

**FREQUENTLY ASKED QUESTIONS
FILING SEASON 2020: AUTO ASSESSMENTS
6 AUGUST 2020**

Since last Thursday, some taxpayers have been receiving an SMS of a notice of auto assessment from SARS. This process was supposed to commence on 1 August, but it seems that SARS' systems were ready to generate the auto assessments and issue SMSes a few days prior to this.

In May this year, the Commissioner of SARS first communicated to the public regarding the 2020 Filing Season and the new auto assessment process. There were subsequent communications following this, all of which have previously been shared with members. Despite the multiple communications, in our view, some of the finer details still require clarification.

Following multiple submissions and engagements with SARS, by SAICA and other RCBs subsequent to the initial communication regarding the auto assessment process, SARS met with RCBs and representatives from financial institutions, on Monday, 3 August to discuss the auto assessment and other 2020 Filing Season issues.

We have collated a detailed list of FAQs which should assist members and their clients to better understand the process. There are still some unanswered questions, but we are working with SARS to resolve these and will use our various communication platforms to update members as soon as we have more information. For clarity on some of the practical aspects, you may also read [SARS FAQs](#) in this regard.

1. Is an auto assessment an 'assessment' for the purposes of the Tax Administration Act, 2011 (the TAA)?

According to SARS, an auto assessment is a 'notice' to taxpayers indicating that they may access eFiling and file their tax return. SARS views it as a proposal and not an assessment for the purposes of the TAA. Once the taxpayer accepts or edits, the ITA34 assessment is issued.

2. How is the auto assessment populated?

It is populated using third party information submitted in respect of the relevant taxpayer, by his/her employer, medical aids, retirement funds and financial institutions. The deadline for submission was 31 May.

3. Why is there a difference between the result per the SMS assessment and the assessment result available on eFiling?

The auto assessment result was calculated based on the third party information submitted at a point in time. SARS noted that between the time that the SMS was issued and taxpayers accessed eFiling to view, some third parties may have revised their submissions resulting in the auto assessment being updated and a different result calculated as per eFiling, for affected taxpayers. A significant number of submissions were impacted. SARS acknowledges that this is a problem and will address with the relevant third parties.

4. Why was an auto assessment issued in respect of an individual who has a travel allowance to claim against, other deductions and/or other income to disclose and/or is a provisional taxpayer?

Whilst many were of the view that auto assessments will be issued only in respect of individuals who are non-provisional taxpayers, receiving simple salary and investment income, SARS has confirmed that the pool of individuals selected for auto assessments is much wider than this. Theoretically, most provisional taxpayers and individuals conducting a trade should not be subject to auto assessment.

There are instances of provisional taxpayers having received the auto assessments. Based on member complaints, there are also many taxpayers who have travel allowances, medical expenses, donations and other information - which would not have been pre-populated - who have received the auto assessment.

Taxpayers must ensure that they select the 'Edit' option when accessing the auto assessment on eFiling, check all information disclosed and edit as relevant. If something is not pre-populated and you cannot amend the information, you will need to call the SARS Contact Centre and address this. Refer below for some known issues regarding pre-population of information.

The vast majority of auto assessed taxpayers will, according to SARS, be able to simply accept the auto assessment notice, with the minority having to edit.

We will be surveying members in due course to understand the member experience in this regard.

5. It is difficult to check and review information in the current 'assessment' format. Why is a detailed return not populated as this would have made it easier for reviewing purposes?

Unfortunately, this is the format for the current year. SARS have acknowledged proposals to change the format to that of a pre-populated, detailed return for future periods.

If the taxpayer selects the 'Edit' option, a detailed return will be available for editing - the format being the same or similar as that used in the prior year.

6. If I select the 'Edit' option, will I have to wait until 1 September to request a return and/or file?

No, the return will be available for completion and filing immediately on selecting the 'Edit' option.

7. I am the nominated contact on my client's profile, why did I not receive the auto assessment notice via SMS?

It has always been SARS intention that the taxpayer should receive the auto assessment notice and therefore in SARS' communication dealing with the auto assessments, taxpayers were advised to ensure their details were correct on eFiling.

SARS has agreed to consider proposals to send the SMS to both the taxpayer and the tax practitioner where the tax practitioner is the nominated contact.

8. What should I do if I have been engaged to perform the compliance function, but do not/will not receive the SMS?

As a tax practitioner, if your client has engaged you to provide tax compliance services, you must remind them of this contract and request that they send you their auto assessment notice as soon as they receive it.

You should also agree with your client, upfront, on an appropriate tariff should you have to provide assistance on audit or verification following acceptance of the auto assessment by the client (should they choose to do this).

9. What if the taxpayer accepts the auto assessment in error?

The normal process will follow in this regard, i.e.:

- Use the eFiling option to 'request for correction' of the tax return and revise and submit the return; or
- If the 'request for correction' option is no longer available, an objection must be lodged within 30 business days of the assessment being issued. The assessment in this case being the ITA34 that SARS indicated will be issued only after acceptance of the auto assessment.

10. What is the deadline for responding to the auto assessment notice?

According to SARS (as per our discussion on 3 August), the normal deadlines will apply to provisional and non-provisional taxpayers who file via eFiling, i.e.:

- Non-provisional taxpayers who receive an auto assessment notice must accept or edit and submit the edited return by 16 November 2020. Failure to do so will result in administrative penalties; and

- Provisional taxpayers who receive an auto assessment notice must accept or edit and submit the edited return by 29 January 2021. Failure to do so will result in administrative penalties.

11. Why does the information in the notice to file 2020 income tax returns (GG 43495 Notice 741) seem to differ regarding the deadline?

- Paragraph 3(3) of the abovementioned notice provides the following:

'(3) A natural person is not required to submit an income tax return in terms of paragraph 2(f)(vii) if—

- (a) the person is notified by the Commissioner in writing that he or she is eligible for automatic assessment; and*
- (b) the person's gross income, exemptions, deductions and rebates reflected in the records of the Commissioner are complete and correct as at the date—*
 - (i) of accepting automatic assessment; or*
 - (ii) **specified in paragraph 4(b)(iii), irrespective of whether the return relates to a provisional taxpayer, if he or she does not respond to the notification by this date.***

(our emphasis)

- The date specified in paragraph 4(b)(iii) is the deadline for submission of tax returns on eFiling by provisional taxpayers - i.e. 29 January 2021.
- Our understanding of the above is that if a person receives an auto assessment and does not respond to it by 29 January 2021, SARS will issue an estimated assessment (based on the information at its disposal as at this date), regardless of whether the taxpayer is a provisional or non-provisional taxpayer.
- We have engaged with SARS regarding this anomaly and SARS have committed to providing feedback as soon as possible.
- To avoid disputes, we would suggest that until we clarify the matter with SARS, it may be prudent to adhere to the deadlines as noted in FAQ 10 dealing with deadlines above.

12. Neither myself nor my client received an auto assessment notice - what should I do?

Access the taxpayer's eFiling profile and request a return.

- If auto assessed, a notice will pop up indicating this to be the case and on selecting 'Continue', the auto assessment should appear. You may then opt to 'Accept' or 'Edit'.
- If not subject to auto assessment, the pre-populated return should appear and you may complete and submit as normal.

13. If not subject to auto assessment, may I request and file returns before 1 September 2020?

Yes, SARS have confirmed that following multiple submissions by SAICA and other RCBs, 2020 individual tax returns may now be accessed and filed prior to 1 September 2020.

14. Can I ignore the auto assessment?

No, if you ignore the auto assessment notice and fail to accept or edit, SARS will issue an estimated assessment based on the information at its disposal, as at 29 January 2021. Refer to FAQ 11 for further information.

15. What if I accept the auto assessment without checking and certain items were not disclosed?

Ultimately, it is the taxpayer's responsibility to check the information in the auto assessment and ensure full disclosure. Taxpayers often engage the services of a registered tax practitioner to assist with their compliance obligations. This is especially useful where the taxpayer has additional income, allowances and/or deductions to be claimed. A suitably qualified, registered tax practitioner can assist in unraveling more complex transactions and ensure accurate and complete disclosure.

It is also very important to note that should SARS discover non-disclosure following verification or audit, it is likely that penalties and interest may be imposed.

Further, if SARS can prove that the non-disclosure was with criminal intent, SARS have indicated that they will take steps to prosecute. Read the recent [summary of a media briefing](#) held by the CSARS where this was discussed in detail.

16. What are the known pre-population errors currently being investigated by SARS?

The below issues were highlighted to SARS by RCBs and/or SARS themselves highlighted these as known issues which it is investigating and in respect of which a response will be provided in due course:

- Where medical contributions have been paid by an adult child on behalf of his/her parent/s, it appears that the rebate is pre-populated in both the return of the adult child making the contributing and the parent/s in respect of whom the contribution has been made. SARS has requested examples of this for further investigation and resolution.
- In some instances, interest from banks in respect of individuals married in community of property has not populated on the other spouse's tax return. SARS is working on a solution to ensure that the spouses are taxed on the correct amount with respect to interest.
- Trust account interest for attorneys, sheriffs and potentially other individuals operating Trust accounts are incorrectly being included in individual taxpayer return. SARS is investigating with a view to resolving this issue.
- The auto assessment populates some of the information on the IT3, but not all of it. Examples provided include interest income being pre-populated, but withdrawals from the investment not pre-populated. It is not possible to edit the return for this and there are therefore concerns regarding non-disclosure. There are also instances of foreign income being pre-populated, but the related foreign tax credits on the same IT3 not pre-populated. Some examples were forwarded to SARS for investigation and feedback.

- **Note:** If you encounter any of the above, please report to SARS via the SARS Contact Centre and obtain a call reference number.

If you do not receive satisfactory feedback or cannot get through to a Contact Centre agent, please log a query on the SAICA Member Portal under SARS Operational Queries. Ensure that you include the relevant tax reference numbers and the call reference number where relevant. Also ensure that you attach the relevant documentation, for example, third party certificates and screenshots of the affected tax returns, for escalation to SARS. It is important that you follow this process so that SARS can track the number of issues via the Contact Centre call logs and by using the SAICA Member Portal (choose the correct category when escalating), SAICA will also be able to track the issues and ensure that you receive a response timeously.

17. What support has SAICA provided to members to address concerns and to communicate matters?

- SAICA has made the below submissions to SARS relating to Filing Season 2020 and in particular addressing legal and practical concerns related to the auto assessment process:
 - [SAICA Submission to SARS: 2020 Filing Season](#) - 24 July
 - [SAICA Submission to SARS: Top 5 Operational Issues](#) - 17 June
- Communication was issued to members in the weekly Integritax newsletter with links to the above submissions made.
- In the June and July TechTalk: Tax webcast, SAICA communicated to members the concerns regarding the filing season and auto assessments and considered comments submitted by members on the webcast platform and via other platforms to formulate the above submissions to SARS.
- The following was communicated to members via the SAICA Integritax Facebook page and the Integritax Weekly mailer:

Facebook link	Integritax Weekly issue date
Media release: Do the right thing or face the consequences	6 August 2020
SARS FAQs: Auto assessments	6 August 2020
Accessing auto assessments	6 August 2020 - included in SARS FAQs
Filing of 2020 ITR14 returns	30 July 2020
SARS Feedback on some filing season and COVID19 tax relief queries	30 July 2020
Media release: Filing season changes (with a focus on auto assessment issues)	16 July 2020

- We encourage members to read the Integritax Weekly newsletters on a regular basis and 'Follow' our [Integritax Facebook page](#) for more frequent updates. The Integritax Facebook page is accessible to all and we have no doubt that tax practitioner staff will also find it very useful.

Note: The information noted above is based on that available as at 6 August 2020.

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