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Dear Mark

RCB FORUM SUBMISSION: SARS OPERATIONAL MATTERS

1. During recent engagements with the Recognised Controlling Body (RCB) Forum members, concerns were raised regarding various SARS issues and it was agreed that these issues should be escalated, on behalf of the RCB Forum, as matters requiring urgent attention.
2. These matters have previously been escalated to your office and via regional engagements by myself and other RCB representatives.
3. However, despite multiple escalations and follow ups, the issues remain unresolved for some time and require urgent resolution.

Activation/registration of the registered representative and tax type registrations/transfers

4. The process to activate registered representatives and transfer or activate tax types, changed on 23 April 2021, for non-individual taxpayers.
5. Since then, there have been multiple challenges, some of which have been addressed via training by eFiling support consultants and advice provided in regional SARS meetings. However, some issues still persist and there is no clear indication as to how to resolve this.
6. In terms of the process for activation or registration of the registered representative, this is initiated online as per the guidance communicated by SARS.
7. Based on the responses at regional SARS meetings, it is our understanding that once the online process has been completed, the SARS system will only be updated with the relevant information once SARS completes a manual process.



8. The standard turnaround time is apparently a maximum of 21 business days. However, concerns were raised during regional engagements, that this turnaround time is excessive given that the experience prior to 23 April 2021, was that the activation or transfer was effected within a few days, sometimes overnight.
9. Assurances were provided at regional meetings – that SARS would endeavour to effect activations or transfers within 2 – 5 days and urgent matters could be escalated on a case-by-case basis which is the process currently followed by RCBs in respect of matters that are brought to our attention.
10. What is concerning is that not all taxpayers or tax practitioners would make use of this RCB escalation and may not even be aware of it as an option.
11. Furthermore, escalation should not be the remedy – what is needed is for the process to be clear and if followed correctly, the taxpayers should not be prejudiced due to SARS systemic issues, inadequate communication or other internal SARS delays.
12. Despite SARS communicating a 21-business day turnaround time, RCBs are receiving multiple complaints noting that the process takes much longer than 21 business days, sometimes in excess of 2 – 3 months.
13. There is no clear process of checking on the status of this and one RCB noted that on lodging complaints to the SARS Complaints Management Office to address the delays, the complaints are rejected as 'Invalid' after selecting (a) Unresolved service/Operational matter or (b) Quality and speed of service as a criterion for the complaints.
14. With respect to Trusts, we understand that there is an additional complication in that most Trusts, for some reason, have a blank registered representative page on the RAV01 form which relates to a historic (pre-2014) issue that persists. Several queries were received regarding the RAV01 form not recognising the Trust registration number. After the escalation of a few Trust cases, the advice from SARS was that a virtual appointment for each Trust must be scheduled for a SARS branch agent to manually update the Trust registration number. Considering the number of Trusts involved and the 7-day appointment cycle restriction, we are of the view that this 'workaround' is impractical.
15. Specifically, regarding Deceased Estates, the activation of the second tax number on eFiling or for the transfer of the individual's tax types for finalisation (i.e. the final return for the year of assessment up to date of passing), presents unique challenges. SARS is supposed to capture the executor as the registered representative with the registration of the Estate, but there seems to be an issue in processing this correctly. Incidentally, this process worked well prior to the 23 April change, as the executor appeared on the individual's RAV01 and the Estate appeared on the executor's RAV01.
16. With respect to companies, we understand that where there is already a registered representative in place, the details of this person may be outdated and sometimes the tax practitioner and the client (company) do not know who was appointed in this position and



it is not possible to check, thus making tax type transfers impossible without changing the registered representative.

17. The delays in registering the registered representative results in delays in registering tax types and/or transferring the tax types to the tax practitioner, impacting the taxpayer's ability to remain compliant as until this is resolved, the taxpayer cannot file returns or make payments on eFiling.
18. This is very concerning given the penalties applicable to non-compliance as well as the impact on business if a taxpayer is unable to attain a tax clearance certificate. This could also prevent the company from obtaining the tax relief measures that have recently been announced by the Minister of Finance.
19. This current state of affairs is also contradictory to the SARS strategic objective of making compliance easier for compliant taxpayers.
20. As noted above, specific cases have been escalated to SARS previously, but RCBs can send these directly to your office if further examples are required. However, it is our understanding that SARS is aware of these issues.

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| <ol style="list-style-type: none">21. <u>Submission</u>: we request that SARS issue communication regarding the concerns raised by the various RCBs and taxpayers, with a clear indication as to what is being done to address such concerns and approximate timelines as to when the issues will be resolved.22. Guidance regarding how to escalate and resolve matters should be provided to the general tax practitioner and taxpayer base, with frequently asked questions to guide those affected where SARS believes that the delays could be as a result of profile issues or taxpayers/tax practitioners not following the correct process.23. With respect to Trusts specifically, the proposed solution of using the virtual appointment system is impractical and it would therefore be of assistance if SARS can consider an alternative channel for updating the Trust registration number. |
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Change in tax compliance status

24. We are aware of cases of taxpayers being issued with SARS Letters titled 'TAX COMPLIANCE STATUS – CHANGE IN STATUS' even though the taxpayer is fully compliant. This is confirmed when the tax practitioner checks the Tax Compliance Status dashboard indicating that the taxpayer is compliant in all respects.
25. These cases have been brought to our attention by tax practitioner members who receive the communication on behalf of their clients. However, we understand that there may be instances where this is sent to the taxpayer directly, even where the tax practitioner is the preferred contact person.



26. Members have also noted that on enquiry via the SARS Contact Centre, in the majority of cases, the SARS consultants agree that there are no returns or payments outstanding and that the letter was not valid.
27. In some rare cases, SARS consultants have suggested that the letter was triggered due to the VAT or PAYE being paid on the due date. However, on testing this theory and paying some of the taxes a few days earlier, the tax practitioner who tested this still received the Tax Compliance Status change letter.
28. In those instances where these letters are sent directly to the taxpayer even where the tax practitioner is the preferred contact, this creates unnecessary alarm and stress for the taxpayer and impacts the engagement between the taxpayer and tax practitioner.
29. Multiple examples have been submitted to SARS since early July. However, the problem persists.

30. Submission: SARS should investigate what is triggering these 'Change in Tax Compliance Status' letters and issue general communication regarding this as well as provide insight as to whether the use of the PIN to check a taxpayer's compliance status is also impacted by the issuing of these 'invalid' letters.
31. Guidance should be provided as to how to escalate such matters with clear indication as to the turnaround time for the resolution thereof.

Registration of tax practitioners

32. Since the migration of the RAV01 form from Adobe Flash to HTML format, in June 2021, it is not possible to complete the process of registering tax practitioners.
33. Whilst RCBs are able to submit member details via the Tax Practitioner Maintenance option on eFiling, the individuals wishing to register were unable to select the relevant RCB on their RAV01 forms and without completing this step, registration could not be completed.
34. RCBs were advised on 10 August 2021 that the system error had been resolved. However, on testing this functionality, whilst tax practitioners can now select their RCB, it still appears as though the registration is not effected as the SARS confirmation of registration letter is not being issued. It is this letter that contains the relevant tax practitioner number and which allows the individual to practice as such.
35. We are concerned that this issue is taking so long to resolve as it impacts the individual's livelihood and their ability to provide tax services for a fee.

36. Submission: We request that SARS address this as a matter of urgency and until such time that the system error is fixed, there should be an alternative channel and workaround to ensure that individuals who meet the registration criteria are registered by SARS.



SARS Structure, Escalation Process and Turnaround Times

37. For the purpose of the SARS RCB National stakeholder meeting held on 15 April 2021, one of the agenda items submitted was the need for formal communication in respect of the new SARS structure, escalation process and turnaround times.
38. It was agreed in that meeting as well as the meeting held in September 2020, that SARS would formally communicate its structure in writing, as well as specific escalation points for the regions and the business segments to ensure more efficient escalation and resolution of operational matters. We understand that the structure as presented in September 2020 has also evolved since then as there were some regional directors initially appointed in an 'acting capacity'.
39. Despite multiple requests from various RCBs, this communication from a head office level is still forthcoming, making it difficult to ensure consistent escalation processes across SARS regions.
40. Lack of clear turnaround times and levels of escalation also create difficulties for RCBs in determining the next steps and timing thereof, where initial escalations are not addressed timeously or adequately.
41. That being said, the regional stakeholder teams have, in most regions, been very helpful in assisting in this regard, to the extent possible and we would like to commend them for this.
42. However, whilst some regions have regular engagements with RCBs and have provided details for escalation, this is not the case for all regions. We note that the scheduled stakeholder engagements with RCBs are different to the SARS branch meetings with tax practitioners and whilst these branch meetings may be taking place in some regions, these are not a substitute for the SARS RCB regional stakeholder engagements.
43. Whilst some regions seem to be initiating the process to commence regular RCB stakeholder engagements by requesting RCB representatives for those regions, thus far, we have not seen any indication from the Limpopo and KwaZulu Natal region that these engagements will be implemented.
44. This is even more concerning given that, currently, there is no detail as to escalation points for Limpopo. With respect to the KZN region, and as has been communicated with the national stakeholder team, the escalation process for KZN is inconsistent in comparison to other regions and there are many instances where some of the proposed escalation contacts (relevant branch managers) do not respond to emails sent by tax practitioner members, despite this being communicated as the correct process. Action is often only taken when the matter is escalated to the senior manager for the region.
45. Furthermore, whilst we sincerely appreciate that matters are addressed in a relatively time-efficient manner in some regions, this is not the experience in certain other regions and in



some instances, at a head office level. Given the lack of service level agreements, it is unclear as to the correct manner in which to address this.

46. At a workshop in 2019, SARS indicated that some of the delays in resolution are as a result of the lack of internal service level agreements which SARS committed to addressing. We understand the challenges as well as the capacity issues. However, to date, no communication has been issued as to whether progress has been made in fulfilling the commitment made to RCBs to address this.
47. This is contrary to SARS' commitment to 'Work with and through Stakeholders to improve the tax ecosystem'.

48. Submission: We propose that SARS issue written communication regarding the new structure and different escalation levels by region and business segments.
49. We believe that it would be useful to agree on a turnaround time for resolution of matters escalated and if the first point of escalation does not result in resolution within the agreed turnaround times, there must be agreement as to the next levels of escalation.
50. We propose that 5 business days is reasonable to receive feedback on initial escalation of operational/systemic matters and 10 business days in relation to more complex matters, even if such engagement is to elicit more information if deemed necessary.
51. Given that we are required to use a single entry point for escalation at some levels, it would be useful if SARS could provide a bi-weekly update of matters escalated, as a means of formally tracking these both for SARS and RCBs. In many instances, the systemic issues raised are applicable across RCBs and this type of tracking process will, we hope, not be too onerous to manage.

We look forward to working with SARS to address the concerns raised. Please feel free to contact us should you wish to clarify any of the above comments.

Yours sincerely

Somaya Khaki

SAICA Projector Director: Tax
Chairperson of the RCB Forum