

## **SUBMISSION OF TAX RETURN WHERE THERE HAS BEEN A CHANGE IN THE COMPANY'S YEAR END**

Members have requested clarity regarding the process of submitting a tax return where there has been a change in the financial year end of the company.

SARS advised that the guidance requested is included in the SARS External Guide: "[How to Complete the Income Tax Return \(ITR14\) For Companies](#)" which was updated on 25 February 2022 to provide additional clarity with regard to Financial year-end changes and the required Financial Statements. SARS supplemented this with the below.

### **Tax Return Submission Guidelines:**

Based on the assumption that the financial year-end change was approved as of the current year of assessment and no verification was triggered, the taxpayer is advised to request a correction to the already submitted tax year. The Request for Correction must take into account periods from the commencement of the old financial year and ending on the end date of the new financial year and must include the financial statement(s) applicable to this period. SARS will consider the return accordingly.

For example, assume a taxpayer had a February year end and changed this to a December year end in the 2021 year. In this case, the Request for Correction must take into account the period from 1 March 2020 to 31 December 2021 and must include the financial statements applicable to this 22-month period.

Concerns were raised that SARS would ordinarily not accept a year end that is longer than 15 months. However, SARS did not specifically address this and merely advised as set out above.

### **Provisional Tax Account Allocations:**

SARS further advised that once the financial year-end changes are approved, the provisional payments would programmatically be allocated to the correct periods based on the new financial year-ends.

### **SARS Guide:**

The guide itself provides the following information on page 67, in relation to the below question:

#### **'Did the financial year end of the company change during this year of assessment?'**

- Select "Yes" or "No". This field has been introduced into the return from the 2017 YOA onwards.

If Yes, complete the following fields:

- From 2019 year of assessment, indicate the period of the financial statement(s) used for the completion of this return:
  - Start Date (CCYYMMDD)
  - End Date (CCYYMMDD)
  - Please note that the company should only submit one ITR14 return in respect of the above period. The financial statement(s) applicable to this period must be submitted in support of the ITR14 return.
- Example:

The FYE in the 2019 year of assessment (YOA) was 05 (31 May), and during the 2020 year the taxpayer requested the FYE to be changed to 12 (31 December). The company must complete the ITR14 return in respect of the 2020 year of assessment for the period from 2019/06/01 to 2020/12/31 and upload the relevant financial statement(s) in support thereof.'

23 August 2022