

**FEEDBACK SUMMARY
22 APRIL 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 NATIONAL STAKEHOLDER FORUM MEETING
15 APRIL 2021**

1. Tax refund delays

SARS has confirmed that there have been delays in paying tax refunds. Since early 2021, there was a national focus on finalising and paying personal income tax refunds and most of the backlog in this regard has been addressed. However, this did create even further delays in the finalisation and payment of VAT and corporate income tax refunds which SARS is working on resolving.

One of the reasons for refund delays is due to verifications not being finalised timeously. This could relate to documentation requested to verify amounts disclosed in the relevant tax returns or general bank verifications. If you experience such delays, it is important to check the eFiling profile to determine if there has been a request for information in relation to the taxpayer and if no

correspondence is noted, then follow up with SARS to enquire as to the delay. Failing resolution, log the query on SAICA's Member Portal under the SARS Operational category, indicating the SARS branch where the taxpayer is registered and the case reference number for the initial escalation to SARS. We encourage members to review the [SARS Service Charter](#) which sets out the timelines that SARS endeavors to abide by.

2. Delays in finalisation of disputes

Members have raised concerns regarding extensive delays in finalisation of disputes. SARS has confirmed that there are backlogs especially with respect to the finalisation of appeal cases and it has instituted a national intervention to address this.

What is concerning is that despite the time taken to finalise appeals, the majority of these are eventually allowed. SARS has cited as reasons for this, the fact that sometimes, it is only at appeal stage that taxpayers fulfil the onus of proof and provide documentation verifying information in the tax return, at that late stage. SARS acknowledged that part of the problem could be the generic verification letters previously issued by SARS, which have been replaced in the last 1.5 years by letters listing specific documentation required. This is seen to have a positive impact in terms of finalisation of verifications, specifically in respect of personal income tax returns. SARS is also investigating additional assessments in general to determine whether these should be raised in the first place. However, whilst this may reduce the number of unnecessary disputes going forward, the backlog still needs to be addressed.

If members are still receiving generic letters (2019/2020) as well as multiple requests for the same documentation, even though this was previously submitted, please log this on SAICA's member portal under the SARS Operational category for escalation to SARS.

3. Filing Season 2021

SARS is gearing up for the 2021 Filing Season and has provided certain stakeholders with the opportunity to provide input on the draft 2021 individual tax return form.

The auto assessment process initiated in 2020 will progress in 2021, with a focus on ensuring that third parties submit data timeously and accurately. SARS will be implementing a penalty for the late submission of the EMP501 return due by 31 May 2021. Regarding third parties that repeatedly resubmit updated data past the due date, SARS has indicated that it will be taking action against such repeat offenders as this impacts the auto assessment and return submission process.

Regarding the challenges experienced last year in respect of directives, SARS is engaging internally and with third parties to ensure that the issues impacting 2020 auto assessments and returns are addressed prior to commencement of the current year's filing season.

4. SARS staff training and addressing dishonesty

Concerns were raised regarding the lack of knowledge of SARS staff resulting in for example, incorrect advice provided to taxpayers or incorrect assessments raised by assessors thus resulting in unnecessary disputes in an environment where there are already extensive delays in finalisation of dispute matters. Specific examples were provided to SARS of instances where the SARS assessors completely misunderstood the COVID-19 relief mechanism, resulting in incorrect assessments raised on the basis that the taxpayer underpaid tax.

SARS noted that where such incidences are brought to its attention, there are interventions in place to address the issues directly with the staff member involved and that it will endeavor to ensure ongoing training of staff.

Where taxpayers or tax practitioners believe that there is any dishonesty on the part of SARS staff, it is very important that this be reported to SARS via the channels available on the SARS website or via eFiling to ensure that disciplinary steps are taken where relevant.

5. Removal of inactive clients from a tax practitioner profile

We previously reported that SARS issued a report to recognised controlling bodies, noting statistics related to tax non-compliant tax practitioner members as well as non-compliant clients of members. Following this, many members enquired as to how to remove inactive, non-compliant clients from their eFiling profiles. Concern was also raised that removal of clients will delete all eFiling history in relation to that client.

SAICA has issued a [guide](#) addressing how to add and remove clients from a tax practitioner profile. SARS has confirmed that unless the profile is transferred to another user, the eFiling transaction history will be lost on deleting the profile – history of payments and returns submitted will remain on the SARS core system. SARS is working on a solution in this regard and we will update members via the Integritax Weekly newsletter.

6. Delays in finalisation of directives

SARS is aware that in respect of withdrawals, retirement and emigration space, there is a backlog and SARS is aware of significant backlogs. SARS is working on the backlog. WC has about 1 200 cases that it is working through.

7. Certain forms/functionality not working on eFiling

In some cases – in respect of both employees' tax and VAT – eFiling does not recognise assessments issued by SARS. The effect of the assessments are reflected on the statement of account, but when one tries to lodge an objection, no assessment items appear on the dispute work page, only account items. As such, the NOO form is not available. In such instances, in engaging SARS, one is advised that a manual ADR1 must be completed and submitted.

However, on submitting the ADR1 manually, these are sometimes rejected on the basis that the dispute should have been lodged electronically. There have also been difficulties finding the Request for Remission form in some instances.

In addition to dispute related matters, there is also an issue that some members are experiencing with respect to accessing the VDP form on eFiling.

The above issues were raised as an additional item as many of the examples arose after the agenda was submitted and had been raised at regional meetings, unfortunately with no resolution from the region. SARS agreed to investigate and has requested examples to further this investigation. SAICA and other RCBs agreed to submit such examples.

8. eFiling modernisation

A number of issues were submitted to SARS regarding modernisation of certain forms and functions – for example, Trust disputes, donations tax forms etc. SARS has confirmed that some of these have been delayed due to other matters having to be prioritised first to take into account legislative changes and the impact of the COVID-19 pandemic with respect to remote working conditions necessitating enhancements to online services. However, SAICA's submission in this regard was noted and we have requested a written update.

9. General

SARS provided a general update on other matters, some of which are highlighted below:

- SARS noted concerns raised by some users regarding the security of the SARS browser. SARS advised that the browser was not developed internally, but was developed by well-known, reputable international company that was referred to it by Adobe. SARS again expressed its view that the browser is secure based on tests that its IT team has conducted.
- Regarding the migration of forms from Adobe Flash to HTML, this is progressing and SARS will soon communicate the migration of additional forms in the coming weeks.
- SARS noted the concerns regarding certain forms not being available via certain browsers and noted that it has been testing various scenarios to identify and fix the problem. SARS further indicated a willingness to collaborate with recognised controlling bodies to identify the cause of this with a view to addressing the issues.
- It was noted that the SARS Service Charter is being updated and will be issued in the coming months. SAICA has made a [submission](#) in this regard and we hope that this is taken into account in the new version of the Service Charter.

SARS FREE STATE STAKEHOLDER FORUM MEETING 12 APRIL 2021

Many of the issues addressed at this meeting were subsequently also addressed at the SARS National Stakeholder Forum meeting, the detail of which is noted above. The reason for this is that issues were generally systemic in nature and examples of these were submitted by members based in various regions, nationally. Therefore, the feedback below includes only those matters that were specific to the Free State region.

1. Platform used for ADR meetings

Members requested that an alternative platform to the teleconference be used for ADR meetings. Although this was initially raised in a prior meeting, it appeared that no progress had been made. SARS agreed to follow up internally and provide feedback on this. It was noted that other SARS regions have started to use Teams for ADR meetings.

2. Processing difficulty in respect of registration for second PIT reference number

There appear to be processing difficulties with respect to the registration of taxpayers for the purpose of attaining a second personal income tax reference number, for example in the case of a Post-Sequestration registration.

SARS noted that one must apply for a reference number before SARS processes an assessment for the period, as if an assessment has already been issued for the post-sequestration period, SARS will not issue a tax reference number. We have requested a more detailed response from SARS to elaborate on this issue.

3. Activation of WTI not possible

There appears to be a problem with the activation of withholding tax on interest. It is not clear if this is isolated or a systemic issue. Whilst an example has been sent to SARS for investigation, we would appreciate if members that are experiencing this log such cases on SAICA's member portal.

SARS did note, in the interim, that the banking details on the eFiling profile must match that which SARS has on its core system and users must ensure that the banking details are valid.

4. Request for reduced assessments in terms of section 93 of the TAA

It was noted that there are instances where requests for reduced assessments in terms of section 93 are not being dealt with in an acceptable timeframe and manner.

SARS acknowledged that there remains a challenge with respect to this and has asked that SAICA escalate specific cases if SARS does not address and respond within the relevant turnaround time or if taxpayers are being referred to the dispute process instead of section 93. The main challenge is that one cannot submit it electronically, which results in inconsistent treatment and delays in responding. It was proposed that in the interim, the appointment system must be used to request a reduced assessment and then at least a case reference number will be issued and relevant documents may be uploaded or submitted using that case reference.

The regional Compliance team further noted that it has seen instances where taxpayers use the dispute form even though they are in effect requesting a section 93 reduced assessment. When SARS reviews the dispute, they apply the correct legislation. We encourage members to familiarise themselves with the Dispute provisions as well as section 93 to determine which remedy is available in the circumstances.

5. Estimated assessments in respect of deceased taxpayers

It was noted that there is a tendency in the case of estates for SARS to issue estimated assessments, where returns are outstanding. However, the delays in submitting returns are not due to negligence or disregard to the law, but as a result of genuine delays due to the executor struggling to get the information. SARS agreed to look into this to determine what timelines are applied, in practice, prior to an estimated assessment being issued.

6. Delays in manual interventions

Delays in issuing assessments where there have been manual interventions, remains a concern. SARS noted that it has initiated a process whereby responsible managers have to regularly check on the progress of such cases and endeavor to ensure that these are finalized within a month.

7. Auto-assessments

It was noted that where estimated assessments were submitted due to non-response to auto-assessments issued, the option to request a correction does not seem to be working properly and there is no option to dispute.

Should you be experiencing this, please log the query on SAICA's member portal under the SARS Operational category and this will be escalated to SARS for investigation and assistance.

8. Third party appointment email notification issued with no taxpayer name or reference number

Examples of this issue were sent to SARS to investigate. Examples were also sent to SARS National within the last few weeks. However, we have not received any feedback on the outcome of SARS' investigations into the matter.