TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 20 – 26 February 2025
(Issue 07 -2025)

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TOP STORIES

Deadline: Provisional tax and turnover tax payments

The end of the 2025 year of assessment for individuals and companies with a February year-end is on Friday, 28 February 2025. As such, the second provisional tax returns, covering the period 1 March 2024 to 28 February 2025, are due. Affected individuals and companies are encouraged to submit their IRP6 returns on or before the due date to avoid penalties and interest.

For individual taxpayers, SAIT has prepared an advisory on provisional tax: the requirements and implications, to assist taxpayers and tax practitioners in the determination of their provisional tax status. Access the SAIT webinar here to further simplify the understanding of provisional tax.

The Tax Court provides clarification on the recognition of raising fees

The recent Tax Court ruling in the matter of IT 76795 has provided much-needed clarity on the interpretation of 'similar finance charges' under Section 24J of the Income Tax Act, a subject of significant interest for taxpayers, especially after the release of the Draft Interpretation Note on the meaning of 'similar finance charges' on 27 November 2024. This Tax Court ruling, though binding only on the parties involved, serves as persuasive authority in the interpretation, recognition and tax treatment of raising fees within the definition of "similar finance charges".

SAIT has provided detailed written feedback on the draft interpretation note. The submission and insights can be accessed here. Key takeaways from the judgement are set out below.

Call for Participation: SAIT eFiling working committee formation

SAIT is pleased to share that we attended the first SARS eFiling workgroup meeting on Friday, 21 February 2025. This collaborative initiative aimed to enhance the eFiling system through engagement with key stakeholders.

To continue this momentum, we are forming a SAIT eFiling working committee to discuss and shape future enhancements to the system. We invite eFiling enthusiasts to join this committee, share insights, and contribute to shaping a more efficient and practitioner-friendly eFiling experience.

Please express your interest by reaching out to taxassist@thesait.org.za by Friday, 7 March 2025. Let's work together towards a more effective eFiling system.

#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

How to submit a selfie for supporting documentation

When submitting supporting documentation that requires a selfie, it is essential to follow specific guidelines to ensure your submission is accepted. Below are the key requirements to meet when providing your selfie as part of your documentation:

Selfie Requirements

To verify your identity, you must submit a clear image of yourself while holding:
1. Your proof of identity (such as a passport, driver's license, or government-issued ID).
2. A handwritten note with the following information clearly written on it:

    1. **Update my details**"
    2. **The date of submission.**
    3. **Your case number**

Important Considerations

- Ensure all the information in the image is visible and legible.
- The image should be well-lit and free from obstructions, such as glare or shadows.
- Do not edit or modify the image in any way.
- The document you are holding must be fully visible and readable in the photo.

Following these guidelines will help ensure that your supporting documents are processed efficiently without delays. If you have any questions, please check with the relevant authority for further instructions.

Reminder on fixed percentage tax directive troubleshooting: SAIT Member FAQs

Over the past week, SAIT has received numerous queries regarding difficulties in obtaining fixed percentage tax directives on eFiling. In response, we have compiled a set of frequently asked questions (FAQs) to address common concerns. These FAQs aim to provide clarity on technical issues, submission errors, and general queries related to the application of fixed percentage tax directives for commission earners and other related matters. If you're facing similar challenges, the following solutions may assist in resolving your concerns.

Question	Answer
I have been experiencing issues with applying for fixed percentage tax directives for commission earners since 6th February 2025. When I submit the application, the screen buffers, and an error appears stating "Service took too long to respond." Upon checking the history, the application is shown as "declined."	To resolve this, we recommend submitting the tax directive in stages: request the directive, fill in a few fields, then save. Continue saving after completing sections to avoid buffering or delays.
I've been facing problems submitting fixed percentage tax directives. Are other tax practitioners experiencing similar issues? Is SARS aware of the problem and working on a fix?	Try submitting the directive again, as there may have been a temporary glitch. Use the 'duplicate' button to resubmit the tax directive. If the issue persists, contact the SARS call centre to check if the error is on their side. If necessary, we can escalate the matter to SARS' eFiling technical team.
I have access to my client's eFiling profile through my practitioner portal, but when trying to apply for a fixed percentage tax directive, the system only allows me to select a company taxpayer type, preventing further progress. How can I proceed?	It seems like a potential browser-related issue. The tax directive function should be accessible, but printing may not always work properly. Try clearing your browser cache or using a different browser to resolve this.
SARS is refusing to grant access to tax directives, stating that the client owes them, but my client insists that taxes were already deducted on previous lump-sum payments. How can I resolve this?	It seems that your client may have outstanding debt despite their claim that previous deductions covered it. The first step is to request a statement of account or penalty statement to verify any outstanding debt. Additionally, use the My Compliance Profile (MCP) function to check if there's any outstanding debt or non-compliance. If the client is in compliance, try submitting the directive again. If the issue persists, contact the SARS call centre for clarification on the debt. Without resolving the debt issue, the IRP3b directive will not be processed.

Should your specific problem persist, please don't hesitate to reach out to the SAIT TaxHelpline for further guidance.

Reminder on communication falling through the cracks: Tax practitioner vs. taxpayer contact details.

In recent weeks, SAIT has observed a growing number of issues related to SARS communications not reaching tax practitioners. This problem arises primarily from SARS choosing to communicate directly with the taxpayer using the contact details listed on the RAV01 form, rather than those of the tax practitioner linked to the taxpayer's eFiling profile.

Previously, some tax practitioners changed the contact details on the RAV01 form to their own, instead of the taxpayer's. This practice allowed them to access all correspondence from SARS, but it was strongly discouraged by SARS, as it effectively removed the taxpayer's right to remain informed.

The following are the key areas where communication breakdowns are causing significant challenges:

1. **Registered representative applications:** Tax practitioners cannot activate a tax type on eFiling or link a client's profile until the registered representative (public officer) is updated. The practitioner submits the application, but the outcome is sent directly to the public officer or trustees, leaving them uninformed.

2. **VAT registrations:** SARS sends additional documentation requests and outcome letters directly to the taxpayer (vendor) who may not know how to respond. Meanwhile, the tax practitioner, unaware of these communications, repeatedly follows up with SARS.
3. **Paragraph 19(3) audits:** Provisional tax audits are conducted via email, with information requests submitted through email. The email address used is the one found on the RAV01 form, which belongs to the taxpayer. Since the IRP6 return does not allow tax practitioner contact details, similar to VAT registration requests, the taxpayer is often unable to respond to the requests. This can result in revised declarations and potential penalties for late payment.

On Friday, 21 February 2025, SAIT will attend the first SARS eFiling workgroup meeting, which will focus on collaborating with stakeholders to enhance the eFiling system. One of the proposals that will be presented is an upgrade to the RAV01 form, which would include a dedicated section for the tax practitioner's contact details. Additionally, we will be recommending that all correspondence from SARS be automatically sent to both the taxpayer and the tax practitioner to ensure that both parties are fully aware of any communications from SARS.

With the ongoing modernisation of SARS' systems, we anticipate that these enhancements will be implemented sooner than expected, improving communication and efficiency for both tax practitioners and taxpayers alike.

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 and VAT verifications.
2. Delays in finalising bank verification cases.
3. Delays in finalising and payment refunds.
4. Delays in finalising 2024 income tax and VAT objections.

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 following stakeholder and regional meetings can accessed:

1. Gauteng North regional meeting held on 20 February 2025; and
2. Mbombela stakeholder meeting held 20 February 2025.

Upcoming RCB/SARS regional and national meetings

1. Western Cape – 5 March 2025
2. Free State and Northern Cape – 10 March 2025;
3. Limpopo – 11 March 2025;
4. Eastern Cape – Gqeberha and Kareiga – 12 March 2025
5. Free State and Northern Cape – 9 June 2025;
6. Eastern Cape – Gqeberha and Kareiga – 25 June 2025
7. Eastern Cape – Gqeberha and Kareiga – 13 August 2025
8. Free State and Northern Cape – 8 September 2025;
9. Free State and Northern Cape – 10 November 2025; and
10. 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; and
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

SARS launches e@syFile™ Employer 8.0: Everything you need to know

SARS has introduced e@syFile™ Employer version 8.0, designed to enhance your filing experience. This new version will replace all previous versions of the software, effective **1 March 2025**. To ensure a smooth transition, employers are encouraged to download version 8.0 in advance and familiarise themselves with its new features.

Version 8.0 includes several enhancements to improve usability and efficiency:

- **Latest technology:** Developed with modern technology for improved performance and faster processing speeds.
- **Enhanced navigation & design:** A more intuitive user interface for easier data entry and navigation.
- **Simplified updates:** Updates are now modular, reducing update times and eliminating the need for a full reinstallation.
- **Quick access links:** New shortcuts to related functionalities, reducing the need to navigate multiple menus.
- **User management enhancements:** Improved user-maintenance functionality for adding/removing users and managing access restrictions.
- **Enhanced security:** Additional security measures to protect against unauthorised data access.

System requirements for e@syFile™ Employer 8.0

To install and run version 8.0 efficiently, your system must meet the following minimum requirements:

- **Operating system:** Windows 10 (64-bit)
- **RAM:** 8 GB
- **Hard drive space:** 2 GB (for installation on C:/ drive; additional space required as employer data increases)

Important information

- Employers with **50 employees or less** who are unable to upgrade their systems can still submit via **eFiling**.
- **Reconciliation data** from the current e@syFile™ Employer must be imported into version 8.0 for any required amendments.
- On **first-time login**, users must add recovery details to enable password recovery for the ADMIN account, ensuring access to version 8.0 if the password is forgotten. This password is solely for logging into the application and does not affect employer reconciliation data.

Why Upgrade?

Upgrading to version 8.0 ensures access to the latest technology, improved processing speeds, enhanced security, and new features that make tax compliance more efficient. Employers are encouraged to upgrade their hardware to benefit fully from these advancements.

Submission of IT144 Donation Tax Returns

After making a donation, taxpayers are required to complete the Donations Tax Return (IT144) and ensure that the appropriate tax is paid. The following steps outline the process for submitting the IT144 donation tax return:

- **Complete the IT144 return:** Ensure all necessary details regarding the donation are accurately filled in on the form.
- **Make payment:** Submit the required payment via eFiling to comply with tax obligations.
- **Submit documentation:** After completing the return and making the payment, submit the following documents:
  - Completed IT144 return
  - Proof of payment
  - Any supporting documentation

Submission methods:

Depending on the category of the taxpayer, submission should be made to the appropriate SARS email address or branch:

- **Large business clients:** Send the required documents to lbcenquiries@sars.gov.za
- **High net worth individuals (HNW):** Use hnwiqueries@sars.gov.za.
- **Other clients (not classified as Large Business or HNW):** Submit to contactus@sars.gov.za.
- **Tax practitioners:** Send documents to PCC@sars.gov.za.
- **Physical submission:** Clients may also visit the nearest SARS branch to submit their documents in person.

It is crucial to ensure timely submission and compliance with SARS requirements to avoid any penalties or delays in processing. For further guidance, access the Donations Tax external guide.

Reminder on the SARS eFiling updates: Key changes introduced in February 2025

SARS continues to enhance its digital services to simplify compliance for taxpayers and tax practitioners. Several significant updates were made to the SARS eFiling system over the weekend of 17 – 18 February 2025, focusing on improving efficiency, security, and user experience across various processes. Here's a breakdown of the most important changes:

1. Digital modernisation of Trust Suspension of Payment (SOP) process

SARS is taking significant steps towards modernising the Trust Suspension of Payment (SOP) process, transitioning it from a manual procedure to a fully digital process on eFiling. This update, effective 17 February 2025, aims to streamline the way Trusts and their representatives manage their tax obligations, offering an easier and more efficient approach.

This change is in line with SARS' commitment to provide modern, digital services that simplify compliance and reduce administrative burdens. Taxpayers and tax practitioners can now submit requests for SOP on Section 95(1)(c) and disputed Trust debt directly through the eFiling platform.

For more details on how to submit a dispute via eFiling, please refer to the updated Guide to Submit a Dispute via eFiling.

2. Reportable Arrangements (RAs) now accepted on eFiling

From **17 February 2025**, taxpayers can submit **Reportable Arrangements (RAs)** via eFiling, under **"Services" > "Additional Services"**. Previously, these were submitted manually via email. While the process remains the same (requiring the RA01 form and supporting documents), eFiling submissions improve security and operational efficiency.

Although the submission process remains the same (requiring the RA01 form and supporting documentation), the new eFiling submission method is set to improve the overall submission experience for taxpayers. SARS will accept both eFiling and email submissions until 31 May 2025, after which email submissions will be discontinued.

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

3. **New validation rule for payment reference numbers (PRNs)**

On 14 February 2025, a new rule was introduced to improve the validation of Payment Reference Numbers (PRNs) submitted through eFiling for administrative penalties. This rule aims to address the issue of invalid PRNs, such as those consisting entirely of zeros (000...) or nines (999...), which previously led to transactions being incorrectly posted to the SAP Clarification account.

The new rule applies to taxpayers selecting the tax type "ITPEN" (Payments towards third-party appointments for admin penalties, such as AA88 notices issued by employers). Under this rule, the 12th character of the PRN must always be the letter "I," while the characters between positions 13 and 19 must be numeric and cannot consist solely of zeros or nines. The 19-digit module must be followed as specified.

If the PRN fails to meet these criteria, the file will be rejected, preventing erroneous transactions. For more details on this new validation rule, please refer to the updated Guide to Bulk and Additional Payments on eFiling.

Looking Ahead

By transitioning critical processes like the Trust SOP process and Reportable Arrangements to eFiling, as well as implementing stricter validation for PRNs, SARS is continuing its commitment to simplifying compliance and improving the taxpayer experience.

For the latest guidance and detailed instructions on using the updated features, taxpayers and practitioners are encouraged to consult the relevant eFiling guides linked above.

Other SARS and related operational publications and announcements

No other SARS and related operational publications were made during the week on 20 – 26 February 2025.

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 20 – 26 February 2025.

Key tax practitioner news

Tax practitioner registration and compliance updates: 2025 SARS audit

It is that time of the year where membership compliance is under review and SAIT is conducting the annual SARS compliance Audit. The 2025 Compliance Audit commences on **3 March 2025**.

According to the Tax Administration Act, it is a prerequisite for individuals to register with both a Recognised Controlling Body (RCB) and SARS as a Tax Practitioner if they wish to provide tax-related services to taxpayers. RCB's are also required to manage their tax practitioner members' compliance with the registration requirements.

Mandatory SARS and practitioner compliance requirements

- Valid Tax compliance PIN (in your personal name) Good standing;
- Criminal-free status
- 2024 CPD hours
- Annual declaration forms

Various categories of membership compliance and registration information will be updated in this process. Part of the process includes updating PR numbers, as we have noticed members are relying on outdated alpha-numeric PR numbers. Members who are still using alpha-numeric PR numbers and those who do not have their PR numbers are classified by SARS as "ghost practitioners" and will be subject to deregistration at SARS. SARS requires all tax practitioners to activate and rely on their unique PR number.

As an RCB, SAIT is legally required to conduct a compliance audit of 20% of the entire membership body and report to SARS annually on the status of member compliance. SARS and SAIT randomly select a pool of tax practitioners to take part in this mandatory compliance audit. All candidates selected will be notified via email, telephone and SMS. Member responsiveness is highly encouraged.

Consequences of non-compliance

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

SARS deregistrations:

The number of tax practitioner deregistrations due to non-compliance with section 240(3)(d) of the Tax Administration Act (TAA) has seen an alarming uptick (over 30 deregistrations in 2025 already).

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

Kindly note that members who default on the above requirements will be suspended and reported to SARS for deregistration. Given that tax practitioner compliance is a statutory requirement, our consultants are here to assist but failure to respond to and comply with the audit may result in revocation of registration.

For any inquiries on the annual Tax Practitioner Audit, please contact the SAIT Legal and Compliance Department.

Government & stakeholder newsletters

SARS publishes the February edition of its newsletters

On 21 February 2025, SARS published the latest editions of the Tax Practitioner and Government Connect newsletters. The newsletters cover the following topics:

- SARS is keeping your eFiling and tax information safe with biometrics
- Employer e@syFile Version 8.0
- Provisional Tax Payments
- Modernisation of Suspension of Payments for Trusts
- Requirements when taking a Selfie

Other tax practitioner access and functionality publications and announcements

- **20 February 2025:** SARS announced that it would be conducting planned upgrades to the eFiling platform on Friday, 21 February 2025, from 18:00 to 22:00 and on Saturday, 22 February 2025, from 18:00 to 00:00. During these times, the digital platform may have been unavailable.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

SARS publishes Multilateral Instrument (MLI) synthesised texts

Implementing the MLI is a complex exercise. Applying its provisions requires coordination between multiple countries and their tax treaties, with careful consideration of how each country chooses to apply the MLI to its existing agreements. The approach can vary from one country to another.

How the MLI interacts with each country's specific tax laws and treaties, necessitates thorough analysis to understand its impact on each tax treaty or covered tax agreement. While the MLI aims to streamline international tax regulations, its application can still be a detailed and time-consuming process, particularly for countries with numerous tax treaties. When multiple amendments are made, synthesised texts offer a single, consolidated source for easier reference.

What is a synthesised text?

A synthesised text generally includes the following in a single document:

- The text of the Covered Tax Agreement that is modified by the MLI, including the text of amending protocols (where relevant).
- The provisions of the MLI that have an effect on the tax treaty as a result of the interaction of the MLI positions of the jurisdictions, and
- The dates on which the provisions of the MLI take effect for the specific Covered Tax Agreement.

As a reminder, SARS has published Multilateral Instrument (MLI) synthesised texts for the following jurisdictions:

- Belgium
- China (People's Republic of)
- Egypt
- Russia
- Spain
- United Kingdom

SARS regularly updates the list of agreements under South Africa's MLI Position that may be modified by the MLI, with synthesised texts for each agreement, which are drafted in consultation with relevant treaty partners (though non-binding).
Members are encouraged to keep abreast of developments in this regard.

National legislation

Reminder regarding the National Budget Speech

Although the National Budget Speech was not delivered as planned, key tax proposals were still introduced. These proposals focussed on various tax measures aimed at enhancing revenue collection. Notably, gross tax revenue is projected to increase from R1.84 trillion in 2024/25 to R2.03 trillion in 2025/26 and R2.32 trillion by 2027/28, reflecting ongoing efforts to strengthen tax compliance and collection.

The previous issue of this publication discussed these are they were ‘hot off the press’. We reiterate below those proposals which taxpayers should continue to be mindful of and monitor when the Budget Speech is tabled on 12 March 2025.

- There were no proposed changes to the general fuel levy or the Road Accident Fund (RAF) levy, offering some relief to consumers.
- Personal income tax tables would also see a partial adjustment for inflation, with full inflationary relief for the two lowest income brackets, while the other brackets would see only partial adjustments. These measures were expected to generate an additional R3 billion in revenue. However, there was no proposed inflationary adjustment for medical aid tax credits.
- The government also proposed extending the diesel refund relief to include all eligible diesel purchases declared to SARS, which would benefit a broader group of taxpayers.
- South Africa’s tax-to-GDP ratio is expected to rise slightly from 24.7% in 2024/25 to 25.4% in 2025/26, indicating a small increase in the country’s tax revenue relative to the economy.
- SARS is set to focus on closing the tax gap in 2025/26, which is estimated to be in the range of R800 billion. This will involve improving taxpayer compliance and leveraging artificial intelligence and data science to increase the efficiency of tax collection. As part of the 2024 Medium-Term Budget Policy Statement (MTBPS), SARS was allocated additional funding for modernisation initiatives and to support capital projects aimed at strengthening revenue-raising capabilities.
- Excise duties on alcohol, tobacco, and transfer duties will rise above inflation to help offset economic pressures, while the health promotion levy (sugar tax) will not see any increases.
- As part of South Africa’s continued commitment to environmental sustainability and reducing carbon emissions, the carbon tax is set to increase in January 2025. Additionally, there will be further rises in the carbon fuel levy starting in April, reinforcing the country’s efforts to promote green initiatives and encourage businesses and individuals to adopt more eco-friendly practices.

The proposed 2% VAT increase, raising the rate to 17%, has sparked significant debate in South Africa in the past week, with the government’s decision to delay the 2025 national budget largely attributed to this contentious proposal. In response to concerns about the VAT hike’s impact on households, particularly low-income groups, the government also suggested expanding the list of zero-rated essential food items, including more basic goods like meat and dairy products. However, the proposal has faced strong opposition from political parties, unions, and civil society groups, who argue that the increase would worsen financial pressures on vulnerable populations. The situation highlights the challenges of balancing fiscal needs with social equity in a fragile economic environment.

SAIT’s Morning Debrief session, chaired by Keith Engel, unpacked the implications of this proposed increase with expert insights from VAT subject matter experts; Charles de Wet, Mabutho Mthembu, Suzanne van der Merwe, Professor Des Kruger, Professor Thabo Legwaila and Dr Roy Havermann

Members are encouraged to watch that esteemed webinar here.

Reminder regarding Future Discussions and Proposals

Discussions are ongoing regarding future proposals and updates to discussion document papers that are set to introduce tax policy legislative changes. For example, the National Treasury is in active dialogue with the Collective Investment Scheme (CIS) industry draft CIS discussion document that was published in November 2024. These discussions are aimed at clarifying National Treasury and SARS’ plans on the tax treatment of revenue derived in these CISs. This will no doubt create relief for practitioners and taxpayers involved with CISs, who will continue to monitor developments in this area.

are encouraged to review the budget documents on 12 March 2025 to stay informed and monitor any updates or changes related to these proposals.

LEGISLATIVE INTERPRETATION

Submissions made to SARS and current calls for comment

SAIT submission on draft Interpretation Note 54 (Issue 3): Deductions not allowed – Corrupt activities, fines and penalties and fruitless and wasteful expenditure

Draft interpretation Note 54 (Issue 3) clarifies the application of section 23(o), which restricts the deduction of expenses related to corrupt activities, fines or penalties resulting from illegal actions, and any expenditure deemed 'fruitless and wasteful' under section 1 of the Public Finance Management Act, 1999. In response, SAIT has provided written feedback on the draft interpretation note to SARS, offering specific, annotated comments directly on the document.

Members may contact Lerato Mashigo at taxassist@thesait.org.za to request access to the above-referred submission.

Reminder regarding the SAIT submission on the Taxation of Alcoholic Beverages discussion document paper

In the past week, SAIT submitted commentary to SARS and the National Treasury on the proposals outlined in the Taxation of Alcoholic Beverages Discussion Document.

SAIT supports adjusting excise duty rates to take effect from the first day of any month following the budget announcement to ease administrative burdens on taxpayers. According to the National Budget Speech, this will likely be implemented from 1 April of each year.

Furthermore, our submission highlights key concerns, including disproportionately high excise duty on spirits compared to other alcohol categories, the questionable effectiveness of these rates in reducing consumption, and the risk of driving consumers to the illicit market.

Our submission further addresses the proposal for minimum unit pricing, cautioning against government interference in commerce, and includes reconsideration of this policy. The government plans to hold public consultations on the new excise framework in 2025. In the interim, considering that the details of the new alcohol excise taxation framework will be finalised only after the 2025 Budget, the government proposes to increase excise duties on alcoholic beverages by 6.83 per cent for 2025/26.

Members may access the submission here.

SAIT will continue to monitor SARS' progress regarding the finalization of this draft interpretation note and will provide guidance on whether the proposed amendments have been incorporated.

Legislative counsel publications

No legislative counsel publications were published by SARS in the week of 20 – 26 February 2025.

Published court cases

During the week of 20 – 26 February 2025, SARS has published several court cases that are of importance to taxpayers.

A summary is set out below:

<table>
<tr><th>Date of delivery</th><th>Case Reference</th><th>Applicable Legislation</th></tr>
<tr><td>13/01/2025</td><td>IT 76795</td><td>Tax Administration Act, 2011</td></tr>
<tr><td colspan="3">Case keywords

Tax treatment of raising fees: Whether the raising of fees are deductible “interest or similar finance charges” as envisaged in section 24J of the Income Tax Act 58 of 1962

As mentioned above, key takeaways from the case are inter alia as follows:

• The Tax Court opined and ruled on the broad definition of interest to include not only conventional interest but also “similar finance charges.” The term “similar” suggests that while these charges differ from traditional interest, they fall within the same category.
• The Tax Court confirmed the recognition of raising fees and concluded that indeed finance charges and these fees are directly linked to the cost of securing a loan.
• The Tax Court rejected SARS’s argument concerning the timing differences between raising fees and interest payments, emphasising that these differences do not alter the essence of the charges.
• Essentially, the judgment clarified that raising fees is essential to the loan’s compensation, without which the loan would not exist.</td></tr>
<tr><td>05/12/2024</td><td>IT 46080</td><td>Income Tax Act, 1962</td></tr>
<tr><td colspan="3">Keywords:

Prescription, Insurance premium deduction and USP. This matter considered whether:

• prescription applies to the additional assessment raised for the 2017 tax year
• whether the Appellant is entitled to claim the full amount of R10 million as alleged insurance policy premiums paid to the insurer in the 2017 tax year as a deduction in terms of section 11(a) of the Income Tax Act
• whether notional interest earned in respect of the experience accounts related to the alleged insurance policy is to be deemed to have accrued to the Appellant in the 2017 tax year and included in the Appellant’s gross income for each of these periods; and
• whether SARS was correct in imposing an understatement penalty of 10% on the Appellant for the 2017 tax year.</td></tr>
</table>

04/12/2024	IT 46098	Tax Administration Act, 2011

Keywords

In this matter wherein the applicant, EB Taxpayer, approached the Court for an order of default judgment and condonation

The applicant asserted that the Commissioner of SARS failed to adhere to rule 31(1)(b) of the Tax Court rules by not submitting its statement of grounds of assessment and opposition to the appeal within the required timeframe. The applicant requested an order under rule 56(2)(a) of the Tax Court rules, proposing that, unless the respondent can provide a valid reason for the delay, the court should issue a ruling as outlined in section 129(2)(b) of the Tax Administration Act.

Other SARS publications and announcements

No other legislative publications or announcements were made by SARS during the week of 20 –26 February 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

No other matters of interest for a tax practice were published during the week of 20 – 26 February 2025.

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