



Tax Practice: *On the Move*

Tax Compliance & dispute forms & documents (5 of 10)

YOUR KEY TO THE TAX COMMUNITY



Filing Season 2022: Changes

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WITH YOU TODAY

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Due dates for submission and payments

Period		Taxpayer
Filing Season 2022	1 July 2022 to 24 October 2022	<ul style="list-style-type: none">• Taxpayers who file online• Taxpayers who cannot file online can do so at a SARS branch by appointment only.
	1 July 2022 to 23 January 2023	Provisional taxpayers including Trusts may file via eFiling or SARS MobiApp.
	31 January 2023	Payment due date for amounts due to SARS*.

What do you need to know?

Step	Filing Season 2022	Filing Seasons 2020 & 2021
1	SARS has identified a population of individual taxpayers in respect of whom SARS has sufficient information based on third-party data received to <u>issue original estimated assessments to these taxpayers</u> . Affected taxpayers are referred to as the 'auto-assessment population' (hereinafter the "AA population").	SARS identifies a population of individual taxpayers in respect of whom SARS has sufficient information based on third-party data received, <u>to 'auto-assess' these taxpayers</u> .

What do you need to know?

Filing Season 2022	Filing Seasons 2020 & 2021
<p>There is no definition for what an 'auto-assessment' is. This is a term used by SARS in taxpayer communication. However, when SARS refers to an 'auto-assessment' in Filing Season 2022, SARS means a "original estimated assessment" in terms of section 95 of the TAA.</p>	<p>There is no definition for what an 'auto-assessment' is. This is a term used by SARS in taxpayer communication. However, when SARS refers to an 'auto-assessment' in Filing Seasons 2020 and 2021, SARS means the pre-populated <u>tax return</u> on eFiling.</p>

What do you need to know?

Step	Filing Season 2022	Filing Seasons 2020 & 2021
2	Taxpayers in the population receives an SMS from SARS that they have been selected to be 'auto-assessed' (i.e. to receive an original estimated assessment).	Taxpayers in the population receives an SMS from SARS that they have a <u>tax return pre-populated by SARS on eFiling or the SARS MobiApp</u> .

What do you need to know?

Step	Filing Season 2022	Filing Seasons 2020 & 2021
3	Accepts the assessment: When the taxpayer receives the SMS, they must log into eFiling or MobiApp to view the original estimated assessment. The underlying original return will be greyed out. <u>If the taxpayer agrees with the assessment, they must check if a refund is due or if tax is owed to SARS.</u> If a refund is due, no further action is required. If a debt is due, the taxpayer must settle the debt by the due date indicated.	Accepts the tax return: Taxpayers that received the SMS and agrees with the 'auto-assessment' needs to <u>"Accept" and submit the pre-populated tax return (SARS: 'auto-assessment')</u> by the 2020 or 2021 due dates if they are individual non-provisional taxpayers, which will result in SARS issuing an original assessment (section 91 of the TAA).

What do you need to know?

Step	Filing Season 2022	Filing Seasons 2020 & 2021
4	<p>Disagrees with the assessment-in 40 business days: If the taxpayer disagrees with the original automated assessment, the taxpayer has 40 business days from the date of issuance of the original estimated assessment (SARS: 'auto-assessment') to 'submit a return'. This means that if the taxpayer wants to dispute any element contained in the original estimated assessment, <u>they will need to edit the tax return</u>. By editing the tax return, the taxpayers is effectively submitting a Request For Correction (RFC). SARS will then issue a revised assessment, being a reduced or additional assessment should SARS accept the edits.</p>	<p>Disagrees with the tax return: Taxpayers that received the SMS, but do not agree with the 'auto-assessment' needs to <u>"Edit"</u> and submit the <u>pre-populated tax return</u> (SARS: 'auto-assessment') by the 2020 or 2021 due dates if they are individual non-provisional taxpayers, which will result in SARS issuing an original assessment (section 91 of the TAA).</p>

What do you need to know?

Step	Filing Season 2022	Filing Seasons 2020 & 2021
5(a)	<p>Disagrees with the assessment, outside of the 40 business days:</p> <p>According to the Guide on Income Tax and the Individual (2021/22),</p> <ol style="list-style-type: none">1. If SARS receives the request for extension, together with reasonable grounds for requesting the extension, <u>before</u> the expiry of the 40 business days: SARS may extend the period to submit if SARS.	<p>Taxpayers that have received an SMS, but do not accept, edit, or submit their tax returns within the specified time period, receives an estimated assessment from SARS, which is only subject to objection and appeal once a return has been filed.</p>

What do you need to know?

Step	Filing Season 2022	Filing Seasons 2020 and 2021
5(b)	<p>Disagrees with the assessment, outside of the 40 business days:</p> <p>According to the Guide on Income Tax and the Individual (2021/22),</p> <p>2. If SARS receives a request for extension <u>after</u> 40 business days from the date of the estimated assessment, extension may only be granted if –</p> <ul style="list-style-type: none">• the individual's request is submitted to SARS within 21 business days after the expiry of the 40 business days, and outlines reasonable grounds for not requesting the extension in time; or• the individual's request is submitted to SARS within three years after the expiry of the 40 business days, and outlines exceptional circumstances for not requesting an extension in time.	See previous.

What do you need to know?

Step	Filing Season 2022	Filing Seasons 2020 & 2021
6	<p>The taxpayer can only access the dispute process in respect of the tax return, once the taxpayer has submitted an edited tax return (RFC).</p> <p>However, the taxpayer has access to the dispute process (objection and appeal) if SARS does not accept the edited return (RFC).</p>	<p>If the taxpayer wants to dispute anything on the estimated assessment, they have to submit the outstanding tax return.</p>

FAQs

	FAQ	Answers
1.	What is an 'auto-assessment'?	<p>There is no definition for what an 'auto-assessment' is. This is a term used by SARS in taxpayer communication.</p> <p>In 2022: When SARS refers to an 'auto-assessment' in Filing Season 2022, SARS means a "original estimated assessment" in terms of section 95 of the TAA.</p> <p>In 2020 and 2021: When SARS refers to an 'auto-assessment' in Filing Seasons 2020 and 2021, SARS means the pre-populated tax return on eFiling.</p>

FAQs

	FAQ	Answers
2.	When will taxpayers be able to check the third-party data that will be pre-populated on their tax returns?	The 2022 third-party data be available on eFiling from a date to be determined.
3.	Will SARS select a taxpayer for verification or audit if auto-assessed?	No, SARS has already quality checked the auto-assessment and therefore if the taxpayer agrees with the assessment, then the taxpayer will not be selected for verification or audit.

FAQs

	FAQ	Answers
4.	What will happen if a third-party resubmits information and there is a change?	<p>If a third-party resubmits information and there is a change in the information on the taxpayer's underlying tax return, after the issuance of the assessment, SARS will issue a letter to the taxpayer to submit a revised return (RFC) within 10 business days.</p> <p>If the taxpayer does not respond, SARS will issue a revised estimated assessment (IT34).</p>
5.	Will the tax practitioner and taxpayer both receive an SMS?	<p>The intention is for both parties to receive the communication.* A letter (or extended SMS) will be sent with the original estimated assessment, that will explain the process.</p>

FAQs

	FAQ	Answers
6.	When will the SMSs be sent?	The intention is to send the SMSs in batches, starting in the first week of July and ending by 24 July 2022.*
7.	Will the SMS communication notification contain the entire tax registration number or only a few digits?	The intention is to issue SMS communication with sufficient information to allow the tax practitioner to identify the taxpayer that the information pertains to.*
8.	What type of assessment will be issued?	SARS will issue an original estimated assessment, as contemplated in section 91 read with 95 of the Tax Administration Act.

FAQs

	FAQ	Answers
9.	Will the initial underlying return (that was used to generate the original estimated assessment), be reflected as issued and assessed by SARS on eFiling and the SARS Mobi-App?	The initial underlying return will be available to be viewed on eFiling, but the fields will be greyed out.
10.	Will a taxpayer be able to view the pre-populated income tax return as well as the ITA34 assessment notice (original estimated assessment)?	It is anticipated that the initial underlying return and the linked original estimated assessment will both be available for comparison purposes.

FAQs

	FAQ	Answers
11.	How and when will SARS determine that the taxpayer agrees with the original estimated assessment?	In the case of the AA population, SARS will act on the basis that the original estimated assessment is complete and correct, unless otherwise indicated by the taxpayer. Therefore, once SARS issues the original estimated assessment, SARS will process any refunds within a 72-hour period.
12.	What will the payment due date be in the case of outstanding amounts?	From examples, it appears that the payment due date for any debt due to SARS be 31 January 2023.

FAQs

	FAQ	Answers
13.	When will any refund due be paid?	<p>The intention is to process any refunds stemming from an original estimated assessment within 72-hours from the issuing of the assessment. In instances where the taxpayer submitted an edited return (RFC), SARS will run the return through the SARS risk engine. The return may be identified for audit or verification. However, once the processes have been completed, SARS will issue a revised assessment, being a reduced or additional assessment.* Again, the 72 hours period from issuance of the assessment for a refund to be processed will apply.*</p>

FAQs

	FAQ	Answers
14.	How must a taxpayer indicate that they disagree with the original estimated assessment?	The intention is for the taxpayer to request to edit the return (RFC) via a button that is available once the taxpayer opens the original estimated return. The edited return will be a second version of the return, which must, on submission, be accepted or rejected by SARS.
15.	If the taxpayer disagrees with the original estimated assessment, <u>when</u> must an edited return (RFC) be submitted?	Following on the timelines of section 95, the edited return (RFC) should be submitted within 40 business days from the date of issuance of the original estimated assessment.

FAQs

	FAQ	Answers
16. (a)	What is the intended process for the taxpayer to apply for an extension beyond the initial 40 business days, if the taxpayer applies before the expiry of the 40 business days?	<p>According to the Guide on Income Tax and the Individual (2021/22), if SARS receives the request for extension, together with reasonable grounds for requesting the extension, <u>before</u> the expiry of the 40 business days: SARS may extend the period to submit if SARS.</p> <p>The intention is to make a specific button available on eFiling for a taxpayer to apply for an extension beyond the 40 days (refer to section 95(7) of the TAA*): “95(7) <i>If reasonable grounds for an extension are submitted by the taxpayer, a senior SARS official may extend the period referred to in subsection (6) within which the return or relevant material must be submitted, for a period not exceeding the relevant period referred to in section 99 (1) or forty business days, whichever is the longest.</i>”</p>

FAQs

	FAQ	Answers
16.(b)	See previous.	The intention is to issue the taxpayer with a letter confirming the extension.* However, it appears unlikely that SARS will grant extension beyond the current deadline of 24 October 2022.

FAQs

	FAQ	Answers
17.	What is the intended process for the taxpayer to apply for an extension beyond the initial 40 business days, if the taxpayer applies <u>after</u> the expiry of the 40 business days?	<p>According to the Guide on Income Tax and the Individual (2021/22): a request for extension that is received <u>after</u> 40 business days from the date of the estimated assessment, may only be granted if –</p> <ul style="list-style-type: none">the individual's request is submitted to SARS within 21 business days after the expiry of the 40 business days, and outlines reasonable grounds for not requesting the extension in time; or <p>the individual's request is submitted to SARS within three years after the expiry of the 40 business days, and outlines exceptional circumstances for not requesting an extension in time.</p>

FAQs

	FAQ	Answers
18.(a)	What is the maximum allowable extension period?	<p>According to our understanding section 95 currently indicates a senior SARS official may extend the 40-business day period for a period not exceeding the relevant period referred to in section 99(1) (prescription of the return) or forty business days.</p> <p>This would mean, the first 40 business days applies automatically, the second 40 business days (can be less), may be granted should reasonable grounds exist (section 95(7) of the TAA). Thereafter, if 'exceptional circumstances' applies (refer to section 244(3)(b) of the TAA), SARS may grant additional extension.*</p>

FAQs

	FAQ	Answers
18.(a)	See previous.	<p><i>“244. Deadlines.—</i></p> <p><i>(3) If SARS is authorised to extend a deadline, the application for extension must be submitted to SARS in the prescribed form before the deadline expires unless—</i></p> <p><i>(b) the delay is due to a circumstance referred to in section 218(2) (a) to (e) or any other circumstance of analogous seriousness and the application is submitted within three years of the deadline.”</i></p>

FAQs

	FAQ	Answers
19.	What would happen if the taxpayer applied for extension but did not submit the return within the extended period granted?	It is anticipated that the original estimated assessment will stand.*
20.	Will an edited return (RFC) be subject to manual intervention?	It is intended that an edited return (RFC) be run through the SARS risk engine. The return may be selected for verification or audit.*

FAQs

	FAQ	Answers
21.	How will a taxpayer know that the edited return (RFC) was accepted by SARS?	Should SARS accept the edited return (RFC), a revised assessment will be issued. If SARS does not accept the updates in the tax return, SARS will inform the taxpayer of the reasons their updates are not accepted. If the taxpayer disagrees with the reason(s) why SARS did not accept the updates in the tax return, then the normal objection and appeal facility will be available.

FAQs

	FAQ	Answers
22.	How will a taxpayer be informed that SARS did not accept the edited return (RFC) and within what timeframe?	<p>According to section 95(8) of the TAA: <i>“If SARS decides not to make a reduced or additional assessment under subsection (6), the date of the assessment made under subsection (1) (a) or (c), for purposes of Chapter 9, is regarded as the date of the notice of the decision.”</i></p> <p>It is not clear how SARS will inform the taxpayer that the edited return (RFC) was unsuccessful. It is also not clear how much time SARS has to process the edited return (RFC).</p>

FAQs

	FAQ	Answers
23.	Will SARS issue all letters regarding audits on eFiling, as well as opening links to upload supporting documents?	The intention is to issue all letters regarding audits on eFiling as well as provide opening links to upload supporting documents.*
24.	Can supporting documents be requested once the edited return (RFC) has been submitted?	It is intended that the edited return (RFC) be run through the SARS risk engine. The return may be selected for verification or audit. At that point in time, SARS may request supporting documentation. As is the current process, it is anticipated that SARS will issue 2 letters should they request supporting documentation.

FAQs

	FAQ	Answers
25.	What would happen if the supporting documents requested were not submitted?	It is unclear how delays in the process would affect the taxpayers' tax compliance status.
26.	What type of assessment will be issued should SARS process the edited return (RFC) – revised assessment – additional or reduced?	It is assumed that the general variations of assessments will follow should SARS process the edited return (RFC).*

FAQs

	FAQ	Answers
27.	Will a taxpayer be able to dispute an assessment/rejection of an edited return (RFC)?	It is not clear what the process is when a taxpayer has submitted an edited return (RFC), but for various reasons, have not received an approval, or in fact has received a rejection.
28.	Can a taxpayer dispute an original estimated assessment?	No, the dispute channels are locked until the taxpayer has submitted an edited return (RFC), and the revised assessment has been issued.

FAQs

	FAQ	Answers
29.	What is the impact and time frames applicable to a taxpayer who was issued with an original estimated assessment, but became a provisional taxpayer during the year of assessment?	The SARS system will flag any provisional taxpayer that have indicated that they are a provisional taxpayer, e.g. by way of submitting an IRP6. If SARS is not aware that the taxpayer is a provisional taxpayer, then SARS may include the taxpayer in the AA population. However, as long as the taxpayer is in fact a provisional taxpayer, the 23 January 2023 deadline, rather than the 24 October 2022 deadline will apply.

FAQs

	FAQ	Answers
30.	Will SARS process a PAYE credit against a return when an employer did not pay over the PAYE to SARS and also did not issue the taxpayer with a payslip?	It seems that SARS will distinguish between compliant and delinquent employers. In the case of delinquent employers, SARS will not process a PAYE credit against the return of a taxpayer.* It appears that the tax compliance status of the employer will determine whether SARS will process a PAYE credit or not.*



Thank you!!

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