



TAX REBELLION AVERTED

Johannesburg, 19 February 2018 –With the current under-collection of the South African Revenue Service’s (SARS) revenues, it begs the question whether South Africans pay their taxes that are due or whether there is perhaps a silent rebellion due to a lack of trust?

The President, Cyril Ramaphosa, in his SONA address stressed the importance of taxpayers to regain the trust in the SARS. This will ultimately result in an increase in revenue collections. President Ramaphosa will appoint a Commission of Inquiry into Tax Administration and governance in SARS to restore the high regard in which SARS was held by taxpayers. Government “will take steps to stabilize and strengthen vital institutions” such as SARS. However, must SARS take all the blame for the low tax morality?

The President highlighted that “tax morality is reliant on an implicit contract between taxpayers and government” and an essential part of this contract is that that “state spending provides value for money and is free from corruption”.

Finance Minister, Mr Malusi Gigaba, remarked in the budget speech that “tax morality is a crucial component of a healthy democracy”. In recent years, the trust of South Africans in government has been eroded due to the lack of good governance, corruption and wasteful spending. This is a direct result of the perception of poor governance and negative reporting in the media where it was alleged that certain influential people enriched themselves with government monies and received preferential treatment from SARS.

The SARS Commissioner, Mr Tom Monyane, welcomed the inquiry and said that it will assist in clarifying misinterpreted issues and negative publicity that smashed the legitimacy of SARS and is committed in its role as an efficient revenue authority. The inquiry will “assist SARS employees and its leadership to identify additional areas which seek focus and improvement” and will give its full cooperation during this inquiry.

Government will focus on spending and improve the governance in State Owned Enterprises and hold Ministers and Executives accountable for misconduct, fraud and inappropriate spending.

Minister Gigaba held that “government will respond to the Davis Tax Commission’s report on tax administration and introduce draft legislation to give effect to some of its recommendations, including those on the accountability of SARS to the Minister of Finance, and the establishment of a supervisory board, as well as measures to strengthen the Office of the Ombud.”

Taxpayers want their taxes to be used to increase service delivery, health care facilities, roads and infrastructure and rebel against the continual bailouts of SOEs that cannot fund their own operations due to serious mismanagement and/or corruption. Taxpayers wants government to hold people accountable that waste hard-earned tax revenue and make themselves guilty of corruption, nepotism and poor governance.

Taxpayers supports the payment of taxes where it is clear that government uses this money for the improvement of the lives of all South Africans and building a strong economy to encourage foreign investors and reduce the significant extent of national debt. This return of trust and improved tax morality will be evident as the undertakings to improve our systems take shape.

Marelize Loftie-Eaton, Member of SAICA Tax Administration Committee, Head of External Tax reporting and TAA Risk at FirstRand Group Tax

About SAICA

The South African Institute of Chartered Accountants (SAICA), South Africa’s pre-eminent accountancy body, is widely recognised as one of the world’s leading accounting institutes. The Institute provides a wide range of support services to more than 42 000 members and associates who are chartered accountants [CAs(SA)], as well as AGAs(SA) and ATs(SA), who hold positions as CEOs, MDs, board directors, business owners, chief financial officers, auditors and leaders in every sphere of commerce and industry, and who play a significant role in the nation’s highly dynamic business sector and economic development.

SAICA Media Contact

Kulani Chauke

Communication Coordinator: Corporate

SAICA Brand Division

011 479 0698

kulanic@saica.co.za

