

**FEEDBACK SUMMARY
10 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 WESTERN CAPE (WC) RCB MEETING
8 JUNE 2021**

1. Challenges that have arisen following the change in the tax type transfer process

There are a number of eFiling challenges that appear to have arisen as a result of the implementation of the new tax type transfer process. Whilst SARS did not address all of the issues raised, individually, the technical team did summarise the common from a user perspective, as noted below:

- The tax number must be active and not in suspense.
- Registered details must be current/updated – including taxpayer name, CK/company number (where relevant), banking details, contact details, etc.

- The registered representative needs to be updated and verified – SAICA noted that the process to update this is difficult and inefficient as there are long delays between the tax practitioner updating details and the SARS system verifying this.
- When allocating users to the profile, it is important to ensure that the user grants are correct to enable the user to perform the duties that he/she has been appointed for.
- eFiling security details must be updated by the taxpayer – an appointment can be made to update these details.
- Practitioners with multiple eFiling profiles will create a conflict.

SARS has advised that the guide will be updated accordingly and a YouTube video/s will be developed to assist tax practitioners with the new process. SAICA also arranged for a session addressing the tax type transfer process as part of the 9 June TechTalk. The session is recorded and will be available on Click2Start.

A request was made by members that a notification must be sent to existing tax practitioners when a transfer is effected as currently, a taxpayer can transfer their profile without the knowledge of the tax practitioner. SARS has agreed to consider a system update in this regard.

2. Newly required 'affidavit' from taxpayer

SARS is now requiring an affidavit from the taxpayer authorising the representative taxpayer to act on his/her behalf. The affidavit must, at a minimum, include the identity number of the representative and the tax number of the taxpayer and it appears that this new requirement, if not fulfilled in the manner acceptable to the SARS official, is something that SARS has been using to reject queries since the beginning of the year, but has only recently updated their website with the requirement.

There is also a concern that some SARS officials are of the view that an affidavit is required for a tax practitioner even though a power of attorney is in place. The SARS WC regional team confirmed that a power of attorney is still the only requirement for a tax practitioner representing a client and will ensure that the staff in the region are aware of this. Any deviations from the policy must be escalated.

3. Manual Assessment of Foreign Employment tax returns and adjustments

It is not clear if this is systemic or isolated, but members noted instances where individuals receiving foreign employment income have been subject to manual assessment, resulting in SARS treating the income as being fully taxable in South Africa without first requesting supporting documentation to validate the information in the return regarding exemption or application of a double tax agreement (DTA).

SARS noted that most of these cases do get identified for verification audit due to the nature thereof. However, in all instances, there should be a request for relevant documentation, which will be reviewed, to substantiate the disclosure made in the tax return. There is a concern that the correct documentation is not always furnished by the taxpayer or tax practitioner, thus delaying the verification process.

Regarding the lack of communication, SARS will address this issue on escalation of specific cases.

4. Estimated assessments

Taxpayers who received an auto assessment and did not accept it or submit an edited return, were then subject to estimated assessments based on third party information that SARS had on hand at the time of issuing such assessment.

It appears, based on member experience, that the manner in which this was facilitated was via the submission of an 'estimated return' initiated by SARS. Should a taxpayer request a correction (which is the correct process to be followed, per SARS), the return appears to be immediately flagged for 'manual intervention'. There is a concern that the current process may result in unnecessary disputes especially in instances where the taxpayer may not be aware of the 'estimated return' submitted.

SARS was therefore asked to clarify if this is indeed the process and confirm if the system is automatically set up to facilitate manual intervention in all instances, or if it is only where risk is identified. The timelines for finalization was also requested.

SARS advised that where there were differences between the pre-populated information and that submitted by the taxpayer, this would give rise to a manual intervention to the data mismatch which SARS would need to verify. The estimated turnaround time is 21 business days. However, where there are delays, this must be escalated first via the normal SARS channels and failing resolution within 21 days, via the RCB escalation channel.

An additional concern raised related to whether or not the manual intervention paused collection processes. Based on the discussion with SARS, this still requires clarification. However, it was noted that the request for suspension of payment option is available on eFiling when a request for correction is made. It was agreed that until the matter is clarified, it may be prudent for the taxpayer or tax practitioner to request a suspension of payment to pause the debt collection process.

5. Request for extension of time to lodge an objection

IN15 provides that "A taxpayer may, for example, request an extension if that taxpayer was not in a position to fully formulate and substantiate the grounds of objection within 30 business days because of outstanding information or documentation which would only be received after the expiry of that period".

In terms of the process, SARS advised that a request for extension should be made by submitting a letter explaining the reasons for the request, via the pcc@sars.gov.za mailbox if submitted by the tax practitioner. When submitting the objection, one must include the request for extension as an attachment/upload even if no response was received by the time the objection was lodged. If a favourable response was received, this must also be uploaded.

Although an extension may be granted via the PCC mailbox, this is a manual process and the eFiling system is not updated to reflect the extension. Therefore, it is important that the request for condonation field on the NOO must be completed correctly (even if the manual extension was granted) and must include a note detailing the documents attached, to ensure that the SARS official reviewing the request is aware of all documents uploaded. If for some reason, the upload

is unsuccessful, the SARS official will at least be aware that a document/s is missing and will have the opportunity to request this.

SARS suggested that a covering letter also be attached indicating everything that has been submitted with the NOO, to enable the SARS staff to ensure that all documents submitted have been received.

6. Efiling system glitches

There have been many instances of eFiling glitches affecting one's ability to request and/or submit returns, make payments, request reasons for assessments and submit disputes where the form is ordinarily available via eFiling.

It was requested that SARS could consider a standard practice in this regard to allow a concession to the taxpayer if one can prove that one has been unable to fulfil a compliance requirement or otherwise meet a SARS deadline as a result of a system glitch which is clearly due to no fault on the part of the taxpayer.

SARS advised that it would consider each case on its own merits, but if there is clear proof of the glitch, SARS would apply its mind in terms of sections 217 and 218, TAA in deciding whether or not to remit a penalty.

It is crucial that tax practitioners or taxpayers impacted by system glitches keep an adequate record of this – for example, screenshots of the error as well as a record of the call logged with the SARS Contact Centre to report the error prior to the compliance deadline.

7. SMS communication from SARS

Whilst the SMS notifications from SARS are welcomed, there are some concerns regarding the manner and frequency thereof. SARS agreed to investigate those instances where excessive, unnecessary communication is sent.

8. SARS email reminders to authorise payment

The SARS system is generating email reminders to authorise payments, without including the taxpayer name or tax reference number. The only reference in the email is a payment reference number making it impossible to determine which taxpayer the email relates to.

SARS is investigating and will provide more information in respect of this, after clarifying the facts.

9. Delays in processing of assessments

There has been an ongoing issue in the delay of assessments. For some unknown reason company assessments, in some cases, are not being issued on submission of the tax returns. When following up with SARS, the tax practitioner is advised that the turn-around is 90 business days and there is no way of escalating the matter until the 90 business days have expired.

The SARS WC regional team noted that company assessments is a relatively new function within the region and staff required training to ensure that they were adequately equipped to fulfil this

role. This unfortunately led to delays, however, this has since been resolved to a large extent. Specific cases must be escalated and SARS will use the examples to identify what is causing the delays and how to address these going forward.

10. Delays in issuing revised assessments following the acceptance of a NOO

There are instances where revised assessments following SARS acceptance of an NOO are not issued until the tax practitioner requests this and often the tax practitioner has lodged complaints in an effort to speed up the process.

SARS noted that in terms of the process, where the objection has been allowed, it should take a couple of days for the revised assessments to be processed. Specific examples must be escalated via the normal SARS channels and if unresolved within 21 business days, the cases must be escalated via the RCB escalation channel.

11. Responses from CMO or auditors/verifiers noting that matters are resolved

Members noted that in some instances, responses are received from the SARS complaints management office or from auditors/verifiers stating that “the matter is resolved” and to “refer to the attachment”, but no attachment is sent. On contacting the Call Centre, the whole process has to start again where the tax practitioner has to wait another 21 business days for an outcome to the escalation.

SARS agreed that in such cases the tax practitioner may escalate the matter to the relevant SARS branch manager instead of contacting the Call Centre. SARS will share branch manager contact details for RCBs to share with their members. Once received, SAICA will share such details via the Integritax Weekly newsletter.

12. Delays in resolution from the PCC mailbox

Members noted that the turn-around times in respect of matters escalated via the PCC mailbox often exceeds 21 business days and, in some instances, cases are unresolved for many months after using the mailbox as a means of escalation. Tax practitioners often have to have to re-submit the case to request an outcome, sometimes more than once. Whilst there is an understanding that the case may not be resolved within 21 days, there is an expectation that there will at least be communication from SARS regarding the matter even if only to request additional information.

The SARS WC regional team noted that most cases received via this mailbox are referred internally within a maximum of 5 days. However, resolution of the issues is sometimes delayed depending on the nature thereof. It was agreed that turnaround on an overall basis would be reviewed to identify what is causing the backlog that some tax practitioners are experiencing and to ensure adherence to the turnaround times and SARS service charter.

13. SARS appointment system

On conclusion of certain appointments, there are instances where the SARS consultant will indicate that the case is resolved and that the tax practitioner has to wait 24-48 hours for the system to be updated. On checking the system, none of the changes have been made, there is no way of getting hold of that same consultant, requiring following up either by email, phone calls

or another appointment. This is inefficient and costly for the tax practitioner who is often not reimbursed by the taxpayer for the time wasted in this regard.

SARS agreed that in such cases the tax practitioner may escalate the matter to the relevant SARS branch manager instead of contacting the Call Centre. SARS will share branch manager contact details for RCBs to share with their members. Once received, SAICA will share such details via the Integritax Weekly newsletter.

14. SARS Contact Centre

There again seem to be challenges with respect to the contact centre, with long waits before the calls are answered, sometimes to be cut off after waiting up to an hour on the line. There have also been complaints that the call back function does not work – either due to no call back received or when the call back is received, on choosing option 1 to accept, there is no one on the other end of the line.

SARS noted in a separate meeting that there are often high volumes of calls from tax practitioners in respect of issues that may be dealt with via other channels. This creates a strain on the contact centre resources due to unnecessary calls. Due to the remote working situation, there have also been challenges with connectivity which SARS previously noted. SARS is working on addressing this with the service provider as well as ensuring that staff have alternative options to stay connected, for example even when impacted by load-shedding.

SARS TAX PRACTITIONER CONTACT CENTRE SURVEY 4 JUNE 2021

SARS invited recognized controlling bodies (RCBs) to a session to discuss the outcome of its analysis of calls made to the SARS Contact Centre by tax practitioners, or their staff.

Some of the insights shared are noted below:

1. Call volumes - general

For the 2020 calendar year, there were approximately 640 000 calls made to the tax practitioner contact centre with higher call volumes experienced during the employer and individuals' filing seasons.

In addition to the calls routed to the tax practitioner contact centre, tax practitioners are also opting to use the other queues due to long waiting times.

Concerns were raised regarding the fact that immediately after using the other online channels, tax practitioners still call the contact centre to check if the function performed online was successful.

2. Call volumes per RCB

The call volumes per RCB were analysed over the January – April 2021 period and were noted to be significantly higher for the larger RCBs. However, this was considered proportionate in relation to the number of tax practitioners per RCB.

Whilst there is a call back option initiated automatically where the SARS system identifies long waiting times, this option is only selected in 10 – 16% of cases. From a tax practitioner perspective, this could be due to the perception or experience that this option is not always the most effective as sometimes calls are not returned.

3. Calls related to services available via online channels

There are still a significant number of calls made for assistance in respect of services that are available via online channels, making up almost one-third of the calls analysed over a two-month period (March – April 2021).

What is concerning at first glance, is that more than 50% of calls made by SAICA tax practitioners (or their staff) were in respect of functions/services that are available via alternative online channels – i.e., eFiling, SARS website or SARS online query platform.

The RCBs noted that there were some instances where certain functions that were supposed to be available on eFiling were not working due to system glitches and this may (most likely) contribute to the higher volume of calls in this regard.

However, SARS noted that it does also appear that staff of tax practitioners (across RCBs) are not knowledgeable enough regarding the SARS service offerings and updates to these, thus resulting in unnecessary calls. Ultimately, the tax practitioner must take responsibility for the actions of their staff and ensure adequate supervision and training at all times.

The RCBs requested that SARS highlight specific cases to enable engagement with relevant members to address concerns such as these.

4. Calls to follow up on matters that were still within the relevant turnaround times

Over the period March – April 2021, almost 60% of the calls related to follow ups on matters that were still within the turnaround time, again creating a strain on the contact centre resources which could be better spent on more urgent matters and services not available via online platforms.

The ‘unnecessary’ calls also contribute to the longer waiting times that many tax practitioners experience.

5. Specific queries contributing to high call volumes

Some of the queries contributing to the higher volume calls are noted below:

- Payment allocations – this is available online and where the payment itself does not ‘appear’ for allocation, the request must be initiated via SARS’ online query system rather than via the contact centre.
- VAT refunds – whilst it is possible to check the status of these via eFiling, RCBs noted a high incidence of VAT refund delays which has been escalated via various stakeholder engagements over the last few months. Until SARS addresses the backlog in a satisfactory manner, tax practitioners will continue to use the contact centre to follow up on delayed refunds even if only to get a case reference number to facilitate escalation via RCBs.

- Tax Compliance System – RCBs noted that there were issues with this system early in 2021 and more recently with respect to emigration related tax clearance certificates, with backlogs acknowledged by SARS in this regard.
- Audit outcomes outside of turnaround time – again this is an area of concern as noted by RCBs in engagements with SARS. There are many instances of ongoing audits impacting refunds, with insufficient/no updates from SARS.
- Tax type transfer challenges – whilst there are some system related challenges, there are also a number of common user errors which SARS is trying to address.

6. Suggestions

To address the issue of unnecessary calls resulting in capacity constraints and long waiting times, some of the below interventions are to be considered:

- More education regarding SARS service offerings by channel – to be initiated by SARS and RCBs.
- More communication by SARS, including webinars, when systems and processes are changed – for example, the recent changes in the tax type transfer process.
- Greater collaboration to identify systemic issues that may contribute to higher call volumes, with a focus on wider communication to tax practitioners as to interim solutions and progress updates regarding resolution of the issues.