



19 July 2021

**To: The South African Revenue Service**

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**RE: GUIDANCE ON ESTIMATED ASSESSMENTS AND RECENT TECHNICAL GLITCH**

Dear Colleagues,

In an attempt to increase compliance amongst individual taxpayers, SARS successfully launched the 'auto-assessments' process to all qualifying taxpayers in Filing Season 2020.

An 'auto-assessment' issued by SARS represents the simulated outcome of the information provided by third parties to SARS. There is no guarantee that the 'auto-assessment' is based on correct and complete information and it remains the responsibility of the taxpayer to ensure that all the information reported in their tax return is correct. 'Auto-assessments' are issued based on the compilation of data received from employers and other third-party data providers.

**Current situation**

SARS stated that a significant number of non-provisional individual taxpayers will be 'auto-assessed' at the beginning of Filing Season 2021. However, due to a technical glitch, SARS in error issued a number of taxpayers with estimated assessments instead of 'auto-assessments'.

Section 95(4) of the Tax Administration Act No 28 of 2011 states that, "*The making of an assessment under [subsection \(1\)](#) does not detract from the obligation to submit a return or the relevant material.*" SAIT's understanding is that, when an estimated assessment is issued to a taxpayer, the taxpayer is still obliged to submit a true and complete tax return to SARS. A taxpayer who is aggrieved by an estimated assessment, cannot initially follow the dispute resolution process as the estimated assessment is not subject to objection or appeal. However, it has since come to light that the submission of a tax return with the same financial information as the estimated assessment is currently rejected by SARS.

It is further SAIT's understanding that where a taxpayer has not submitted a true and complete income tax return, the taxpayer still potentially remains eligible for administrative penalties irrespective of the fact that an estimated assessment was received.

**Clarity being sought**



1. Section 95(4) stipulates that the taxpayer must submit the income tax return, despite the estimated assessment being issued. **On what basis would SARS relieve a taxpayer of the obligation to submit an income tax return if the taxpayer agrees with the estimated assessment issued by SARS?**
2. It is our understanding that a return with the same financial information as the estimated assessment, would be systematically rejected by SARS. In many instance taxpayers use the ITR12 return to maintain the relevant tax practitioner's details as well as demographic details, e.g. contact details, address, banking details etc. **If the financial information of the assessment remains unchanged, but the taxpayer's details have been updated, would the updated detail be processed?**
3. If the taxpayer has not submitted the 2021 income tax return (because they agree with the estimated assessment), and the taxpayer has had another instance of "non-compliance", **will the taxpayer still be eligible for administrative penalties in terms of Section 210 of the Tax Administration Act No 28 of 2011?**
4. Considering that the estimated assessment issued to the taxpayer was based on the information at SARS' disposal at a specific point in time, what process will need to be followed if new third party data becomes available? **Will the revision need to be initiated by the taxpayer?**

Yours faithfully,

**SAIT**

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