

PROFESSIONAL

# TAXTALK

South Africa's Leading Tax Journal

Issue 81 March/April 2020

**TAX EDUCATION &**

**GRAD'S GUIDE TO SUCCESS**

**+** *Environmental  
taxes in SA*

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**EDUCATIONAL  
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**SA'S AIR POLLUTION  
PROBLEM**



Tell us what you think. Questions and suggestions can be sent to [editor@thesait.org.za](mailto:editor@thesait.org.za)

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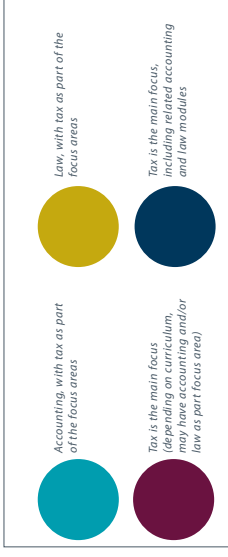
# BECOMING A TAX PROFESSIONAL

We outline the tax programmes offered by various tertiary institutions – perfect if you are interested in pursuing a career in tax or if you are looking to upskill.



# EDUCATIONAL TRACKS IN TAX

Use our handy grid to establish the route you aim to follow in tax



NQF LEVEL	UNIVERSITY YEAR 1					UNIVERSITY YEAR 2					UNIVERSITY YEAR 3					UNIVERSITY (3 YEARS) + 1 YEAR					UNIVERSITY (3 YEARS) + 1-2 YEARS					UNIVERSITY (3 YEARS) + 3-5 YEARS									
	4	5	6	7	8	9	10																												
ACCOUNTING FOCUSED	BCom Accounting (including CA stream)															BCom Accounting Honours					MCom (Taxation)					PhD - Doctoral Degree (tax focus)									
ACCOUNTING FOCUSED	Higher Certificate															Advanced Diploma / Bachelor's Degree					BCom Taxation Honours					PhD - Doctoral Degree (tax focus)									
LAW FOCUSED	BCom Law															LL.B Law					LLM Tax Law					PhD - Doctoral Degree (tax focus)									
LAW FOCUSED	Higher Certificate															Advanced Diploma					Postgraduate Diploma in Tax Law					LLM International Tax					PhD - Doctoral Degree (tax focus)				
OTHER	Bachelor's Degree															Bachelor's Degree					MPhil Tax					PhD - Doctoral Degree (tax focus)									
ACCOUNTING FOCUSED	Diploma in Accountancy															Advanced Diploma in Accountancy					Proposed Postgraduate Diploma in Applied Taxation					Master's Degree					PhD - Doctoral Degree (tax focus)				
TAX FOCUSED (INCLUDING RELATED ACCOUNTING & LAW MODULES)	SAIT Occupational Diploma: Tax Technician															SAIT Specialised Occupational Diploma: Tax Professional																			

CHE: ACCREDITED UNIVERSITIES

CHE: ACCREDITED UNIVERSITIES OF TECHNOLOGY

QCTO: ACCREDITED SKILLS DEVELOPMENT PROVIDERS



**UNDERGRADUATE TAX PROGRAMMES**

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE	YEAR 2 MODULE	YEAR 3 MODULE	MANDATORY OR ELECTIVE MODULE?
<b>Diploma in Accountancy</b> (NQF 6)	Business and Economic Science	-	BBT1211 (Individuals) BBT1212 (Prepaid taxes, retirement benefits and farming)	BBT2211 (Value-added and Capital Gains Tax) BBT2212 (Companies)	Mandatory
<b>Advanced Diploma in Accountancy: Professional Accounting</b> (NQF 7)	Business and Economic Science	RATA401 (Taxation: Non-Residents) RATA402 (Taxation: Administration)	-	-	Mandatory

**POSTGRADUATE TAX PROGRAMMES**

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>MCom Taxation</b> NQF9	Business and Economic Science	2 years	BCom (Hons) (Accounting) degree or equivalent  OR LLB degree (which includes an appropriate taxation course) and level of competence which is adequate for the purpose of postgraduate studies in taxation	None	Applications for admission to the specialist coursework master's degree in taxation commences in February

## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom Financial Accountancy</b> (NQF7)	Economic and Management Sciences	-	TAXF211 TAXF221	TAXF371	Mandatory
<b>BCom Accounting and Informatics</b> (NQF7)	Economic and Management Sciences	-	N/A	TAXF311 TAXF321	Mandatory
<b>BCom Chartered Accountancy</b> (NQF7)	Economic and Management Sciences	-	TAXC271	TAXC371	Mandatory
<b>BCom Management Accountancy</b> (NQF7)	Economic and Management Sciences	-	TAXF211 TAXF221	TAXF371	Mandatory
<b>BCom Forensic Accountancy</b> (NQF7)	Economic and Management Sciences	-	TAXC271	TAXC371	Mandatory
<b>LLB (Law)</b> (NQF8)	Law	-	Tax Law	Tax Law	Elective

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER ADMISSION REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>MCom Taxation</b> (dissertation) (NQF9)	Economic and Management Sciences	Research proposal	Student must be in possession of a BComHons degree	Presentation of a research proposal at a research colloquium	30 September 2020
<b>MCom Taxation</b> (lectured) (NQF9)	Economic and Management Sciences	A short piece on a topical tax aspect as part of the application process	BCom Honours degree, LLB degree or postgraduate diploma on NQF level 8, including a final year Taxation module as one of the core modules, for which a mark of at least 60% has been obtained  OR BCom Honours (Chartered Accountancy) or CTA, for which the Taxation module was passed	Relevant experience is a recommendation	30 September 2020
<b>PhD Taxation</b> (NQF10) Minimum two years and maximum four years of study	Economic and Management Sciences	Thesis (40 000 – 100 000 words)	MCom Taxation or a relevant qualification on NQF9	Presentation of a research proposal at a research colloquium	9 January – 30 April



## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom (Accounting)</b> (NQF7)	Commerce	-	Principles of Professional Accounting	Taxation 3	Mandatory
<b>LLB (Law)</b> (NQF8)	Law	-	-	Tax and Estate Planning	Elective

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>PGDip Accounting</b> (NQF8)	Commerce	-	BCom (Accounting) with Accounting 3, Taxation 3, Auditing 3 and MAF3 and an average of at least 60%	-	1 December annually
<b>PGDip Taxation</b> (NQF8)	Commerce	15 000 words (or 50 pages)	BCom with Accounting 3 and Tax 3, with at least 65% for Tax 3	-	1 December annually
<b>MCom Taxation</b> (NQF9)	Commerce	Coursework and mini-thesis 30 000 words (or 100 pages)	Honours degree in Accounting or LLB (which includes an appropriate taxation course) with marks not less than 60%	-	None
<b>PhD</b> (NQF10)	Commerce	Full thesis	Master of Commerce with a mark of at least 65%	-	None



## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom (Accounting)</b> (NQF7)	School of Accountancy: Economic and Management Sciences	-	Taxation 298	Taxation 399	Mandatory
<b>BCom (General)</b> (NQF7)	School of Accountancy: Economic and Management Sciences	-	-	Taxation 388	Mandatory

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>MCom Taxation</b> (NQF9)	School of Accountancy: Economic and Management Sciences	Lecture or thesis option (Lecture option: 50 – 80 pages) (Thesis option: 120 – 250 pages)	BCom (with subjects in law) and LLB	Being selected based on answering a tax question in writing combined with the minimum % as stated	31 October of every second year (lecture option)
<b>MAcc Taxation</b> (NQF9)	School of Accountancy: Economic and Management Sciences	Lecture or thesis option (Lecture option: 50 – 80 pages) (Thesis option: 120 – 250 pages)	HonsBAcc, BAccLLB or Postgraduate Diploma in Accounting (after a recognised BCom degree was obtained)	Selection based on answering a tax question in writing combined with the minimum % at Hons level	31 October of every second year (lecture option)
<b>PGDip Tax Law</b> (NQF8)	Law	Lecture or thesis option (25 000 – 40 000 words)	LLB degree from this university  OR BAcc or BCom degree from this university  OR A graduate from any other university who has been granted the status of LLB, BProc, BCom or BAcc of the university concerned	Admitted to practice as an attorney in any province of South Africa or in Namibia  OR Registered as an accountant with the Public Accountants' and Auditors' Board, or as a chartered accountant with SAICA  OR Any other academic or professional qualification deemed sufficient for admission	New applications are considered every second year – next intake will be in 2020



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## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom Accounting: CA</b> (NQF7)	Commerce	-	Taxation I	Taxation II	Mandatory
<b>BCom Accounting: General</b> (NQF7)	Commerce	-	Taxation I	Taxation II	Mandatory
<b>BBusSc Finance</b> (NQF7)	Commerce	-	-	Taxation I	Elective
<b>BBusSc Finance with Accounting</b> (NQF7)	Commerce	-	-	Taxation I	Mandatory
<b>LLB Law</b> (NQF8)	Law	-	-	CML4506F: Tax Law A CML4507S: Tax Law B CML4508S: Trusts and Estate Planning	Elective

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	NUMBER OF WORDS OF RESEARCH PAPER	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
<b>BCom (Honours) Taxation</b> (NQF7)	Commerce	10 000 word technical report	A BCom or BBusSci or equivalent undergraduate degree containing taxation course(s) in the final year of that degree	Academic references, an entrance exam or an interview may be required (all candidates are required to submit their CV and academic transcript on application)	31 January
<b>PGDip Accounting</b> (NQF8)	Commerce	N/A	Refer to course link for details	Refer to course link for details	31 October
<b>MCom International Taxation</b> (NQF9)	Commerce	25 000 word minor dissertation	Persons from any country with any background who have appropriate qualifications and/or experience in the field of taxation	N/A	31 October
<b>MCom South African Taxation</b> (NQF9)	Commerce	25 000 word minor dissertation	Honours in Taxation or CA(SA) or LLB	Professional and/or academic references, an entrance exam or an interview may be required (all candidates are required to submit their CV and academic transcript on application). Candidates without the basic requirements but with relevant and sufficient workplace experience may apply to the programme	31 October
<b>LLM International Tax Law</b> (NQF9)	Law	25 000 word minor dissertation	Persons from any country with any background who have appropriate qualifications and/or experience in the field of taxation	N/A	31 October
<b>PGDip Tax Law</b> (NQF8)	Law	12 500 word research paper	LLB or otherwise has a sufficiently sound academic background	N/A	31 October



## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom (Accounting)</b> (NQF 7)	Management and Commerce	-	Taxation 2A	Taxation 3	Mandatory
<b>BCom (General Accounting)</b> (NQF 7)	Management and Commerce	-	Taxation 2A	Taxation3	Mandatory

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>BCom Honours</b> (NQF8)	Management and Commerce	15 000 words (or 50 pages)	BCom with Taxation 3	60% for Taxation 3	Applications for 2021: 30 September 2020



## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BAcc</b> (NQF7)	Economic and Management Sciences (EMS)	-	Taxation	Taxation	Mandatory
<b>BCom (Accounting)</b> (NQF7)	Economic and Management Sciences (EMS)	-	Basic Taxation	Taxation	Mandatory

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>BAcc (Hons) / CTA</b> (NQF8)	Economic and Management Sciences (EMS)	Refer to website for details	BAcc degree or equivalent with an average mark of 55% in specified module sets and a combined average mark of at least 58% in all core modules	Successful completion of an accounting-related degree (degree should not have been obtained more than 5 years prior to application for noted degree)	Refer to website for details
<b>PGDip (CA) – postgraduate diploma in chartered accountancy</b> (NQF8)	Economic and Management Sciences (EMS)	Refer to website for details	BAcc degree or equivalent with at least 55% in specified module sets and an average mark of not less than 58% in all core modules	Successful completion of an accounting-related degree (degree should not have been obtained more than 5 years prior to application for noted degree)	Refer to website for details
<b>BCom (Accounting) (Hons)</b> (NQF8)	Economic and Management Sciences (EMS)	Refer to website for details	Average of 60% for all third year UFS BCom (Accounting) subjects for UFS students or the equivalent at another institution OR Successful completion of a SAICA-accredited degree	Successful completion of an accounting-related degree (degree should not have been obtained more than 5 years prior to application for noted degree)	Refer to website for details
<b>PGDip (GA) – postgraduate diploma in general accountancy</b> (NQF8)	Economic and Management Sciences (EMS)	Refer to website for details	Average of 60% for all third year UFS BCom (Accounting) subjects for UFS students or the equivalent at another institution OR Successful completion of a SAICA-accredited degree	Successful completion of an accounting-related degree (degree should not have been obtained more than 5 years prior to application for noted degree)	Refer to website for details
<b>MCom degree with specialisation in Taxation</b> (NQF9)	Economic and Management Sciences (EMS)	N/A	Approval by the programme director after successful completion of a relevant Bachelor Honours degree	Prior submission of a draft research proposal and submission of a full study record (transcript)	Refer to website for details
<b>PhD degree with specialisation in Taxation</b> (NQF10)	Economic and Management Sciences (EMS)	N/A	Admission to this PhD programme is subject to approval by the programme director after successful completion of (and obtaining a minimum of 60%) a relevant master's degree	Prior submission of a draft research proposal and submission of a full study record (transcript)	Refer to website for details



## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>Bachelors of Accounting (CA-stream)</b> (NQF7)	College of Business and Economics	-	TAX 200	TAX300	Mandatory
<b>BCom Accounting</b> (NQF7)	College of Business and Economics	-	TAX02A2	TAX03A3 / TAX03B3	Mandatory
<b>LLB Law</b> (NQF8)	Faculty of Law	-	-	-	Elective

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>BCom (Honours) Taxation</b> (NQF8)	College of Business and Economics	Refer to course link for details	BCom or an Advanced Diploma, and should have appropriate knowledge of accounting, taxation and governance and control on New NQF7	An average mark of 60% is required as minimum academic performance in undergraduate studies, including a minimum mark of 60% in taxation in the final year of studies <i>The department may require the completion of a bridging programme should students not comply with the rules of access</i>	Refer to website for details
<b>MCom South African and International Taxation</b> (NQF9)	College of Business and Economics	Limited scope dissertation	Honours or a postgraduate diploma in accounting or tax related honours on NQF Level 8 OR Any other four-year qualification with honours status on NQF Level 8 and related taxation experience	Preparatory study and an entrance examination may be required by the Department	Stringent selection process will take place end of October after the closing of applications
<b>MCom South African and International Taxation</b> (NQF9)	College of Business and Economics	Full scope dissertation	Honours or a postgraduate diploma in accounting or tax related honours on NQF Level 8 OR Any other four-year qualification with honours status on NQF Level 8 and related taxation experience	Preparatory study and an entrance examination may be required by the Department	Stringent selection process will take place end of October after the closing of applications
<b>PGDip International Tax Law</b> (NQF10)	Law	N/A	MCom (Taxation) or LLB or LLM (Tax Law) or HDip (Tax Law) or any bachelor's degree plus extensive corporate taxation experience	Only a limited number of students will be admitted and no correspondence will be entered into with unsuccessful applicants	Refer to website for details
<b>PGDip Tax Law</b> (NQF10)	Faculty of Law	Full scope dissertation	LLB or BProc or BCom or CA	Thesis: Taxation TTA10X1 & TTA10X2	Refer to website for details

## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom (Acc)</b> (NQF7)	School of Accounting Economics and Finance	-	-	Taxation 3	Mandatory
<b>BCom (General)</b> (NQF7)	School of Management Information Systems and Governance	-	-	Taxation 3	Elective

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>LLM (Taxation)</b> (NQF9)	School of Law	2 000 word dissertation	LLB OR BProc with a minimum overall average of 60%	-	30 October
<b>Postgraduate Diploma in Accounting</b> (NQF8)	School of Accounting Economics and Finance	No research requirement	SAICA-accredited BCom undergraduate degree	Students must pass all four modules in one sitting or over two years	Refer to course details on website for details



## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom Accounting</b> (NQF7)	Economic and Management Sciences	-	Taxation 200 (BEL200)	Taxation 300 (BEL300)	Mandatory
<b>BCom Law</b> (NQF7)	Economic and Management Sciences	-	Taxation 200 (BEL200)	Taxation 300 (BEL300)	Elective
<b>BCom Financial Sciences</b> (NQF7)	Economic and Management Sciences	-	Taxation 200 (BEL200)	Taxation 300 (BEL300)	Mandatory
<b>BCom Informatics</b> (NQF7)	Economic and Management Sciences	-	Taxation 200 (BEL200)	Taxation 300 (BEL300)	Elective
<b>LLB Law</b> (NQF8)	Law	-	-	Tax Law 310 (BLR 310) Tax Practice 420 (BLP 420) – 4 <sup>th</sup> year elective module	Mandatory

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>Postgraduate Diploma (PGD) in Accounting Sciences &amp; Certificate in the Theory of Accounting (CTA)</b> (NQF8)	Economic and Management Sciences	N/A	Refer to website for details	Refer to website for details	SA students: 31 October International students: 31 August
<b>BCom (Honours) Taxation</b> (NQF8)	Economic and Management Sciences	N/A	BCom degree including third year taxation and financial accounting modules	Students should have obtained at least 60% for taxation module	SA Students: 31 October International Students: 31 August
<b>MCom Taxation</b> (NQF9)	Economic and Management Sciences	N/A	Refer to website for details	Refer to website for details	SA Students: 31 October International Students: 31 August
<b>MPhil International Taxation</b> (NQF 9)	Economic and Management Sciences	N/A	Refer to website for details	Proficiency in English (written and spoken)	SA Students: 31 October International Students: 31 August
<b>PhD Taxation</b> (NQF10)	Economic and Management Sciences	Refer to course link for details	Refer to course link for details	Refer to course link for details	SA Students: 31 October International Students: 31 August
<b>MPhil Taxation</b> (NQF9)	Economic and Management Sciences	Refer to course link for details	A four-year bachelor's or an honours degree in accounting, economics, law, public administration, or a closely related degree	Personal resumes to be submitted with application forms	Refer to course link for details
<b>PhD Tax Policy</b> (NQF10)	Economic and Management Sciences	Refer to course link for details	MPhil: Taxation (from UP) or Master's in Economics or Law	Personal resume and draft research proposal (2 000 to 3 000 words) to be submitted with applications (registration and admission dependent on proof of passing the TOEFL or another acceptable English language proficiency test)	SA students: 30 September 2019 International students: 30 August 2019
<b>LLM Tax Law (course-work)</b> (NQF9)	Law	Refer to course link for details	Refer to course link for details	N/A	30 November
<b>LLM Law (Research)</b> (NQF9)	Law	Refer to website for details	Refer to website for details	N/A	31 January of the enrolment term
<b>LLD Law</b> (NQF10)	Law	Refer to website for details	Refer to website for details	N/A	31 January of the enrolment term
<b>PhD Law</b> (NQF10)	Law	Refer to website for details	Refer to website for details	N/A	31 January of the enrolment term
<b>MPhil Law</b> (NQF9)	Law	Refer to website for details	Refer to website for details	N/A	31 January of the enrolment term

**UNDERGRADUATE TAX PROGRAMMES**

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	YEAR 4 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom Accounting (Taxation)</b> (NQF7)	Accounting Sciences	-	Principles of Taxation  Tax Administration	TAX3701 Taxation of Business Activities  TAX3702 Taxation of Individuals  TAX3703 Taxation of Estates  TAX3704 Tax Administration;  TAX3705 Tax opinion writing  TAX3761 Taxation of Business Activities and Individuals (New year module replacing TAX3701 and TAX3702 from 2020)	N/A	Mandatory
<b>LLB</b> (NQF 8)	Law	-	-	-	LML4804 Tax Law	Elective



## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE APPLICATIONS
<b>PGDip Taxation</b> (NQF 8)	Accounting Sciences	-	TAX4861 - Advanced Taxation; TAX4863 Advanced Tax Case Law; TAX4864 Advanced Tax Capita Selecta  OR  Appropriate NQF7 level in the field of Accounting Sciences from an accredited provider of higher education	Refer to website for details	Semester modules & the CTA: 3 January - 3 February 2020  Year modules: 3 January - 29 March 2020
<b>MCom Acc (Taxation)</b> (NQF 9)	Accounting Sciences	Dissertation of limited scope (10 000 – 15 000 words)	Appropriate bachelor honours degree, or appropriate postgraduate diploma, or appropriate 480 credit bachelor's degree with a minimum of 96 credits at NQF 8, all in the field of Accounting Sciences	Refer to website for details	3 January – 29 March 2020
<b>MPhil Acc (Taxation)</b> (NQF 9)	Accounting Sciences	Full dissertation (25 000 – 45 000 words)	Appropriate bachelor honours degree, or appropriate postgraduate diploma, or appropriate 480 credit bachelor's degree with a minimum of 96 credits at NQF8, all in the field of Accounting Sciences	TFTAX02 - Thesis: Taxation and DPCAS02 - Doctoral Proposal in Accounting Sciences	3 January – 29 March 2020
<b>PhD Acc (Taxation)</b> (NQF 10)	Accounting Sciences	Full dissertation (40 000 – 100 000 words)	A master's degree in the field of Accounting Sciences	Transcript of academic record, as well as a document describing the intended research and preferred focus area	3 January – 29 March 2020
<b>LLM (Tax Law) Coursework</b> (NQF 9)	Law	Dissertation of limited scope (10 000 – 15 000 words)	A South African LLB degree, or a foreign LLB degree (minimum 4 years), or a BProc or a Postgraduate Diploma in Law on NQF8  OR  A foreign LLB degree (minimum 3 years) and 4 LLB modules selected from the NQF8 modules in the LLB degree of which one must be the compulsory research module  OR  A foreign LLM	Transcript or an academic record	3 January – 29 March 2020



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## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom (Accounting)</b> (NQF7)	EMS Faculty	-	TAX228 (1 <sup>st</sup> semester) TAX212 (2 <sup>nd</sup> semester)	TAX327	Mandatory
<b>BCom (Financial Accounting)</b> (NQF7)	EMS Faculty	-	TAX242 (2 <sup>nd</sup> semester)	TAX343	Mandatory

## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>Post Graduate Diploma in accounting (PGDA)</b> (NQF8)	EMS Faculty	No	BCom (Acc) degree with average of 57.5% and 55% for each of the 4 disciplines	N/A	November



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## UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
<b>BCom Accounting</b> (NQF7)	Commerce, Law and Management	-	Taxation	Taxation	Year 2: Mandatory Year 3: Elective
<b>BAccSci – Accounting Science</b> (NQF7)	Commerce, Law and Management	-	Taxation	Taxation	Mandatory
<b>BAccSci LLB (Law)</b> (NQF7)	Commerce, Law and Management	-	Taxation	Taxation	Mandatory



## POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINE FOR APPLICATIONS
<b>BAccSci (Hons) –Accounting Science</b> (NQF8)	Commerce, Law and Management	Refer to website for details	Bachelor of Accounting Science (from Wits)	Contact school	Refer to website for details
<b>PGDip Accountancy (SAICA Chartered Accountant Route)</b> (NQF8)	Commerce, Law and Management	Refer to website for details	Bachelor of Accounting Science (from Wits)	Contact school	Refer to website for details
<b>PGDip Specialised Accountancy (Association of Chartered Certified Accountants Route) – Taxation elective</b> (NQF8)	Commerce, Law and Management	Refer to website for details	A Bachelor in Commerce General (Major in Accounting)  OR  A Bachelor of Accounting Science  OR  Any other undergraduate degree if the candidate has displayed relevant skills and competencies	Passing examinations by recognised IFAC accountancy bodies	Refer to website for details
<b>PGDip Taxation</b> (NQF8)	Commerce, Law and Management	Refer to website for details	Bachelor of Accounting Science (from Wits)	Contact school	Refer to website for details
<b>MCom Taxation</b> (NQF9)	Commerce, Law and Management	A programme of coursework extending over 18 months and a research report which must be completed during the last 6 months of the second year	South African qualified chartered accountants or lawyers who have had at least two years of experience beyond the accountancy or law school and who have committed themselves to a career in taxation	Preference will be given to applicants who elicit strong letters of recommendation from accounting or legal practitioners	Refer to website for details
<b>LLM Master of Laws</b> (NQF9)	Commerce, Law and Management	Refer to website for details	A bachelor's degree with Honours or an appropriate postgraduate diploma	70% for the LLM by coursework and research report	Refer to website for details
<b>LLM Tax Law</b> (NQF9)	Commerce, Law and Management	1 - 2 years	An average of 65% in the final year of the LLB plus evidence of ability to conduct scholarly research and writing  OR  An average of 70% in the final year of the LLB without evidence of ability to conduct scholarly research and writing	South African qualified chartered accountants or lawyers who have had at least two years of experience beyond the accountancy or law school and who have committed themselves to a career in taxation	Refer to course link for details

# UPCOMING COURSES AT THE TAX FACULTY



## ADVANCED PROGRAMME IN INTERNATIONAL VAT AND INTERNATIONAL TRADE

<b>Date:</b>	5 May 2020
<b>Duration:</b>	3 Months
<b>Cost:</b>	R 9960

South Africa has a destination-based VAT system. The VAT rules dealing with the international movement of goods or services are closely linked to the rules governing customs and excise, exchange control, as well as general commercial rules governing international trade. In this unique programme, the relevant rules governing international trade from a customs and VAT perspective are explored and linked to other regulatory frameworks in a practical manner.

Flexible payment options available



## PROFESSIONAL CERTIFICATE IN TAX OPINION AND DISPUTE WRITING

<b>Date:</b>	15 April 2020
<b>Duration:</b>	3 Months
<b>Cost:</b>	R 13 950

The purpose of this professional certificate is to develop the critical research, problem solving and writing skills to draft TAA compliant tax opinions that will mitigate SARS penalty risk. The course will also equip participants to effectively respond to SARS letter of audit findings, and prepare technical sound SARS objections and appeals.

Flexible payment options available



## PROFESSIONAL CERTIFICATE IN VALUE-ADDED TAX

<b>Date:</b>	15 April 2020
<b>Duration:</b>	3 Months
<b>Cost:</b>	R 9 960

This professional certificate is designed to empower course participants with applied working and practical knowledge of the fundamentals of VAT, whilst focusing on simulated real-life scenarios and the VAT 201 form.

Flexible payment options available



## PROFESSIONAL CERTIFICATE IN PAYROLL TAXES AND ADMINISTRATION

<b>Date:</b>	15 April 2020
<b>Duration:</b>	6 Months
<b>Cost:</b>	R 13 950

This professional certificate provides foundational technical training relating to payroll and employee taxation, including the practical elements of completing a basic payroll run and submitting the relevant SARS returns. The course is focused on integrating theory by simulating the real-life world of work and will enable participants to advance their career in payroll administration.

Flexible payment options available



registrations@taxfaculty.ac.za



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@TheTaxFaculty



@thetaxfaculty





## PROFESSIONAL CERTIFICATE IN ESTATE AND TRUST ADMINISTRATION

<b>Date:</b>	15 April 2020
<b>Duration:</b>	10 Months
<b>Cost:</b>	R 17 950

This professional certificate covers the planning and administration of estates, including insolvent estates, incorporating deceased estate administration procedures, the functions of the Master of the High Court, intestate and testate succession, the law of trusts, sequestration and its consequences, and winding-up both deceased and insolvent estates of individuals and corporates.

Discounted upfront options available



## QUALIFICATION: TAX PROFESSIONAL (ACCELERATOR PROGRAMME)

<b>Date:</b>	1 July 2020
<b>Duration:</b>	12 months
<b>Cost:</b>	R 29 500

This prestigious qualification provides successful participants with the advanced skills to practise as a tax consultant and advisor. The accelerator course is aimed at experienced graduates who qualify to complete this two-year programme within 12 months.

Discounted upfront options available



## QUALIFICATION: TAX TECHNICIAN (ACCELERATOR PROGRAMME)

<b>Date:</b>	01 July 2020
<b>Duration:</b>	12 months
<b>Cost:</b>	R 27 500

The knowledge and practical skills gained in this bridging programme for experienced tax practitioners will provide course participants with the foundational knowledge and practical skills to perform SARS tax compliance functions and services, including the preparation and submission of tax returns.

Flexible payment options available



## PROFESSIONAL CERTIFICATE IN TAXATION

<b>Date:</b>	01 July 2020
<b>Duration:</b>	12 Months
<b>Cost:</b>	R 21 950

This professional certificate is designed to empower course participants with applied working and practical knowledge of the fundamentals of taxation that will secure course participants the licence to practise as a registered tax practitioner with SARS and professional membership with the South African Institute of Tax Professionals (SAIT).

Flexible payment options available



# TAX HEADS OF DEPARTMENT AND LECTURERS

We asked tax heads of department what makes their tax course unique, and provide a listing of tax lecturers per university.



## NELSON MANDELA UNIVERSITY

### Department of Applied Accounting



What makes the tax courses at your institution unique from other institutions?

A variety of topics in taxation are covered during the Diploma/ Advance Diploma. The content of these module focuses on theoretical and practical application of the various topics.

#### LINDIWE MANGISA

*Lecturer*

Teaches Taxation level 3 and 4

[Lindiwe.mangisa@mandela.ac.za](mailto:Lindiwe.mangisa@mandela.ac.za)

#### TRACY BECK

*Head of Department / Senior Lecturer / Applied Accounting*

Teaches Taxation level 2

[tracy.beck@mandela.ac.za](mailto:tracy.beck@mandela.ac.za)



#### LIZEL BESTER

*Senior Lecturer and Discipline Leader: Taxation*  
Teaches Level 2 to 4 Taxation modules

[Lizel.Bester@mandela.ac.za](mailto:Lizel.Bester@mandela.ac.za)



#### PROF HERMAN VIVIERS

*Associate Professor*

Teaches Taxation on CTA level / Postgraduate

Diploma in Accountancy

[herman.viviers@nwu.ac.za](mailto:herman.viviers@nwu.ac.za)

## NORTH-WEST UNIVERSITY

### School of Accounting Sciences: Taxation



What makes the tax courses at your institution unique from other institutions?

The NWU's lecturing tax team is passionate about teaching and learning and strives towards excellence in making taxation practical and understandable for application in the formal workplace. Our course content and assessments are continuously evolving to incorporate the latest tax amendments and trends in the real world of tax. The programmes offered at NWU support life-long learning and strive in providing well-rounded, knowledgeable and ethical-aware tax professionals to the market.

#### PROF. DANIE SCHUTTE

*Professor*

Programme Leader: Research

[danie.schutte@nwu.ac.za](mailto:danie.schutte@nwu.ac.za)

#### PROF. PIETER VAN DER ZWAN

*Associate Professor*

Teaches MCom South African and International Taxation: Postgraduate

[pieter.vanderzwan@nwu.ac.za](mailto:pieter.vanderzwan@nwu.ac.za)

#### HERMAN VAN DYK

*Senior Lecturer*

Teaches MCom South African and International Taxation: Postgraduate and CA Programme:

Postgraduate Diploma in Accountancy (CTA)

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#### PROF. HERMAN VIVIERS

*Associate Professor*

Teaches CA Programme:

Postgraduate Diploma in Accountancy (CTA)

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#### PROF. MARIANA DELPORT

*Associate Professor*

Teaches CA Programme:

Postgraduate Diploma in Accountancy (CTA)

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#### LEANIE GROENEWALD

*Senior Lecturer*

Teaches CA Programme:

Undergraduate (third year)

[leanie.groenewald@nwu.ac.za](mailto:leanie.groenewald@nwu.ac.za)

**DAAN VAN ROMBURGH**

*Senior Lecturer*

Teaches CA Programme: Undergraduate (second year)

[daan.vanromburgh@nwu.ac.za](mailto:daan.vanromburgh@nwu.ac.za)

**JOANI DAHMS**

*Senior Lecturer*

Teaches CA Programme: Undergraduate (second and third year)

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**SHIBI SEKGOTA**

*Lecturer*

Teaches CA Programme: Undergraduate (second and third year) and Financial Accountancy Programme: Undergraduate (third year)

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**CORRIE MEIRING**

*Senior Lecturer*

Teaches Financial Accountancy Programme: Postgraduate Honours

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**LERIKE JACOBS**

*Senior Lecturer*

Teaches Financial Accountancy Programme: Postgraduate Honours

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**JULIA SIBANDA**

*Junior Lecturer*

Teaches Financial Accountancy Programme: Postgraduate Honours

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**GERT VON BENECKE**

*Senior Lecturer*

Teaches Financial Accountancy Programme: Undergraduate (third year)

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**PROF. KARINA COETZEE**

*Professor*

Teaches Financial Accountancy Programme: Undergraduate (second year)

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**MARIE PRESTON**

*Senior Lecturer*

Teaches Financial Accountancy Programme: Undergraduate (second year)

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**PROFESSOR JACKIE ARENDSE**

**Associate Professor**

Teaches taxation at all levels

[j.arendse@ru.ac.za](mailto:j.arendse@ru.ac.za)

**RHODES UNIVERSITY**

Department of Accounting (Tax Division)



What makes the tax courses at your institution unique from other institutions?

We have the most experienced post-graduate supervisor in the country, in Professor Lilla Stack, and we have a highly-qualified and experienced tax team to guide the students.

**EDWARD HORN**

*Lecturer*

Teaches tax up to Masters level

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**RICHARD POOLE**

*Lecturer*

Teaches tax up to Masters level

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**LONDEKA KHOMO**

*Lecturer*

Teaches tax and 2nd and 3rd year level

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## STELLENBOSCH UNIVERSITY

School of Accountancy



What makes the tax courses at your institution unique from other institutions?

We form a solid foundation at second year level and build on that in future years.



LINDA VAN HEERDEN

Associate professor  
Teaches BAcc (Hons)  
[lvschalk@sun.ac.za](mailto:lvschalk@sun.ac.za)

### RUDIE NEL

Senior Lecturer  
Teaches BAcc (Hons)  
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### ANDREA HERRON

Senior Lecturer  
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### MARYKE WIESENER

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### CARA THIART

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### CECILEEN GREEFF

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### PETRA WARFFEMIUS

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### REMERTA BASSON

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### GARY DE VINK

Lecturer  
Teaches 2nd and 3rd Year Taxation  
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### MONIQUE MALAN

Lecturer  
Teaches 3rd Year Taxation, Coordinator MAcc (Taxation) for 2020 intake  
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### WALDETTE ENGELBRECHT

Lecturer  
Teaches 2nd and 3rd Year Taxation  
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### ANJA VAN NIEKERK

Lecturer  
Teaches 2nd and 3rd Year Taxation  
[anjab@sun.ac.za](mailto:anjab@sun.ac.za)

# UNIVERSITY OF CAPE TOWN

Department of Finance and Tax



## TRACY JOHNSON

Head of the Tax Section in the Department of Finance and Tax

Teaches BCom Hons (Taxation) and MCom (South African Taxation)

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What makes the tax courses at your institution unique from other institutions?

The BCom Honours (Taxation) programme is unique in that the design of the curriculum is based on the type of tax work that tax consultants are most likely to be exposed to early in their careers, from both a compliance and an advisory perspective. In this way, the curriculum is also aligned to the curriculum of the Tax Professional qualification offered by SAIT. The programme aims to develop and promote tax technical knowledge and skills with a view to bridge the gap between the competencies gleaned through undergraduate studies in domestic taxation, and the competencies required by tax professionals.

### PROF JENNIFER ROELEVELD

*Emeritus Professor*

Teaches MCom (South African Taxation) and MCom (International Taxation)

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### DR CRAIG WEST

*Associate Professor*

Teaches MCom (South African Taxation) and MCom (International Taxation)

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### DARRON WEST

*Senior Lecturer*

Teaches BCom Hons (Taxation) and MCom (South African Taxation)

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### RUDI OOSTHUIZEN

*Lecturer*

Teaches BCom Hons (Taxation)

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### MARTIE FOSTER

*Senior Lecturer*

Teaches MCom (South African Taxation)

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### PROF. DEBORAH TICKLE

*Adjunct Associate Professor*

Teaches MCom (South African Taxation)

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### PRO.F DAVID WARNEKE

*Adjunct Associate Professor*

Teaches BCom Hons (Taxation) and MCom (South African Taxation)

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### PROF. SHAUN PARSONS

*Associate Professor*

Teaches Tax II and Tax III

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### MR RILEY CARPENTER

*Senior Lecturer*

Teaches Tax III

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### RIYAAN MABUTHA

*Senior Lecturer*

Teaches Tax III

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### KIM HENDRICKSE

*Lecturer*

Teaches Tax II and Tax III

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### TARYN LEIGH ADAMS

*Lecturer*

Teaches Tax I and II

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The MCom (South African Taxation) programme brings together esteemed tax experts, each with many decades of experience, to share their knowledge with the cohort of students. The aim of the course is to equip successful candidates with the skills to be well rounded, competent practitioners in the tax field; to assess the tax efficiency of commercial transactions; to do research; to draft legal opinions; to deal with SARS on behalf of clients; and to prepare for and execute tax litigation.

The MCom (International Taxation) programme is one of the few masters' programmes in international taxation available in South Africa. The programme is presented by UCT academics and visiting staff from the IBFD and covers treaty provisions dealing with business taxation, investment flows, income of individuals, non-discrimination, double tax relief and treaty dispute resolution, as well as methods of treaty interpretation, transfer pricing and other selected topics.

### SAMEENAH ESACK

*Lecturer*

Teaches Tax I and II

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### PROF. JOHANN HATTINGH

*Associate Professor*

Teaches LLM in Tax Law and LLM International Taxation and other courses

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### DR TRACY GUTUZA

*Associate Professor*

Teaches LLM in Tax Law and other courses

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### AFTON TITUS

*Senior Lecturer*

Teaches LLM in Tax Law and other courses

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### DES KRUGER

*Adjunct Associate Professor*

Teaches LLM in Tax Law

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## UNIVERSITY OF FORT HARE

Nkukhlu Department of Accounting



What makes the tax courses at your institution unique from other institutions?

The curriculum is well spread over the course of the degree with focus areas on relevant, practical application.

**G. YOUNG**

*Lecturer*

Teaches Taxation across all levels

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**A. NGCOFE**

*Lecturer*

Teaches Taxation across all levels

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**M. PHESA**

*Lecturer*

Teaches Taxation across all levels

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**DAYLAN STAUDE**

*Senior Lecturer*

Teaches Taxation postgraduate level

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**PROF FRANS PRINSLOO**

*Associate Professor of Auditing and Director: School of Accountancy*

Teaches Advanced Auditing to Bachelor of Accounting Honours and Postgraduate Diploma in Chartered Accountancy (CTA) students

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## UNIVERSITY OF THE FREE STATE

School of Accountancy



What makes the tax courses at your institution unique from other institutions?

We are surrounded by a well-established farming community and therefore make specific provision for students to, in addition to the syllabi prescribed by the accreditation bodies, have an understanding of the tax implications of farmers and small businesses.

Due to the fact that there are only four lecturers involved in taxation in the year modules presented, the tax lecturers are required to keep their knowledge of the entire tax legislation up to date and can't necessarily only specialise in one topic (e.g. individuals). The lecturers are all passionate about the academia and taxation and all advanced their own qualifications and are also involved in the updating of taxation text books.

There is a close relationship between the tax lecturers in which they share their knowledge, discuss and debate amongst each other on a daily basis in order to sustain and improve their own professional development as well as the development of their students. This furthermore ensures that knowledge is transferred to students in a consistent manner over the period of their studies.

**ANNELIZE OOSTHUIZEN**

*Senior lecturer*

Teaches Taxation to the Bachelor of Accounting (3rd year), Bachelor of Commerce Honours in Accounting as well as Postgraduate Diploma General Accountancy students

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# UNIVERSITY OF JOHANNESBURG

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### What makes the tax courses at your institution unique from other institutions?

In an ever-changing, dynamic environment, our Accountancy@UJ team is always looking for innovative ways to teach and learn. Our programmes are distinctly focused on the development of well-rounded individuals by preparing graduates to be ethical and critical thinkers and innovative enablers in the 4th Industrial Revolution.



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# UNIVERSITY OF KWAZULU-NATAL

School of Accounting, Economics and Finance



### What makes the tax courses at your institution unique from other institutions?

- Taxation is offered within the BCom-Accounting, PGDA and FBIM programmes.
- Upon pending approval, a Masters in Taxation is available to individuals who wish to specialise in taxation.

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**UNIVERSITY OF PRETORIA**  
Faculty of Economic and Management Sciences:  
Department of Taxation



What makes the tax courses at your institution unique from other institutions?

The focus of the Department of Taxation is the training of students in becoming tax specialists. Our Programmes do not follow the old traditional approach where students just sit in class and listen to a lecturer for hours. Our approaches to transfer current and relevant tax knowledge to our students are innovative and aim to grow our students' problem-solving and other soft skills, for example, using virtual reality in the classroom as a our learning platform.



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## UNIVERSITY OF SOUTH AFRICA

### Department of Taxation



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## UNIVERSITY OF THE WESTERN CAPE

### Department of Accounting



What makes the tax courses at your institution unique from other institutions?

We provide one on one opportunity for students via consultation on PGDA level and we perform a mentorship role regarding academic issues pertaining to tax and support and motivation on a personal level. (Small PGDA class makes this possible.)

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# UNIVERSITY OF THE WITWATERSRAND

## Taxation Division



What makes the tax courses at your institution unique from other institutions?

The team is dynamic and we aim to help our students understand the purpose of each tax rule, to promote critical thinking skills. Students are exposed to real life tax scenarios through projects which require the interpretation and application of tax legislation while working in groups. Our students then learn to communicate the application of tax legislation to a given scenario.

### ASHEER RAM

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### REINHARD RUDD

*Senior Lecturer*

Teaches Taxation IV

### FAEEZA SONI

*Senior Lecturer*

Teaches Taxation III, IV and Advanced Tax (ACCA)

### NALEDI NKHI

*Senior Lecturer*

Taxation III and IV

### HENRIETTE ERASMUS

*Senior Lecturer*

Teaches Taxation II, III and Tax Honours

### TANYA TIFFLIN

*Lecturer*

Teaches Taxation II and III

### TUKISANG TEKOLO

*Lecturer*

Teaches Taxation II and III

### KATLEGO MATSHEGO

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**NIRUPA PADIA**

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# TAX EDUCATION: TAX IN LAW

► **LIEZEL TREDOUX**, [Classlg@unisa.ac.za](mailto:Classlg@unisa.ac.za)

A senior lecturer in Tax Law takes us through the exposure that law students have to tax subjects and the different avenues into tax law and the career paths followed by students who complete postgraduate studies.

Legal education in South Africa has evolved tremendously since the days that current educators set foot in the classroom for the first time. Gone are the days where one could threaten learners that should they not study, they would not make it to their final year or graduation! While I embrace a sensitive and a positive approach, some students need just slightly more motivation to enter the proverbial lion's den in the workplace. A similar approach applies to tax education in law, as in most instances more than the basic legal degree is usually required to embark on a career in tax law specifically.

### **The nature of legal training**

Entering the legal profession requires the mastering of a combination of many different skills. Legal studies are primarily aimed at providing students with an understanding and knowledge of the law, the development of soft skills and the ability to read, interpret and write comprehensively.

The scope of this training is wide and predominantly knowledge based. The wide variety of specialist subjects included in the curriculum do not cover all the fields that are encountered in practice. It is thus very possible for a law graduate to have an excellent knowledge of, for example, banking law only to find herself or himself working for a law firm specialising in patent law – a subject which he or she might have no knowledge of. Similarly, at pre-graduate level, the legal education system in South Africa is not primarily aimed at training tax attorneys or tax practitioners.

### The LLB degree

The primary aim of most students who embark on legal studies is firstly to obtain an LLB degree. This degree is currently a four-year qualification. It is presented at level 8 of the South African National Qualifications Framework (NQF), which is the equivalent of a traditional honours degree. After completion of this degree graduates could traditionally apply for articles of clerkship at a law firm to become admitted attorneys or could opt to be admitted as advocates. Other less traditional career paths are judges' clerks or legal advisers. Both these professions are now, since the promulgation of the Legal Practice Act 28 of 2014, described as legal practitioners. A career in tax is not the objective of most students who study law for the first time. Students are often not in a position to determine their area of specialisation at this early stage of their legal studies. They are exposed to many different specialised subjects within the legal field and are mostly still exploring the different career paths that are available to them.

### Tax law as part of the pre-graduate LLB curriculum

Tax law is a compulsory subject at some universities and an elective module at other universities in South Africa. Usually this first exposure to the subject consists of a basic introduction to income tax law. At the University of South Africa, tax law is an elective subject which is presented in the final year of the LLB programme (at NQF level 8, honours level). The curriculum comprises a study of legislation, case law, SARS guidelines and interpretation notes aimed at teaching students the legal principles that govern gross income, exemptions, deductions, assessed losses, capital gains tax, tax avoidance and tax administration. The course also includes specific issues that are relevant to the taxation of individuals (specifically including minors), companies, close corporations and trusts at an introductory level.

This course aims to expose students to the interpretation of tax law and enable them to apply the law to case studies based on fictional factual scenarios. This should enable them to advise clients by proposing a specific course of action, writing a legal opinion or advising on the process of dispute

resolution and/or litigation. It does include basic calculations, but it is not the purpose to enable students to complete tax returns. The emphasis is on the correct interpretation and application of the law, while encouraging critical thought. The creation of new ideas or proposals to improve the law are not required outcomes at pre-graduate level. The outcome of the course is to enable students to apply the law to enable them to solve a specific problem.

It is a course that students find very challenging, as the structure of tax law and the sophisticated legislation is quite different from many of the other legal subjects that are offered as part of the LLB curriculum. It is rewarding to teach, as many students have a preconceived idea that tax law is difficult and once this view is dispelled, many students excel in this subject. The pass rate is generally in line with the pass rates of other legal subjects offered at this level.

There are also other universities that offer elective courses in value-added tax, estate duty, transfer duty and donations tax at LLB level. With the exception of a few universities, it is however possible that a law student could graduate without ever being exposed to tax law as a subject, due to the fact that it is an elective module.

### Postgraduate legal studies

LLB graduates who wish to specialise in tax have the option of furthering their studies at postgraduate level. The available options vary as different universities offer a variety of postgraduate diplomas, certificate courses and master's degrees in specific areas of tax law. The traditional LLM degree remains a popular option for many law graduates. Ultimately, the LL.D degree/ doctorate with specialisation in tax law is the highest level of qualification that can be obtained in this field.

#### *The LLM with specialisation in tax law*

At the University of South Africa, students who wish to obtain an LLM degree in tax have the choice to either write a dissertation on one specific topic or to complete an LLM by coursework which consists of four tax law subjects and a mini-dissertation as part of the short research component required at this level. The course is presented at NQF level 9.

At master's level, students are required to gain detailed knowledge and an in-depth analysis of legislation, case law, journal articles, interpretational guidelines issued by SARS and model tax conventions. The subjects offered as part of five coursework choices include estate duty, transfer duty, donations tax, international tax, corporate tax, advanced income tax, tax administration (including constitutional aspects and taxpayer rights) and value-added tax. The courses are



*“Generally in South Africa there is a need for the development of courses that are more aligned with the needs of practitioners, especially in the area of tax administration.”*

- ▶ currently very academic and the emphasis is on the application of the law to a factual scenario, as well as a critical analysis of the adequacy of the regulation. As part of their assignments, students are expected to conduct independent research, draft opinions and express their own points of view with reference to relevant authority. At this level, students are encouraged to work independently, master advanced concepts and analyse intricate detailed factual scenarios.

The feedback from students that have completed LLM degrees in tax law is generally very positive. Many are already tax attorneys, advocates or financial and/or estate planners or other legal professionals who find the knowledge that they gain very helpful in executing their daily tasks. Other students are general legal professionals who wish to change their career paths and embark on a career in tax specifically. It remains a knowledge based approach and although deeper analytical skills are taught, there is room for improvement to bring many of these courses in line with the needs of practitioners who specialise in tax specifically.

#### *The LLD with specialisation in tax law*

The doctorate with specialisation in tax law comprises a research proposal and a thesis on a topic of the student’s choice. A new contribution to the body of knowledge is required, which is original and furthers the development of legal thought in this field. This thesis is written under the supervision of a senior academic who has obtained an LLD degree in tax law themselves. Students are often very innovative with their proposals for law reform and engage in the writing of legislation. This degree is presented at NQF level 10 and is aimed at senior tax specialists.

#### **Conclusion**

Generally in South Africa there is a need for the development of courses that are more aligned with the needs of practitioners, especially in the area of tax administration. A student that has completed the standard LLB degree with tax law as a choice subject will be able to grow if exposed to a tax environment with appropriate leadership from more experienced tax attorneys and/or practitioners. In my view, there is a definite need for an intermediate level of training which is not at the level of a Master’s degree, yet covers more detail than the LLB degree. This need is addressed by many other universities that do offer shorter postgraduate courses in tax law. Similarly, there is a need to match research topics encountered in practice to the research conducted by students in universities. This would help to create a profession in which knowledge sharing and thought leadership are optimised.



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THE TAX  
STUDENT'S

# GUIDE TO GETTING HIRED

A compilation of hiring process information from accounting firms, Government departments and law firms to assist tax graduates on their journey to becoming tax professionals.



# PARTICIPATING ACCOUNTING FIRMS AND

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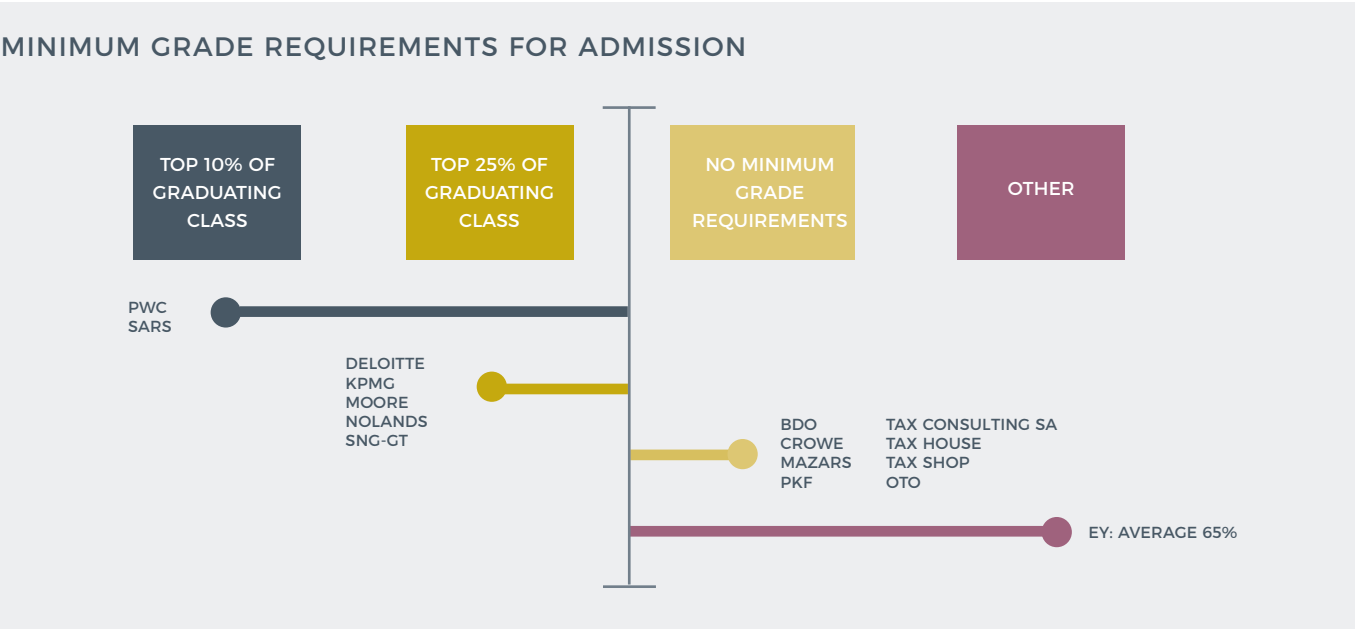
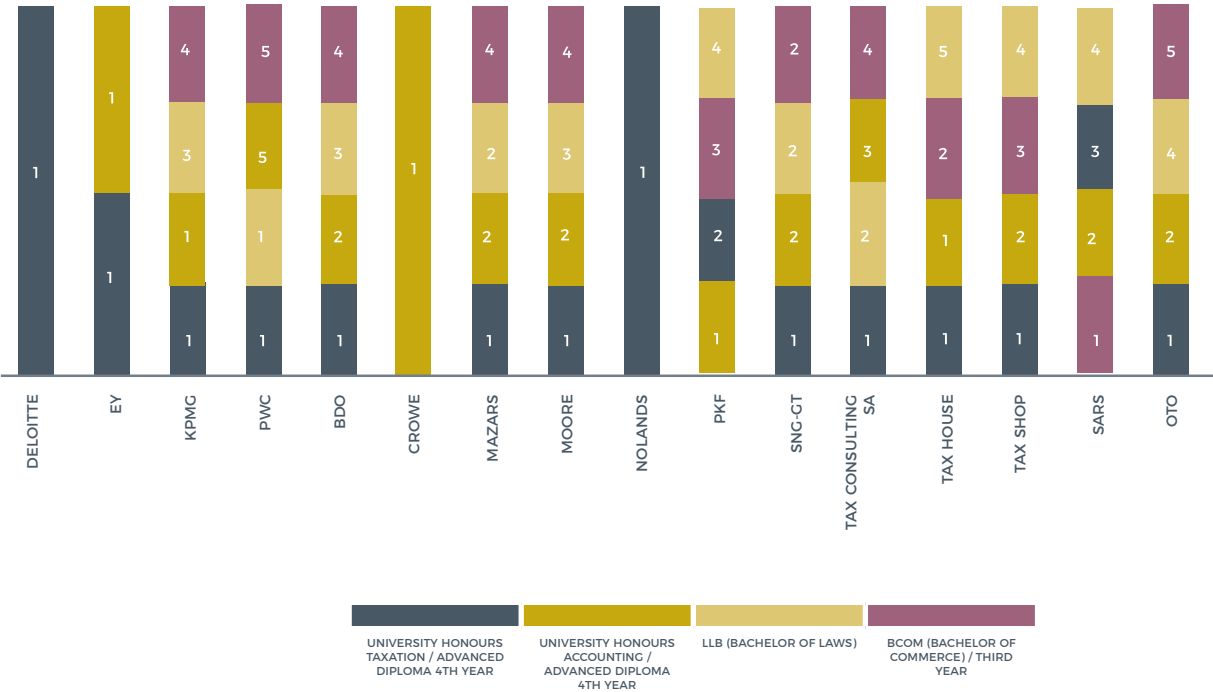


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# THE ACCOUNTING AND GOVERNMENT ROUTE INTO TAX

RANKINGS IN TERMS OF QUALIFICATION PREFERENCES (1 = high, 5 = low)



PERSONAL QUALITIES PREFERRED IN AN APPLICANT

	PREFERRED QUALITY 1	PREFERRED QUALITY 2	PREFERRED QUALITY 3
DELOITTE	Self-motivated candidates who display the ability to think analytically and critically. Potential for digital acumen	Strong leadership and organisational skills	Strong verbal and written communication skills
EY	We are not only looking for high academic achievers, we also want you to demonstrate leadership through your involvement in extra-curricular activities and in the community around you	We want you to have a clear sense of personal and professional accountability and to show that you are committed to doing the right thing	We look for people who recognise the value of different backgrounds and points of view. By respecting these differences, we enrich our perspectives, which in turn help us to build strong relationships and enhance the services we provide to our clients
KPMG	Attention to detail	Priority to deadlines	Resilience
PWC	Critical, analytical and solution-orientated mindset and at all times acting with integrity	Ability to communicate and work together with a wide range of people	Strong linguistic skills, loves reading and curious about new ways of doing things
BDO	Drive, ambition and hard work	Passion for tax	High cognitive functioning
CROWE	Interpersonal skills	Target driven	Sociable
MAZARS	Culture and values aligned with Mazars culture and values	Analytical and solution orientated	Excellent planning and organisational skills
MOORE	Great interpersonal skills, well-mannered and respectful	High levels of integrity and commitment	Passion for learning
NOLANDS	Good communication skills	Positive attitude towards life and work	Being a team player
PKF	Ability to apply knowledge to work scenarios	Good attitude, communication skills and manners	Hard working
SNG-GT	Someone who has embraced diversity	Must be passionate about something; this indicates commitment and dedication to accepted causes	Must be respectful
TAX CONSULTING SA	Self-motivated, hardworking and deadline driven, with sound aspirations to master their field	Exceptional communication skills, verbal and written	Detail orientated, accuracy in delivering with speed.
TAX HOUSE	High levels of integrity and a self-starter with a proven ability to work independently.=	Great interpersonal and communication skills and a good team player	High attention to detail while having the ability to work with speed and effective time-management skills with the ability to prioritise tasks
TAX SHOP	Ability to master all aspects of accounting, book-keeping and taxation in SME market	Computer literacy with a high level of knowledge of relevant software applications	Ability to apply theory to real world challenges and solve problems
SARS	Integrity: high values / high moral compass / honesty / alignment to SARS values	Self-directed / self-disciplined / ability to work well in a team	Open-minded / innovative thinking / agile to change
OTO	Adhering to principles and values	Planning and organising / analysing	Following instructions and procedures

## MOST COMMON MISTAKES LEADING TO A FAILED CONTRACT RENEWAL

	MISTAKE 1	MISTAKE 2	MISTAKE 3
DELOITTE	Not seizing the opportunity afforded to you to the best of your abilities	It's important for graduates to take responsibility for their own professional, practical and technical development	Not having a positive attitude
EY	Inability to accept feedback	Inability to manage emotions on the job	Inability to work effectively with others (teaming)
KPMG	Assuming that now that they are employed, they can sit back and relax	That doing the minimum amount of work will result in maximum benefits	Not addressing issues as they happen and allowing things to snowball
PWC	Poor performance	Not having a 'can do' attitude	Lack of enthusiasm
BDO	Believing that your career is someone else's responsibility	Treating the opportunity as a "job" and not as a career	Not taking ownership and therefore not going above and beyond
CROWE	Relocations who struggle to adapt	Inability to handle high stress levels	Lack of time management skills
MAZARS	Candidate oversells capabilities or knowledge	Does not take ownership of assignments	Emotional immaturity
MOORE	Poor attitude	Poor work performance	Lack of interest by the trainee
NOLANDS	Being untrue to your personality	Overestimating your capabilities, i.e. being dishonest	Not having a clear vision for your future and the firm's
PKF	Poor attitude and interpersonal skills	Sense of entitlement	Lack of professionalism
SNG-GT	It is very important that during the interview we get to know a bit about the candidate, so where one is not providing enough details about themselves during the interview it is difficult to try to gauge whether the person will fit in with our small team		
TAX CONSULTING SA	Poor work performance quality, just meeting the standard and not outperforming	Unable to work in a high-pressured environment	Inability to multi-task and do not show the ability for growth
TAX HOUSE	Negative feedback from applicant's references	Gap between skills and experience listed on CV and actual skills and experience of applicant	Discrepancy between remuneration offered and unrealistic remuneration expectations of applicant
TAX SHOP	Insufficient planning and organisational skills resulting in not meeting deadlines	Lack of attention to detail	Lack ability to apply theory to practical cases and solving problems
SARS	ER issues – inappropriate behaviour transgressing SARS policies, procedures and/or the law	Not completing the Learner Activity Manual deliverables – due under performance	Poor attitude and friction with team members
OTO	Lack of understanding of the mandate of the Office of the Tax Ombud	We are a small organisation – graduates want large organisations with more growth opportunities with a short period of time	

GRADUATE/LEARNERSHIP PROGRAMMES AVAILABLE TO UNIVERSITY STUDENTS INTERESTED IN TAX

SAIT TAX PROFESSIONAL PROGRAMME

EY	PKF
KPMG	SNG-GT
PWC	TAX HOUSE
BDO	TAX SHOP
MOORE	OTO
NOLANDS	

SAICA CA PROGRAMME

DELOITTE	MAZARS
EY	PKF
KPMG	SNG-GT
CROWE	SARS

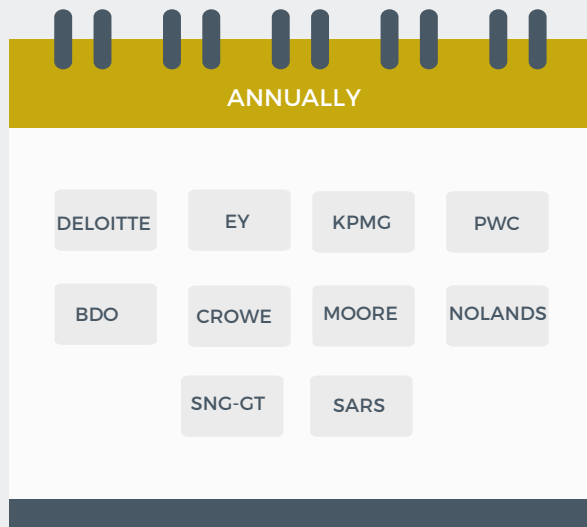
SAIPA PROGRAMME

MOORE
PKF

INTERNAL PROGRAMME

<b>DELOITTE</b> TrAX two-year tax graduate programme
<b>TAX SHOP</b> Develop in-house under mentorship

RECRUITMENT PERIOD FOR ENTRY-LEVEL TAX HIRES



WHEN NEEDED

- MAZARS
- PKF
- TAX CONSULTING SA
- TAX HOUSE
- TAX SHOP
- OTO

## FORMAL HIRING PERIOD FOR ENTRY-LEVEL TAX CANDIDATES

DELOITTE	January – May
EY	February – September
KPMG	January – October
PWC	February – August
BDO	August – December
CROWE	February – January
MAZARS	Continuous period – based on business needs
MOORE	May – September
NOLANDS	August – November
PKF	Based on business needs
SNG-GT	August – November
TAX CONSULTING SA	12 months
TAX HOUSE	When required
TAX SHOP	When required
SARS	March – April
OTO	April – May

## MINIMUM OVERALL REQUIREMENTS FOR ADMISSION

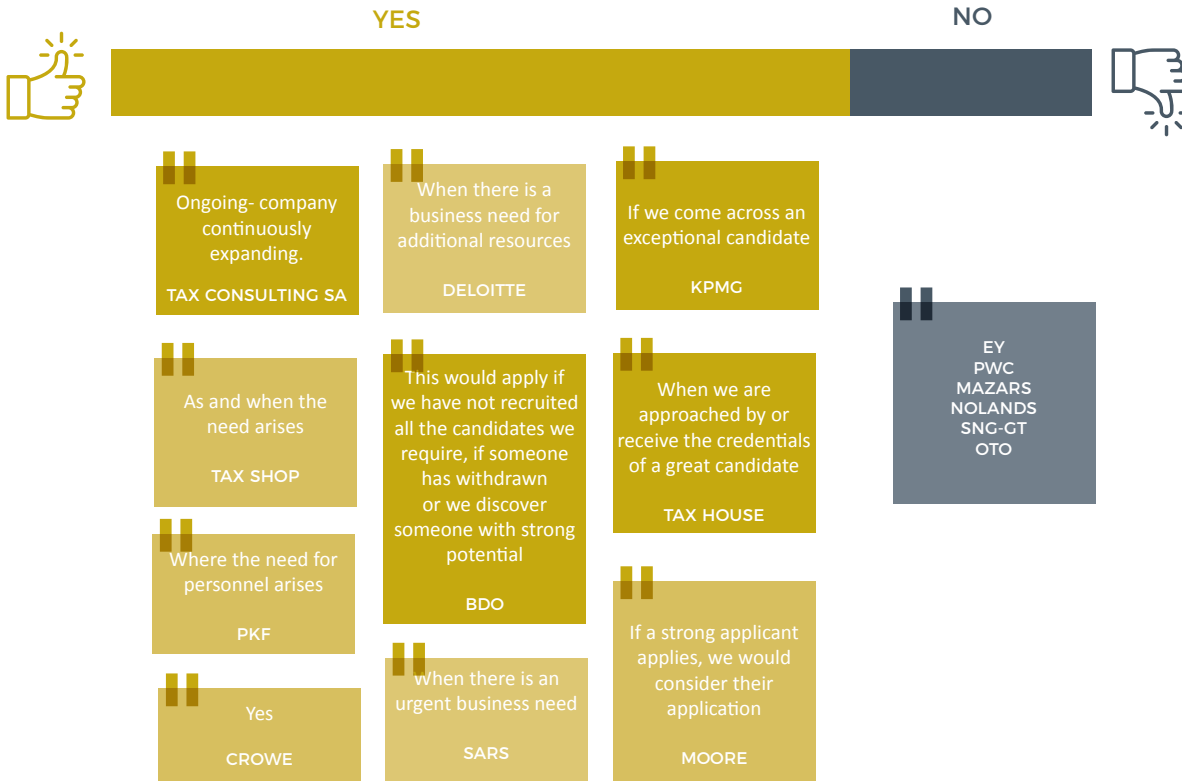
DELOITTE	Hons Tax	NOLANDS	Hons Tax
EY	Completed honours degree in Tax or Accounting with an academic weighted average of at least 65%	PKF	Hons Tax
KPMG	Hons Tax	SNG-GT	BCom Tax degree with an intention to study further; Hons Tax; Hons CA
PWC	Hons Tax	TAX CONSULTING SA	Hons Tax
BDO	Hons Tax, B degree + HDip Tax, Hons CA, Hons Economics, LLB	TAX HOUSE	Hons Tax, PGDip Tax
CROWE	Hons CA	TAX SHOP	Tertiary qualification
MAZARS	Undergraduate degree	SARS	Varies for the different programmes
MOORE	Hons Tax	OTO	University Honours Accounting / Advanced Diploma



## HOW CAN UNIVERSITY STUDENTS FORMALLY APPLY?

HR DEPARTMENT	WEBSITE	OTHER
<b>DELOITTE</b>	<a href="http://www.deloitte.com/za/en/careers/students">www.deloitte.com/za/en/careers/students</a>	<ul style="list-style-type: none"> <li>• Facebook: <a href="http://www.facebook.com/DeloitteGradsAfrica/">www.facebook.com/DeloitteGradsAfrica/</a> <a href="http://www.facebook.com/LifeAtDeloitteAfrica">www.facebook.com/LifeAtDeloitteAfrica</a></li> <li>• Twitter: @DeloitteLifeSA</li> <li>• Instagram: @LifeAtDeloitteAfrica</li> <li>• LinkedIn: Deloitte South Africa</li> <li>• University portals</li> </ul>
<b>EY</b>	<a href="http://www.ey.com/za/en/careers/students">www.ey.com/za/en/careers/students</a>	
<b>KPMG</b>	<a href="http://www.joinkpmg.co.za">www.joinkpmg.co.za</a>	
<b>PWC</b>	<a href="http://www.pwc.co.za/en/careers.html">www.pwc.co.za/en/careers.html</a>	
<b>BDO</b>	taxacademy@bdo.co.za or contact Lindy Steyn (Training Officer) lsteyn@bdo.co.za	<a href="http://www.bdo.co.za/en-za/careers">www.bdo.co.za/en-za/careers</a>
<b>CROWE</b>	recruitment.ct@crowehorwath.co.za	<a href="http://www.crowe.za.com">www.crowe.za.com</a>
<b>MAZARS</b>	<a href="https://mazars.erecruit.co/candidateapp/Jobs/Browse">https://mazars.erecruit.co/candidateapp/Jobs/Browse</a>	Mazars LinkedIn page
<b>MOORE</b>	Email us at: <a href="mailto:careers@moorect.co.za">careers@moorect.co.za</a>	<a href="http://www.moore-southafrica.com/">www.moore-southafrica.com/</a> LinkedIn: <a href="https://www.linkedin.com/company/mooresouthafrica/">https://www.linkedin.com/company/mooresouthafrica/</a>
<b>NOLANDS</b>	Tabassumb@nolandscpt.co.za	<a href="http://www.nolands.co.za">www.nolands.co.za</a> LinkedIn and Facebook
<b>PKF</b>	Rene Clifford – HR Manager <a href="mailto:rene.clifford@pkf.co.za">rene.clifford@pkf.co.za</a> 031 573 5000	Facebook - <a href="https://www.facebook.com/pkf.durban/">https://www.facebook.com/pkf.durban/</a> Instagram - <a href="https://www.instagram.com/pkfdurban/">https://www.instagram.com/pkfdurban/</a> LinkedIn - <a href="https://www.linkedin.com/company/pkf-umhlanga/">https://www.linkedin.com/company/pkf-umhlanga/</a>
<b>SNG-GT</b>	Mandla Ndaba <a href="mailto:Mandla.Ndaba@sng.gt.com">Mandla.Ndaba@sng.gt.com</a>	
<b>TAX CONSULTING SA</b>	Directly to the recruitment department: <a href="mailto:recruitment@africorpsolutions.co.za">recruitment@africorpsolutions.co.za</a>	<a href="http://www.africorpsolutions.co.za">www.africorpsolutions.co.za</a>
<b>TAX HOUSE</b>	<a href="mailto:admin@thetaxhouse.co.za">admin@thetaxhouse.co.za</a>	<a href="http://www.thetaxhouse.co.za/careers-with-us/">www.thetaxhouse.co.za/careers-with-us/</a> LinkedIn and Facebook
<b>TAX SHOP</b>	<a href="mailto:enquiries@taxshop.co.za">enquiries@taxshop.co.za</a>	<a href="http://www.taxshopservices.co.za">www.taxshopservices.co.za</a> Facebook & LinkedIn
<b>SARS</b>	SARS Traineeship applications can be done online in response to an advert posted on the SARS website.	We often post a teaser on Career Junction and the SARS Facebook and Twitter pages to route applicants to the link on the SARS website
<b>OTO</b>	<a href="mailto:recruitment@taxombud.gov.za">recruitment@taxombud.gov.za</a>	<a href="http://www.taxombud.gov.za">www.taxombud.gov.za</a> Twitter and Facebook

## DO YOU EVER HIRE AFTER THE FORMAL HIRING PERIOD HAS CLOSED?



## FIRMS THAT SEND RECRUITERS TO UNIVERSITIES (CAREER DAYS)

DELOITTE	Deloitte sends recruiters to university career fairs and we participate in other particular projects we are invited to.
EY	We announce all our campus events on our social media pages. Please follows us on: Facebook – EY Careers Instagram – eyafrica_ Twitter - @EY_Africa
KPMG	We attend student fairs.
PWC	NWU (Potch and Vaal), UP, UJ, WITS, UCT, Stellenbosch, and Rhodes .
BDO	We attend various university career fairs throughout the year.
CROWE	We go to career fair days at UCT, University Stellenbosch, and UWC.
MAZARS	We attend career fairs at most universities. These happen throughout the year.
MOORE	We attend career days at all major universities as well as the SAIT student conference in Cape Town.
NOLANDS	We have recruiters present at university career days and at the SAIT Student Conference.
PKF	Throughout the year and on special career days held by the universities.
SNG-GT	We send them during the recruitment weeks published by universities.
TAX SHOP	We attend university career fairs throughout the year.
SARS	SARS participates in university career fairs to attract students to our programme and only recruits from formally-received online applications.



**KPMG**  
2-year graduate learnership with SAIT exams; no rotation of business units



**MOORE**  
Moore Cape Town offers a one-week vacation work programme during the June / July holidays

**FIRMS THAT OFFER INTERNSHIP PROGRAMMES TO STUDENTS BEFORE THEY GRADUATE**

**SARS**  
SARS has an internship programme for matriculants with a Higher Diploma in Financial Management (or similar)




**NOLANDS**  
One week vacation work programme in June/July





**FIRMS THAT OFFER WINTER PROGRAMMES TO STUDENTS BEFORE THEY GRADUATE**

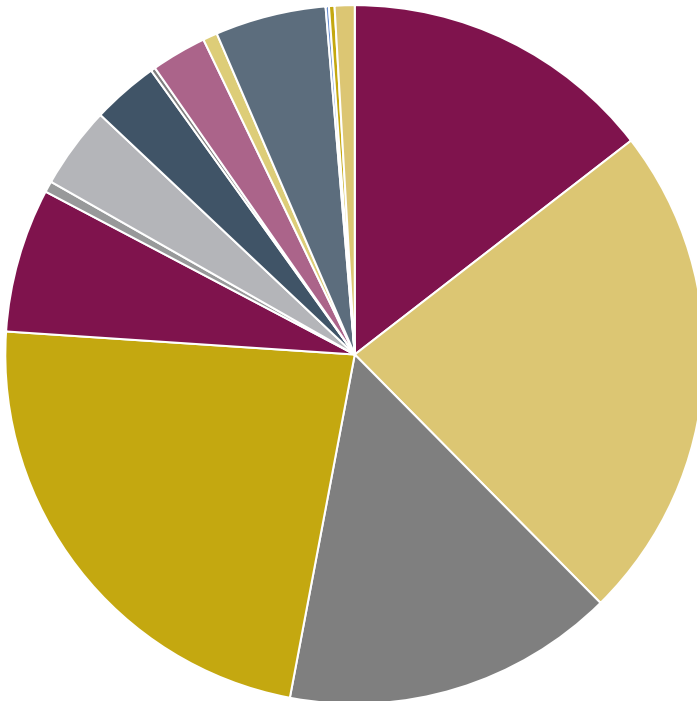


**DELOITTE**  
We offer 1 Deloitte Vac School in July

**PKF**  
Vac work in July and December during school holidays

**MOORE**  
Moore Cape Town offers a one-week vacation work programme during the June / July holidays

**NUMBER OF PROFESSIONALS IN THE FIRM'S SOUTH AFRICAN TAX DEPARTMENT**



DELOITTE	283
EY	+/- 450
KPMG	300
PWC	+ - 450
BDO	130
CROWE	10
MAZARS	74
MOORE	60
NOLANDS	4
PKF	50
SNG-GT	13
TAX CONSULTING SA	100
TAX HOUSE	3 Tax practitioners (and other CAs and tax accountants)
TAX SHOP	5
SARS	SARS currently has approximately 12 800 employees skilled in various disciplines of tax and customs
OTO	18

## WHY SHOULD A GRADUATE CHOOSE YOUR FIRM AS OPPOSED TO A COMPETITOR'S?

<b>DELOITTE</b>	As a Deloitte Tax & Legal professional, you will work with colleagues across the globe to address the complex, ever-changing challenges of our clients. This practical approach broadens your tax and legal knowledge, instils and builds confidence to take on new challenges, and allows you to expand your career possibilities. Your experience is enhanced by working on thought-provoking projects both for clients and the broader community alongside bright and motivated colleagues from all over the world. As a recent Tax graduate the overall aim is to ensure that you benefit from a seamless integration into the professional role as a Tax Practitioner at Deloitte.
<b>EY</b>	EY is a global leader in assurance, tax transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all our stakeholders. In so doing, we play a critical role in building a better working world for our people, our clients and our communities.
<b>KPMG</b>	Quality of the training and exposure to quality client work.
<b>PWC</b>	As a leading firm that provides professional services across the world we offer you endless professional opportunities. Careers are built in a team orientated, open, trusting and inclusive environment. Team leaders and coaches act as mentors, helping you make the most of your experiences so that you can grow, explore new opportunities and achieve your potential. You will work across many areas of tax to help you develop a broad base of compliance and consulting skills. If you remain with PwC once you qualify, you can deepen your specialised skills in one of our highly specialised practice areas.
<b>BDO</b>	BDO Tax is not too big and not too small – BDO Tax is just right. We value people and strive for excellence in tax. We recruit, retain and develop top class tax professionals to their abilities, within the requisite transformation framework, and focus on BDO's values by exceeding expectations whilst having fun through inspired thinking and living principle-centred lives.
<b>CROWE</b>	Graduates choose our firm because of the nature of the relationships we form with our clients. Our smaller firm size also means that graduates get personal attention from partners not found at bigger firms.
<b>MAZARS</b>	You will never feel that you are just a number; you are truly an individual and your input will be valued. You will be able to express yourself and your goals. There are so many opportunities for growth. You will be exposed to a broad range of clients, from JSE listed to owner managed businesses. No day in your life will ever be the same and each day will bring new challenges.
<b>MOORE</b>	Our firm has a unique culture that promotes collaboration, teamwork, fun and technical competence. We have an ever-growing tax client base which is a testament to the level of service we provide to our clients. Our broad range of clients and the expertise of our partners and managers ensure that our trainees have a depth and breadth of exposure that is hard to match anywhere else.
<b>NOLANDS</b>	The exposure to tax issues relating to different industries and gaining a vast amount of experience. The tax offering at Nolands is structured to instil a sense of confidence in trainees.
<b>PKF</b>	We have a wide range of clients from sole proprietors to large corporates over various industries which provide exposure to various tax issues, and allow a person to develop their tax skills from completing a tax computation for a high net worth individual to that of a large corporate. It also allows for the development of tax knowledge in various areas, ranging from the taxation of lump sums to the applications of different types of capital allowances. We also have extensive knowledge and deal with a lot of dispute resolution matters with SARS which is quite a valuable experience that one could use and develop for future use.
<b>SNG-GT</b>	We are a small team, and everyone gets given special attention; we are truly like a small family. By the end of 2 or 3 years, the graduates would have acquired extensive knowledge in direct tax, indirect taxes and in all industries SNG Grant Thornton operates in. The graduates will not be able to get this exposure as young graduates in larger firms.
<b>TAX CONSULTING SA</b>	We are a fast-growing tax practice, which is attributable to our highly technical yet very client orientated nature. The structure is flat and we are not bound by the rigid titles, level and reporting lines of larger firms. This simply means that if you are the real deal, you will get excellent exposure far quicker in your career; but in turn we are much less forgiving where you are not committed and subscribe to our values of honesty, hard work, stewardship and being committed to a career in tax.
<b>TAX HOUSE</b>	Although our firm has grown substantially over the past few years, The Tax House is still relatively small in size compared to the bigger firms. Graduates therefore get exposed to all areas of tax and to the business as a whole, which they may not get at the bigger firms. Our firm is growing into other centres around the country, which in the short to medium term will create career opportunities for graduates.
<b>TAX SHOP</b>	We provide personal and practical (on the job) training in all aspects of accounting, payroll, tax and business services.
<b>SARS</b>	SARS' value proposition is highly competitive, for example, trainees will receive an above-market related stipend, paid maternity benefits, group life benefits, study leave, etc. SARS is ranked 7 as ideal employer in SA, according to Universum. Trainees receive enabled technical exposure for job-directed learning.
<b>OTO</b>	Unique, customised and focused training.

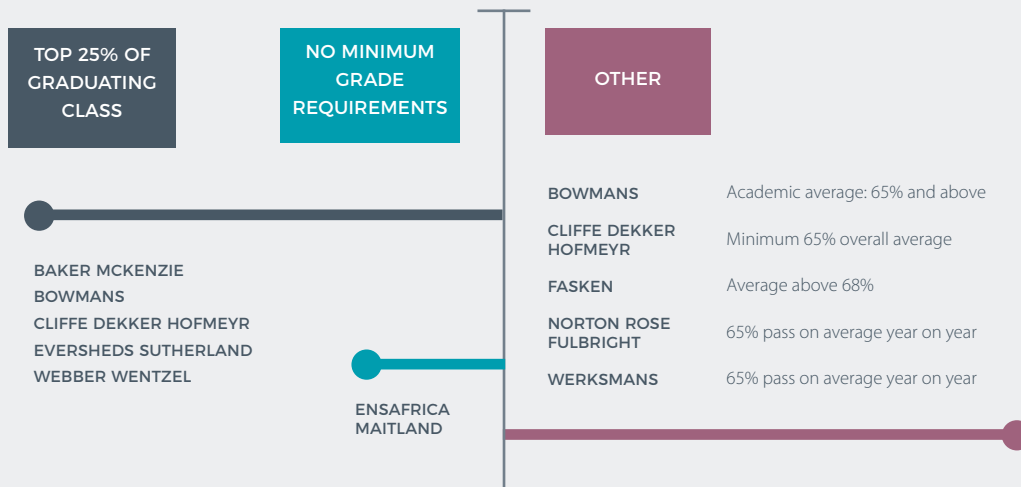
# THE LAW ROUTE

## INTO TAX

### QUALIFICATION REQUIREMENTS AND PREFERRED ACADEMIC BACKGROUNDS

<b>BAKER MCKENZIE</b>	LLB, BCom Law, BA Law.
<b>BOWMANS</b>	Students completing a law degree from a South African university are welcome to apply to us via the Graduate Recruitment portal found on our website. We also welcome applications from students pursuing a legal career by completing a postgraduate degree in law.
<b>CLIFFE DEKKER HOFMEYR</b>	LLB, BCom Law, BAcc Law, BA Law, BSocSci Law, BSc Law.
<b>ENSAFRICA</b>	A Bachelor of Laws degree (LLB) is the minimum qualification required. An additional background in tax, or having completed a BCom (Law)/ BAccLLB/B.BusSci/H.Dip in Tax/LLM (Tax) would be advantageous.
<b>EVERSHEDS SUTHERLAND</b>	Our candidates must have completed a BCom LLB or LLB degree to apply for articles of clerkship at Eversheds Sutherland. It is advantageous if the candidate has additional tax qualifications or experience. We also hold a vacation programme for 3rd year law graduates, graduates who have already completed their studies or are in their final year of studies. Our vacation programme is held in June/July each year. As our South African practice works closely with our Mauritius office, an area of growth is the tax team. If there are any qualified legal tax experts looking to join our team, their applications are most welcome.
<b>FASKEN</b>	BCom Law, BA Law, LLB.
<b>MAITLAND</b>	BCom Accounting, BCom , LLB, BCom Law, B-Tech Accounting, BCom Finance.
<b>NORTON ROSE FULBRIGHT</b>	LLB, BA Law and BCom Law. (Students with undergraduate in Economics welcome.)
<b>WEBBER WENTZEL</b>	Bachelor of Laws (LLB). An additional qualification in commerce or a similar programme is advantageous.
<b>WERKSMANS</b>	LLB, BA Law and BCom Law.

### MINIMUM GRADE REQUIREMENTS FOR ADMISSION



PERSONAL QUALITIES PREFERRED IN AN APPLICANT

	PREFERRED QUALITY 1	PREFERRED QUALITY 2	PREFERRED QUALITY 3
BAKER MCKENZIE	Intellect	Drive for excellence	Dedication
BOWMANS	Passion for the law	Analytical ability	Collaborative team player
CLIFFE DEKKER HOFMEYR	Resilient	Team player	Eager to learn
ENSAFRICA	Committed to excellence in their work	Driven, passionate and eager to learn	Strong persuasive and questioning skills
EVERSHEDS SUTHERLAND	Innovative mind	Team player	Hard-working
FASKEN	Grit	Analytical	DECISION MAKING
MAITLAND	Team player	Committed	Fast Learner
NORTON ROSE FULBRIGHT	Well rounded individual who excels academically and has other interests	Display of leadership qualities	Social consciousness
WEBBER WENTZEL	Driven finisher	Intelligent problem solver	Resilient team player
WERKSMANS	Passion for corporate and commercial law and the Werksmans brand	Integrity	Resilience

## MOST COMMON MISTAKES LEADING TO A FAILED CONTRACT RENEWAL

	MISTAKE 1	MISTAKE 2	MISTAKE 3
BAKER MCKENZIE	Culture fit	Lack of commitment	Inability to integrate
BOWMANS	Inability to think on your feet/ creatively to come up with a solution	Culture fit	Not being a team player
CLIFFE DEKKER HOFMEYR	Values that are not aligned to CDH culture and values	Lack of preparation and attention to detail	Limited available positions
ENSAFRICA	Insincerity in their motivation to work at ENSAfrica. More importantly, there has to be a match between the firm's values and those of the individual. However, graduate recruitment across law firms is competitive and some candidates can perform better in the recruitment process than others.	Applying too late for our programmes. Applicants should apply as early as possible for Vacation Programmes and Practical Vocational Training. If you're completing a BA/B.Com Law, please apply from your third year. All those completing a 4 year LLB should apply from their second year.	
EVERSHEDS SUTHERLAND	Poor references		
FASKEN	Failing board exams	No written comms skills	Not adapting to change
MAITLAND	Time keeping	Not asking enough questions	Bad attitude
NORTON ROSE FULBRIGHT	Limited space to accommodate Candidate Attorneys; culture fit		
WEBBER WENTZEL	Not completing requirements for admission (board exams, PLT hours)	Candidate did not integrate well or did not meet expectations	Limited available positions
WERKSMANS	Being unprepared	Not showing enough passion for the chosen career path	Culture fit

## RECRUITMENT PERIOD FOR ENTRY-LEVEL TAX HIRES



## FORMAL HIRING PERIOD FOR ENTRY-LEVEL TAX CANDIDATES



## MINIMUM REQUIREMENTS FOR APPLICATIONS

<b>BAKER MCKENZIE</b>	LLB, BCom Law and BA Law
<b>BOWMANS</b>	Studying towards law qualification (LLB), good academic average, and involvement in extracurricular activities (advantage)
<b>CLIFFE DEKKER HOFMEYR</b>	Academic excellence, interests outside of studies, positive attitude and keenness to learn
<b>ENSAFRICA</b>	<ul style="list-style-type: none"> <li>• Strong and consistent academic performance</li> <li>• Ability to work in a team</li> <li>• Strong communication skills (verbal and written)</li> <li>• Analytical thinker</li> <li>• Flexible and resilient individual</li> <li>• Ethical</li> </ul>
<b>EVERSHEDS SUTHERLAND</b>	BCom LLB or LLB degree in order to apply for our two-year articles of clerkship
<b>FASKEN</b>	LLB
<b>MAITLAND</b>	Degree
<b>NORTON ROSE FULBRIGHT</b>	LLB with 65% academic average
<b>WEBBER WENTZEL</b>	South African citizen, studied/studying at a South African Institution, expect to complete an LLB degree by January of the year the training contract commences, a minimum 65% cumulative academic average (academic excellence)
<b>WERKSMANS</b>	LLB with 65% academic average



HOW CAN UNIVERSITY STUDENTS FORMALLY APPLY?

	HR DEPARTMENT	WEBSITE	OTHER
BAKER MCKENZIE		<a href="http://www.bakermckenzie.com/en/johannesburgcandidateattorney2022-2023">www.bakermckenzie.com/en/johannesburgcandidateattorney2022-2023</a> <a href="http://www.bakermckenzie.com/en/johannesburgcandidateattorney2022-2023">www.bakermckenzie.com/en/johannesburgcandidateattorney2022-2023</a>	
BOWMANS		<a href="http://www.bowmanslaw.com/careers/graduate-opportunities/">www.bowmanslaw.com/careers/graduate-opportunities/</a>	
CLIFFE DEKKER HOFMEYR		<a href="http://www.apply4law.co.za">www.apply4law.co.za</a>	
ENSAFRICA	<a href="mailto:graduates@ENSAfrica.com">graduates@ENSAfrica.com</a>	<a href="http://www.ENSAfrica.com">www.ENSAfrica.com</a>	We advertise using the various universities' career portals and we also use print media through university publications
EVERSHEDS SUTHERLAND	<a href="mailto:careers@eversheds-sutherland.co.za">careers@eversheds-sutherland.co.za</a>	<a href="http://www.eversheds-sutherland.com/global/en/where/africa/south-africa/overview/careers/index.page">www.eversheds-sutherland.com/global/en/where/africa/south-africa/overview/careers/index.page</a>	We may advertise on LinkedIn from time to time and at universities
FASKEN		<a href="http://www.fasken.com/en/careers/">www.fasken.com/en/careers/</a>	
MAITLAND		<a href="http://www.maitlandgroup.com/careers">www.maitlandgroup.com/careers</a>	
NORTON ROSE FULBRIGHT		<a href="http://www.nortonrosefulbright.com/za/careers/">www.nortonrosefulbright.com/za/careers/</a>	
WEBBER WENTZEL		<a href="http://www.webberwentzel.com/careers/early-careers">www.webberwentzel.com/careers/early-careers</a>	
WERKSMANS		<a href="http://www.werskmans.com/graduates">www.werskmans.com/graduates</a>	

DO YOU EVER HIRE ACCOUNTANTS?



**WE HIRE ACCOUNTANTS STRAIGHT OUT OF GRADUATE SCHOOL**

CLIFFE DEKKER HOFMEYR  
EVERSHEDS SUTHERLAND  
MAITLAND



**WE HIRE ACCOUNTANTS AS MID-LEVEL ASSOCIATES (WITH SEVERAL YEARS OF EXPERIENCE)**

BAKER MCKENZIE  
BOWMANS  
CLIFFE DEKKER HOFMEYR  
ENSAFRICA  
EVERSHEDS SUTHERLAND  
MAITLAND  
NORTON ROSE FULBRIGHT  
WEBBER WENTZEL

CANDIDATE ATTORNEYS IN GRADUATE PROGRAMMES

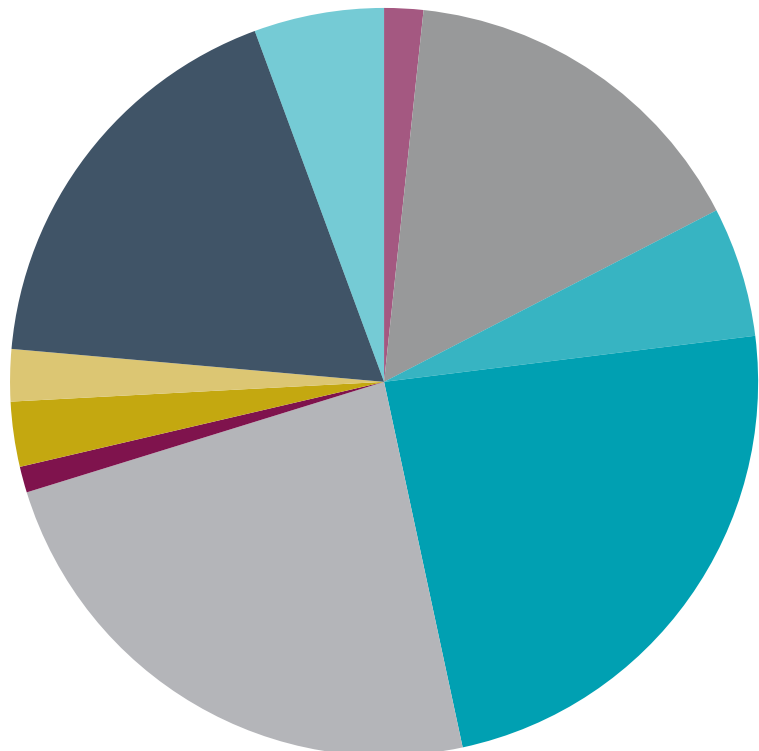
	BAKER MCKENZIE	SERVE ON A ROTATION IN TAX
	BOWMANS	
	CLIFFE DEKKER HOFMEYR	
	ENSAFRICA	
	EVERSHEDS SUTHERLAND	
	FASKEN	
	MAITLAND	
	NORTON ROSE FULBRIGHT	
	WEBBER WENTZEL	
	WERKSMANS	
CLIFFE DEKKER HOFMEYR ENSAFRICA EVERSHEDS SUTHERLAND	WHOLLY DEDICATED TO TAX	

## FIRMS THAT OFFER WINTER PROGRAMMES TO STUDENTS BEFORE THEY GRADUATE (WITH AN OPTION TO DO TAX)

<b>BOWMANS</b>	The firm has a Winter and Summer Vacation Programme for LLB students to participate in.
<b>CLIFFE DEKKER HOFMEYR</b>	We offer vacation programmes for law students bi-annually (Summer and Winter). Candidates who are selected are required to submit a wish list of departments in which they wish to gain experience. Tax is one of the departments that they can select.
<b>ENSAFRICA</b>	We host annual winter and summer vacation programmes during the semester breaks, generally over the last week of June and the first week of July as well as the last week of November and the first week of December. Vacation students can be placed in the tax team should they choose it.
<b>EVERSHEDS SUTHERLAND</b>	Our winter programme takes place in June/July of each year. The focus is on various areas of law (there is no option to do tax only).
<b>FASKEN</b>	Details can be found on our website.
<b>NORTON ROSE FULBRIGHT</b>	The programmes are aligned to the varsities' June / July as well as November / December vacation periods. Prospective candidates who are selected attend a winter or summer vacation programme. This is not specifically aimed at Tax law students.
<b>WEBBER WENTZEL</b>	Our vacation programme runs for two weeks in June/July each year. During the vacation programme, participants may be placed within the Tax Practice group. Applicants need to apply for the Candidate Attorney Programme to be considered for the Vacation Programme.
<b>WERKSMANS</b>	We offer a winter and summer vacation programme for law students. The winter programme takes place during June/July and the summer programme during November/December each year.

## NUMBER OF PROFESSIONALS IN THE FIRM'S SOUTH AFRICAN TAX DEPARTMENT

BAKER MCKENZIE	3
BOWMANS	28
CLIFFE DEKKER HOFMEYR	10
ENSAFRICA	45
EVERSHEDS SUTHERLAND	42
FASKEN	2
MAITLAND	5
NORTON ROSE FULBRIGHT	4
WEBBER WENTZEL	32
WERKSMANS	10



## WHY SHOULD A GRADUATE CHOOSE YOUR FIRM AS OPPOSED TO A COMPETITOR'S?

<b>BAKER MCKENZIE</b>	<p>Baker McKenzie is a truly global law firm. Founded in 1949, we advise many of the world's most dynamic and successful business organisations through our 13 000 people in 77 offices across 47 countries. Yet big does not mean impersonal. We work hard to ensure that everyone knows their role and has the support they need to perform it to the highest standard. Our culture encourages this - how we work, think and behave in a collaborative and fulfilling way.</p> <p>In Johannesburg you will be part of an office with over 100 people. Originally opened in 2012, Baker McKenzie South Africa is well established in South Africa as a leading international law firm and is regularly involved in some of the country's most high-profile legal matters. We can offer you the work, pride and experience of being part of a leading law firm but in a local office environment that is hardworking, yet friendly and supportive.</p>
<b>BOWMANS</b>	<p>Bowmans is a leading African law firm. Our track record of providing specialist legal services, both domestic and cross-border, in the fields of corporate law, banking and finance law and dispute resolution, spans over a century. As we have in the past, we look to continue developing young, talented lawyers into the leaders we have since produced.</p>
<b>CLIFFE DEKKER HOFMEYR</b>	<p>We are a leading commercial law firm in South Africa. Our Tax department has an excellent reputation with the most revered tax attorneys in the legal industry. Our Candidate Attorneys are rotated through four different practice areas in which they are exposed to working with leading industry practitioners. We also feel that it is important for our employees to 'live our values' which include respect, excellence, stewardship, integrity and team work.</p>
<b>ENSAFRICA</b>	<p>As Africa's largest law firm, ENSafrica is devoted to providing top-quality legal, tax and forensics services to our clients, offering innovative and creative solutions tailored specifically to individual client needs. We maintain our reputation by constantly re-inventing ourselves and challenging employees to create inspired solutions which mirror the changing political, social, economic and environmental landscape.</p> <p>We currently have offices in Accra, Cape Town, Durban, Johannesburg, Kampala, Kigali, Nairobi, Port Louis, Stellenbosch, Swakopmund, Walvis Bay and Windhoek, and we have a growing presence throughout the rest of the continent.</p> <p>In addition, we operate two pro bono offices in Johannesburg and Cape Town. These offices – the first of their kind in South Africa – provide free access to justice for individuals who would otherwise be unable to afford legal advice and representation.</p>
<b>EVERSHEDS SUTHERLAND</b>	<p>Our legal practice is one of the few global brands in South Africa. Having 66 offices in 32 jurisdictions, the room for experience and growth is vast. Our recent merger with the United States has brought about an increased level of tax experience and requirements from clients. Further to this is the fact that we work very closely with our Mauritius office. The experience afforded to our team is invaluable. As the tax team is growing, there is opportunity for graduates.</p>
<b>FASKEN</b>	<p>Fasken is a specialist international law firm that offers candidate attorneys a wealth of training and learning opportunities. Not only do candidate attorneys receive extensive exposure in their day-to-day work across the practice groups, Fasken also offers a holistic and robust learning programme throughout the year. Candidate attorneys are continuously encouraged to engage and be curious while maintaining a high professional standard as they embark on their professional careers.</p>
<b>MAITLAND</b>	<p>At Maitland you will work alongside a team of talented and professional colleagues in a stimulating and friendly environment with a truly international outlook. We recruit lawyers, accountants, trust and estate practitioners, administrators, investment fund experts and many more managerial and technical professionals and support staff at both an experienced and graduate level.</p> <p>We offer support, learning and development opportunities, a competitive reward package and of course the opportunity to develop an international career.</p>
<b>NORTON ROSE FULBRIGHT</b>	<p>Multinational firm with opportunities to do secondments overseas and to work with teams outside of South Africa providing more exposure to graduates.</p>
<b>WEBBER WENTZEL</b>	<p>Founded in 1868, Webber Wentzel is today one of Africa's leading law firms, providing clients with innovative solutions to their most complex legal issues. Our candidate attorney programme offers invaluable exposure and training from the best legal minds in the industry, and diverse development opportunities to help each candidate attorney become a valued member of our firm, get involved in the leadership network, and become responsible citizens. We believe in cultivating the knowledge and skills of our people to help them launch successful careers in law. Our candidate attorneys are encouraged to enhance and add value to the services that we provide to our clients.</p>
<b>WERKSMANS</b>	<p>Established in the early 1900s, Werksmans Attorneys is a leading South African corporate and commercial law firm serving multinationals, listed companies, financial institutions, entrepreneurs and government.</p> <p>Operating in Gauteng and the Western Cape, and a member of the LEX Africa Alliance and The Interlex Group. Our success is built on a solid foundation of insightful and innovative deal structuring and legal advice; a keen understanding of business and economic imperatives; and a strong focus on achieving the best outcome for clients.</p> <p>With a formidable track record in mergers and acquisitions, banking and finance, commercial litigation and dispute resolution, Werksmans is distinguished by the people, clients and work that it attracts and retains. Our lawyers are a powerful team of independent-minded individuals who share a common service ethos.</p>

# TIPS FROM HR DEPARTMENTS & EMPLOYMENT SUCCESS STORIES

HR departments from various accounting and law firms share their top tips with graduates on the application process. Recent graduate hires share their insights too.



## BDO

### What are the most important traits or skills that your firm is looking for when hiring graduates?

The firm looks for graduates who are passionate about the field of tax and are dedicated to building a career within the tax field. We would look for graduates who are self-motivated, take initiative, are adaptable and are not afraid to challenge the status quo.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

The biggest red flag would be a graduate who has no direction and is just simply looking for a "job".

### What makes an application stand out?

An applicant who:

- is dressed in a professional manner;
- is confident in their abilities;
- has appropriate and well thought out questions prepared; and
- demonstrates a good basic understanding of the tax field.

### Do you have any practical advice to students when applying?

Make sure your CV is well structured and to the point. CVs that are lengthy are not ideal when recruiters are dealing with hundreds of applications. Ensure all your important personal information is included so that the recruiter can contact you easily. One phone number and one email address. Only include relevant information that will assist you in securing the position you have applied for: you want the recruiter to think, "I must interview this candidate!"

### How should applicants prepare for a job interview?

Ensure that you have a thorough understanding of the job you are applying for. Do not walk into the interview without being prepared. Research the company and if possible find out who will be interviewing you so you can prepare in advance. Formulate appropriate questions about the role and the company. An interview is your opportunity to get to know the company as well.

### What are the common mistakes made during an interview?

- Often candidates are not prepared and when it comes to their turn to ask questions, they do not have any questions or ask poorly thought out questions.
- Sometimes candidates do not make eye contact with the interviewers. This is an important part of the process in order to build rapport.
- Candidates do not often know their strengths or weaknesses.
- Set your phone to silent or switch it off during the interview.
- Candidates do not listen to a question but rather have predetermined information they want to convey during the interview and do this at the expense of answering the actual question.

### CHARACTERISTICS/ATTRIBUTES OF SUCCESSFUL CANDIDATES

- Passionate about personal development as well as the growth of the firm.
- Confidence.
- Preparedness and well-researched (being well prepared for the interview with basic knowledge of the company).
- Drive with a clear understanding of oneself and one's career goals.
- Authenticity.
- A good sense of humour.
- Emotional intelligence.
- Empathy and caring for others, e.g., volunteer work.
- Communication skills.
- Flexibility and resilience.
- Prepared to grow and develop with an eagerness and willingness to learn.
- Determination and persistence.
- Team player.
- High energy and positive attitude.
- Great people skills.
- Good work ethic and employee relations.
- The ability to sell oneself without appearing arrogant.
- Honesty, sincerity and integrity.
- Prepared to accept challenges.



## What are the most important traits or skills that your firm is looking for when hiring graduates?

- A willingness to learn and accept feedback.
- Attention to detail and high levels of conscientiousness.
- The desire to be part of a team.
- Effective time management skills.

## What are some of the biggest red flags that usually exclude an applicant from being considered?

- Students who take very long to finish their degrees.
- Students who repeat subjects.

## What makes an application stand out?

- Academically strong achievers.
- Relevant work experience and vacation work.

## Do you have any practical advice to students when applying?

Write a clear and concise cover letter, highlight relevant work experience in your CV, and tell us why you want to be a part of our firm.

## How should applicants prepare for a job interview?

- Think about why you want to be in this profession.
- Think about your strengths and weaknesses and what they will mean for our firm
- What are some of your biggest achievements, and how will they prepare you for work in our firm?
- Why do you want to be a part of the firm?

## What are the common mistakes made during an interview?

- Being closed off and not forthcoming about yourself.
- Not being able to articulate yourself clearly.

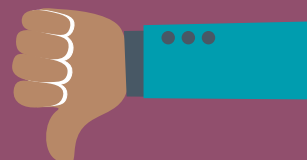


### CV MUSTS

- At a graduate level, HR departments suggest that a CV be between one and three pages in length.
- The CV format is important as recruiters may not read all the CVs in detail. Use a professional CV format; be clear and structured; and do not embellish by using elaborate or distracting fonts and bright colours.
- Keep your CV factual and concise.
- Make sure you tailor your CV to each role you apply for and adapt it to match specific requirements.
- All recent personal details and contact details must be included (social media handles can also be added).
- Ensure whatever is included in your CV can be backed up with examples.
- All qualifications, experience and training must be included. Concentrate on relevant experience and training (ensure voluntary and part time work is included as part of your work experience).
- Avoid photographs, unless professionally taken (head and shoulders only).
- Work in chronological order: start with your current employment first and work your way back.
- Use correct spelling and grammar (always spell check).
- Include a short cover letter. Explain which of your personal attributes and skills will be of benefit to the firm and why you want to be a part of the firm.
- Include several contactable references.
- Job-hopping and unemployment gaps can be viewed negatively. However, often these are periods where you have learned and developed key transferable skills. Be sure to briefly elaborate.
- Include a brief summary of academic, social or sport achievements, accomplishments, leadership positions, and skills and interests.

### CV NO-NOS

- Lying about any skills or qualifications.
- Spelling and grammatical errors.
- "References available upon request" – rather provide one or two references.
- Using an inappropriate photograph (keep it formal).
- Unprofessional CV format.
- Outdated CV.
- Including famous quotes.
- Using a 'one-size-fits-all' approach.
- Copy and pasting of a generic CV without customising it.
- Missing/incomplete/incorrect information.
- Lack of clear timelines and unaccounted for employment gaps.
- Lengthy CVs with irrelevant information (CVs should not exceed 3 pages).
- Education and/or prior work/volunteer experience not up to date or not included.
- CVs or applications addressed to the incorrect firm.
- Over-selling CV.
- Lack of attention to detail.



## ENSAFRICA

### What are the most important traits or skills that your firm is looking for when hiring graduates?

- Accuracy.
- Ability to work well under pressure.
- Planning.
- Ability to work in a team.
- Personal drive.
- Resilience.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

- Applying too late for consideration for the graduate programmes.
- Not having a clear reason why our organisation is relevant in assisting them achieve their career goals.
- Not showing an understanding of our organisation and the market in which it operates.

### What makes an application stand out?

- A sincere cover letter highlighting their motivation to work in our organisation.
- Having clear reasons for working in our organisation.
- Understanding your relevant skills and areas of development for a career in our organisation.

### Do you have any practical advice to students when applying?

- Start preparing your applications early and take your time to understand your motivation to have a career in that practice area.
- Know the application deadlines and apply earlier than the deadline.
- You'll likely be applying to a number of organisations at the same time so be sure to tailor your application for each organisation.

### How should applicants prepare for a job interview?

- Read your CV as it is the reason you are being interviewed. Study it and make sure your answers to the questions asked in the interviews are aligned to what you put in your cover letter and CV.
- Study the organisation, the market it operates in and its competitors.
- Understand your motivation and why working in that organisation is relevant.

### What are the common mistakes made during an interview?

- Responses to questions that are not well substantiated.
- Delivering answers that you believe the interviewer wants to hear as opposed to your actual opinion.



## EY

**What are the most important traits or skills that your firm is looking for when hiring graduates?**

- Innovative and adaptable grads with a passion to learn new things and broaden their scope of knowledge.
- Good attitude.

**What are some of the biggest red flags that usually exclude an applicant from being considered?**

- Bad attitude.
- Poor grammar and spelling in their CV and cover letter.
- Lack of punctuality – late applications and not attending interviews on time without a valid reason.
- Poor academic results, e.g., failing subjects multiple times. (Note: Getting excellent academic results does not generally determine the success of the applicant.)

**What makes an application stand out?**

- Ensuring that the CV and cover letter are factual and interesting.
- Highlighting strengths and any extra-mural activities that can add value to the role.
- Showcasing any leadership role at university.

**Do you have any practical advice to students when applying?**

- Keep your CV and cover letter concise and to the point.
- Always be punctual for interviews or communicate with the grad recruiter if you will be late/unable to attend.
- Be presentable in the interview and just be yourself – recruiters appreciate authenticity.

**How should applicants prepare for a job interview?**

- Practise a mock interview with a friend or in front of the mirror.
- Just be yourself in the interview as we appreciate originality and authenticity.
- Be honest and have an open conversation.
- Arrive at the interview venue at least 30 minutes early.
- Write down any questions you wish to ask the interview panel about the role.
- Dress to impress – always try to look and feel your very best as that makes a very good first impression.
- Try to calm your nerves before the interview.
- Always wear a smile on your face.

**What are the common mistakes made during an interview?**

- Arriving late for an interview without a valid reason.
- Speaking too much or too little.
- Speaking out of topic.
- Speaking out of turn and interrupting the interview panel.

## RECENT GRADUATE HIRE

**SIYANDA MAYIXALE**

*Tax Trainee at EY*  
BCom Accounting and  
BCom Taxation (Hons)

*What does your current job entail?*

As a tax trainee, my job entails working with my managers and partners to provide tax consulting advice to corporate clients. This includes tax audits and advisory work (such as drafting opinions), tax due diligences, as well as tax compliance work across all tax disciplines.

*Why did you choose tax as a profession?*

I really enjoyed tax in my undergrad studies. However, I thought that the only way to have a career in tax was to be a chartered accountant. I found out about the honours program at UCT, which provided me with a true reflection of what a career specialising in tax would entail.

This profession is quite challenging and interesting as it marries both the accounting and law disciplines, which piqued my interest in the profession.

Furthermore, I chose tax as a profession as there are several avenues within the profession that one can specialise in, such as being a VAT or transfer pricing specialist.

*Can you share any practical advice to students embarking on this journey in tax?*

I would advise students to never stop learning once they have obtained their qualification. It is important to always read up on changing legislation and current affairs as they will most likely have a direct impact on your work.





# MAZARS

## What are the most important traits or skills that your firm is looking for when hiring graduates?

- What sets graduates apart from their peers is certainly their attitude.
- Self-motivation, perseverance and determination are key to a successful journey in any graduate programme.
- A well-rounded candidate with varied interests.
- Accuracy, good time management, being innovative and solution-driven are also important traits.

## What are some of the biggest red flags that usually exclude an applicant from being considered?

- Incomplete CV.
- Requisite documents not included (e.g., academic transcripts).

## What makes an application stand out?

- A cover letter which details exactly how the candidate meets the key performance areas required from the relevant advert/ job spec.
- A short, professional and concise CV.

## Do you have any practical advice to students when applying?

- Always check your application for spelling mistakes and grammatical errors.
- Ensure you are addressing your cover letter to the correct company.
- Ensure the dates you provide are correct.
- Provide examples of your skills and how you put them to use.
- Express interests outside of your studies, such as university involvement and sport.
- Double check your application before submitting and get someone else to read your application as they may spot errors you may have missed.
- Ensure that all your requisite documentation is included in your application.
- It is important to understand what kind of graduate opportunity you are applying for.

- Do your research on the company, e.g., look at their social media presence, website and most importantly, know their values and do some introspection to ensure that their values intersect with your own.
- Try to have a clear career path in mind and always enquire as to what the succession plans within the organisation are, compared to your own expectations.
- Do not be concerned if you have limited work experience – leverage from your education, part-time jobs and personal interests (e.g. participation in sports or other cultural activities). This will demonstrate certain core competencies.

## How should applicants prepare for a job interview?

- Dress the part.
- Research the company and the panel beforehand.
- Familiarise yourself with the job specifications – if you do not have a description, request one from your HR contact.
- Arrive on time.

## What are the common mistakes made during an interview?

- Arriving late or too early.
- Appearing unpolished or ungroomed.
- Not making enough eye contact.
- Not answering the questions asked.
- Not bringing a copy of your CV (just in case).
- Displaying low energy.
- Focusing too much on yourself and not enough on the role you are being interviewed for.
- Seeming unprepared and unfocussed or distracted.
- Not having any questions at the end of the interview.



## RECENT GRADUATE HIRE

**TARRYN ISAACS**

Tax Consultant at Mazars  
BAcc LLB (admitted attorney)

*What does your current job entail?*

I work in the corporate tax field and mainly deal with the tax consequences of corporate restructures (i.e., when a company changes its group structure) and occasionally in international tax. This involves double taxation agreements and exchange control regulations. It is not a section of tax often focused on at undergraduate level and it is a big learning curve.

*Why did you choose tax as a profession?*

Tax was not my best subject but it was definitely my favourite at varsity. I enjoyed reading the court cases in tax law specifically for the ingenuity with which taxpayers tried to reduce their tax liability. It made for some interesting case facts. I left behind a career in litigation because I suspected that tax would be a rewarding challenge and so far my suspicion has proven correct.

My advice for students currently pursuing an accounting degree: There is an alternative to the CA (SA) route and it is a career as a Tax Practitioner. If you harbour doubts about auditing, consider this alternative.

And for students doing some combination of commerce and law: Tax is a very good middle ground which borrows expertise from both fields. This is partly why I chose a career in tax.

*Can you share any practical advice to students embarking on this journey in tax?*

Tax is a constantly evolving field, so just when you think you have mastered something, SARS amends the legislation and you have to start all over again. Students should ideally be prepared to learn on a continuous basis in this field. On the plus side, you only work with a small section of the Act in practice (e.g. VAT, CGT or transfer pricing) and there is no need to be an expert on absolutely everything: you can focus on your niche. Enjoying tax as a subject is definitely a good starting point before embarking on a tax career.

Students should definitely consider their personalities and whether they are suited to a traditional 9 to 5 office job because that is what tax entails. If they have travel aspirations, they should try to tailor their career to a tax specialisation that is desirable abroad.

## MOORE

**What are the most important traits or skills that your firm is looking for when hiring graduates?**

- Good interpersonal skills.
- Team player.
- Willing to learn.
- Attention to detail.
- Accountable.
- Deadline driven.

**What are some of the biggest red flags that usually exclude an applicant from being considered?**

A poorly presented CV and poor academics.

**What makes an application stand out?**

- Great communication and interpersonal skills.
- Well-presented and prepared.

**Do you have any practical advice to students when applying?**

- Check your CV to avoid spelling errors, layout issues and ensure your contact details are correct.
- Ensure you are on time for the interview.
- If you are applying to many firms, ensure you update your application for the relevant firm.

**How should applicants prepare for a job interview?**

- Research the company.
- Make sure you know long it will take to get to the interview.
- Practice some standard interview questions (lots of information online).
- Prepare some questions to ask the firm.

**What are the common mistakes made during an interview?**

- Not listening to the question properly.
- Showing no confidence or being over-confident.
- Not being well prepared for the interview (i.e. late, dressing too casually and not doing a little bit of research on the company).

## RECENT GRADUATE HIRE

**EDDIE MANKEYI**  
SAIT Tax Trainee at Moore  
BCom Honours in Taxation (UCT)



*What does your current job entail?*

Provisional tax; preparation of tax returns for individuals, companies and trusts; writing of objection letters; and preparation of dividends tax returns.

*Why did you choose tax as a profession?*

I was inspired by a lecturer at Stellenbosch University who was initially completing CA articles but then decided to complete her tax articles instead. She showed me that this was an option for me as well. I was an accounting graduate who only knew about CA articles but after hearing her story, I decided to also pursue my tax articles as I really preferred tax all along!

*Can you share any practical advice to students embarking on this journey in tax?*

Keep a positive attitude. Pay attention to detail because in tax, everything is material! Be willing to work under pressure because there are strict tax deadlines which must be adhered to. There is a lot to be learnt and tax changes all the time, so if you are eager to learn and are detail orientated, you will love being in the tax profession.

## NOLANDS

### What are the most important traits or skills that your firm is looking for when hiring graduates?

Our firm is interested in a candidate that values teamwork. The tax team is a very close-knit team and it important that the candidate be able to work with other people.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

The first red flags are candidates who are not honest in the interviews. The second is a candidate that lacks professional communication skills in the manner they structure their CV.

### What makes an application stand out?

Applicants that stand out are those that firstly send through all the required documents on time and compile them professionally. Candidates who are themselves and honest in the interviews are usually the successful ones.

### Do you have any practical advice to students when applying?

Make sure you get somebody at the university writing centre to assist you with compiling your CV.

### How should applicants prepare for a job interview?

Applicants should do as much research they can before going to the interview. It is important that they are relaxed and be themselves.

### What are the common mistakes made during an interview?

Some candidates are very nervous and sometimes fail to answer the questions correctly. We choose candidates based on their fit in the team dynamic and thus it is imperative that we get a true sense of their personality.

## RECENT GRADUATE HIRE

**CARLA BENDEMAN**  
Tax Trainee at Nolands  
BCom Financial Sciences,  
BCom (Hons) Taxation



*What does your current job entail?*

Filing tax returns for Individuals, Companies and Trusts. Going to SARS to solve client disputes. Writing and drafting tax opinions.

*Why did you choose tax as a profession?*

I like solving problems and working with people. Tax also gives you a wide range of business experience which is intellectually stimulating.

*Can you share any practical advice to students embarking on this journey in tax?*

Study hard and do vacation work to gain some practical experience.

## PKF

### What are the most important traits or skills that your firm is looking for when hiring graduates?

- Communication skills.
- Interpersonal skills.
- Integrity.
- Hard working.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

- No academic progress.
- Poor interpersonal skills.

### What makes an application stand out?

- Great results.
- Attention to detail.

### Do you have any practical advice to students when applying?

Do research on the company and ensure your CV is up to date and you have carried out a proper spell check.

### How should applicants prepare for a job interview?

Research the company, prepare questions and be able to present clear goals and direction.

### What are the common mistakes made during an interview?

- Failure to research address prior to interview and arriving late.
- Talking unfavourably about previous employer.
- Inability to express or articulate themselves in an interview.

## PWC

### What are the most important traits or skills that your firm is looking for when hiring graduates?

A candidate that has a positive, 'can do' attitude. We are looking for candidates who are willing to learn and grow within the firm.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

The candidate's application has not been completed fully with the necessary information or documents required.

### What makes an application stand out?

The application should be concise and include all the relevant information.

### Do you have any practical advice to students when applying?

When submitting your online application, make sure that you are completing all the required fields as well as uploading all the required documents. This ensures a seamless screening process.

### How should applicants prepare for a job interview?

- Research the company.
- Gain understanding of the department you are applying into.
- Arrive early for your interview.
- Be appropriately dressed.
- Be well rested – this will ensure you have enough energy throughout the interview.
- Be yourself – interviewers want to know the authentic you!

### What are the common mistakes made during an interview?

Candidates do not have knowledge of the career path they have chosen.

## RECENT GRADUATE HIRE

### BOITUMELO LENONG

Tax Associate at PwC  
BCom Financial Accounting and BCom  
(Honours) Taxation



#### What does your current job entail?

I am part of the PwC tax Academy which offers a three-year rotational tax professional programme of the South African Institute of Tax Professionals (SAIT). This programme affords me the opportunity to gain exposure in various tax areas such as compliance, consulting and the audit of tax. This will enable me to apply and broaden my knowledge and skills, thus assisting me in becoming a well-rounded tax professional.

#### Why did you choose tax as a profession?

During my tertiary studies I developed a passion for tax. I was intrigued by how dynamic it is and how it is forever evolving. I also enjoyed the merge of law and numbers. I wanted a profession that will enable me to develop transferable and valuable technical skills which will allow me to make strategic and impactful contributions in society.

#### Can you share any practical advice to students embarking on their journey in tax?

- When deciding on a career path, I think it is important for them to consider their values, strengths and weaknesses, their personality traits and the reasons why they want to pursue a tax profession.
- They should expose themselves to the tax environment through vac work, the SAIT conferences and tax professional competitions.
- They should not be scared to ask questions, even the ones that seem obvious.
- They should apply for tax opportunities as early as possible because it is very competitive.

## OFFICE OF THE TAX OMBUD

### What are the most important traits or skills that your firm is looking for when hiring graduates?

Relevant qualifications including soft skills such as presentation skills.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

Incomplete CV, spelling mistakes and bad grammar.

### What makes an application stand out?

- Keep your personal information short. Do not insert unnecessary information such as your family details.
- Focus on your proficiency and ability portfolio. Try to give the reader a good overview of your skill set.
- Provide details of relevant professional experience only. Unless you are going for a complete career change, you will find value for the new job in your work history.

### Do you have any practical advice to students when applying?

Ensure that your CV stands out and is free from spelling and grammar mistakes.

### How should applicants prepare for a job interview?

Job specifications and your previous experience. Provide examples of previous projects.

### What are the common mistakes made during an interview?

- Arriving late for an interview.
- Wearing casual clothes.
- Lack of enthusiasm for the role.
- Looking unprepared and lacking basic knowledge of the company.

## SNG-GRANT THORNTON

### What are the most important traits or skills that your firm is looking for when hiring graduates?

- Planning and organising skills.
- Both written and verbal communication skills.
- Ability to understand the taxation theory.
- Ability to build good relationships (general).

### What are some of the biggest red flags that usually exclude an applicant from being considered?

- Having none of the required skills.
- No qualifications.

### What makes an application stand out?

- Candidates that are trainable.
- Good presenting skills.
- Knowing the concept of taxation.

### How should applicants prepare for a job interview?

- Do basic research about the firm.
- Dress professionally.
- Be on time.

### What are the common mistakes made during an interview?

- Over selling themselves.
- They get nervous.
- Failure to think and speak (do rush to speak).

## RECENT GRADUATE HIRE

### ABIGAIL JELELE

Junior Tax Consultant / Tax Trainee at SNG-GT  
Bachelor of Commerce  
(Financial Accounting & Taxation)



#### What does your current job entail?

- I form part of an audit team and look specifically at the tax component and perform an accrual review.
- I perform due diligence on a target entity on behalf of a client looking to acquire it. I concentrate on the tax compliance of the target entity in order to assist the client with any red flags as far as complying with the relevant tax laws.
- I take on value-added tax (VAT) audits for various clients in various industries.
- Over a three-year training period I should cover all the following types – company income tax, value-added tax and individual income tax.

#### Why did you choose tax as a profession?

I chose tax as a profession because I enjoyed it as a module whilst in university. This love was further cemented when I worked as an audit clerk. The tax component would be my favourite component to audit.

#### Can you share any practical advice to students embarking on this journey in tax?

Tax requires you to keep on reading to continue to expand your knowledge constantly. There are always new developments that you need to keep abreast of. Put in valuable hours and it will pay off.

## TAX CONSULTING SOUTH AFRICA

### What are the most important traits or skills that your firm is looking for when hiring graduates?

We are looking for genuine tax professionals, in other words someone who wants to become a recognised tax professional. To achieve this the person needs to be demonstrate the ability to learn something new every day, apply that knowledge, be dedicated, be exceptionally accurate and committed.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

The cover letter and CV are critical. In the interview process we also test what they have learned, so we quickly know who has a genuine interest in tax.

### What makes an application stand out?

Perfect CV – paying attention to detail (grammar, spacing, alignment and over all neatness of document). Explained differently, where your CV is not detailed and accurate, standing out, what will the quality of your work experience be? We appreciate not everyone has experience, but you have to show something which stands out from the rest and ‘tell your story’, regardless of whether you think that is important. We hire real people, who can become great professionals. Where tax is just a job and not your passion, we prefer you work for our competitors.

### Do you have any practical advice to students when applying?

- Address the company / recruiter.
- Ensure you meet advertisement requirements.
- Attach a cover letter stating why you are interested in the vacancy, and why you think you should be considered.
- Ensure your CV is up to date, current and perfect. Free of any mistakes and labelled correctly.
- Come in sharp to the interview, as we test deeply and you need to be your best.

### How should applicants prepare for a job interview?

- Research the company.
- Brush up on technical knowledge that is applicable to the position and your skill set.
- Read through interview questions and best answers – prepare for any possibilities.
- Ensure you know the address where the interview will be held and be on time.

### What are the common mistakes made during an interview?

Applicants are not prepared, arrive late and sometimes due to the pressure, it gets the best of them, therefore a substandard interview.



## RECENT GRADUATE HIRE

### TOKYO MTHOKOZISI NKOSI

*Tax Consultant at Tax Consulting SA*  
BCom Accounting and Postgraduate  
Diploma in Accounting  
(Tax Specialisation)



### What does your current job entail?

- Preparation and submissions of tax returns.
- Liaising with SARS on various matters.
- Client liaison and managing client expectations.
- Lodging of objections and appeals.
- Lodging of SARS complaints.
- Assisting the manager and managing partner with any ancillary services.

### Why did you choose tax as a profession?

Tax as a profession is broad, intellectually challenging and has many career options. I believe that the complex nature of the profession will always feed my intellectual appetite, whereby I will be required to understand complex regulations and stay abreast with constant changes to legislation and perform calculations where I will need to be meticulous. Most of all, it is a profession that enables me to make an impact on the finances and reputation of people and their businesses through appropriate tax planning while ensuring that tax obligations are met.

### Can you share any practical advice to students embarking on this journey in tax?

- Be prepared to be challenged every day.
- Hard work is a minimum requirement to be successful in your career.
- Enjoy the learning experience.

## THE TAX SHOP

### What are the most important traits or skills that your firm is looking for when hiring graduates?

- Commercial awareness (or business acumen).
- Ability to communicate well.
- Teamwork.
- Good at problem solving.
- Show leadership skills.
- Organised.
- Perseverance and motivation.
- Ability to work under pressure.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

- A person looking for employment who does not know anything about the organisation they are seeking employment with.
- Ensure that the information you provide a prospective employer is consistent with what is on social media.

### What makes an application stand out?

- Keep personal information short.
- Focus on your proficiency and skills.
- Showcase your personal interests and non-work related activities.

### Do you have any practical advice to students when applying?

- Get clear on what you want.
- Research your target companies.
- Tailor your CV to each job.
- Create your online career brand.
- Get organised.
- Build, cultivate, and utilise your network of contacts.
- Don't limit yourself to online applications.

### How should applicants prepare for a job interview?

- Practise and prepare for interview questions.
- Try to develop a connection with your interviewer.
- Research the employer and the industry, to find out a lot of information about the company's history, mission and values, staff, culture, and recent successes.

### What are the common mistakes made during an interview?

The interview is about the job they are applying for and not about them.

## TAX HOUSE

### What are the most important traits or skills that your firm is looking for when hiring graduates?

- Integrity and honesty.
- Good communication and interpersonal skills.
- High energy levels.
- Initiative.
- A team player.

### What are some of the biggest red flags that usually exclude an applicant from being considered?

- Spelling errors and poor grammar on CV (shows a lack of attention to detail).
- No references.
- Negative feedback from applicant's references.

### What makes an application stand out?

- A professional CV format with correct spelling and good grammar.
- A cover letter.
- Emphasis on value-add and accomplishments.
- A mention of interests and hobbies.
- Several references.

### Do you have any practical advice to students when applying?

- Include a cover letter with the CV. It should preferably be half a page but not longer than one page. The letter should include skills and experience that match those needed to do the job, and why the applicant feels they should be appointed for the job.
- Do some basic research on the company you are applying to.
- Emphasise accomplishments on CV.

### How should applicants prepare for a job interview?

- Do some basic research on the company.
- Applicant should explain why he/she would be a good fit for the job

### What are the common mistakes made during an interview?

- Focusing too much on oneself.
- Not asking any questions.

## RECENT GRADUATE HIRE

### TIAAN GRIMBEEK

Tax Accountant at the Tax House  
BCom Honours Taxation, MCom SA &  
International Taxation



#### *What does your current job entail?*

Doing research on different topics and the taxation effect thereon, assisting with estate planning and tax restructuring of individuals and companies, numerous tax types registrations.

#### *Why did you choose tax as a profession?*

From the time I was first exposed to taxation in undergraduate studies, I became intrigued by the subject. The industry and legislation are ever changing which makes it exciting to work as a tax professional by applying my knowledge and research on the subject on a daily basis.

#### *Can you share any practical advice to students embarking on this journey in tax?*

Specialising in taxation creates many professional opportunities for an individual that is passionate about the subject. South Africa has a great demand for specialists in the field of taxation and if a person is determined to grow and evolve with the industry one can become very successful.

## CLIFFE DEKKER HOFMEYR

### **What are the most important traits or skills that your firm wants when hiring graduates?**

- Excellent academic record.
- Eagerness to learn.
- Resilience and adapting to new environment.
- Positive attitude and interests outside of studies.
- Good communication skills (written and verbal).

### **What are some of the biggest red flags that usually exclude an applicant from being considered?**

- Lack of integrity, e.g. lying on the CV and in the interview.
- Lack of accountability.

### **What makes an application stand out?**

- Genuine reflection of who the candidate is and why they deserve the opportunity – bullet points do not give a full impression of a person, but a good cover letter does!

### **Do you have any practical advice to students when applying?**

- Research the firm – why them and would it be a good fit for you and your professional aspirations.
- Apply as soon as possible, do not wait for closing dates.
- Commit to your studies, do not hope for miracles at the end of third or final year.

### **How should applicants prepare for a job interview?**

- Research the firm.
- Consider possible interview questions, e.g., tell us about yourself, and how you intend to respond without sounding scripted.
- Arrive early.
- Consider questions you may want to ask.

### **What are the common mistakes made during an interview?**

- Not being yourself, i.e., responding how you think you are expected to.
- Not clearly articulating your strengths and areas for development, achievements and experiences.



**LOUISE KOTZE**

Associate – Tax and Exchange Control at Cliffe Dekker Hofmeyr  
BCom Law, LLB and PGC in Advanced Taxation

**RECENT GRADUATE HIRE***What does your current job entail?*

I am involved in both the advisory and the litigious aspects of practice.

Litigation mostly encompasses consultations with clients, meetings with SARS representatives, drafting of the Tax Court equivalent of pleadings and heads of argument, as well as the drafting and filing of the notices required in terms of the Tax Court Rules. I am also very involved in the discovery element of the litigation process and, during my short time in practice, I have even been given the opportunity to appear in the Tax Court for motion proceedings.

We generally only get involved in taxpayers' disputes with SARS once a letter of findings has been issued by SARS after an audit. As such, we rarely assist taxpayers with the filing of tax returns and the like.

The scope of the work I do as part of the advisory side of practice is very broad. The bulk thereof stems from opinions that clients request regarding the tax implications of proposed transactions or corporate structures. These opinions also involve some measure of compliance work in terms of which clients instruct us to assess whether their business practices or structures are tax compliant. Pursuant to drafting these opinions, I am required to do a lot of extensive research, both to ensure that the clients get the most pertinent information, but also to further my own tax knowledge.

In addition to my tax experience, I am also getting commercial law experience to the extent that I am required to draft corporate agreements and resolutions on behalf of our clients. Lastly, I am required to write articles on the most recent developments in the tax sphere.

*Why did you choose tax as a profession?*

Tax as a field of law is so dynamic and so very diverse that you rarely do the same thing twice, or if you do, there are marked differences that change your perspective on the issue, as well as the way in which you approach it. So, there can never be a dull day in tax because there is always something more to learn and to consider. Also, tax is so relevant to almost every aspect of business and I find that my knowledge of business, and the law in general, grows as my knowledge of tax grows.

It is empowering to know that the area of law that I chose is so dynamic that I will never grow stagnant in my knowledge or experience.

However, some sections of the Tax Acts are very difficult to master, and it takes a lot of research, effort and external input before one can confidently say that you have a solid understanding of the application of one of those sections. Then, quite inevitably and quite soon after gaining that understanding, the relevant Act will be amended, and you will be required to expend further time and energy on something that had previously been settled.

*Can you share any practical advice to students embarking on this journey in tax?*

Whether you practice as a tax practitioner or as an attorney, tax remains a challenging area of law that requires dedication and hard work to master. If you are not excited about life-long learning and improvement, then tax may not be the best suited profession for you.

If you are not yet sure whether tax is something that you can be passionate about, do your best to expose yourself to as many tax related events and activities as you can. One of my greatest motivations and inspirations to become a tax professional was engaging with other tax professionals at events like the Tax Indaba and the SAIT Student Conferences.

# FASKEN

## What are the most important traits or skills that your firm wants when hiring graduates?

- Proactive
- want to learn
- go the extra mile
- smart
- problem solver
- get it.

## What are some of the biggest red flags that usually exclude an applicant from being considered?

- Being late
- not knowing our brand
- technically not strong, and not affable.

## What makes an application stand out?

- Bright eyed
- interested
- good marks
- lots of extramural achievements
- easy to connect with.

## Do you have any practical advice to students when applying?

Keep it short and to the point.

## How should applicants prepare for a job interview?

Do a dry run with one of your friends – sometimes something sounds a lot better in your head than when out loud.

## What are the common mistakes made during an interview?

Candidates arriving late.

## MAJOR RED FLAGS IN AN INTERVIEW

- Inconsistency of information between CV and interview responses (indicators of dishonesty).
- Candidates who cannot provide any real-life examples of how they have dealt with particular situations (whether in work life or personal life).
- Not being dressed neatly/not looking professional/dressed inappropriately.
- Not making eye contact with the interviewer.
- Inability to express yourself to the interview panel.
- Not providing clear and concise answers to questions.
- Candidates who speak poorly of colleagues, lecturers and former employers.
- Lack of energy or enthusiasm, displaying a negative attitude/arrogance, showing a lack of interest in the interview or having an unprofessional demeanour.
- Lack of preparation (candidates who do not know anything about the company, the role or their own CV).
- Sharing too much personal information or talking too much.
- Leaving a job in uncertain or unclear circumstances.
- Candidates who do not have knowledge of the career path they have chosen.
- Poor communication and listening skills.
- Arriving late for an interview.

# MAITLAND

## What are the most important traits or skills that your firm wants when hiring graduates?

- Attention to detail.
- Hard worker.
- Willingness to learn.

## What are some of the biggest red flags that usually exclude an applicant from being considered?

- Incomplete qualification.
- Job hopping.
- Spelling mistakes on CV.
- No contact information on CV.

## What makes an application stand out?

- Well laid out CV.
- No spelling mistakes (shows attention to detail).

## Do you have any practical advice to students when applying?

- Do not lie on your CV.
- Add character references if you do not have professional references (not family members).
- Always double check your spelling on your CV (it is the first impression you make on the prospective employer).
- Ensure you meet the minimum requirements for the position before applying.
- Do not apply to every position you think you can do (again read the minimum requirements).

## How should applicants prepare for a job interview?

- Google the company and make sure you know their core business.
- Know who you are going to meet.

## What are the common mistakes made during an interview?

- Candidate not knowing which job they are applying for / being interviewed for.

## SARS AUDIT 2020



Many taxpayers are selected for SARS audits or verification. It is important to know what rights you have as a taxpayer and what requirements you must adhere to in order to be compliant with the requirements of the Tax Administration Act.



**WORKSHOP**



**5 HOURS**

### OVERVIEW

In this workshop, we will unpack the audit and verification processes and share what to expect during an audit or verification. We will also discuss how to prepare for an audit or verification as well as how to communicate with SARS during this process.

This workshop covers the principles related to a SARS audit or verification as well as the practical considerations, such as how to communicate with SARS and what taxpayers should do if they are not in agreement with audit findings. The workshop is practical and hands-on and attendees will be exposed to case-study based learning.

### PRESENTERS



**Wessel Smit**  
*BCompt (Hons) HDip Tax MCom  
(Taxation) CA(SA)*

### REGIONS

<b>6 Apr</b>		Durban
<b>7 Apr</b>		Cape Town
<b>8 Apr</b>		Port Elizabeth
<b>5 May</b>		Pretoria
<b>7 May</b>		Johannesburg
<b>13 May</b>		Webinar



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WE DO  
E-LEARNING  
SO YOU CAN  
DO LIFE

# THE CARBON TAX ACT EXPLAINED

► **RUMBIDZAI DAMITA ZIREVA**, [rumbi@yellowtree.co.za](mailto:rumbi@yellowtree.co.za)

What are the building blocks of the carbon tax and to whom and to what extent does it apply? Our article provides a few answers.



The Carbon Tax Act was gazetted on 23 May 2019 and is a vessel through which South Africa can contribute to the global effort to stabilise greenhouse gas concentrations in the atmosphere and drive sustainable economic growth. Through the Carbon Tax Act, the South African National Treasury is imposing taxes on local activities that release significant amounts of greenhouse gases. These gases trap heat in the earth's atmosphere, which leads to global warming.

The legislation is built on the “polluter pays” principle where the cost of environmental damage must be borne by those who are responsible for harming the environment. The Carbon Tax Act is applicable to industries that conduct activities above a given threshold, as stipulated in Schedule 2 of the Act, where these activities release significant quantities of greenhouse gases.

## What causes greenhouse gases?

The most common activity that results in the emission of greenhouse gases is fuel combustion. For example, companies that have boilers of a certain size fall under the fuel combustion category and have to comply with the Carbon Tax Act. It is important to note that greenhouse gases are also emitted from other processes apart from fuel combustion. For example, the process of making cement (i.e., the chemical reaction) results in the release of CO<sub>2</sub> which is the most well-known greenhouse gas. Furthermore, some activities inadvertently release greenhouse gases as fugitive emissions.

The Carbon Tax Act lists a broad range of industrial activities that release greenhouse gases, and it classifies these activities as causing either combustion, process or fugitive emissions. The sum of a taxpayer's combustion, process and fugitive emissions, less any tax allowances, yields the carbon tax obligation of the taxpayer:



## Which pollutants are called greenhouse gases?

The Carbon Tax Act recognises six main greenhouse gases that are emitted from industrial activities. These are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). Some of these gases cause more global warming than others.

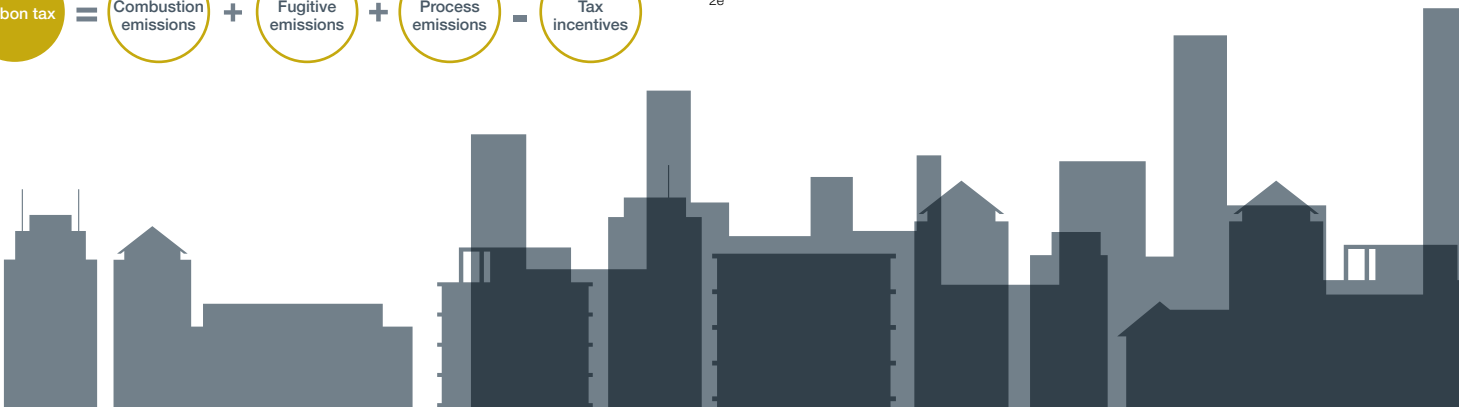
Each greenhouse gas causes a varying degree of harm to the atmosphere when compared to CO<sub>2</sub>. This degree of harm is referred to as the global warming potential of a greenhouse gas. Every greenhouse gas has its own global warming potential that was developed by the Intergovernmental Panel on Climate Change (IPCC).

For example, 1 kg of methane causes 23 times more global warming than 1kg of CO<sub>2</sub>, and 1kg of sulphur hexafluoride causes 22 200 times more global warming than 1kg of CO<sub>2</sub>.

The carbon tax regulates six pollutants and the table beneath shows how detrimental each of these is.

GREENHOUSE GAS	GLOBAL WARMING
Carbon dioxide (CO <sub>2</sub> )	1
Methane (CH <sub>4</sub> )	23
Nitrous oxide (N <sub>2</sub> O)	296
Hexafluoroethane (C <sub>2</sub> F <sub>6</sub> )	11 900
Carbon tetrafluoride (CF <sub>4</sub> )	5 700
Sulphur hexafluoride (SF <sub>6</sub> )	22 200

To calculate a factory's total greenhouse gas emissions, the quantity of each greenhouse gas (kg/year) is multiplied by its global warming potential figure and these six numbers are summed. This total is called the “carbon dioxide equivalent” or CO<sub>2e</sub>.



## What is the cost of carbon tax?

The amount of carbon tax is calculated by multiplying the carbon dioxide equivalent (CO<sub>2</sub>e) by the current rate of tax, which is R120 per tonne of CO<sub>2</sub>e. It is not yet necessary to physically measure the amount of greenhouse gas emissions that are released. The Carbon Tax Act specifies emissions factors for each industrial process that is regulated. The emissions factors were determined by the IPCC and are specified in schedule 2 to the Carbon Tax Act.

The tax rate is set to increase by the consumer price inflation (CPI) index plus 2% each tax year until 31 December 2022. Thereafter, the tax rate is set to increase by CPI each tax year.

Taxpayers can leverage tax-free allowances that will reduce their tax obligation. These allowances will be given as rebates or refunds when the allowances being applied for are verified. The following allowances are permitted:

- Allowance for fossil fuel combustion – 60%
- Trade exposure allowance – 10%
- Performance allowance – 5%
- Carbon budget allowance – 5%
- Offset allowance – 5%
- Allowance for industrial process emissions
- Allowance in respect of fugitive emissions

Multiple allowances can be granted to the same taxpayer. However, the total may not exceed 95%. Regulations regarding the trade exposure and performance allowances are still to be promulgated by National Treasury. These regulations will stipulate what activities will qualify taxpayers to obtain the allowances and to what extent the allowance will be applied (e.g., qualifying for a full 10% for trade exposure or just 3%). It is anticipated that these regulations will be promulgated before the first tax payments are due.

## What are the timeframes?

The first tax period commenced on 1 June 2019 and ended on 31 December 2019. Subsequent tax periods will commence on 1 January and end on 31 December of each year. Taxpayers will be expected to submit payments to SARS annually by the end of July, for the preceding tax period. The Department of Environment, Forestry and Fisheries will be tasked with verifying the emissions reports that are submitted by taxpayers.

## Is the Carbon Tax Act fit for purpose?

The main purpose of the Carbon Tax Act is to impose a tax on greenhouse gases that are emitted within South Africa. Many reasons are given in support of this legislation, such as the proof of the role of greenhouse gases in climate change. The Act itself states that government aims to use a “package of measures” to combat the issues that are associated with climate change and carbon tax is, of course, one of them.

The common outcry from industry is the affordability of carbon tax. There are concerns that carbon tax may lead to increased unemployment and a reduction in economic growth. These concerns are valid and the fact that the tax will be fed into the general fiscus and will not be earmarked for environmental purposes, such as research into upscaling renewable energy, adds further frustration.

However, there are numerous case studies showing how carbon tax has worked as an effective tool to bring about environmental awareness and behavioural change in industry, for the benefit of both the environment and the economy. For example, Denmark was able to reduce their greenhouse gas emissions by an average of 10% between 1992 and 2000 (Nadel, 2016) because of the implementation of a carbon tax. Sweden managed to reduce their greenhouse gas emissions by 26% and still grew their economy by 78% between 1990 and 2017. France decreased their emissions by 13% and grew their economy by 51% during that same period (Criqui, Jaccard, & Sterner, 2019).

Because South Africa is a developing nation, it may be more difficult to bear a carbon tax than it has been for other more developed nations. However, the environment is crucial to our existence and our faithful stewardship of the environment is essential for future generations. It is said that we do not inherit the earth from our ancestors, but that we borrow it from our children.

We as South Africans therefore need to make meaningful changes in order to join with an international community in stabilising emissions. The environment is a globally shared resource, and it is insufficient to look at more advanced nations and encumber them alone with financing solutions. It will take a globally unified approach to stem the tide of environmental degradation and to preserve the planet for our children and our grandchildren.



# WHO IS AFFECTED BY THE CARBON TAX?

► **NADIA DE WET**, [nadia.de.wet@pwc.com](mailto:nadia.de.wet@pwc.com) &  
**JASON DANIEL**, [jason.daniel@pwc.com](mailto:jason.daniel@pwc.com)



If businesses pass through their carbon tax liabilities to their customers, can the tax achieve its objective of making the polluter pay? Read our article to see who is affected and by how much.

With the introduction of carbon tax in South Africa many taxpayers are asking the question, “Who is affected?” The extent of the impact of carbon tax will differ from taxpayer to taxpayer depending on the size and nature of its operations.

## Who are the supposed targets?

The South African Government has acknowledged the crucial need to drastically reduce carbon emissions and has further identified the key benefits associated with the move towards a low carbon economy. Having regard to its commitment, the South African Government has set ambitious greenhouse gas emission reductions of 34% by 2020 and 42% by 2025 against a business as usual curve. In order to achieve these targets, an intricate web of interconnected policies and frameworks have been developed to support South Africa’s transition to a low carbon economy.

### Energy intensive sectors

The implementation of carbon tax is a key mechanism employed by South Africa to ensure that both international and local obligations are met. Upon examination and interpretation of the Carbon Tax Act, the charging provision details that any person that conducts an activity and emits greenhouse gas emissions – resulting from fuel combustion, industrial processes and fugitive emissions – in the Republic equal to or above the prescribed threshold will be liable to carbon tax. Upon closer inspection of the design of the Carbon Tax Act, it is apparent that the thresholds have been intentionally aimed to capture heavily reliant energy intensive sectors. It would appear that the legislator intended encompassing and targeting sectors that are closely tied to fossil fuel based energy. To this extent, the following sectors are the most affected by the implementation of a carbon tax: the energy sector, the manufacturing and construction industry, the mining sector, various mineral industries (cement, glass and lime production), the chemical industry, and the metal industry (iron and steel, aluminium, zinc and lead production).

### Who is excluded and why?

During Phase One (1 June 2019–31 December 2022), the waste sector as well as the agricultural, forest and other land use sectors are excluded. Paradoxically, the Act currently excludes South Africa’s largest emitter – Eskom. South Africa’s electricity utility escapes the clutches of carbon tax through a tax credit for the renewable energy premium built into the electricity tariffs and a credit for the existing electricity generation levy. As such, carbon tax will initially be neutral for electricity prices and we should not see an increase in the electricity price as a direct result of carbon tax during Phase One. Eskom’s exclusion, along with the generous tax-free allowances provided for in the Act, have cushioned the carbon tax blow for many intensive energy users. Circumspection should however be exercised as we are yet to receive clarity regarding Eskom’s position once Phase Two is rolled out in January 2023.

### Who is effectively affected?

The key design features of the Carbon Tax Act have the intention of targeting intensive users of what is colloquially known as “dirty energy”. It is apparent that industries that are closely linked to fossil fuel based energy will be the most affected. However, the knock-on effect and impact of the implementation of carbon tax will ripple across the entire economy and will not be limited to the intended targets of carbon tax. Effective from 5 June 2019, carbon tax on fuel amounts to 7c/l on petrol and 8c/l on

diesel. The spike in the fuel price as a result of carbon tax has impacted heavy fuel consuming industries such as the logistics and transportation sectors. The impact of the fuel component of carbon tax has deceptively been overlooked. Having regard to the far-reaching implications of an increase in the fuel price, the entire economy and both companies and consumers need to factor this spike into their finances.

#### *A knock-on effect*

At present, it may be prudent for companies to assess the implications and impact of carbon tax on their entire supply chain, as there might be a knock-on effect from heavy emitting suppliers that may result in a hike in input costs as a result of carbon tax. Currently, the Carbon Tax Act and its associated regulations do not prohibit the pass through of carbon tax and the end users often bear the brunt of companies' carbon tax liability. Given the infancy of the Carbon Tax Act, the real impact of carbon tax, by far and large, is yet to be assessed and determined.

#### *Assessing the effect*

Given the uncertainties surrounding the ultimate impact of carbon tax, National Treasury has committed to assessing the benefits and costs posed by the South African carbon tax during Phase One before Phase Two is rolled out. Given the Carbon Tax Act's foundational building blocks being centred around the "polluter-pays" principle, the unintentional loophole that currently allows companies to pass through and on-charge their carbon tax liability to the end user goes against the purpose and intention behind the promulgation of the Act. Eskom has estimated its potential carbon tax liability (should Eskom be included in Phase Two) to be R11.5 billion. Should National Treasury fail to prohibit the pass-through effect of carbon tax or fail to provide alternative measures to limit industry's exposure relating to indirect emissions, the consequences may prove to be detrimental to the South African economy.



### **How much tax is being generated?**

The February budget forecasts put out by National Treasury have estimated that R1.8 billion will be raised by the fuel component of the existing carbon tax. However, given the uncertainties surrounding the implementation of certain allowances in the Carbon Tax Act and the regulations governing these allowances, it would be difficult to gauge to what extent large emitters will be liable to pay. The revenue that ought to be raised through the emissions component of carbon tax can be roughly estimated to be R3 billion if one takes into consideration the estimated carbon tax liability of the top emitters in South Africa. Better insight into the total amount of carbon tax collected will come to fruition at the conclusion of the first carbon tax filing in July 2020.

#### *The large emitters*

Some of South Africa's largest emitters have publicly disclosed the impact carbon tax may have on their operations. Sasol, one of the most energy intensive companies in the Republic, has done a preliminary estimate of the impact of carbon tax at R1 billion a year, subject to allowances being granted. The listed cement and lime producer, PPC, has estimated its carbon tax liability at R90 million a year. ArcelorMittal, Africa's largest steel producer, has disclosed that carbon tax will pinch their pockets by an estimated R650 million a year.

At first glance, the revenue figures estimated for carbon tax collection are relatively low, having regard to SARS' total revenue target of R1.4 trillion for the 2019/2020 financial year. Carbon tax is levied at a rate of R120 per ton of carbon dioxide equivalent. However, taking into account the generous allowances afforded by the Carbon Tax Act, the effective tax rate is much lower and ranges between R6 and R48 per ton of carbon dioxide equivalent. It is anticipated that the current allowances will be adjusted and drastically reduced in Phase Two. On face value, at least from the onset, the carbon tax policy appears to have a minimal impact. Despite the potential impact carbon tax could have on South African industries, economic development and global competitiveness, there still remains an undeniable need to contribute towards a low-emission and climate resilient society and economy.

### **A delicate balance**

In order for South Africa to meet its objectives under the Paris Agreement, a delicate balance must be struck between the enforcement of industry-wide carbon reduction while maintaining socio-economic development. The global environment is becoming hostile towards countries that are exceeding their carbon requirement. Should South Africa not take the necessary steps to contribute towards the global initiative, it will be left behind.



# THE ECONOMIC IMPACT OF CARBON TAX



Yet another tax on over-burdened industry in a low-growth scenario? Our article discusses the sometimes irrational fear of a drag on economic growth constituted by the carbon tax and points to alternative drivers of growth in a changing world.

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Last year a carbon tax was enacted in South Africa after almost a decade of deliberation. When the National Treasury published the first carbon tax discussion paper in 2010, South Africa had weathered the global financial crisis and returned to the roughly 3% average annual growth it had enjoyed since 1994. Since then, however, economic performance has deteriorated markedly. The World Bank predicts growth of less than half a percent for 2019 and lower than 1% for 2020. Currently, 3% growth looks like a distant dream. Given this, combined with poor industrial performance linked to sharply increasing electricity prices and never-ending electricity supply constraints, it is being questioned whether South Africa can afford a carbon tax.

## Can South Africa afford a carbon tax?

The question of the affordability of a carbon tax is premised on a carbon tax inevitably leading to reduced economic growth. While most research predicts a small negative impact on GDP from a new carbon tax, international and local studies have shown that this is critically linked to how carbon tax revenues are spent. Theoretically, and this has been borne out by modelling exercises, cleverly recycling carbon tax revenues back into the economy could lead to what is referred to as a “double dividend” of reduced greenhouse gas emissions and increased economic efficiency. In fact, local research has shown that a ‘triple dividend’ of reduced greenhouse gas emissions, increased economic growth and reduced poverty may even be possible. Generally, though, most local and international studies find that spending carbon tax revenues in a way that benefits large swathes of the economy is likely to turn the expected growth penalty from small to negligible.

The National Treasury has indicated that most carbon tax revenue will be used to prevent an increase in the price of electricity during the first phase of the carbon tax. This will be done via credits to electricity generators to offset the levy on non-renewable electricity and to compensate for the higher cost of renewable energy procured early on in the Renewable Energy Independent Producers Procurement Programme. Any leftover revenue will fund new energy efficiency initiatives via the budget process. While relatively broad (i.e., benefitting all electricity users), this recycling approach is less so than the options shown to minimise the impact of a carbon tax – like a reduction in a broad-based tax like VAT or a production subsidy to all industry. It remains to be seen what the actual economic impact will be.

### *Carbon leakage*

Until all countries have comparable carbon taxes (or other form of carbon pricing like an emissions trading scheme) in place, fears exist that a carbon tax in South Africa could lead to “carbon leakage” – the risk that companies could relocate their production activities to countries with lower or no carbon price to avoid the increased production costs that a carbon tax entails. In practice, however, these fears are probably exaggerated.



Simulation exercises tend to predict carbon leakage, often at significant levels, and firm surveys usually highlight carbon leakage as a concern. Studies using actual data to identify carbon leakage, however, tend not to find evidence of it. There are several reasons why this may be, including methodological issues with the studies. But most likely this is not yet a significant issue due to a combination of measures to reduce the risk of carbon leakage (like the trade exposure allowance included in the South African carbon tax) and relatively low historical carbon prices. This may change as carbon tax rates increase in future, but investment decisions are influenced by a myriad of factors, e.g. proximity to markets and suppliers, regulatory regimes, infrastructure and intellectual property issues. A carbon price is only one factor to consider.

The South African carbon tax is also low by international standards. According to the World Bank's State of Carbon Pricing Report 2019, international carbon prices range between \$1 and \$127 per ton of carbon dioxide equivalent. At an effective rate of between R6 and R48 per ton after allowances, the local carbon tax will be between \$0.42 and \$3.34 per ton (based on the exchange rate in 2019 for comparability – and slightly lower at current exchange rates). While most emissions are priced at less than \$10 per ton, only three jurisdictions have carbon prices of below \$1 per ton – Mexico, Poland and the Ukraine.

Consequently, the carbon tax is unlikely to have a significant negative economic impact in South Africa. And the impact it does have will be largely as a result of how the revenues have been recycled rather than the decision to implement a carbon tax in the first place.

### **Can South Africa continue without a carbon tax?**

South Africa's growth rate falling off a cliff is not the only thing that has changed since a carbon tax was first proposed. In 2010 only four countries outside Europe (Canada, the US, New Zealand and Japan) had implemented, or seriously considered, carbon pricing. At the end of 2019, 58 carbon pricing initiatives covered 46 countries and 31 subnational jurisdictions. South Africa was ahead of the curve when it started considering a carbon tax. This is no longer the case.

It has since become clear that if climate change is going to be contained to manageable levels, the way economies are structured will have to fundamentally change. This will not only affect the entities that have to reduce their emissions, but also the financial entities that invest in them. The Task Force on Climate-related Financial Disclosures, set up by the Financial Stability Board in 2015, emphasised the fact that the transition to lower-carbon economies is expected to entail far-reaching regulatory, policy, legal, market and technology changes. These changes are likely to cause lower than expected returns and stranded assets throughout the economy. This is referred to as "transition risk". Admittedly the impact will be more severe and immediate for entities in carbon-intensive industries that sell and use coal, oil, and natural gas, but the transition will eventually

affect most economic sectors and industries. Research by Reserve Banks and organisations like the Network for Greening the Financial System have shown that if this risk is not managed, it could threaten the stability of the global financial system. Last year the Climate Policy Initiative (CPI) Energy Finance, focusing only on the most exposed sectors (coal, liquid fuels and electricity generation), conservatively estimated the present value of transition risk in South Africa up to 2035 at more than \$120bn.

### *Border tax adjustments*

In 2010 the issue of border tax adjustments was largely theoretical. This refers to the use of import tariffs to level the playing field between imports from countries with low or no carbon prices, and local producers in jurisdictions with higher carbon prices. It is another way of avoiding the carbon leakage mentioned above. Last year, the EU (South Africa's largest trading partner by region), announced plans to implement border tax adjustments. This is a worrying sign for South Africa. Whenever countries' exposure to border tax adjustments have been assessed, South Africa has always emerged as one of the (if not the) most exposed country. The reason for this is simple – we are far from our main export markets and our electricity supply is very carbon intensive.

The world is also nowhere near reducing greenhouse gas emissions to a level where it is likely to be manageable. To contain climate change to below two degrees Celsius, the International Monetary Fund believes a global carbon price needs to be put in place immediately and it needs to increase to \$75 by 2030. Currently only about 20% of global greenhouse gas emissions are covered by a carbon price, and less than half of these emissions are covered by a carbon tax price higher than \$10 per ton. Furthermore, the Intergovernmental Panel on Climate Change now believes that one and a half degrees Celsius is the relatively "safe" level of climate change to aim for – meaning that an even higher global carbon price will be required.

A carbon price is coming. The sooner South Africa starts preparing for a world in which greenhouse gas emissions are no longer free, the less painful the adjustment will be.

### **What lies ahead?**

Asking whether South Africa "can afford" a carbon tax is ignoring the fact that our carbon-intensive historical growth path is no longer available to us. South Africa industrialised on the back of its natural resources and low electricity prices. Our mineral resources have steadily been depleted and our electricity prices are no longer the cheapest in the world. Critically, we have not managed to find new drivers of growth. Luckily, the CSIR and others have shown that renewables, which become more attractive with a carbon tax, could support industrial growth by once again providing South Africa with the lowest-cost electricity in a carbon constrained world. The real question is thus not whether South Africa can afford a carbon tax but why it took so long to put one in place.

# CARBON TAX –

## TRENDING ON AN

## INTERNATIONAL SCALE?



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Our article looks at the South African carbon tax in the context of climate change, international obligations under the Paris Agreement, nationally determined contributions and border carbon adjustments.

2019 saw the introduction of yet another tax for the corporate taxpayer – the carbon tax. When businesses are faced with a multitude of challenges, such as load shedding, widespread job losses and a sluggish economy, it is not surprising that this tax has not garnered much favour with industry during the first phase of introduction. However, in the midst of all the uncertainties that we are faced with, we can be certain that carbon tax is here, and is here to stay.

Understanding the introduction (and future) of this new tax must include consideration of what is at the forefront of many discussions globally – environmental protection and climate change, as well as how South Africa's competitiveness is affected on an international scale.

### **A landmark agreement**

Almost four years before the Carbon Tax Act was promulgated in South Africa, 196 countries agreed to combat climate change – committing to collectively implement measures which would lead to a low-carbon, sustainable future. This collective pledge resulted in the 2015 Paris Agreement, a treaty of international law which entered into force on 4 November 2016 and has been ratified by 187 parties.



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Contained within the Agreement are commitments to create a carbon neutral world between 2050 and 2100, limit global warming to "well below" 2°C above pre-industrial levels and to pursue efforts to keep it to 1.5°C, and to report transparently on carbon reduction progress.

The Paris Agreement also requires that each signatory sets, communicates and adheres to national emission reduction targets, or nationally determined contributions (NDCs), while continuously strengthening these efforts. A global stocktake would be undertaken every five years to assess the collective advancement made towards achieving these targets. Depending on the outcome of this review, more ambitious targets may be required to be set.

### **South Africa's participation – optional or obligatory?**

South Africa is one of the signatories to the Agreement, and is therefore bound to the treaty regarding its committed NDC. In terms of South Africa's obligation, the country's greenhouse gas emissions should peak in 2020 to 2025, plateau from 2026 to 2035, and decline from 2036 onwards. In addition, South Africa as a whole is allowed to emit 14-gigatons of carbon dioxide between 2020 and 2050. In order to achieve these targets, one of the measures that was evaluated was the introduction of a carbon tax.

The Carbon Tax Act was assented to by the President on 23 May 2019, and became effective from 1 June 2019 – making South Africa the first African nation to launch a carbon tax.

The primary goal of the introduction of the carbon tax is to determine a cost associated with the environmental and health damages of excessive greenhouse gas emissions and to ensure that businesses and households take this price into account in their production, consumption and investment decisions. It is also intended to drive a change in the behaviour of corporates to encourage a move to cleaner technologies.

The tax has been structured in such a way that those taxpayers that emit carbon dioxide and its equivalents (CO<sub>2</sub>e) will be liable for an additional tax at an initial levy of R120 per tonne of CO<sub>2</sub>e

emissions above set tax-free allowances (which could reduce the initial carbon tax rate to as low as R6 to R48 per tonne of CO<sub>2</sub>e).

The Act specifies that this rate will be increased by consumer price inflation (CPI) +2% per year until 31 December 2022, whereafter the rate of tax is increased only by CPI. The impact of the carbon tax will also be reviewed at least three years after implementation (i.e., 2022), taking into account the progress made in reducing greenhouse gas emissions – which may result in changes to the legislation.

### **Is carbon tax too "taxing"?**

The High Level Commission on Carbon Prices estimated that, in order to drive transformational change, carbon tax should be US\$40–80 per tonne of carbon dioxide equivalent by 2020, and between US\$50–100 per CO<sub>2</sub>e tonne by 2030. Most prices internationally are below this range, and at an initial levy of R120 / CO<sub>2</sub>e tonne (notwithstanding the various allowances which are in place), South Africa's carbon tax, as it stands, is significantly below this level. In fact, the current rate of R120 per tonne of CO<sub>2</sub>e is only 20% of the lowest price suggested for 2020 to produce a meaningful reduction in carbon emissions. Notably, applying the basic percentage-based threshold allowance of 60% has the immediate effect of reducing the tax to a paltry US\$3 per tonne of CO<sub>2</sub>e.

In 2018, OECD Secretary-General, Angel Gurría stated that "the gulf between today's carbon prices and the actual cost of emissions to our planet is unacceptable. Pricing carbon correctly is a concrete and cost-effective way to slow climate change".

Whilst the environmental need to reduce greenhouse gas emissions is clear, South Africa's lack of economic growth cannot be ignored. South Africa is heavily reliant on coal for energy, relative to other countries. Thus, a carbon tax will have a far greater detrimental impact on the economy in South Africa than in other countries if not structured carefully to take this into account. Perhaps, in this light, the low initial price is justified.

*"The Carbon Tax Act in its current form should be enough to incentivise real environmental change."*

## ▶ A global trend

During National Treasury's carbon tax consultation process, it was noted that "the scope of carbon pricing initiatives through carbon taxation is increasing rapidly and is becoming a major part of country policy strategies to achieve the nationally determined contributions under the Paris Agreement".

Although the industry sectors affected by the Act are far-reaching, the carbon tax has been designed to try to ensure that South Africa's competitiveness is not compromised through its introduction. The hope is that this can be achieved through a phased-in approach as well as the inclusion of thresholds and tax-free allowances. Additionally, in order to cushion the potential impact on energy-intensive sectors, the price of electricity will not be affected by the carbon tax during the first phase.

The World Bank's *State and Trends of Carbon Pricing 2019* reports that carbon prices are rising, with just over half of emissions now covered by carbon pricing initiatives priced at under US\$10 per CO<sub>2</sub>e tonne (only one quarter of emissions were covered in 2017). The report also indicates that, as of April 2019, 57 carbon pricing initiatives have been implemented, or are scheduled for implementation. As such, initial concerns over competitiveness should subside as carbon prices spread globally.

In 2019, newly elected President of the European Commission Ursula von der Leyen stated that, "to ensure our companies can compete on a level playing field, I will introduce a Carbon Border Tax to avoid carbon leakage", i.e., the shifting of carbon-intensive production to countries outside the EU. Such a tax scheme is often referred to as a "border carbon adjustment" (BCA) since it makes up for the difference between the domestic carbon tax and those levied in countries with lower (or no) carbon taxes.

One of the arguments in favour of carbon tax is the protection of South Africa's exports from BCAs that could be imposed on exports to countries that are already pricing carbon. While no country has implemented BCAs on any meaningful scale yet, the desirability of competitiveness adjustment policies is under review by many policy makers.

## Has successful implementation been achieved?

Although governments have gained traction in implementing carbon pricing initiatives, South Africa is not the only country which has experienced pushback on the initiative. For example, Washington State had a public rejection of the proposed carbon tax, while France had to freeze the increase in the carbon tax rate (currently US\$50 per CO<sub>2</sub>e tonne). What has been evidenced in countries where carbon pricing has been accepted is that public support for such initiatives must be obtained and maintained, which also makes carbon policies less vulnerable to political changes. In this light, Portugal is reducing its carbon tax exemptions, Iceland has increased its carbon tax rate by 10% in 2019, and Sweden's carbon tax rate sits at US\$127 per CO<sub>2</sub>e tonne!

However, it is crucial that the local context is understood, as carbon pricing cannot follow a one-size-fits-all approach. Referencing the High-Level Commission on Carbon Pricing and Competitiveness 2017 report, the World Bank has advised that when considering which price level is needed in a given jurisdiction, several factors must be taken into account to ensure the acceptability and credibility of the policy. These factors include the prevailing policy environment, price elasticity of emissions, distributional and ethical issues and the need to address competing policy goals, such as poverty reduction.

## Lessons learnt

As more countries introduce initiatives to decrease their emissions, a failure to respond to and control greenhouse gas emissions could lead to a loss in international competitiveness and increased vulnerability for trade and investment. Therefore, merely passing the price of the carbon tax down the supply chain is an outcome that should be avoided by corporates.

National Treasury has indicated that the impact of the carbon tax will be reviewed at least three years after implementation, taking into account South Africa's progress in reducing greenhouse gas emissions. We know that our effective current tax rate of R48 per CO<sub>2</sub>e tonne is "light" in comparison to other countries where carbon tax is in effect. However, if the desired behavioural change which the implementation of the Carbon Tax Act set out to achieve is not realised, we may see substantial changes. These changes to the Act may include an increase in the tax rate and decrease (if not entire withdrawal) of the tax-free thresholds, in order for South Africa to meet its obligations under the Paris Agreement.

Corporate South Africa cannot afford to be taxed more – the Carbon Tax Act in its current form should be enough to incentivise real environmental change. We live in a world where technology is constantly evolving, and where companies strive to be the next "best innovator". We should, therefore, be using this to our advantage. This progressive thinking may well lead to the effects that the Paris Agreement desires to achieve – long term reduced carbon emissions through the advancement of effective carbon-pricing policies and a move towards greener technology.

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# CHALLENGES TO IMPLEMENTING the new carbon tax



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Now that the principle of the carbon tax has been accepted, how is it to be implemented? Our article looks at challenges in the regulatory and compliance environments and proposes some ways of dealing with them.

With the carbon tax having been effective from 1 June 2019, there are two significant deadlines for companies.

1. The first deadline is the mandatory reporting of carbon emissions to the Department of Environment, Forestry and Fisheries by 31 March 2020.
2. The second deadline is the first payment of carbon tax to SARS on 30 July 2020.

Most companies seem to think they have this process under control, and are not too worried by the approaching deadlines. Many should be, and could be facing a nasty and expensive shock.

What some firms do not anticipate is the myriad of challenges that exist once they actually dig into the accuracy of their numbers, and try to obtain an accurate rand value for the amount of tax they will have to pay.

The challenges relate to a number of aspects around the calculation and reporting of emissions, the implementation processes within companies, as well as the lack of finalised regulations and systems for tax-free allowances or discounts available within the tax.

## What are the challenges relating to the calculation and reporting of emissions?

To provide some context, companies are required to register and report their emissions to the Department of Environment, Forestry and Fisheries, and this process is regulated by the National Greenhouse Gas Emissions Reporting (NGER) regulations, which were published on

3 April 2017. The main purpose of these regulations is to inform a national greenhouse gas inventory for South Africa.

With South Africa having a commitment to report and track carbon emissions under the Paris Agreement, the NGER regulations rely on an international methodology that was developed to assist countries to estimate their greenhouse gas emissions, namely the Intergovernmental Panel on Climate Change (IPCC) Guidelines, 2006.

These regulations define how emission-generating activities must be classified, and the methods to be used for calculating these emissions. The regulations also specify a minimum threshold. If this threshold is exceeded, then it is mandatory to report carbon emissions.

### *Applying the methodology*

Although this methodology is the best existing approach to developing national inventories, accurately calculating emissions for carbon tax purposes is challenging. The problem is that, in practice, some real-life scenarios deviate from the scenarios envisaged and provided for in the guidelines. In these cases, the regulations are not clear on what companies are required to do.

For example, the guidelines have been developed for scenarios where one would commonly associate carbon emissions with certain activities. Consider the scenario of the release of fugitive methane, normally associated with coal mining. Activity codes and emission factors have been developed to assist coal mining operators to quantify their emissions and to report on them. However, no such codes or factors exist to guide the quantifying and reporting of fugitive methane emissions for other commodities.



#### *Creating new methodologies*

Some companies are of the view that if an activity code does not exist in the legislation, they are not required to report such emissions, and hence they will not be liable to pay carbon tax. But when engaging with Government on this issue, it becomes clear that this is not the case. Houston, we have a problem!

It is clear from the Carbon Tax Act that the key principle of the Act is a “polluter pays” principle, and that where no activity codes and emission calculation methodologies exist, new ones must be created. This can often be challenging and time-consuming, and there is not much time left to achieve this before the end of March when the law decrees that emissions must be reported.

#### **WHAT TO DO WHEN FACED WITH CHALLENGES IN CALCULATING CARBON EMISSIONS?**

- Undertake an independent review of emission generating activities against the codes listed in the legislation
- Seek expert assistance to obtain clarification on whether these activities exceed the thresholds and how to calculate emissions
- Engage the Department of Environment, Forestry and Fisheries for assistance and obtain written rulings where there is uncertainty

#### **What are the implementation issues of the carbon tax?**

Prior to the implementation of the carbon tax, the accuracy of sustainability reporting – or reporting on emissions – had not been under the magnifying glass. Sustainability reporting falls under the mandate of a firm’s health, safety and environmental departments. All matters relating to tax fall under finance departments. Generally, within companies, these departments operate completely separately from each other.



Finance departments are accustomed to scrutinising the accuracy of data submitted to SARS, while sustainability departments are not. In addition, finance departments have standard operating procedures for accounting and assessing tax on a monthly basis, a discipline which sustainability departments are not accustomed to.

#### *Reporting issues*

As these different departments operate in their own silos, there is a lack of communication, which can lead to mistrust in the accuracy of the information provided. Sustainability reporting often requires reporting on consumption-based figures – as opposed to those relating to purchases or deliveries, which can be more easily measured or traced by an audit trail. In contrast, the actual consumption of a fuel, if not directly measured, must be calculated. The audit trail often becomes difficult to demonstrate in such cases, especially for fuel sources like coal.

#### *Audit trails*

As the calculation of carbon emissions is based on the amount of fuel consumed or burned, and the tax is determined on this basis, finance departments should be requesting a clear audit trail from their sustainability teams, one which can face the scrutiny of SARS auditing. In both departments, there is an added administrative burden, and clearly there is a requirement to work much more closely together.

Unfortunately, there are instances where there is a push-back from the sustainability department. In such cases company chief financial officers have to step forward, to enforce the updated procedures and to ensure that the key departments work together.

#### **WHAT TO DO WHEN FACED WITH IMPLEMENTATION CHALLENGES**

- Develop standard operating procedures to ensure proper accountability with clear deadlines
- Undertake external party assurance of activity data and carbon tax liability provisions

### **What improvements can be made to the application of the current legislation?**

The carbon emissions reporting deadline is only two months away, and the first actual payment is just six months away. Yet there is still no clear finalisation by National Treasury of the regulations and systems required for the implementation of this tax.

The cart has come before the horse.

#### *Draft regulations and wayward online systems*

A draft amendment of the NGER regulations was published on 6 September 2019. These regulations, however, have not yet been finalised. In addition, DEFF has launched an online reporting system, namely the South African Greenhouse Gas Emission Reporting System (SAGERS). The online system is presenting a myriad of challenges. If, for example, companies try to register their facilities, the changes are not saved on the system.

Companies are also required to include the thermal energy input capacities for their equipment on the new online system. This is inherently challenging to calculate, especially on sites where equipment may have been installed decades ago. DEFF has not formally published guidelines to assist in the calculation of thermal energy input, although it is understood that a draft guidance document was being drafted.

At this stage, an improvement of the legislation would be for Government to finalise the legislation and the guidelines to apply it.

#### *Carbon offsets and allowances*

Although the carbon offset regulations were finalised on 29 November 2019, the carbon offset registry system is still pending. Companies still cannot start the application process to transfer carbon credits to a South African registry, in order to claim the carbon offset allowance, until this system is up and running.

For allowances on Trade Exposure and Performance Benchmarks, the regulations are still in Draft. Draft Regulations were published on 2 December 2019 and submissions were due on 17 January 2020.



The draft Trade Exposure regulations included a number of areas for clarifications. For example, the classification codes are not aligned to the described activities, and a clear process for claiming the allowance is lacking. On performance benchmarks, some industry sectors have been left out, even though they have participated in the process of developing benchmarks for the sectors. There is no explanation why these have not been included.

To conclude then, SARS finalised the rules for the collection of carbon tax on 23 December 2019, and the registration opened for applications on 2 January 2020. Revised Environmental Levy payment forms were published for comment on 17 January 2020, and comments are due by 7 February 2020.

Due to incomplete regulations, companies cannot determine with confidence their actual liability, which is due on 30 July 2020.

Finalising this legislation would therefore be an improvement to the current situation. Government needs to ensure that all submissions of comments on the regulations are duly considered and the regulations finalised as soon as possible. It is also vital that the carbon offsets registry system is put online, and is open for applications.

#### HOW TO DEAL WITH INCOMPLETE LEGISLATION AND SYSTEMS

- Ensure that your company is registered with the Department of Environment, Forestry and Fisheries
- Ensure that your company is registered with Customs and Excise Registration for carbon tax in order to make payment by July 2020
- Closely monitor all legislative and system developments with regard to allowances
- Only claim allowances you have validated support for
- Constantly assess how draft legislation can impact your business and make submissions to address any issues identified

*"Due to incomplete regulations, companies cannot determine with confidence their actual liability, which is due on 30 July 2020."*



# LIMITING LIABILITY FOR THE CARBON TAX: AN OFFSET ALLOWANCE INSTEAD OF AN INCOME TAX INCENTIVE

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If you do not (yet) know what the Carbon Offset Administration System is, our article will enlighten you on the regulatory framework for using carbon offsets to limit liability for the carbon tax.

Under the Carbon Tax Act, which came into effect on 1 June 2019, Government seeks to reduce South Africa's greenhouse gas emissions by imposing a carbon tax on entities which are responsible for facilities which emit in excess of the thresholds legislated in the Carbon Tax Act.

The Carbon Tax Act contains provisions which support initiatives in a range of areas such as support for the development of renewable energy and other projects which reduce greenhouse gas emissions. Entities liable for carbon tax are allowed to reduce a maximum of 10% of their greenhouse gas emissions through the use of carbon offsets. Greenhouse gas emissions form the base on which their carbon tax liability will be calculated.

## Carbon offsets

With the introduction of the carbon tax, it is becoming increasingly important to understand how the carbon trading market operates as well as the tax implications for the companies that participate in the market. The recently promulgated carbon offset regulations provide the legal framework for the development of carbon offset projects which will enable entities liable for carbon tax to reduce their carbon tax liabilities.

Carbon offsets are derived from low carbon projects which are developed under international programmes or standards such as the Clean Development Mechanism and the Gold Standard and Verified Carbon Standard.

The rules relating to the taxation implications of trading in carbon offsets were recently changed by the Taxation Laws Amendment Act 2019, which repealed section 12K of the Income Tax Act with effect from 1 June 2019.



## Certified emissions reductions

Section 12K, before its repeal, stated that there must be exempt from normal tax any amount received by or accrued to or in favour of any person in respect of the disposal by that person of any certified emissions reduction derived by that person in the furtherance of a qualifying Clean Development Mechanism project carried on by that person.

The stated effect of the section 12K exemption is that it provided a tax incentive for any person holding Clean Development Mechanism project registration whilst that person implemented the project. The incentive applied to the disposal



of certified emissions reductions issued in respect of that project. In essence, amounts received or accrued upon disposal of these certified emissions reductions were exempt for purposes of normal tax and capital gains tax.

The reason for the introduction of section 12K was that there had been limited uptake of Clean Development Mechanism projects within South Africa. This lack of uptake mainly stemmed from high financial (and bankable) hurdle rates given the risks associated with Clean Development Mechanism project activities. By removing the tax liability it was hoped that marginal projects would be pursued.

As with most tax incentive provisions, section 12K contained a number of limitations. It only applied to the disposal of certified emissions reductions which were derived in the furtherance of a qualifying Clean Development Mechanism project. Taxpayers that disposed of voluntary carbon units which were derived under the Verified Carbon Standard did not benefit from the tax exemption. The section 12K exemption only applied to the primary sale by the person who

carried on the qualifying Clean Development Mechanism project. Any subsequent sales of those carbon offsets were fully taxable.

The stated reason for the repeal of section 12K is to avoid a double benefit scenario, where the same emissions reductions lead to both an income tax exemption under section 12K and a lower carbon tax liability.

The effect of the repeal is that carbon offsets which were generated before 1 June 2019 will be taxable if taxpayers dispose of those carbon offsets after 1 June 2019. In terms of tax, the disposal of carbon offsets is largely untested. The default interpretation is to treat the disposals of carbon offsets as ordinary revenue from trading stock. Taxation of carbon offsets at full ordinary rates will add a cost for emissions reduction projects.

### The carbon offset allowance

The carbon offset allowance encompasses a carbon offsetting programme that allows taxpayers to offset their tax liability through the application of eligible carbon offsets derived from a Clean Development Mechanism project, a Verified Carbon Standard project, a Gold Standard project or a project that complies with another standard approved by the Minister of Energy or delegated authority.

The Carbon Tax Act Regulations (Carbon Offset Regulations) designate the Director General of the Department of Energy or his or her delegate within the "clean energy branch" of the Department of Mineral Resources and Energy as the administrator of the Carbon Offset Regulations. The administrator is tasked with creating an offset registry, the minimum content of which is specified in the Carbon Offset Regulations. The administrator is obliged, at all times, to provide the Minister of Finance and the SARS Commissioner with ready access to the registry.

While not defined as such in the Carbon Offset Regulations, the electronic system for administration of carbon offsets is termed the Carbon Offset Administration System, a beta version of which was developed in 2016 and is housed in the Department of Energy. While some level of procedural detail (for claiming the carbon offset allowance) is provided in the Carbon Offset Regulations, the Carbon Offset Administration System standard operating procedures are expected to refine and elaborate upon the required processes, building on the Carbon Offset Regulations. ►

*“The stated reason for the repeal of section 12K is to avoid a double benefit scenario, where the same emissions reductions lead to both an income tax exemption under section 12K and a lower carbon tax liability.”*

- ▶ The standard operating procedures document, once finalised, will operate to give effect to and elaborate upon the procedures set out in Part VI section 8 of the Carbon Offset Regulations. Section 8 provides that a person that claims the allowance must:
  - register with the Carbon Offset Administration System administrator in the time, in the form and in the manner as the Carbon Offset Administration System administrator may prescribe;
  - submit to the Carbon Offset Administration System administrator those documents, in the time, in the form and in the manner as the Carbon Offset Administration System administrator may prescribe, enabling the Carbon Offset Administration System administrator to issue an extended letter of approval;
  - obtain an extended letter of approval from the Carbon Offset Administration System administration or submit the extended letter of approval that was already issued to the Carbon Offset Administration System administrator;
  - submit to the Carbon Offset Administration System administrator an attestation of voluntary cancellation;
  - obtain from the Carbon Offset Administration System administrator a Regulation 11 certificate; and
  - claim the allowance against tax liability.

The abovementioned procedure for claiming the allowance may better be understood by reference to the concomitant duties of the Carbon Offset Administration System administrator, who must:

- scrutinise an application in respect of a request for issuing of an extended letter of approval;
- satisfy her or himself that the requirements for issuing an extended letter of approval have been complied with;
- issue an extended letter of approval;
- scrutinise an application for the purpose of listing of an offset;
- for the purposes of listing an offset satisfy her or himself that:
  - » an extended letter of approval complies with the requirements for issuing an extended letter of approval;
  - » an attestation of voluntary cancellation is in accordance with an agreement between the government of the Republic and the applicable issuing standard; and
  - » a statement contained in the attestation of voluntary cancellation specifies that the request for voluntary cancellation is made for the purposes of utilising a carbon offset in accordance with these Regulations.
- list an offset in the offset registry;
- issue a listing confirmation, reflecting the amount of credits indicated on the attestation of voluntary cancellation, upon successful listing of an offset in the offset registry;
- alter the information in respect of an offset when the ownership in respect of the offset changes;
- issue a Regulation 11 certified emissions reduction certificate for the purposes of utilising an offset to reduce liability for the carbon tax; and
- retire an offset after that offset has been used to reduce liability for the carbon tax.

### **A new standard**

Whilst the Carbon Offset Regulations set out broad criteria for general offset eligibility under the Carbon Tax Act, and whilst they contemplate that the Minister of Finance may prescribe a new standard in terms of which eligible carbon offsets can be generated, they neither contain any guidance for nor do they set out minimum criteria which such a new standard must meet.

## BUDGET & TAX UPDATE 2020



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### OVERVIEW

The workshop is aimed at providing an overview of the most important tax amendments proposed in the Taxation Laws Amendment Act 2019 and the Tax Administration Laws Amendment Act 2019. Delegates will be presented with a logical explanation of the developments as well as the impact of the amendments on the relevant taxpayers.

Furthermore, the workshop will highlight the important tax proposals contained in the 2020 Budget Speech.

### PRESENTERS



**Professor Jackie Arendse**  
*B Acc H Dip Tax M Acc  
(Tax) MTP(SA) CA(SA)*

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- 17 Mar | Durban
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- 23 Mar | Midrand
- 24 Mar | Webinar





# SOUTH AFRICA: A GLOBAL AIR POLLUTION HOTSPOT?

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Our article asks the question whether the 2004 air quality regime has lived up to initial expectations, and provides some worrying facts and a viable solution.

The National Environmental Management: Air Quality Act of 2004 was hailed as a departure from the increasingly ineffective “old regime” for air quality which was delimited for the four previous decades by the outdated and constitutionally redundant Atmospheric Pollution Prevention Act, 1965. It was anticipated that the new Act would bring an environmental and human health focus to atmospheric pollution management by applying legal standards and both point source and ambient regulatory measures to harmful industrial emissions.

Towards this end, the 2004 Air Quality Act provides for the licensing of certain listed activities giving rise to point source emissions that have, or may have, a negative impact on the environment. A facility conducting one or more of the listed activities must apply for, and hold, an atmospheric emissions licence which requires compliance with the applicable minimum emissions standards (limits on emissions of noxious substances). The regulator’s decision to grant or withhold an atmospheric emissions licence must consider ambient concentrations of the substances included in the National Ambient Air Quality Standards in the emitting facility’s geographical surroundings.

The combination of the ambient consideration and the (point source) atmospheric emissions licence / minimum emissions standards requirement are the Act’s foundational legal and administrative tools, aimed at improving South Africa’s air quality and achieving related health benefits. The question arises now of whether, after more than a decade of operation, the new air quality regime has lived up to initial expectations?

### Human health and air quality

A report commissioned by the Centre for Environmental Rights, in 2017, concluded that at least 2 200 South Africans die each year as a result of air pollution from coal-fired power plants. These plants were also alleged to be causing a multitude of cases of respiratory illness, heart disease, strokes and cancers, with associated annual medical costs running to some

R34.5 billion. In 2018, Greenpeace used satellite data to determine that Mpumalanga's coal-fired power plants were responsible for creating the worst global hotspot for emissions of nitrogen dioxide (NO<sub>2</sub>) and sulphur dioxide (SO<sub>2</sub>) and ranked South Africa, respectively, as the fourth and third largest emitter of these substances worldwide. Eskom has disputed the findings, labelling them as misleading for failing to consider the dispersal effects of the stack-heights (at its power plants), which emit substances far above ground, thus limiting potential negative air quality impacts at this level. In addition, Eskom regularly identifies elevated usage of coal for domestic heating and cooking, particularly in Mpumalanga, as a major cause of poor ambient air quality.

#### **Air pollution: causes and effects**

Based on the above-mentioned disagreements, calls have been made for nationwide point source apportionment studies to locate, identify and quantify emissions, and attribute their potentially negative impacts. Whilst attribution of the causes and effects of air pollution may remain debated, it is undisputed that air quality in many South African localities fails to comply with the National Ambient Air Quality Standards and that the geographic concentration of sizable populations and emitting industries has caused pollution hotspots countrywide. Eskom's coal-fired power plants are sizable contributors to this situation. For example, between April 2016 and December 2017, 3 181 exceedances of the atmospheric emissions licence / minimum emissions standards legal compliance requirements were reported by 13 Eskom installations.

Ambient air quality levels are especially poor in Mpumalanga (part of the Highveld Priority Area, declared in terms of the Air Quality Act), which is also the location for a majority of Eskom's coal-fired power plants. These continuously combust large tonnages of (more often than not) poor quality coal and produce very large-scale point source emissions of SO<sub>2</sub> as well as equally excessive volumes of waste coal ash dust (which is typically disposed of on the mountainous ash discards surrounding the plants). For the latter reason, there is no mystery to Mpumalanga's high ambient concentrations of particulate matter (PM<sub>2.5</sub>),

with provincial assessments regularly peaking above minimum national levels and World Health Organisation standards. SO<sub>2</sub> and PM<sub>2.5</sub> are both associated with respiratory disease, with the latter constituting infinitesimally small dust particles that can be absorbed directly into the bloodstream.

#### **Minimum Emissions Standards: flexibility and uncertainty**

In light of the above, it can be concluded that success in achieving the Air Quality Act's environmental and human health objectives is limited; and, that the drivers of these shortcomings should be identified. The administration and regulation of the Act's atmospheric emissions licence / minimum emissions standards requirements are an obvious consideration in this regard. The first version of the Minimum Emissions Standards was published as Regulations under the Act (dated 2010 and subsequently amended on various occasions), with the minimum emissions standards intended for phased introduction. Less onerous compliance standards applied from 1 April 2015 and greater stringency will commence on 1 April 2020.

As such, industry has had a 10-year period to achieve graduated compliance with the 2020 minimum emissions standards, e.g., by financing and implementing necessary technology or equipment improvements, over the course of successive budgetary cycles. Recognising that some industries might not achieve the minimum emissions standards within the prescribed periods, the regulations allow individual emitters to submit applications for postponement of the minimum emissions standards compliance timeframes to the national air quality officer.

Postponement applications for the 2015 minimum emissions standards deadline were due by no later than 31 March 2014; many industries (including Eskom) applied for postponements which the national air quality officer granted, almost universally, in the form requested by the applicants. The success of Eskom's application, which sought significant relaxation of the compliance obligations for SO<sub>2</sub> and PM<sub>2.5</sub> emissions from its coal-fired power plants, caused great consternation, especially among civil society groupings. An increasingly vocal chorus roundly disapproves of the continued negative human health impacts anticipated to result from Eskom's ongoing business-as-usual operations.

The Regulations afford a similar opportunity in respect of the 2020 minimum emissions standards deadline, namely for the submission of applications for further, once-off and final postponement of compliance with this deadline. Postponement applications were due by no later than 31 March 2019. Various emitting industries, again including Eskom (repeating the request for relaxation of its SO<sub>2</sub> and PM<sub>2.5</sub> compliance obligations), made such applications. As at the date of this article, the national air quality officer's decisions on the applications are pending, in most instances. ►

### Regulatory oversight: concerns and misaligned priorities?

Against this background, the air quality regulatory authorities (local, provincial and national) have been criticised for:

- inadequate scrutiny of emitting industries' air quality compliance reports;
- inconsistent non-compliance follow-up actions; and
- failing to undertake necessary trend analysis, in order to check consistency of reporting over time.

Such concerns, therefore, apply both to regulatory oversight of emitters and to the quality and consistency of information and related remediation actions provided by industry. Notwithstanding the criticisms, the Department of Environment, Forestry and Fisheries is clearly aware of the regulatory problems and the number of criminal prosecutions related to air quality is on the increase. Prominent among these is the proceedings launched against Arcelor Mittal in June 2019 for alleged failures to comply with legally prescribed air quality requirements.

Unfortunately, however, messaging around possible solutions to the regulatory concerns remains equivocal. For example, in early 2019, the Department submitted a disconcerting cost benefit analysis to the Parliamentary Portfolio Committee on the Environment. The analysis argued that the macro-economic costs of comprehensive introduction of emissions reducing technologies (to ensure emitters' legal compliance) outweighed the monetary value of the positive human health impacts to be achieved from improvements in ambient air quality.

Whereas introducing emissions reducing technologies would over a 10-year period save 16 870 individual lives, avoid 81 000 unnecessary hospital admissions and produce economy-wide financial benefit of approximately R3.7 billion, the implementation costs could top R249 billion. The costs would be primarily for industrial boiler flue-gas desulphurisation equipment, including for Eskom's boilers, aimed at reducing SO<sub>2</sub> emissions.

This position is puzzling, particularly given the Air Quality Act's environmental and human health focus and the Department's responsibility for administration of the legal regime. That the

argument was made at all is evidence of a troubling misalignment of national air quality management priorities.

### Reducing sulphur dioxide emissions: cost-benefit priorities?

To understand this misalignment, further reference must be had to the Regulations, which were amended in late 2018 to provide that all applicants who were successfully granted postponements for 2020 minimum emissions standards for 2020 minimum emissions standards compliance must still achieve such compliance by no later than 2025. In the event of failure, operations may continue after this date on further successful application and provided that non-compliant facilities are decommissioned by 2030.

On the assumption that Eskom would be unable to achieve timely compliance for its SO<sub>2</sub> and PM<sub>2.5</sub> emissions, it was widely understood that these amendments were intended to ensure decommissioning of older coal-fired power plants by the end of this decade. The situation has evolved rapidly, however, and proposed amendments to the regulations, dated May 2019, have created significant regulatory uncertainty. If effected, the proposed amendments will:

- relax the 2020 minimum emissions standards for SO<sub>2</sub> emissions from industrial boilers;
- double the permissible limits;
- greatly reduce compliance costs; and
- in all likelihood, serve to undermine the Air Quality Act's environmental and human health objectives.





It is probably no accident that the Department's Parliamentary submissions on the negative macro-economic impacts of reducing SO<sub>2</sub> emissions neatly coincided with publication of the proposed amendments – circumstances that stirred civil society's further disapprobation and censure of government and industry.

### **Operational and financial crisis management**

The proposed amendments to the regulations have not been finalised and the regulatory status quo remains. Consequently, as things currently stand, emitting facilities that are non-compliant with the 2020 minimum emissions standards by 2025 will need to be decommissioned by the end of this decade. In Eskom's context, these matters are cast into stark contrast by the ongoing national electricity-supply crisis and the utility's operational and financial woes. Obvious questions arise over sources of financing for technology upgrades required to bring the aging fleet of coal-fired power plants into timeous 2020 minimum emissions standards compliance.

Despite having submitted a set of postponement applications, Eskom must contend with the prospect of partially or entirely failing to delay compliance. Postponing Eskom's compliance is an action robustly contested by civil society, including over concerns that SO<sub>2</sub> and PM<sub>2.5</sub> emissions will continue unabated should the postponement applications be granted.

Even if the national air quality officer decides in Eskom's favour, this would mean only a temporary reprieve, as all facilities must be legally compliant by 2025. It would also be limited to only those plants that are permitted to postpone their compliance. The alternative would be for Eskom to submit further applications seeking to continue operations after 2025, and to proceed with decommissioning by 2030. This may, however, be insufficient time to develop new generation capacity. The only way to reduce compliance costs and/or avoid decommissioning would be for the Department to promulgate the proposed amendments to the regulations. This would double permissible SO<sub>2</sub> emissions levels for large boilers, and would allow an indefinite reprieve to industry, including to Eskom. There is no certainty on this option either, as civil society has already intimated that it will challenge any attempt to bring the proposed amendments into operation.

All of the above highlights that, whilst the issue of plant maintenance is pertinent to Eskom's financial and operational viability, the spiralling costs of legal compliance warrant equal consideration in determining new capacity requirements and the choices and pricing of additional generation technologies. Decisions taken in this regard will have important economic, environmental and social consequences. Broadly considered, these issues make alternative and low-emission sources of new generation capacity, such as renewable energy technologies, particularly attractive – both financially and for the environmental and human health benefits that they can achieve.

*"A report commissioned by the Centre for Environmental Rights, in 2017, concluded that at least 2 200 South Africans die each year as a result of air pollution from coal-fired power plants."*

# Q&A

The Tax Helpline service is available exclusively to SAIT members. Log your tax-related technical queries via [www.thesait.org.za](http://www.thesait.org.za)



People from the community asked questions and our technical experts steered them towards the answers.

**Q** A director of a private company, who is not a shareholder, would like to provide an interest-free loan in his capacity as director to the private company. Will SARS expect the company to pay interest to the director? Please note: The private company is owned by a trust and the director is a trustee and beneficiary of the trust.

The Income Tax Act does not require, or prescribe, that interest must be charged on a loan. In fact it applies, relevant to your request, when “interest at a rate lower than the official rate of interest ... incurred by that trust or company during a year of assessment as interest in respect of that loan, advance or credit ...”. If, factually, no interest was incurred by a trust or company, section 7C may apply.

With respect to a loan, advance or credit that a natural person directly or indirectly provides to a company, the section provides “if at least 20 per cent of the equity shares in that company are held, (or the voting rights in that company can be exercised) directly or indirectly by a trust (referred to above) whether alone or together with any person who is a beneficiary of that trust or the spouse of a beneficiary of that trust or any person related to that beneficiary or that spouse within the second degree of consanguinity.”

The individual, the director, is a connected person in relation to the trust by virtue of being a beneficiary of the trust.

**Q** An estate agent will recognise the commission income when all the suspensive conditions relating to a sale are satisfied. They will therefore recognise income not yet received and will be taxed on the income as it accrues to them. A section 24C allowance is available for income in advance, to be used to finance expenditure still to be incurred in fulfilling the taxpayer’s obligations under the contract of sale.

**Is this allowance available to estate agents for royalties and agent’s fees and marketing expenses that will have to be paid, relating to the commission received?**

**We believe that the section 24C allowance should be available for the royalties, agent’s expense and marketing relating to the commission income that will accrue to the estate agent.**

Section 24C refers to “an amount received by or accrued to him in terms of any contract” – not only an actual receipt, but entitlement.

The following statements by judges in the SCA are relevant to your query and are a correct application of the law.

Judge Schippers, in *CSARS v Big G Restaurants (Pty) Ltd* (157/18) [2018] ZASCA 179 (3 December 2018), said the following:

*“The section has two basic requirements. First, there must be income received or accrued in terms of a contract. Second, the Commissioner must be satisfied that such amount, i.e, the income received from the contract, will be used wholly or partially to finance future expenditure that a taxpayer will incur in performing its obligations under that same contract. There is thus a direct and immediate connection between these two requirements. The section does not allow for different income-earning and obligation-imposing contracts.”*

Judge Dlodlo, in *The Commissioner for the South African Revenue Service v Clicks Retailers (Pty) Ltd* (58/2019) [2019] ZASCA 187 (3 December 2019):

*“First, it requires the conclusion of a contract under which revenue is received by the taxpayer. Second, it requires the taxpayer to undertake obligations under that contract to be performed in the following tax year. Third, the performance of those obligations must oblige the taxpayer to incur expenditure in the future. Fourth, the revenue received from the contract must be used to finance the performance of the taxpayer’s obligations under the contract.”*

- The insolvent estate (a new entity for tax purposes from the date of sequestration)
- The insolvent person for the period on and after the date of sequestration

The trustee would be responsible for the insolvent estate, but the insolvent, being a new taxpayer will have to register as a taxpayer. This is done by using the RAV1 form. The individual should be registered as a taxpayer when required and that can be before rehabilitation.

The insolvent person will be assessed as a natural person for the period before insolvency, as well as for the period subsequent to insolvency, should any income accrue to that person in his or her personal capacity.

**Q A client was declared insolvent during the 2014 year of assessment. His employer, unfortunately, only recently updated his tax number on their payroll system. I declared all his income up to 2013 on his old tax number, and per advice from the SARS call centre declared everything from 2014 on the new tax number. SARS then pro-rated the primary rebate on the new number.**

**I submitted an objection, explaining that the primary rebate should be allowed in full, as the taxpayer is declaring 2014 on the new tax number, but received a letter that the objection is invalid because I did not provide grounds or supporting docs. The only thing I was unsure of is which code I should use. Did I handle the matter correctly?**

**I am of the opinion that 2014 should be partially declared on the old number up to the date of sequestration, then the rest should be declared on the new number, but not sure of the practical implementation hereof.**

In terms of the current practice generally prevailing, which we agree with, three separate taxpayers will be liable for tax (on remuneration), namely:

- The insolvent person for the period before insolvency (that is, up to the date preceding the date of sequestration)

Under section 6(4) of the Act, where the period assessed is less than 12 months, the amount to be allowed by way of a rebate under section 6(2) shall be such amount as bears to the full amount of such rebate, the same ratio as the period assessed bears to 12 months. SARS was therefore correct to apportion the primary, tertiary or secondary rebate.

Practitioners are reminded that SAIT's technical query system policy prescribes that SAIT should only provide guidance (as opposed to advice), in relation to queries submitted. To do otherwise would cause SAIT to compete with its own members. Guidance implies that sources or references relevant to the query are provided, but that ultimately the tax practitioner's own professional judgment is required to be applied to the specific circumstances.

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# Case Law

## Wrap-up

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Our wrap-up looks at cases dealing with the methodology used by SARS to estimate a taxpayer's income and the Tax Court's power to alter amounts in estimated assessments; whether an allowance in terms of section 24C of the Income Tax Act applies to purchases made under a loyalty programme; and the period allowed for payment of PAYE to SARS and reasonable grounds for remission of penalties and interest incurred for late payment.

### **AFRICA CASH & CARRY (PTY) LTD V CSARS** (783/18) [2019] ZASCA 148 (21 NOVEMBER 2019)

#### Issue

Whether the Tax Court had the power to alter assessments under section 129(2)(b) of the Tax Administration Act, whether the methods used by SARS were reasonable and whether the Tax Court ought to have remitted interest in terms of section 89quat of the Income Tax Act.

#### Facts

The appellant (the taxpayer) operates a cash and carry business and accordingly generates substantial amounts of money in the form of cash.

In 2011, the respondent (SARS) raised estimated assessments in relation to income tax and VAT and imposed interest for the financial years 2003 to 2009, totalling R600 million. The taxpayer had under-declared its income tax by suppressing its sales for the 2003 to 2009 tax years below the level of its actual sales, through the manual manipulation of its financial records.

The taxpayer argued that it was liable for unpaid taxes of at least R68 million. The taxpayer objected to the assessments, and when the objections were disallowed, appealed to the Tax Court. The Tax Court dismissed the appeal and ordered additional tax per the assessments be altered in terms of section 129(2)(b) of the Tax Administration Act to include some 200% additional tax.

The Tax Court had approved of the gross profit percentage methodology used by SARS to estimate the amount of the taxpayer's under-disclosed sales, altered the estimated assessments of income tax and VAT liability in terms of section

129(2)(b) of the Tax Administration Act, reduced the liability for interest (in terms of section 89quat of the Income Tax Act) accordingly, and dismissed the taxpayer's appeal.

#### The taxpayer's case

The taxpayer argued that an assessment requires a "formal act" where an assessing officer in SARS records the amount of the liability, such as the initial assessments. It further argued that the amount of the liability cannot change without the assessment being changed by SARS.

An assessment is "administrative action" for the purposes of the Promotion of Administrative Justice Act (PAJA) and once made, unless challenged successfully, would harden into finality.

Finally, the taxpayer submitted that once an assessment is made, it may only be revisited within the parameter of the powers prescribed in terms of the Tax Administration Act. In this regard, SARS may only issue additional assessments or reduced assessments, or withdraw assessments in terms of the Tax Administration Act. The taxpayer contended that SARS' approach was fatally flawed, as it did not comply with the Tax Administration Act.

#### SARS' case

SARS applied a gross margin percentage of 3,6% to the taxpayer's years of assessment from 2003 to 2008 and the full 2009. It did so by using the cost of sales figures in the taxpayer's annual financial statements declared for those years, to calculate the sales which would produce a gross profit percentage of 3,6% for each year. SARS applied the same methodology in respect of under-declared sales, to claim additional VAT from the taxpayer.

The onus was on SARS to show that the methodology used was reasonable. That required no more than satisfying the Tax Court that an acceptable methodology, recognised as such in the accounting discipline, was used and that there were cogent reasons for doing so.

SARS relied on expert opinion and held that extrapolation conducted had provided a sufficient and reasonable foundation and methodology for SARS to assess the taxable income and VAT. Further, the calculations, inferences and methodologies followed by SARS, having regard to the taxpayer's failure to maintain and produce proper accounting records and source documents, were reasonable and appropriate in order to arrive at the estimates, determinations and quantifications identified above and in the assessments.

#### Outcome

The Court ruled in favour of the respondent, SARS.

#### Core Reasoning

The Court specifically approved of the Tax Court's finding that the use of the methodology employed by SARS was reasonable and that it had the power to alter the amounts in the estimated assessments issued by SARS, to amounts supported by the evidence adduced before it. The Tax Court did not err, as interest may be altered to be calculated at the prescribed rate on the outstanding balance.

According to the Court, the question of whether an alteration of an assessment is competent must, like the issue of the reasonableness of an assessment or the methodology used to determine the amount of an estimated assessment, be answered in the light of the facts and circumstances of each case. It is not necessarily determined by the magnitude, in monetary terms, of the alteration but is dictated by considerations of fairness, with due observance of the *audi alteram partem* principle.

A Tax Court, in principle, has power to alter an assessment and the wording of section 129(2)(b) of the Tax Administration Act provides for such eventuality. Hence, a Tax Court accordingly rehears the issues before it and decides afresh whether an estimated assessment is reasonable. It is not bound by what the Commissioner found.

#### Take-Away

As a Tax Court is a court of revision, it does not mean that it is free of restrictions. It too must observe an administratively fair process. This will entail, amongst other things, that the dispute must be resolved on the issues raised by the parties and the enquiry confined to the facts placed before the Tax Court. Nevertheless, a taxpayer should take cognisance of the power granted to SARS to alter an assessment.

### CSARS V CLICKS RETAILERS (PTY) LTD (58/2019) [2019] ZASCA 187 (3 DECEMBER 2019)

#### Issue

Whether the taxpayer was entitled to an allowance in terms of section 24C of the Income Tax Act in respect of purchases made by its customers using their points under the taxpayer's loyalty programme.

#### Facts

The taxpayer is a well-known retailer that instituted a loyalty programme, in terms of which it awards points to customers who present a "ClubCard" when making qualifying purchases. Vouchers are awarded to customers in respect of a certain cash value ascribed to the points they earn from a qualifying purchase. The vouchers can in turn be used for further purchases from the taxpayer but cannot be redeemed for cash.

The taxpayer sought to claim an allowance of R44 275 965 to be deducted from its gross income under section 24C of the Act. This was claimed on the basis of the cost of sales to customers in honouring the vouchers expected to be redeemed in the following tax year.

SARS disallowed the taxpayer's claim and the taxpayer lodged an objection, which in turn was disallowed by SARS. On appeal to the Tax Court, the taxpayer was partially successful on the basis that, *inter alia*, it would be artificial to regard the taxpayer's expenditure under the loyalty programme as arising under a separate contract from the qualifying purchase contracts rewarding the relevant points.

The case was later taken on further appeal to the Supreme Court of Appeal by SARS.

#### Taxpayer's case

The taxpayer argued that the only issue requiring determination was whether the qualifying purchase also imposed an obligation. More specifically, it was plain that there was a "direct and immediate connection" between each qualifying purchase and the obligation on the taxpayer to issue rewards to a customer as a result.

The taxpayer further contended that the obligation to incur future expenditure or grant any form of rewards to a customer did not arise from the ClubCard agreement itself. Instead, this obligation only arose when a qualifying purchase was effected.

### SARS' case

SARS argued that a qualifying purchase, in terms of which income is received by the taxpayer, was wholly separate from the ClubCard agreement. The ClubCard agreement itself did not give rise to any income in the hands of the taxpayer, as it is issued at no cost to the customer. The obligation on the taxpayer to award points to a customer based on qualifying purchases, and to issue vouchers in respect thereof, arose entirely under the ClubCard contract. Hence, the taxpayer was likely to incur expenditure, upon the redemption of a voucher, at no cost to the customer.

Accordingly, SARS contended that at least three separate contracts existed in this case, being the ClubCard contract, that of the qualifying purchase, and the later purchase by the customer whereby the voucher is redeemed.

### Outcome

The Court ruled in favour of the appellant, SARS.

### Core Reasoning

In delivering its judgment, the Court looked to the recent case of *CSARS v Big G Restaurants (Pty) Ltd 2019 (3) SA 90 (SCA)*, wherein it had previously held that the relevant income received and the future expenditure to be incurred must arise from the same contract. Moreover, section 24C had two basic requirements: firstly, there must be income received or accrued in terms of a contract and, secondly, the Commissioner must be satisfied that this income will be wholly or partly used to finance future expenditure to be incurred under the same contract.

In the view of the Court, the ClubCard contract established the right of the customer to receive points and apposite vouchers, as well as the obligation on the taxpayer to award these points and vouchers thereafter, which were redeemable against subsequent purchases.

The Court agreed with SARS' contention that three separate contracts exist in the circumstances, and followed the rationale outlined in the *Big G* case in that section 24C does not apply where there are separate contracts which are "inextricably linked".

### Take-Away

This decision affirms the principle that section 24C requires that the income received by or accrued to a taxpayer must necessarily arise under the same contract that imposes an obligation on the taxpayer to incur expenditure. It does not matter whether the separate contracts concerned are co-dependent or otherwise indivisible. Therefore, it is important that taxpayers remain cognisant of the contractual arrangements which dictate their income earning operations where they intend to utilise the allowance under section 24C of the Act.

## ABC (PTY) LTD V CSARS

(IT 24819) (19 December 2019)

### Issue

Whether there were reasonable grounds which existed for the late payment of employees' tax to SARS and resultant non-compliance by the taxpayer, for purposes of section 217(3) of the Tax Administration Act.

### Facts

The appellant (the taxpayer) is a registered company which operates in the construction industry. On 18 December 2017, the taxpayer submitted its EMP201 to the respondent (SARS), declaring its employees' tax liability for the 2017/12 period as being R10 648 340.93, and intended to make payment of this amount to SARS by no later than 3 January 2018.

Paragraph 2(1) of the Fourth Schedule to the Income Tax Act provides that employees' tax must be paid to SARS within 7 days from the last day of the month in which it was deducted or withheld by the employer. The taxpayer's cash-book administrator and accountant relied on cash-flow forecasts to ensure that there would be sufficient funds for payment of the PAYE on or before 7 January 2018.

Notwithstanding the above, and upon request by SARS on 3 January 2018, the taxpayer was unable to make payment of the employees' tax liability (PAYE) as there were insufficient funds in its bank account. The taxpayer had explained that it intended to make payment by 5 January 2018, however, had an unexpected shortage of R5 924 in its account. Therefore the payment to SARS could not be released by the taxpayer on this day.

The taxpayer was only able to make payment of the PAYE on 8 January 2018. On 6 January 2018, SARS had imposed a penalty of 10% on the PAYE amount, in terms of paragraph 6(1) of the Fourth Schedule to the Income Tax Act, and also imposed interest in terms of section 89bis(2) of that Act.

The taxpayer subsequently lodged an objection to SARS' decision to impose the penalty, which objection was disallowed and which led to the appeal by the taxpayer to the tax court.

### The taxpayer's case

The taxpayer argued two issues: the first being the interpretation of the number of days allowed for payment of the PAYE as outlined in paragraph 2(1) of the Fourth Schedule to the Income Tax Act, and the second being that, for purposes of section 217 of the Tax Administration Act, it had furnished reasonable grounds for the non-compliance which should entitle it to a

remission of the penalty imposed in terms of paragraph 6(1) of the Fourth Schedule to the Income Tax Act and section 213 of the Tax Administration Act.

In regard to the number of days allowed for the payment of the PAYE, the taxpayer submitted that paragraph 2(1) of the Fourth Schedule allows seven days for payment after the last day of the month in which the PAYE was withheld. It emphasised that the word “after” was intended to exclude the last day of the month. It further submitted that the Interpretation Act must be applied to interpret what the legislature meant in the wording for the number of days allowed to make payment of the PAYE. It contended that in applying sections 1 to 4 of the Interpretation Act, where the last day for any required act fell on a Sunday or public holiday, the last day for performing such act would be the day after the Sunday or public holiday, in this case being 8 January 2018.

The taxpayer, more importantly, submitted to the Court that the penalty imposed was not proportionate to the seriousness and duration of the noncompliance, and that the grounds it had put forth were reasonable to justify a remission of the penalty imposed, in that it could not foresee that it would not be able to pay the PAYE to SARS timeously.

#### SARS' case

SARS submitted that the payment of the PAYE by the taxpayer was indeed late and the 10% penalty was correctly imposed.

SARS also relied on paragraph 30(2) of the Fourth Schedule to the Income Tax Act to state that, upon the taxpayer failing to pay over the PAYE to SARS within seven days, it is deemed in terms of this paragraph that the PAYE was used by the taxpayer for purposes other than to pay SARS and, where proven, is an offence under paragraph 30(1)(b).

It was also submitted by SARS that inasmuch as the taxpayer had taken reasonable steps to remedy its noncompliance, there were no “reasonable grounds” for its noncompliance for purposes of section 217(3)(b), and therefore the penalty should remain payable.

#### Outcome

The Court ruled in favour of the respondent, SARS.

#### Core Reasoning

On the first issue of the number of days to pay the PAYE, the Court held that the Tax Administration Act, in terms of section 244 thereof, provides that where the last day for payment of an amount falls on a Saturday, Sunday or public holiday, such payment must be made not later than the last business day before such Saturday, Sunday or public holiday.

The Court further held that a “day” as defined in the Tax Administration Act is distinct from the term as defined in the Interpretation Act, in that the Tax Administration Act includes non-business days in calculating time periods for payment. It nevertheless states that the day before the last day (where the last day falls on a Saturday, Sunday or public holiday), rather than after, is the day upon which payment must be made.

On the issue of whether the taxpayer had submitted reasonable grounds for its noncompliance, the Court held that the appropriate test as to whether a shortage of funds amounts to reasonable grounds is to determine if the underlying cause of the shortage is reasonably foreseeable or reasonably avoidable. If it was reasonably foreseeable or avoidable, it will not amount to a reasonable excuse.

The Court, in applying the test, held that the taxpayer was aware from 18 December 2017 of the PAYE liability, and its cash-flow issues were foreseeable and could have been avoided in order to meet its obligation to pay over the PAYE to SARS timeously. It was further held that the taxpayer had received funds which enabled it to make payment of the PAYE to SARS. However, the taxpayer applied these funds to its operational costs instead, notwithstanding the PAYE being due, and this was within the ambit of paragraph 16(2C) of the Fourth Schedule to the Act, which holds directors and shareholders who are in regular control of the company, liable for any outstanding taxes.

#### Take-away

The Court's decision in this case confirms that, regardless of how short a delay is for payment of any taxes due to SARS, such as the PAYE in this instance, it is still necessary to have strong grounds to rely upon to justify noncompliance and to have penalties remitted. It also further emphasises that a taxpayer cannot treat funds which should be reserved for the payment of taxes as cash in hand, and should reserve these funds separately to ensure immediate availability for payment to SARS when due.



# BINDING

## RULINGS

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We present summaries of three binding private rulings recently made by SARS, dealing with a proposed liquidation distribution, amalgamation transactions involving assumption of liabilities only and the tax treatment of donations received by a PBO at a fundraising event.

### BINDING PRIVATE RULING 336

#### Liquidation distribution

#### Issue

The applicant and co-applicant approached SARS to determine the income tax and securities transfer tax consequences of a liquidation distribution by the co-applicant that is a wholly owned subsidiary of the applicant in terms of the Income Tax Act and the Securities Transfer Tax Act.

#### Facts

The applicant is a listed resident company, and the co-applicant is a wholly owned resident subsidiary of the applicant. In terms of the proposed transaction, the co-applicant will make a liquidation distribution to the applicant, whereby:

- The co-applicant will resolve that all the assets it holds (being shares in the applicant) be distributed to the applicant as a dividend *in specie*, in anticipation of the deregistration of the co-applicant.
- This distribution will be effected as a liquidation distribution in terms of section 47 of the Income Tax Act.
- A loan, granted to the co-applicant by the applicant in order to purchase the shares in the applicant, will be waived upon the applicant passing a resolution to this effect, in anticipation of the deregistration of the co-applicant.
- The shares in the applicant (held by the co-applicant and to be distributed to the applicant) will be cancelled and the co-applicant will be deregistered.

#### Ruling

The ruling issued by SARS is subject to the following additional conditions and assumptions:

- The co-applicant must, within a period of three years or such longer period as the Commissioner may allow, take the steps contemplated in section 41(4) of the Income Tax Act to liquidate, wind up or deregister the company.
- The co-applicant may not at any stage withdraw any step

taken to liquidate, wind up or deregister the company or do anything to invalidate a step taken to bar the liquidation, winding up or deregistration process.

The Ruling made in connection with the proposed transaction is valid for period of five years from 6 December 2019 and is as follows:

- The distribution of shares by the co-applicant to the applicant will constitute a "liquidation distribution" as defined in paragraph (a) of the definition contained in section 47(1) of the Income Tax Act.
- The co-applicant will be deemed to have disposed of the shares at base cost and the applicant will be deemed to have acquired them at the same base cost and no capital gains tax consequences will result for the applicant and the co-applicant from the transfer of the equity shares.
- Section 47(5) of the Income Tax Act will apply to the proposed transaction. The applicant must disregard the disposal or any return of capital for purposes of determining its taxable income, assessed loss, aggregate capital gain or aggregate capital loss.
- The liquidation distribution will constitute a dividend and must be included in the gross income of the applicant.
- The dividend will be exempt under the provisions of section 10(1)(k)(i) of the Income Tax Act.
- Section 64G(2)(b) of the Income Tax Act will apply to the dividend. The co-applicant must not withhold any dividends tax.
- Paragraphs 77 and 43A of the Eighth Schedule to the Income Tax Act will not apply to the proposed transaction.
- Paragraph 11(2)(b)(i) of the Eighth Schedule will apply. The cancellation of the shares received by the applicant will not constitute a disposal.
- Section 8(1)(a)(v) of the Securities Transfer Tax Act will apply. No securities transfer tax will arise on the transfer of shares from the co-applicant to the applicant.
- Paragraph 12A(6)(e) of the Eighth Schedule to the Income Tax Act will apply to the loan which will be waived by the applicant.



**BINDING PRIVATE RULING 337**

*Amalgamation transactions involving the assumption of liabilities only*

**Issue**

This ruling determines the income tax effect of an amalgamation transaction for consideration involving the assumption of liabilities only, in terms of section 44 of the Income Tax Act.

**Facts**

The applicant and co-applicants 1, 2 and 3 (the co-applicants) are parties to the proposed transaction. The parties are all resident companies and are wholly owned by a non-resident company. The co-applicants all carry on active trades.

The parties intend to restructure the co-applicants by selling the assets and liabilities of the applicant and co-applicants 1 and 2 (the sellers) to co-applicant 3.

Per the proposed transaction, the applicant and co-applicants 1 and 2 will dispose of all their assets to co-applicant 3 who, as consideration for acquiring the assets, will assume the sellers' liabilities, including contingent liabilities.

The proposed transaction will take the form of merger transactions and will be effected by the conclusion of written sale of business agreements.

The sellers will take the necessary steps in accordance with section 44(13) read with section 41(1) of the Income Tax Act to commence their liquidation within a period of 36 months of the sales transactions, or such further time as allowed by the Commissioner. Furthermore, no shares will be issued by co-applicant 3 as consideration for the assets it shall acquire.

**Ruling**

The ruling is binding between SARS, the applicant and co-applicants and is subject to the following additional conditions and assumptions:

- The debt that each seller will transfer to co-applicant 3 as part of the proposed transaction, which was incurred within a period of 18 months before the disposal, is attributable to and arose in the ordinary course of each seller's business undertaking.
- All the debt transferred by the sellers to co-applicant 3 as part of the proposed transactions was not incurred by the sellers for the purpose of procuring, enabling, facilitating or funding the acquisition by co-applicant 3 of any asset in terms of the relevant proposed transaction.
- Each seller will, within a period of 36 months after the date of the transaction or such further period as the Commissioner may allow, take the steps contemplated in section 41(4) of the Income Tax Act to liquidate, wind up or deregister and will not at any stage withdraw any step or do anything to invalidate any step so taken, which will result that it will not be liquidated, wound up or deregistered.

SARS ruled that, save for the assets that the parties may elect to use to settle any debts incurred in the ordinary course of their businesses and other assets required to satisfy any reasonably anticipated liabilities and costs of administration relating to their liquidation, each of the proposed transactions where the sellers dispose of all their assets to co-applicant 3 constitute an "amalgamation transaction", as defined in paragraph (a) of that definition in section 44(1) of the Income Tax Act.

Therefore, the sellers and co-applicant 3 will be entitled to the relief contemplated in section 44(2) and (3) of the Income Tax Act, and section 44(14) of that Act will not apply to the proposed transaction.



## BINDING PRIVATE RULING 338

### Donations of money to a PBO at a fundraising event

#### Issue

This ruling determines the tax treatment of payments made to the applicant, a public benefit organisation (PBO) approved under section 30 of the Income Tax Act, at a fundraising event.

#### Facts

The applicant will host a fundraising event to encourage donations towards its public benefit activities, which event shall be managed by an external management company.

Attendees will make payments to participate in activities, as well as make donations of money. The payments and donations will be made via an electronic payment system, which will be developed and controlled by the events management company. The system will distinguish between payments made to participate in the activities and payments made towards donations, and it will tally the various amounts at the end of the fundraising event.

Despite the attendees making one credit card payment at the end of the evening, the applicant will use the reports generated by the system to determine which attendees are eligible to receive a receipt in terms of section 18A of the Income Tax Act as well as the amount to be indicated on the receipt. Only the donations made by the attendees will be reflected on the section 18A receipt.

#### Ruling

This binding private ruling is subject to the additional condition and assumption that the payment tracking system to be used by the applicant at the fundraising event must, as nearly as is practicable, conform to the one proposed and be easy to verify in respect of its intended function of accounting for donations of money separately from other payments.

The ruling made in connection with the tax treatment of the payments is as follows:

- The donations made to the applicant which have been identified as such by the applicant's proposed payment tracking system at its fundraising event will constitute *bona fide* donations made to a PBO under section 18A; and the applicant may issue the donors with section 18A receipts in respect of those *bona fide* donations.
- Nothing in this ruling precludes the Commissioner from exercising the powers under section 30(5), or any amendment or substitution of that provision.

## IN LOVING MEMORY OF A SAIT TEAM MEMBER



# Phindile Magutyana

8 MARCH 1979 – 24 DECEMBER 2019

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*It is with great sadness that we inform SAIT members, and the tax community, of the untimely passing of our dear colleague, friend and employee, Phindile (Phindi) Magutyana on the morning of Christmas Eve. Phindi joined SAIT in 2016 and was an exceptional team member in the Membership Department. She fulfilled the role of Applications Consultant with passion and dedication. Her infectious laugh, coupled with her command of multiple languages (English, Afrikaans, Venda, Sotho, Zulu and Xhosa), ensured that Phindi made everyone feel welcome and included. Phindi will be remembered for her constant smile, her unwavering willingness to help, and her steadfast pride in the work that she did. The SAIT family will miss Phindi's unique and special soul.*

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