

**FEEDBACK SUMMARY
25 NOVEMBER 2021**

GENERAL

SAICA attends various discussions and meetings on behalf of members with National Treasury (“NT”), South African Revenue Service (“SARS”), the Office of the Tax Ombud (the OTO) and other stakeholders (internal and external). These meetings represent an opportunity for stakeholders to obtain further information on any tax matter from the public and discussions and views expressed do not represent policy or decisions. Furthermore, these discussions do not represent an undertaking by SARS, NT or other stakeholders, but merely statements of their understanding or how they perceive or anticipate a particular matter to be addressed.

The below Feedback Summary should be seen in the above context as merely attempts to inform SAICA members of the discussions and of any proposals that were made during such discussions.

**SARS GAUTENG NORTH RCB MEETING
16 NOVEMBER 2021**

1. SARS eFiling issuing estimated assessments prematurely

SARS issued communication on 8 November 2021, indicating that where a taxpayer who is subject to an auto assessment has neither accepted nor edited and submitted their simulated assessments by the relevant deadline, SARS will issue an original assessment based on an estimate in terms of section 95 of the Tax Administration Act, 2011. We note further that as at 1 December, SARS may impose late submission penalties in respect of a taxpayer who has one or more returns outstanding. This is in terms of [Public Notice 1461, Government Gazette 45396](#).

Whilst we agree that SARS is empowered to issue an estimated assessment due to non-submission of a return, it appears that this is being done prematurely in some cases. In one example, on submission of a tax return by a tax practitioner, it was noted that SARS issued a 'reduced assessment'. On further investigation, the tax practitioner identified that the statement of account reflected an 'estimate assessment', with a date of 1 December. Given that the deadlines for filing of both provisional and non-provisional taxpayers had not yet passed, it was not clear why SARS has issued an estimate assessment.

SARS advised that to give effect to the penalty, SARS has indeed started issuing estimated assessments 'in advance'. However, the due date is 1 December therefore if the taxpayer wishes to submit a different return, he/she will still have 40 business days from 1 December to submit a different, 'correct' return. Submission before the deadline will ensure that there is no late submission penalty. It was requested that this matter be referred to SARS head office for further clarification.

However, following the engagement with the region, SARS issued a media release on 23 November 2021, as set out below:

SARS extends filing season deadline

Tshwane, 23 November 2021 - The South African Revenue Service (SARS) is pleased with the overwhelming response it has received from taxpayers who have submitted their personal income tax returns since 1 July this year.

SARS would like to thank these taxpayers for responding to our strategic intent of promoting a culture of voluntary compliance

*However, to afford other taxpayers the opportunity to comply with their legal requirements, SARS will extend the **filing season deadline for non-provisional individual taxpayers from 23 November 2021 to 2 December 2021.***

SARS is acutely aware systemic issues the organisation has experienced, as well as the impact of load-shedding on taxpayers which made it difficult for taxpayers to file their returns.

As a result, the date for levying of penalties on taxpayers that have not filed their return, will be extended and implemented in January 2022.

We urge taxpayers to use our convenient digital channels, namely, eFiling, SARS MobiApp, as well as the SMS service, which has the number 47277. By sending an SMS to this number, taxpayers can book an appointment at a SARS branch, check if they need to file a return and other services.

The SARS website has also been upgraded to allow for more digital services to taxpayers. For more information on these services, visit www.sars.gov.za

SARS remains committed to make it simple and easy for taxpayers to meet their legal obligations and hopes that the extension of the filing season deadline will encourage greater compliance among taxpayers.

For further information, please contact SARS at SARSMedia@sars.gov.za.

2. SARS Activation OTP Timeout

The SARS user activation process triggers an automated email with a "One Time Pin" (OTP) that has to be entered within 3:00 minutes of being sent. The problem, according to members, is that it sometimes takes longer than the allotted time for the emails to come through to the users as the emails have to go through firewalls, servers etc.

Complaints regarding this timing have previously been raised and we understand that there is a risk of fraud, hence the short time frame. However, members have requested that this issue be raised again for SARS to consider increasing the time for the OTP to remain valid.

SARS suggested that in the circumstances, taxpayers and tax practitioners should opt to receive the OTP via SMS as an alternative. However, tax practitioners in attendance complained that even with the SMS, there is sometimes a delay. SARS Gauteng North team agreed to escalate this to head office for further consideration.

3. SARS mailboxes no longer accepting supporting documents

SARS has noted that in order to streamline the submission of supporting documents, taxpayers are advised to submit supporting documents via the SARS Online Query System (SOQS).

The "Supporting Documents" mailbox, supportingdocs@sars.gov.za is closed and an autoreply will be generated to advise taxpayers to make use of the SOQS to submit supporting documents. This email account will apparently be closed completely. In addition, the "PCC and Contact us" mailboxes will also generate an auto reply to guide taxpayers to make use of the SOQS, to submit supporting documents for cases which have not been resolved. However, the "PCC and Contact us" email accounts will remain open.

There are two queries in this regard:

- If the link for uploading documents on eFiling does not work, how should tax practitioners/taxpayers deal with this? If the documents are uploaded on the SOQS, will this be linked to the eFiling profile?

SARS advised that where the link is not available on eFiling, there should be a case reference number on eFiling and SOQS can then be used for uploading of the documentation.

- The SOQS options are very limited. If an issue that needs to be addressed does not fit into one of the available options, must the taxpayer/tax practitioner first send an email to 'contactus' or 'pcc', wait for a case reference number and then upload supporting documents on the SOQS using that case reference number?

The SARS GN team advised that where the relevant service option is not available on the SOQS, the case must be initiated by sending an email to pcc@sars.gov.za or contactus@sars.gov.za and when a case reference number is received, then the SOQS may be used for uploading of supporting documents. Alternatively, the virtual appointment system may be used if preferred.

4. Appointment of registered representative remains a challenge

Appointing a registered representative using the online option remains a challenge. It seems that the best option is to use the appointment system, which is a workaround and may be causing an unnecessary overload on appointments.

SARS GN noted that they have worked through the backlogs. Some practitioners noted that where there is difficulty identifying the public officer of certain taxpayers, for example body corporates that change trustees annually, it is very difficult to identify who the OTP is being sent to. In SARS' view, this is not a SARS issue. Whilst it may be a practical matter for tax practitioners, it was agreed that affected practitioners must engage with the taxpayer to identify the relevant representative.

5. SARS SMSs issued without sufficient detail

Tax practitioners are still receiving SMS messages with incomplete tax reference numbers which makes it difficult to impossible to identify the taxpayers in respect of which the SMS relates. This has been raised multiple times in the past and continues to be a significant challenge for tax practitioners. There has been no indication from SARS as to how and when this will be dealt with.

This was escalated to SARS head office and the SARS GN officials will provide feedback when such is received.

6. SARS appointments limited to one taxpayer per appointment

With respect to virtual appointments, members have raised concerns that whilst the time allocated to each virtual appointment may be sufficient to deal with more than one taxpayer matter, SARS restricts the engagement to one taxpayer and specific issues for which the appointment was booked. Members believe that given the waiting time for an appointment as well as the fact that the SARS agent has been 'booked' for the allotted time, it may be more efficient to assist with multiple queries in that time instead of having to make multiple appointments.

SARS noted that based on studies performed by it, 45 minutes is considered sufficient to adequately deal with only one query. However, if there is time to address more than one query during the allotted time, the consultant will assist. This extended assistance is only relevant to SARS GN and other regions may opt not to follow this approach.

**SARS GAUTENG SOUTH RCB MEETING
22 OCTOBER 2021**

1. Unnecessary and/or confusing communication from SARS

A number of issues have been raised regarding communication from SARS being either unnecessary or confusing due to a lack of sufficient details. Some of these are highlighted below:

- When payments are loaded on eFiling, before payment date, SARS send e-mails and SMS reminders to authorise the payment – sometimes twice a day.

These reminders refer to a payment reference number. When one searches for the payment reference number, under “show all” on eFiling, it does not show up. It is therefore virtually impossible to determine for which taxpayer the various notices relate to.

- Members have also raised concerns regarding SARS sending weekly communications, on a Sunday – regarding the refund status of various taxpayer clients. Where there is outstanding information or a bank verification required, it is understandable. However, where the taxpayer or tax practitioner has already complied with SARS’ request, for example, documents requested have been uploaded, it is not clear why SARS still sends the reminder.
- Members have noted that SARS is still using the postal service for some communication and this is either delayed or does not reach the taxpayer. Clarification was requested from SARS as to the types of communication still sent via the post and the reason for this.
- SMSes are sent out where only the first and last few digits of the reference number are included. For example, members receive these SMSes in the format 4.....894 and other than them being aware it’s a VAT issue, they are unable to trace such reference number. What makes the problem worse is that the tax practitioners have multiple clients and therefore receive multiple SMSes, thereby making it very difficult to determine which client the SMS relates to. Having to search and check each client with those digits in their reference numbers is time consuming and inefficient. Whilst we understand that SARS wants to protect taxpayer confidentiality, it was request that SARS perhaps consider alternative forms of communication to ensure that it reaches the correct person, with enough detail to ascertain which taxpayer the communication relates to.
- SARS seems to use different contact details for the various tax types. In addition, they on occasion send correspondences on email, or post or to email addresses that have either been changed or are completely out of date. On some occasions an email is received by a tax practitioner that correspondence is on eFiling and sometimes the client name is not mentioned. Tax practitioners have difficulty in tracing those correspondences on eFiling. The incorrect use of contact details of taxpayers is in the view of some members a contravention of the Protection of Personal Information Act. They also advise that SARS cannot hide the fact that taxpayer information is confidential whilst they (SARS) do not exercise due care in directing correspondences to the correct persons.

The SARS Gauteng South regional officials advised that the above issues would be investigated with a view to reaching some resolution.

2. Email communication requesting calculation of taxable estimate in terms of paragraph 19(3) of the Fourth Schedule

SARS seems to use only email communication to send what is referred to as ‘paragraph 19(3) letters’ to taxpayers requesting that they justify the calculation of the taxable estimate used to determine the 1st and/or 2nd provisional tax payments due. Sometimes this is sent to the taxpayer instead of the tax practitioner and is not available on the eFiling profile of the taxpayer. Where the details used by SARS are incorrect – these do not reach the correct person timeously.

Whilst we are aware that the taxpayer has a responsibility to update contact details, there does appear to be an issue with the SARS system not updating these, in some cases – i.e., it seems

that there are various databases that SARS uses and even if the taxpayer or tax practitioner updates the RAV01, it appears that the SARS database does not necessarily link to this and may in fact rely on the information being updated in the annual tax return. It was proposed that all communication is sent via two different platforms – for example email and eFiling correspondence.

SARS noted that they would explore options and try to ensure that the correspondence is both on eFiling and by email. In terms of the database, SARS will also ensure that there is a match between the core database and eFiling records and where there is a tax practitioner noted, the email may be sent to both parties.

3. Additional assessments

There are a number of concerns raised with respect to the raising of additional assessments, some of which are highlighted below:

- It seems that there are many occasions where SARS raises additional assessments without utilising the eFiling channel. Due to this, neither the Public Officers nor the VAT/ PAYE representatives or tax practitioners are aware of the additional assessments. Taxpayer's become aware of such when they receive phone calls for payment of monies arising from such assessments. On occasion they only become aware of such after expiry of objection period and in some cases, SARS takes collection steps even though the taxpayer has not had the opportunity to dispute the additional assessment, due to not being aware of it.

For action to be taken, examples must be provided. Members must log cases via the SAICA Member Portal to enable escalation to SARS.

- SARS on occasion issue additional assessments, but when tax practitioners compare details of the original assessment nothing has changed.
- Reasons and grounds for re-assessments remain problematic. SARS simply advises of correction made, for example: "interest added back", burden of proof not provided, etc. it was noted that SAICA has raised concerns at a head office level in respect of this. However, members in this region have specifically requested that this matter be escalated within the region and we would appreciate feedback as to the SARS practice in this regard. Unfortunately, the level of detail provided is insufficient to enable the taxpayer to formulate an appropriate objection. There is the remedy of requesting reasons, but in some instances, SARS does not respond timeously and/or the detail on the assessment is referred to as being sufficient.

SAICA is dealing with this matter at a higher level and members will be updated in due course.

4. SARS officials not exercising due care in relation to taxpayer matters

Members have raised concerns regarding the inconsistency in treatment of taxpayers vs SARS officials. For example, taxpayers are subject to a penalty regime whereby they are penalised for not demonstrating due care, etc in completing returns. Members feel that similarly, SARS officials should be held to account for not demonstrating due care in respect of taxpayer matters, for example in the correspondence to taxpayers and in respect of additional assessments raised, where the SARS official has not applied his/her mind to the information provided and/or in

submitting returns 'on behalf of' taxpayers – see below issues regarding revised assessments and Deceased Estates for more detail.

SARS notes the concerns and agrees that the SARS officials should exercise due care in all circumstances. Specific concerns must be escalated to enable SARS to deal with these.

5. SARS submitting returns 'on behalf' of taxpayers to give effect to revised assessments

A screenshot of a taxpayers eFiling tax work page where it appears some or most SARS officials are now completing returns and then submitting such, on behalf of taxpayers was submitted to SARS to illustrate the issue. The return filed by SARS is included on the eFiling work page as "revisions remitted by SARS". Members are concerned about this practice as taxpayer clients confirm correctness of returns submitted, prior to submission, but it is not clear who confirms these "revisions" as no one at SARS can be found as to who filed these revisions.

It seems that SARS files revisions in order to give effect to an additional assessment. This was an issue about two years ago and RCBs were assured that the practice had ceased. However, it seems to be recurring.

SARS advised that in a compliance audit, a case would be opened on the system and documents would be requested to validate disclosure made in the return. SARS GS is not sure that this is facilitated via a revised return submitted by SARS. However, other RCBs confirmed that this is indeed the case. It was noted that this could be as a result of SARS staff using the incorrect functionality and the matter should be prioritized for resolution.

6. Deceased Estates

There are a number of concerns raised with respect to the administration of deceased estates, some of which are highlighted below:

- Tax practitioners have noted that there are issues with post death registrations, related to delays at the Master's Office and with SARS.

SARS advised that this issue was addressed and the post-death registration number can now be requested via eFiling.

However, what, in the members' view, is exacerbating the issue is that SARS is attempting to create further complications by raising post death assessments based on income information in liquidation and distribution (L+D) accounts. This may be of some use, but SARS has no records of capital gains or losses post death, do not take account of legitimate deductible expenses and then even though SARS has received information via email from tax practitioners or the agents or Executors, such assessments are posted via the SA Post Office. Needless to say because of problems with post death registrations and administration of such on eFiling, objections to incorrect assessments cannot be raised.

SARS advised that subsequent to coding the estate, the outstanding returns are requested on the engagement letter and 30 days are allowed from the date the first letter is sent. If no response is received, another letter will be sent, allowing a further 30 days for a response. If no response is received, an estimated assessment will be raised. However, the correct return

can still be submitted. SARS has apparently increased the total response time to 90 days before the estimated assessment is issued.

It was noted that one cannot object to an estimated assessment, instead, the correct return must be submitted.

- SARS continue to address correspondences to the Deceased taxpayer which often causes distress especially if a loved one is receiving such communication. It was requested that SARS change the account name to, for example 'Estate Late.....' when they are advised of a death of a taxpayer, presumably through the offices of the Master.

SARS notes the concern and this will be escalated to the relevant division that deals with preparation of the letters.

- SARS seems to expect that an L+D account is produced at the time of registration of the Estate and this is not the case. Despite this, SARS continue to send out the same letters requesting the same information, even when the L+D account is not complete. In addition to the usual delays, matters are further complicated as a result of the remote working situation that many tax practitioners find themselves in. Members note that it is unfair that tax practitioners and taxpayers are requested to make concessions for SARS delays due to SARS staff working remotely and experiencing connectivity issues, but the same concessions are not afforded to taxpayers and their tax practitioners.

SARS has requested examples to validate this issue. We encourage members to log such cases on SAICA's member portal, under the SARS Operational 'subject', for escalation to SARS.

SARS advised further that the Estates segment is in the process of modernisation and the process will become more automated going forward.

7. Printing of the ITR12

It was noted that on printing the ITR12 (individual's tax return), the system prints all pages and not just the populated pages which is a waste of resources.

SARS notes the complaints in this regard and advise that the matter will be addressed. Subsequent to the meeting, it appears that the issue has been resolved around 12 November.

8. Requesting or loading of VAT or PAYE tax types cannot be requested from user as it doesn't show on eFiling

In the above scenario, the advice given is that if one has registered for VAT and is trying to activate this tax type, if eFiling does not give the tax practitioner the option to request the tax type, it is likely due to the fact that a Public Officer needs to be appointed.

The Public Officer must first update their personal eFiling profile and ensure they have a tax reference number. Once this is addressed, it should be possible to request the tax type.