

TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 8 - 14 May 2025
(Issue 18 -2025)

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TOP STORIES

Tax Ombud to host virtual engagement to provide an update on the eFiling profile hijacking survey

The Office of the Tax Ombud (OTO) conducted a survey as part of its efforts to gather information for the ongoing systemic investigation into eFiling Profile Hijacking. The survey closed on 5 March 2025.

The OTO invites taxpayers, tax practitioners, and stakeholders to a virtual engagement where the Tax Ombud, Ms. Yanga Mputa, will share preliminary findings from the Survey. Following this session, a draft report will be published for public comment, after which the final report will be submitted to the Minister. The [virtual engagement](#) will be held from 11:00 – 12:30 on Wednesday, 28 May 2025.

Taxpayers and tax practitioners who wish to attend may [RSVP here](#) to attend the virtual engagement.

SARB refutes false reports on cash withdrawals and SARS/FIC scrutiny

Recent media reports have falsely claimed that cash withdrawals over R10,000 would automatically trigger scrutiny by SARS and the Financial Intelligence Centre (FIC). Two internationally based media outlets spread this misinformation, presenting broadly similar claims but with notable discrepancies in the details.

Both reports indicated that the rule would take effect on 10 May 2025, but differed in key specifics:

- One article cited that a transaction threshold of R10,000 would be flagged.
- The other reported that a threshold of R50,000 would be flagged.

These inconsistencies, coupled with the lack of local verification, raised questions about the credibility of the reports. The South African Reserve Bank (SARB) confirmed that the articles are a complete fabrication and that no such rule has been announced. Taxpayers are strongly

urged to verify any financial news or regulatory changes directly through official sources such as the [SARB](#) or [SARS](#). Read more [here](#).

Timely Employer Annual Reconciliation submission is essential to avoid penalties and interest

The deadline for the Employer Annual Reconciliation Declaration (EMP501) submissions is 31 May 2025. These must be submitted timeously to ensure that employees' tax assessments and pre-populated tax returns are prepared accurately. Employers are reminded that reconciliation declarations must include the most up-to-date and accurate employee payroll information, as well as the tax deducted for the full tax year, from 1 March 2024 to 28 February 2025.

Note: Employers must use the latest version of e@syFile™ Employer (version **8.0**) for all submissions.

Read more [below](#).

Third-Party Data submissions due by 31 May

The deadline for the Third-Party Data Annual submissions is 31 May 2025 to ensure that pre-populated tax returns are prepared accurately. This deadline applies to the following data types: IT3(b), IT3(c), IT3(d), IT3(e), IT3(s), Medical Scheme Contributions and Insurance Payments. The submissions are for the 2025 year of assessment (1 March 2024 – 28 February 2025). It is important to note that the SARS Test Platform will remain open for the duration of the submission period. Taxpayers are urged to test their data submissions before the deadline, to ensure that all their submitted data files are adequately tested for conformity with the External BRS requirements before being submitted to the SARS Live Platform.

Testing support will be available throughout this period to ensure that any issues identified are promptly addressed and resolved. For assistance, please contact the 3rd Party Data Support team at Bus_Sys_CDSupport@sars.gov.za. Alternatively, you may access resources to assist with a seamless submission [here](#).

#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

MEMBERS' DIGEST

Understanding the Tax Implications of Loans to Foreign Trusts: Insights on Section 7C, Transfer Pricing, and Recent Amendments

Written by: Ammar Zairy,
Ammar Zairy

Many South Africans utilise foreign trust structures for tax-efficient asset protection and estate planning. A connected foreign trust refers to a trust that is linked to a South African resident, whether that resident is an individual or a company. Various tax rules apply to loans made by residents to foreign trusts, particularly when those entities are connected to the individual or entity making the loan. Notably, Section 7C of the Income Tax Act and Section 31 (transfer pricing) are the key provisions that regulate these transactions.

Background: Use of Trusts for Estate Planning and Tax Efficiency

Before the implementation of Section 7C, trusts were commonly used to reduce the tax impact of estate duty upon an individual's death. A typical strategy involved transferring assets to a trust, with the purchase price remaining outstanding as an interest-free loan. This structure allowed the transfer of wealth to the next generation with minimal tax consequences.

The Introduction of Section 7C: Combatting Tax Avoidance

With the introduction of Section 7C in March 2017, the South African Revenue Service (SARS) aimed to curb the abuse of interest-free or low-interest loans to foreign trusts that were linked to South African residents. Section 7C is an anti-avoidance measure targeting low-interest or interest-free loans granted to connected foreign trusts. If a loan is made at a rate lower than the official interest rate (or interest-free), SARS may deem the difference between the official rate and the actual rate charged as a donation. This can trigger donation tax consequences.

In the case of a company making such a loan, the difference would be treated as a deemed dividend, subject to dividends tax of 20%. The goal of Section 7C is to ensure that tax-avoidance schemes, such as these favourable loan terms, do not allow for wealth transfer without incurring appropriate tax obligations.

Transfer Pricing Provisions under Section 31

Further to Section 7C, Section 31 of the Income Tax Act imposes transfer pricing rules on loans made to connected foreign trusts. These rules require transactions, such as loans, to adhere to the arm's length principle, which dictates that terms should be consistent with what would be agreed upon by unrelated parties in a comparable situation. If loans made to foreign trusts deviate from this principle, SARS may apply transfer pricing adjustments, leading to additional tax liabilities and penalties.

The following transfer pricing adjustments are typically required under Section 31:

1. Primary Adjustment (Section 31(2)): The lender must include in their taxable income the difference between the arm's length interest rate and the actual interest charged (if any).
2. Secondary Adjustment (Section 31(3)):
 - o If the lender is a company, the amount of the primary adjustment is treated as a deemed dividend paid by the resident lender to the foreign borrower. This is subject to dividends tax at 20%.
 - o If the lender is a natural person, the amount of the primary adjustment is treated as a deemed donation to the borrower, potentially incurring donations tax at the applicable rate.

Section 7C(5)(e) also outlines the method for calculating donation tax in cases where low-interest or interest-free loans are made to connected foreign trusts. The valuation rules outlined in this section ensure that the donation is calculated accurately for tax purposes.

Section 31 applies to so-called “affected transactions”, which are broadly defined. It is sufficient to state that a loan advanced by a South African resident to a non-resident, where the parties are connected persons, will be an affected transaction. This would include a situation where a South African resident is a beneficiary of a foreign trust and advances a loan to that trust.

Section 31 states that one must consider whether the terms of an affected transaction, including a loan, adhere to the arm’s length principle.

Example of a Connected Foreign Trust Loan

Consider a South African resident who advances an interest-free loan of R5 million to a connected foreign trust. The arm’s length interest rate (market rate) would be 6%, resulting in an interest of R300,000. However, the official interest rate under Section 7C is 8.75%, equating to R437,500.

Under the previous framework, Section 31 transfer pricing rules would apply, and the primary adjustment would require the inclusion of the arm’s length interest of R300,000 in the lender’s taxable income. The secondary adjustment would be as follows:

- If the lender is a company, the R300,000 difference would be a deemed dividend in specie, subject to dividends tax at 20%.
- If the lender is a natural person, the difference would be considered a deemed donation, triggering potential donations tax.

Without the application of Section 31, the deemed donation or dividend would have been calculated based on the official interest rate of R437,500 instead of the arm’s length rate of R300,000.

Recent Amendment to Section 7C: Effective 1 January 2025

A significant amendment to Section 7C, which came into effect on 1 January 2025, was introduced to prevent the potential abuse of

tax structuring around low or interest-free loans to foreign trusts by connected persons. This amendment was part of the Taxation Laws Amendment Act 42 of 2024, which aimed to limit the exclusion of certain transactions from the scope of Section 7C.

Previously, when the arm’s length interest rate under Section 31(2) was lower than the official interest rate, the difference was excluded from Section 7C. This created an unintended loophole, leading to potential erosion of the tax base. The amendment now requires that any difference between the arm’s length rate and the official rate be included under Section 7C, creating additional donations or dividends tax liabilities.

Impact of the Amendment: A Practical Example

Using the same example from earlier, where a South African resident advances an interest-free loan of R5 million to a connected foreign trust, the new provisions would be applied as follows:

1. The primary adjustment would include the arm’s length interest of R300,000 in the resident’s taxable income.
2. The secondary adjustment would treat the R300,000 as:
 - o A deemed dividend in specie if the lender is a company (subject to dividends tax at 20%).
 - o A deemed donation if the lender is a natural person (subject to donations tax).
3. The further Section 7C adjustment would include the difference between the official interest rate and the arm’s length rate, i.e., R137,500, as an additional donation subject to donations tax.

Compliance and Disclosure Requirements

South African tax residents must ensure that loans made to foreign trusts, particularly those involving connected parties, are disclosed to SARS. Failure to comply with tax reporting and transfer pricing requirements can result in severe penalties, interest charges, and

additional tax assessments.

As cross-border trust structures become more complex, it is critical for taxpayers to carefully assess their compliance with the updated provisions under Section 7C and Section 31. These amendments impose stricter tax liabilities, ensuring that tax-avoidance strategies involving foreign trusts are tightly regulated, with the potential for additional donations or dividends tax liabilities.

Conclusion

The combined impact of Section 7C and the transfer pricing rules under Section 31 requires South African residents to navigate these rules carefully when dealing with foreign trusts. Failure to comply with the anti-avoidance provisions and transfer pricing rules could result in significant tax consequences, including donations tax or dividends tax. Taxpayers are advised to consult with tax professionals to ensure they comply with the latest regulations and avoid the risks associated with cross-border trust structures.

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Employer Annual Declaration (EMP501) – 2025 Tax Year

The Employer Annual Declaration (EMP501) period for the 2025 tax year opened on 1 April 2025 and will close on **31 May 2025**.

During this period, all employers are required to submit their annual reconciliation declarations, ensuring that employee payroll information is both accurate and up to date for the period required.

Key submission requirements:

- EMP201 declarations:
Employers must ensure that all monthly declarations relating to Pay-As-You-Earn (PAYE), Unemployment Insurance Fund (UIF) contributions, and the Skills Development Levy (SDL) are submitted in full.
- Employee tax certificates:
Employers are required to issue IRP5/IT3(a) certificates for each employee, covering the period from 1 March 2024 to 28 February 2025.
- Employee registration:
Employers must register any employees who are not yet registered for income tax. This registration may be done via the following methods, both of which are available through the e@syFile™ Employer system:
 - o Individual ITREG for single employee registration, or
 - o Bundled ITREG for registering multiple employees simultaneously,

Submission channels

- Employers with more than 50 employees are required to submit their EMP501 declarations using e@syFile™ Employer.
- Employers with between 1 and 50 employees may submit their declarations via either SARS eFiling or e@syFile™ Employer.

Penalties for non-compliance

- Administrative penalties:
Failure to submit a complete and accurate EMP501 declaration by the deadline will result in an administrative penalty of 1% of the annual PAYE liability, increasing monthly by an additional 1%, up to a maximum of 10%.
- Criminal offences:
Employers may be criminally liable for the following wilful or negligent actions:
 - o Failure to submit complete EMP201 or EMP501 returns by the due date.
 - o Failure to issue IRP5 or IT3(a) certificates within the prescribed timeframes.
 - o Failure to deduct or withhold PAYE or UIF, or failure to remit the deducted amounts to SARS.
 - o Misuse of PAYE deductions for any purpose other than payment to SARS.

Conviction for any of the above offences may result in a fine or imprisonment of up to two years. It is therefore essential that all required declarations and payments are submitted to SARS by the specified deadline to ensure compliance and avoid penalties.

Users of the new e@syfile are encouraged to contact SARS at support@sarsefiling.co.za should they experience any issues stemming from their use of the new version. Additionally, users are encouraged to utilise the [guide](#) and [e@syFile™ webpage](#) for all information regarding the use of the e@syFile Employer application.

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 detailed information. This [letter](#) outlines what is new in this period, outlines the submission process, and includes further information about applicable penalties.

Delays in the reactivation of income tax numbers

The standard turnaround time for the reactivation of income tax numbers is 21 working days. However, in recent weeks, we have observed a consistent increase in the number of cases not being finalised within this timeframe. These delays have had a knock-on effect, impeding other processes that rely on the timely activation of a valid income tax number.

The issue appears to be particularly pronounced in cases involving non-resident taxpayers and deceased estates.

SAIT is fully aware of the matter and has escalated concerns to SARS at both national and regional levels. To support its members, the SAIT Tax Helpline continues to escalate affected cases directly to the relevant SARS regional offices.

How to escalate a case via the SAIT [Tax Helpline](#)

To escalate a reactivation delay, please log a query using the Tax Helpline as follows:

1. Visit the SAIT website and log in to your Member Portal.
2. Click on ‘Tax Helpline’.
3. Select ‘SARS Escalations’ from the dropdown menu.
4. Complete the escalation form in full and click Submit.

In addition, all previously reported cases that were referred to SARS regional offices will be compiled and re-escalated as formal agenda items during upcoming regional meetings scheduled for May and June.

SAIT acknowledges the frustration caused by these ongoing delays and remains committed to constructive engagement with SARS to better understand the underlying causes and obtain clear information on the corrective measures being implemented. Should these delays persist without resolution, SAIT will submit a formal request for further intervention at both the regional and national levels.

Simplified online process for Donations Tax and Royalty Withholding Tax

SARS has introduced a more user-friendly approach to handling Donations Tax and Withholding Tax on Royalties. Taxpayers can now submit these forms digitally via the [SARS Online Query System \(SOQS\)](#), which is accessible around the clock on the official SARS website.

This move is part of SARS’s broader push to streamline and modernise its services, making it easier for individuals and businesses to meet their tax obligations without visiting a branch. The [SOQS](#) platform enables users to handle a range of tax-related tasks remotely, such as

submitting returns, managing declarations, and sending queries- all from a computer or mobile device.

To learn more about these specific tax types, visit the SARS website and navigate to the dedicated sections for [Donations Tax](#) and [Withholding Tax on Royalties](#).

System Error Blocks Diesel Rebate Claims on SARS eFiling Platform

A critical system error has been identified on the SARS eFiling platform, currently preventing vendors from claiming the diesel rebate on their VAT201 returns.

SARS has been formally notified of the issue and has confirmed that its eFiling development team is actively investigating the problem. However, no timeline has been provided regarding when the issue will be resolved, when a system update may be deployed, or whether an interim solution will be made available to assist with the processing of affected VAT returns.

SAIT is maintaining ongoing communication with SARS and are monitoring developments closely. Vendors are advised to stay informed by accessing SARS' official media channels, where further updates will be shared as soon as more information becomes available.

SARS Suspends Non-Compliant Customs Numbers Following Missed Onboarding Deadline

SARS Customs has officially begun suspending Customs numbers for traders who failed to onboard their Customs products under the RLA profile on the eFiling system, as required by the migration process that began in 2020.

The final compliance deadline was 31 March 2024. Despite this, SARS allowed a grace period and issued multiple follow-up communications urging traders to complete the onboarding process. Traders who failed to act have now been deemed non-compliant, resulting in the suspension of their Customs numbers effective from the end of April 2025.

All system-based onboarding options have been removed from the profiles of suspended clients. Affected traders must now complete the onboarding process through an in-person visit to a SARS Customs Branch Office.

Traders are urged to take immediate action to resolve their status and avoid further disruptions to their import and export activities.

Members who require assistance may submit their queries for escalation via the [TaxHelpline](#).

Reminder: Communication of changes for registered details

With the 2025 filing season quickly approaching, it is important for taxpayers to ensure that their SARS-registered details are correct and updated. This will ensure the efficient processing of any refunds that may be due to the taxpayer and, ultimately, an effortless filing season.

Section 23 of the Tax Administration Act, No. 28 of 2011 (TAA) states that a person who is registered for tax must communicate to SARS within 21 business days any change that relates to:

- Postal address
- Physical address
- Representative taxpayer

- Banking particulars used for transactions with SARS
- Electronic address used for communication with SARS or
- Other details as the Commissioner may require by public notice.

Taxpayers who need to amend or update their information are encouraged to ensure that their security contact details (email and cell phone number) and SARS eFiling log-in details are up to date. We set out additional pertinent information below:

1. **Why keeping your details updated matters**

Keeping your details up to date is essential for the following reasons:

- **Staying informed:** To ensure you receive timely and important updates regarding your tax matters by keeping your contact details up-to-date.
- **Securing your account:** To protect your personal information by maintaining accurate login credentials and safeguarding your eFiling account details. SARS will use your contact details (email or cell phone number) to send you a One-Time Pin (OTP).
 - o These OTPs are essential for accessing your eFiling account and for making changes to your banking details.
 - o If your contact information is outdated, you may not receive the OTP, which could hinder your ability to update or verify your banking information.

2. **How to update your information**

On eFiling, you will be able to maintain the following details:

- Selected identity information (Name, surname)
- Bank account details
- Address details
- Contact details

In the event that you have forgotten your username, your password, or both, the following steps can be taken to resolve the issue:

1. Go to the [Forgot Username webpage](#) and follow the [Forgot Username](#) process
2. Complete the relevant information and follow the prompts to reset your password, if needed.

Completing the above steps will result in a one-time PIN (OTP) being sent to your registered security contact details on the system. If any of these details have changed, you can update them in the 'Security Contact Details' section under your profile on eFiling.

If both your registered security contact details have changed, please reach out to the Contact Centre on 0800 00 7277 or visit a branch; remember to [make an appointment](#) first.

Once you have accessed your profile, taxpayers will be able to:

- Update your security contact details (required to receive OTPs)
- Update your banking details quickly
- Maintain registered details

3. **Details that cannot be changed on eFiling**

Changing your ID number or Passport Number cannot be done via eFiling. Amendments in this regard would need to be undertaken at the branch. As a reminder, tax practitioners cannot make this change on behalf of their clients. Tax practitioners may only assist the taxpayer with making a booking for an appointment at the branch to "Maintain ID".

This may be done as follows:

1. Book an [appointment](#)
2. Select “Other” then “Maintain ID” as your appointment
3. Upload supporting documents:
Supporting Documents for Maintain ID - (e.g., Original and a Copy of a Valid ID/Driver’s Licence/Passport/Temporary Identity Document/Asylum Seeker Certificate/Permit, etc.)

More information is contained in the guides listed below:

- [IT-AE-36-G05 – Comprehensive Guide to the ITR12 Income Tax Return for Individuals – External Guide](#)
- [GEN-GEN-41-G01 – Change of Banking Details – External Guide](#)
- [IT-AE-36-G06 – Guide to submit your Individual Income Tax Return via eFiling – External Guide](#)
- [IT-AE-46-G01 – How to submit your Individual Income Tax return via the SARS MobiApp – External Guide](#)
- [GEN-REG-01-G04 - How to Complete the Registration Amendments and Verification Form RAV01 - External Guide](#)

Reminder: Allowed objection and revised assessment error

In recent weeks, the SAIT Technical Department, via the Tax Helpline, has seen a rise in escalations where objections have been allowed, but no corresponding reduced assessment has been issued.

This has led to delayed refunds or the continuation of SARS’s debt collection processes in cases where the debt had, in fact, been nullified or reduced by the allowed objection. In this instance, it is important to note that taxpayers will not be allowed to submit another objection, as the initial objection has already been allowed.

At this stage, 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.

SAIT is aware of this matter and has alerted SARS. To assist members with this matter, the SAIT Tax Helpline escalates these cases to the relevant region for correction. To submit an escalation of this nature, kindly log a query on the Tax Helpline [here](#). Alternatively, access the Helpline through the SAIT website.

- Click on the Member portal after logging in
- Click on ‘Tax Helpline’
- Select ‘SARS Escalations’
- Complete the form and click on submit

Kindly ensure that you submit the following documents alongside your escalation:

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

All cases that have previously been brought to our attention and referred to the respective SARS regional offices have also been escalated to the SARS National Team ahead of the upcoming SARS RCB meeting in May. This measure has been taken to support a more expedient resolution of the identified error.

We understand that this ongoing issue is frustrating, and we remain committed to engaging constructively with SARS to gain greater clarity on the root causes of the error and the steps being taken toward resolution. Should the matter remain unresolved at both regional and national levels, a formal submission will be made to SARS to request further intervention.

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 and issuing deceased estate compliance letters.
2. Delays in finalising and payment of refunds.
3. Delays in finalising 2024 objections by not issuing the correct revised assessments as per the objection outcome.
4. Delays in finalising and issuing non-residency certificates.

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 8 - 14 May 2025.

Upcoming RCB/SARS regional and national meetings

1. Mpumalanga Emalahleni – 19 May 2025
2. Gauteng North – 20 May 2025
3. KwaZulu Natal – 3 June 2025
4. Western Cape – 4 June 2025
5. KwaZulu Natal – 5 June 2025
6. Free State and Northern Cape – 9 June 2025
7. Eastern Cape – Gqeberha and Kareiga – 25 June 2025
8. Mpumalanga – 27 June 2025
9. Eastern Cape – Gqeberha and Kareiga – 13 August 2025
10. Free State and Northern Cape – 8 September 2025
11. Free State and Northern Cape – 10 November 2025 and
12. Eastern Cape – Gqeberha and Kareiga – 12 November 2025

Other meetings of interest

1. SARS National Operational Forum - 22 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: May 2025

Month	Date	Tax Type	Notification
May 2024	07/05/2025	Employment Taxes	EMP201 - Submissions and payments
	23/05/2025	Value-Added Tax	VAT201 - Manual submissions and payments
	30/05/2025	Value-Added Tax	VAT201 - Electronic submissions and payments
	30/05/2025	Employment Taxes	EMP501 - End of the annual employer reconciliation submissions
	30/05/2025	Other	Third-Party Data (IT3) - Close of the annual third-party submissions period

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

No further key operational news is noted for the week of 8 – 14 May 2025.

Other SARS and related operational publications and announcements

No other SARS and related operation publications and announcements were made during the week of 8 – 14 May 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 8-14 May 2025.

Key tax practitioner news

No new key tax practitioner news is relevant for the week of 8-14 May 2025.

Government & stakeholder newsletters

No government and stakeholder newsletters were published during the period 8-14 May 2025.

Other tax practitioner access and functionality publications and announcements

12 May 2025 – The Western Cape [mobile tax unit schedule](#) for June 2025 is now available.

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 8-14 May 2025.

National legislation

Reminder: National Budget, 2025 to be re-tabled on 21 May 2025

The National Treasury has confirmed that the 2025 Budget Review will be re-tabled on Wednesday, 21 May 2025. The revised budget will include the Fiscal Framework, Appropriation Bill, Division of Revenue Bill, and already tabled tax legislation.

This follows the reversal of the proposed VAT hike, keeping the rate at 15%, and signals a renewed focus on fiscal responsibility and transparency.

The re-tabling of the National Budget is not to be viewed as a delay or a setback, but a necessary pause to ensure that South Africa's fiscal decisions are sound, inclusive, and aligned with the needs of all taxpayers.

The National Treasury has already begun work on a new fiscal framework aimed at stabilising debt and strengthening public finances. This involves updating economic assumptions, revising fiscal and revenue projections, determining borrowing strategies, and consolidating these into a sustainable plan.

The National Treasury has committed to providing regular updates and maintaining transparent communication as the process unfolds. Read the official media statement [here](#).

Reminder: National Treasury tables critical national legislation

On 24 April 2025, the Minister of Finance introduced the [Rates and Monetary Amounts and Amendment of Revenue Laws Bill](#) to the National Assembly. This annual bill gives legal effect to key tax proposals announced in the national budget and plays a central role in shaping the country's revenue framework for the year ahead.

The initial version of the bill includes proposed adjustments to personal income tax brackets, excise duties on alcohol and tobacco, and thresholds for monetary amounts used in tax legislation. It is important to note that while the bill was initially linked to the March 2025 Budget, which proposed a 0.5 percentage point VAT increase, that specific measure has since been withdrawn. The VAT rate will remain at 15%, following the Minister's revised fiscal approach. Nonetheless, other components of the bill remain relevant and will proceed through the parliamentary process.

The bill is one of several that form part of the budget legislation package, alongside the Appropriation Bill, Division of Revenue Bill, and the Fiscal Framework and Revenue Proposals. These collectively support government spending plans and ensure legal authority for revenue collection.

Stakeholders should monitor the parliamentary process closely, as the final version of the bill, once enacted, will directly affect tax liabilities and planning strategies for the 2025/26 tax year.

To aid in the interpretation hereof, SARS has published the associated [explanatory memorandum](#), which outlines a clause-by-clause summary of the proposed amendments.

Consequently, the [Frequently Asked Questions: Increase in the VAT Rate from 1 May 2025](#), and the [Pocket Guide on the VAT Rate Increase from 1 May 2025](#) have thus been withdrawn as a result of the tabling hereof.

LEGISLATIVE INTERPRETATION

Legislative Calls for Comment

Reminder that 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 by no later than 13 May 2025, to ensure that their commentary is taken into consideration prior to the finalisation of this draft interpretation note.

Submissions made to SARS and current calls for comment

No submissions in response to legislative calls for comment were made in the week of 8-14 May 2025.

Legislative counsel publications

Reminder: Updated SARS Interest Rate Tables Effective 1 May 2025

SARS has published updated interest rate tables under the Income Tax Act, which are effective from 1 May 2025.

- [Table 1](#): This outlines interest rates applicable to outstanding taxes and refunds due to taxpayers under specific conditions.
- [Table 2](#): This lists the interest rates payable on credit balances.

These interest rate tables are updated regularly to reflect changes in the market and are critical for calculating interest on late payments or refunds. Taxpayers and practitioners should ensure that the latest interest rates are used for compliance and financial planning purposes.

This reduction is in line with the anticipation of the potential vote by the South African Reserve Bank to hold or reduce interest rates in May 2025. The interest rates are now 11% and 7% respectively and will remain at this rate until a change in the “prescribed rate” linked to the rate determined in terms of section 80(1)(b) of the Public Finance Management Act.

Reminder: SARS has published Binding Ruling 4 (Issue 4) that opines on the apportionment methodology to be applied by a municipality

SARS has published the latest issue of [Binding General Ruling 4 \(Issue 4\)](#) that 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.

[Binding General Ruling 4 \(Issue 4\)](#) - issued under section 89 of the Tax Administration Act - prescribes the default method municipalities must use to apportion VAT on mixed expenses. This applies when determining the input tax deduction ratio under section 17(1) of the VAT Act. Unless an alternative method has been approved by SARS through a ruling, all municipalities must apply the standard formula outlined in the [Binding General Ruling 4 \(Issue 4\)](#). Consequently, issue 3 has been duly archived. Members are therefore encouraged to study this BGR for further details.

Published court cases

No new court cases were published in the week of 8-14 May 2025.

Other SARS publications and announcements

No other legislative publications or announcements were issued by SARS during the week of 8-14 May 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

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 who have not yet expressed their interest are urged to kindly complete this [form](#) by 23 May 2025.

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