TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 27 March – 2 April 2025
(Issue 12 -2025)

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TOP STORIES

SARS announces impressive preliminary revenue collection results for the 2024/25 Fiscal Year amidst tough economic conditions

On 1 April 2025, the SARS Commissioner and appropriate business directors announced a positive preliminary revenue collection outcome for the 2024/25 fiscal year, despite a challenging economic landscape. By March 2025, SARS collected a record R2.303 trillion, marking a 6.9% year-on-year growth, outperforming the revised nominal GDP growth estimate of 5.4%.

This growth is attributed to strategic interventions in compliance, technology, and targeted enforcement. A significant achievement includes the disbursement of R447.7 billion in refunds, the highest-ever in SARS' history. SARS is aware of the taxpayers and sectors claiming these refunds and is committed to ensuring that only genuine refunds are paid out, thereby contributing to stimulating economic activity. Additionally, R146.7 billion in impermissible refunds were successfully prevented. The disbursement of these legitimate refunds results in a net revenue collection of R1.855 trillion which exceeds the target of R1.846 trillion that was set at the beginning of the preceding fiscal year.

Key taxes saw impressive growth, notably Personal Income Tax (PIT) which grew by R81.8 billion, largely driven by strong performance in the Finance and Community sectors, and Value-Added Tax (VAT), which grew by 2.3%. Noteworthy improvements were also seen in tax compliance, with the VAT compliance index rising to 65.58%, and Corporate Income Tax (CIT) showing a 2.1% increase, fuelled by growth in the Finance sector.

The SARS Commissioner has expressed confidence in its ability to meet the revenue estimate target of R2.006 trillion for the 2025/26 fiscal year. Read more below further unpacking the revenue results.

Beginning of the Employer Annual Declarations (EMP501) period: 1 April to 31 May 2025

Employers are reminded that the submission period for EMP501 began on 1 April 2025 and will run through to 31 May 2025. This critical compliance requirement must be completed to ensure accurate reporting of employee earnings and deductions for the tax year.

SARS strongly encourages employers to ensure that all necessary information is gathered in advance and processed correctly to meet the deadline and avoid any penalties. To assist employers to fulfil their obligations and to assist SARS to achieve its "Higer Purpose" which is to enable the state to provide for the well-being of all South Africans, SARS has prepared a detailed letter outlining what is new this period, the process to submit and more information regarding penalties. Read here for more detail.

Big Changes Ahead: Employment Tax Incentive (ETI) Amendments effective from 1 April 2025

The 2025 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill introduces crucial updates to the Employment Tax Incentive (ETI) Act, set to take effect from 1 April 2025. Key changes focus on Section 4, which tightens eligibility by stipulating that employers will no longer qualify for the ETI if an employee's monthly salary is below R2500 and not subject to wage-regulating measures. Sections 6 and 7 also see updates that refine the criteria for qualifying employees and the calculation process for the ETI amount. Read more below to stay ahead of these changes and understand how these changes will impact your business.

SAIT Engages with the National Treasury and SARS on the 2025 Fiscal and Revenue Proposal Framework

On 28 March 2025, National Treasury and SARS jointly presented to the Standing and Select Committee on Finance, following the submission of proposals by 51 stakeholders, including submission by SAIT. In this subsequent session, SAIT engaged with the Minister of Finance, the SARS Commissioner, and senior officials from both institutions, who provided detailed responses to the submissions made on 25 March 2025.

The National Treasury has reaffirmed its commitment to funding permanent spending increases through permanent revenue sources or reprioritization. While much of the discussion focused on proposals like the VAT increase and frozen tax tables, the highlight was SARS' presentation, which addressed the growing revenue gap, outlined efforts to broaden the tax base, steps that SARS will undertake to improve compliance, and how SARS will better utilise allocated funds to build capacity. The insights provided by the institutions are crucial for shaping South Africa's tax policy and revenue strategies moving forward. Read more below.

#StayAbreastOfTheTaxWave

Are you a **tax practitioner** with a passion for writing?

Let's feature your article on the **Tax Practice: Weekly Highlights.**

Send your article to
taxassist@thesait.org.za.

Approximately 500 – 1500 words

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS ‘ON-THE-GROUND’ ENGAGEMENT

Reminder on PAYE employer reconciliation BRS v24.0.0 released with key changes effective from 1 March 2025

SARS has published the latest version of the PAYE Employer Reconciliation BRS v24.0.0, introducing several important updates that will take effect from 1 March 2025.

The new release includes the introduction of the following new source codes:

- 3623/3723
- 4042
- 4588
- 4589

Additionally, descriptions for source codes 3020 and 3907 have been amended, while validations for codes 3230 and 3232 have also been amended.

Employers and tax practitioners are advised to review these changes to ensure compliance with the updated requirements ahead of the 2025 deadline.

Reminder on the Tax Directives: Interface Specification Version 6.802 *

SARS is preparing to implement enhancements to the Tax Directives process as indicated in the *IBIR-006 Tax Directives Interface Specification Version 6.802*.

To access the Tax Directives Interface Specification, follow these steps:

1. **Visit** the www.sars.gov.za webpage.
1. **Navigate to the “Individuals” page** by accessing the topmost menu.
1. Select “**I want to get a tax directive**”.

SARS strongly recommends that you review *IBIR-006* before proceeding with testing.

*SARS has now confirmed that trade testing began on **24 March 2025 and will conclude on 7 April 2025**.

Follow these steps to submit test files:

Step 1:

Before testing can commence, you must email 10 taxpayer reference numbers to ncts@sars.gov.za to ensure the numbers are active. In the email subject line, use *“Tax reference numbers for Trade Testing”*.

Note: A maximum of 10 taxpayer reference numbers will be allowed.

Step 2:

You will be notified via the same email address to confirm when testing may commence. You will need to **respond** to this email to confirm your readiness to begin testing.

For trade testing queries, please email ncts@sars.gov.za.

SAIT TaxHelpline – escalations

As part of our ongoing commitment to serving our members, SAIT escalates appropriate cases within the SARS structures on their behalf. For assistance with this, members can submit their queries via the TaxHelpline.

The most urgent escalations this week include:

1. Delays in finalising 2024 requests for remission.
2. Delays in finalising and payment refunds.
3. Delays in issuing revised assessments for 2024 objections which were allowed.

SARS regional and national operational meetings

SAIT and its Regional Representatives attend SARS/RCB regional meetings quarterly, offering opportunities for effective, systemic discussions (qualifying for CPD points)*.

** For effective and meaningful engagement with SARS, Regional Representatives are encouraged to provide three specific examples of issues or challenges that arise. It is important to note that regional meetings are not intended for individual case escalations but serve as a platform to address systemic issues impacting the broader tax practitioner community.*

Feedback from the RCB/SARS regional and national meetings

No regional or national meetings were scheduled for SAIT during the week of 27 March 2025 to 2 April 2025.

Upcoming RCB/SARS regional and national meetings

1. Western Cape – 4 June 2025
2. Free State and Northern Cape – 9 June 2025
3. Eastern Cape – Gqeberha and Kareiga – 25 June 2025
4. Mpumalanga – 27 June 2025
5. Eastern Cape – Gqeberha and Kareiga – 13 August 2025
6. Free State and Northern Cape – 8 September 2025
7. Free State and Northern Cape – 10 November 2025 and
8. Eastern Cape – Gqeberha and Kareiga – 12 November 2025

Other meetings of interest

1. SARS National Operational Forum - 15 May 2025;
2. RCB Forum meeting- 3 June 2025;
3. SARS National Operational Forum – 14 August 2025;
4. RCB Forum meeting tentatively scheduled for 16 September 2025;
5. RCB Forum meeting- 11 November 2025; and
6. SARS National Operational Forum – 20 November 2025.

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: April 2025

Month	Date	Tax Type	Notification
April 2025	01/04/2025	Employment Taxes	**EMP501** - Start of the annual employer reconciliation submissions
	01/04/2025	Other	**Third-party data (IT3)** - Start of the annual third-party submissions period
	07/04/2025	Employment Taxes	**EMP201** - Submissions and payments
	25/04/2025	Value-Added Tax	**VAT201** - Manual submissions and payments
	30/04/2025	Value-Added Tax	**VAT201** - Electronic submissions and payments

SAIT member resources

- SAIT important tax dates calendar – contains important dates from January 2025 to January 2026 (unchanged).
- SAIT SARS contact map – links service requirements to SARS channels (unchanged).

Key operational news

SARS announces positive preliminary results

As the fiscal year drew to a close, the South African Revenue Service (SARS) announced its preliminary revenue collection results for the 2024/25 fiscal year. SARS has announced a positive preliminary revenue collection outcome for the 2024/25 fiscal year, despite a challenging economic landscape. By March 2025, SARS collected a record R2.303 trillion, marking a 6.9% year-on-year growth, outperforming the revised nominal GDP growth estimate of 5.4%. Notwithstanding the disbursement of R447.7 billion in refunds, the highest-ever in SARS' history, SARS managed to net total revenue of R1.855 trillion, which exceeds the target R1.846 trillion target set by the Minister of Finance

Key highlights from the announcement include the following:

1. **Record revenue collection**

   SARS has collected a record R2.303 trillion by the end of March 2025, marking a 6.9% year-on-year growth. This achievement surpasses the estimated nominal GDP growth of 5.4% for the year and reflects SARS' resilience in a challenging economic environment.

2. **Refunds and Compliance**

   SARS paid out R447.7 billion in refunds, the highest-ever amount, representing an 8.2% increase from the previous year. This is part of SARS's commitment to supporting taxpayers, but it also remains vigilant against refund fraud. In this fiscal period, SARS prevented R146.7 billion in impermissible refunds, showing its dedication to protecting the system from fraudulent claims. The revenue collected net of refunds amounted to R1.855 trillion, exceeding the revised estimate by nearly R8.8 billion.

3. **Strong Tax-to-GDP ratio**

   SARS achieved a tax-to-GDP ratio of 24.8%, demonstrating the country's fiscal health and efficient revenue generation. The tax buoyancy ratio stood at 1.20, reflecting the government's adaptability in its tax revenue strategies, contributing to sustained fiscal stability.

4. **Sectoral growth contributions**

   The Finance, Community, Wholesale, and Construction sectors were significant contributors to the 6.1% year-on-year growth in revenue collections. Notably, Personal Income Tax (PIT) saw strong growth, driven by above-inflation increases in pay-as-you-earn (PAYE) collections in the Finance and Community sectors, with PIT increasing by R81.8 billion (12.6%). Additionally, improvements in tax compliance are evident, with the Voluntary Compliance Index for PIT increasing by 0.38 percentage points.

5. **Corporate Income Tax (CIT) performance**

   CIT grew by R6.5 billion (2.1% increase), led by higher CIT provisional tax collections, especially from the Finance sector. Despite a contraction in the Mining sector, the overall performance was positive. The CIT Voluntary Compliance Index improved by 3.2 percentage points, signaling better filing compliance.

6. **Value-Added Tax (VAT) growth**

   Net VAT collections increased by R10.5 billion (2.3% increase), contributing 24.7% to total collections. A significant portion of VAT refunds (R365.5 billion) were directed to key sectors such as Mining, Finance, and Manufacturing. VAT refunds grew by R22.5 billion (6.6%), and SARS successfully avoided R74 billion in VAT leakage, with enhanced measures to tackle fraud and improve refund verification processes.

7. **Focus on SMMEs and Domestic VAT**

   Domestic VAT collections amounted to R562.1 billion, growing by 7.0%. Notably, SMMEs received R127.4 billion in VAT refunds, underlining SARS's role in supporting small businesses, which are crucial for job creation. The VAT Voluntary Compliance Index also rose by 1.8 percentage points, reflecting an overall improvement in compliance.

8. **Technology and Data-Driven Compliance**

   SARS has embraced advanced technologies like AI and machine learning to enhance compliance. These innovations helped recover R301.5 billion through compliance revenue interventions, including R154.8 billion from cash collections and R146.7 billion from preventing fraud and impermissible refunds.

9. **Addressing Illicit Economy and Trade-Based crimes**

   SARS continues to tackle illicit financial flows, including trade mispricing and illicit cigarette trade. Significant efforts were made in dealing with syndicated crime, which resulted in the seizure of R30 billion through complex investigations. These efforts highlight SARS's commitment to maintaining a fair and transparent tax system. SARS also continues to have a keen focus on BEPS activities which erode the tax base. To this end, SARS has identified 19 cases of BEPS within the LBI segment, involving 8 cases of Transfer Pricing, 5 cases in International Tax, 5 cases in Corporate Income Tax, and 1 case related to dividend restructuring. SARS has estimated that these cases have resulted in a permanent loss of R2.2 billion and a cash recovery of R2.8 billion. Additionally, 40 cases are currently under investigation.

10. **Tax Revenue breakdown and contribution by region and sector**

The largest portion of South Africa's tax revenue was collected from Gauteng, signalling where most of the economic activity lies. This was followed by KwaZulu-Natal and the Western Cape. Large businesses continue to be the primary contributors, offering the best return on investment for SARS. However, circa, 29.3 million registered individuals and trusts and 6.4 million companies are among the dominant group in the tax base. This is a notable increase from just 3 million active taxpayers in the 1993/1994 financial year – which highlights the expansion of South Africa's tax base over the years.

Key takeaways

- Taxpayers are urged to ensure that all their tax affairs remain in order.
- The Minister of Finance has set a revenue estimate of R2.006 trillion for the 2025/26 fiscal year, reflecting confidence in SARS' ability to meet this target.
- SARS remains committed to expanding its tax base, strengthening compliance measures, and driving growth through innovation and collaboration to meet this revenue target.
- SARS is advancing towards a tax and customs system focused on voluntary compliance while strengthening its ability to detect and deter non-compliance. The goal is to expand the tax base, promote fiscal citizenship, and leverage data and technology to fulfil its mandate. Looking ahead to the 2025/26 fiscal year, SARS will focus on optimising its resources and deepening collaboration with stakeholders to build trust in the organisation.
- The Commissioner thanked all South Africans, particularly compliant taxpayers and traders, for consistently fulfilling their legal obligations. He emphasized that SARS is committed to making the taxpayer experience as easy and seamless as possible, with the goal of providing the best service through minimal intervention.

The full media release may be accessed here. Members with any additional queries are welcome to contact SARSMedia@sars.gov.za.

Other SARS and related operational publications and announcements

No other SARS and related operational publications and announcements were made in the week of 27 March 2025 – 2 April 2025.

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

No recurring tax practitioner access and functionality issues were identified via the SAIT TaxHelpline during the week of 27 March 2025 – 2 April 2025.

Reminder: e@syFile Employer Application FAQ (*updated)

On 27 March 2025, SARS released the latest videos produced by their Taxpayer Trader and Education Team to help taxpayers and tax practitioners use the new version of e@syFile. The step-by-step videos, address some of the commonly asked questions regarding the new e@syfile employer application. This is in addition to the FAQs SARS addressed in the guide and on the SARS website.

Some of the frequently asked questions are outlined below:

1. **Should I uninstall the old e@syFile Employer application, or may I keep it?**

   For the first two years, it is recommended that both e@syFile™ Employer applications remain installed on the Employer's PC, even when submissions are made via the new e@syFile™ Employer application. This will allow you to refer to historical submissions and process amendments.

2. **While downloading the latest version of the easyFile™ Employer, my anti-virus identified a virus and deleted any e@syFile™ Employer files already installed. Is there a virus on e@syFile™ Employer?**

   No, e@syFile™ Employer is not infected by a virus. Make sure you have set your anti-virus to accept e@syFile™ Employer.

   AVG is the antivirus guard internet security software used by many. Due to certain settings within AVG, you will need to add e@syFile™ Employer to the exceptions list in your advanced settings to work without any further interference from AVG.

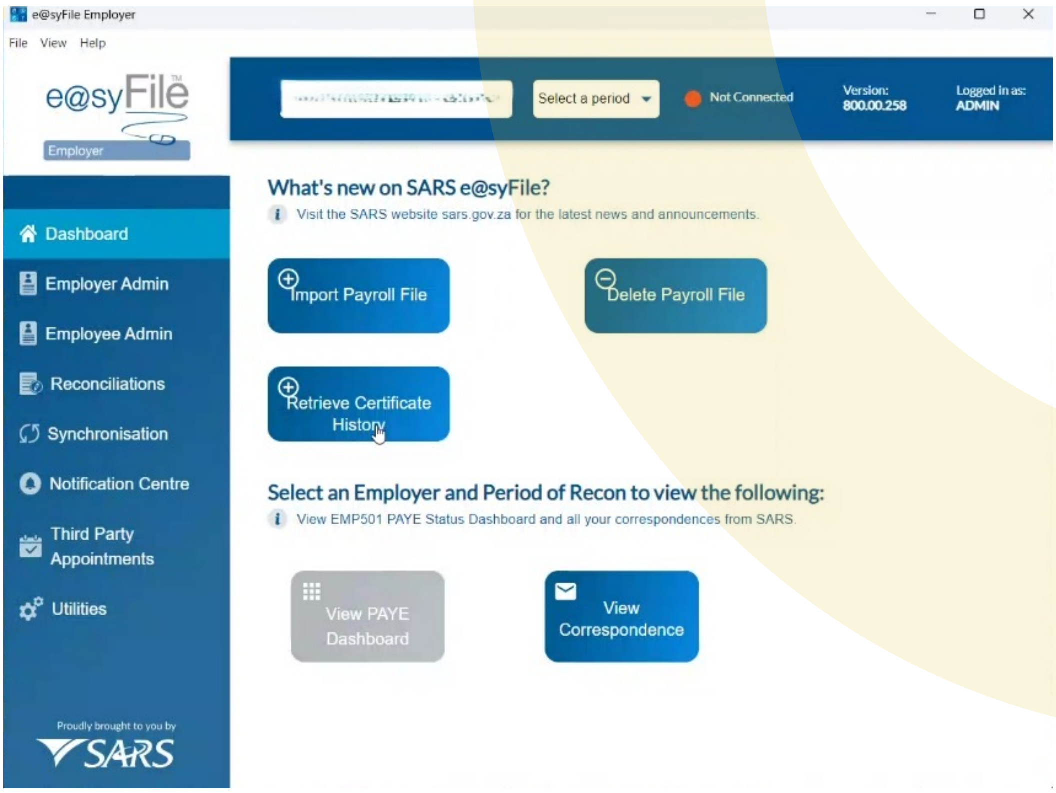
   Below is a detailed explanation of how to do this:

   1. Open the AVG application Centre and press **F8 on your keyboard**.
   2. This will open the AVG settings screen. Select the Allowed List under Identity Protection.
   3. Select Add.

3. **How do I restore my old e@syFile database (DB) into the new e@syFile?**

   How do I import historical data into e@syFile?

   My certificates created on the old e@syFile are not showing on the new e@syFile?



Certificate data can be imported from the old e@syFile™ Employer to the new e@syFile™ Employer. The function "*Retrieve Certificate History*" must be used. Please refer to the e@syFile™ Employer Guide for more information.

4. **I installed the new e@syFile Employer application; however, I keep receiving the error pictured below. How do I resolve it?**

You must force restart the application. Go to your systems Task Manager, select the e@syFile Employer application and click on "end task." Once the application has been successfully closed, you may open it again and the issue should be resolved.

5. **Can I still submit using the old e@syFile Employer application?**

Both of the e@syFile™ Employer applications can be used for the period of recon 2024/08. However, from 2025/02, the submission must be made using the new e@syFile™ Employer application.

Key tax practitioner news

Tax practitioner registration and compliance updates: 2025 SARS audit

It is that time of the year when membership compliance is under review, and SAIT is conducting the annual SARS compliance Audit. The 2025 Compliance Audit commences in **April 2025**.

Under the Tax Administration Act, individuals providing tax-related services must register with both a Recognised Controlling Body (RCB) and SARS as a Tax Practitioner. RCBs are also required to manage their tax practitioner members' compliance with registration requirements.

Mandatory SARS and practitioner compliance requirements

- Valid Tax compliance PIN (in your personal name) and good standing;
- Criminal-free status
- Completion of 2024 CPD hours
- Submission of annual declaration forms

As part of this process, various categories of membership compliance and registration information will be updated. PR numbers will also be updated, as some members are still using outdated alpha-numeric PR numbers. Members who are still using alpha-numeric PR numbers and those who do not have their PR numbers are classified by SARS as "ghost practitioners" and risk deregistration. SARS requires all tax practitioners to activate and use their unique PR number.

As an RCB, SAIT is legally required to audit 20% of its entire membership and report compliance status to SARS annually. SARS and SAIT will randomly select a pool of tax practitioners to partake in this mandatory compliance audit. All selected candidates will be notified via email, telephone and SMS. Prompt response is highly encouraged.

Consequences of non-compliance

SAIT aims to help members become compliant, stay empowered, and avoid deregistration or membership downgrade to the unregulated Affiliate category. Although we achieved 94% compliance conversion strike rates in the previous audit, 134 members remained non-compliant and were subsequently downgraded, thus losing their practitioner status.

SARS deregistrations:

With over 30 tax practitioner deregistrations due to non-compliance with section 240(3)(d) of the Tax Administration Act (TAA) in 2005 already, the rising numbers are alarming.

Compliance issues typically stem from lapses in tax obligations, failure to meet Continuing Professional Development (CPD) requirements or criminal activity. Practitioners must remain informed and compliant with SARS regulations to avoid deregistration as this can severely impact their professional standing and operational capabilities.

Kindly note that members who default on the above requirements will be suspended and reported to SARS for deregistration.

Given that tax practitioner compliance is a statutory requirement, **our consultants are here to assist**. However, failure to respond to and comply with the audit may result in revocation of registration.

For any inquiries on the annual Tax Practitioner Audit, please contact the SAIT Legal and Compliance Department via the following email: info@thesait.org.za.

Government & stakeholder newsletters

SARS publishes the latest Tax Practitioner Connect newsletter

On 31 March 2025, SARS published issue 61 of the Tax Practitioner Connect newsletter. The newsletter covers the following topics:

- *Donations Tax Declaration Form (IT144)*

Previous editions of this publication have shed light on the above. As a reminder, **a donation is any complimentary disposal of property**, including any free waiver or giving up of a right. The current rate of donations tax is 20% if a donation is less than R30 million, and 25% for donations worth more than R30 million. After donating, the donor must complete and submit a Donations Tax declaration form (IT144) to SARS. For conditions, exemptions, guides, and more, see the Donations Tax webpage.

After donating, taxpayers are required to complete the Donations Tax Return (IT144) and ensure that the appropriate tax is paid. The IT144 form can be downloaded from the Donations Tax webpage. Members are strongly encouraged to peruse previous versions of this publication that outline the steps and process for submitting the IT144 donation tax return.

- *Owing Money to SARS*

As part of its ongoing Compliance Programme, SARS continues to drive general compliance work, which includes undertaking compliance follow-ups – including following up or contacting taxpayers regarding their outstanding debt.

How to obtain information regarding your outstanding debt

- Log on to **eFiling** and request a statement of account.
- Alternatively, you can Log on to the **SARS MobiApp** and request a statement of account for Personal Income Tax.
- Request a balance statement and/or statement of account for Personal Income Tax by sending an SMS to SARS on 47277. (This service can be accessed with or without data/ airtime.)
- **SARS USSD Channel** by typing, on your mobile device, a string of characters which comprises of an asterisk (*), followed by a few digits and ending with a hashtag (#) and dialling. Balance (Space) ID number/Passport number/ Asylum Seeker number

How to request tax services via the SARS USSD Channel

Step 1:	Initiate USSD by dialling *134*72773
Step 2:	Select the service you require
Step 3:	Taxpayer verification – SARS will request you to complete either your ID/ Passport Asylum Number
Step 4:	Tax Resolution- Upon successful verification by SARS, a response will be displayed

To request a Statement of Account on eFiling

- **Login to eFiling:** Access the SARS eFiling platform by logging in with your credentials.
- **Navigate to the Income Tax Work Page:** Once logged in, go to the "Income Tax Work Page."
- **Request Historic Documents:** Click on the "Request Historic Documents" button available on the Income Tax Work Page.
- **Select Statement of Account:** Select "I want to request a Statement of Account" and click "Next" to proceed.
- **Choose the Period**
- **Generate Statement:** Click on "Request" to generate the statement and if the statement is successfully generated, a hyperlink will be displayed.
- **View the Statement:** Click on the hyperlink to view your Statement of Account.

Should additional assistance be required, members are reminded that the SARS Online Query System (SOQS) is also a channel to log an account query.

The following page tells you how to make a payment: Make a Payment |South African Revenue Service

- *Reportable Arrangement Submissions now available on eFiling*

In February 2025, SARS announced that it is introducing the option to submit Reportable Arrangements on eFiling. Previously, these submissions were submitted manually via email, however, they can now be made under Additional Services on eFiling.

The submission process remains unchanged, with the RA01 form and supporting documentation still required. Both eFiling and email submissions will run parallel until 31 May 2025, after which email submissions will no longer be accepted.

This move is part of SARS's effort to streamline its systems and enhance security.

For more information, see the updated guide Guide to Complete the Company Income Tax Return (ITR14) on eFiling.

The Office of the Tax Ombud (OTO) published the March edition of the FairPlay newsletter

On 31 March 2025, the OTO published the latest edition of the Fair Play newsletter, which explores the topic of Balancing Fairness and Compliance.

The newsletter covers the following topics:

- *Progress Report on eFiling Profile Hijacking Taxpayer Experience Survey*

The OTO has conducted a critical review of systemic issues related to eFiling profile hijacking and the challenges taxpayers face in resolving them. This survey ran from 3 February 2025 and closed on 5 March 2025. It provided practitioners and their clients the opportunity to share common issues related to recovering hijacked eFiling profiles and help improve service delivery.

The OTO has announced that the survey was successful and that responses received amounted to approximately 393 taxpayers and tax practitioners. The data collected from the survey played a significant role in the OTO's investigation of this issue. The investigation aims to identify the root causes of the issue, and to develop strategies to prevent such occurrences in the future. The OTO is working closely with SARS to ensure that the eFiling system remains secure and that taxpayers can confidently manage their tax affairs without fear of unauthorised access.

The Tax Ombud will in due course inform the public of the outcome of the investigation and when the report can be expected.

- *Common Issues Regarding Tax Fairness and Compliance*

The OTO delivers services nationwide through various platforms, uncovering key tax concerns among stakeholders, which include some of the following concerns:

- **Lack of timely feedback from SARS:** Taxpayers frequently complain about not receiving timely feedback from SARS. When feedback is provided, it is either a request for the same information or it fails to meet taxpayers' expectations, prompting them to seek assistance from the OTO.
- **eFiling profile hijacking:** There has been a surge in complaints about eFiling profile hijacking and manipulation of taxpayer information. This has resulted in taxpayers finding themselves in debt to SARS or having their refunds paid into fraudulently held bank accounts.
- **Delays in VAT and income tax refunds:** Taxpayers have lodged complaints stating that, amongst other things, once an assessment has been selected for audit or verification, the process takes over 21 working days. In some instances, bank detail

verification needs to be done after the verification or audit of the assessment, following which the refund will be paid out.
  - **Non-compliance with payment arrangements:** Taxpayers complain that SARS does not honour the request for payment arrangements arranged with them, resulting in SARS issuing garnishee orders (ITA88) to employers to deduct outstanding tax from employees' salaries. In some instances, SARS withdraws funds from taxpayers' bank accounts, disregarding the existence of payment arrangements.
  - **Delays in issuing tax residency certificates:** Taxpayers have raised concerns about the time it takes to finalise these certificates, adversely impacting the tax position of people in South Africa who are residents in another country where South Africa has a double tax agreement.
  - **SARS Contact Centre inefficiencies:** Many taxpayers express frustrations they experience in securing appointments or receiving assistance through the SARS Contact Centre. Taxpayers have resorted to calling the OTO Customer Service line for assistance that should be provided by SARS.

- Additional features from the publication include:

  - OTO Media and Stakeholder Engagements
  - The Tax Ombud's insights on the need for taxpayers to strive for Tax Literacy
  - Reflections on the OTO's 2024/2025 Financial Year
  - Various articles unpacking the core topic as penned by various industry experts.

Reminder regarding the OTO publication on Fairness for All: Case 30

On 20 March 2025, the Office of the Tax Ombudsman (OTO) published Fairness For All: Case 30. The focus of the case study was on SARS's failure to issue a reduced assessment and the administrative delays thereof. In this case, the OTO played a crucial role in addressing a systemic issue - delays in responding to the suspension of payment requests - which led to unnecessary debt collection actions against a taxpayer whose objection had already been allowed and finalised. Through its intervention, the OTO not only helped resolve the individual case but also highlighted broader inefficiencies within SARS's processes that need to be addressed.

Summary background:

The taxpayer submitted their income tax return based on pre-populated data without verifying the accuracy of the pre-populated data. Upon realisation of the inaccuracies of the pre-populated data, the taxpayer recalculated their tax liability and paid the amount outstanding as per their calculation and objected to the difference between the amount owed as per their erroneous NOA and the amount paid. Along with the objection, the taxpayer requested a suspension of payment for the disputed amount. SARS reviewed the objection and allowed it. The suspension of payment was subsequently cancelled, as there was no longer an objection. SARS, however, did not issue a reduced assessment. This resulted in the system still reflecting the disputed amount as outstanding, and SARS initiated debt collection steps despite the objection being resolved in the taxpayer's favour.

Key lessons learnt:

- Taxpayers should verify pre-populated tax return information before submission to SARS to avoid errors.
- SARS must ensure the timely processing of reduced assessments after an objection is resolved.
- SARS must use third-party appointments judiciously.
- SARS must improve its administrative processes: SARS must strengthen its internal systems to ensure that once an objection is finalised in the taxpayer's favour, the necessary adjustments are made timeously to prevent unjust debt recovery actions.

- SARS must enhance its communication on Suspensions of Payment – SARS should improve its responsiveness to taxpayers who submit suspension of payment requests, ensuring that these requests are properly addressed even if the related objection has already been finalised.

Application to SAIT members

SAIT has received escalations in line with the case above, where the objection has been allowed, and no reduced assessment was subsequently issued. In these instances, it is important to note that the SARS system will not allow you to submit another objection, as your initial objection has already been allowed.

The only mechanism available to correct this error is to request SARS to issue a reduced assessment in line with the objection that has been allowed and finalised. The Tax Helpline escalates these cases to the relevant region for correction. To submit an escalation of this nature, kindly submit your query via the Tax Helpline using the following link:

https://thesait.org.za/member-portal/

Alternatively, you may access the helpline through the SAIT website by completing the following steps:

- Go to the SAIT website
- Click on 'Member Portal' In the top-right corner of your screen
- Log in to your member profile by entering your details
- Click on 'Tax Helpline'
- Select 'SARS Escalations'
- Complete the form and click 'Submit'

For the speedy and efficient resolution of your query/ escalation, kindly ensure that your submission is accompanied by the following documents:

- Original assessment
- Additional assessment
- Completed NOO01 form
- Objection outcome letter

Other tax practitioner access and functionality publications and announcements

Other tax practitioner access and functionality publications and announcements were made in the week of 27 March 2025 – 2 April 2025.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

National Treasury and SARS respond to stakeholder submissions

SAIT is one of 51 stakeholders that made submissions to the Parliamentary Standing and Select Committees on Finance on the 2025 Fiscal and Revenue Proposals. SAIT engaged in a sitting with the Minister of Finance, SARS Commissioner, and senior officials from both institutions who provided comprehensive responses to the submissions that were made.

National Treasury has affirmed that its approach aims to ensure that any permanent spending additions are funded through permanent revenue sources or reprioritisation within the existing fiscal envelope. In previous editions of this publication, SAIT has canvassed and discussed National Treasury's proposals regarding the VAT increase, frozen tax tables, and other measures aimed at raising revenue at length.

Notably, SARS' presentation provided an in-depth overview of the revenue gap, outlined strategies to broaden the tax base and enhance compliance, and detailed how the allocated funds will be utilised to support these initiatives.

Some points from the presentation include:

- SARS is underfunded in areas like targeting illicit trade, aggressive tax planning, and BEPS activities.
- The Commissioner detailed the estimated R800 billion tax gap and where additional funding will go to build capacity and enhance compliance.
- SARS has identified 115,506 taxpayers who don't need to file but have substantial economic activity and are now subject to audits.
- SARS has identified an opportunity gap of R198bn in VAT collection and key areas like VAT administration, case management, and automation need modernisation.
- SARS uses AI and machine learning for risk profiling, ensuring a clear separation between verification and audit processes, and holding staff accountable for fair treatment of taxpayers.
- Tax revenue collection remains under strain. The Budget seeks to strike a balance between increasing revenue and avoiding overburdening taxpayers.
- The tax gap remains a concern, therefore SARS continues its focus on improving compliance through enhanced enforcement mechanisms, digital transformation, and targeted audits.
- With national debt levels rising, taxation is increasingly seen as a tool for fiscal consolidation. However, reliance on tax hikes to fund expenditure raises concerns about long-term economic competitiveness and investment.

Members are encouraged to study the National Treasury response and SARS' response documents for full and further detail.

Reminder: SAIT attends and makes a presentation at the public hearings convened by the SCoF and SeCoF on the Fiscal Framework and Revenue Proposals

In response to the call for comment from the Standing Committee on Finance and the Select Committee on Finance, SAIT appeared before these parliamentary committees to make presentation on our views regarding the National Budget 2025, which was tabled on 12 March 2025.

Our presentation highlighted and warned against excessive tax hikes, drawing attention to the fact that taxpayers are already under significant strain due to rising debt, frozen tax brackets, and a VAT hike that disproportionately affects middle-income earners.

Our presentation emphasised that tax hikes are not the solution to an expenditure crisis and further called for a delay in the VAT increase, urgent inflationary adjustments to tax thresholds, and stronger taxpayer protections against aggressive and unwarranted SARS enforcement. SAIT also expressed support for a withholding tax on "tenderpreneurs" to curb tax evasion and welcomed investment in SARS modernisation and infrastructure projects, stressing that other government departments need to follow suit.

Members may access the presentation here.

The aforementioned report outlines SARS and National Treasury's response to the SAIT submission.

SARS publishes additional Multilateral Instrument (MLI) synthesised texts

On 31 March 2025, SARS published synthesised texts for the following covered tax agreements (CTA's):

- Croatia
- Seychelles
- Tunisa

As a reminder, synthesised texts are consolidated versions of the CTA's that are modified by the ML and are designed to assist in understanding how the MLI applies to a specific tax treaty. It is imperative to note that these synthesised texts do not serve as a legal authority and the authentic legal texts of the tax treaty and the MLI remain the governing legal documents.

National legislation

Amendments to the Employment Tax Incentive that will come into effect from 1 April 2025

On 28 March 2025, the National Treasury and SARS published the 2025 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill that will be effective 1 April 2025. The proposed amendments to the ETI Act are as follows:

- Increase the remuneration threshold and enforce compliance with wage regulating measures as outlined in **Section 4(1)(b)(i) and (ii)**. The changes are as follows:

  "(i) where the employee is employed and paid remuneration for at least 160 hours in a month, the amount of **R2 500** (previously R2 000) in respect of a month; or

(ii) where the employee is employed and paid remuneration for less than 160 hours in a month, an amount that bears to the amount of **R2 500** (previously R2 000) the same ratio as 160 hours bears to the number of hours that the employee was employed for and paid remuneration by that employer in that month."

- Clarifying the remuneration threshold as this relates to who is a qualifying employee as outlined in **Section 6(g)**. The revised amendment is as follows:
  "(g) receives remuneration in an amount less than **R7 500** (previously R6 500) in respect of a month"
- Method in how to determine the amount of employment tax incentive as outlined in section 7:

  Section 7:

  The determination of ETI as per section 7, will be developed as follows:

Monthly remuneration	Formula First 12 months	Formula First 12 months
R0 — R2 499.99	60% of monthly remuneration	30% of monthly remuneration
R2 500 — R5 499.99	R1 500	R750
R5 500 — R7 499.99	R1 500 — (75% x (monthly remuneration — R5 500))	R750 — (37,5% x (monthly remuneration — R5 500))

Members are urged to take note that these amendments will remain in effect for 12 months, contingent upon Parliament passing the necessary legislation to implement the announcement in the national annual budget within that timeframe.

Please visit the Employment Tax Incentive (ETI) webpage for more information.

Reminder of the publication of the following National Legislation

The following regulations have been promulgated into law:

The following Regulations are effective on 1 April 2025:

- Regulations (GG52294) with regards to value-added tax for casino table games of chance issued in terms of section 74(2) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991)
- Regulations (GG52293) prescribing electronic services for purposes of the definition of "electronic services" in section 1(1) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991)

The following Regulation (GG 52295) is effective on 1 January 2025

- Regulations with regards to value-added tax on domestic reverse charge relating to valuable metal issued in terms of section 74(2) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991)

The following Regulation (GG52292) is retrospectively effective on 1 January 2024

- Regulations under section 19(c) of the Carbon Tax Act, 1991 (Act No. 15 of 2019)

Members are encouraged to study the above Regulations for further detail.

LEGISLATIVE INTERPRETATION

Legislative Calls for Comment

SARS has published the following draft interpretation note for comment:

- Draft Interpretation Note that provides clarity on the tax treatment of amounts received by or accrued to missionaries that perform religious or related activities.

The SAIT Tax Technical team is reviewing this draft interpretation note to provide feedback to SARS. Members who wish to transmit their commentary may email ksesana@thesait.org.za by no later than 23 April 2025.

Submissions made to SARS and current calls for comment

No submissions in response to legislative calls for comment were made in the week of 27 March – 2 April 2025.

Legislative counsel publications

SARS has published the following interpretation note

SARS has published Interpretation Note 138 that discusses SARS' interpretation on determining the calorific value of coal for royalty purposes

This Interpretation Note 138 provides guidance on determining the calorific value (CV) of coal to calculate royalties under the Mineral and Petroleum Resources Royalty Act, 2008. This note clarifies whether the "as-received" (AR) or "air-dried" (AD) condition should be used for this determination. The interpretation note aims to ensure consistency in the calculation of royalties by specifying the appropriate condition for measuring the CV of coal. The royalties are intended to compensate the state for the extraction of mineral resources, which are considered a common heritage of all South Africans.

Members are urged to study the interpretation note for all details.

A reminder that SARS has published the following Interpretation Notes

On 25 March 2025, SARS published the following interpretation notes:

- Interpretation Note 59 (Issue 3): Tax treatment of the receipt or accrual of government grants.

As arising from this interpretation note, when assessing whether a government grant is subject to normal tax, there are several critical factors taxpayers must consider to ensure compliance with the Act.

Firstly, **inclusions in gross income** are a critical starting point. This includes specific items such as farming subsidies, government grants, and any recoupments. These amounts are typically included in gross income unless exemptions apply.

Secondly, **exemptions** may be available under various provisions, such as section 10, section 12P, and the Eleventh Schedule, which could potentially reduce the tax liability associated with government grants.

Additionally, and equally as important is considering the **specific facts and circumstances** of each case, as these can influence the tax treatment of a grant. This requires careful evaluation to determine the correct classification and impact on the taxpayer's overall tax position.

Taxpayers must also assess the impact of government grants on **deductions, allowances, and base costs**. Notably, the **anti-double dipping rules** are designed to prevent taxpayers from receiving double benefits from government grants. These rules apply to grants covered under sections 12P(2) and 12P(2A) and should be carefully reviewed to avoid unintended tax consequences.

By thoroughly considering these elements, businesses and individuals receiving government grants can ensure they are correctly applying tax rules and minimising potential compliance risks

- Interpretation Note 137: Recoupment of amounts deducted or set off when an asset commences to be held as trading stock

This interpretation note provides clarity on the application of section 8(4)(k)(iv) of the Act, which comes into play when a depreciable asset—previously not classified as trading stock—begins to be held as trading stock.

Section 8(4)(a) of the Act outlines that any amounts previously deducted or set off under specific provisions must be recouped when the asset is disposed of, or when the expense is otherwise recovered. However, under the updated section 8(4)(k)(iv), effective from 15 January 2020, a deemed disposal occurs when an allowance asset is converted into trading stock. This rule ensures that the recoupment provisions of section 8(4)(a) are triggered when an asset shifts its status.

It is important to note that this provision does not apply to assets described in paragraph (jA) of the "gross income" definition. These assets are treated as trading stock from the outset, even if these assets are later used as capital assets. Taxpayers and practitioners must be aware of this shift in treatment to ensure proper compliance and accurate reporting.

- Interpretation Note 45 (Issue 4) – Deduction of security expenditure

This interpretation note offers guidance on the tax treatment of security expenditure, outlining key considerations for both taxpayers and employees in instances when their employers fund such expenditure. Essentially, to qualify for a tax deduction, security costs must be assessed on whether these are of a domestic or private nature or if these meet specific criteria for business-related expenses under section 11(a) and section 23(g), which require the expenditure to be incurred for income production and not of a capital nature. Donations must also meet the requirements of section 18A(1) for deductions.

Security expenses related to National Key Points or specified areas may have additional tax considerations under section 24D. Capital assets, like security installations, may qualify for wear and tear deductions under section 11(e) or contribute to the base cost of properties such as primary residences or holiday homes.

For employers funding security measures for employees, these costs may result in fringe benefits tax, potentially creating a taxable benefit for employees under the Seventh Schedule, with related employees' tax obligations.

Ultimately, the deductibility of security expenditure depends on the specific facts and circumstances of each case, and taxpayers should ensure compliance with the relevant tax provisions.

SARS has published the following interpretations and rulings

- Binding Private Ruling 414 – Application of the proviso to section 8EA(3)

This BPR clarifies the application of the proviso to section 8EA(3) of the Act in situations where equity shares in an operating company, acquired by a person through preference share funding, are no longer held, either directly or indirectly, by that person.

The parties to the transaction include a resident company (the Applicant) and resident companies A,B and C, being the parties that hold preference shares in the Applicant (collectively referred to as the Co-Applicants). The Applicant is an investment holding company wholly owned by an inter vivos trust, duly established in South Africa (the Trust). The Trust holds shares in private companies and various listed companies (Trust shares).

The Ruling is applicable and valid for 5 years and members are encouraged to study the BPR to gain insights on the lengthy description of transaction and the determined Ruling.

SARS has also published an associated Binding Class Ruling 092 that also deals with the application of the proviso to section 8EA(3) in relation to a class, or trade association that similarly applied on behalf of its members for clarification with respect to the application of this proviso.

- VR 009 deals with the application of the zero rate to the services supplied directly in respect of investments located outside the Republic of South Africa and not listed on a South African Stock Exchange.

This VAT ruling relates to the application of sections 11(2)(g)(i) and 11(3) of the VAT Act. This Ruling considered the application of the above-referred provisions to an Applicant that supplies administration and management services to customers (the clients) based in the Republic directly in respect of investments located outside of the Republic. The Ruling determines that the zero rate of VAT, under section 1(2)(g)(i) of the VAT Act, applies to the services supplied to the clients if the investments are not listed on the South African Stock Exchange.

The Ruling outlined in VR 009 issued to the Applicant is as follows:

- The Commissioner has determined that the Applicant may apply the zero-rate, as per section 11(2)(g)(i) of the VAT Act, to services provided in accordance with the deeds governing the management of CIS portfolio assets situated outside the Republic and not listed on a South African exchange.
- In accordance with section 11(3) of the VAT Act, together with Interpretation Note 31, the Applicant must obtain and retain the following documentary evidence:

  (i) Tax invoice
  (ii) Proof of payment
  (iii) Written confirmation from the recipient (i.e., the CIS portfolio represented by its trustees) that the movable property was located in an export country at the time the services were rendered.

Members are encouraged to study the Ruling to gain insight into the description of the transaction.

Reminder that SARS has published updates to the following Tax Guides

SARS published updates to the following guides:

- ABC of Capital Gains Tax for Individuals (Issue 13): This updated Guide offers a basic introduction to capital gains tax (CGT) and is not intended to provide sufficient detail for accurately determining CGT in most practical situations. The guide applies to the 2024 year of assessment, covering the period from 1 March 2023 to 29 February 2024. Members are reminded that this Guide should not be used as a legal reference.

- ABC of Capital Gains Tax for Companies (Issue 11): This guide offers a basic introduction to CGT for companies as defined in section 1(1) of the Act. Comments on the guide can be emailed to policycomments@sars.gov.za.

- Tax Exemption Guide for Public Benefit Organisations in South Africa (Issue 7): This Guide provides an overview of key aspects related to Public Benefit Organisations (PBOs) under the Act. It covers the approval process for PBO status, partial taxation of PBOs, and the issuance of Section 18A receipts, which allow donors to claim income tax deductions for qualifying donations. Additionally, the guide addresses various taxes that may affect PBOs, including capital gains tax, dividends tax, donations tax, employees' tax, estate duty, and securities transfer tax.

- Tax Exemption Guide for Institutions, Boards, or Bodies (Issue 2): This guide provides general guidance on the exemption from income tax of qualifying institutions, boards, or bodies under section 10(1)(cA)(i) of the Act. These institutions, boards, or bodies enjoy preferential tax treatment after they have been granted approval by the Commissioner and continue to comply with the relevant requirements and conditions as set out in the Act. Any institution, board or body approved by the Commissioner under section 10(1)(cA)(i) of the Act carrying on public benefit activities in Part II of the Ninth Schedule to the Act in South Africa may also qualify for approval under section 18A of the Act.

Published court cases

- The following Tax Court case has been published:

Date of delivery	Case	Relevant Legislation
28/03/2025	*SARSTC IT 45931 VAT 22285 (ADM) [2025] ZATC 2 (6 February 2025)*	30% of monthly remuneration
Keywords: Procedure: Whether the court should go behind the documents discovered by SARS and order it to discover more documents which the applicant contends should be in existence and in the possession of SARS; and whether SARS should be ordered to discover the documents which it has discovered but in a different format as requested by the applicant.		

- SARS has published the following High Court judgmen

Date of delivery	Case	Relevant Legislation
12/02/2025	Greyvensteyn and Other v CSARS and Others (B2495/2023)	Tax Administration Act, 2011
Keywords: Whether the respondent carried out its powers and duties of recovery through the application of sections 180, 184(2) and 186(3) of the Act. SARS' Commissioner's media statement on the outcome of this judgment can be accessed here.		
14/02/2025	Woods Warehousing (Pty) Ltd v CSARS and Others (2022/026798)	Tax Administration Act, 2011
Keywords: Procedure: Whether the four letters of demand (decisions), issued by the Second to the Fourth respondents may be reviewed and set aside.		
05/03/2025	CSARS v ASPASA NPC and Others (Leave to Appeal) (2023/099811) [2025] ZAGPPHC 223 (5 March 2025)	Tax Administration Act, 2011
Keywords: Whether the judgment and order delivered against the appellant on 6 December 2024 may be appealed.		
17/03/2025	Cell C (Pty) Ltd v CSARS (30959/2019)	Tax Administration Act, 2011
Keywords: Whether applicant's application, for an order to stay the main application and the interlocutory application in terms of rule 35(13) pending a decision of the Constitutional Court in the respondent's appeal in Commissioner for the South African Revenue Service and Another v Richards Bay Coal Terminal (Pty) Ltd with case number 1299/2021 ("the Richards Bay matter"), may be allowed.		

Other SARS publications and announcements

No other legislative publications or announcements were made by SARS during the week of 27 March – 2 April 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

Tax Board Panel of Chairpersons 2024 – 2029: Application invitation letter to tax practitioners

SARS is inviting applications from tax practitioners to join the Panel of Tax Board Chairpersons for the period 2024-2029. The Tax Board, established under section 108 of the Tax Administration Act (TAA), adjudicates tax disputes involving amounts less than R1 million.

Members should take note of the following:

- **Eligibility: Applicants must** be practising tax practitioners, registered with a Recognised Controlling Body (RCB), in good standing, and tax compliant.
- **New amendment:** The Tax Laws Amendment Act 43 of 2024 now allows registered tax practitioners, in addition to legal practitioners, to be appointed as Chairpersons.
- **Application requirements:** A brief CV (max two pages), confirmation of good standing from your RCB, and a tax compliance certificate from SARS.

Interested applicants may make submissions by 18 April 2025.

For more details, interested practitioners should contact Nene Mateane (nmateane@sars.gov.za) or Kelebogile Sekoto(ksekoto@sars.gov.za) by close of business on 18 April 2025.

A reminder regarding the SARS Commissioner's announcement: plans to withdraw all concessions

The South African Revenue Service (SARS) Commissioner has announced plans to withdraw all concessions previously granted to certain clients and traders under the Customs and Excise Act. These concessions, including deviations, agreements, and special allowances, have been under review, and SARS is now moving to formally terminate these practices. Affected businesses will need to adjust their operations accordingly.

Further details are contained in this Letter to Trade.

SAIT: Your key to the tax community.