

**FEEDBACK SUMMARY
5 MARCH 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
22 FEBRUARY 2021**

1. Delayed Refunds

Members are experiencing significant delays in payment of refunds due to their clients, by SARS, mainly in respect of personal income tax (PIT) and value added tax (VAT). This appears to be a national issue.

There seem to be various reasons that may give rise to such delays, including, *inter alia*:

- Bank verifications initiated by SARS, despite bank details not changing. What is concerning is that taxpayers or tax practitioners only become aware of this when following up on the outstanding refunds;

- Delays in SARS finalising audits or verifications. Where these relate to prior year returns, the SARS Service Charter provides no defined turnaround time for this and the process could be delayed indefinitely;
- Multiple requests for documentation by SARS as part of the verification/audit process;
- Subsequent to finalisation of a verification/audit, when following up on the outstanding refund, additional, new documentation is being requested by SARS;
- In some instances, issues with directives prevent the submission of returns or issuing of assessments and this delays assessment and subsequent payment of refunds where refunds are due.

Our concerns regarding refund delays, together with examples from SAICA and other RCBs, were submitted to SARS Head Office on 2 February and we await feedback in this regard.

From a SARS FS perspective, it was noted that some refunds make take at least 60 days to be finalised. RCBs requested that in such instances where there are known delays, these and the related reasons should be communicated to tax practitioners to avoid unnecessary follow ups.

If members experience significant delays, please follow up with SARS directly via one of the escalation channels and should the matter remain unresolved after the SARS turnaround time of 21 business days, please log the issue on SAICA's Member Portal under the SARS Operational category. Ensure that you include all details including the relevant SARS branch and case reference number/s.

2. Delays in finalisation of verifications

Members noted delays with respect to finalisation of SARS verifications.

SARS FS acknowledged that there is a backlog exacerbated due to the lockdown and challenges experienced due to remote working.

SAICA raised concerns on behalf of members that whilst there was acknowledgement regarding the challenges faced by SARS and tax practitioners were expected to accept this, tax practitioners faced the same or similar challenges and were not afforded concessions when needing additional time to fulfil SARS requests in accordance with timelines imposed by SARS, which is unfair. It was requested that this be communicated to SARS Head Office.

3. Delays with processing of FIA

Concerns were raised regarding the delays in processing of applications for the FIA. SARS noted that of the cases that were escalated for intervention within this region, at least two-thirds had been finalised at the time of the meeting.

If members have submitted an application and 21 business days have passed with no correspondence from SARS, please log the issue for escalation on SAICA's Member Portal under the SARS Operational category. Ensure that you include all details including the relevant SARS branch and relevant case reference number/s.

4. SARS requirements for the ID and POA uploaded by tax practitioners for virtual meetings

A concern was raised that SARS is not consistent in terms of the documentary requirements for virtual appointments made by tax practitioners. In some instances, a selfie with the identity

document (ID) is required together with a power of attorney (POA). In other instances, consultants request a selfie with the POA as well and/or certified copies of the POA.

SARS agreed that it would communicate, in writing, what the requirements are and that this would be addressed at a national level to ensure consistency across regions and branches.

5. Tax type transfers for individuals on eFiling

There remain some challenges within this process and SARS noted that these may arise due to a variety of reasons, including tax practitioners entering their contact details on the taxpayer's profile (i.e. instead of the taxpayer's) or due to shared access to profiles.

SARS agreed to provide more information, in writing, as to the common challenges and how these may be addressed.

6. Outstanding assessments

Concerns were raised regarding delays in SARS issuing assessments for some taxpayers. In most instances, the eFiling system does not provide a reason for such delays.

SARS noted that this was most commonly as a result of manual interventions where, for example, third party data did not match that submitted in the related tax return or specifically where tax directive information did not match. Tax practitioners must use the SARS escalation process to follow up and should SARS not respond timeously, this may be logged on the SAICA Member Portal under the SARS Operational category, including the branch and case reference number.

7. Requests for reduced assessments in terms of section 93

The turnaround time for responding to section 93 applications is far too long and many times tax practitioners are referred to use the dispute process and submit an objection when in fact section 93 applies.

SARS acknowledged that there is a backlog with respect to finalisation of section 93 requests and that this function had recently been decentralised and the backlog is being addressed.

Regarding the process, section 93 applications must be submitted to pcc@sars.gov.za if by tax practitioners and taxpayers may submit the request to contactus@sars.gov.za. Should SARS fail to respond within 21 business days, this may be escalated to the relevant branch manager (where SARS have made such details available) or it may be logged on the SAICA Member Portal under the SARS Operational category, including the branch and case reference number.

8. Assessed losses carried forward not corrected after amendment of an assessment

Where assessments have been amended which results in a revised prior year assessed loss, the assessed loss to be carried forward is not automatically corrected in subsequent years.

This must be escalated to SARS on a case-by-case basis, in the interim. However, SARS will be looking into the systemic nature of this issue.

9. NOOs allowed, but the revised assessment does not reflect this

Members have noted multiple instances where, despite an objection being allowed and a letter issued to such effect, the revised assessment issued by SARS does not reflect the outcome of the objection.

SARS acknowledged that it has identified the most likely cause of this – namely, the incorrect option is selected when processing the assessment. SARS noted that this issue has been addressed internally with a system update proposed to fix the issue. In the interim, specific cases must be escalated via the SARS channels as a first option. Failing resolution, the matter may be logged on SAICA's Member Portal.