

TAX PRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 06 – 12 February 2025
(Issue 05 -2025)

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TOP STORIES

Budget 2025: What South Africans Can Expect

Minister of Finance, Mr Enoch Godongwana, will deliver the 2025 National Budget Speech on Wednesday, 19 February 2025, at 14:00.

There is growing speculation regarding potential tax changes that could affect individuals and businesses, such as the introduction of Phase 2 of the Carbon Tax and possible changes to the tax treatment of Collective Investment Schemes.

For individuals, the phasing out of medical credits tied to the National Health Insurance (NHI) is a concern, while speculation around a wealth tax persists. On the corporate front, the corporate tax rate is unlikely to increase from 27%, as global trends favour lower rates, particularly in light of recent U.S. tax policy shifts.

As SARS continues to push for better tax compliance, the 2025 tax year will see an increased focus on digital tools and data tracking to identify discrepancies in reported income. SARS is expected to use third-party data, such as bank records, to scrutinise taxpayers more effectively.

Overall, while the 2025 budget is expected to introduce new measures aimed at boosting tax revenue, businesses and individuals must remain proactive in navigating the evolving tax landscape.

Join SAIT's exclusive webinar, [The Morning Debrief: SAIT 2025 Budget – The First Look](#), where top tax experts will unpack the budget announcements, analyse their implications, and discuss what they mean for South African taxpayers and businesses. Members may register for the event [here](#).

Reactions from the 2025 State of the Nation Address

On Thursday, 6 February 2025, President Cyril Ramaphosa delivered the State of the Nation Address at the City Hall in Cape Town. President Cyril Ramaphosa outlined several key initiatives aimed at addressing South Africa's pressing challenges.

Reactions to the address have been mixed. Some analysts appreciate the acknowledgment of ongoing challenges and the emphasis on infrastructure and economic reforms. However, others have expressed concerns about the feasibility of these plans and the lack of detailed implementation strategies.

Access the highlights from SONA2025 [here](#).

#StayAbreastOfTheTaxWave

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

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

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

Approximately 500 – 1500 words

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Ensuring Successful Activation of PR-number for New Tax Practitioners

Over the past week, we've noticed an increasing number of tax practitioners encountered challenges when attempting to activate their Practice Registration Number (PR-number) and confirm their practitioner status on eFiling. The activation process is a critical step in becoming a fully registered tax practitioner with SARS, and it is essential to ensure that all steps are followed correctly to avoid delays.

To help practitioners navigate this process, it's crucial to note that the successful activation of a PR-number is **directly linked** to the accuracy of demographic information registered with SARS. A common issue is outdated personal details, such as changes to passport numbers. If your passport details have changed, they must be updated at a SARS branch before you attempt to activate your PR-number. Failing to do so may result in an unsuccessful activation attempt.

For those experiencing difficulties, it is advisable to refer to the comprehensive guides provided by SARS and the South African Institute of Taxation (SAIT). The [SARS eFiling guide](#) and the [SAIT guide](#) for PR-number activation provide step-by-step instructions to ensure that all necessary information is entered correctly and that your PR-number is activated without any issues.

Key steps for PR-number activation:

1. Ensure your demographic information (e.g. passport numbers, personal details) is up-to-date.
2. Follow the eFiling process carefully, referring to the SARS eFiling guide for step-by-step instructions.
3. If necessary, update your details at the nearest SARS branch before proceeding with activation.

We encourage all new tax practitioners to take the time to verify their information and follow the guides closely. Doing so will help streamline the registration process and ensure that your practitioner status is confirmed on eFiling without unnecessary delays.

Update on SAIT's submission to SARS on critical system enhancements

The Department of Home Affairs maintains a Critical Skills List that identifies occupations experiencing a shortage of qualified professionals within the country. This list is essential for the Critical Skills Work Visa program, which helps attract foreign talent to support South Africa's economic and developmental goals.

Since October 2023, tax professionals have been officially recognised as a critical skill in [Government Gazette No. 49402](#). As a result, many qualified foreign tax professionals are now permitted to practice in South Africa under a Critical Skills Work Visa.

However, SARS' system currently links Practice Registration (PR) numbers to an individual's ID or passport number. When a work visa is renewed or a new passport is issued, the PR number remains linked to the old passport details. This creates significant challenges, preventing tax professionals from reactivating or verifying their PR numbers—even after physically visiting a SARS branch to update their demographic information.

To address this, SAIT has [submitted a request](#) to SARS and has requested they implement system enhancements to ensure PR numbers are automatically linked to the updated passport number.

SARS response and clarification

We recently received a response from SARS regarding the concerns raised. SARS clarified that their Tax Practitioner Unit does not refer practitioners to Recognised Controlling Bodies (RCBs) but instead works directly with regional offices to merge profiles when passport numbers are updated. Although the volume of these queries is low, SARS has stated that regional offices are equipped to assist practitioners with updating their details.

However, SARS' response did not fully address the core issue: the automatic linkage of PR numbers to updated passport details after an update at the branch. Many practitioners have encountered instances where their PR numbers do not update correctly, causing delays and requiring multiple visits to SARS branches.

SAIT's ongoing advocacy

In response to the situation, SAIT has emphasised that practitioners continue to face challenges due to the manual nature of the current system. This has resulted in practitioners being bounced between SARS branches and the RCB, leading to significant frustration, especially when their ability to practice is impacted by the system's limitations.

We have formally requested that SARS review the current system and implement enhancements that would ensure the automatic linkage of PR numbers to updated passport details. This would streamline the process and prevent unnecessary delays for tax practitioners.

Next steps

SAIT is actively engaging with SARS to find a resolution. While they indicate that the volume of queries may be low, the impact on practitioners' livelihoods is significant. We are hopeful that SARS will consider making improvements to their systems to better support foreign tax professionals who are critical to South Africa's economy.

We will continue to monitor the situation and keep members informed of any developments as we work towards a more efficient and effective solution.

SAIT TaxHelpline – escalations

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

Read more on the process and requirements [here](#).

The most urgent escalations this week include:

1. Delays in finalising 2024 income tax verifications.
2. Delays in finalising bank verification cases.
3. Delays in finalising and payment refunds.
4. Delays in finalising income tax and VAT deregistration's.

SARS regional and national operational meetings

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

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

Feedback from the RCB/SARS regional and national meetings

Feedback from the Gauteng South regional meeting held on 12 February 2025 will be available in issue 6 of the Tax Practice: Weekly Highlights.

Upcoming RCB/SARS regional and national meetings

1. North West – 17 February 2025;
2. Mpumalanga – Emalahleni – 17 February 2025;
3. Gauteng North – 20 February 2025;
4. Mpumalanga – Mbombela – 21 February 2025;
5. Western Cape – 5 March 2025;
6. Free State and Northern Cape – 10 March 2025;
7. Limpopo – 11 March 2025;
8. Eastern Cape – Gqeberha and Kareiga – 12 March 2025;
9. Free State and Northern Cape – 9 June 2025;
10. Eastern Cape – Gqeberha and Kareiga – 25 June 2025;
11. Eastern Cape – Gqeberha and Kareiga – 13 August 2025;
12. Free State and Northern Cape – 8 September 2025;
13. Free State and Northern Cape – 10 November 2025; and
14. Eastern Cape – Gqeberha and Kareiga – 12 November 2025

Other meetings of interest

1. RCB Forum meeting- 4 March 2025;
2. RCB Forum meeting- 3 June 2025;
3. RCB Forum meeting tentatively scheduled for 16 September 2025;
4. RCB Forum meeting- 18 November 2025

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: February 2025

Month	Date	Tax Type	Notification
February 2025	07/02/2025	Employment Taxes	EMP201 - Submissions and payments
	25/02/2025	Value-Added Tax	VAT201 - Manual submissions and payments
	28/02/2025	Value-Added Tax	VAT201 - Electronic submissions and payments
	28/02/2025	Income Tax	ITR14 - Submission deadline for the 2024 returns for companies with a February year-end
	28/02/2025	Income Tax	2nd provisional (2025) - Submissions and payments for individuals, trusts and companies with a February year-end
	28/02/2025	Income Tax	2025 closing odometer reading for logbook purposes
	28/02/2025	Turnover Tax	2nd TT02 (2025) - Payments for micro-businesses registered for turnover tax

SAIT member resources

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

Key operational news

No new key operational news were published by SARS during the week of 6 – 12 February 2025.

Reminder on the fruits of Filing Season 2024

Filing Season 2024 officially came to a close on Monday, 20 January 2025 with the filing of tax returns for provisional taxpayers and Trusts. SARS has announced that 2024 was another year of significant compliance and engagement from taxpayers.

Filing season highlights

According to SARS:

- **543,252** provisional taxpayers filed their returns, representing a **4.76% increase** from 517,356 in the 2023 tax year.
- Additionally, **162,690** provisional taxpayers filed outstanding returns from previous years, bringing the total to **705,942** provisional tax submissions.
- **84,134** Trusts submitted their returns for the 2024 year of assessment, up from 68,890 the previous year. With 80,132 Trusts filing for prior years, the overall total stands at **164,266**.
- Non-provisional taxpayers also demonstrated significant compliance, with **6,797,055** filing their returns or being auto-assessed. Notably, **4,765,753** were auto-assessed, marking a **24.94% increase** from 3,577,239 in the previous year.

Encouraging compliance

While the increase in tax submissions is promising, SARS remains focused on full tax compliance. The growing number of auto-assessments and voluntary submissions reflects improved taxpayer engagement, however, SARS is committed to making tax compliance easier by enhancing digital platforms like eFiling. At the same time, non-compliance will result in penalties, interest, and potential legal consequences.

The role of trust representatives

Trust representatives must remember that they bear legal liability for meeting their Trusts' tax obligations. Even when using tax practitioners, all trustees remain jointly and individually liable for ensuring compliance.

SARS's vision for the future

SARS Commissioner Edward Kieswetter expressed appreciation to taxpayers for their efforts in fulfilling their tax obligations. He emphasised SARS' ongoing investment in technology, artificial intelligence, and data science to make compliance more seamless and efficient.

"While SARS is pleased with the general increase in compliance, it is too early to declare victory. In this regard, SARS will continue to employ the latest technology, artificial intelligence, and data science to foster voluntary compliance by ensuring that transacting with the organisation is an effortless and seamless experience that will lessen compliance burden", Kieswetter stated.

Reminder on Two-Pot System Withdrawals and Tax Compliance reports

Since the introduction of the 'two-pot' retirement system on 1 September 2024, SARS has received an astonishing number of tax directive applications related to withdrawal benefits. In just five months, SARS received **2,664,279 tax directive applications** with over **2,4 million approved**. Rejections were mainly due to errors such as incorrect identity or tax numbers.

To date, **R43.42 billion** has been withdrawn from retirement funds.

- **Emphasis on digital services**

SARS continues to encourage taxpayers to use digital platforms for tax-related services. The simulated WhatsApp tax calculator has been used **90,283 times**, while the SARS website calculator, part of the SARS Online Query System (SOQS), recorded **952,403 uses**. Additionally, **128,802 queries** were received via voice channels, and **24,278 queries** were handled at SARS branches.

By utilising digital services, taxpayers can avoid long queues and access an accurate, fast, and user-friendly system.

- **Tax directive process and tax compliance**

SARS has expressed gratitude to retirement fund management entities for their cooperation in streamlining the directive approval process. Tax directive applications are processed **24 hours a day, 7 days a week** and, if submitted within operating hours, are typically approved within an hour.

Taxpayers applying for withdrawals must ensure that:

- Their tax and identity numbers are correct.
- They have no outstanding SARS debt.
- They understand that any outstanding debt with SARS may be deducted from the final payout.

It is important to understand that the withdrawals from the two-pot system are taxed at a marginal rate of 18%–45%, rather than at the preferential Lump Sum Withdrawal Benefit tax rates depending on the taxpayer’s income bracket during the year of assessment of withdrawal.

• **SARS cracks down on tax evasion**

Despite clear guidelines, **213,654 taxpayers** were flagged for misrepresenting taxable income to secure a lower tax rate. SARS Commissioner Edward Kieswetter has warned that tax evasion is a serious offense and will result in penalties.

“If a taxpayer understates their income, they are intentionally involved in evading their tax obligation. A penalty will be imposed on those who do so,” Kieswetter cautioned.

To mitigate some of the risks identified, SARS has enhanced the tax directive process. This enhancement involves SARS verifying the taxable income declared on the directive with the prior year’s taxable income to determine if the declaration may be accurate. Where a discrepancy is identified, SARS would reject the tax directive. Taxpayers are urged to comply with regulations to avoid legal consequences.

These figures suggest that a significant portion of the working class is experiencing financial distress, prompting them to access their retirement savings prematurely. [A survey by Alexforbes](#) revealed that 50% of individuals used their withdrawals to offset debt, while 30% allocated funds for essential living expenses.

While the ‘two-pot’ retirement system offers flexibility for those in financial need, the high volume of withdrawals underscores the economic challenges faced by many working-class South Africans. It also highlights the importance of ongoing financial education and support to help individuals balance immediate needs with long-term financial planning.

Other SARS and related operational publications and announcements

- **6 February 2025:** SARS announced that enhancements to the Tax Directives process are being prepared, as outlined in the [IBIR-006 Tax Directives Interface Specification Version 6.802](#). We highly recommend reviewing the IBIR-006 document before proceeding with testing. While the exact dates for trade testing are yet to be confirmed, the software is planned for implementation in April 2025. SARS will provide the specific trade testing dates and implementation schedule as the time approaches.

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

No recurring tax practitioner access and functionality issues were identified via the TaxHelpline during the week of 6 – 12 February 2025.

Key tax practitioner news

No other tax practitioner news was published from 6 – 12 February 2025.
Government & stakeholder newsletters

Reminder on the January edition of SARS' newsletters

On 31 January 2025, SARS published the latest editions of the [Tax Practitioner](#) and [Government](#) Connect newsletters. The newsletters cover the following topics:

- Protect Yourself – Use Only Registered Tax Practitioners
- Medical Insurance Taken by Medical Practitioners
- Enhancements to the SARS MobiApp
- Enhancements to the Two-Factor Authentication and eFiling Password Criteria
- Notice of Registration (IT150) Now Issued on WhatsApp
- Videos on Trusts

Other tax practitioner access and functionality publications and announcements

- **7 February 2025:** SARS published the [mobile tax unit](#) schedules for the Mpumalanga province for February and March 2025.
- **6 February 2025:** SARS [announced](#) that it would be conducting planned upgrades to the eFiling platform on Saturday, 8 February 2025, from 05:00 to 08:00 and on Sunday, 9 February 2025, from 06:00 to 08:00. During these times, the digital platform may have been unavailable.
- **3 February 2025:** SARS published the [mobile tax unit](#) schedules for the Limpopo and Free State provinces for February 2025.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

National Legislation

No new national legislation was published in the week of 6 – 12 February 2025.

LEGISLATIVE INTERPRETATION

Submissions made to SARS and current calls for comment

No submissions were made to SARS in the week of 6 –12 February 2025.

Legislative counsel publications

Published court cases

No new court cases were published by SARS in the week of 6 -12 February 2025.

Other SARS publications and announcements

No other legislative publications or announcements were made by SARS during the week of 6 –12 February 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

Reactions from the 2025 State of the Nation Address

On Thursday, 6 February 2025, President Cyril Ramaphosa delivered the State of the Nation Address at the City Hall in Cape Town. President Cyril Ramaphosa outlined several key initiatives aimed at addressing South Africa's pressing challenges:

Economic growth and infrastructure development

- **Infrastructure investment:** The government plans to invest over R940 billion in infrastructure over the next three years, focusing on revitalising roads, bridges, and essential services.
- **Energy security:** Efforts are underway to reform the energy system to ensure long-term security, including the establishment of a competitive electricity market and mobilising private investment.

Social and economic transformation

- **Transformation fund:** A fund worth R20 billion annually will be established to empower black-owned and small enterprises, addressing historical inequalities.
- **Youth employment:** The government aims to create more job opportunities for young people through innovative employment programs and support for skills development.

Governance and anti-corruption measures

- **Public service reform:** There is a commitment to strengthen public service for better governance, including the introduction of a graduate recruitment scheme to attract skilled individuals.
- **Anti-corruption efforts:** The establishment of an Investigating Directorate Against Corruption and a digital forensics lab aims to enhance efforts to investigate and prosecute high-level corruption cases.

Analysts' reactions

[Reactions to the address](#) have been mixed. Some analysts appreciate the acknowledgment of ongoing challenges and the emphasis on infrastructure and economic reforms. However, others have expressed concerns about the feasibility of these plans and the lack of detailed implementation strategies. Critics argue that the address contained more promises than actionable solutions, highlighting the need for concrete steps to address issues like unemployment, poverty, and corruption.

Overall, while the address sets an ambitious agenda for South Africa's development, its success will ultimately depend on effective implementation and the government's ability to deliver on its commitments.

Help Combat eFiling Profile Hijacking- Participate in the Tax Ombud's Survey

The Office of the Tax Ombud (OTO) is conducting a [critical review of systemic issues](#) related to eFiling profile hijacking and the challenges taxpayers face in resolving them.

If you or your clients have faced difficulties recovering hijacked eFiling profiles, this is your opportunity to share your experience and help improve service delivery.

How to participate:

Tax practitioners can provide their input by:

1. Completing the survey online: bit.ly/efiling-survey; or
2. Downloading the [survey form](#) and emailing it to communications@taxombud.gov.za.

The deadline for submissions is **5 March 2025**.