

## FEEDBACK SUMMARY – 8 AUGUST 2019

### **GENERAL**

SAICA attends various discussions and meetings on behalf of members with National Treasury (“NT”), the South African Revenue Service (“SARS”) and other stakeholders (internal and external). These meetings represent an opportunity for them 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 RCB NATIONAL STAKEHOLDER MEETING**

**8 August 2019**

SARS engages with Recognised Controlling Bodies (RCB) via regular SARS RCB National Stakeholder Meetings. We are working towards more collaborative engagements with SARS with a view to collectively resolving operational issues experienced by members.

Below are some of the matters discussed at the meeting held on 8 August 2019.

#### 1. SARS eFiling modernisation

SARS acknowledged the concerns regarding the challenges that have arisen as a result of the launch of the new eFiling system and committed to providing an update on the more pervasive matters which were shared with members in our email of 1 August. [Read](#) the latest document for more information. SARS also confirmed that they would make a presentation to SAICA members via the SAICA webcast platform to address tax practitioner matters. The recording of the webcast is available on the [Click2Start](#) platform on the SAICA website.

There seems to be an issue specifically with the setup of tax practitioner profiles and it appears that some tax practitioners did not set up their profiles correctly prior to the launch of the new eFiling system. Affected tax practitioners are being re-routed to the old eFiling website until the matter has been resolved. SARS is working on a process to resolve these issues directly with affected tax practitioners. SARS is also working on video tutorials as a means of providing more guidance in this regard.



With respect to the ongoing modernisation project, SARS advised that it will introduce a new Trust tax return within the next few weeks and SARS committed to issuing adequate communication in this regard.

Regarding the MobiApp, SARS has advised that due to requests from tax practitioners for specific tax practitioner functionality being made available on the app, this is under consideration and it is likely that the app will be updated, to add some tax practitioner functionality specifically with respect to messaging, towards the end of 2019. However, the timing is based on successful testing of any changes and is yet to be confirmed.

Where members are still experiencing difficulties with respect to the eFiling system, we urge you to log the query with the SARS Contact Centre to ensure that SARS has an adequate register of the number and type of challenges being encountered. Should this yield no results, members may escalate via SAICA and include in any correspondence:

- SARS Call reference number
- Tax practitioner username
- Screenshot of issue
- Tax reference number of affected client

## 2. Audit and assessments

### *Generic audit letters*

SAICA members have noted that taxpayers are still receiving generic audit letters for request of documentation. SARS concludes that the majority of the letters are specific, with the balance being generic in nature. The type of letter issued depends on risk categories which are pre-defined in the SARS system - for example, if too many risk factors are identified, a 'generic' letter may be issued. SARS also noted that even if an assessment notes that the taxpayer has not been selected for audit, there may still be a verification due to risks identified after the automated assessment and it may take up to 7 days to determine whether verification is required. The fact that the automated (immediate) assessment indicates that the taxpayer has not been selected for audit or verification is not a final decision.

### *Insufficient reasons provided for additional assessments despite past commitments by SARS to do so*

SAICA also raised concerns that where additional assessments are issued, these assessments do not disclose the reasons or reasons given for the assessment are inadequate to determine the grounds of objection.

### *Examples required*

Regarding both of the above, SARS requires specific examples in order to validate the issues raised. Please send examples to [taxcomments@saica.co.za](mailto:taxcomments@saica.co.za).



### 3. Dispute process

#### *Dispute timelines not being adhered to*

For some time now SAICA has raised concerns from members regarding SARS lack of adherence to dispute timelines. This has also been the subject of a survey conducted by SAICA for consideration by the Tax Ombud.

In this regard, SARS has expressed the view that in most cases, timelines are being adhered to. However, SARS did acknowledge that with respect to Trust related disputes, there are delays given that this is still a manual process and SARS hopes that delays in this regard will be alleviated once the Trust modernisation project has been implemented.

With respect to other delays, it is important that members escalate examples of these by logging the query on SAICA's operational query register. Alternatively, you may send an email with the relevant tax reference numbers as well as the circumstances, to [taxcomments@saica.co.za](mailto:taxcomments@saica.co.za).

#### *Delays in informing taxpayer that the matter referred to ADR process is considered suitable*

Members have noted that where a matter has been referred to the ADR process, there are sometimes delays in SARS communicating whether or not the matter is suitable for ADR. SARS has advised that this is currently a manual process which they are considering automating with a view to expediting the communication in this regard.

### 4. Uncertainty as to the application of section 93(1)(d), TAA where there is a 'readily apparent undisputed error'

For some time now, members have raised concerns regarding being referred to the dispute process where they believe section 93(1)(d) of the Tax Administration Act, 2011 should apply.

SAICA has requested guidance from SARS in this regard. SARS have confirmed that they are working on an interpretation note in this regard and we hope to see this published within the next few weeks.

### 5. Suspension of payments

Members have noted that one may only request for suspension of payment on e-Filing could by ticking the box on the NOO form, despite the fact that in terms of section 164 of the TAA, one may request the suspension if one intends to dispute - i.e. prior to lodging an NOO. SARS has requested that members refer to the relevant [SARS Guide](#) for assistance in terms of the functionality available in this regard.

### 6. PAYE non-compliance

SARS have noted, with concern, instances of employers paying PAYE timeously, but not submitted the related EMP201 reconciliation and vice versa - i.e. in few incidents, returns are submitted, but payment is not made. SARS have requested input from our members



as to reasons for this non-compliance in order for this to be address. Specifically, SARS would like input as to whether there are any systemic issues preventing submission of returns.

7. Practical concerns regarding amendments and consequences of the amendment to the foreign employment income exemption in terms of section 10(1)(o)(ii), ITA

Members have raised various concerns regarding the practical considerations related to the amendment of section 10(1)(o)(ii) of the Income Tax Act, 1962. SAICA's Employees Tax Committee has engaged with SARS in this regard and feedback from the related workshop was shared with members earlier this year.

However, since the workshop, no clarification was received and therefore we requested an update from SARS in this regard. SARS confirmed that they are working on a comprehensive list of FAQs to address various queries raised in terms of this amendment and the related consequences of the amendment both from an individual and South African employer perspective. Once published, we will share this with members.

SARS has also advised that they will set up a dedicated mailbox to deal with employer-related queries in this regard.

8. Other issues as yet unresolved

Given the extent of agenda items raised by SAICA, it was not possible for these to be addressed in a single meeting and SARS prioritises points of discussion based on issues common to all RCBs. SARS have committed to provide feedback in respect of unresolved issues at a later stage.