

# TAXPRACTICE

## WEEKLY HIGHLIGHTS

WEEK OF 17 – 23 April 2025  
(Issue 15 -2025)

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### TOP STORIES

#### VAT hike reversed amid legal challenges and pressures.

In a sharp fiscal U-turn, the Minister of Finance has announced that the proposed increase in VAT—outlined in the February 2025 Budget—will no longer go ahead. The VAT rate will remain at 15% from 1 May 2025, following growing legal, political, and public pressure.

The decision comes as the High Court deliberates on a constitutional challenge to section 7(4) of the VAT Act. The plaintiffs argue that this section improperly delegated legislative power to the Minister, claiming only Parliament can amend VAT rates under section 7(1).

In response, the Minister had argued that section 7(4) granted temporary authority to adjust VAT for up to 12 months, subject to Parliament's eventual approval. He maintained, per his [affidavit](#), that the provision allowed government to respond quickly to fiscal needs while preserving Parliament's final say. He also contended that suspending the VAT increase would harm the public fiscus and disrupt government operations.

Despite those arguments, Treasury has now confirmed that the proposed hike will be withdrawn. However, the retreat comes at a high cost. Treasury is now staring down a projected R75 billion shortfall over the medium term. In response, both the Appropriation Bill and Division of Revenue Bill have been pulled, signalling that revised spending frameworks and possible budget cuts are imminent. Relief for consumers will be tempered by the shelving of planned social relief measures tied to the now-abandoned VAT hike. Departments have been instructed to revisit expenditure plans, and any additional revenue collected by SARS may be used to cushion the fiscal blow.

The Minister is expected to table the revised Rates and Monetary Amounts and Amendment of Revenue Laws Bill in Parliament soon. Meanwhile, the High Court is set to deliver its ruling on the constitutional challenge by 29 April 2025.

Whether the court proceeds with a judgment now that the VAT hike has been scrapped remains to be seen—but the case has already underscored deep tensions between legal interpretation and fiscal policy. Read the full media statement [here](#).

## SARS enhances Auto Merge process to catch possible and likely identity matches

SARS has announced that it is rolling out an enhanced version of its Auto Merge process aimed at improving the consolidation of taxpayer profiles. The move is designed to better capture records with *possible* and *likely* identity matches, a shift that could streamline tax administration for thousands of individuals, companies, and trusts.

Until now, SARS' Auto Merge functionality has only considered exact matches across identity fields. The upgraded system, however, introduces a broader matching capability. Now, profiles that share one or two key pieces of identity information- such as a first name, surname, or registered company name- can be flagged as "likely" or "possible" matches. This expansion applies to companies, individuals, and both testamentary and inter vivos trusts.

Certain entities remain excluded from the enhanced Auto Merge, including LBI clients, government bodies, municipalities, welfare organisations, collective investment schemes, foreign entities registered with passport numbers, and deceased estates. Affected taxpayers will be notified and may object via eFiling, a SARS branch, or the SARS Online Query System, providing detailed reasons for exclusion. This update forms part of SARS' broader digital drive to improve record accuracy and efficiency, with further guidance expected soon.

Further information is provided [below](#).

## New compliance updates for tax-exempt institutions: What you need to know before the deadline

SARS has released important updates aimed at boosting transparency and compliance for tax-exempt institutions. A key focus is the clarified tax treatment of government grants, outlined in the newly updated [Interpretation Note 59 \(Issue 3\)](#), which provides clearer rules on how grants are received or accrued.

Featured in the April 2025 editions of [Government Connect](#) and [Tax Practitioner Connect](#), the updates include revised guides for tax-exempt bodies and public benefit organisations (PBOs), just in time for the upcoming compliance deadline.

Section 18A-approved PBOs must submit their IT3(d) forms—detailing tax-deductible receipts issued to donors—between **15 April and 31 May 2025**. Missing the deadline or providing incorrect information could lead to penalties, audits, or even loss of Section 18A status, jeopardising donor confidence and future funding.

These updates stress the importance of accurate records and timely submissions. The full details are unpacked below.

[#StayAbreastOfTheTaxWave](#)

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Approximately 500 – 1500 words

# PART A: COMPLIANCE & SARS OPERATIONS

## SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

### Enhancements to SARS' Auto Merge process set to catch possible and likely identity matches

SARS is advancing its digital modernisation efforts with the launch of an upgraded Auto Merge capability. This enhancement is specifically designed to assist in unifying taxpayer records across various tax types under a single, consolidated profile. With a focus on increasing accuracy and administrative efficiency, the updated system now identifies not only exact matches but also potential and probable connections between taxpayer records.

The core objective of this initiative is to present a unified view of an entity across all relevant tax types, including Income Tax (Corporate, Personal, and Trust), Value-Added Tax (VAT), Employment Taxes, Mineral and Petroleum Resources Royalties (MPRR), as well as Customs and Excise. By capturing more nuanced identity correlations, SARS aims to reduce fragmentation and administrative burden on both its systems and taxpayers.

#### What changes with the enhanced Auto merge?

Unlike the previous model, which relied solely on exact identity field matches, the new system can now detect partial matches across key identifiers such as first names, surnames, or company names. This increased flexibility allows SARS to flag profiles as "likely" or "possible" matches, broadening the reach of consolidation efforts while still preserving accuracy.

Entities excluded from this Auto Merge expansion include large business and international tax clients, government institutions, municipalities, welfare bodies, collective investment schemes, foreign taxpayers registered with passport details, and deceased estates. These exclusions help maintain data integrity in complex or sensitive cases.

#### What is the notification and response process?

Taxpayers identified for a proposed profile merge will receive an official letter from SARS titled "**Update to Your Tax Profile**". This letter will outline the details of the planned consolidation and list the affected records.

If a taxpayer disagrees with the proposed merge, a correction request must be submitted within 21 calendar days of the letter's issue date. The request must be accompanied by supporting reasons and the original notification letter. Submission channels include:

- eFiling, as supporting documents
- A local SARS branch
- The SARS Online Query System (SOQS)

Failure to act within the 21-day window will result in the merge being finalised, with all records listed in the letter being integrated into the taxpayer's profile.

SARS will review the correction request and respond with one of two outcomes:

- A **rejection letter** (sent via eFiling or email) if the reason provided is invalid or insufficient.
- A **confirmation letter** stating the profile will not be merged if valid justification is provided.

## Important considerations for taxpayers

1. **Registered particulars must be current:** If your registration details (such as address, representative information, etc.) are outdated, SARS will not update or correct them as part of this auto merge process. Taxpayers must first update these details using the eFiling Registration, Amendment, and Verification (RAV01) form, the Customs and Excise RLA function, or by visiting a SARS office.
2. **eFiling access and permissions:** Existing eFiling permissions will remain unchanged unless a company has multiple registered representatives across various tax types. In such cases, SARS will apply internal rules to designate the most recent representative as the primary point of contact. Other representatives will still retain functional access (e.g., filing returns, making payments) but may lose the ability to perform sensitive actions like tax product registration, additional merges, or Tax Clearance Certificate applications.
3. **Partial merges are not supported by SARS:** If a taxpayer wishes to selectively include only certain tax records in their profile, this must be done before SARS initiates the Auto Merge. Taxpayers can perform a custom merge using the manual Merge Functionality on eFiling.

This enhancement reflects SARS' commitment to a streamlined, transparent, and efficient digital environment, helping ensure that every taxpayer's profile is up to date and accurately reflects all associated obligations. SARS will publish additional operational details and guidance materials in due course. In the interim, taxpayers are strongly encouraged to consult the updated guide [GEN-ELEC-15-G02 – Guide to the Auto Merge Function on eFiling – External Guide for a step-by-step guide](#) on how the function will be undertaken.

### New compliance updates for tax-exempt institutions: What you need to know before the deadline

SARS has introduced a series of important compliance updates for tax-exempt institutions, aimed at enhancing transparency, improving record-keeping, and reinforcing accountability across the non-profit sector. These updates come at a critical time, as the annual IT3(d) submission deadline for Section 18A-approved Public Benefit Organisations (PBOs) approaches.

These changes are highlighted in the April 2025 editions of both the Government Connect (Issue 27) and Tax Practitioner Connect (Issue 62) newsletters, which featured updated resources to support tax-exempt institutions with their compliance responsibilities.

The following updated guides and materials have been released to support compliance efforts:

- Updated Tax Treatment of the Receipt or accrual of government grants [[Interpretation Note 59 \(Issue 3\)](#)]. A key development, which provides more precise guidance on the tax treatment of government grants. This interpretation note outlines how grants should be treated when received or accrued, addressing previous areas of uncertainty for non-profits, institutions, boards, and bodies operating under tax-exempt status.
- Updated [Tax Exemption Guide](#) for Institutions, Boards or Bodies (Issue 2)
- Updated [Tax Exemption Guide for Public Benefit Organisations in South Africa \(Issue 7\)](#)

These guides are highlighted due to the upcoming tax compliance deadline for s18A approved PBOs. SARS requires all NPOs to submit their IT3(d) forms, detailing the Section 18A tax-deductible receipts issued to donors, between 15 April and 31 May 2025.



Failure to meet this deadline or submitting inaccurate information could result in:

- Penalties,
- Potential audits
- Potential revocation of section 18A status.

Losing Section 18A approval would render future donations non-deductible for tax purposes, potentially harming donor confidence and long-term funding opportunities for affected organisations. These updates are crucial for maintaining compliance and understanding the benefits available to tax-exempt institutions. The updated guides also emphasise the importance of accurate record-keeping and timely submissions to avoid penalties and ensure continued eligibility for tax exemptions.

To assist institutions in complying with the new requirements, SARS has published additional information on its [Tax Exempt Institutions page](#), which covers resources that can guide taxpayers on how to:

- Accurately complete and submit IT3(d) forms
- Understanding the obligations of Section 18A-approved entities
- Common errors and how to avoid them
- Key insights from the updated tax exemption guides

With the compliance deadline approaching, all tax-exempt institutions, particularly those with Section 18A status, are encouraged to review the updated guides and ensure they meet all submission requirements. Proactive compliance will not only prevent penalties but also safeguard public trust and maintain the financial sustainability of donor-funded programmes.

### **eFiling system error detected – Bank detail update**

A number of taxpayers have recently reported an error on the eFiling platform when attempting to update their bank details using incorrect information. The error message is pictured below:

#### **RESULT**

**Note that this form has not been filed!**

There has been an error. Please try again or contact us if the problem persists (1058785765).

This issue has been brought to SARS' attention, and SARS has acknowledged the same.

As an interim solution, SARS has advised that they will use **AnyDesk**, a secure remote access tool, to connect with affected taxpayers to investigate and resolve the issue. AnyDesk will allow SARS representatives to securely access a device remotely, allowing them to troubleshoot, investigate, and address the issue directly. For more information on AnyDesk, please visit <https://anydesk.com/en>.

Taxpayers experiencing this error are encouraged to contact SARS support at [support@sarsefiling.co.za](mailto:sarsefiling.co.za).

## Reminder: Relief from South African tax for certain pension and annuity income

As mentioned in previous publications, a key update has come into effect in the administration of retirement fund benefits in South Africa. From 11 April 2025, all funds processing a Savings Withdrawal Benefit must use the IRP3(a) – Application for a Tax Directive: Gratuities and Two-Pot Savings Withdrawals Benefit when applying for a tax directive.

Essentially, this requirement forms part of the ongoing implementation of the Two-Pot Retirement System, which aims to allow members early access to a portion of their retirement savings. Importantly, upon submission of the IRP3(a), SARS will consider whether any relief from tax on the Savings Withdrawal Benefit applies. Funds are reminded that compliance with this directive process is essential to ensure correct tax treatment and to avoid delays in benefit payments to members.

### Background

Many countries tax both residents on their worldwide income and non-residents on income earned locally. This can lead to double taxation- once in the country of residence and again in the source country. To prevent this, South Africa has signed Double Taxation Agreements (DTAs) with several countries. These treaties either assign taxing rights to one country or allow a tax credit or exemption to avoid being taxed twice.

### What is the IRP3(a) form?

The IRP3(a) form is an application for a tax directive that specifically addresses gratuities and the newly introduced Two-Pot Savings Withdrawals Benefit. This directive is crucial for ensuring that the correct amount of tax is withheld from these payments, aligning with the latest tax regulations.

### Key changes and benefits

1. **Application for tax relief:** When applying using the IRP3(a) form, relief from South African tax on the Savings Withdrawal Benefit income will be considered. This means that individuals receiving such benefits may be eligible for tax relief, reducing their overall tax liability.
2. **Streamlined process:** The introduction of this form aims to streamline the process for both taxpayers and the funds managing these benefits. By standardising the application process, SARS ensures that all necessary information is captured accurately, facilitating quicker and more efficient tax directive issuance.

### How to apply for the Tax Directive

Individuals or their representatives seeking relief from Employees' Tax on pensions and annuities (as non-residents) should follow these steps:

1. Log onto eFiling services and access the '*RST01 – Application by Non-Resident for a Directive for Relief from South African Tax for Pension and Annuities in terms of a DTA*' application form.  
*Note: You will not be able to submit the RST01 application without a tax number.*
2. Indicate the country of residence to ensure the correct DTA is considered.  
*Note: A tax office stamp is no longer required when submitting the RSR01 electronically.*
3. Complete all the required fields and schedules on the RST01 application form in full.
4. Attach a certificate of residency.

5. Attach a history of employment on the employer's letterhead.
6. Where a DTA allows the source country (in this case, South Africa) to exempt the income, proof that the income is or was included as income in the country of residence must be attached (e.g., a recent tax assessment highlighting the income, no older than one year).
7. SARS will evaluate the tax directive application within 21 working day.

With effect from the 2024 year of assessment, the period of validity for the tax relief directive is three years for pension and/or annuity income.

Taxpayers are reminded that if a taxpayer changes residence to a different jurisdiction from the one in respect of which the directive was issued, the directive **automatically becomes invalid** from the date of the change.

### **Additional Resources**

- Relief from South African Tax for Pension and Annuity Income: This webpage provides comprehensive details on how non-residents can apply for tax relief on pension and annuity income, including the necessary steps and documentation required
- When a tax directive application will be rejected
- The process to request a refund, and
- Reasons for the rejection of a refund.

To access further reading material, members can refer [here](#).

SARS aims to ensure that taxpayers receive the appropriate tax relief, thereby reducing their tax burden and promoting compliance with South African tax laws.

### **Reminder regarding SAIT and SARS' collaborative presentation aimed at providing a practical e@syFile webinar**

On 10 April 2025, SAIT, in collaboration with SARS, hosted a webinar to discuss the latest e@syFile Employer Version 8.0. The session highlighted the critical importance of installing the updated version, addressed common issues users have experienced, and covered other key updates and relevant information about the new release.

We encourage members to submit any queries timeously and as soon as they arise. While SARS has limited capacity, they have expressed their willingness to aid our members wherever possible.

Members who were unable to watch the live webinar may access the recorded version [here](#).

### **Some key reminders regarding e@syFile Version 8.0**

- [e@syFile™](#) version 8.0 was designed to help taxpayers (who are employers or payroll administrators) working with SARS to quickly, easily and conveniently manage their tax affairs.
- Always back up current data before installing the latest version, as installation may delete existing information. Any beta version must be uninstalled first.
- Ensure that the import file meets the latest BRS requirements prior to importing to avoid rework.
- The latest version must always be used- SARS will not accept submissions made using outdated software. Users will be prompted to update automatically or can download the latest version directly from eFiling.



## Frequently Asked Questions:

Below are some of the FAQs the Tax Helpline has identified from members regarding the new e@syfile platform. The respective responses, as indicated below, were provided by the SARS eFiling team, who also encourage users of the new e@syfile to contact them directly at [support@sarsefiling.co.za](mailto:support@sarsefiling.co.za) should they be experiencing any issues with the new version.

It is important to note that from **1 March 2025**, older versions of e@syFile™ Employer will no longer be supported. **Employers who fail to upgrade will be unable to submit reconciliations and tax certificates using the old software and may face non-compliance penalties.**

**Q1:** *I cannot download the latest version of the E@syFile.*

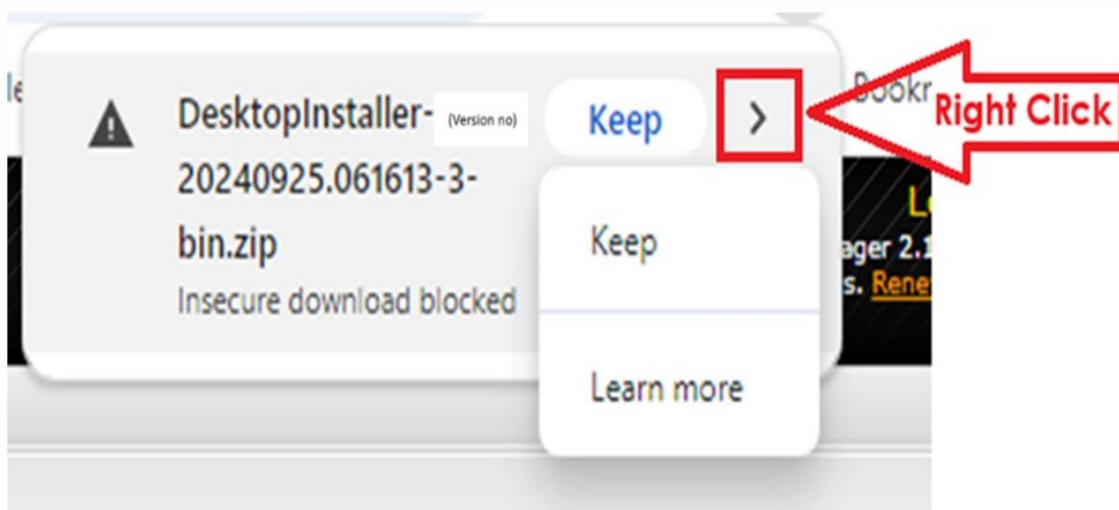
**Response:** To ensure smooth operation, employers must meet the following minimum system requirements:

- Operating System: Windows 10 or higher (64-bit recommended).
- RAM: Minimum 8GB (16GB recommended for large employers handling bulk submissions).
- Storage: At least 2GB of free disk space.
- Internet Connection: Required for software updates and online submissions.

**Top Tip:** The minimum system requirements for e@syFile Employer Version 8.0 must be met to successfully download and operate the application. Additionally, the new application operates like a browser, making memory very important. Users are encouraged to upgrade their system memory to ensure optimal performance of the platform.

**Q2:** *I keep encountering an “insecure file” message when trying to download the latest version.*

**Response:** If you receive an “insecure file” warning when attempting to download the new version, please right-click on the arrow next to the warning message and select ‘**Keep**’ to continue the download (see image below)



**Top Tip:** Ensure all necessary applications required to download and operate the latest version of e@syFile are accepted. Review and update your IT policies to allow the installation of essential applications or components, including JavaScript, to ensure the application functions correctly.

**Q3:** After installing the latest version, I encountered the following error message.



### Response:

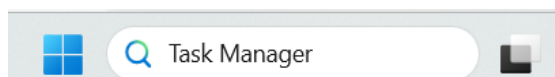
Following the installation of the e@syFile™ TC application, the error message shown above may appear. This is typically due to the application finalising the creation of its database and establishing a connection to the e@syFile™ server. Please allow approximately **5- 10 minutes** before attempting to launch the application again.

If the issue persists for longer than 15 minutes:

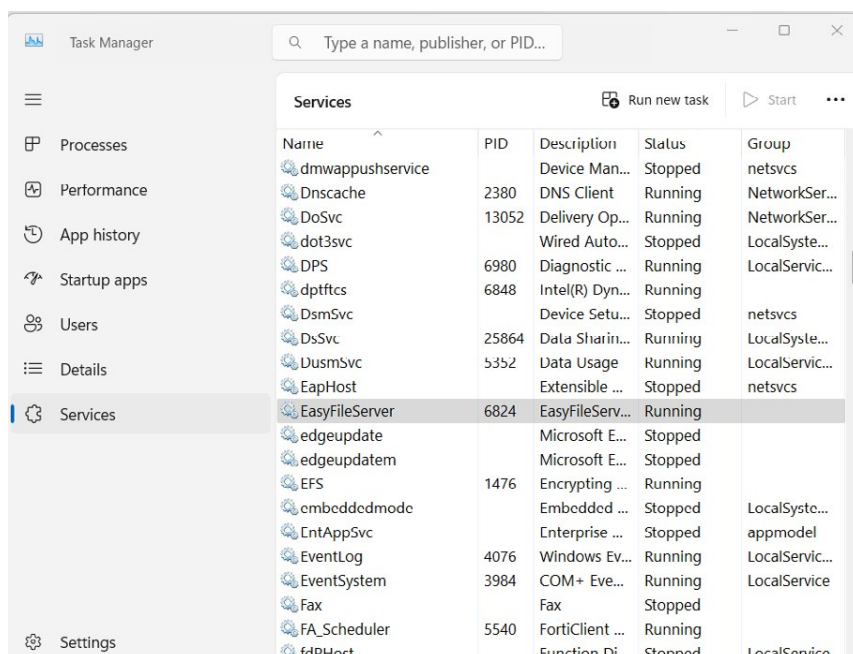
- Confirm that your computer meets the minimum RAM requirement of 8GB.
- If your system has more than 8GB of RAM and the error continues, try restarting the e@syFile™ server manually.

### How to restart the e@syFile™ server:

1. Open **Task Manager** (press Ctrl + Alt + Del and select Task Manager or search for it in your Start menu) (see image below)



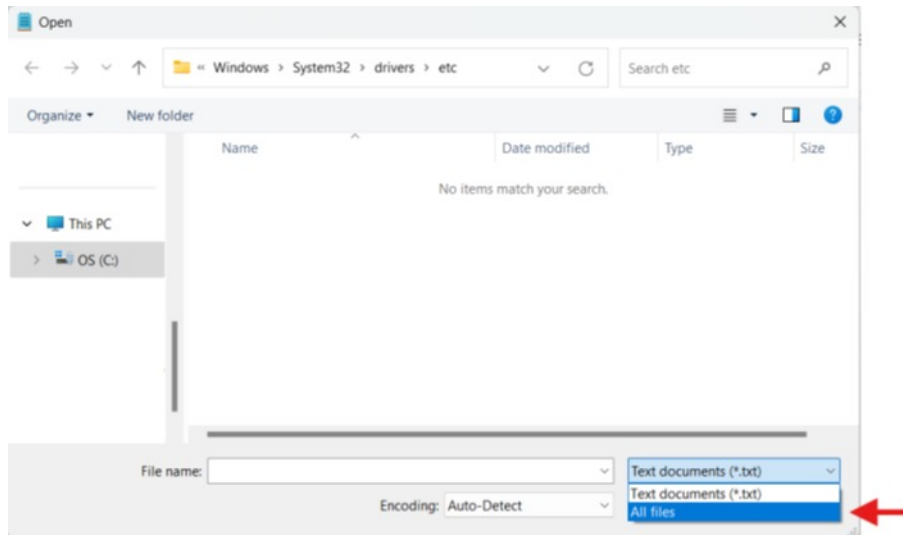
2. Click on the Services tab.
3. Scroll down to find EasyFileServer, right-click on it and select Restart.
4. Wait approximately 5 minutes, then reopen e@syFile™ TC.



If the error persists, verify that the e@syFile TC IP address has been added to the host file.

Open the Notepad application and follow the steps below:

1. Click on File > Open.
2. Click on Windows.
3. Click on System32.
4. Click on Drivers.
5. Click on etc.
6. Click on the “Text document” drop-down menu and select “All Files”.



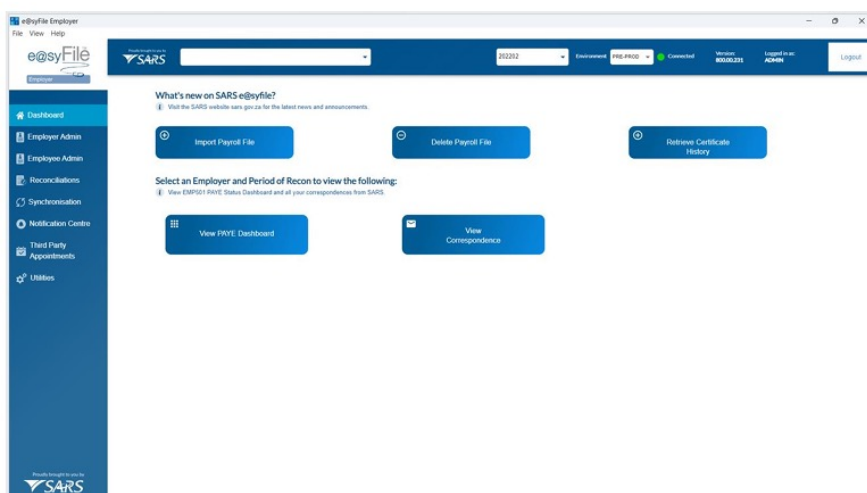
7. Click on “Hosts” and check that the IP address, 127.0.0.1, easyfile.sars.gov.za, appears.
8. The IP address needs to appear on its own line.
9. Save any changes that need to be done, then save the host file, and then try to log into e@syFile.

#### Q4: How do I retrieve Certificate History?

**Response:** Follow the steps below to retrieve certificate history:

1. From the Dashboard, select **Retrieve Certificate History**.
2. You may select an **Employer** and **Period of Reconciliation**, although this is not required to access the function.

**Please note:** Employee records will only be retrieved for a reconciliation period if a certificate was created. As a result, an employee may appear in one reconciliation period but not in another.



3. Select a **backup file** to retrieve historical data. This file must be saved on the local PC.
4. Provide the **login name and password** to allow decryption of the database. This is the same login information previously used to access the old e@syFile system.
5. Capture the **PAYE Reference Number** for an employer contained within the backup file, and the **Period of Reconciliation** for which the data must be imported.
6. Select **Request Certificate Data**.

**Q5:** Can I still submit using the old e@syFile Employer application?

**Response:** Effective from 1 March 2025, all submissions must be made using the new e@syFile™ Employer application, including the 202502-recon submission.

All information regarding the use of the e@syFile Employer application can be found here: [PAYE-easyFileG01 - e@syfile™TC Employer Guide - External Guide](#)

## Reminder regarding the enhancements to Tax Directives system – A new era of simplified, secure tax compliance, effective 11 April 2025

In a move that further strengthens SARS's commitment to enhancing digital services, the Tax Directives system will undergo important updates starting on 11 April 2025. These enhancements aim to improve security, streamline processes, and provide clearer guidelines for taxpayers to fulfil their tax obligations. Key improvements include tax-neutral transfer provisions, new tax directive reasons, and updates to retirement fund regulations. These enhancements align with the latest specifications and ensure that taxpayers and traders can continue to meet their obligations smoothly and securely.

These enhancements are part of SARS's ongoing effort to optimise and streamline tax processes for the benefit of taxpayers and traders alike. The updates to the Tax Directives system are in line with [IBIR-006 Tax Directives Interface Specification Version 6.803](#) and will not only improve security but also ensure a smoother and more efficient user experience. Below, we provide an overview of the key changes that took effect from Friday, **11 April 2025**, including new provisions for tax-neutral transfers, updated retirement fund regulations, and changes to the submission process.

- **Tax-neutral transfers update:** In this release, allowable transfers related to unclaimed benefit funds (48) and inactive members with insufficient information (54) are now updated. All transfers made after 1 September 2024 must include values for Vested,

Retirement, and Savings components, even if some values are zero. The Recognition of Transfer (ROT) must also be submitted to include these three components.

- **New tax directive reason:** A new tax directive reason has been added to the IRP3(a) for reporting backdated (antedated) salaries and/or pensions under source code 3623.
- **Retirement Annuity Fund withdrawal:** Previously, if a retirement annuity fund member discontinued contributions and their interest was less than R15 000, they could access the full amount as a lump sum. From 1 September 2024, members can only access the Vested and Retirement components if the combined value is R15 000 or less. This limit applies at the fund level, not the policy level.
- **Cessation of South African residence:** On 1 March 2022, "Emigration Withdrawal" was replaced by "Cessation of South African Residence." From 1 September 2024, the system will no longer accept applications for "Emigration Withdrawal" as a reason for tax directives.
- **Changes to submission channels:** The RST01 and IRP3(a) forms can now be accessed and submitted via eFiling, replacing the manual submission process from 11 April 2025. The RST02 form for tax refunds related to pensions and annuities under Double Taxation Agreements will be discontinued.
- **Transfer provisions for retirement annuity funds:** The transfer provisions under paragraphs 2(1)(c) and 6A of the Second Schedule will be extended to include Retirement Annuity Funds. Starting 1 March 2025, members who have reached normal retirement age but have not retired may transfer their retirement interest to another Retirement Annuity Fund on a tax-neutral basis.

Members may access more information [here](#) and are further reminded **not to submit tax directives files on the current form after 16:00 on 11 April 2025**. SARS intends to queue and process such files after the Tax Directives system has been upgraded.

## 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 income tax and VAT verifications.
2. Delays in finalising registered representative cases.
3. Delays in finalising 2024 objections by not issuing the correct revised assessments as per the objection outcome.

## 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 17 - 23 April 2025.

### Upcoming RCB/SARS regional and national meetings

1. Mpumalanga Emalahleni Branch – 19 May 2025
2. Western Cape – 4 June 2025
3. Free State and Northern Cape – 9 June 2025
4. Eastern Cape – Gqeberha and Kareiga – 25 June 2025
5. Mpumalanga – 27 June 2025
6. Eastern Cape – Gqeberha and Kareiga – 13 August 2025
7. Free State and Northern Cape – 8 September 2025
8. Free State and Northern Cape – 10 November 2025 and
9. 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: March 2025

Month	Date	Tax Type	Notification
April 2024	01/04/2025	Employment Taxes	<b>EMP501</b> - Start of the annual employer reconciliation submissions
	01/04/2025	Other	<b>Third-party data (IT3)</b> - Start of the annual third-party submissions period
	07/04/2025	Employment Taxes	<b>EMP201</b> - Submissions and payments
	25/04/2025	Value-Added Tax	<b>VAT201</b> - Manual submissions and payments
	30/04/2025	Value-Added Tax	<b>VAT201</b> - 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

## Legislative changes and system enhancements

As mentioned above, SARS has introduced a series of updates to the tax directive system, forms, and supporting documentation, reflecting the legislative changes for 2025. These enhancements aim to streamline processes, improve compliance, and align directive applications with the latest amendments to tax legislation.

## Key system enhancements and legislative updates:

1. **RST01 Tax Directive application form:** The application process for South African taxpayers seeking relief under a DTA has been fully automated. Individuals receiving pensions or annuities from a South African retirement fund can now submit their RST01 applications via eFiling. SARS will assess these applications within 21 working days to determine if tax exemption applies under the relevant DTA.
2. **IRP3(a) Tax Directive application form:** A new application reason—*Backdated (Antedated) Salaries and/or Pensions*—has been introduced. This update allows employers to provide accurate information for employees opting to be taxed under section 7A, where employees' tax accrued in prior tax years. Additionally, provisions for non-residents requesting DTA consideration on Savings Withdrawal Benefits have been included in the process.

### 3. Form B Tax Directive application form

Two significant changes were made:

- The allowable transfer reasons for *Transfer – Unclaimed Benefit and Transfer – Inactive Member with Insufficient Information* have been updated.
  - The directive reason *Emigration Withdrawal* has been removed, following the deletion of its enabling provision effective 1 September 2024.
4. **Form C Tax Directive application form:** Similar to Form B, the *Emigration Withdrawal* reason has been removed. A new directive reason—*Transfer before Retirement [Par 2(1)(c)]*—has been added. Effective 1 March 2025, this allows a retirement annuity fund member who has reached the normal retirement age (as per fund rules), but who has not yet elected to retire, to transfer their interest to another retirement annuity fund.
  5. **IRP3(c) Tax Directive application form:** Trusts now have the ability to apply electronically for a tax directive permitting annuity providers not to withhold PAYE on annuities owned by a trust registered as an employer. Issued under paragraph 10 read with paragraph 11(a) of the Fourth Schedule to the Act, the trust will be responsible for accounting to SARS for any tax withheld from beneficiary payments.

## Updated guidance and resources:

To support the rollout of these changes, SARS has also updated several key guides:

- [IT-AE-33-G01 – Tax Directive Cease to be resident and Expiry of visas – External Guide](#)
- [IT-AE-41-G01 – Completion Guide for IRP3\(a\) and IRP3\(s\) Form – External Guide](#)
- [IT-AE-41-G02 – Guide to Complete the Tax Directive Application Forms – External Guide](#)
- [IT-AE-41-G04 – Guide to the Tax Directive functionality on eFiling – External Guide](#)

These changes reflect SARS' continued commitment to modernising its tax directive systems and improving the user experience for taxpayers and practitioners alike.

## Reminder regarding the 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 until 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 gather all required information in advance and

ensure it is processed correctly to meet the deadline and avoid any penalties. To support employers in meeting their obligations- and to help SARS to achieve its “Higher Purpose” of enabling the state to provide for the well-being of all South Africans- SARS has prepared a detailed letter. This letter outlines what is new in this period, outlines the submission process, and includes further information about applicable penalties.

Read [here](#) for more details.

## Other SARS and related operational publications and announcements

**22 April 2025:** The Western Cape mobile tax unit [schedule for May 2025](#) is now available.

**25 April 2025:** SARS has scheduled Platform Maintenance that will take place on Friday, 25 April 2025, from 18h00 to 22h00. During this time, taxpayers may expect to experience intermittent interruptions on the eFiling, Tax, and Customs digital platforms.

## 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 17 - 23 April 2025.

### Key tax practitioner news

No new key tax practitioner news is relevant for the week of 17 -23 April 2025.

### Government & stakeholder newsletters

### Tax Practitioner Connect Issue 62 – April 2025

SARS has published [Tax Practitioner Connect Issue 62 \(April 2025\)](#). This edition highlights several key developments designed to support practitioners in better serving their clients and staying aligned with regulatory changes.

Key features include:

- **Spotlight on the SARS MobiApp:** SARS is encouraging practitioners to explore how this mobile tool can streamline services—from submitting returns to tracking progress—allowing for quicker, more efficient support for clients right from a smartphone or tablet.
- **Reminder regarding the start of the Employer Annual Reconciliation Declaration period.** This annual process, which began on 1 April 2025, is a vital step for employers to ensure that PAYE, UIF, and SDL contributions are accurately reconciled with what has been submitted throughout the tax year.
- **Further guidance regarding Tax Exempt Institutions:** SARS has released updated guides and informative videos. These new resources are designed to clarify compliance expectations and simplify reporting requirements, making it easier for institutions to meet their obligations.
- **Information regarding the Customs Sufficient Knowledge Competency Assessment:** This assessment is essential for Accredited Economic Operators. Practitioners supporting customs clients are encouraged to familiarise themselves with the updated criteria to ensure continued compliance and accreditation.

In addition, SARS has published Issue 27 of the [Government Connect Newsletter for April 2025](#), which reiterates these important updates and resources for government departments and public institutions involved in tax-related processes. Issue 27 serves as a concise but essential resource for staying up to date with SARS developments relevant to government operations.

## Reminder that SARS has published April 2025 Monthly Tax Digest

SARS has released the April edition of its **Monthly Tax Digest**. This month's issue focuses on the **Annual Employer Declarations (EMP501)** period, which opened on 1 April and will run until 31 May 2025.

Tax compliance remains essential for SARS's ability to carry out its revenue collection mandate. During the Annual Employer Declaration period, **employers are required to fulfil their obligations** by ensuring the accurate and timely submission of all relevant tax returns.

It is critical to ensure that all outstanding monthly returns (EMP201) and annual reconciliations (EMP501) are submitted by the deadline of **31 May 2025**. Failure to submit on time, not filing, or submitting incorrect EMP501 information may result in administrative penalties.

The **April edition** of the Monthly Tax Digest covers the following key topics:

- Submission channels and methods
- Insights into the new e@syFile™ Employer Version 8.0
- Why accurate and timely filing matters
- Criminal offences to prevent fines or imprisonment.

For detailed guidance, employers can refer to the [e@syFile™ Employer User Guide](#) or the [Step-by-Step Guide to the Employer Reconciliation Process](#), both available on the SARS website. Additionally, employers can watch the tutorial: "[How to submit an Employer Annual PAYE Reconciliation EMP501](#)" for more insights.

## Reminder regarding the publication of the recent 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**

- o Log on to **eFiling** and request a statement of account.
- o Alternatively, you can Log on to the **SARS MobiApp** and request a statement of account for Personal Income Tax.
- o 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.)
- o **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**

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

### **Other tax practitioner access and functionality publications and announcements**

No other tax practitioner access and functionality publications and announcements were made in the week of 17 - 23 April 2025.

## PART B – LEGISLATION & POLICY

### LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

#### Tax policy & international agreements

No new tax policy and international agreements were released in the week of 17 –23 April 2025.

#### National legislation

No new National legislation was published in the week of 17 - 23 April 2025.

### LEGISLATIVE INTERPRETATION

#### Legislative Calls for Comment

SARS has published the following draft interpretation note for comment:

- **Draft Interpretation Note:** It 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](mailto:ksesana@thesait.org.za) by no later than 28 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 17 - 23 April 2025.

#### Legislative counsel publications

SARS Publishes Update to Corporate Income Tax Guide: Expanded Guidance on Beneficial Ownership.

In a significant move to enhance corporate transparency and align with international standards, the South African Revenue Service (SARS) has updated its [Corporate Income Tax Guide](#) to include expanded guidance on beneficial ownership. This update is not only timely but also critical in supporting South Africa's ongoing commitment to global financial compliance frameworks and is a welcome development in the country's efforts to expedite its removal from the Financial Action Task Force (FATF) greylist.

As is widely known, South Africa has implemented robust measures that ensure the transparency of legal entities. One of FATF's key recommendations is the need for countries to maintain accurate and current information on the beneficial ownership of companies and other legal arrangements.

In line with these international obligations, SARS has introduced a new requirement that strengthens the compliance landscape for companies operating in South Africa. As of the 2022 year of assessment, companies are now required to submit their Beneficial Interest and Beneficial Ownership registers as part of the Income Tax Return for Companies (ITR14) submission process.

## ***What Is Beneficial Ownership?***

The concept of beneficial ownership refers to the natural person(s) who ultimately own or control a legal entity, even if the ownership is exercised indirectly or through intermediary entities. This information is essential in lifting the corporate veil and identifying who truly benefits from the operations and income of a company.

Previously, the reporting requirements for such information were more general. However, the updated tax guide provides clearer definitions and more structured guidance on what constitutes beneficial ownership, who should be listed in the registers, and how this data should be compiled and submitted.

### ***A closer look at the new requirements***

Under the revised framework, companies must now prepare and maintain detailed registers of both:

- **Beneficial Interest Holders:** These are individuals or entities who hold a direct or indirect stake in the company, typically through shares or other forms of equity.
- **Beneficial Owners:** These are individuals who exercise ultimate control over the company, either through ownership, voting rights, or other forms of influence.

These registers must be submitted electronically as part of the ITR14 filing, which SARS has made accessible through eFiling. Failure to submit the required registers may lead to compliance risks, including penalties or further scrutiny.

### ***Aligning with global best practice***

This development comes at a time of heightened global regulatory scrutiny on corporate ownership. FATF, the OECD, and other international bodies have continuously stressed the importance of transparency in curbing illicit financial flows and tax evasion.

By strengthening its tax administration and disclosure requirements, through measures such as this update, South Africa is signalling a clear intention to play its part in the global fight against financial crime.

### ***Preparing for compliance***

Tax practitioners and corporate taxpayers should begin reviewing their internal governance structures to ensure that beneficial ownership information is accurately captured and readily available. Tax practitioners are further encouraged to assist clients in preparing these registers per the updated guidelines.

The updated Corporate Income Tax Guide can be accessed [here](#).

## **Reminder that SARS has published Interpretation Note 20 (issue 9) that opines on the additional deduction for learnership allowance**

SARS has published [Interpretation Note 20 \(issue 9\)](#), which provides updated guidance on the application of section 12H of the Income Tax Act. This section provides for tax deductions related to annual and completion allowances for employers participating in registered learnership agreements that meet the necessary criteria.

The latest issue reflects legislative changes brought in by the Taxation Laws Amendment Act No. 20 of 2021, effective from 1 April 2022, as well as further amendments introduced by the Taxation Laws Amendment Act No. 42 of 2024.

Under section 12H, employers may claim an annual allowance and a completion allowance for each qualifying learnership agreement entered into with an employee, provided the agreement is registered with a SETA and signed before 1 April 2027. The allowances differ based on the learner's qualification level, specifically whether the learner holds a National Qualifications Framework (NQF) level 1–6 or NQF level 7–10 qualification. In addition, the value of the deduction may vary depending on the learner's existing qualifications and whether the individual has a disability.

Members are encouraged to study the interpretation note for further details.

## Published court cases

The following Tax Court cases have been published:

Date of delivery	Case	Relevant Legislation
11/02/2025	<a href="#">VAT 22558</a>	Value-Added Tax Act, 1991
<p><b>Keywords:</b> This matter considered the following:</p> <ul style="list-style-type: none"> <li>• Taxpayer deriving income from mining operations – whether expenditure incurred in respect of the relocation of a neighbouring residential township, expenditure incurred in respect of the relocation of certain infrastructure within the mining area, legal costs incurred with regard to the relocation of the township, and the costs of relocating a 66kV line supplying electricity to mine equipment to a new location within the mining area, deductible</li> <li>• Special deductions provisions in s 15(a) read with s 36(7C) of the Income Tax Act 58 of 1962 (the ITA) in respect of 'capital expenditure'</li> <li>• The meaning of 'in terms of a mining right' and 'other than in respect of infrastructure' in s 36(11)(e) of the ITA</li> <li>• The meaning of 'mine equipment' in s 36(11)(a) of the ITA</li> <li>• Whether deduction for wear and tear under s 11(e) of the ITA established in respect of 66kV line – in the alternative, whether general deduction provision in s 11(a) of the ITA applies to expenditure in respect of relocation of the 66kV line – burden of proof in s 102 of Tax Administration Act 28 of 2011 (TAA)</li> <li>• Whether legal expenditure deductible in terms of s 11(c) of the ITA – whether interest in terms of s 89quat(2) of the ITA on outstanding tax on disallowed deductions a result of circumstances beyond the control of the taxpayer</li> <li>• Whether the Commissioner for the South African Revenue Services (CSARS) should have determined, in terms of s 89quat(3) of the ITA, that interest not be paid, whether in whole or in part.</li> </ul>		

## Other SARS publications and announcements

No other legislative publications or announcements were issued by SARS during the week of 17 - 23 April 2025.

## OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

### Call for Participation: Help Us launch the SAIT eFiling Working Committee

In February 2025, SAIT participated in the inaugural SARS eFiling workgroup meeting between SARS and the respective RCB's- an important step towards improving the eFiling system through collaboration with key stakeholders.

Following this, we launched an initiative to form a **SAIT eFiling Working Committee** to continue the conversation and help shape the future of eFiling. In the spirit of collaboration and continuous improvement, we are excited to relaunch the SAIT eFiling Working

Committee- an initiative designed to keep the conversation going and help shape the future of the eFiling experience. SAIT is inviting passionate and solution-driven members of the tax community to get involved. Whether you have valuable insights, ideas for improvement, or personal experiences with the eFiling system, this is a unique opportunity to contribute to meaningful, lasting change.

**SAIT is inviting passionate and solution-driven members of the tax community to get involved.** Whether you have valuable insights, ideas for improvement, or personal experiences with the eFiling system, this is a unique opportunity to contribute to meaningful, lasting change.

The SAIT eFiling workgroup will discuss potential enhancements to the SARS eFiling system, make recommendations to be presented to the national SARS eFiling team, and participate in testing, among other duties. It is therefore imperative that the members of the SAIT eFiling working group demonstrate a comprehensive understanding of, and exhibit mastery in, the eFiling system.

Interested members are urged to email their motivational letter to [technical@thesait.org.za](mailto:technical@thesait.org.za) by Friday, 25 April 2025, expressing their interest.

This is an important step towards reigniting the conversation and working together to build a more efficient and practitioner-friendly eFiling system.

### **SARS strengthens digital collaboration with key government agencies- a significant move in its "Whole-of-Government" approach**

In a move to bolster digital integration across key government functions, SARS has formalised a series of strategic agreements with the Department of Home Affairs (DHA), Border Management Authority (BMA), and Government Printing Works (GPW). These agreements aim to enhance coordination, modernise systems, and combat identity-related fraud more effectively. These agreements are a significant step in fostering a whole-of-government approach in addressing inefficiencies and creating synergies across the various government departments.

The collaboration is aligned with the *Digital Transformation of Government Roadmap*, approved by Cabinet on 26 March 2025, reflecting the aforementioned whole-of-government approach to tackling emerging digital and security challenges. A bilateral agreement between SARS and DHA revives the longstanding Direct Master Agreement, originally established in 2010. This forms the foundation for ongoing technical cooperation, particularly in the development of DHA's IT capabilities—an area where SARS has provided valuable support.

Additionally, a broader *multi-agency memorandum of understanding* has been signed by SARS, DHA, BMA, and GPW. This sets a governance framework to guide strategic and operational collaboration among the parties. Notably, SARS and the BMA have already made significant strides toward closer alignment, and this agreement formalises their partnership as they work toward integrated border and tax administration systems.

These initiatives mark an important step in modernising public services and enhancing the government's ability to respond to digital threats and administrative inefficiencies.



## Reminder regarding SARS' Successful Implementation of Tax Directives Aligned with IBIR-006 Interface Specification v6.803

SARS has successfully implemented the latest round of digital enhancements to the Tax Directives system, now aligned with the **IBIR-006 Interface Specification Version 6.803**.

These upgrades reflect an ongoing commitment to delivering clarity, consistency, and simplicity for taxpayers and traders alike. By enhancing digital infrastructure, the updates aim to make compliance easier while reinforcing the security and reliability of digital tax services.

SARS extends its appreciation through this [correspondence](#) to all stakeholders who collaboratively contributed to the successful trade testing phase. Their role played a key role in ensuring the solution is both effective and user-friendly. As part of a broader digital transformation strategy, this milestone is another step forward in streamlining taxpayer interactions and reinforcing trust in the system.