

TAX ALERT

2017 TAX SEASON

3 AUGUST 2017

The 2017 Tax Season for individuals has been eventful. We have summarised the latest news for the 2017 Tax Season in order to ensure that we keep you up to date on the various topics and challenges encountered.

RETIREMENT FUND CONTRIBUTIONS

Taxpayers should note that historic retirement fund contributions brought forward to the taxpayer's income tax return in the current 2017 financial year is reassessed to R1, where the taxpayer has more than one income tax return is outstanding.

Taxpayer's should object in these instances and provide proof of his/her historic retirement contributions.

ADMINISTRATIVE PENALTY ASSESSMENTS

We have received queries from members who have been receiving administrative penalty assessments for non-submission of returns in respect of prior years, going back as far as 2008. This impact affected taxpayers who were not required to submit returns in those prior years given that they were under the tax threshold.

If a penalty was incorrectly imposed, in our view, it would suffice if the affected taxpayer objects to the penalty assessment noting why the taxpayer was not obliged to submit a return in the year in question (and has therefore not defaulted). An affidavit to the effect should also be attached noting that given the time period that has lapsed, the taxpayer is no longer in possession of the IRP5 or any other documentation that may be required by SARS. Alternatively, it may be possible to request SARS to withdraw the assessment in terms of section 98 of the Tax Administration Act or to request a reduced assessment in terms of section 93 of that Act. We have engaged with SARS and are awaiting feedback which we will then provide to members.

Note that we have been made aware by members that, in some instances, the penalties have been automatically reversed. Hence, if any members have been made aware of these penalty assessments in respect of any clients who were not in default, we suggest that you check the client's eFiling profile to determine if a reversal has been processed for affected clients.



RETROSPECTIVE INTEREST

SARS updated its system on 1 July 2017 to take into account the 0.25% prescribed interest rate hike effective since 1 July 2016, and implemented it retrospectively. This results in additional liabilities arising for taxpayers due to the delayed interest rate adjustment.

SAICA has engaged with SARS to find a solution where such interest should not have been raised or is problematic to raise for example where settlement, compromise and estates have been wound up.

SAICA has requested that SARS provide a specific channel to deal with these objections and we await feedback from SARS in this regard.

MEDICAL DEDUCTIONS

Taxpayers experiencing issues with their [medical deductions on eFiling](#) should make use of the Refresh Data button.