

**SAICA FEEDBACK SUMMARY
6 SEPTEMBER 2018**

GENERAL

SAICA attends various discussions and meetings on behalf of members with National Treasury (“NT”), 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 WORKSHOP
27 - 28 AUGUST 2018**

Based on ongoing engagement between SAICA and SARS, earlier this year, SARS agreed to host a two-day workshop with all recognised controlling bodies (RCBs) to discuss strategic matters specific to RCBs. The workshop was well attended by representatives from various RCBs who provided input to challenges raised.

Some of the issues discussed are as set out below:

1. Tax practitioner regulatory model and other tax practitioner related issues

Discussions were held regarding the effectiveness of the current tax practitioner regulatory model. Discussion points include the following:

- Concerns were raised regarding the inequity with respect to the annual regulatory and reporting requirements for statutory bodies (currently the IRBA, the Law Society and the Council of the Bar) and their members, as opposed to those requirements applicable to the other professional bodies and their members, that had to apply and were granted recognised controlling body (RCB) status;
- Feedback was requested in respect of the reports previously submitted to SARS and the Minister of Finance. In this regard, SARS is also awaiting results of disciplinary action taken against non-compliant tax practitioner members of the relevant RCBs to test the effectiveness of procedures currently carried out;



- Proposals regarding how the current model could be redesigned (via legislative changes) to address concerns raised vs the alternative of an independent regulator, instead of the current co-regulation model, were discussed. It was agreed that RCBs would engage with their respective member bodies to determine the preferred regulatory model. SAICA will circulate a member survey in this regard and we encourage all tax practitioner members to participate in such survey;
- Sustainability of the tax profession through value add for tax practitioners needs to be considered as a quid pro quo for the onerous regulatory model. Members will be engaged in this regard to ensure that we communicate to SARS the types of benefits one would appreciate in exchange for the onerous requirements to be maintained by tax practitioners. However, SARS questioned whether tax practitioners were also agreeable to taking on additional risk and liability in effecting these services;
- Review of the tax practitioner appointment system and whether this needs to be reconsidered based on experience with the system over the last 6 months to a year. SARS also provided statistics to show that cancelled and missed bookings contributed significantly to the delay;
- Concerns were raised regarding the fact that whilst registered tax practitioners had to comply with many requirements, there seem to be a large number of unregistered individuals who are still providing tax services for a fee. SARS noted that they are exploring means of identifying such individuals who will be dealt with appropriately. SARS also noted that RCB's and tax practitioners also have a role to play in addressing this and should assist in educating the public but also reporting transgressors;
- Appropriate treatment of tax practitioner members against whom complaints by SARS are referred for action to RCBs. Timelines and reporting procedures are to be considered and agreed upon by SARS and RCBs, bearing in mind RCBs' current disciplinary processes;
- The practical implications of implementing the proposed amendment to deregister tax practitioners for tax non-compliance, was discussed. Please refer to the Tax Alert shared under Important Notices for more details in this regard.

2. Effective SARS communication to tax professionals and taxpayers

It was noted that there has been an improvement in communication over the last few months. However, there are still improvements to be made and there have been specific concerns as to whether the communication is timely, especially with respect to changes in tax returns or systems.

Concerns were also expressed as to inclusivity – that is, instead of just communicating with a specific industry, communication needs to be shared with the RCB's to determine



whether taxpayers and tax practitioners may also be affected where there are industry specific challenges.

SARS acknowledged that improvements are ongoing and agreed that in addition to notifying RCBs of upcoming changes with more lead time they will also allow more testing by a closed group of users. This will be done in such a manner so as to allow sufficient time for amendments to be considered and implemented if deficiencies are identified in the testing process.

SARS have acknowledged that there are some inconsistencies in their processes and/or operations across the different regions and SARS Executives have committed to personally visit the various regions with a view to understanding the operations and ensure consistency throughout.

RCBs committed to communicating issues timeously to SARS, together with examples (where relevant) to validate system related issues. We encourage members to assist us in this process by alerting SAICA of any operational issues, together with specific examples in this regard.

SAICA raised concerns regarding the effectiveness of the current centralised escalation model/processes. SARS agreed to consider the proposal to decentralise the process which would allow RCBs direct access to various divisions within SARS as opposed to escalating all matters to one central point at a Head Office level. It was also agreed that, within the next quarter, terms of reference be drafted to guide the engagement between SARS and RCBs, with specific recourse in the event that matters are not addressed timeously as per agreed timelines.

From a tax practitioner perspective, SARS specifically agreed to communicate changes via the Tax Practitioner Connect newsletter more frequently and ad hoc alerts will be distributed by SARS where relevant.

3. SARS Stakeholder engagements

All parties agreed that there needs to be alignment and consistency in SARS/RCB engagements nationally, with regional offices taking responsibility to escalate matters to a Head Office level where resolution cannot be reached regionally.

It was agreed that between SARS and the RCBs, agreement will be reached as to which limited SARS regions and venues will host the engagements and RCBs will nominate specific representatives to attend these to ensure that issues raised at these meetings are representative of all members concerns in a specific region and not to a particular tax practitioner/firm. Concerns were also raised that not all RCB's are participating in the various RCB/SARS engagements and that RCB's should fully commit to participate.

Concerns were raised regarding the fact that some high priority items that have been on the agenda for the SARS National Stakeholder meetings have remained unresolved for



the past 3 – 5 years. SARS acknowledged that these issues need to be resolved as a matter of urgency and have committed to implementing internal SLAs with the various divisions within SARS to ensure that matters escalated are prioritised appropriately and dealt with timeously.

4. Training SARS officials and SARS training the public

There was acknowledgement that there are staff capacity issues and skills gaps to be addressed, within SARS. SARS advised that they have implemented a skills gap analysis program to identify training needs and where necessary, there are training interventions that take place. However, SARS is open to suggestions in this regard.

RCBs agreed to engage, as a collective, in order to identify training needs and propose solutions to address concerns around training and expertise of SARS staff.

Regarding training of taxpayers and tax practitioners, SARS advised that training is available and is communicated via the SARS website. The Tax Practitioner Unit advised that it will be rolling out further training for tax practitioners specifically and that this would be communicated accordingly