

TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 15 - 21 May 2025
(Issue 19 -2025)

TABLE OF CONTENTS

| | |
|--|-----------|
| MEMBERS' DIGEST | 4 |
| PART A: COMPLIANCE & SARS OPERATIONS | 7 |
| SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT | 7 |
| SAIT TaxHelpline – escalations | 10 |
| SARS regional and national operational meetings | 11 |
| Upcoming RCB/SARS regional and national meetings | 11 |
| DAILY COMPLIANCE AND ADMINISTRATION | 12 |
| Due dates for reporting and payments: May 2025 | 12 |
| SAIT member resources | 12 |
| Key operational news | 12 |
| Other SARS and related operational publications and announcements | 12 |
| TAX PRACTITIONER MANAGEMENT | 12 |
| SAIT TaxHelpline - Tax practitioner access and functionality (eFiling) | 12 |
| Key tax practitioner news | 16 |
| Government & stakeholder newsletter | 16 |
| Other tax practitioner access and functionality publications and announcements | 18 |
| PART B – LEGISLATION & POLICY | 19 |
| LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY | 19 |
| Tax policy & international agreements | 19 |
| National legislation | 19 |
| LEGISLATION INTERPRETATION | 20 |
| Legislative calls for comment | 20 |
| Submissions to SARS and current calls for comment | 21 |
| Legislative counsel publications | 21 |
| Other SARS publications and announcements | 21 |
| OTHER MATTERS OF INTEREST FOR A TAX PRACTICE | 21 |

TOP STORIES

Budget 3.0, South Africa's fiscal tightrope: No VAT hike, but pump pain returns

Finance Minister Enoch Godongwana's 2025 Budget, presented on 21 May 2025, marks a pivotal moment in South Africa's fiscal policy, reflecting a delicate balance between revenue generation and socio-economic support.

Notably, the government has affirmed its decision to maintain the VAT rate at 15%, reversing previous proposals for an increase. This decision aligns with its greater commitment to comprehensive reviews aimed at providing sustained relief to lower-income consumers.

Concurrently, the government has reintroduced the general fuel levy, which had been suspended in earlier Budgets to mitigate the impact of proposed VAT increases on consumers. With the VAT hike no longer on the table, the fuel levy adjustment is seen as a necessary step to bolster government revenue. In previous iterations of the Budget, the Government indicated that no adjustment of the general fuel levy resulted in, inter alia, R4 billion in foregone revenue. Additionally, SARS is set to receive an additional R7.5 billion over the Medium-Term Expenditure Framework, which is aimed at enhancing SARS's capacity to collect outstanding tax debts and modernise its systems.

With a projected revenue shortfall of R20 billion, SARS is expected to generate an additional R20–50 billion annually, despite a downward revision in revenue projections due to the scrapped VAT increase and a reduced economic growth forecast of 1.4%

Members may read more highlights [below](#).

Timely Employer Annual Reconciliation submission is essential to avoid penalties and interest

The deadline for the Employer Annual Reconciliation Declaration (EMP501) submissions is 31 May 2025. These must be submitted timeously to ensure that employees' tax assessments and pre-populated tax returns are prepared accurately. Employers are reminded that

reconciliation declarations must include the most up-to-date and accurate employee payroll information, as well as the tax deducted for the full tax year, from 1 March 2024 to 28 February 2025.

Note: Employers must use the latest version of e@syFile™ Employer (version **8.0**) for all submissions.

Users of the new e@syfile are encouraged to contact SARS at support@sarsefiling.co.za should they experience any issues. Additionally, users are encouraged to utilise the [guide](#) and [e@syFile™ webpage](#) for all information regarding the use of the e@syFile Employer application.

System error impacting VAT verification notifications for 2025/03 and 2025/04 periods

SAIT has alerted its members to a critical system error on the SARS eFiling platform, which is currently preventing vendors from receiving correspondence notifying them that their 2025/03 and/or 2025/04 VAT returns have been selected for verification. SARS has been formally notified of the issue and has confirmed that its eFiling development team is actively investigating the problem. In a recent engagement with SARS, SAIT has reiterated this matter, and SARS has once again indicated that no formal resolution has been identified.

SAIT continues to engage with SARS on this matter and is monitoring developments closely. Vendors are advised to stay informed by accessing SARS' official media channels, where further updates will be shared as soon as more information becomes available.

#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.

Approximately 500 – 1500 words

MEMBERS' DIGEST

Understanding the Tax Implications of Loans to Foreign Trusts: Insights on Section 7C, Transfer Pricing, and Recent Amendments

Written by: Ammar Zairy,
Ammar Zairy

Many South Africans utilise foreign trust structures for tax-efficient asset protection and estate planning. A connected foreign trust refers to a trust that is linked to a South African resident, whether that resident is an individual or a company. Various tax rules apply to loans made by residents to foreign trusts, particularly when those entities are connected to the individual or entity making the loan. Notably, Section 7C of the Income Tax Act and Section 31 (transfer pricing) are the key provisions that regulate these transactions.

Background: Use of Trusts for Estate Planning and Tax Efficiency

Before the implementation of Section 7C, trusts were commonly used to reduce the tax impact of estate duty upon an individual's death. A typical strategy involved transferring assets to a trust, with the purchase price remaining outstanding as an interest-free loan. This structure allowed the transfer of wealth to the next generation with minimal tax consequences.

The Introduction of Section 7C: Combatting Tax Avoidance

With the introduction of Section 7C in March 2017, the South African Revenue Service (SARS) aimed to curb the abuse of interest-free or low-interest loans to foreign trusts that were linked to South African residents. Section 7C is an anti-avoidance measure targeting low-interest or interest-free loans granted to connected foreign trusts. If a loan is made at a rate lower than the official interest rate (or interest-free), SARS may deem the difference between the official rate and the actual rate charged as a donation. This can trigger donation tax consequences.

In the case of a company making such a loan, the difference would be treated as a deemed dividend, subject to dividends tax of 20%. The goal of Section 7C is to ensure that tax-avoidance schemes, such as these favourable loan terms, do not allow for wealth transfer without incurring appropriate tax obligations.

Transfer Pricing Provisions under Section 31

Further to Section 7C, Section 31 of the Income Tax Act imposes transfer pricing rules on loans made to connected foreign trusts. These rules require transactions, such as loans, to adhere to the arm's length principle, which dictates that terms should be consistent with what would be agreed upon by unrelated parties in a comparable situation. If loans made to foreign trusts deviate from this principle, SARS may apply transfer pricing adjustments, leading to additional tax liabilities and penalties.

The following transfer pricing adjustments are typically required under Section 31:

1. Primary Adjustment (Section 31(2)): The lender must include in their taxable income the difference between the arm's length interest rate and the actual interest charged (if any).
2. Secondary Adjustment (Section 31(3)):
 - o If the lender is a company, the amount of the primary adjustment is treated as a deemed dividend paid by the resident lender to the foreign borrower. This is subject to dividends tax at 20%.
 - o If the lender is a natural person, the amount of the primary adjustment is treated as a deemed donation to the borrower, potentially incurring donations tax at the applicable rate.

Section 7C(5)(e) also outlines the method for calculating donation tax in cases where low-interest or interest-free loans are made to connected foreign trusts. The valuation rules outlined in this section ensure that the donation is calculated accurately for tax purposes.

Section 31 applies to so-called “affected transactions”, which are broadly defined. It is sufficient to state that a loan advanced by a South African resident to a non-resident, where the parties are connected persons, will be an affected transaction. This would include a situation where a South African resident is a beneficiary of a foreign trust and advances a loan to that trust.

Section 31 states that one must consider whether the terms of an affected transaction, including a loan, adhere to the arm’s length principle.

Example of a Connected Foreign Trust Loan

Consider a South African resident who advances an interest-free loan of R5 million to a connected foreign trust. The arm’s length interest rate (market rate) would be 6%, resulting in an interest of R300,000. However, the official interest rate under Section 7C is 8.75%, equating to R437,500.

Under the previous framework, Section 31 transfer pricing rules would apply, and the primary adjustment would require the inclusion of the arm’s length interest of R300,000 in the lender’s taxable income. The secondary adjustment would be as follows:

- If the lender is a company, the R300,000 difference would be a deemed dividend in specie, subject to dividends tax at 20%.
- If the lender is a natural person, the difference would be considered a deemed donation, triggering potential donations tax.

Without the application of Section 31, the deemed donation or dividend would have been calculated based on the official interest rate of R437,500 instead of the arm’s length rate of R300,000.

Recent Amendment to Section 7C: Effective 1 January 2025

A significant amendment to Section 7C, which came into effect on 1 January 2025, was introduced to prevent the potential abuse of

tax structuring around low or interest-free loans to foreign trusts by connected persons. This amendment was part of the Taxation Laws Amendment Act 42 of 2024, which aimed to limit the exclusion of certain transactions from the scope of Section 7C.

Previously, when the arm’s length interest rate under Section 31(2) was lower than the official interest rate, the difference was excluded from Section 7C. This created an unintended loophole, leading to potential erosion of the tax base. The amendment now requires that any difference between the arm’s length rate and the official rate be included under Section 7C, creating additional donations or dividends tax liabilities.

Impact of the Amendment: A Practical Example

Using the same example from earlier, where a South African resident advances an interest-free loan of R5 million to a connected foreign trust, the new provisions would be applied as follows:

1. The primary adjustment would include the arm’s length interest of R300,000 in the resident’s taxable income.
2. The secondary adjustment would treat the R300,000 as:
 - o A deemed dividend in specie if the lender is a company (subject to dividends tax at 20%).
 - o A deemed donation if the lender is a natural person (subject to donations tax).
3. The further Section 7C adjustment would include the difference between the official interest rate and the arm’s length rate, i.e., R137,500, as an additional donation subject to donations tax.

Compliance and Disclosure Requirements

South African tax residents must ensure that loans made to foreign trusts, particularly those involving connected parties, are disclosed to SARS. Failure to comply with tax reporting and transfer pricing requirements can result in severe penalties, interest charges, and

additional tax assessments.

As cross-border trust structures become more complex, it is critical for taxpayers to carefully assess their compliance with the updated provisions under Section 7C and Section 31. These amendments impose stricter tax liabilities, ensuring that tax-avoidance strategies involving foreign trusts are tightly regulated, with the potential for additional donations or dividends tax liabilities.

Conclusion

The combined impact of Section 7C and the transfer pricing rules under Section 31 requires South African residents to navigate these rules carefully when dealing with foreign trusts. Failure to comply with the anti-avoidance provisions and transfer pricing rules could result in significant tax consequences, including donations tax or dividends tax. Taxpayers are advised to consult with tax professionals to ensure they comply with the latest regulations and avoid the risks associated with cross-border trust structures.

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Enhanced security measures for eFiling: Two-factor authentication and stronger password requirements

To strengthen the protection of taxpayer information and prevent cyberattacks on SARS systems, key security updates have been implemented for eFiling. These include mandatory Two-Factor Authentication and enhanced password requirements.

Two-Factor Authentication

- Enforced for all individual eFiling profiles.
- Users must confirm and update their registered security contact details (cellphone number or email address).
- The two-factor authentication process is as follows:
 - o Enter your username and password.
 - o Receive and enter a One-Time Pin (OTP) sent to your registered contact method.
 - o Upon successful validation, access is granted to your eFiling profile.
- If you last logged in to submit your 2024 Personal Income Tax Return, you will be prompted to set up two-factor authentication at your next login.

Stronger Password Requirements

Passwords must:

- o Contain at least eight characters.
- o Include at least one uppercase letter, one lowercase letter, one number, and one special character.
- o Avoid repetitive or sequential characters (e.g., "aaaaa" or "12345").

A password-strength meter has been added to help users create more secure passwords.

For further details, refer to the external guide: [GEN-ELEC-18-G01 – How to Register for eFiling and Manage Your User Profile](#).

PDF upload issue on SARS Online Query System (SOQS)

SARS is aware of a technical issue affecting the file selection process on the SARS Online Query System (SOQS), whereby PDF files are not displayed as an available option on the file upload screen.

To upload PDF documents, users are advised to adjust the file type filter to "All Files" on the upload interface. This will enable the successful selection and submission of PDF files.

SARS is actively working to resolve this matter and apologise for any inconvenience caused.

e@syFile™ Replatform - fix of error messages

Based on the various challenges EMP501 submitters brought to SARS' attention, the SARS eFiling development team implemented fixes during the evening of 19 May 2025.

This new update requires a full uninstall and reinstall from the eFiling website.

The following changes were made in version 8.0.0_2.5.9:

- Enhancement made for payroll import files to align with SARS PAYE BRS. Certain certificates (IRP5/IT3(a)) are not being successfully imported into the e@syFile TC application, and this has been corrected.
- Enhancement made for manual capture of source code 3926 to align with SARS PAYE BRS.
- Enhancement made to e@syFile Installation Screen Messaging.

More details regarding the changes can be found in the [release notes](#).

Reminder: Employer Annual Declaration (EMP501) 2025 tax year

The Employer Annual Declaration (EMP501) period for the 2025 tax year opened on 1 April 2025 and will close on **31 May 2025**.

During this period, all employers are required to submit their annual reconciliation declarations, ensuring that employee payroll information is both accurate and up to date for the period required.

Key submission requirements:

- **EMP201 declarations:**
Employers must ensure that all monthly declarations relating to Pay-As-You-Earn (PAYE), Unemployment Insurance Fund (UIF) contributions, and the Skills Development Levy (SDL) are submitted in full.
- **Employee tax certificates:**
Employers are required to issue IRP5/IT3(a) certificates for each employee, covering the period from 1 March 2024 to 28 February 2025.
- **Employee registration:**
Employers must register any employees who are not yet registered for income tax. This registration may be done via the following methods, both of which are available through the e@syFile™ Employer system:
 - o Individual ITREG for single employee registration, or
 - o Bundled ITREG for registering multiple employees simultaneously,

Submission channels

- Employers with more than 50 employees are required to submit their EMP501 declarations using e@syFile™ Employer.
- Employers with between 1 and 50 employees may submit their declarations via either SARS eFiling or e@syFile™ Employer.

Penalties for non-compliance

- **Administrative penalties:**
Failure to submit a complete and accurate EMP501 declaration by the deadline will result in an administrative penalty of 1% of the annual PAYE liability, increasing monthly by an additional 1%, up to a maximum of 10%.
- **Criminal offences:**
Employers may be criminally liable for the following wilful or negligent actions:
 - o Failure to submit complete EMP201 or EMP501 returns by the due date.
 - o Failure to issue IRP5 or IT3(a) certificates within the prescribed timeframes.
 - o Failure to deduct or withhold PAYE or UIF, or failure to remit the deducted amounts to

SARS.

- o Misuse of PAYE deductions for any purpose other than payment to SARS.

Conviction for any of the above offences may result in a fine or imprisonment of up to two years. It is therefore essential that all required declarations and payments are submitted to SARS by the specified deadline to ensure compliance and avoid penalties.

Users of the new e@syfile are encouraged to contact SARS at support@sarsefiling.co.za should they experience any issues stemming from their use of the new version. Additionally, users are encouraged to utilise the [guide](#) and [e@syFile™ webpage](#) for all information regarding the use of the e@syFile Employer application.

SARS strongly encourages employers to gather all required information in advance and ensure it is processed correctly to meet the deadline and avoid any penalties. To support employers in meeting their obligations- and to help SARS to achieve its “Higher Purpose” of enabling the state to provide for the well-being of all South Africans, SARS has prepared detailed information. This [letter](#) outlines what is new in this period, outlines the submission process, and includes further information about applicable penalties.

Reminder: Third-party data submissions due by 31 May

The deadline for the Third-Party Data Annual submissions is 31 May 2025 to ensure that pre-populated tax returns are prepared accurately. This deadline applies to the following data types: IT3(b), IT3(c), IT3(d), IT3(e), IT3(s), Medical Scheme Contributions and Insurance Payments. The submissions are for the 2025 year of assessment (1 March 2024 – 28 February 2025). It is important to note that the SARS Test Platform will remain open for the duration of the submission period. Taxpayers are urged to test their data submissions before the deadline, to ensure that all their submitted data files are adequately tested for conformity with the External BRS requirements before being submitted to the SARS Live Platform.

Testing support will be available throughout this period to ensure that any issues identified are promptly addressed and resolved. For assistance, please contact the 3rd Party Data Support team at Bus_Sys_CDsupport@sars.gov.za. Alternatively, you may access resources to assist with a seamless submission [here](#).

Reminder: SARS suspends non-compliant customs numbers following missed onboarding deadline

SARS Customs has officially begun suspending Customs numbers for traders who failed to onboard their Customs products under the RLA profile on the eFiling system, as required by the migration process that began in 2020.

The final compliance deadline was 31 March 2024. Despite this, SARS allowed a grace period and issued multiple follow-up communications urging traders to complete the onboarding process. Traders who failed to act have now been deemed non-compliant, resulting in the suspension of their Customs numbers effective from the end of April 2025.

All system-based onboarding options have been removed from the profiles of suspended clients. Affected traders must now complete the onboarding process through an in-person visit to a SARS Customs Branch Office.

Traders are urged to take immediate action to resolve their status and avoid further disruptions to their import and export activities.

Members who require assistance may submit their queries for escalation via the [TaxHelpline](#).

Reminder: Allowed objection and revised assessment error

In recent weeks, the SAIT Technical Department, via the Tax Helpline, has seen a rise in escalations where objections have been allowed, but no corresponding reduced assessment has been issued.

This has led to delayed refunds or the continuation of SARS's debt collection processes in cases where the debt had, in fact, been nullified or reduced by the allowed objection. In this instance, it is important to note that taxpayers will not be allowed to submit another objection, as the initial objection has already been allowed.

At this stage, 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.

SAIT is aware of this matter and has alerted SARS. To assist members with this matter, the SAIT Tax Helpline escalates these cases to the relevant region for correction. To submit an escalation of this nature, kindly log a query on the Tax Helpline [here](#). Alternatively, access the Helpline through the SAIT website.

- Click on the Member portal after logging in
- Click on 'Tax Helpline'
- Select 'SARS Escalations'
- Complete the form and click on submit

Kindly ensure that you submit the following documents alongside your escalation:

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

All cases that have previously been brought to our attention and referred to the respective SARS regional offices have also been escalated to the SARS National Team ahead of the upcoming SARS RCB meeting in May. This measure has been taken to support a more expedient resolution of the identified error.

We understand that this ongoing issue is frustrating, and we remain committed to engaging constructively with SARS to gain greater clarity on the root causes of the error and the steps being taken toward resolution. SAIT will address SARS at the national meeting on Thursday, 22 May 2025 and provide feedback thereafter.

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 and issuing deceased estate compliance letters.
2. Delays in finalising and payment of refunds.
3. Delays in finalising 2024 objections by not issuing the correct revised assessments as per the objection outcome.
4. Delays in finalising bank verifications.

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 [Mpumalanga Emalahleni](#) regional meeting held on 19 May 2025 have been included in this week's issue. Feedback from the Gauteng North Regional Meeting held on 20 May 2025 will be included in Issue 20 of the TPWH.

Members are informed that the SARS National Operational Forum meeting that was scheduled to be held on 22 May 2025 has been deferred to a later date. SARS held a briefing meeting with RCB's to provide an update on the reason for the deferment. A revised date as well as update on the discussion points will be communicated in due course.

Upcoming RCB/SARS regional and national meetings

1. KwaZulu Natal – 3 June 2025
2. Western Cape – 4 June 2025
3. KwaZulu Natal – 5 June 2025
4. Free State and Northern Cape – 9 June 2025
5. Eastern Cape – Gqeberha and Kareiga – 25 June 2025
6. Mpumalanga – 27 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- 3 June 2025;
2. SARS National Operational Forum – 14 August 2025;
3. RCB Forum meeting tentatively scheduled for 16 September 2025;
4. RCB Forum meeting- 11 November 2025; and
5. SARS National Operational Forum – 20 November 2025.

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: May 2025

| Month | Date | Tax Type | Notification |
|----------|------------|------------------|--|
| May 2024 | 07/05/2025 | Employment Taxes | EMP201 - Submissions and payments |
| | 23/05/2025 | Value-Added Tax | VAT201 - Manual submissions and payments |
| | 30/05/2025 | Value-Added Tax | VAT201 - Electronic submissions and payments |
| | 30/05/2025 | Employment Taxes | EMP501 - End of the annual employer reconciliation submissions |
| | 30/05/2025 | Other | Third-Party Data (IT3) - Close of the annual third-party submissions period |

SAIT member resources

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

Key operational news

No further key operational news is noted for the week of 15 -21 May 2025.

Other SARS and related operational publications and announcements

No other SARS and related operation publications and announcements were made during the week of 15 - 21 May 2025

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

[e@syFile™ Frequently Asked Questions:](#)

Over the past week, there has been a noticeable rise in e@syFile-related queries to the Tax Helpline, as employers prepare for the upcoming **31 May 2025** submission deadline.

Below are some of the FAQ's the Tax Helpline has identified that are continuously asked by members regarding the new e@syfile. The respective responses, as indicated below were provided by the SARS eFiling team, who have also encouraged users of the new e@syfile to contact them at support@sarsefiling.co.za should they experience any issues stemming from their use of the new version.

Furthermore, it is imperative to download the new version of e@syfile because as effective from 1 March 2025, the older versions of e@syFile™ Employer are no longer supported.

Employers who fail to upgrade will be unable to submit reconciliations and tax certificates using the old software and may face non-compliance penalties.

1. *I cannot download the latest version of the E@syFile.*

Response: To ensure smooth operation, employers must meet the following minimum system requirements:

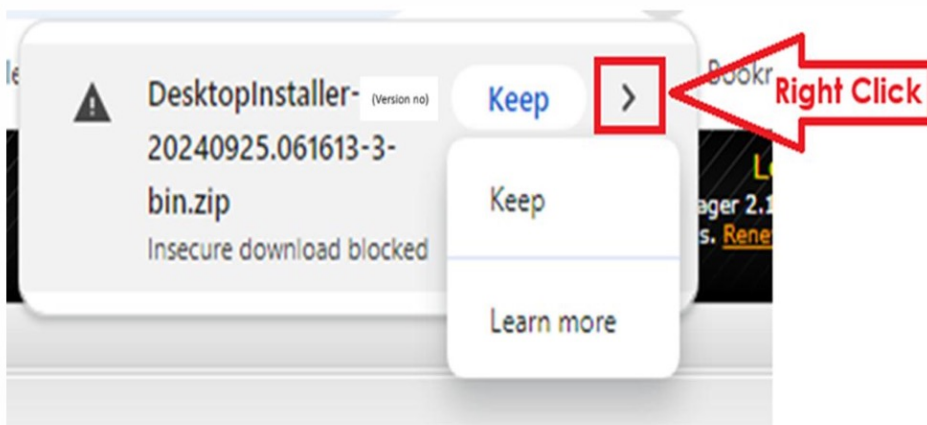
- **Operating System:** Windows 10 or higher (64-bit recommended).
- **RAM:** Minimum 8GB (16GB recommended for large employers handling bulk submissions).
- **Storage:** At least 2GB of free disk space.
- **Internet Connection:** Required for software updates and online submissions.

Top Tip: The minimum system requirements for e@syFile Employer Version 8.0 must be met to successfully download and operate the application. Additionally, the new application operates akin to a browser, thus making memory very important. Users are encouraged to upgrade their system memory to ensure optimal performance of the platform.

2. *I have encountered an insecure message when trying to download the latest version.*

Response: Should you encounter a message below for insecure file download, please follow the instructions:

Right-click on the arrow and select 'keep' so that you can download the latest version (see image below).



Top Tip: Please ensure that all applications required for downloading the latest version of e@syFile are accepted. Additionally, review and update your IT policies to allow for the acceptance of essential applications, including JavaScript, to ensure the smooth operation of e@syFile Employer Version 8.0.

3. *After installing the latest version, I encountered this error.*

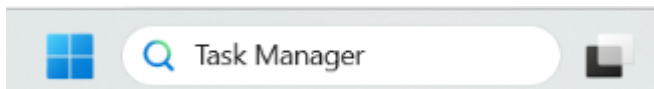


Response:

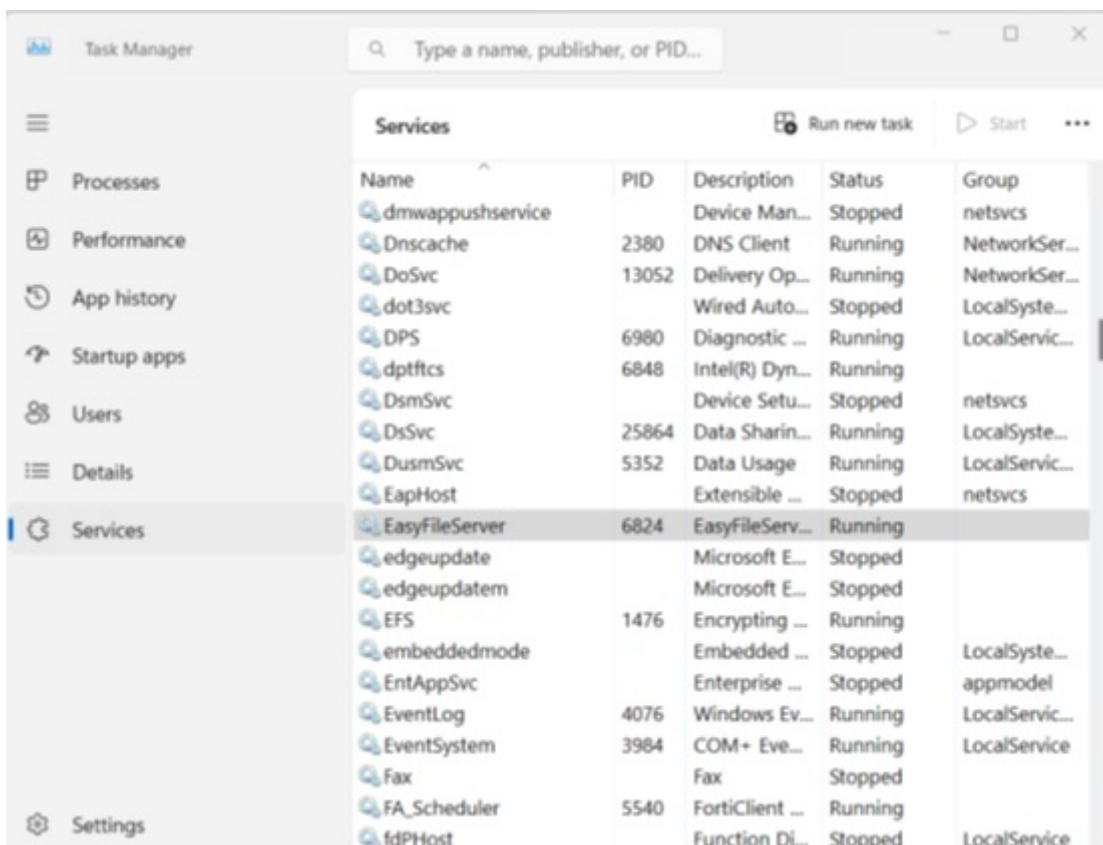
Following the installation of the e@syFile™ TC application, the error message shown above may appear. This is due to the application finalising the creation of the database and establishing a connection to the e@syFile™ server. Please allow approximately 5–10 minutes before attempting to launch the application again.

If the issue persists after approximately 10 minutes, please verify that your computer meets the minimum RAM requirement of 8GB, as specified above.

If your system has more than 8GB RAM, and the issue continues, restart the e@syFile™ server via Task Manager. This may be done by typing “Task Manager”, launching the Task Manager application (or press ctrl+alt+del on your keyboard and select Task Manager) (see image below).



After opening Task Manager, click on the **Services** tab. Scroll down the list to locate **EasyFileServer**, right-click on it, and select **Restart**. Then, wait approximately 5 minutes before reopening **e@syFile TC**.

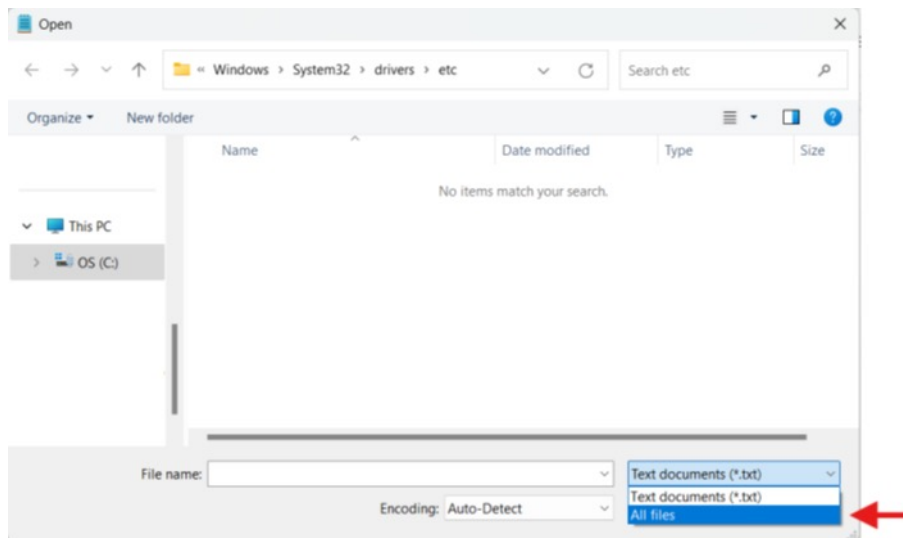


If the error persists, verify that the e@syFile TC IP address has been added to the host file.

Open the Notepad application and follow the steps below:

1. Click on File > Open.
2. Click on Windows.
3. Click on System32.
4. Click on Drivers.
5. Click on etc.

6. Click on the “Text document” drop-down menu and select “All Files”.

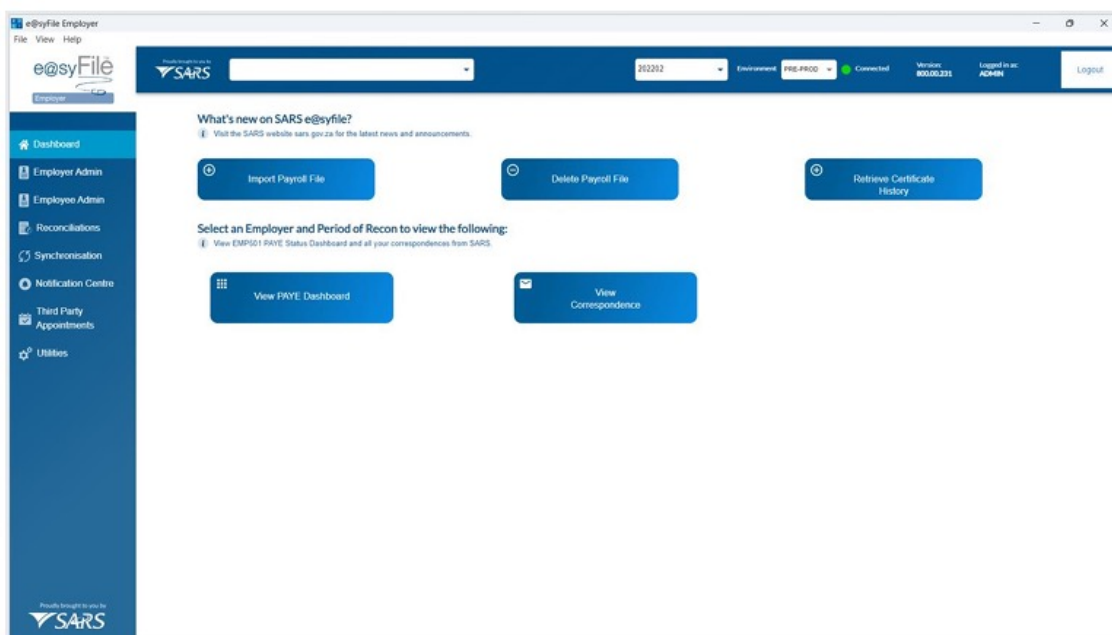


Click on “Hosts” and check that the IP address, 127.0.0.1 easyfile.sars.gov.za, appears. The IP address needs to appear on its own line.

Save any changes that need to be done, then save the host file, and then try to log into e@syFile.

4. *How do I retrieve Certificate History?*

Response: The following screens and steps show how to retrieve certificate history:



Select Retrieve Certificate History from the Dashboard. You may select an Employer and Period of Reconciliation, but it is not required to access this function. Please note: Employee records will be retrieved for a reconciliation period only if a certificate was created. As a result, an employee might appear in one reconciliation period but not in another.

- i. Select a backup file to retrieve historical data. The backup file must be saved on the local PC.
- ii. Provide the login name and password to allow decryption of the database. This login information is the same login information used to access the old e@syFile system.

- iii. Capture a PAYE Reference number for an employer contained within the backup database file and the Period of Reconciliation for the period which must be imported.
- iv. Select request “Request Certificate Data”

The screenshot shows the e@syFile Employer application window. The title bar reads 'e@syFile Employer'. The menu bar includes 'File', 'View', and 'Help'. The top navigation bar features the e@syFile logo, a SARS logo, a search bar, and status indicators for '202202', 'Environment: FILE-PROD', 'Connected', 'Version: 800.00.021', and 'Logged in as: Admin' with a 'Logout' button. The left sidebar contains a 'Dashboard' button and a list of menu items: 'Employer Admin', 'Employee Admin', 'Reconciliations', 'Synchronisation', 'Notification Centre', 'Third Party Appointments', and 'Utilities'. The main content area is titled 'Retrieve Certificate History' and includes a sub-header: 'You can retrieve historical certificate data from old format e@syFile backup files. Please complete all fields below to proceed.' The form contains the following fields and controls:

- 'Select a backup file' section with a 'Select File' button and a file path: 'EasyFile20230421_15h41_Backup.zip.docx'.
- 'Provide a username and password for the selected backup file' section with 'Login name' and 'Password' text boxes.
- 'PAYE Ref No' text box.
- 'Select a period' dropdown menu.
- 'BACK' and 'REQUEST CERTIFICATE DATA' buttons at the bottom.

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

Response: Effective from 1 March 2025, all submissions should be made using the new e@syFile™ Employer application, including the 202502-recon submission.

All information regarding the use of the e@syFile Employer application can be found here: [PAYE-easyFileG01 - e@syfile™TC Employer Guide - External Guide](#)

Key tax practitioner news

No new key tax practitioner news is relevant for the week of 15 – 21 May 2025.

Government & stakeholder newsletters

SARS releases May 2025 edition of the Monthly Tax Digest

On 14 May 2025, SARS published the [Monthly Tax Digest](#). The Tax Digest covered the following topics.

Key updates for individual taxpayers

New express functionality on eFiling

A more user-friendly landing page now includes ‘Express Tabs’ for quick access to key services, such as:

- Submit previous years’ returns.
- View or edit current tax returns.
- Update personal or banking details.

eFiling tutorials are available on SARS's YouTube channel to assist users in navigating the above.

Two-factor authentication

To protect taxpayer data from cyber threats, two-factor authentication is now mandatory for all individual profiles:

- Users must enter a One-Time Pin (OTP) sent to their registered cellphone or email after logging in with their username and password.
- Taxpayers who last logged in during the 2024 filing season will be prompted to activate two-factor authentication on their next login.
- Ensure that your contact details are up to date.

Stronger password requirements

To enhance account security, SARS now requires passwords to:

- Be at least eight characters long.
- Include uppercase and lowercase letters, a number, and a special character.
- Avoid repetitive or sequential characters (e.g., "aaaaa" or "12345").
- A password-strength meter helps users assess password security.

For more information, refer to [GEN-ELEC-18-G01 – How to Register for eFiling and Manage Your User Profile](#).

Important Notice for Employers regarding the EMP501 Submission Deadline: 31 May 2025

Employers must submit all outstanding EMP201 (monthly returns) and EMP501 (annual reconciliations) by 31 May 2025.

Failure to comply will result in:

- A 1% monthly penalty (up to 10%) of the annual PAYE liability.

For detailed guidance, consult:

[PAYE-easyFile-G01 – e@syFile™ Employer Guide](#)
[EMP-GEN-02-G01 – Employer Reconciliation Process Guide](#)
[Businesses and Employers | South African Revenue Service](#)

For further information, members are encouraged to watch SARS's YouTube video tutorial on submitting the [EMP501 Annual PAYE Reconciliation via eFiling](#).

SARS publishes SMME CONNECT #11 – May 2025 EDITION

On 16 May 2025, SARS published the 11th edition of the SMME Connect. The May 2025 edition covered the following topics:

- *VAT Rate Remains at 15%: SARS Clarifies Postponed Increase*

SARS Commissioner Edward Kieswetter has confirmed the Finance Minister's decision to cancel the planned 0.5% increase in the VAT rate, which was originally set to take effect on 1 May 2025. SARS systems will continue to apply the current 15% VAT rate.

- *Employer Annual Declaration (EMP501) Deadline is 31 May 2025*

All outstanding monthly returns (EMP201) and annual reconciliations (EMP501) must be submitted not later than the deadline of 31 May 2025. Debt must be settled on time to avoid penalties and interest.

Accurate filing ensures compliance and helps employees meet their tax obligations without delays.

For further information, read more of the SMME Connect [here](#).

Other tax practitioner access and functionality publications and announcements

16 May 2025 – The Limpopo [mobile tax unit schedule](#) for May 2025 is now available

19 May 2025 – An updated Eastern Cape [mobile tax unit schedule](#) for May to June 2025 is now available.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

No new tax policy and international agreements were released in the week of 15 – 21 May 2025.

National legislation

National Treasury publishes Final Response Document on 2024 Tax Legislation

The National Treasury has published the [Final Response Document](#) pertaining to the

- 2024 Draft Revenue Laws Amendment Bill,
- 2024 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill,
- 2024 Draft Taxation Laws Amendment Bill,
- 2024 Draft Tax Administration Laws Amendment Bill,
- Global Minimum Tax Bill and Global Minimum Tax Administration Bill – October 2024

This response document provides a consolidated summary of stakeholder feedback on several draft tax bills issued in 2024. It covers written comments received on the 2024 Draft Revenue Laws Amendment Bill, issued for public comment on 21 February and 1 August 2024, along with oral and written submissions presented during the Standing Committee on Finance (SCOF) hearings on 17 September 2024.

Additionally, it includes feedback on the 2024 Draft Rates Bill, the Draft Global Minimum Tax Bill, and the Draft Global Minimum Tax Administration Bill, also released on 21 February 2024.

This final response document summarises input on the 2024 Draft Taxation Laws Amendment Bill (TLAB) and Tax Administration Laws Amendment Bill (TALAB), published on 1 August 2024 and discussed during the same SCOF hearings

National Treasury publishes a plethora of explanatory memoranda

On 20 May, the National Legislation issued the following [explanatory memoranda](#):

2025:

- Explanatory Memorandum on Amendments to the Regulations Prescribing Electronic Services for the Purpose of the Definition of “Electronic Services” in Section 1(1) of the Value-Added Tax Act, 1991
- Explanatory Memorandum on Amendments to the Regulations on the Domestic Reverse Charge relating to Valuable Metal issued in terms of Section 74(2) of the Value-Added Tax Act, 1991
- Explanatory Memorandum on Regulations on Determining the VAT Liability in respect of Casino Table Games of Chance, issued in terms of section 74 of the Value-Added Tax Act, 1991
- Explanatory Memorandum on the Carbon Offset Regulations under the Carbon Tax Act, 2019

2024:

- Explanatory Memorandum on Revenue Laws Amendment Bill, 2024 – Savings Pension
- Explanatory Memorandum on the Taxation Laws Amendment Bill, 2024
- Explanatory Memorandum on the Global Minimum Tax Bill, 2024

Budget 3.0: National Budget Speech highlights

Budget 3.0 signals a strategic recalibration of fiscal priorities amid a constrained economic environment. The budget reflects a nuanced approach aimed at balancing the pressing need for revenue with the ongoing imperative to support vulnerable households.

One of the key takeaways is the government's decision to maintain the VAT rate at 15%, backtracking on earlier discussions about a possible increase. This move aligns with President Ramaphosa's stated intention to undertake a broader review of the tax system in order to deliver longer-term relief to low-income consumers. In parallel, the reintroduction of the general fuel levy, after years of suspension, has been implemented to offset revenue pressures now that a VAT increase is off the table.

To improve tax collection and reduce the fiscal gap, SARS has been allocated an additional R7.5 billion over the Medium-Term Expenditure Framework. This funding boost is expected to enhance the agency's debt recovery efforts and modernise its systems. Despite an anticipated revenue shortfall of R20 billion and revised economic growth estimates lowered to 1.4%, SARS aims to deliver between R20 and R50 billion in additional revenue annually.

The budget also earmarks over R1 trillion for infrastructure development over the next three years, focusing on critical sectors such as transportation, energy, and water. Major allocations include R402 billion for logistics, R219.2 billion for energy infrastructure, and R156.3 billion for water and sanitation. Key state agencies like SANRAL and PRASA will benefit, with R100 billion and R19.2 billion allocated respectively for road maintenance and rail signalling upgrades.

In terms of social support, the expansion of the VAT zero-rated basket to include more essential items, like select meat products, canned vegetables, and dairy blends, is intended to ease the cost burden on poorer households. However, personal income tax brackets remain unchanged, leading to the potential for fiscal drag. Furthermore, increases in sin taxes will see alcohol duties rise by 6.75%, while tobacco duties will go up between 4.75% and 6.7%.

Full documents and related Annexures may be accessed [here](#). Members may access the [Budget tax guide 2025](#).

LEGISLATIVE INTERPRETATION

Legislative calls for comment

SARS has published the following draft interpretation note for comment:

- [Draft Binding General Ruling 4 \(Issue 4\)](#) – Apportionment methodology to be applied by a municipality

The SAIT Tax Technical team is currently reviewing this draft interpretation note to provide feedback to SARS. Members who wish to submit their commentary are invited to email ksesana@thesait.org.za by no later than 5 June 2025, to ensure their input is considered before comments on the draft interpretation note are finalised and circulated to SARS.

SARS has published the following draft Guides for comment:

- [Draft Tax Exemption Guide for Benefit Funds](#): that provides guidance on the meaning of a “benefit fund” as defined in section 1(1) of the Act and the exemption from income tax of the receipts and accruals of an eligible benefit fund under section 10(1)(d)(ii) of the Act.
- [Draft Guide to Section 18A Approval for Specific United Nations Entities](#) that considers the requirements for obtaining and retaining approval for purposes of section 18A of the Income Tax Act 58 of 1962 (the Act) by the eligible United Nations entities, namely, specialised agencies and the programmes, funds, High Commissioners, offices, entities or organisations listed in section 18A(1)(bA) of the Act.

The SAIT Tax Technical team is currently reviewing these draft Guides so as to provide feedback to SARS. Members who wish to submit their commentary are invited to email ksesana@thesait.org.za by no later than 11 June 2025, to ensure their input is considered before comments on the draft interpretation note are finalised and circulated to SARS.

Submissions made to SARS and current calls for comment

No submissions in response to legislative calls for comment were made in the week of 15 – 21 May 2025.

Legislative counsel publications

Published court cases

SARS has published the following [Tax Court](#) decisions

- SARSTC 45840 (ADM) [2025] ZATC CPT (15 April 2025)
- SARSTC IT 46151 (ADM) [2025] ZATC BFN (14 April 2025)
- SARSTC VAT 22504 (VAT) [2025] ZATC JHB (7 March 2025)
- SARSTC IT 35476 (ADM) [2025] ZATC JHB (25 February 2025)

Further detail relating to these decisions will be communicated in the next edition of this publication.

Other SARS publications and announcements

No other legislative publications or announcements were issued by SARS during the week of 15 – 21 May 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

Tax Ombud to host virtual engagement to provide an update on the eFiling profile hijacking survey

The Office of the Tax Ombud (OTO) conducted a survey as part of its efforts to gather information for the ongoing systemic investigation into eFiling Profile Hijacking. The survey closed on 5 March 2025.

The OTO invites taxpayers, tax practitioners, and stakeholders to a virtual engagement where the Tax Ombud, Ms. Yanga Mputa, will share preliminary findings from the Survey. Following this session, a draft report will be published for public comment, after which the final report will be submitted to the Minister. The [virtual engagement](#) will be held from 11:00 – 12:30 on Wednesday, 28 May 2025.

Taxpayers and tax practitioners who wish to attend may [RSVP here](#) to attend the virtual engagement.

SAIT is inviting passionate and solution-driven members of the tax community to get involved.

Whether you have valuable insights, ideas for improvement, or personal experiences with the eFiling system, this is a unique opportunity to contribute to meaningful, lasting change.

The SAIT eFiling workgroup will discuss potential enhancements to the SARS eFiling system, make recommendations to be presented to the national SARS eFiling team, and participate in testing, among other duties. It is therefore imperative that the members of the SAIT eFiling working group demonstrate a comprehensive understanding of, and exhibit mastery in, the eFiling system.

Interested members who have not yet expressed their interest are urged to kindly complete this [form](#) by 23 May 2025.

This is an important step towards reigniting the conversation and working together to build a more efficient and practitioner-friendly eFiling system.