

17 June 2020

South African Revenue Service
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Dear Vonani

SARS 2020 FILING SEASON - TOP 5 ISSUES

1. With respect to your email dated 9 June, which you clarified on 10 June 2020, please find in Annexure A, SAICAs top 5 issues pertaining to the upcoming filing season as well as other important issues that you have given us the opportunity to escalate at this point in time.
2. We have explained each of the 5 issues in detail, but please contact us should you wish to clarify any aspect of these.
3. Thank you again for giving us the opportunity to engage SARS on these issues with a view to working together towards resolving these.

Yours sincerely

Somaya Khaki

Project Director: Tax

Colin Wolfsohn

Chairman: SAICA National Tax Ops Committee



SAICA TOP 5 ISSUES

FILING SEASON

1. Timelines

Members have raised multiple concerns regarding the timelines applicable to Filing Season 2020, some of which have already been escalated via email, in particular:

- Whether or not tax practitioners will be allowed access to eFiling to either just make use of the functionality - for example, access to IRP5 information and tax calculations, including the farming rating calculation or to file tax returns whilst the auto assessment process is in progress or will it only be auto assessed returns that will be submitted at this time.
- Timelines published relate only to individuals and no indication has been given as to the timelines applicable to companies and Trusts. Currently even if these taxpayers are ready to file their 2020 returns, they are restricted from doing so. Will tax practitioners be granted access to file these returns prior to the commencement of the individual filing season? If not, SARS should consider extensions in deadlines for provisional taxpayers and non-individual taxpayers.
- The SARS timelines seem to cater only for individuals, personally filing returns and do not take into account the important role that the tax practitioner plays in this process. Many of their taxpayer clients will not fall within the auto assessment category and restricting tax practitioners from filing returns of their other clients will result in a significant disruption to their workflow process and may result in delays in filing. Very briefly, some of the steps involved include data gathering, analysis, preparation of the tax calculation, completion of the return (including ensuring all third party data is accurate), review, approval and final submission.
- This is exacerbated by the fact that (based on past experience), significant changes are made to tax returns without adequate testing or input from stakeholders (i.e. tax practitioners and taxpayers).
- The tax practitioner concerns have been raised by various RCBs in engagements with SARS and we believe that consultation with tax practitioners, via RCBs, is key to SARS putting into context why the issues around timing is being raised. We would be happy to facilitate such engagements outside of the webinar.
- Delaying the start of the Filing Season also creates issues from a provisional tax perspective. There will be limited time to determine if there is a third provisional (top up) payment due by the end of September, as a result of the delay in commencement of Filing Season which will now only commence in September.



2. Auto assessment process

It is unclear as to which taxpayers in particular will be subject to this new process and specifically, the below matters arise:

- Besides 3rd party data being available, what other criteria will be applied to select the taxpayers who will qualify for the auto-assessment?
- How will SARS determine if a taxpayer's circumstances have changed since the previous filing season? An individual may fit into the category suitable for auto assessment based on prior years, but the situation may have changed during the recent tax year of assessment and it is unclear as to how SARS will determine this.
- For example, previously a taxpayer was an employee who received only an IRP5 certificate and now receives other forms of income, or a taxpayer who previously received a salary left South Africa and is working abroad during the relevant year?
- Will the auto assessment process apply to taxpayers who are due refunds as well as those who owe SARS?
- Is there a separate process to follow to dispute the auto assessment in the event that the taxpayer accepts it in error?
- It is unclear as to how the auto-assessment process fits in with the R500 000 return threshold rules that were announced in June 2020.

OTHER IMPORTANT ISSUES

3. COVID-19 PAYE and provisional tax deferral relief

- There seems to be contradictory information from SARS as well as varied experiences from tax practitioners/taxpayers regarding how the SARS system handles the COVID-19 PAYE and provisional tax relief mechanisms.
- The SARS website seems to indicate that as long as a compliant taxpayer which fulfils the requirements to access the relief, makes use of the deferral relief, no penalties and interest will be imposed. Taxpayers who do not qualify are required to make an application using a dedicated SARS email address, requesting for deferral or other relief to be applied.
- However, some tax practitioners have reported instances of penalties and interest has been imposed on applying the relief, despite the taxpayer having been fully compliant immediately prior to the part payment being made - i.e. prior to applying deferral. Examples have been sent to head office and at recent SARS regional meetings, various RCBs raised the same concerns from their members hence this appears to be a systemic issue. Affected taxpayers then need to request remission and seek to have their compliance status restored in order to access the relief going



forward which creates an additional burden on taxpayers who are already severely impacted by the current state of disaster.

- A staff member from SARS Legal indicated that SARS systems are not geared to automatically allow the deferral relief despite taxpayers automatically qualifying for this. Despite numerous escalations to SARS Head Office, we still do not have clarity on this matter. An update will be appreciated.

4. SARS stakeholder engagement and general service and support

- Whilst we understand the capacity issues within SARS, given that there are currently no blanket extensions or other concessions granted to taxpayers, there is growing concern regarding the lack of response to important matters escalated to SARS stakeholder management.
- It may be that these matters are being investigated or discussed internally, but it would be useful if communication is issued to all RCBs to be shared with its members regarding the progress on matters escalated.
- Currently, whilst there is sometimes acknowledgement of issues escalated, there has been very limited feedback and/or resolution despite multiple follow ups on various issues. In addition, whilst we have been given opportunities to engage in forums at a regional level, there has been no opportunity for RCB stakeholder engagement at a National level. Given the current crises, we believe that if we all collaborate more effectively, we could jointly work towards resolving some of the matters escalated for the greater benefit of all affected.
- Regarding the support and service levels experienced directly by tax practitioners, there is growing concern regarding SARS Contact Centre capacity as well as capacity of those managing the various dedicated email addresses to which taxpayers and tax practitioners are being directed as well as SARS ability to react timeously to system errors. We have no doubt that SARS is working on addressing these concerns and again, communication as to the progress on these matters would be welcomed even if these are not yet resolved.

5. eFiling/technology issues

- Tax practitioner details and details of expatriate workers are not pre-populated on the returns
- IT12EI returns take a significant amount of time to process and be assessed and it is questioned as to whether this will be automated
- Different returns, forms and documents are required to be accessed via different browsers. This is not efficient, causes a lot of confusion and delays and we would hope SARS is attending to this as committed to in the prior year
- Some users are still redirected to the old eFiling website