

# TAXPRACTICE

## WEEKLY HIGHLIGHTS

WEEK OF 10 - 16 July 2025  
(Issue 27 -2025)

### TABLE OF CONTENTS

#### **PART A: COMPLIANCE & SARS OPERATIONS 4**

##### **SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT 4**

SAIT TaxHelpline – escalations 11

SARS regional and national operational meetings 11

Upcoming RCB/SARS regional and national meetings 12

##### **DAILY COMPLIANCE AND ADMINISTRATION 12**

Due dates for reporting and payments: July 2025 12

SAIT member resources 12

Key operational news 12

Other SARS and related operational publications and announcements 12

##### **TAX PRACTITIONER MANAGEMENT 13**

SAIT TaxHelpline - Tax practitioner access and functionality (eFiling) 13

Key tax practitioner news 14

Government & stakeholder newsletter 15

Other tax practitioner access and functionality publications and announcements 15

#### **PART B – LEGISLATION & POLICY 16**

##### **LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY 16**

Tax policy & international agreements 16

National legislation 16

##### **LEGISLATION INTERPRETATION 16**

Legislative calls for comment 16

Submissions to SARS and current calls for comment 16

Legislative counsel publications 17

Other SARS publications and announcements 20

##### **OTHER MATTERS OF INTEREST FOR A TAX PRACTICE 20**

### TOP STORIES

#### **Non-Compliance with Filing Deadlines May Lead to Penalties and Prosecution**

With the 2025 tax season well underway, it is important to remind tax practitioners and taxpayers alike that failing to file your income tax return on time could lead to penalties for non-compliance.

In accordance with the Tax Administration Act, individuals who do not submit their tax returns on time may incur administrative penalties ranging from R250 to R16,000 per month, depending on their taxable income. These penalties are levied for each month the return remains outstanding, up to a maximum period of 35 months, regardless of whether any tax is due.

In addition, where a taxpayer owes SARS and fails to make payment by the due date, interest may be calculated on the outstanding balance.

Taxpayers are reminded that the timely and accurate submission of tax returns is a legal obligation. Continued non-compliance may result in legal enforcement measures or criminal prosecution in cases of wilful default.

#### **Verify Before You Submit: Auto-Assessments Are Your Responsibility**

As tax season unfolds, SARS continues to roll out auto-assessments to streamline the filing process. These assessments are based on information received from third-party sources. While convenient, taxpayers are urged not to accept their auto-assessments without review.

Auto-assessments may sometimes be incomplete or incorrect, and it remains the taxpayer's responsibility to ensure all information is accurate and up to date. Accepting an incorrect auto-assessment could lead to under- or overpayment of taxes, potential penalties, or missed refunds.

Verify the information on your auto assessment using the correct supporting documents, such as IRP5s, medical certificates, retirement annuity contributions, and other proof of income or deductions.

If the auto-assessment doesn't reflect your actual income or deductions, you can and should still file a revised tax return. You can file the revised tax return immediately on or before 20 October 2025.

Remember, a return must be full and true as per section 25(2) of the TAA.

Read more about the auto assessment process [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](mailto:taxassist@thesait.org.za).

Approximately 500 – 1500 words

# PART A: COMPLIANCE & SARS OPERATIONS

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

### Systematic Fix Implemented for Passport Holder Tax Practitioners

Following sustained engagement and formal submissions by SAIT, SARS has now implemented a systematic fix to address the long-standing issue affecting foreign tax professionals operating under South Africa's Critical Skills Work Visa.

As previously reported, the challenge arose from SARS' system linking Practice Registration (PR) numbers to a tax practitioner's original passport or ID. When a new passport was issued, often as part of visa renewal, PR numbers remained linked to outdated demographic records, preventing reactivation or verification. This caused significant delays and impacted the ability of affected professionals to practice.

Since the recognition of tax professionals as a critical skill in October 2023 (Government Gazette No. 49402), SAIT has advocated for system enhancements to support foreign practitioners more effectively. SARS has now confirmed that a technical solution has been deployed to ensure PR numbers are automatically linked to updated passport details, eliminating the need for repeated branch visits.

We welcome this development and thank SARS for their cooperation. SAIT will continue to monitor implementation and support members who may still struggle after this system fix.

### Managing SARS Auto-Assessments: Filing a Revised Return After Receiving a Refund

SARS has continued with its automated assessment process for the 2025 filing season, a system first implemented in previous years. Under this process, SARS automatically assesses certain taxpayers using third-party data and issues refunds accordingly. This is done even if the taxpayer intends to submit a revised tax return.

#### ***SARS Will Refund First—Regardless of a Planned Revision***

According to SARS' official guidance on [how auto-assessment works](#), refunds are processed based on the initial automated assessment, regardless of whether the taxpayer later submits a corrected return. This approach, while efficient from an administrative standpoint, may appear chaotic to those planning to file a revised return.

This means that if SARS has already paid a refund based on the auto-assessment, and you subsequently submit a revised ITR12 that changes the outcome (e.g., showing less of a refund or a liability), you will be required to repay any overpaid amount.

#### ***What This Means for You***

1. You must still submit a revised return if the auto-assessment is incorrect, even if a refund has already been issued.
2. Once the revised return is processed, SARS will issue a new Notice of Assessment (ITA34) reflecting the updated calculation.
3. If the new assessment shows a lower refund or a tax liability, SARS will treat the previous overpayment as tax due, and you will need to repay the excess.
4. In some cases, if the revised return leads to a larger refund, SARS will pay out the difference.

While this approach may seem inconvenient, SARS has maintained that this process is justifiable given that only a small percentage of taxpayers end up needing to repay funds. In most cases, revised returns either confirm the original refund or result in a larger one.

### **Best Practices**

Do not delay filing a revised return if your auto-assessment is incorrect.

- Keep all relevant supporting documentation on hand to substantiate any changes.
- Monitor your eFiling profile and SARS correspondence for any notices of debt or refund adjustments.
- If required to repay, ensure the amount is paid within the timeframe specified to avoid interest or penalties.

### **Stay Alert: Protect Yourself and Your Clients from SARS Impersonation Scams**

With filing season upon us, taxpayers and tax practitioners are urged to remain vigilant against fraudsters impersonating SARS.

The latest scam involves people claiming that they can change the outcome of your auto assessment. If you or your client don't agree with the auto-assessment, submit a revised return on SARS eFiling or the MobiApp.

As a tax practitioner, ensure that you are registered with SARS and that your details are up to date. Clients can verify your registration status using the SARS practitioner lookup tool [here](#).

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

### **How to 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](mailto:phishing@sars.gov.za).

### **Reminder and Additional Insights on the Auto-Assessment Process**

SARS has commenced the auto assessment process for the 2025 filing season. This initiative streamlines tax compliance for qualifying individuals by using third-party data to prepopulate income tax returns and automatically issue assessments.

SARS receives data from employers, medical schemes, banks, retirement funds, and other third-party providers. This data is used to populate the income tax return and calculate the tax due. Where SARS is satisfied that the information is complete and accurate, an auto-assessment is issued to the taxpayer via eFiling or the SARS MobiApp.

Taxpayers selected for Auto Assessment will be notified via their **preferred communication channel (SMS or email)** between 7 and 20 July 2025, informing them that their assessment is available for review.

## ***How to verify your prepopulated data***

To verify the accuracy of third-party data used in the Auto Assessment, taxpayers may follow these steps:

1. Log in to your SARS eFiling account.
2. Select “Third Party Data Certificate” from the main menu.
3. Choose the certificate type (e.g., IRP5, medical, retirement annuity).
4. Search for and review any relevant certificates.

If the data is incorrect or incomplete, taxpayers must contact the relevant third-party institution (such as a medical scheme or employer) and request that the correct data be resubmitted to SARS. Data used in the Auto Assessment originates from third-party providers and cannot be manually edited by taxpayers; thus, any necessary corrections must be made at the source by the relevant institution and resubmitted to SARS. Once confirmed, the taxpayer should revisit their income tax return to verify the update before filing.

From 1 July 2025, taxpayers can confirm whether they are part of the Auto Assessment process by visiting the SARS Online Query System (SOQS) and selecting “My Auto Assessment Status”.

## ***Steps to undertake if you disagree with your Auto Assessment***

Taxpayers who do not agree with their Auto Assessment may submit a revised 2025 income tax return via SARS eFiling or the SARS MobiApp by no later than 20 October 2025.

1. You can amend your 2025 Income Tax Return and submit it on or before **20 October 2025**.
2. You can submit your return on [SARS eFiling](#) or the SARS MobiApp
3. For help with your return, click [here](#).

## ***SARS Disagreeing with Revised Assessment***

SARS will evaluate your revised tax return. If SARS does not agree with a taxpayer's revised return, the taxpayer will be given the opportunity to submit supporting documentation to substantiate the changes made.

If verification is required, SARS will issue a letter requesting supporting documents:

- These must be submitted within 21 business days of the letter's date.  
[For further guidance, including examples of acceptable supporting documentation, read [below](#).]
- Failure to submit the required documentation within this timeframe will result in the case being automatically closed.

**Note:** Where a taxpayer fails to submit the requested documentation within the prescribed timeframe, the revised return will not be considered as the taxpayer failed to substantiate the changes. The case will be automatically closed, and the unrevised return is final and not subject to objection and appeal.

## ***Outcome of the Verification:***

- If SARS accepts your amended return, you will receive an updated Notice of Assessment (ITA34).
- If SARS does not accept the revised return or partially allows the revised return, a rejection letter will be issued. You may then lodge a formal objection within 80 business days of the rejection letter, in accordance with Section 95(8) of the Tax Administration Act.



## Request For Extension

If you do not agree with the auto-assessment and you are unable to file the return by the filing season due date, you can provide SARS with reasonable grounds and request for an extension of the period (in terms of Section 95(7) of the Tax Administration Act). You can request an extension via eFiling, the SARS MobiApp, or by booking an appointment with SARS for assistance.

## Refunds and Payments

Refunds of R100 or more will be processed automatically and paid within 72 hours.

- Refunds below R100 will be carried forward and paid when the total refund due exceeds R100.

If an assessment reflects a balance due:

- Amounts of R100 or more must be settled by the due date to avoid interest and penalties.
- Amounts below R100 may be deferred; however, interest will still accrue on all outstanding amounts, regardless of value.

## Why Some Taxpayers Are Not Auto-Assessed

Taxpayers may not be eligible for Auto Assessment if:

1. Their personal information is incomplete (this can be updated on eFiling); or
2. They received income beyond employment and investment income, such as rental income, freelance earnings, or business income.

For further information regarding auto-assessments, taxpayers and tax practitioners are encouraged to visit the [Auto Assessment webpage](#).

## Reminder on The Must-Have Documents for Your Tax Filing

A crucial part of preparing and submitting accurate tax returns is ensuring that all relevant supporting documents are readily available and submitted when required. These documents substantiate the income, deductions, and claims reflected on your return and are essential for the correct calculation of your tax liability or refund.

If you do not agree with your auto-assessment, or if you plan to file your tax return from **21 July**, having these documents on hand is especially important.

Below is a list of common supporting documents required when completing your **ITR12 Income Tax Return** for the **2025 tax year** (covering the period **1 March 2024 to 28 February 2025**):

Income documentation	IRP5/IT3(a): Employees' Tax Certificate for income received, including salary, bonuses, and lump sums from an employer, pension fund, provident fund, or retirement annuity.
Interest and dividend certificates	Local and foreign interest income
	Foreign dividend income
	Note: If married in community of property, certificates for both you and your spouse are required. If married out of community of property, only the respective spouses' certificates are required.

Medical expenses	Medical scheme tax certificate for the applicable period.
	Proof of qualifying medical expenses paid out-of-pocket and not reimbursed by your medical aid.
	A completed ITR-DD (Confirmation of Diagnosis of Disability) form, if claiming disability-related expenses.
Travel allowances and employer-provided vehicles	A logbook recording business travel is essential if claiming deductions related to a travel allowance or fringe benefit for an employer-provided vehicle.
Retirement contributions	Income tax certificates from your financial institution confirming contributions to a retirement annuity fund.
Tax-free investment certificates	Tax certificates from financial institutions for contributions to tax-free savings/investment accounts.
Donations	A valid Section 18A donation tax certificate if you are claiming a deduction for qualifying donations made to approved Public Benefit Organisations (PBOs).
Capital gains	All relevant documentation for capital gains transactions, such as: <ul style="list-style-type: none"> <li>- Proof of proceeds (e.g. sale agreements, invoices, IT3(c) certificates)</li> <li>- Calculations of base costs for each asset sold</li> <li>- Supporting documents for both local and foreign asset disposals</li> </ul>
Commission earners	Documentation supporting commission-related expenses, including: <ul style="list-style-type: none"> <li>- Invoices and receipts for claimable expenses</li> <li>- A logbook if business travel deductions are claimed</li> </ul>
Rental income	All information related to the letting of property, such as: <ul style="list-style-type: none"> <li>- Rental or lease agreements</li> <li>- Bond statements showing interest if claimed</li> <li>- A detailed schedule of rental-related expenses and supporting invoices</li> </ul>
Business and farming income	Financial statements for any trading or farming activities, where applicable.
Other income and deductions	Supporting documents for any additional income earned or deductions claimed not covered above.

For detailed guidance, refer to [IT-AE-36-G05 - Comprehensive Guide to the ITR12 Income Tax Return for Individuals - External Guide](#), available on the SARS website.

Being well-prepared not only ensures compliance but can also enable taxpayers to claim the full range of deductions and benefits they are entitled to.

## Reminder on Updates to SARS Online Query System (SOQS)

SARS has implemented key updates to its Online Query System aimed at enhancing security and expanding taxpayer functionality. The following changes have been introduced:

### 1. Enhanced Security for Directive Status Enquiries

The “*What’s My Directive Status*” query has been updated to include a One-Time Password (OTP) verification step. This additional layer of authentication is intended to strengthen the security of taxpayer information and prevent unauthorised access.

### 2. New Functionality for Provisional Taxpayers

A new service titled “Provisional Taxpayer Auto Assessment Request” has been added. This feature enables eligible provisional taxpayers, who have received the appropriate



SARS notification, to formally request inclusion in the auto assessment population for the 2025 year of assessment.

Taxpayers and practitioners are encouraged to familiarise themselves with these updates on the SARS website to ensure accurate use of the system and improved compliance. The updated guide can be found here: [GEN-GEN-51-G01 – SARS Online Query System – External Guide](#)

## Reminder on 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
<b>Filing Deadlines</b>	<ul style="list-style-type: none"> <li>- Auto Assessments issued: <b>7–20 July 2025</b></li> <li>- Taxpayers disagreeing with auto assessments can file a revised return.</li> <li>- Provisional taxpayers who wish to opt in to auto assessment must express interest by <b>18 July 2025</b></li> <li>- Filing for all other taxpayers: <b>21 July–20 October 2025</b></li> <li>- Deadline for non-provisional taxpayers (including auto-assessed taxpayers who wish to file): <b>20 October 2025</b></li> <li>- Deadline for provisional taxpayers and trusts: <b>19 January 2026</b> [Trusts can start filing on 19 September 2025]</li> </ul>
<b>Auto Assessment Enhancements</b>	<ul style="list-style-type: none"> <li>- Includes eligible provisional taxpayers with simple tax affairs</li> <li>- Read more <a href="#">here</a></li> <li>- Taxpayers who withdrew from a retirement fund (“two-pot” system) included to ensure correct tax payment</li> </ul>
<b>Section 6quat – Foreign Tax Credit</b>	<ul style="list-style-type: none"> <li>- Amendment allows taxpayers to use the full foreign tax credit on capital gains in foreign jurisdictions</li> <li>- Previously only the taxable portion could be claimed</li> <li>- Effective for individuals and trusts from the <b>2026 year of assessment</b></li> </ul>
<b>Section 11(nA) and 11(nB)</b>	<ul style="list-style-type: none"> <li>- Deductions separated into distinct line items instead of one combined item in ITR12</li> <li>- Section 11(nA) source code 4042 will be reflected on the IRP5/IT3(a) tax certificate</li> <li>- A new source code 4058 relating to section 11(nB) will be reflected in the “Other Deduction” field.</li> </ul>
<b>Section 12H Learnership Incentive</b>	<ul style="list-style-type: none"> <li>- Incentive extended to 31 March 2027</li> </ul>
<b>RST01 Assessment Validation</b>	<ul style="list-style-type: none"> <li>- Form accepts source codes 3603 and 3610 with directive number combinations</li> </ul>
<b>Foreign Interest and Tax Credits</b>	<ul style="list-style-type: none"> <li>- New field: Allowable interest expenses incurred in production of interest received</li> <li>- Deduction limited to interest received/accrued</li> </ul>
<b>Backdated Salaries and Pensions</b>	<ul style="list-style-type: none"> <li>- Deduction allowed for part of the cost of newly built or improved rental housing units</li> </ul>

<b>Section 13sex Incentive</b>	- Deduction allowed for part of the cost of newly built or improved rental housing units
<b>Section 10(1)(i)</b>	- 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
<b>Married in Community of Property – Trusts</b>	- Communal estate indicator added to Trust Income section of ITR12
<b>Section 9H Change of Residence and Non-resident Status Letters</b>	- 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)
<b>Request for Reduced Assessment (RRA01)</b>	- 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
<b>Request for Reduced Assessment Case Inventory</b>	- 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
<b>Refund SMS Notifications</b>	- SMSs for refunds under R100 and invalid bank details will no longer be sent
<b>Third-Party Medical Aid Pre-population</b>	- If main member differs from payor, medical scheme details will prepopulate in payor's return
<b>eFiling Five-Year Blocker</b>	- 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
<b>Request for Extension Post Estimate</b>	- If an extension is approved after the requested date has passed, 2 business days are automatically added
<b>Enhancement of Banking Details</b>	- RAV01 and ITR12 will display verified SARS banking details for selection rather than manual entry
<b>Reinstatement of RSA Tax Residency</b>	- RAV01 allows taxpayers to record the reinstatement date of RSA tax residency
<b>Resources</b>	- <a href="#">GEN-REG-01-G04 – How to Complete the Registration, Amendments and Verification Form (RAV01)</a>
	- <a href="#">ITR12 prototype</a> available detailing enhancements mentioned
	- More details on the <a href="#">Filing Season webpage</a>

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](#)

On 10 July 2025, SARS released a condensed Filing Season Overview containing essential information for taxpayers. It can be accessed [here](#).

## SAIT TaxHelpline – escalations [Update]

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 DEC letters.
2. Delays in finalising and payment of refunds.
3. Delays in finalising requests for tax type deregistration's.
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

The SARS National Operational Forum was rescheduled for Tuesday, 15 July 2025. SAIT was in attendance and an overview of matters discussed will be shared in the next edition of the 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 2025	07/07/2025	Income Tax	<b>ITR12</b> – Issuance of <b>2025 Auto Assessment</b>
	14/07/2025	Employment Taxes	<b>June EMP201</b> - Submissions and payments
	18/07/2025	Income Tax	<b>ITR12</b> – Auto-assessment opportunity for Provisional Taxpayers [Final Day to express interest]
	21/07/2025	Income Tax	<b>ITR12</b> - Opening of <b>Filing Season 2025</b>
	25/07/2025	Value-Added Tax	<b>VAT201</b> - Manual submissions and payments
	31/07/2025	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

No key operational news was identified in the week of 10 – 16 July 2025.

## Other SARS and related operational publications and announcements

### SARS Monthly Tax Digest – July 2025: Filing Season in Focus

The July 2025 edition of the SARS Monthly Tax Digest highlights key updates and reminders for the 2025 filing season.

Key points include:

- **Auto-assessments** were issued between 7–20 July. Taxpayers who disagree must file a corrected return via eFiling or the SARS MobiApp.
- **Filing season dates:**
  - o Non-provisional taxpayers: 21 July – 20 October 2025
  - o Provisional taxpayers & trusts: 21 July – 19 January 2026
- **eFiling enhancements** now include two-factor authentication and “express tabs” for quicker navigation.
- **Refunds** are generally paid within 72 hours, unless selected for verification.
- **Supporting documents** must be submitted within 21 days if requested.
- **Tax payments** are due within 30 days of assessment. Ensure you use the correct Payment Reference Number.

The Digest is a helpful reference for staying compliant and avoiding delays during tax season. Access the full edition here: [SARS Monthly Digest – July 2025](#)

## TAX PRACTITIONER MANAGEMENT

### SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

#### Frequently Asked Questions: eFiling

Over the past week, the SAIT Tax Helpline has received several member queries regarding the process of challenging one’s Tax Compliance Status on eFiling. Members have sought clarity on the meaning of the outcome message: “Full recon for 2024 not submitted, failed ELC check,” as received when attempting to dispute a non-compliant TCS outcome.

#### ***The Tax Helpline breaks it down:***

When an EMP501 reconciliation is submitted to SARS, it undergoes several system validations—one of which is the Excessive Liability Change (ELC) check. This validation compares the amounts declared on the original EMP201 submissions with those declared on the EMP501 reconciliation. If there is a significant discrepancy, such as an adjustment to any value previously declared on an EMP201 thus this check is triggered, and the reconciliation is halted (i.e., not processed to the employer’s account).

For example, if an employer originally declared Rx for October on the EMP201 but later identifies an error and declares Ry on the EMP501 for the same month, this constitutes a material change. As a result, the submission fails the ELC validation. This applies to any field within the EMP501 where a change from the original EMP201 values occurs.

It is important to note that even if the employer’s return status reflects as compliant on the SARS eFiling profile, the reconciliation is considered incomplete and remains outstanding until resolved. The return will not reflect on the account until this validation is cleared.

#### ***Resolving the Issue:***

When the ELC validation is triggered, SARS issues a formal notification letter to the employer outlining the next steps. The employer has two options:

1. Contact the SARS Contact Centre and confirm that the EMP501 reconciliation is correct and may be processed as submitted, despite the discrepancies.
2. Review the reconciliation to identify and correct any errors, and resubmit the EMP501 with accurate figures.

In either case, the reconciliation must be finalised as it cannot be ignored. SARS implemented the ELC validation as a control measure to reduce fraudulent declarations and minimise errors in reconciliations. It ensures that material changes to PAYE, UIF, and SDL liabilities are reviewed before being processed to the account.

### **Recommended Action:**

We recommend contacting the SARS Contact Centre to confirm whether the EMP501 can be processed as submitted. If not, review your reconciliation for any errors, make the necessary corrections, and resubmit. Finalising the reconciliation is critical to resolving your Tax Compliance Status and ensuring accurate processing of your payroll taxes.

## **Key tax practitioner news**

### **Reminder that the 2025 SARS Tax Practitioner Registration and Compliance Audit is ongoing**

SAIT has **commenced** with its annual review of membership compliance through the annual SARS compliance Audit.

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 deregistration's:**

With over 30 tax practitioner deregistration's 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](mailto:info@thesait.org.za).

## Government & stakeholder newsletters

### Fair Play 37: Filing Season Tips Featured in Latest Newsletter

The Office of the Tax Ombud has released the latest edition of Fair Play 37, offering timely insights to help taxpayers and practitioners navigate the current filing season.

This edition offers useful tips and reminders to ensure a smooth and compliant tax return process. From understanding your rights as a taxpayer to practical advice on navigating returns and eFiling, Fair Play 37 provides timely insights to support both individuals and tax professionals during this busy period.

Read the full newsletter on the [Tax Ombud's website](#) to make the most of this year's filing season.

## Other tax practitioner access and functionality publications and announcements

- 9 July 2025 – The Limpopo [mobile tax unit schedule](#) for July 2025 is now available.
- 16 July 2025 – The North West [mobile tax unit and tax workshop schedules](#) for August 2025 are 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 10 – 16 July 2025

#### National legislation

No new national legislation was published in the week of 10 – 16 July 2025.

### LEGISLATIVE INTERPRETATION

#### Legislative calls for comment

No new calls for comment were released in the week of 10 – 16 July 2025.

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

### Reminder that SAIT submitted 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 SAIT'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 SAIT'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 SAIT 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](#).

## Legislative counsel publications

### Reminder that SARS published Extension for Requesting a Reduced or Additional Assessment – Government Gazette Notice 6390

SARS has published [Government Gazette No. 52939, Notice 6390](#), extending the deadline for taxpayers eligible for automatic assessment to request a reduced or additional assessment in terms of section 95(6) of the Tax Administration Act, 2011.

This extension applies to taxpayers who qualify under paragraph 3(3) of Notice No. 6217, published on 23 May 2025, allowing them until 20 October 2025 to submit such requests.

Importantly, the extension does not apply where the automatic assessment date occurs after 22 August 2025. This measure provides additional time for taxpayers to ensure the accuracy of their assessments and address any discrepancies within the extended timeframe.

### Reminder that SARS has archived Interpretation Note 33 (Issue 5) and has issued updated guidance under (Issue 6)

SARS has archived [Interpretation Note 33 \(Issue 5\)](#), which provided guidance on the requirements for companies to carry forward assessed losses under section 20(1)(a) of the Income Tax Act. The note clarified the circumstances under which a company may forfeit its right to carry forward an assessed loss from a preceding year, particularly where it has not carried on a trade or derived income from trade during the current year of assessment.

The [archived](#) note comprehensively explained key concepts, including the definitions of “trade,” “income from trade,” and “assessed loss,” with practical examples illustrating when a company may still retain its assessed losses despite an absence of income. It also addressed contentious aspects such as disguised trade income, the need for active steps to demonstrate trading, and SARS’s view on the controversial “income from trade” requirement. Importantly, SARS emphasised that each case will be considered on its merits, with the nature and extent of a company’s activities playing a decisive role.

While this [interpretation note](#) has been archived, the principles it contained remain relevant for understanding the assessed loss regime, particularly in scenarios where companies may face uncertainty about trading status or income requirements.

### Reminder that SARS has issued Interpretation Note 33 (Issue 6)

Following on from the above, SARS has issued [Interpretation Note 33 \(Issue 6\)](#) to provide clarity on the “trade” and “income from trade” requirements for companies seeking to carry forward assessed losses under section 20(1)(a) of the Income Tax Act.

The [note](#) emphasises that a company may only retain and set off a balance of assessed loss if it has actively traded during the relevant year, with SARS outlining objective criteria to establish whether genuine trade occurred.

While SARS recognises challenges where companies have not yet derived income, due to the nature of long lead-time business models, it affirms that assessed losses may still be carried forward, provided trading activity is proven. Importantly, passive activities or preparatory steps without substantive commercial operations will not qualify. The

[note](#) includes case law references and practical examples to guide taxpayers and tax practitioners.

Members are encouraged to review the full [note](#) for comprehensive insight and compliance obligations. Members are encouraged to familiarise themselves with [Interpretation Note 33 \(Issue 6\)](#) and consult their tax advisors for the latest developments in this area.

## **Reminder that SARS has released the Guide on Income Tax and the Individual (2024/25)**

SARS has released the updated [Guide on Income Tax and the Individual \(2024/25\)](#) to assist South African residents in understanding their income tax responsibilities under the Income Tax Act.

The [guide](#) explains when individuals become liable for tax, how to register as taxpayers, and when and how to submit income tax returns. It also provides clear explanations on provisional tax, allowable deductions, capital gains, auto-assessments, and penalties for non-compliance.

With updated tax thresholds, rates, and administrative processes—including digital channels such as eFiling and the SARS MobiApp the [guide](#) empowers individuals to remain compliant and informed. Notably, the 2025 Tax Season opened on 7 July 2025, and deadlines for return submissions differ between provisional and non-provisional taxpayers, as we have discussed at length

Members are encouraged to study the full [guide](#) for comprehensive details and to ensure adherence to SARS obligations.

## **Reminder that SARS has released the Guide on the Determination of Medical Tax Credits (Issue 17)**

SARS has released the updated Guide on the [Determination of Medical Tax Credits \(Issue 17\)](#) to provide clarity on how individuals may claim tax rebates for medical scheme contributions and qualifying out-of-pocket medical expenses.

The [guide](#) outlines the two key credits available: the medical scheme fees tax credit (MTC) under section 6A and the additional medical expenses tax credit (AMTC) under section 6B. It explains the eligibility criteria, qualifying expenses, applicable thresholds and the calculation methods across categories such as senior taxpayers, persons with disabilities, and other taxpayers.

SARS also provides detailed scenarios and examples to illustrate practical application, including how to complete and use the ITR-DD form for disability verification. This updated guide is effective for the 2025 year of assessment and reflects recent legislative amendments.

Members are encouraged to review the [guide](#) in full for comprehensive insight into maximising allowable tax credits while remaining compliant.

## **Reminder that SARS Published Updates to Tables of Interest Rates**

On 7 July 2025, SARS published updates to:

- [Table 1](#) which outlines the applicable interest rates on outstanding taxes and interest rates payable on certain refunds of tax, and
- [Table 2](#) prescribes the interest rates payable on credit amounts.

Members are encouraged to familiarise themselves with the updated guidance.

### High Court Upholds SARS Preservation Order in Multi-Party Tax Evasion Case

The KwaZulu-Natal High Court has confirmed a provisional preservation order obtained by the Commissioner for the South African Revenue Service (SARS) against two companies, Plus0 (Pty) Ltd and Dodo Africa (Pty) Ltd, amid allegations of their involvement in a wider tax evasion and asset dissipation scheme.

This follows a complex investigation into a coordinated network of entities suspected of concealing income and frustrating SARS's ability to collect taxes. SARS alleged that Plus0 and Dodo were among several companies used to shift and obscure assets, including vehicles, loans, and property, linked to members of the so-called ATM Group, which had been flagged for significant non-compliance.

The respondents challenged the preservation order on multiple grounds, including lack of jurisdiction, procedural irregularities, and alleged hearsay evidence. They also claimed that no probable tax liability existed. However, the Court found that SARS had presented a reasonable basis to believe that the entities were part of a broader scheme that warranted intervention under section 163 of the Tax Administration Act.

Justice Singh ruled that SARS had met the statutory threshold for obtaining a preservation order, even if specific tax liabilities had not yet crystallised, due to the risk of asset dissipation. The Court also found that the respondents had misrepresented their links to other implicated parties, undermining their credibility and supporting SARS's concerns.

SARS's right to act *ex parte* and to preserve assets that may be used to satisfy future tax debts was upheld, and the reconsideration application by the companies was dismissed with costs on the higher scale, confirming the strength of SARS's investigatory and preservation powers.

This [judgment](#) reinforces the role of preservation orders in securing potential tax revenue and demonstrates the High Court's willingness to uphold SARS's statutory tools where evidence suggests a risk to the fiscus.

### SCA clarifies Jurisdictional Scope in VAT Apportionment Disputes

The Supreme Court of Appeal (SCA) has delivered a significant [ruling](#) in the matter between the Commissioner for the South African Revenue Service (SARS) and African Bank Limited, offering important clarity on the objection and appeal procedures related to Value-Added Tax (VAT) apportionment rulings.

At the heart of the dispute was SARS' decision to issue a VAT [ruling](#) that approved an apportionment method different from the one specifically requested by African Bank. The Bank had applied for a revised transaction-based method to determine the VAT input tax ratio on mixed expenses but was instead directed to use the varied turnover-based method.

The Commissioner argued that since a method was approved (albeit different), this did not amount to a "refusal" under section 32(1)(a)(iv) of the VAT Act and therefore did not qualify for objection or appeal. However, the SCA rejected this narrow interpretation. It held that when SARS does not approve the specific method proposed by a vendor and instead imposes an alternative, that act constitutes a refusal for purposes of section 32(1)(a)(iv). Accordingly, the Court upheld the Tax Court's jurisdiction to adjudicate such disputes, affirming that the remedies of objection and appeal remain available to taxpayers where SARS approves an unrequested method in place of the one applied for.

This [ruling](#) enhances legal certainty for VAT vendors, particularly those making mixed supplies, and reinforces that SARS' apportionment decisions are not immune from appeal simply because a method, any method, was approved.

Members involved in similar disputes are encouraged to review the full judgment to better understand the reasoning and its implications on VAT compliance strategies.

## **SARS noted that the Tax court has ordered SARS to clarify Business Context Determination in GAAR Matter**

In a notable decision from the Tax Court, the Commissioner for the South African Revenue Service (SARS) has been directed to provide additional reasoning for asserting that a complex share and loan transaction occurred "within a business context", a key prerequisite for invoking the General Anti-Avoidance Rule (GAAR) under section 80A of the Income Tax Act.

The [case](#) stemmed from a series of interconnected transactions involving trusts and private companies that resulted in a significant capital gain being vested in a beneficiary. SARS applied GAAR, alleging that the transactions amounted to an "impermissible avoidance arrangement" designed to sidestep capital gains tax (CGT) and dividends tax liabilities.

The taxpayer challenged the assessment by filing an application under Rule 52(2)(a), arguing that SARS had failed to provide sufficient reasons to support its finding that the arrangement occurred in a business context, an essential threshold before the anti-avoidance provisions can be applied.

While SARS had elaborated on why it believed the transactions lacked commercial substance and provided a tax benefit, the Court held that these explanations did not address the preliminary, and distinct, question of why SARS considered the arrangement to be within a business context in the first place.

The Court emphasised that this foundational determination must be adequately justified, especially since the taxpayer must be able to understand and, if necessary, challenge the rationale before formulating a valid objection. SARS was ordered to properly respond within 10 days.

This judgment affirms the importance of procedural fairness and clarity in GAAR-related assessments and highlights the strict evidential and legal requirements SARS must meet when invoking anti-avoidance provisions.

Members facing similar assessments are encouraged to consult the [judgment](#) for insight into the scope of SARS's obligations when issuing GAAR-based assessments.

## **Other SARS publications and announcements**

No other legislative publications or announcements were issued by SARS during the week of 10 – 16 July 2025.

## **OTHER MATTERS OF INTEREST FOR A TAX PRACTICE**

No other matters of interest were identified during the week of 10 – 16 July 2025.