

**FEEDBACK SUMMARY
24 JUNE 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 FREE STATE RCB MEETING
21 JUNE 2021**

1. Deregistration requests – timelines and documentation

It was noted that there is no consistency between regions regarding supporting documents for deregistration and the turnaround time to process these is not clear.

SARS regional staff noted that they would endeavour to provide a list of documents required for deregistration, per tax type. Regarding turnaround time, SARS aims to adhere to the standard 21 business day turnaround. However, deregistration’s were past dealt with nationally in the past, but are now being processed at a regional level depending on where the taxpayer is registered. Within this region, the SARS staff reviews the inventory regularly and is implementing a dedicated team to deal with any backlog identified.

2. Delays in finalising manual assessments

There are still delays noted with regards to the finalisation of manual assessments.

Within the region, SARS is working on resolving outstanding cases. It was noted that in some instances, it is tax practitioners who are delaying submitting the supporting documents, thereby delaying review and assessment. It is important for tax practitioners to check the progress/status of the review to determine if there are any outstanding documentation to be submitted.

Regarding the current cases, the regional director has issued the audit managers with a deadline by when long outstanding cases must be finalised. Where non-submission of documents is causing the delay, SARS staff will be contacting relevant tax practitioners and/or taxpayers directly to follow up.

3. Tax type transfer challenges and delays

There remain some challenges within the tax type transfer and new tax type activation processes, with specific complaints related to cases not being dealt with timeously and/or repeated requests for the same documentation. What is cause for further concern is that the delays could result in the taxpayer being unable to meet compliance deadlines until the tax type is activated or transferred.

SARS advised that specific matters must be escalated for resolution, via the SARS escalation channels. Failing resolution by SARS, the matter may be logged on SAICA's member portal under the SARS Operational category.

4. eFiling for new companies now requires activation of registered representative

Prior to the introduction of the new tax type transfer process, once a company was registered with the Companies Intellectual Property Commission, the income tax and eFiling registration was automated and all information was synced.

However, subsequent to the change in tax type activation and transfer process, the tax practitioner is now declined the initial access to activate the tax types on eFiling without going through the Registered Representative process, which can take up to 21 days to finalise. As noted above, this impacts the taxpayer's ability to meet its compliance deadlines.

SARS noted that it is necessary to follow the process as every corporate taxpayer (represented by an individual) is expected to have control over its own eFiling profile and SARS requires the power of attorney granted to the tax practitioner, to be approved electronically by the registered representative, as a security measure – i.e. to prevent fraudulent access to the taxpayer profile. The online approval is not possible unless a registered representative is activated as it is this individual that will receive the one-time pin to enable approval of the tax type activation/transfer request.

The SARS regional team noted that it should ideally not take longer than 5 days to activate a registered representative provided all documentation requested has been provided. Where this turnaround time is exceeded, these specific cases may be escalated via SAICA to the SARS eFiling support team.

5. Disputes not available on eFiling and/or assessments not recognised

There is an ongoing issue with respect to dispute functionality not being available on eFiling, or the assessments not recognised, even though the functionality/service is supposed to be accessible via eFiling, for example with respect to PAYE assessments. In some instances, eFiling does not recognise the assessment and without an assessment, one cannot lodge the dispute via eFiling.

The method of lodging the dispute is then unclear and manual submissions are often rejected as invalid on the basis that the tax practitioner or taxpayer must use the eFiling platform. The SARS regional team noted that they are aware of issues in this regard and have been escalating these to SARS head office as this is a system related error.

Should members have specific examples of this, please log it on the SAICA Member Portal under the SARS Operational category, ensuring that you specify the branch where the taxpayer is registered, the case reference number/s for initial escalation to SARS and screenshots from eFiling to evidence the 'error' must be attached. This will then be escalated to the relevant region based on the SARS branch selected.

6. Correct source codes not available for some disputes

There are instances where the relevant source code that is to be disputed is not available on the dispute form. It is not clear how widespread this is, but it does appear to be a system error and is unlikely to be isolated. SARS will investigate the examples provided.

Should members have specific examples of this, please log it on the SAICA Member Portal under the SARS Operational category, ensuring that you specify the branch where the taxpayer is registered, the case reference number/s for initial escalation to SARS and screenshots from eFiling to evidence the 'error' must be uploaded. This will then be escalated to the relevant region based on the SARS branch selected.

7. Employees tax validation (ETV) reports are difficult to interpret

There appears to be a high incidence of taxpayers experiencing ETV validation errors after submitting the EMP501 reconciliation. Unfortunately, the ETV reports themselves are very difficult to understand making it very difficult for tax practitioners or taxpayers to correct the 'errors'. SARS was requested to review this process to ensure that where errors are identified, they are clearly explained to enable efficient resolution thereof, which will be of benefit both to SARS and taxpayers.

SARS will investigate examples provided.

8. Generic documentation requests are still being received in respect of individual taxpayers

It was noted that whilst with respect to corporate taxpayers, the relevant auditor does send letters requesting specific documentation via email, this is not the case with respect to personal income tax returns – i.e. individual taxpayers. In some instances, SARS is still issuing 'generic' letters in this regard despite committing to more specific documentation requests.

The SARS regional team advised that SARS should be sending specific letters and requested

examples to determine what is giving rise to the issue. Should members have specific examples of this, please log it on the SAICA Member Portal under the SARS Operational category, ensuring that you specify the branch where the taxpayer is registered and the case reference number/s for initial escalation to SARS. The generic letter and screenshots from eFiling to evidence the fact that no other correspondence was sent separately (on eFiling), must be uploaded when logging the query. This will then be escalated to the relevant region based on the SARS branch selected.