSA.*

# DISPOSAL OF AN ASSET OF A PARTNERSHIP

Case Number: 46206 – the nature of the asset

... the taxpayer emigrated ... to the United Kingdom ...

... treated as having disposed of ... assets ...  
immediately before ... she so ceases to be a resident.

Judge TD (Tom) Cloete in *Chipkin (Natal) (Pty) Limited v CSARS*



The definition of 'person' in s 1 does not include a partnership and a partnership is not a person at common law.

When the appellant disposed of 99 per cent of its 30 per cent interest in the partnership, it disposed of a corresponding percentage of its undivided share in the aircraft.

STICKY  
NOTES



*Judge L R Adams (President of the Tax Court – Johannesburg)*

The deemed disposal, despite being of a capital nature, gave rise to a recoupment ...





# THE RIGHT TO TAX

“enterprise of a Contracting State”

## Article 3

### General Definitions

1. For the purposes of this Convention, unless the context otherwise requires:

(g) the term “enterprise” applies to the carrying on of any business;

(h) the terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;



Because the enterprise is, or was at the time prior to the date of emigration, carried on by a resident of the RSA, each one of the partners in the partnership will be an “enterprise of” the RSA (for purposes of the treaty).

Each member of a partnership is deemed to be carrying on the trade or business.

Section 24H(2)

# THE RIGHT TO TAX

RSA resident disposed of a foreign sourced asset

In terms of section 9H(2), the disposal (of the asset situated in the United Kingdom) is treated as having been made when the person was still a resident of the RSA (the day before the person ceased being a resident of the RSA).



## Article 8

### *Shipping and Air Transport*

1. Profits of an enterprise of a Contracting State from the operation of ... aircraft in international traffic shall be taxable only in that State.



The RSA had a sole right to tax her “profits”.



**Model Tax  
Convention  
on Income  
and on Capital**

CONDENSED VERSION  
(as it read on 21 November 2017)

The profits covered consist in the first place of the profits directly obtained by the enterprise from the transportation of passengers ... by ... aircraft (whether owned, leased or otherwise at the disposal of the enterprise) that it operates in international traffic.



# THE LEGISLATION

## The ring-fencing of the assessed loss (losses)



Judge L R Adams (Case Number: 46206)

Ordinarily, a taxpayer may set off assessed tax losses against his or her other income in a year of assessment.

The partnership losses were however not permitted to be set off against the taxpayer's other (non-partnership) South African income in the years preceding the 2018 year. Instead, they were carried forward as foreign assessed losses.

Paragraph (b) of the proviso to section 20(1)

*Provided that there shall not be set off against any amount derived by any person from a source within the Republic, any –*

- (i) assessed loss incurred by such person during such year; or*
- (ii) any balance of assessed loss incurred in any previous year of assessment, in carrying on any trade outside the Republic;*

# THE LEGISLATION

The ring-fencing of the assessed loss (losses)

The assessed losses in the partnership commenced from 1 March 2014 and continued until 28 February 2017.



Because these losses could not be claimed against the taxpayer's South African income, at the end of her 2017 year of assessment (28 February 2017) she carried forward to the 2018 year a cumulative foreign assessed loss (arising out of the air charter trade) of R62 596 925.

On 3 September 2017, the taxpayer moved permanently to the UK and ceased to be a 'resident' for purposes of South African income tax.

The taxpayer was thus deemed *inter alia* to have disposed of her one-third share of the aircraft on 2 September 2017, at its market value.

The deemed disposal, despite being of a capital nature, gave rise to a recoupment under section 8(4)(a) ...

# SARS'S VIEW

## Paragraph (n) of the definition of gross income applies

For purposes of the Income Tax Act, *unless the context otherwise indicates* - "**gross income**", in relation to any year or period of assessment, means ...

*... including, without in any way limiting the scope of this definition, such amounts (whether of a capital nature or not) so received or accrued as are described hereunder, namely (n) any amount which in terms of any other provision of this Act is specifically required to be included in the taxpayer's income and that amount must –*

- (i) for the purposes of this paragraph be deemed to have been received by or to have accrued to the taxpayer; and*
- (ii) in the case of any amount required to be included in the taxpayer's income in terms of section 8(4), be deemed to have been received or accrued from a source within the Republic notwithstanding that such amounts may have been recovered or recouped outside the Republic:*

*(Paragraph (n) of the definition of “gross income”)*

Subparagraph (ii), of paragraph (n), was repealed with effect 15 January 2020.



# CONTEXT

Case Number: 46206 – SARS relied on paragraph (n)

For an explanation of the proposed amendment to paragraph (n), of the definition of gross income, see below. (Done after the disposal in question took place).



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## EXPLANATORY MEMORANDUM ON THE TAXATION LAWS AMENDMENT BILL, 2019 21 January 2020

Definition of “gross income” - The proposed amendment seeks to delete the reference and application of an obsolete tax concept in the definition of gross income. Paragraph (n)(ii) of the definition of “gross income” deems amounts falling under section 8(4) of the Act to be from a source within the Republic. This latter requirement was introduced at the time South Africa had a source system of taxation and was designed to prevent taxpayers from exporting depreciable assets and then arguing that the proceeds on disposal were from a source outside the Republic, and hence not subject to recoupment. However, since the introduction of the worldwide basis of taxation in 2000, this rule is no longer required. In fact, it results in unintended consequences.

# CONTEXT

Case Number: 46206 – SARS relied on paragraph (n)



Judge L R Adams

I am of the view that sub-paragraph (n)(ii) is of no application to the taxpayer's recoupment.

Moreover, in my view, the deeming of source is not intended to apply outside the realm of the 'gross income' definition. In context, sub-paragraph (n)(ii) applies, like sub-paragraph (n)(i), for the purpose only of paragraph (n) – the whole aim of which is to include amounts in gross income.

It does not apply for all purposes of the ITA, such as s 8(4). This is reinforced by the use of the words 'for the purposes of this paragraph', which were part of the original wording of paragraph (n).

# THE SOURCE OF the recoupment – section 9

*An amount is received by or accrues to a person from a source within the Republic if that amount ... constitutes an amount received or accrued in respect of the disposal of an asset other than an asset contemplated in paragraph (j) if*

*(i) that person is a resident and –*

*(aa) that asset is not effectively connected with a permanent establishment of that person which is situated outside the Republic; and*

*(bb) the proceeds from the disposal of that asset are not subject to any taxes on income payable to any sphere of government of any country other than the Republic; or*

Section 9(4)(d)

Section 9(2)(k)

*An amount is received by or accrues to a person from a source outside the Republic if that amount ... constitutes an amount received or accrued to that person in respect of the disposal of an asset that is not from a source within the Republic in terms of subsection (2)(j) or (k) ...*

# PERMANENT ESTABLISHMENT

As defined (section 1 and clause 5 of the RSA / UK treaty)

## ARTICLE 5

### PERMANENT ESTABLISHMENT



1. For the purposes of this Convention, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

### Article 5

#### *Permanent Establishment*

1. For the purposes of this Convention, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.



It ran a charter business using a passenger aircraft and ... trade operated in and from the UK. ... was registered and based in the UK, where the business' offices were also situated.

... Commissioner accepted that the trade of the partnership ... had a 'permanent establishment' in the UK ... to which the aircraft was ... connected



# THE SOURCE OF the recoupment



In that regard, only sub-paragraph (k)(i) is relevant, as the taxpayer was, at the time of the deemed disposal, a resident of South Africa, in which case two requirements must both be fulfilled ('and') for the proceeds to be regarded as being from a South African source. The first requirement is in sub-paragraph (i)(aa). It applies where the asset disposed of is not effectively connected with a permanent establishment of the taxpayer situated outside South Africa. It is common cause between the parties *in casu* that the air charter trade had a 'permanent establishment' in the UK, to which the aircraft was effectively connected. This is also factually the case. That is the end of the latter enquiry: the proceeds cannot then be from a source in South Africa under section 9(2).

... s 9 was expressly stated to be applicable to 'amounts received or accrued during years of assessment ending on or after [1 January 2012]'. Thus it was intended to regulate all such amounts received or accrued, without exception.

# THE SOURCE OF the recoupment



In sum, I conclude that, on a proper interpretation, paragraph (n)(ii) does not apply in the operation of proviso (b) to section 20(1). But even if paragraph (n)(ii) is of potential application to the present facts, it cannot prevail over the more recent and comprehensive provisions of s 9(4)(d), read with section 9(2)(k) which peremptorily treat the income from the sale of the aircraft as arising from a foreign source.

To regard that income as from a South African source in the face of these provisions is, as submitted on behalf of the taxpayer, absurd.

The appeal therefore stands to be upheld and the additional assessment pertaining to the 2018 tax year should be set aside.





# ADVOCATING FOR IMPROVED PUBLIC SECTOR CONSULTING

Msizi Gwala

# INTRODUCTION

- Spotlight on reporting consultants in the public sector
- Highlighted over the years by the AGSA, other stakeholders
- Sustainable value creation? Sustainability of the current model?
- Lack of skills transfer (fertile ground for the transfer?)
- Analysis: risks, associated costs, benefits and support
- Data collection process > data analysis > Implement >
- Guidance and support > advocacy > Improvement



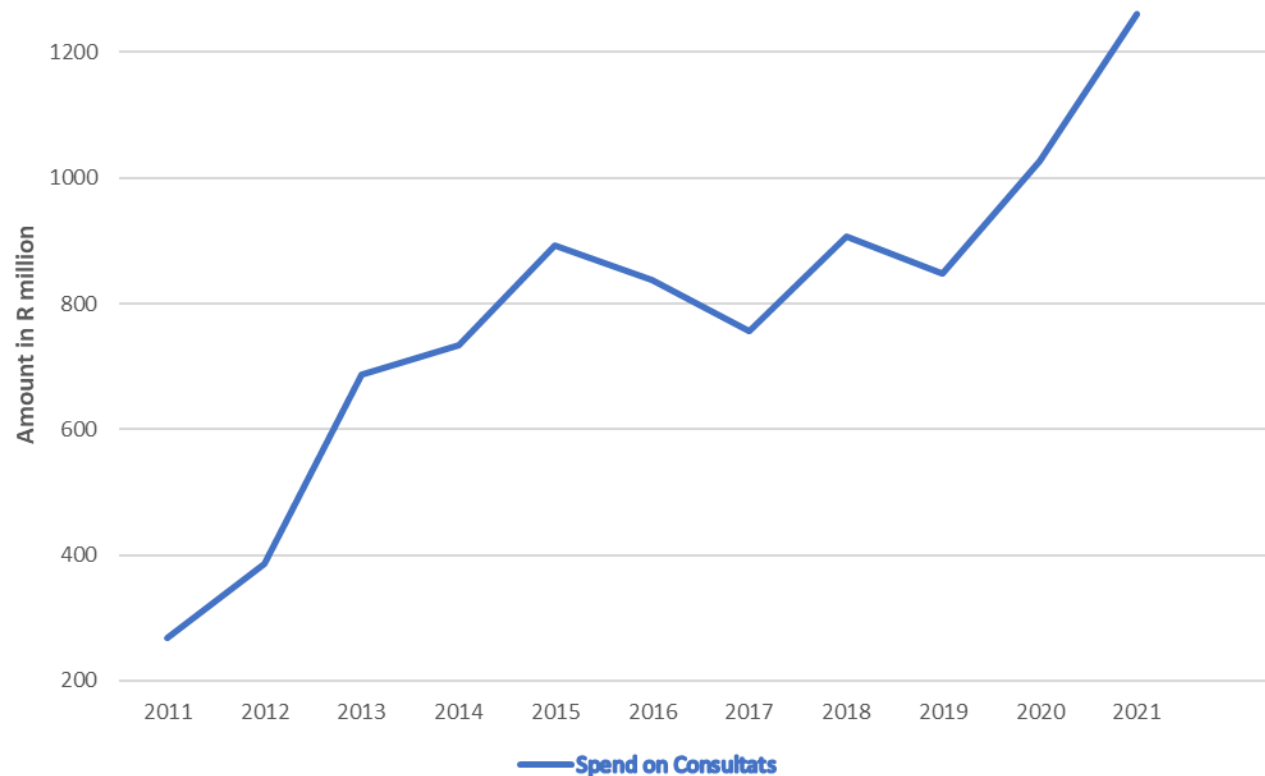
# THE CONTEXT

- Management consultants bridge public sector skills and capacity gaps
- Various professional services provided (accountancy and other professions)
- Financial reporting consultants tracked by the AGSA
- Example (AGSA GR 2020-21):
  - Previous administration cost local government R5,31b
  - 70% of municipalities consistently used consultants
  - No clear positive outcomes on audit outcomes

CONTEXT  
MATTERS

# LOCAL GOVERNMENT ANALYSIS

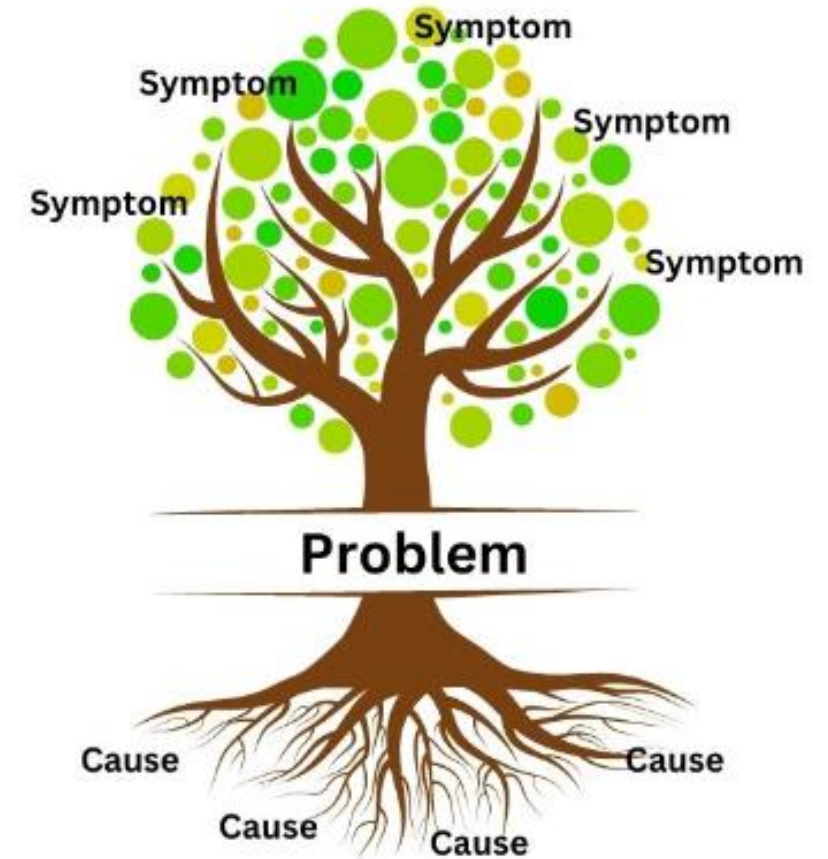
Local government spending on consultants



- Finance salaries R10,41 billion, with consultants costing R1,26 billion in 2020-21
- Responsibility for the effective use of consultants lies with the municipal manager and the CFO
- 62% of consultants to provide lacking finance skills
- 7% filling vacancy capacity, the rest = combination
- Asset management services (34% of spend) rarely for complex accounting matters
- 121 (59%) of AFS had material misstatements in the areas assisted by consultants

# ROOT CAUSES OF PERSISTENT ISSUES

- Lack of skills and competencies in government
- Inadequate/lack of records and documentation
- Poor systems of internal control
- Poor project management
- Work of consultants not adequately reviewed
- Consultants appointed too late
- Consultants just not delivering





# SOLUTIONS, MAKING A DIFFERENCE

- Analysis of data, determining the way forward
- SAICA Code of Professional Conduct
- Ballooning public service and wage bill, public purse under pressure - cash strapped government
- Project management deficiencies, guidance/support
- Wasteful expenditure – payment of salaries and consulting fees?
- Reputational risks, a negative perceptions
- Make a difference, sustainable value creation

**DIFFERENCE  
MAKERS**



# SARS OPERATIONAL AND TAX ADMINISTRATION

# SARS OPERATIONAL AND TAX ADMINISTRATION



SARS 2023 Filing Season



Stringent VAT Registration Process



Enhancement to the Tax Compliance Process

Other

# SARS OPERATIONAL AND TAX ADMINISTRATION

What about those not auto-assessed, but borderline 'provisional'?

## SARS 2023 Filing Season

- **Main change:** the extension to be granted for changes to **auto-assessed** returns will be aligned to the end of filing season (i.e. for provisional taxpayers) – will hopefully eliminate confusion with respect to the filing deadline.
- Notifications of receipt of the request and subsequently a decision letter will be issued – timing will differ depending on resources available at the time.
- Once a request for extension has been made, one will be unable to file a return until the outcome is given.
- The interest-free period was previously extended to 31 January. Going forward, this will be one month after the filing of the return.
- Trust information will **not** be prepopulated for the current year, but SARS will use it to cross-check the data.
- Refinement of auto assessment population will continue.
- SAICA view: section 95, TAA does not provide for the auto-assessment process – we continue to address this in various submissions

# SARS OPERATIONAL AND TAX ADMINISTRATION

## Stringent VAT Registration Process

- **Significant increase in suspicious VAT registrations!**
- **Revision of the VAT registration process – effective 11 May:**
  - Possible requirement that applicant present at a SARS branch – to pre-book via the online appointment booking system;
  - SARS letter specifying documentary requirements;
  - Documents to be uploaded or presented at SARS branch;
  - Registration to be finalised only when SARS is satisfied that all relevant requirements have been met.

No documents uploaded and/or no interview scheduled within 21 days – case will be closed and no VAT number will be issued. A rejection letter will be sent.

Registrations initiated prior to implementation of the new process – subject to previous process



# SARS OPERATIONAL AND TAX ADMINISTRATION

## Enhancements to the Tax Compliance Process

- **Streamlining and 'simplification' of process**
- Faster process to facilitate quicker turnaround for crypto-currency related transactions
- Discontinuation of 'Tender' as an option for Tax Compliance Status request.
- Introduction of a new dynamic application called 'Approval International Transfer (AIT)' – replacing the existing 'Emigration' and 'Foreign Investment Allowance (FIA)' application types – the same form will be used for both tax resident and non-tax-resident individuals
- [SARS Guide to the TCS Functionality on eFiling](#)
- [Documentary requirements for AIT applications by individual taxpayers](#)
- For more guidance regarding concerns around the new process – Tax in Practice (May 2023) – Mark Kingon (SARS) addressed members in that session

# SARS OPERATIONAL AND TAX ADMINISTRATION

## Other

- **SARS Letters: Change in compliance status** – seems to be re-occurring for VAT and PAYE – escalated to SARS and awaiting feedback
- **Emergence of long outstanding returns 2007/8** – individual taxpayers and PAYE – members to highlight the extent of this issue
- **Tax Tip:**
  - Upload documents via SARS Online Query System (SOQS) if file size limit is exceeded;
  - Use the correct case reference number to ensure it is linked;
  - Multiple ‘queries’ can be created to facilitate multiple uploads.

# SARS OPERATIONAL AND TAX ADMINISTRATION

## Other (continued)

- **Ongoing challenges**
  - Contact centre issues
  - Long waiting periods for virtual appointments and challenges with face to face/walk ins
  - Delays in finalisation of verifications
  - Delays in finalisation of disputes
  - Bank verifications and ‘stoppers’
  - Inadequate communication – concerns of the impact on the new processes



# Sustainability Reporting Developments

# Developments at the ISSB

## Finalisation of the first IFRS Sustainability Disclosure Standards

- International Sustainability Standards Board (ISSB) preparing to finalise IFRS S1 and IFRS S2.
- Publication of the two Standards is expected towards the end of the 2<sup>nd</sup> quarter of 2023.
- Effective date of IFRS S1 and IFRS S2 is January 2024.
- The ISSB to introduce a transition relief in IFRS S1:
  - to allow an entity to report on only climate-related risks and opportunities in the first year it applies IFRS S1 and IFRS S2.
  - An entity would be required to provide information about its other sustainability-related risks and opportunities in the second year it applies the two Standards.
  - This transition relief would have no effect on the application of or requirements in S2.



More info:

<https://www.ifrs.org/news-and-events/updates/issb/2023/supplementary-issb-update-april-2023/>



# Developments at the ISSB

## Finalisation of the first IFRS Sustainability Disclosure Standards (continued)

- Launch of IFRS S1 and IFRS S2 in South Africa.
- Nigeria – to early adopt IFRS S1 and IFRS S2.



# Shaping the future priorities of the ISSB

## Future agenda priorities

- Agenda consultation is intended to inform the ISSB's work plan for the next two years
- Request for Information published:
  - seeks feedback on the scope, content and structure of the new research and standard-setting work.
- ISSB next activities will focus on:
  - beginning new research and standard-setting projects;
  - supporting the implementation of IFRS Sustainability Disclosure Standards (ISSB Standards);
  - researching targeted enhancements to the ISSB Standards;
  - enhancing the SASB Standards;



# Shaping the future priorities of the ISSB

## Future agenda priorities

- ISSB next activities will focus on (continued):
  - ensuring connectivity between the ISSB's and IASB's respective requirements;
  - ensuring interoperability of the ISSB Standards with other sustainability standards; researching targeted enhancements to the ISSB Standards; and
  - engaging with stakeholders.



# Shaping the future priorities of the ISSB

## Future agenda priorities – Proposed criteria to deciding on additional projects

1. The importance of the matter to investors

2. Whether there are any deficiencies in the way companies disclose information on the matter

3. The types of companies that the matter is likely to affect, including whether the matter is more prevalent in some industries and jurisdictions than others

4. How pervasive or acute the matter is likely to be for companies

5. How the potential project interconnects with other projects in the work plan

6. The complexity and feasibility of the potential project and its solutions

7. The capacity of the ISSB and its stakeholders to progress the project in a timely way

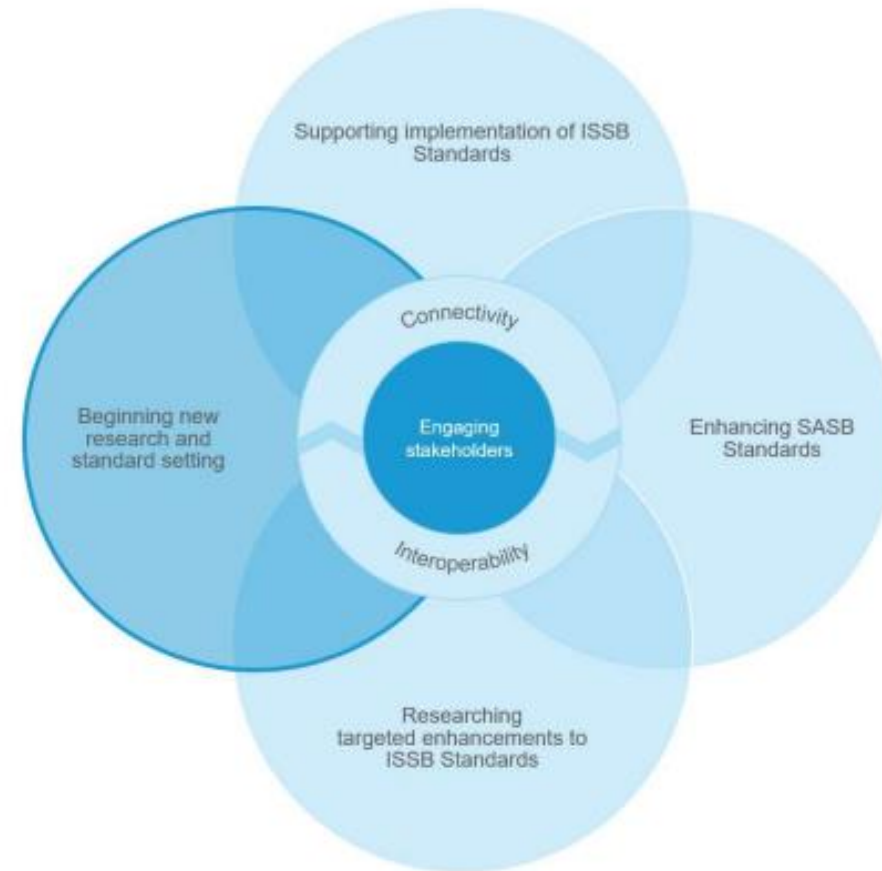


**More info:**

<https://www.ifrs.org/content/dam/ifrs/project/issb-consultation-on-agenda-priorities/issb-rfi-2023-1.pdf>

# ISSB Future Path & Priorities

- With established system no longer fit for purpose, the ISSB is set to rethinking connectivity and drive interoperability -
  - Shifting knowledge to galvanised action
  - Engaging stakeholders in jurisdictions continually to meet local needs
- The ISSB has opened a public consultation to sharpen its future focus -
  - Advancing new research and standard-setting projects
  - Embedding the General and Climate-related disclosures
  - Focussing on core areas such as biodiversity, ecosystem & ecosystem services, human capital, human rights and integration in reporting
- The priorities for the 2 years will be based on where guidance is required the most as to be revealed on the feedback from the consultation
- The comment period is now open until 1 September 2023





# Enhancing the international applicability of the SASB Standards

- The ISSB is seeking feedback on its proposed methodology in enhancing the global applicability of the SASB Standards
  - The objective is to revise the metrics within the SASB Standards, based on the outcomes of the consultation, prior to IFRS S1 coming into effect in January 2024
  - The SASB Standards serve as an important source of guidance in the ISSB's IFRS S1 by helping companies to identify sustainability-related risks and opportunities and provide appropriate disclosures beyond climate (IFRS S2).
- Feedback on the proposed methodology will enable the ISSB to make targeted amendments to the SASB Standards to make sure references within them are internationally applicable.
- A small subset of the metrics included in the SASB Standards—around 20%—incorporate references to specific jurisdictional laws and regulations.
- SASB Standards support the targeted industry metrics and already applied over 70 jurisdictions.
- Revising these references will help improve international applicability and remove regional bias.

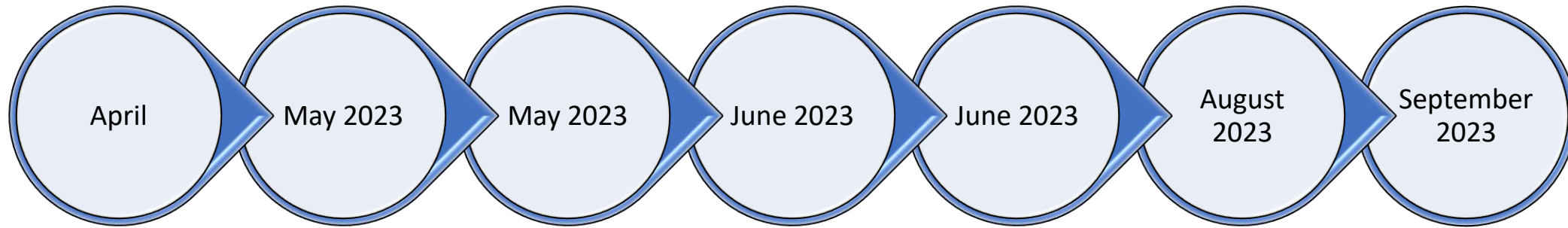
# Enhancing the international applicability of the SASB Standards

- The enhancements are designed to ensure that entities can apply the SASB Standards regardless of the jurisdiction in which they operate or the type of generally accepted accounting principles (GAAP) they apply.
- Such enhancements will preserve the structure, completeness and intent of the SASB Standards.
- The inclusion of SASB Standards Taxonomy updates:
  - SASB Standards Taxonomy reflects the SASB Standards' content
  - Allows preparers to digitally tag information disclosed when applying the SASB Standards
  - This digital tagging makes the information disclosed machine-readable so that users can collect, use and compare entity-reported information more easily
- This methodology is useful for users of general purpose financial reports

**More info:**

<https://www.ifrs.org/content/dam/ifrs/project/international-applicability-sasb-standards/ed-issb-2023-1-international-applicability-sasb-standards.pdf>

# Closing Trade-offs between Comprehensive & User Friendly Reports



**Opened:** Call for candidates to join the Transition Information Group for IFRS S1 & IFRS S2

**Opened:** Consultation period to update the global Applicability of SASB - 20% of the Standards metrics

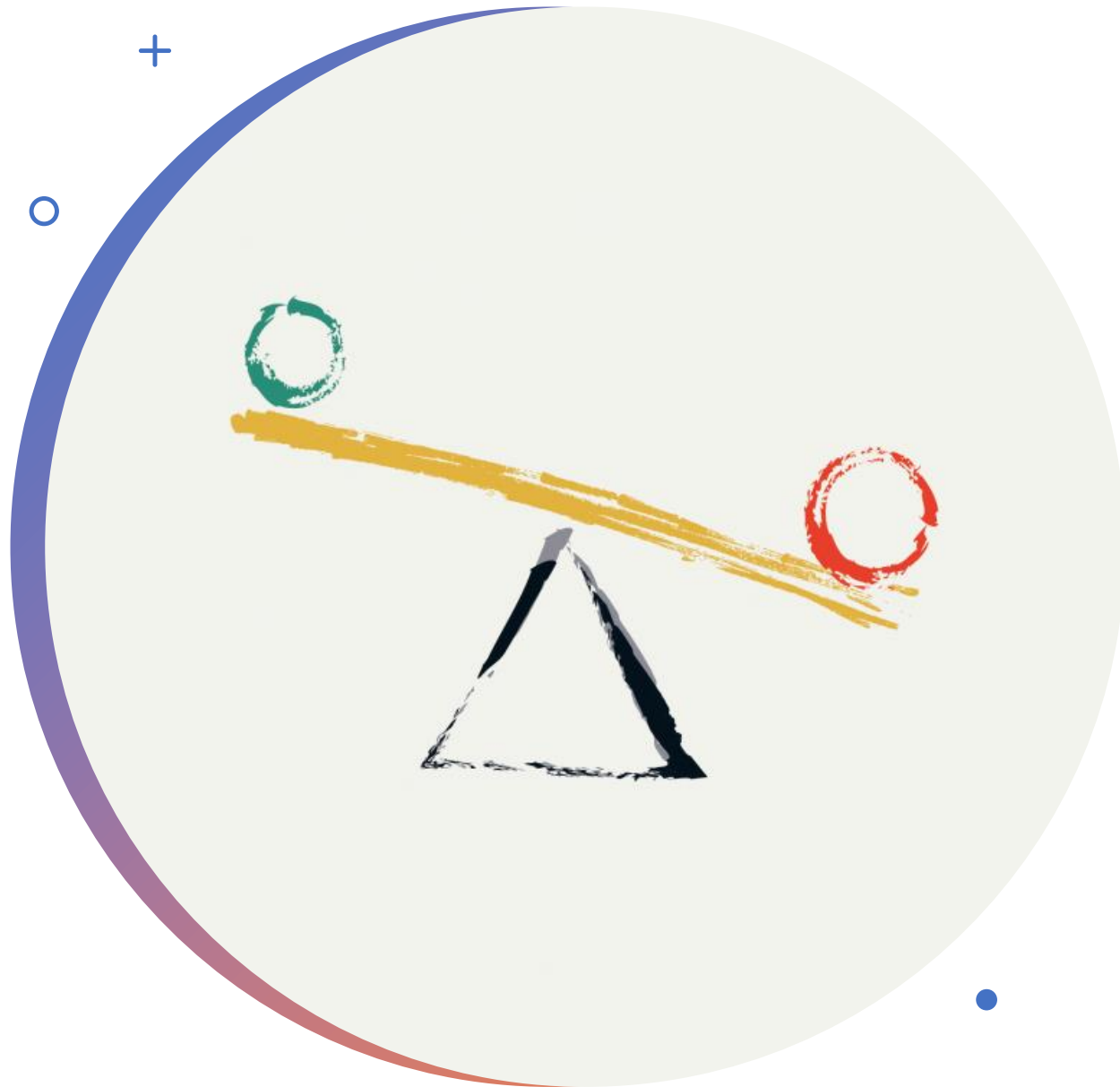
**Opened:** Information consultation on agenda priorities

**Release:** IFRS S1 and IFRS S2 with climate – related disclosures as aligned to IFRS S2

**Closes:** 120 days consultation process to update the SASB Standards

**Closes:** Membership application for Transition Information Group (TIG)

**Closes:** Agenda priorities consultation process



## Bringing the Balance

- To summarize, while significant progress has taken place on Sustainability Disclosure Standards and Frameworks, the time has arrived to present the ISSB General and Climate – related disclosures, together with jurisdictional regulators.
- This can enable regulations across the globe and ensure progress towards the realisation of the Sustainability Development Goals (SDG) goals.