

TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 26 Jun - 02 Jul 2025
(Issue 25 -2025)

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TOP STORIES

Updated SARS Resources to Help You Navigate the 2025 Filing Season

In line with the recent updates for the 2025 Filing Season, SARS has published updated guides and the ITR12 prototype to assist taxpayers and tax practitioners in completing individual tax returns.

The guides provide detailed information and outline the recent enhancements. Among the recent updates, the following are the most critical:

1. Trust Filings

Trusts can start filing on **19 September 2025 – 19 January 2026**

2. Section 6quat (Foreign Tax Credits)

Unused foreign tax credits will now be maintained and carried forward automatically by SARS for up to six years of assessment.

3. Section 9H (Change of Residence)

From the 2025 tax year, tax residents and non-tax residents will be presented with tax returns based on their registration status.

- o **ITR12 Returns:** Taxpayers will see the resident or non-resident wizard questionnaire (or both, if residency ceased during the year) based on SARS' registration records.

- o **IRP6 Returns:** Similarly, the system will present the appropriate resident, non-resident, or dual-status return.

Read more [below](#).

Latest RAV01 Enhancements on eFiling

SARS has implemented enhancements to the Registration, Amendment and Verification form (RAV01) on eFiling to improve the taxpayer experience and streamline interactions with SARS systems. These include improvements to banking details, where, upon update of their banking details via the RAV01 form or when completing their ITR12 tax return, taxpayers will now be presented with a list of verified banking details currently held by SARS. This will reduce manual entry and minimise errors as taxpayers will be required to select their relevant account from the list.

Another significant enhancement is the reinstatement of RSA Tax Residency. The RAV01 form has been updated to allow taxpayers who previously ceased to be South African tax residents to record the date on which their RSA tax residency was reinstated. This

addition is intended to facilitate compliance and improve record-keeping. Further information is available on SARS's dedicated webpage on [Cease to be an SA Tax Resident and reinstatement of SA Tax Resident](#). Taxpayers and Tax Practitioners are encouraged to review these changes and consult the [updated resources](#) to ensure compliance.

Optional Auto-assessment Opportunity for Provisional Taxpayers

In previous years, SARS excluded provisional taxpayers from the auto-assessment process, where assessments are automatically calculated based on information received from third parties.

This year, however, SARS has extended the opportunity to participate in auto-assessments to certain provisional taxpayers whose tax affairs are considered relatively straightforward.

From **1 July 2025**, SARS began issuing notifications to selected provisional taxpayers identified for auto-assessment. These selected provisional taxpayers will need to confirm their interest in participating **by Friday, 18 July 2025**. Those who opt in will be required to submit their returns **by 20 October 2025**, should they not agree with their auto assessment.

Learn more about the process and how to indicate interest [below](#).

#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

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Updated SARS resources to help you navigate the 2025 Filing Season

As the 2025 tax season approaches, SARS has issued a series of key updates to ensure taxpayers are fully prepared. The sections below summarise the enhancements and additions implemented for this year:

Category	Details
Filing Deadlines	- Auto Assessments issued: 7–20 July 2025
	- Taxpayers disagreeing with auto assessments can file a revised return.
	- Provisional taxpayers who wish to opt in to auto assessment must express interest by 18 July 2025
	- Filing for all other taxpayers: 21 July–20 October 2025
	- Deadline for non-provisional taxpayers (including auto-assessed taxpayers who wish to file): 20 October 2025
	- Deadline for provisional taxpayers and trusts: 19 January 2026 [Trusts can start filing on 19 September 2025]
Auto Assessment Enhancements	- Includes eligible provisional taxpayers with simple tax affairs
	- Read more below
Section 6quat – Foreign Tax Credit	- Taxpayers who withdrew from a retirement fund (“two-pot” system) included to ensure correct tax payment
	- Amendment allows taxpayers to use the full foreign tax credit on capital gains in foreign jurisdictions
	- Previously only the taxable portion could be claimed
Section 11(nA) and 11(nB)	- Effective for individuals and trusts from the 2026 year of assessment
	- Deductions separated into distinct line items instead of one combined item in ITR12
	- Section 11(nA) source code 4042 will be reflected on the IRP5/IT3(a) tax certificate
Section 12H Learnership Incentive	- A new source code 4058 relating to section 11(nB) will be reflected in the “Other Deduction” field.
	- Incentive extended to 31 March 2027
RST01 Assessment Validation	- Form accepts source codes 3603 and 3610 with directive number combinations
Foreign Interest and Tax Credits	- New field: Allowable interest expenses incurred in production of interest received
	- Deduction limited to interest received/accrued
Backdated Salaries and Pensions	- Deduction allowed for part of the cost of newly built or improved rental housing units
Section 13sex Incentive	- Deduction allowed for part of the cost of newly built or improved rental housing units

Section 10(1)(i)	- Added fields: Interest earned date from, and Interest earned date to for deceased estates
	- Fields appear in tax return of the year after death
	- Effective 2024 year of assessment
Married in Community of Property – Trusts	- Communal estate indicator added to Trust Income section of ITR12
Section 9H Change of Residence and Non-resident Status Letters	- Return pre-populates approved date of cessation of residency
	- Separate sections for resident and non-resident income and deductions
	- Taxpayer can customise the return according to the RSA-sourced income received.
	- Return finalised programmatically and will not route it for manual intervention
	- Updated to specify reason for loss of residency (e.g., ceased ordinary residence, physical presence test, DTA application)
Request for Reduced Assessment (RRA01)	- If rejected under section 93(1)(d) due to prescription, taxpayer can edit and resubmit under section 93(1)(e)
	- Rejections issued if the latest assessment is estimated, requiring submission of an original return
Request for Reduced Assessment Case Inventory	- Cases without supporting documents older than 21 days will auto close and be rejected with notification: Failed to upload supporting documents
	- Taxpayer can resubmit RRA01
Refund SMS Notifications	- SMSs for refunds under R100 and invalid bank details will no longer be sent
Third-Party Medical Aid Pre-population	- If main member differs from payor, medical scheme details will prepopulate in payor's return
eFiling Five-Year Blocker	- eFiling and MobiApp block requests, saving, or submissions of returns older than 5 years
	- Block does not apply if administrative penalties for outstanding returns have not been imposed
Request for Extension Post Estimate	- If an extension is approved after the requested date has passed, 2 business days are automatically added
Enhancement of Banking Details	- RAV01 and ITR12 will display verified SARS banking details for selection rather than manual entry
Reinstatement of RSA Tax Residency	- RAV01 allows taxpayers to record the reinstatement date of RSA tax residency
Resources	- GEN-REG-01-G04 – How to Complete the Registration, Amendments and Verification Form (RAV01)
	- ITR12 prototype available detailing enhancements mentioned
	- More details on the Filing Season webpage

Additionally, the following Guides were updated for the 2025 Filing Season. It includes the information and enhancements listed above:

- [GEN-PT-01-G01 – Guide for Provisional Tax – External Guide](#)
- [GEN-PT-01-G02 – How to eFile your Provisional Tax Return – External Guide](#)
- [GEN-GEN-56-G01 – Submit Request for Reduced Assessment RRA01 via eFiling – External Guide](#)

- [IT-AE-33-G01 – Tax directive Cease to be resident and Expiry of visas – External Guide](#)
- [IT-AE-36-G05 – Comprehensive Guide to the ITR12 Income Tax Return for Individuals – External Guide](#)
- [IT-AE-41-G02 – Guide to Complete the Lump sum Tax Directive Application Forms – External Guide](#)
- [IT-GEN-06-G01 – Guide to the Individual ITR12 Return for Deceased and Insolvent Estates – External Guide](#)
- [IT-AE-36-G06 – Guide to submit your individual income tax return via eFiling – External Guide](#)
- [IT-AE-46-G01 – How to submit your Individual Income Tax return via the SARS MobiApp – External Guide](#)
- [IT-AE-49-G01 – Services offered via the SARS MobiApp – External Guide](#)
- [GEN-ELEC-18-G01 – How to Register for eFiling and Manage Your User Profile – External Guide](#)
- [GEN-REG-01-G04 – How to Complete the Registration Amendments and Verification Form \(RAV01\) – External Guide](#)

Auto Assessment Opportunity for Provisional Taxpayers

An auto-assessment is effectively an assessment SARS calculates using information already in its possession, primarily obtained from third parties such as employers, financial institutions, and medical schemes.

In prior years, provisional taxpayers were excluded from this process. However, for the 2025 filing season, SARS has extended the opportunity to participate in auto-assessments to certain provisional taxpayers whose tax affairs are considered relatively straightforward.

From **1 July 2025**, SARS began notifying selected provisional taxpayers of their eligibility. Those identified must indicate whether they wish to participate **by Friday, 18 July 2025**.

Participation Process:

Eligible taxpayers who wish to opt in are required to:

- Access the SARS website and navigate to the **SOQS icon** for “[Provisional Auto Assessment Request](#).”
- Complete the personal details requested on the landing page.
- Confirm their identity via a One-Time Pin (OTP) sent to their preferred verification method.
- Respond to the prompt, “*Do you want to be part of the auto-assessment?*” by selecting Yes or No.

Key Considerations for Participants:

- Taxpayers who agree to participate are not required to complete or submit a tax return unless they disagree with the auto-assessment.
- If they do not agree with the auto-assessment outcome, they must file a return by **20 October 2025** or request an extension via eFiling before that deadline.
- It is important to note that if you opt into auto assessment as a provisional taxpayer, your return must be filed on **20 October 2025** and **NOT** 19 January 2026.
- Where a refund is due, payment will be processed within 72 hours of the assessment being issued, provided all personal and banking details are current and valid.
- If a tax liability arises, the standard payment period of 30 days from the assessment date will automatically be extended to **30 November 2025**.

For additional details on the process, taxpayers are encouraged to consult SARS’s official website at www.sars.gov.za.

Stay Alert: Be Aware of Tax-Related Scams This Filing Season

As the filing season approaches, taxpayers and tax practitioners are urged to remain vigilant against fraudsters impersonating SARS.

The latest scam involves SMS messages claiming that SARS is auditing a tax refund. These messages contain a link that directs you to a fraudulent website designed to steal your personal information.

You can view an example of this scam [here](#).

Protect Yourself from Scams and Phishing Attempts:

- **Verify authenticity:** Always ensure that any email or SMS claiming to be from SARS is genuine before clicking on any links or sharing information.
- **Be cautious:** Do not open or respond to emails or SMSs from unknown sources.
- **Never share sensitive details:** SARS will never ask you to provide personal, tax, banking, or eFiling information via a link.
- **Stay informed:** Watch SARS' [short tutorial video](#) on how to recognise

All known scams are listed on the [Scams and Phishing webpage](#), and if in doubt about the communication received, email the SARS IT security team on phishing@sars.gov.za.

Simplified Diesel Refund Process for Foodstuff Manufacturers

SARS has announced the implementation of a simplified claiming process for diesel refunds under the Diesel Refund for Foodstuff Manufacturers Scheme (DRFMS). This development is aimed at streamlining administration and improving turnaround times for qualifying taxpayers.

Key Highlights include:

- **Transition to a Fully Automated Process**

The manual submission of claims using the DA66 form has been discontinued. Refund claims must now be submitted electronically through SARS's Customs and Excise Refunds and Drawbacks (CERD) system.

- **Electronic Submission via CERD01**

Once registration for the DRFMS has been approved, qualifying foodstuff manufacturers will submit refund claims using the CERD01 form, available through eFiling or SARS branches.

- **Scope of the Refund**

The DRFMS provides for a refund of 80% of the Road Accident Fund (RAF) levy on diesel used to generate electricity during load-shedding periods in the manufacturing of foodstuffs. The measure applies retrospectively from 1 April 2023 and is valid until 31 March 2025.

Eligibility:

- VAT-registered foodstuff manufacturers (subject to qualifying criteria)
- Manufacturers must be registered for the DRFMS by submitting forms DA185 and DA185.4A3

Important Notes:

- Claims may be submitted for periods dating back to 1 April 2023.
- All claims must be filed through the CERD platform, which enables tracking of claim status and uploading of supporting documentation.
- The new process is intended to improve efficiency and ensure quicker payment of valid claims.

For further details, including step-by-step guidance and access to registration forms, taxpayers are encouraged to visit the SARS website and to read more [here](#).

Reminder that SARS introduced Express Functionality on eFiling for seamless taxpayer experience

To enhance taxpayer convenience, SARS has introduced a new Express Functionality on its eFiling platform, streamlining access to key Personal Income Tax services.

With this enhancement, the most commonly used features are now easily accessible directly from the eFiling landing page. When [logging in to your eFiling profile](#), the new Express Tabs will appear at the top left of the home page.

This functionality enables taxpayers to quickly and easily:

- Submit outstanding returns from previous tax years
- View or edit their tax returns
- Update personal or banking details

For step-by-step guidance, visit the official SARS [YouTube channel](#) where you'll find helpful tutorials on using the eFiling platform.

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 requests for reduced assessments.
2. Delays in finalising and payment of refunds.
3. Delays in finalising requests for remission of penalties.
4. Delays in finalising registered representative requests.

SAIT continues to engage with SARS at both regional and national levels on a case-by-case basis regarding the escalations mentioned above. Feedback is communicated directly to the affected members as appropriate.

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 RCB regional meeting that was held on 26 June 2025 can be accessed [here](#). Feedback from the Eastern Cape – Gqeberha and Kareiga RCB regional meeting held on 25 June 2025 will be published in the next edition of this publication.

Upcoming RCB/SARS regional and national meetings

1. Eastern Cape – Gqeberha and Kareiga – 13 August 2025
2. Gauteng – 21 August 2025
3. Eastern Cape – 29 August 2025
4. Western Cape – 3 September 2025
5. Free State and Northern Cape – 8 September 2025
6. Northern Region – 26 September 2025
7. Free State and Northern Cape – 10 November 2025 and
8. Eastern Cape – Gqeberha and Kareiga – 12 November 2025
9. Gauteng – 20 November 2025.

Other meetings of interest

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

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: July 2025

Month	Date	Tax Type	Notification
July 2024	07/07/2025	Income Tax	ITR12 – Issuance of 2025 Auto Assessment
	07/07/2024	Employment Taxes	EMP201 - Submissions and payments
	18/07/2025	Income Tax	ITR12 – Auto-assessment opportunity for Provisional Taxpayers [Final Day to express interest]
	21/07/2025	Income Tax	ITR12 - Opening of Filing Season 2025
	25/07/2025	Value-Added Tax	VAT201 - Manual submissions and payments
	31/07/2025	Value-Added Tax	VAT201 - 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

Updated e@syFile™ Employer version 8.0.0_264

The e@syFile™ Employer version 8.0.0_264 release notes specify the following changes:

- Enhancement made to assist users experiencing the 'The submission should contain at least one certificate' message on submission.
- Enhancement made to assist users experiencing the '*Submission sent. Failed to Process*' message on submission.
- Enhancement made to assist users experiencing the 'Reference number in soap message does not match content reference number' message after submission.

- Correction made to previous bi-annual periods being open after the start of the following financial year. Periods will now be indicated as Closed and locked from submission/resubmission.
- Enhancement made to tax directives prior to 2022 to align with SARS PAYE BRS.
- Enhancement made to assist users experiencing the 'Oops, there was an error' message on submission.
- Enhancement made to Schema Validation Errors – Upper Case issue to align with SARS PAYE BRS.

See more details in the [release notes](#).

Other SARS and related operational publications and announcements

Tax Exempt Institutions Connect Issue 8

This issue highlights SARS's digital channels and emphasises the importance of keeping registered details up to date. It also outlines eFiling features relevant to Tax Exempt Institutions, including recent enhancements to the Auto-Merge function.

Additionally, the edition showcases the SARS Online Query System (SOQS), provides guidance on updating registered information, and features educational micro-learning videos available on the SARS YouTube channel.

The above matters have been discussed in detail in previous editions of the TPWH.

Read the full publication [here](#).

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

No key tax practitioner access and functionality matters pertaining to eFiling were identified in the week of 26 June – 02 July 2025.

Key tax practitioner news

Reminder that the 2025 SARS tax practitioner registration and compliance audit will kick off on 1 July 2025

SAIT will soon commence its annual review of membership compliance through the annual SARS compliance Audit, which begins in **July 2025**.

Under the Tax Administration Act, individuals providing tax-related services must register with both a Recognised Controlling Body (RCB) and SARS as a Tax Practitioner. RCBs are also required to manage their tax practitioner members' compliance with registration requirements.

Mandatory SARS and practitioner compliance requirements:

- Valid Tax compliance PIN (in your personal name) and good standing;
- Criminal-free status
- Completion of 2024 CPD hours
- Submission of annual declaration forms

As part of this process, various categories of membership compliance and registration information will be updated. PR numbers will also be updated, as some members are still using outdated alpha-numeric PR numbers. Members who are still using alpha-numeric PR numbers and those who do not have their PR numbers are classified by SARS as “ghost practitioners” and risk deregistration. SARS requires all tax practitioners to activate and use their unique PR number.

As an RCB, SAIT is legally required to audit 20% of its entire membership and report compliance status to SARS annually. SARS and SAIT will randomly select a pool of tax practitioners to partake in this mandatory compliance audit. All selected candidates will be notified via email, telephone and SMS. Prompt response is highly encouraged.

Consequences of non-compliance

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

SARS deregistrations:

With over 30 tax practitioner deregistrations due to non-compliance with section 240(3)(d) of the Tax Administration Act (TAA) in 2005 already, the rising numbers are alarming.

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

Kindly note that members who default on the above requirements will be suspended and reported to SARS for deregistration.

Given that tax practitioner compliance is a statutory requirement, **our consultants are here to assist**. However, failure to respond to and comply with the audit may result in revocation of registration.

For any inquiries on the annual Tax Practitioner Audit, please contact the SAIT Legal and Compliance Department via the following email: info@thesait.org.za.

Government & stakeholder newsletters

No other government and stakeholder newsletters were released in the week of 26 June – 02 July 2025.

Other tax practitioner access and functionality publications and announcements

No other tax practitioner access and functionality publications and announcements released in the week of 26 June – 02 July 2025.

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 26 June – 02 July 2025

National legislation

No new national legislation was published in the week of 26 June – 02 July 2025.

LEGISLATIVE INTERPRETATION

Legislative calls for comment

No new calls for comment were released in the week of 26 June – 02 July 2025.

Submissions made to SARS and current calls for comment

SAIT submits commentary to SARS pertaining to the Draft Guide to Section 18A Approval for Specific United Nations Entities

SAIT submitted formal commentary to SARS in response to the Draft Guide to Section 18A Approval for Specific United Nations Entities. The submission builds on SAI's earlier engagement with the National Treasury in November 2024, in representation of our members who operate within this area of tax law. The initial submission raises critical concerns about the legal and operational feasibility of the current framework.

At the heart of SAI's submission is a strong objection to the requirement that United Nations (UN) entities waive their diplomatic immunity in order to qualify for Section 18A status. As currently drafted, the guide mandates that eligible UN agencies, programmes, and offices must waive immunity under section 18A(1)(bA)(cc) of the Act. Arguably, this provision is fundamentally incompatible with international law, including inter alia the Convention on the Privileges and Immunities of the United Nations and South Africa's own Diplomatic Immunities and Privileges Act.

For purposes of clarity and context, UN entities are legally prohibited from waiving their immunity in advance through a general written agreement. As such, the waiver requirement effectively disqualifies them from accessing Section 18A approval, which in turn prevents them from issuing tax-deductible receipts to donors. This limitation has serious implications for the ability of UN-affiliated organisations to mobilise funding for development and humanitarian work in South Africa.

Our submission also reiterates concerns about the narrow definition of eligible UN entities under section 18A(1)(bA), which excludes many agencies operating under the United Nations Sustainable Development Cooperation Framework (UNSDCF). Thus, the recommendation that the definition be broadened to reflect the full scope of UN operations in South Africa.

Our submission respectfully requests that SARS and the National Treasury reconsider the waiver requirement and engage with stakeholders to align the final guide with South Africa's international obligations. The SAI Technical team and the affected member will engage in order to clarify the legal and policy implications of the current approach and to support the development of a workable solution.

Our submission underscores the importance of ensuring that tax policy does not inadvertently undermine the operational independence of international organisations or restrict their ability to contribute to national development goals.

Members are encouraged to study the submission [here](#).

Reminder that the SAIT VAT Technical workgroup submitted commentary to SARS on the draft BGR 4 (Issue 4)

The SAIT VAT Technical workgroup, in principle, agrees with the content outlined in the [BGR 4 \(Issue 4\)](#), which outlines the apportionment methodology municipalities must use to determine the VAT input tax deduction ratio under section 17(1) of the VAT Act.

Key points raised in the submission are inter alia:

The draft BGR makes references that may be open to interpretation or distorted. These have been highlighted and include inter alia the following:

- o Gross debtor interest may disproportionately affect the apportionment ratio due to high municipal debt recovery rates.
- o Dividends and profit shares from joint ventures need clearer treatment, especially when received for the first time.
- o Forex gains/losses from hedging should be proportionately included to reflect economic reality.
- o Inclusion of traffic fines and other non-taxable income could distort the formula; a proxy is recommended.

Furthermore, measures are required to clear the ambiguity around the annual adjustment requirement and the transitional rule dates, which are inconsistent with the intended effective date.

To this end, the submission suggests several adjustments to improve clarity, fairness, and practicality of the ruling, emphasising proportionality and the need to avoid distortive outcomes.

Members are encouraged to study the [BGR 4 \(Issue 4\)](#) and the [submission](#) for full and further details.

Further detail regarding the publication of the final [BGR 4 \(Issue 4\)](#) is outlined in the section below.

Legislative counsel publications

SARS releases updated Tax Exemption Guide for Recreational Clubs that clarifies the requirements and benefits for non-profit member-based organisations

SARS has published [Issue 5 of its Tax Exemption Guide for Recreational Clubs](#), (the Guide), providing updated guidance on the tax treatment of clubs that operate on a non-profit basis for the benefit of their members. This updated Guide is particularly relevant for organisations such as inter alia sports clubs, hobby groups and social associations that seek to qualify for partial tax exemption under section 10(1)(cO) of the Act.

To be eligible, a club must be formally established as a non-profit company (NPC), society or association with the sole or principal objective of providing recreational or social amenities to its members. SARS approval is required, and clubs must submit a founding document—

such as a constitution or memorandum of incorporation—that meets specific governance and operational criteria. These include the appointment of at least three unrelated fiduciaries, a prohibition on profit distribution, and clear rules governing membership rights and dissolution procedures.

Once approved, a recreational club may be exempt from income tax on receipts derived from membership fees, qualifying business activities (such as a bar or restaurant operated on a cost-recovery basis), and occasional fundraising events conducted with volunteer support. In addition, clubs benefit from a basic exemption on other income sources—up to R120,000 or 5% of total membership fees, whichever is greater.

The updated Guide also outlines exemptions from other taxes, including donations tax, dividends tax and in certain cases, capital gains tax. However, clubs remain liable for VAT, PAYE, UIF and SDL depending on their activities. Annual income tax returns (IT12EI) must be submitted, even if no tax is payable. Furthermore, recreational clubs are required to maintain proper records for a minimum of five years.

Non-compliance with the prescribed requirements may result in the withdrawal of tax-exempt status, penalties and/or other enforcement actions. Members who advise taxpayers of this nature are encouraged to review the guide carefully and ensure that their governance structures and financial practices align with the legal framework.

For further information and full details of the updated Guide, access the link [here](#).

SARS publishes Binding General Ruling (VAT) 4 (Issue 4), which provides updated VAT Apportionment Methodology for Municipalities

Effective 1 July 2025, SARS has released an updated Binding General Ruling (BGR) (“[Ruling](#)”) prescribing the VAT apportionment methodology to be applied by municipalities. The Ruling contained in this Ruling replaces the previous formula outlined in Issue 3 and introduces a refined approach for calculating input tax deductions on mixed expenses.

Importantly, this updated BGR reflects the detailed technical commentary submitted by the SAIT, which may be accessed [here](#). SARS’ incorporation of SAIT’s recommendations in full indicates the quality and depth of our technical commentary.

As a recap, under section 17(1) of the VAT Act, municipalities are required to apportion VAT incurred on goods and services that are used for both taxable and non-taxable purposes. The updated ruling provides a standardised formula for determining the apportionment ratio, which must be applied unless an alternative method has been approved by the Commissioner through a VAT ruling.

The formula considers three categories of income: taxable supplies, exempt supplies, and other income not directly linked to a supply. Specific exclusions apply, such as capital asset sales, extraordinary income, and certain accounting entries. Adjustments are also required for interest and dividends to ensure the apportionment ratio fairly reflects the municipality’s operational and investment activities.

Municipalities must apply the formula on an invoice basis, in line with Generally Recognised Accounting Practice and submit annual apportionment details to SARS. If the calculated ratio exceeds 95%, the full VAT on mixed expenses may be claimed under the *de minimis* rule.

Transitional provisions allow municipalities to use the previous formula for financial years ending before 1 July 2025. This Ruling is binding and will remain in effect until withdrawn or amended. Members are encouraged to review the full [Ruling](#) and ensure compliance with the updated requirements.

Reminder regarding the release of SARS Interpretation Note 69 (Issue 3) and Interpretation Note 69 (Issue 4)

- ***SARS releases updated interpretation note 69 (issue 4)***

SARS has issued [Interpretation Note 69 \(Issue 4\)](#) providing updated guidance on the tax treatment of game farming operations under the Income Tax Act.

The note clarifies when individuals and entities involved in game farming may qualify for tax treatment similar to other farming operations, with emphasis on livestock valuation, allowable deductions, and the treatment of income. It outlines the tax implications for income from activities such as the sale of live game, hunting fees, and meat sales, while income from accommodation and tourism generally falls outside the scope of farming income.

The [Interpretation Note](#) provides detailed direction on the application of capital allowances, expenditure deductions, and ring-fencing provisions, ensuring that only genuine, profit-driven game farming operations benefit from these concessions. It also explains the rules for cessation of farming, transfer of livestock between spouses, and special considerations upon the death or insolvency of a farmer.

Members involved in game farming are encouraged to familiarise themselves with this [Interpretation Note](#) to ensure correct application of tax provisions and compliance with SARS requirements.

Consequently, [Interpretation Note 69 \(Issue 3\)](#) has been duly archived.

Reminder that SARS has released the Guide to the Urban Development Zone (UDZ) Allowance (Issue 10)

- ***SARS releases the Guide to the Urban Development Zone (UDZ) Allowance (Issue 10)***

SARS has issued the [Guide to the Urban Development Zone \(UDZ\) Allowance \(Issue 10\)](#) to provide clarity on the accelerated depreciation allowance under section 13quat of the Income Tax Act. This incentive is aimed at revitalising designated inner-city areas by encouraging private investment in the construction, extension, or improvement of commercial and residential buildings within demarcated UDZs.

The [guide](#) outlines eligibility requirements, including building specifications, trade usage, location within a UDZ, ownership, and compliance with contractual and date-based criteria. It also addresses the calculation of the allowance, treatment of developers and purchasers, and provisions for lessees under section 12N. Notably, the allowance is available for buildings brought into use on or before 31 March 2030, with detailed examples included to illustrate various qualifying scenarios.

This [guidance](#) is intended to assist investors, developers, and tax practitioners in understanding and applying the UDZ tax benefit correctly.

Members are encouraged to study the [guide](#) in full for detailed compliance requirements and application nuances.

SARS Releases Updated Interpretation Note 19 (Issue 6) and Interpretation Note 90 (Issue 3)

• SARS releases updated interpretation note 19 (issue 6)

SARS has released [Interpretation Note 19 \(Issue 6\)](#) (“interpretation note”) clarifying the conditions under which individuals, trusts, and other non-corporate taxpayers may apply to submit accounts for a period ending on a date other than the last day of February.

This discretionary approval under section 66(13A) of the Act allows taxpayers engaged in business or professional activities to align their accounting periods with operational realities, such as seasonal income or foreign reporting requirements. The [interpretation note](#) outlines detailed scenarios, including partnerships, deceased estates, and farming operations, and emphasises that approval is subject to strict compliance and must not be used to gain tax advantages.

The new guidance also addresses the implications for provisional tax payments, capital gains, and VAT reporting, ensuring that while accounting flexibility is granted, statutory obligations remain anchored to the traditional year of assessment. SARS has provided illustrative examples to help taxpayers understand how to apply and comply with the new provisions. This move is expected to ease administrative burdens for qualifying taxpayers while maintaining the integrity of the tax system.

Members are encouraged to study this [interpretation note](#) for full and further details.

• SARS releases updated interpretation note 30 (issue 3)

SARS has provided an updated [interpretation note](#) on how companies may apply to close their financial accounts on a date other than the last day of their financial year. Under section 66(13C) of the Act, companies can request approval to align their tax reporting with operational realities—such as seasonal business cycles or administrative constraints—by selecting a fixed day within 10 days before or after their financial year-end. The note outlines the conditions for approval, including compliance status and the absence of tax avoidance motives, and emphasises that such approval does not alter the company’s official financial year or year of assessment.

The [interpretation note](#) also addresses implications for provisional tax, capital gains, and trading stock, ensuring that while flexibility is granted, tax obligations remain consistent. Similarly, SARS has included practical examples to illustrate how companies can benefit from this provision without compromising fiscal integrity. This clarity is expected to streamline financial reporting for businesses while maintaining robust oversight.

Members are encouraged to study the [interpretation note](#) for full and greater detail.

Published court cases

No new court judgments were published in the week of 26 June - 02 July 2025.

Other SARS publications and announcements

No other legislative publications or announcements were issued by SARS during the week of 26 June – 02 July 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

Release of Draft SARS eFiling Hijacking Report Delayed

The Office of the Tax Ombud has postponed the publication of its draft report into the hijacking of SARS eFiling profiles. The report was initially scheduled for release for public comment on **7 July 2025** and will now be published shortly after **31 August 2025**.

The delay follows a formal request from the SARS Commissioner, who asked for more time to respond to the draft's preliminary findings and recommendations. The OTO granted the extension to ensure procedural fairness and transparency, allowing SARS to prepare a detailed, constructive response.

The investigation was launched amid concerns over unauthorised access to taxpayer eFiling accounts. The final draft report, which will include recommendations to address systemic issues, is expected to be released for public comment shortly after SARS submits its response.

The OTO has emphasised that the matter remains a priority and reaffirmed its commitment to promoting fairness in tax administration.

Read the full media statement [here](#).