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Submission File

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South African Revenue Service
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BY E-MAIL:
cc:

SAICA SUBMISSION: PERSONAL INCOME TAX – 2025 FILING SEASON UPDATES

INTRODUCTION

1. We refer to the [SARS filing season update](#) published on SARS' website on 28 June, dealing with the 2025 filing season updates and guides in respect of the 2025 ITR12 – personal income tax return and related functionalities.
2. The SARS stakeholder team also issued a letter to recognised controlling bodies (RCBs) on 25 June 2025, providing an update on the 2025 Personal Income Tax Filing season (2025 PIT letter) and detailing changes made to the 2025 version of the ITR12.
3. The changes made are welcomed as many of these resolve issues that were faced by taxpayers and tax practitioners, and we thank SARS for its implementation thereof.
4. However, there are certain specific updates in respect of which we seek clarity. These are set out below.

POINTS REQUIRING CLARIFICATION

SECTION 6QUAT: REBATE OR DEDUCTION IN RESPECT OF FOREIGN TAXES ON INCOME

5. Section 6quat of the Act has been amended to allow taxpayers to use the full foreign tax credit for the taxes paid on capital gains in foreign jurisdictions. Previously, only the portion of the foreign tax credit attributable to the taxable portion of the capital gain was permitted. SARS notes that for individuals and Trusts, this amendment is effective from the 2026 year of assessment. However, according to the 2025 PIT Letter, the 2025 tax return incorporates the amendment.



6. Submission: Given that the change is only effective from the 2026 year of assessment, we would like to confirm that there will be no implications for the 2025 calculations and assessments i.e. this function is “switched off” for 2025 in the return.

SECTION 11(nA) and 11(nB)

7. Previously, the ITR12 tax return combined sections 11(nA) and 11(nB) into one line item under the “Other Deduction/Exemption” container. However, with the new legislative changes, these lines have been separated given that employers now have to report sections 11(nA) and 11(nB) details separately on the IRP5/IT3(a) certificate – effective 1 March 2025.
8. SARS notes in the 2025 PIT letter that these changes will affect the ITR12 tax return so that section 11(nA) source code 4042 will be reflected on the IRP5/IT3(a) tax certificate, and a new source code 4058 relating to section 11(nB) will be reflected in the “Other Deduction” field.

9. Submission: Given that employers would not have reported in this way – i.e. in the 2025 EMP501 which did not accommodate this split – we request SARS to confirm that this will not have an impact on the pre-population of related information for the 2025 tax year.

BACKDATED (ANTEDATED) SALARIES AND PENSIONS

10. In the 2025 PIT letter SARS noted that new source codes 3623 and 3673 have been introduced to the ITR12 tax return for backdated (antedated) salaries and pensions.
11. However, these source codes are only applicable for EMP501 reconciliation from the 2026 tax year, as per the communication from SARS on the [updated Employer Reconciliation BRS](#) for 2026.

12. Submission: SARS to confirm that this will not have an impact on the pre-population of related information for the 2025 tax year.

13. Furthermore, there are concerns regarding the practical implementation of section 7A, given the wording of the legislation which makes it difficult to implement in practice. Whilst SARS may believe that this section may not have frequent application, or may affect few, those members who specialise in employees’ tax note that this does in fact affect a fair number of taxpayers.
14. For example, in respect of annuity/pension payments, the funds would often contact recipients to confirm they are still alive and if there is no timeous confirmation, payments are stopped. Often, these individuals may only respond a while later – months or even years – requiring backdated payments of the outstanding annuity/pension.

15. Submission: we request practical examples, with numbers, to provide more clarity as to the application of this section. This could perhaps be included in the SARS PAYE Employers Guide in the future or as part of the relevant Frequently Asked Questions.



MARRIED IN COMMUNITY OF PROPERTY FOR INVESTMENTS DECLARED WITHIN TRUST CONTAINER

- 16. A communal estate indicator has been added to the Trust Income section of the ITR12.
- 17. The 2025 PIT Letter indicated that income from a Trust would automatically be allocated 50/50 between spouses. As we understand it, the indicator will now assist in ensuring that it's only Trust distributions that fall within the communal estate that will be split between spouses.

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| 18. <u>Submission</u> : SARS to confirm the above understanding. |
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SECTION 9H CHANGE OF RESIDENCE TAX ASSESSMENT RESULTS

- 19. SARS noted in its filing season update that when taxpayers complete the ITR12 return, the date that the taxpayer ceased to be resident as approved through the RAV01 process will prepopulate on the return.
- 20. The ITR12 and IRP6 form will now enable a taxpayer who ceased residence during the year of assessment to indicate the income received/accrued and the deductible expenses incurred during the year of assessment.
- 21. The ITR12 will also display separate sections for residents and non-residents and will reflect if a taxpayer ceased to be a resident. The return can now be customised according to the RSA-sourced income received and instead of a manual intervention, the system will programmatically assess the return.
- 22. The "Notice of non-resident status" letter will be updated to show if the taxpayer ceased to be ordinarily resident, ceased to qualify under the physical presence test, or ceased to be resident owing to the application of a Double Tax Agreement.
- 23. We refer further to the comprehensive guide IT-AE-36-G05 to the ITR12 income tax return ("the Guide") for individuals published on 27 June 2025.

Creation of the personal income tax return

- 24. We specifically refer to section 3 of the guide page 2 of 143 '**INFORMATION TO CREATE YOUR PERSONAL INCOME TAX RETURN (FORM WIZARD)**'
- 25. In accordance with the guide section 3.1.2, the wizard has been designed to issue a unique ITR12 return based on the responses provided by the taxpayer on the taxpayer's residency status:
 - a) As a South African resident taxpayer.
 - b) As a foreign national and not an RSA tax resident.
 - c) A Taxpayer who has ceased to be an RSA tax resident during the current year of assessment.
 - d) A Taxpayer who has ceased to be a tax resident in prior years of assessment and the date on which the taxpayer ceased to be a resident.

26. The **SAICA Employees' Tax' subcommittee**, has reviewed this guide and requests clarification of certain aspects, for the better understanding by taxpayers and tax practitioners when tax returns are completed and the filing season commences.
27. We wish to highlight the following concerns identified in the content of the guide, read with the ITR12 form that has been made available to some practitioners for testing purposes:

Foreign Individuals

28. The guide refers to the responses provided by the taxpayer, as to the taxpayer's residency status in requesting a return. Based on those responses, an appropriate wizard questionnaire is issued.
29. In section 3.1.2 (a) **Foreign Individuals** – mention is made that the field is pre-populated if the data is available to SARS. This data is based on the information contained in the Applicant Details – Individual, Nature of Entity section of the RAV01 form. We understand that where a taxpayer has registered with a passport number, the Nature of Entity will be "Foreign Individual" by default.

RAV01 – Nature of entity



The screenshot shows the 'Applicant Details – Individual' section of the RAV01 form. The 'Nature of Entity' dropdown menu is open, showing 'FOREIGN INDIVIDUAL' as the selected option. A lock icon is visible next to the dropdown arrow.

Liability details



The screenshot shows the 'Income Tax Liability Details' section of the RAV01 form. It contains three fields: 'Taxpayer Sub-Category' with the value '1 - NORMAL', 'Taxpayer Classification' with the value 'S - SALARY', and 'Initial Year of Liability (CCYY)' with the value '2018'. Each field has a dropdown arrow and a lock icon.

30. **Submission:** While many foreign individuals are non-resident taxpayers, some are in fact tax resident as a result of either their intention or due to their physical presence in the country over an extended period of time
31. We would like to understand how a foreign individual that is in fact a tax resident will be able to access the resident wizard to enable them to file a tax resident return and whether there is a process that the taxpayer should follow to update their residence status with SARS if they become tax resident?

Ceasing residency in the 2025 year of assessment

32. The guide in section 3.1.2 b) provides that if taxpayers have notified SARS of the date of ceasing of residency, this information will be prepopulated in the tax return.

33. **Submission:** We would appreciate clarity on the process that will be followed by SARS to identify the information.
34. Will the submission of an application to cease residency be considered even if the completed application has not yet been finalised by SARS? It appears that the RAV01 Income Tax Liability details are not updated to indicate that the individual has ceased to be resident from the date that the RAV01 status is changed, but rather once the application has been accepted by SARS.
35. Furthermore, our members are experiencing numerous instances where the application process has not been finalised, and the delay in concluding the application process, may impact the return issued for the 2025 year of assessment.
36. SARS to please advise as to how these cases should be dealt with to ensure the correct disclosure and assessment.

Taxpayers who have ceased residency prior to 2001 and still submit returns for South African source income

37. We understand that there are taxpayers who have ceased residency in years prior to the amendment to the principal of taxation to residence basis of taxation. These taxpayers may still submit tax returns on source income within the RSA.

38. **Submission:** We would appreciate guidance from SARS on what the approach would be to complete the relevant 2025 tax return, on the assumption that the SARS records may still reflect the taxpayer as a South African tax resident.

Testing of the system changes

39. **Submission:** We welcome SARS using tax practitioners to test systems prior to launch, to identify challenges or clarifications. However, this process is not adequately applied to all changes and updates and our members believe the more specialised changes should be tested by tax practitioners specialising in these areas – as and when the changes are implemented.
40. The advanced testing process would conform to the AGILE methodology of iterative user-based testing and, in our view, would allow SARS to establish the areas of concern highlighted in this document and perhaps lead to a resolution, prior to the filing season. The intention is to avoid the submission of incorrect information and incorrect assessments being issued by SARS.
41. Failure to properly address the above concerns may be a costly administration process for both SARS and the taxpayer.

Questions contained in the non-resident wizard and resultant information fields created in the return

42. We refer specifically to section 3.3.1 on page 27 of the guide which details the complete list of wizard questions applicable to the *Form Wizard for non-Resident*.

Mark with an "X" if you have assets which at market value are in excess of R50 million'

43. This question does not specify that the assets in question are in fact only South African assets. It is our assumption that the intention is to only obtain information regarding South African assets as the Statement of Assets and Liabilities created when ticking this box is limited to South African assets.

Statement of RSA Assets and Liabilities– Rands only, no cents For Non-Resident

44. Submission: Not specifying that the question relates only to South African assets may lead to non-resident taxpayers ticking the box and completing the South African statement of assets and liabilities which does not align with that statement. The concern is that where the statement of assets and liabilities is not in alignment with the statement, the return may be unnecessarily referred for further scrutiny.
45. We request that the wording of the question be reviewed and updated to specify that it relates only to South African assets and/or request clarity on SARS' approach should the answer to the question and the content of the South African statement of assets and liabilities be misaligned.

'Did you dispose of any capital assets attracting capital gain or loss (including crypto asset(s))?' / 'How many disposals (shares to be combined as one disposal) took place?

46. Non-resident taxpayers are only subject to capital gains tax in respect of the disposal of South African fixed assets. Such disposal is subject to a withholding tax.
47. Since the question is not specific in respect of the type of assets disposed of by the non-resident taxpayer, it may result in the non-resident taxpayer inadvertently declaring a capital gain on assets other than fixed property in South Africa. In addition, the section in the return where the asset disposal must be declared does not provide for the taxpayer to declare the amount of tax withheld at the time of the disposal.

Capital Gain / Loss For Non-Resident

Note: If you are married in community of property the full amounts relating to Proceeds, Base Cost and Exclusion /Roll-over (excluding annual exclusions) applicable to you

6502: GAIN: Immovable assets

6503: LOSS: Immovable assets

6504: GAIN: Primary residence

6505: LOSS: Primary residence

6506: GAIN: Financial instruments – Listed, including assets of which prices are regularly published in newspaper

Select the applicable Main Asset Type Source Code is a mandatory field.

Mark with an "X" if this transaction is deemed disposal

Taxpayer Information - Income For Non-Resident

Capital Gain / Loss For Non-Resident

Note: If you are married in community of property the full amounts relating to Proceeds, Base Cost and Exclusion /Roll-over (excluding annual exclusions) applicable to you must be declared, as SARS will apply the required apportionment.
Note: The annual exclusion and inclusion rate and carry forward losses will be calculated by SARS.

1. Determination of Capital Gain / Loss

Mark here with an 'X' if this amount should be excluded from the communal estate (if married in community of property) ☐ Mark with an 'X' if this transaction is deemed disposal ☐

Select the applicable Main Asset Type Source Code *

6502: GAIN: Immovable assets

R Proceeds R Gain 4250

R Base Cost R Loss 4251

R Exclusion/Roll-over (excluding annual exclusions)

48. **Submission:** SARS to please reconsider the wording and disclosure in this section, to address the concerns raised.

'Did you receive any amount that you consider non-taxable?'

49. Since a non-resident taxpayer is only taxed on income from a South African source, all foreign sourced income would technically require this answer to be marked as "yes."

50. Section 6.10 on page 75 of the Guide notes under (b) that "The income that must be declared here relates to income such as donations or foreign income, which is not taxable and will not be included in your gross income when calculating your tax liability." When answering "yes" the tax return creates a section that includes not only South African sourced non-taxable income but also a field for "Donations", "Inheritances" and "Other."

Amounts Received/Accrued Considered Non-Taxable – Rands only, no cents For Non-Resident

R Amounts accrued to you as an exclusive deemed resident of anot... R Exempt RSA Dividends 4306 R Other

R Donations R Inheritances Description Relating to Other

51. **Submission:** On the basis that non-resident taxpayers are only subject to tax on South African sourced income, we believe that it will be unnecessarily burdensome for such taxpayers to have to declare **all** foreign sourced income.

52. We suggest that the question be amended to refer specifically to South African sourced non-taxable income.

53. If SARS is of the opinion that the non-resident taxpayer should in fact be declaring all foreign sourced income in their South African tax return, we request clarity as to how the non-resident taxpayer should calculate that value and what the purpose would be for the taxpayer to disclose such information to SARS.

Complexities in apportionment of income reflected on an IRP5 tax certificate and/or IT3(b) certificate in the year of ceasing tax residence

54. Paragraphs (c) and (d) of 3.3.2 in the Guide addresses the disclosure of information contained on a tax certificate where the taxpayer has ceased to be resident during the tax year and the certificate overlaps with the date that the taxpayer ceased to be a resident. It states that the taxpayer will have to manually complete the information on the return and apportion the income and taxes reflected on the certificate.
55. The example provided in paragraph (d) oversimplifies the apportionment in our view as it assumes that the income accrued to the taxpayer evenly during the tax year. This will not necessarily be the case.
56. For example, if the taxpayer receives an annual payment in a month prior to ceasing residence, the full value of the annual payment and the relevant PAYE in respect of that annual payment should be reflected in the “resident” IRP5.

57. Submission: We request that SARS confirm that the apportionment of the tax certificates should be done based on the actual accrual date of income receipts and taxes withheld during the months in which the taxpayer was resident and non-resident and that it will not be done based on “spreading” accrual during the year of assessment.

REQUEST FOR REDUCED ASSESSMENT RRA01

58. SARS notes that where a Section 93(1)(d) request for reduced assessment is rejected due to prescription, the taxpayer will be allowed to request a reduced assessment in terms of Section 93(1)(e) by editing and resubmitting the form.
59. SARS further advised that the system would reject requests for reduced assessment if the latest assessment is an estimated assessment and not an original assessment (that is, the requirement is that the taxpayer submitted the original return).
60. Section 95 TAA however now empowers SARS to issue an original estimate assessment for example like an “auto assessment” where the taxpayer was not required to submit the original return.

61. Submission: Further clarification or engagement is required in respect of this point.

REQUEST FOR EXTENSION POST ESTIMATE

62. It is noted that if the extension date requested by the taxpayer has passed by the time that the Request for Extension case is attended to and the extension is granted, the system will add two business days to the requested date before auto-approving.
63. It is not clear how this would work in practice in instances where the extended date requested passes before SARS attends to the case.

64. Submission: SARS to please clarify how this will be dealt with if the extension date requested has passed by the time the case is attended to.



ENHANCEMENT OF BANKING DETAILS

65. To enhance user experience with the Registration, Amendments, and Verification Form (RAV01) and the ITR12 tax return, taxpayers will be presented with a list of their verified banking details available to SARS.

66. Taxpayers must select this information when updating their bank-account details rather than manually capturing them.

67. Submission: SARS to confirm that if the taxpayer or tax practitioner selects a bank account that was used in the prior year/s – no bank verification will take place and that it is only when a different bank account is selected, that a bank verification will be initiated.

68. SARS to further advise as to the process when a tax practitioner is assisting with completion of the return – i.e. will an OTP be sent to the client in such instances?

REINSTATEMENT OF RSA TAX RESIDENCY

69. The RAV01 form will now enable a taxpayer who ceased to be an RSA tax resident in the past to indicate the reinstated date on the “Reinstatement Date of RSA Tax Residency” line item.

70. This is a welcome change addressing a challenge previously raised.

71. However, the form does not appear to cater for foreign individuals who have become RSA tax resident (as mentioned above).

72. Submission: We request that SARS clarify whether foreign individuals who have become tax resident should use this function to indicate their status as a tax resident or whether the form will be further enhanced to allow foreign nationals to indicate the date on which they become resident. On the basis that it is an establishment of residence and not a reinstatement, it is our preference that the form be enhanced to cater for this.

Conclusion

73. Given the nature of the above comments and concerns, we understand that it may be beneficial to engage further on this matter, and we would be happy to facilitate this.

74. Should you wish to clarify any of the above matters please do not hesitate to contact us.

Yours sincerely

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