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To: The South African Revenue Service

Lehae La SARS
299 Bronkhorst Street
PRETORIA
0181

Via email: SARS SNtombela3@sars.gov.za

CC: vnkanyane@sars.gov.za ; basilb@sars.gov.za ; bgouws@thesait.org.za
sars_ops_escalations@thesait.org.za

RE: Registered Representative

Background

In April 2021, SARS made enhancements to the Tax Type Transfer process. As part of this new process, the confirmation of a registered representative become a pre-requisite for the initiation of the tax type transfer. Every legal entity is required to have a registered representative on the SARS system, who will be the custodian of the eFiling profile.

Prior to the introduction of the new tax type transfer process, many legal entities, either did not have a registered representative on the SARS system, or had not updated the registered information with SARS. Therefore, these entities needed to update the registered information before proceeding with the tax type transfer process.

As a result, taxpayers and tax practitioners have been submitting requests to update the registered representatives so that they can access tax types and submit the returns due. However, as we have been informed at various SARS/RCB Regional meetings, the increased volume in requests received by SARS has caused backlogs and delays in the finalisation of registered representative details.

Taxpayers who needed to update their registered representative were encouraged to submit their requests as soon as possible to avoid further delays. In addition various 'workarounds' were also suggested to speed up the process.

Unfortunately, since the enhancement of the new tax type transfer process, taxpayers and tax practitioners have been adversely affected by the extensive delays experienced in the finalisation of these requests. SAIT has raised this issue on several occasions at SARS Regional level and as part of the RCB Forum meeting where SARS was represented.

Since the registered representative is integral to all SARS interaction for a legal entity, various consequences follow on from the delays. We discuss these in more detail hereunder, with specific reference to cases escalated by our members.



Specific challenges experienced

- **Inability to submit VAT201 returns timeously:** Taxpayers who are registered for VAT are required to submit VAT201 returns on a monthly or bi-monthly basis. Where the registered representative request has not been finalised and a tax practitioner cannot activate the tax type on their portfolio, the tax practitioners are unable to submit the VAT201 returns on eFiling by the last business day of the month.

Once these returns are submitted, SARS will levy penalties and interest for the late submission and payment of the VAT debt. While the returns remain outstanding, the taxpayer is viewed as non-compliant and may be unable to receive payment from their debtors as a result. This is illustrated in Annexure 1 attached hereto.

- **Inability to submit EMP201 returns and EMP501 reconciliations timeously:** Taxpayers who are registered for employees' tax are required to submit the EMP201 and EMP501 on a monthly and bi-annual basis respectively. The EMP201 return must be submitted to SARS by the 7th day of the subsequent month. Where the taxpayer fails to make the submission and payment by the due date, SARS will levy penalties and interest for the last submission and payment of the employees' tax debt. While the returns remain outstanding, the taxpayer is viewed as non-compliant and may be unable to receive payment from their debtors. This is illustrated in Annexure 1 attached hereto.
- **Inability to submit Income tax returns timeously:** For legal entities such as companies and close corporations, the annual income tax return must be submitted to SARS within 12 months after the end of the financial year. Many entities have been unable to meet the submission deadline due to the inability to obtain the eFiling profile from a previous tax practitioner. This is due to the fact that the registered representative requests submitted to SARS have not been finalised within the 21 business day turnaround time communicated by SARS. While the return remains outstanding, the taxpayer is viewed as non-compliant and may be unable to receive payment from their debtors. This is illustrated in Annexure 2 attached hereto.
- **Inability to register new tax products on eFiling:** It is mandatory for a person to register for VAT if the taxable supplies made or to be made is, in excess of R1 million in any consecutive twelve month period. In some instances, taxpayers are unable to register to VAT because the registered representative has not been updated on the SARS system. The VAT registration can only be completed on eFiling once the registered representative has been updated. The delays in the finalisation of the registered representative requests therefore prevent the taxpayer from meeting their obligation to comply with the compulsory registration.

In addition, an employer must register for employees' tax within 21 business days after becoming an employer, unless none of the employees are liable for normal tax. The employees' tax registration cannot be completed on eFiling where the registered representative has not been updated on the SARS system. The delays in the finalisation of the registered representative requests therefore prevents the taxpayer from meeting their statutory registration obligations. This is illustrated in Annexure 3 attached hereto.

- **Inability to initiate and authorise payments on eFiling:** SARS is a public beneficiary with the following banks: ABSA FNB, Nedbank and Standard Bank. Taxpayers can therefore make payments of their tax debt to these banks via EFT without having access to the eFiling profile. However, in some instances, taxpayers are unable to make payments to SARS through an EFT because SARS is not a beneficiary with the banks the taxpayer uses. These banks include, but is not limited to, Capitec Bank, Investec and Bidvest bank. In these instances, the payment must be initiated on eFiling and only authorised on the banking app. Where the taxpayer or practitioner does not have access to the eFiling profile, these payments cannot be initiated and the tax debt cannot be settled by the taxpayer. These taxpayers are also adversely affected by the interest levied on the outstanding debt and the Tax Compliance Status (TCS), which will be reflected as 'non-compliant'.
- **Tax Practitioners inability to make contact with the contact centre because the profile has not been linked to the practitioner:** Currently the Contact Centre is mandated to only assist a registered tax practitioner linked to the taxpayer's eFiling profile. Where a taxpayer has appointed a new tax practitioner, it is likely that the new practitioner will submit the request to update the registered representative. At present, the new tax practitioner cannot get any updates on the progress of these cases from the contact centre because the profiles have not yet been linked to the practitioners' profile. Furthermore, the profiles cannot be linked to the practitioners' profile until the registered representative matter has been finalised. This process is therefore causing practical delays and frustration for both tax practitioners and their clients. This is illustrated in Annexure 4 attached hereto.

Request

We request that SARS provide SAIT with feedback on the estimated timeframe when the current backlog will be dealt with so that we may communicate with the affected tax practitioners and taxpayers.

Yours faithfully,

SAIT



Disclaimer

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