

# TAXPRACTICE

## WEEKLY HIGHLIGHTS

WEEK OF 20 – 26 March 2025  
(Issue 11 -2025)

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### TOP STORIES

#### **SAIT attends and makes a presentation at the public hearings convened by the SCoF and SeCoF on the Fiscal Framework and Revenue Proposals**

In response to the call for comment from the Standing Committee on Finance and the Select Committee on Finance, SAIT appeared before these parliamentary committees to make presentation on our views regarding the National Budget 2025, which was tabled on 12 March 2025.

Our presentation highlighted and warned against excessive tax hikes, drawing attention to the fact that taxpayers are already under significant strain due to rising debt, frozen tax brackets, and a VAT hike that disproportionately affects middle-income earners.

Our presentation emphasised that tax hikes are not the solution to an expenditure crisis and further called for a delay in the VAT increase, urgent inflationary adjustments to tax thresholds, and stronger taxpayer protections against aggressive and unwarranted SARS enforcement. SAIT also expressed support for a withholding tax on "tenderpreneurs" to curb tax evasion and welcomed investment in SARS modernisation and infrastructure projects, stressing that other government departments need to follow suit.

Members may access the presentation [here](#).

#### **Long-awaited draft VAT Regulations for Digital Services in South Africa**

Starting 1 April 2025, the [Regulations prescribing electronic services for the purpose of the definition of electronic services in section 1\(1\) of the Act](#), essentially new VAT rules for electronic services that will reshape tax obligations for foreign digital service providers, will come into effect. The published regulations clarify that most digital services supplied electronically will be subject to VAT, but key exemptions remain for educational institutions, telecommunications, and certain business transactions.

The changes aim to level the playing field by requiring foreign companies, such as streaming platforms and software providers, to register for VAT, aligning with global trends. However, businesses and educational institutions will benefit from exclusions that minimise tax burdens. While these updates enhance compliance, challenges in enforcement and interpretation may arise, potentially impacting pricing and legal clarity for service providers.

The SAIT VAT technical workgroup is engaging SARS and National Treasury on these regulations and will advise the membership on any pertinent matters.

Read more [below](#).

#### **SARS Commissioner Announces Plan to Withdraw All Concessions**

The South African Revenue Service (SARS) Commissioner has announced plans to withdraw all concessions previously granted to certain clients and traders under the Customs and Excise Act. These concessions, including deviations, agreements, and special allowances, have been under review, and SARS is now moving to formally terminate these practices. Affected businesses will need to adjust their operations accordingly.

Further details are contained in this [Letter to Trade](#).

**#StayAbreastOfTheTaxWave**

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

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

Send your article to  
[taxassist@thesait.org.za](mailto:taxassist@thesait.org.za).

Approximately 500 – 1500 words

## MEMBERS' DIGEST

### Your SAIT Membership Fees: Understanding the Income Tax and VAT Implications

Written by: Mahomed Kamdar,  
General Tax Practitioner

As the end of 2024 approaches and SAIT membership fees become due in early 2025, tax practitioners are raising concerns about the income tax and VAT implications associated with paying these fees.

To determine the income tax and VAT implications of SAIT membership fees, it is crucial to address the following considerations:

#### Key Considerations

1. Who Pays the Membership Fees:  
-Is it the employer or the employee who is a member of SAIT?
2. Perspective of the Question:  
-Is the analysis from the company's perspective or the individual SAIT member's perspective?
3. Tax Implications:  
- Both income tax and VAT implications are analysed.

#### Breakdown of Scenarios

##### 1. If the Employer Pays your SAIT Membership Fee

###### Company's Perspective:

- If SAIT membership is a condition of employment, the company can deduct the membership fees (including VAT) from its taxable income.
- However, as the company is not the member, it cannot claim the input VAT when completing its VAT 201 form.
- The full cost, including VAT, is a tax-deductible expense for the company when completing the ITR14.

###### Employee's Perspective:

- When the employer covers the membership fee, it constitutes a **nil-value fringe** benefit under Paragraph 13(2)(b)

of the Seventh Schedule, resulting in no income tax implications for the employee.

- The employee cannot claim an input VAT deduction because the fee is paid by the employer.

##### 2. If the Employee Pays the SAIT Membership Fee

###### Individual's Perspective:

- a. *For Registered VAT Vendors (e.g., Sole Proprietors):*
  - A member who is a registered vendor can claim the input VAT only if conducting an enterprise as defined by the VAT Act.
  - If the member is not conducting an enterprise, the input VAT cannot be claimed.
- b. *For Non-Vendors or Employees:*
  - Under Section 23(m) of the Income Tax Act, employees are prohibited from deducting membership fees paid to professional bodies.
  - As a result, this field is greyed out in the ITR12 tax return.

###### Additional Details:

- Section 23(m) limits deductible expenses for employees to specific categories, such as contributions to retirement funds, legal expenses, wear-and-tear allowances, bad debts, and doubtful debts.
- A SAIT tax practitioner employed by a company cannot deduct SAIT membership fees against taxable income when completing the ITR12.

###### Summary of Deductibility

1. For Vendors:
  - a. Input VAT can be claimed if the member is a vendor conducting an enterprise.
2. For Non-Vendors (Employees):
  - a. Membership fees are **not deductible** against taxable income, even if employed as a SAIT tax practitioner.

###### Optimal tax strategy per the provisions of the Income Tax Act

To optimise the tax treatment, the employment contract should explicitly state that membership to a professional body is

**mandatory** and a **condition of employment**.

**Employer's Role:**

- The employer pays the membership fees directly to the professional body.
- While the employer, as a vendor, cannot claim input VAT, the payment can be treated as a deductible expense against taxable income.

**Employee's Perspective:**

- When the employer pays the membership fee, it is treated as a nil-value fringe benefit, with no income tax consequences for the employee.

# PART A: COMPLIANCE & SARS OPERATIONS

## SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

### PAYE employer reconciliation BRS v24.0.0 released with key changes effective from 1 March 2025

SARS has published the latest version of the [PAYE Employer Reconciliation BRS v24.0.0](#), introducing several important updates that will take effect from 1 March 2025. The new release includes the introduction of the following new source codes:

- 3623/3723
- 4042
- 4588
- 4589

Additionally, descriptions for source codes 3020 and 3907 have been amended, while validations for codes 3230 and 3232 have also been amended.

Employers and tax practitioners are advised to review these changes to ensure compliance with the updated requirements ahead of the 2025 deadline.

### Reminder: SARS e@syFile™ Employer Replatform: Key Updates and Enhancement

SARS has launched e@syFile Employer version 8.0, designed to enhance the tax filing experience for employers and payroll administrators. This new version, effective from March 1 2025, replaces all previous iterations of the software.

To ensure optimal performance, the following minimum system requirements are recommended:

- **Operating system:** Windows 10 (64-bit) or higher
- **Memory:** 8 GB RAM
- **Storage:** 2 GB of available hard drive space for installation, with additional space required as employer data increases

#### Important considerations:

- **Transition Period:** Employers are encouraged to download and install version 8.0 promptly to familiarise themselves with the new features before the Employer Reconciliation submitting period begins on 1 April 2025.
- **Data migration:** It's essential to back up current PAYE information before installing the new version, as the installation may delete existing data.
- **Parallel installation:** For the first two years, it is recommended to keep both the old and new versions of e@syFile Employer installed. This approach allows users to reference historical submissions and process amendments as needed.

#### The key enhancements contained in the e@syFile Employer Version 8.0:

- **Modernised technology:** The application leverages up-to-date technology and modern hardware, offering improved performance and a more efficient user experience.
- **User-friendly interface:** A new look and feel prioritise easier navigation and data capture,

simplifying the filing process.

- **Modular updates:** The introduction of modular updates eliminates the need for full software reinstallation with each update, reducing download sizes and update times.
- **Quick access links:** New quick links to related functionalities minimise the need to navigate through multiple menu items, streamlining workflow.
- **Enhanced user management:** Improved user maintenance features allow administrators to add or remove users and restrict functionalities as needed.

For a visual overview of the new and improved e@syFile Employer, you can watch the following video: <https://youtu.be/JSYoOwD7Yao>.

### Reminder: Challenges with accessing the latest version of the Donations Tax Declaration Form (IT144)

After donating, taxpayers are required to complete the Donations Tax Return (IT144) and ensure that the appropriate tax is paid. Unfortunately, since the introduction of the new IT144 form, taxpayers have reported challenges with accessing the form.

SARS has advised that the previous [PDF version](#) of the form may still be used until the digital enhancements are being made.

### Reminder on the Tax Directives: Interface Specification Version 6.802

SARS is preparing to implement enhancements to the Tax Directives process as indicated in the *IBIR-006 Tax Directives Interface Specification Version 6.802*.

To access the Tax Directives Interface Specification, the following steps should be followed:

1. **Visit** the [www.sars.gov.za](http://www.sars.gov.za) webpage.
2. **Navigate to the “Individuals” page** by accessing the topmost menu.
3. Select **“I want to get a tax directive”**.

SARS strongly recommends that you review [IBIR-006](#) before proceeding with testing.

\*In prior editions of this publication, we mentioned that SARS would provide guidance on the dates for trade testing. In this regard, SARS has now confirmed that trade testing will begin on **24 March 2025 and conclude on 7 April 2025**.

#### Follow these steps to submit test files:

##### Step 1:

Before testing can commence, you must email 10 taxpayer reference numbers to [ncts@sars.gov.za](mailto:ncts@sars.gov.za) to ensure the numbers are active. In the email subject line, use “*Tax reference numbers for Trade Testing*”.

Note: A maximum of 10 taxpayer reference numbers will be allowed.

##### Step 2:

You will be notified via the same email address to confirm when testing may commence. You will need to **respond** to this email to confirm your readiness to begin testing.

For trade testing queries, please email [ncts@sars.gov.za](mailto:ncts@sars.gov.za).

## SAIT TaxHelpline – escalations

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

The most urgent escalations this week include:

1. Delays in finalising 2024 income tax and VAT verifications.
2. Delays in finalising 2024 requests for remission.
3. Delays in finalising and payment refunds.

## 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 may be accessed below:

1. [Gqeberha](#) and [Kariega](#)- held on 19 March 2025
2. [Mpumalanga](#)- held on 25 March 2025

## Upcoming RCB/SARS regional and national meetings

1. Western Cape – 4 June 2025
2. Free State and Northern Cape – 9 June 2025
3. Eastern Cape – Gqeberha and Kareiga – 25 June 2025
4. Mpumalanga – 27 June 2025
5. Eastern Cape – Gqeberha and Kareiga – 13 August 2025
6. Free State and Northern Cape – 8 September 2025
7. Free State and Northern Cape – 10 November 2025 and
8. Eastern Cape – Gqeberha and Kareiga – 12 November 2025

### Other meetings of interest

1. SARS National Operational Forum - 15 May 2025;
2. RCB Forum meeting- 3 June 2025;
3. SARS National Operational Forum – 14 August 2025;
4. RCB Forum meeting tentatively scheduled for 16 September 2025;
5. RCB Forum meeting- 11 November 2025; and
6. SARS National Operational Forum – 20 November 2025.

## DAILY COMPLIANCE AND ADMINISTRATION

### Due dates for reporting and payments: March 2025

| Month      | Date       | Tax Type         | Notification  |
|------------|------------|------------------|---|
| March 2025 | 07/03/2025 | Employment Taxes | <b>EMP201</b> - Submissions and payments (last payment for the 2025 year of assessment) |
|            | 25/03/2025 | Value-Added Tax  | <b>VAT201</b> - Manual submissions and payments   |
|            | 31/03/2025 | Value-Added Tax  | <b>VAT201</b> - Electronic submissions and payments                                     |

### 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

#### Reminder: SARS intensifies year-end tax collection efforts

As the fiscal year draws to a close, the South African Revenue Service (SARS) intensifies its efforts to ensure optimal revenue collection through its Year-End Revenue Drive. This initiative aims to enhance compliance, maximize tax collection, and support the country's economic stability.

#### The objectives of the revenue drive include:

1. **Enhancing tax compliance:** SARS will focus on encouraging businesses and individuals to fulfill their tax obligations by filing returns and settling outstanding tax liabilities before the deadline.
2. **Debt collection measures:** Proactive steps will be taken to recover outstanding tax debts, including issuing reminders, final demands, and enforcement actions where necessary.
3. **Audits and verifications:** SARS will conduct targeted audits and compliance verifications to detect underreporting and ensure that all taxpayers meet their tax responsibilities.
4. **Public awareness and education:** Through various communication channels, SARS will educate taxpayers on the importance of timely tax submissions and the consequences of non-compliance.
5. **Enhancing digital tax platforms:** The revenue authority will continue leveraging eFiling and other digital services to streamline tax submission processes and improve efficiency.

#### Key deadlines and compliance expectations:

- Taxpayers are urged to ensure that all personal income tax, corporate tax, VAT, and payroll-related taxes are declared and paid before the stipulated deadlines.
- Businesses must submit their annual financial statements and ensure that their tax records are up to date.
- Non-compliance may result in penalties, interest charges, and potential legal action.

As the year-end approaches, SARS urges all taxpayers to act responsibly by meeting their tax obligations. This collective effort is crucial in ensuring sustained government revenue for public services, infrastructure development, and economic growth.

For more information or assistance, taxpayers can visit the SARS website or contact their nearest SARS branch.

## Reminder: Appointment of a corporate entity as a trustee of a trust and/or executor in a deceased estate

SARS has recently updated its Public Officers and Representatives policy to provide clearer guidance on the appointment of corporate entities as trustees of a trust and/or executors in a deceased estate.

In a key development, SARS now allows the newly nominated representative to be authorised by the Minister of Home Affairs and Citizenship (MoHC) to carry out tax administrative duties on behalf of the corporate entity, either as a trustee or executor. This authorisation will remain valid pending the formal amendment of the Letter of Authority (LoA) or Letter of Exemption (LoE).

To facilitate this process, the following conditions must be met:

- **Submission of required documentation:** The corporate entity must submit a Power of Attorney (POA), a signed Board Resolution, and an Affidavit that clearly indicates that the nominated representative will act on behalf of the corporate entity as trustee or executor.
- **Undertaking for amended LoA or LoE:** The corporate entity must provide an undertaking that the amended LoA or LoE will be submitted to SARS once it has been received from the MoHC.

This update ensures that corporate entities are able to effectively manage the tax responsibilities associated with their roles as trustees or executors, while ensuring proper legal documentation is in place. The formal amendment of the LoA or LoE will ensure that the changes are fully recognized and reflected in the entity's standing with SARS.

For more detailed guidance, corporate entities and their representatives are encouraged to consult SARS directly or refer to the updated policy for further information on compliance and procedures.

## Other SARS and related operational publications and announcements

- **25 March 2025:** The SARS MobiApp is a digital tool designed to help tax practitioners access client profile details, track tax compliance, and handle transactions on their clients' behalf with ease. To assist practitioners in managing their clients' tax affairs effectively, SARS has published a detailed [guide](#) on using the SARS MobiApp.

## 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 March 2025.

### e@syFile Employer Application FAQ:

On 25 March 2025, SAIT attended the Mpumalanga regional meeting where a brief live presentation of the e@syFile Employer version 8.0 was shared.

During the presentation, SARS presented the RCBs with a brief FAQ, which can answer some of the most common questions regarding the e@syFile Employer version 8.0. A few of the

FAQs are highlighted below to address some of the most asked questions on the SAIT Tax Helpline. For more FAQs, kindly use the [guide](#) or the [SARS website](#).

Key questions are outlined below:

### 1. Should I uninstall the old e@syFile Employer application, or may I keep it?

For the first two years, it is recommended that both e@syFile™ Employer applications remain installed on the Employer's PC, even when submissions are made via the new e@syFile™ Employer application. This will allow you to refer to historical submissions and process amendments.

### 2. While downloading the latest version of the easyFile™ Employer, my anti-virus identified a virus and deleted any e@syFile™ Employer files already installed. Is there a virus on e@syFile™ Employer?

No, e@syFile™ Employer is not infected by a virus. Make sure you have set your anti-virus to accept e@syFile™ Employer.

AVG is the antivirus guard internet security software used by many. Due to certain settings within AVG, you will need to add e@syFile™ Employer to the exceptions list in your advanced settings to work without any further interference from AVG.

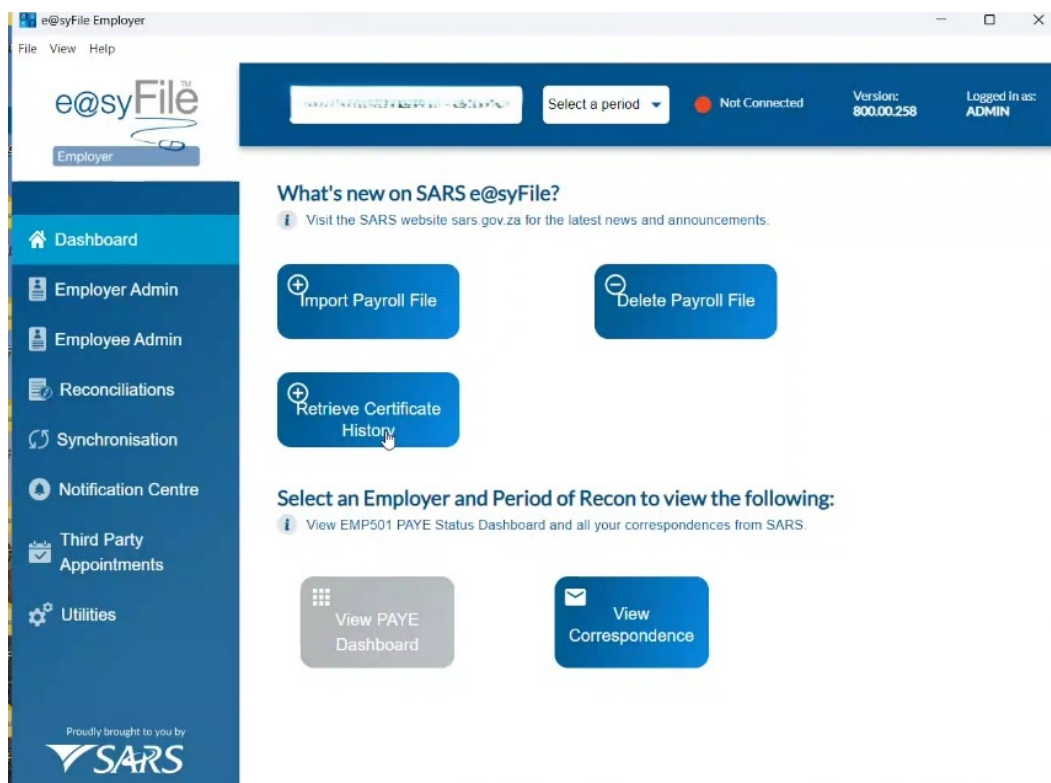
Below is a detailed explanation of how to do this:

1. Open the AVG application Centre and press **F8 on your keyboard**.
2. This will open the AVG settings screen. Select the *Allowed List under Identity Protection*.
3. Select *Add*.

### 3. How do I restore my old e@syFile database (DB) into the new e@syFile?

How do I import historical data into e@syFile?

My certificates created on the old e@syFile are not showing on the new e@syFile?



Certificate data can be imported from the old e@syFile™ Employer to the new e@syFile™ Employer. The function “*Retrieve Certificate History*” must be used. Please refer to the [e@syFile™ Employer Guide](#) for more information.

**4. I installed the new e@syFile Employer application; however, I keep receiving the error pictured below. How do I resolve it?**



You must force restart the application. Go to your systems Task Manager, select the e@syFile Employer application and click on “end task.” Once the application has been successfully closed, you may open it again and the issue should be resolved.

**5. Can I still submit using the old e@syFile Employer application?**

Both of the e@syFile™ Employer applications can be used for the period of recon 2024/08. However, from 2025/02, the submission must be made using the new e@syFile™ Employer application.

### Key tax practitioner news

No key tax practitioner news identified during the week of 20 – 26 March 2025.

### Government & stakeholder newsletters

### Fairness For All: Case 30

On 20 March 2025, the Office of the Tax Ombudsman (OTO) published [Fairness For All: Case 30](#). The focus of the case study was on SARS’s failure to issue a reduced assessment and the administrative delays thereof. In this case, the OTO played a crucial role in addressing a systemic issue - delays in responding to suspension of payment requests - which led to unnecessary debt collection actions against a taxpayer whose objection had already been allowed and finalised. Through its intervention, the OTO not only helped resolve the individual case but also highlighted broader inefficiencies within SARS’s processes that need to be addressed.

Summary background:

The taxpayer submitted their income tax return based on pre-populated data without verifying the accuracy of the pre-populated data. Upon realisation of the inaccuracies of

the pre-populated data, the taxpayer recalculated their tax liability and paid the amount outstanding as per their calculation and objected to the difference between the amount owed as per their erroneous NOA and the amount paid. Along with the objection, the taxpayer requested a suspension of payment for the disputed amount. SARS reviewed the objection and allowed it. The suspension of payment was subsequently cancelled, as there was no longer an objection. SARS, however, did not issue a reduced assessment. This resulted in the system still reflecting the disputed amount as outstanding, and SARS initiated debt collection steps despite the objection being resolved in the taxpayer's favour.

#### Key lessons learnt:

- Taxpayers should verify pre-populated tax return information before submission to SARS to avoid errors.
- SARS must ensure the timely processing of reduced assessments after an objection is resolved.
- SARS must use third-party appointments judiciously.
- SARS must improve its administrative processes: SARS must strengthen its internal systems to ensure that once an objection is finalised in the taxpayer's favour, the necessary adjustments are made timeously to prevent unjust debt recovery actions.
- SARS must enhance its communication on Suspensions of Payment – SARS should improve its responsiveness to taxpayers who submit suspension of payment requests, ensuring that these requests are properly addressed even if the related objection has already been finalised.

#### **Application to SAIT members**

SAIT has received escalations in line with the case above, where the objection has been allowed, and no reduced assessment was subsequently issued. In these instances, it is important to note that the SARS' system will not allow you to submit another objection, as your initial objection has already been allowed.

The only mechanism available to correct this error is to request SARS to issue a reduced assessment in line with the objection that has been allowed and finalised. The Tax Helpline escalates these cases to the relevant region for the correction. To submit an escalation of this nature, kindly submit your query via the Tax Helpline using the following link:

<https://thesait.org.za/member-portal/>

Alternatively, you may access the helpline through the SAIT website by completing the following steps:

- Go to the SAIT website
- Click on 'Member Portal' In the top-right corner of your screen
- Log in to your member profile by entering your details
- Click on 'Tax Helpline'
- Select 'SARS Escalations'
- Complete the form and click 'Submit'

For speedy and efficient resolution of your query/ escalation, kindly ensure that your submission is accompanied by the following documents:

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

## Reminder: SARS' March Monthly Tax Digest

SARS has released its March Monthly Tax Digest, highlighting the critical importance of successful revenue collection for the country's economic stability and growth. The latest edition of the newsletter covers the following topics:

- Successful revenue collection belongs to the people;
- Payments; and
- Payment Reference Number (PRN).

## Other tax practitioner access and functionality publications and announcements

- **24 March 2025:** The SARS MobiApp is a digital tool designed to help tax practitioners access client profile details, track tax compliance, and handle transactions on their clients' behalf with ease. To assist practitioners in managing their clients' tax affairs effectively, SARS has issued a detailed [guide](#) on how to use the SARS MobiApp.

## PART B – LEGISLATION & POLICY

### LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

#### Tax policy & international agreements

#### National legislation

#### **SARS has published the following National Legislation**

On 26 March 2025, the following regulations have been promulgated into law:

The following Regulations are effective on 1 April 2025:

- Regulations ([GG52294](#)) with regards to value-added tax for casino table games of chance issued in terms of section 74(2) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991)
- Regulations ([GG52293](#)) prescribing electronic services for purposes of the definition of “electronic services” in section 1(1) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991)

The following Regulation ([GG 52295](#)) is effective on 1 January 2025

- Regulations with regards to value-added tax on domestic reverse charge relating to valuable metal issued in terms of section 74(2) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991)

The following Regulation ([GG52292](#)) is retrospectively effective on 1 January 2024

- Regulations under section 19(c) of the Carbon Tax Act, 1991 (Act No. 15 of 2019)

Members are encouraged to study the above Regulations for further detail.

#### **Publication of the new regulations under the VAT Act that are set to redefine the scope of electronic services subject to VAT in South Africa**

On 14 March 2025, the Finance Minister issued the aforementioned regulations, which will take effect on 1 April 2025, repealing all prior regulations on this matter.

The revised definition of “electronic services” covers any services supplied via electronic means (including through an electronic agent, the internet, or electronic communication) for a fee, with specific exemptions. Key exclusions include:

1. Educational services from foreign institutions regulated by an educational authority.
2. Telecommunications services.
3. Intra-group services between non-resident and South African resident companies, where the non-resident entity exclusively developed the service for its local affiliate.
4. Business-to-business transactions, where foreign suppliers provide electronic services solely to VAT-registered vendors in South Africa.

These changes aim to clarify tax obligations for foreign digital service providers while maintaining VAT exemptions for educational institutions, telecom services, and specific corporate transactions.

## Preliminary analysis of the impact of the new Regulations on Electronic Services VAT Regulations

These Regulations signal the government's ongoing effort to strengthen tax compliance in the digital economy while ensuring a fair playing field for both local and foreign providers. The broader scope of "electronic services" ensures that most digital transactions will attract VAT, preventing revenue leakage from cross-border digital trade.

Some key implications will include the following:

- 1. Stronger compliance for foreign digital service providers**, including that foreign entities that supply digital services (e.g., streaming platforms, software providers, cloud services) would be required to register for VAT in South Africa, ensuring tax parity with local providers.
- 2. Relief for educational institutions**, which will come in the form of foreign educational institutions remaining exempt thus ensuring that students accessing online courses from international providers do not face additional financial costs.
- 3. Challenges in enforcement and interpretation**, essentially entailing that multinational companies will need to review their VAT compliance strategies to determine whether their intra-group digital services qualify for exemption.

In essence, members that may potentially be affected by these Regulations are advised to study and familiarise themselves with the revised VAT rules that reflect South Africa's push to modernise tax administration in the digital economy. While foreign digital suppliers must adapt to stricter VAT compliance, businesses and educational institutions benefit from targeted exemptions. The success of these regulations will depend on effective enforcement by SARS and clear guidance to avoid legal uncertainties.

### Reminder: A closer Look at the 2025 Budget announcement: SARS publishes FAQ's

In the Minister's Budget speech on 12 March 2025, significant changes were introduced regarding the standard rate of VAT, with two rate increases announced over the coming years. The first of these increases, amounting to a 0.5% rise, will come into effect on 1 May 2025. The second increase, which will also be 0.5%, will follow on 1 April 2026.

In these [Frequently Asked Questions](#), SARS seeks to clarify the implications of the initial VAT rate increase, which is set to begin in May 2025. These FAQs also address concerns and provide practical guidance for vendors and the public and are intended to shed light on the administrative and technical details of the VAT change, helping to ensure a smooth transition.

It is important to note that this document only addresses the first increase, effective 1 May 2025. Information about the second increase, scheduled for 2026, will be communicated separately in the future, with detailed guidance to follow.

The FAQs are based on information **available at the time of the announcement** and will be regularly updated as more details emerge. These updates will reflect any new developments or practical challenges faced by vendors and taxpayers in adjusting to the changes. The intention behind these FAQs is not only to inform but also to provide consistency in implementing the VAT rate increase.

By offering clarity on the process, SARS is seeking to support a seamless adaptation to the new VAT structure, fostering understanding and compliance across all sectors.

Members are encouraged to familiarise themselves with these updated FAQs.

## LEGISLATIVE INTERPRETATION

### Legislative Calls for Comment

The National Treasury and SARS have jointly published the following draft legislation for comment:

- [2025 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill](#) (the latest update incorporates a change to the retirement fund lump sum withdrawal benefits tax rate table).

The SAIT Technical team is reviewing the draft legislation to make commentary accordingly. Members who wish to transmit their commentary may email [ksesana@thesait.org.za](mailto:ksesana@thesait.org.za) by no later than 28 March 2025.

SARS has published the following draft interpretation note for comment:

- [Draft Interpretation Note](#) that provides clarity on the tax treatment of amounts received by or accrued to missionaries that perform religious or related activities.

The SAIT Tax Technical team is reviewing this draft interpretation note with the aim of providing feedback to SARS. Members who wish to transmit their commentary may email [ksesana@thesait.org.za](mailto:ksesana@thesait.org.za) by no later than 23 April 2025.

### Submissions made to SARS and current calls for comment

No submissions in response to legislative calls for comment were made in the week of 20 – 26 March 2025

### Legislative counsel publications

### SARS has published the following Interpretation Notes

On 25 March 2025, SARS published the following interpretation notes:

- [Interpretation Note 59 \(Issue 3\)](#): Tax treatment of the receipt or accrual of government grants.

As arising from this interpretation note, when assessing whether a government grant is subject to normal tax, there are several critical factors taxpayers must consider to ensure compliance with the Act.

Firstly, **inclusions in gross income** are a critical starting point. This includes specific items such as farming subsidies, government grants, and any recoupments. These amounts are typically included in gross income unless exemptions apply.

Secondly, **exemptions** may be available under various provisions, such as section 10, section 12P, and the Eleventh Schedule, which could potentially reduce the tax liability associated with government grants.

Additionally, and equally as important is considering the **specific facts and circumstances** of each individual case, as these can influence the tax treatment of a grant. This requires careful evaluation to determine the correct classification and impact on the taxpayer's overall tax position.

Taxpayers must also assess the impact of government grants on **deductions, allowances, and base costs**. Notably, the **anti-double dipping rules** are designed to prevent taxpayers from receiving double benefits from government grants. These rules apply to grants covered under sections 12P(2) and 12P(2A) and should be carefully reviewed to avoid unintended tax consequences.

By thoroughly considering these elements, businesses and individuals receiving government grants can ensure they are correctly applying tax rules and minimising potential compliance risks

- [Interpretation Note 137](#): Recoupment of amounts deducted or set off when an asset commences to be held as trading stock

This interpretation note provides clarity on the application of section 8(4)(k)(iv) of the Act, which comes into play when a depreciable asset—previously not classified as trading stock—begins to be held as trading stock.

Section 8(4)(a) of the Act outlines that any amounts previously deducted or set off under specific provisions must be recouped when the asset is disposed of, or when the expense is otherwise recovered. However, under the updated section 8(4)(k)(iv), effective from 15 January 2020, a deemed disposal occurs when an allowance asset is converted into trading stock. This rule ensures that the recoupment provisions of section 8(4)(a) are triggered when an asset shifts its status.

It is important to note that this provision does not apply to assets described in paragraph (jA) of the “gross income” definition. These assets are treated as trading stock from the outset, even if these assets are later used as capital assets. Taxpayers and practitioners must be aware of this shift in treatment to ensure proper compliance and accurate reporting.

- [Interpretation Note 45 \(Issue 4\)](#) – Deduction of security expenditure

This interpretation note offers guidance on the tax treatment of security expenditure, outlining key considerations for both taxpayers and employees in instances when their employers fund such expenditure. Essentially, to qualify for a tax deduction, security costs must be assessed on whether these are of a domestic or private nature or if these meet specific criteria for business-related expenses under section 11(a) and section 23(g), which require the expenditure to be incurred for income production and not of a capital nature. Donations must also meet the requirements of section 18A(1) for deductions.

Security expenses related to National Key Points or specified areas may have additional tax considerations under section 24D. Capital assets, like security installations, may qualify for wear and tear deductions under section 11(e) or contribute to the base cost of properties such as primary residences or holiday homes.

For employers funding security measures for employees, these costs may result in fringe benefits tax, potentially creating a taxable benefit for employees under the Seventh Schedule, with related employees’ tax obligations.

Ultimately, the deductibility of security expenditure depends on the specific facts and circumstances of each case, and taxpayers should ensure compliance with the relevant tax provisions.

## A reminder that SARS has published updates to Capital Gains and Income Tax Guides

On 18 March, SARS published updates to the following guides:

- [ABC of Capital Gains Tax for Individuals \(Issue 13\)](#): This updated Guide offers a basic introduction to capital gains tax (CGT) and is not intended to provide sufficient detail for accurately determining CGT in most practical situations. The guide applies to the 2024 year of assessment, covering the period from 1 March 2023 to 29 February 2024. Members are reminded that this Guide should not be used as a legal reference.
- [ABC of Capital Gains Tax for Companies \(Issue 11\)](#): This guide offers a basic introduction to CGT for companies as defined in section 1(1) of the Act. Comments on the guide can be emailed to [policycomments@sars.gov.za](mailto:policycomments@sars.gov.za).
- [Tax Exemption Guide for Public Benefit Organisations in South Africa \(Issue 7\)](#): This Guide provides an overview of key aspects related to Public Benefit Organisations (PBOs) under the Act. It covers the approval process for PBO status, partial taxation of PBOs, and the issuance of Section 18A receipts, which allow donors to claim income tax deductions for qualifying donations. Additionally, the guide addresses various taxes that may affect PBOs, including capital gains tax, dividends tax, donations tax, employees' tax, estate duty, and securities transfer tax.

### Published court cases

No new court cases were published in the week of 20 – 26 March 2025.

### Other SARS publications and announcements

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

### OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

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