

TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 25 Sep - 01 Oct 2025
(Issue 37 -2025)

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TOP STORIES

The Tax Ombud tables her preliminary findings on eFiling profile hijacking activities

The Office of the Tax Ombud's (OTO) issued a draft systemic investigation report, which reveals that tax practitioners are the most frequent targets of SARS eFiling profile hijacking with nearly half of all reported incidents affecting the tax practitioner community.

The report highlights cases where fraudsters exploit security weaknesses to unlawfully access, take over, or manipulate eFiling profiles resulting in monetary loss, compromised client data and significant administrative burdens. While acknowledging the enhancements made by SARS to its digital platform security, the OTO noted that there is still a significant risk to taxpayers and practitioners. The OTO invites public comments on the draft report. The SAIT is in the process of considering the report and more details will be provided in due course.

The draft report reveals that tax practitioners are the most affected group by eFiling hijacking, with personal income tax accounts being particularly vulnerable. Most fraudulent transactions involve amounts under R10,000, allowing them to evade early detection. Weaknesses in authentication processes and broader security gaps contribute significantly to these vulnerabilities. Alarming, there are also allegations of internal fraud and possible insider involvement. Overall, the findings point to low levels of digital security awareness across the ecosystem, exacerbating the problem.

The report recommends that SARS significantly strengthen authentication and access controls by implementing mandatory two-factor and biometric authentication to protect taxpayer profiles. Fraud detection and prevention systems should be enhanced, while ensuring that tax practitioners can still assist clients efficiently without unnecessary administrative burdens. Specific recommendations have also been directed to key stakeholders, including tax practitioners, banks, SAPS, SARB and the CIPC, to ensure a coordinated response to eFiling hijacking and related fraud.

Members are encouraged to study the OTO's media statement and draft report [here](#).

Expedited Rapid Compromise Mechanism unveiled to fast-track tax regularisation

SARS, in collaboration with Recognised Controlling Bodies (RCBs), has launched a long-anticipated Expedited Tax-Debt Compromise Process to assist taxpayers in settling non-disputed tax debts that are older than 12 months.

This initiative, which has been in development for some time and was previously previewed by SAIT in previous editions of this publication, now offers taxpayers a crucial opportunity to regularise their tax affairs and resolve longstanding liabilities.

The process officially opened on Monday 1 October 2025 and will be accessible to tax practitioners registered with SAIT. SARS has committed to resolving qualifying applications within four weeks, supported by dedicated teams and enhanced workflow systems. Should you wish to take part in this drive the correct channel to express your interest in the expedited debt compromise process should be sent exclusively to the dedicated email address: Compromisecampaign@sars.gov.za. Alternatively, you are welcome to contact SAIT directly at ksesana@thesait.org.za.

Read more [below](#) regarding the criteria of eligibility and additional information.

Medium-Term Budget Policy Statement Date Announced

The Minister of Finance, Enoch Godongwana, will table the 2025 MTBPS in Parliament on 12 November 2025 at 14:00.

This MTBPS event is a key moment for taxpayers, tax professionals, economists and the media to gain early insights into the fiscal outlook and strategic priorities for the coming year. Further details relevant to tax practitioners will be shared closer to the time in upcoming editions of this newsletter.

#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

The Tax Ombud tables her preliminary findings on eFiling profile hijacking activities

The OTO has released a draft report from its systemic investigation into the growing problem of eFiling profile hijacking—and the findings raise cause for concern. Tax practitioners have emerged as the primary targets, with nearly half of all reported incidents directly impacting our community of tax practitioners.

The report uncovers how cybercriminals are exploiting weaknesses in SARS' digital systems to unlawfully access and hijack eFiling profiles. These security breaches often lead to financial losses, exposure of sensitive client data and result in heavy administrative fallout for both taxpayers and practitioners.

While the OTO acknowledges that SARS has made strides in strengthening its digital security, the report concludes that major risks remain—particularly for those acting on behalf of clients. SAIT has in the past on numerous occasions raised this issue to SARS as well as the OTO, on behalf of our members.

Key Findings are summarised below for ease of reference.

- **Tax practitioners are mostly affected**
 - eFiling profile hijacking is most prevalent among tax practitioners (48.3% of cases). Practitioners are targeted due to their access to multiple taxpayer accounts, making them high-value targets.
- **Personal Income Tax and VAT are the most vulnerable tax types**
 - Most incidents of eFiling profile hijacking involve PIT, followed by VAT. Individuals are more susceptible due to weaker digital security and less awareness of online threats.
- **Fraud amounts are generally below R10,000**
 - Most fraudulent transactions are under R10,000, but a significant number fall between R10,000 and R100,000. It has been determined that eFiling profile hijackers appear to deliberately keep refund claims below audit thresholds to avoid detection.
- **Authentication and security weaknesses**
 - Weak authentication systems, delayed implementation of two-factor authentication (2FA), and limited use of biometrics have been identified as weakness that have been prone to create vulnerabilities.
- **Slow fraud detection and response**
 - SARS relies heavily on taxpayer-initiated reports rather than proactive, automated fraud detection. Based on taxpayer feedback, investigations often take months or even years, allowing fraud to go undetected and unresolved.
- **Ineffective communication and support**
 - Taxpayers and practitioners face poor communication, lack of updates and limited support from SARS when trying to resolve hijacking cases. Inter alia 89% of survey respondents rated SARS' fraud response as ineffective and unhelpful.
- **Syndicated fraud via CIPC Changes**
 - The draft report outlines that syndicated VAT fraud often starts with unauthorised changes to company directors at the Companies and Intellectual Property Commission (CIPC), enabling fraudsters to take control of company tax profiles and submit fraudulent claims.
- **SAPS and banking institutions involvement**
 - Victims report that South African Police Service (SAPS) stations often cannot

categorise or escalate tax profile hijacking cases. Survey responders have indicated that fraudsters frequently open accounts with digital banks to receive fraudulent refunds. Common case has been established which these banks are.

- **Alleged internal fraud and insider threats**

- o Survey respondents have indicated concerns about possible insider involvement within SARS, that contributes to profile hijacking and fraudulent refund processing.

The draft report presents key recommendations to SARS, with a strong focus on protecting tax practitioners. These aim to strengthen security, improve fraud response, and enhance support for those most affected by eFiling profile hijacking. A synopsis of these has been set out below:

- **Strengthening authentication and access controls:** such as effecting mandatory enforcement of two-Factor authentication for all users, including tax practitioners, with graded 2FA based on risk level.
- **Enhancing biometric verification:** to all profiles and key changes (e.g., banking details, tax representative changes).
- **Enhancing fraud detection and prevention while balancing service efficiency, such as implementing real-time alerts:** to both taxpayers and tax practitioners for high-risk changes (banking details, practitioner details, company directors).
- **Improving eFiling profile security and access:** by giving taxpayers and practitioners access to detailed login history—including IP address, device, and location—to help detect suspicious activity early. Furthermore, introducing an optional “profile lock” feature during high-risk periods (e.g., tax season) to prevent unauthorized changes. This is particularly valuable for practitioners managing multiple client profiles.
- **Strengthening refund controls to:** automatically hold refunds for further verification when banking details are changed shortly beforehand, to reduce the risk of fraud. Furthermore to implement alerts for suspicious refund activity, such as transactions processed after hours or to newly added bank accounts—especially for practitioner-managed profiles.
- **Enhancing case management and communication from SARS:** by providing clear timelines and regular updates to taxpayers and practitioners during fraud investigations. And to fast-track the recovery process for locked practitioner accounts, as delays directly affect client service delivery.

As stated at the public engagement on 29 May 2025, the OTO is calling for public input on the draft findings. The South African Institute of Taxation (SAIT) is reviewing the report and will share further insights soon. Members are also encouraged to send their concerns and comments hereon to technical@thesait.org.za by no later than 17 October 2025.

Members are encouraged to read the full draft report [here](#).

SARS Expedited Tax-Debt Compromise Process

As mentioned above, in a move to support greater voluntary compliance, SARS is rolling out a more accessible Compromise Process under the Tax Administration Act.

This streamlined approach is designed to help taxpayers settle outstanding debts in a manageable way — and SARS is working closely with Recognised Controlling Bodies (RCBs) and tax practitioners to make it happen.

Phase 1 kicked off on 26 September 2025, with tax practitioners invited to express interest on behalf of qualifying clients.

Formal applications opened from 1 October and close on 31 December 2025. This is a crucial opportunity for individuals and businesses to get their tax affairs in order — before enforcement catches up.

Key Features of the Initiative are as follows:

- The requirements of Part D of Chapter 14 of the TA Act must be met.
- The expedited compromise process will only be available in respect of tax debts -
 - that have been outstanding for more than 12 months at the time of application.
 - that are not subject to active dispute resolution processes.
 - that are not as a result of a criminal investigation process contemplated in section 43 of the TA Act; and
 - where the relevant taxpayer is not subject to business rescue and where applicable, liquidation procedures.
- All required supporting documentation must be submitted at the time of submission.

SARS commits has indicated that it aims to resolve qualifying applications within four weeks of receipt of a complete application.

Should you wish to take part in this programme and regularise your tax affairs the correct channel to express your interest in the expedited debt compromise process should be sent exclusively to the dedicated email address: Compromisecampaign@sars.gov.za. Alternatively, you are welcome to contact SAIT directly at ksesana@thesait.org.za, and your request will be redirected accordingly.

Reminder: 2025 Interim Employer Reconciliation Submissions

As previously communicated, members are reminded of the following key changes for 2025:

1. Transition to e@syFile Thin Client

The “Flex” version is being phased out. For the 2025 interim reconciliation, submissions must be made using e@syFile Thin Client. Historical data can be accessed via “Flex,” but new submissions via Flex will no longer be accepted. A [guide](#) is available on the SARS website to assist with this change.

2. Updated the [Business Requirements Specification](#)

New source codes, validation rule changes, and updates to source code descriptions have been introduced. Employers and payroll administrators should ensure their systems are aligned with the latest requirements.

3. Mandatory Income Tax Numbers for All Employees (Effective February 2026)

Starting in the February 2026 filing season, valid Income Tax Numbers will be mandatory for all employees in EMP501 submissions.

Employers will no longer be able to submit reconciliations without valid Income Tax numbers for all employees. Employers should verify or register income tax reference numbers for their employees via SARS’s registration processes, eFiling, e@syFile, or by visiting a SARS branch.

Failure to submit a correct and timely EMP501 may result in administrative penalties, including interest and penalties for late or inaccurate declarations.

Additionally, employers who utilise the ETI and who have unused ETI or where the employer is non-compliant, will result in forfeiture of the ETI.

Employers and tax practitioners are advised to file their returns on time. Members can read the full communication [here](#). Additionally, updated guides can be accessed [here](#).

Reminder: Medical Deduction Guidance

SARS has published a medical deduction tutorial to guide taxpayers and tax practitioners on how they can effectively claim the medical deduction on the ITR12. This [step-by-step video](#) shows you how to fill in the medical fields on your ITR12 tax return wizard on eFiling.

Reminder: Trust Tax Season filing reminder

The 2025 Trust Filing Season is well underway with the deadlines for submission of the IT3(t) third party declarations having lapsed on 30 September 2025. While SARS has confirmed that no penalties will be imposed for late submission of the IT3(t) declarations, trustees and tax practitioners who did not meet the deadline are urged to submit these returns as soon as possible.

Please take note of the following important dates:

- 19 Jan 2026: Final deadline for ITR12T submissions
- 28 Feb 2026: Second provisional tax payment (2026 year)

In previous editions of this publication SAIT has outlined several legislative and ITR12T return changes that have been introduced - which trusts and trustees should be aware of. This includes the updated Comprehensive Guide to the Income Tax Return for Trusts, which may be accessed [here](#).

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. SARS raising assessments prior to the date to which SARS has extended the deadline for submission of documents (verifications).
2. Delays in finalising tax number reactivations.
3. Delays in finalising registration of tax types.
4. Verifications / audits commenced without notification to the taxpayer.

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 meeting notes and feedback from the [North West](#) and newly amalgamated [Northern Region](#) (North West, Mpumalanga & Limpopo) practitioner meetings that were held on the 18 and 29 September 2025 respectively, are now accessible.

Upcoming RCB/SARS regional and national meetings

1. Free State and Northern Cape – 10 November 2025 and

2. Eastern Cape – Gqeberha and Kariega – 12 November 2025
3. Western Cape – 19 November 2025
4. Gauteng – 20 November 2025.

Other meetings of interest

1. RCB Forum meeting – 11 November 2025;
2. SARS National Operational Forum – tentatively scheduled for October 2025; and
3. SARS National Operational Forum – 20 November 2025.

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: October 2025

Month	Date	Tax Type	Notification
	07/10/2025	Employment Taxes	EMP201 - Submissions and payments
	20/10/2025	Income Tax	ITR12T - Opening of Trust Filing Season
	22/09/2025	Income Tax	ITR12 - Submission due date for a return that is submitted electronically through the assistance of a SARS official at a SARS office or manually
	20/10/2025	Income Tax	ITR12 - Submission due date for a return for nonprovisional taxpayers and is submitted by using the SARS eFiling platform
	24/10/2025	Value-Added Tax	VAT201 - Electronic submissions and payments
	31/10/2025	Other	Third-Party Data IT3 - End of third-party annual submissions for Trusts
	31/10/2025	Employment Taxes	EMP501 - End of employer interim reconciliation submissions
	31/10/2025	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

No key operational news was identified during the week of 25 September - 1 October 2025.

Other SARS and related operational publications and announcements

No other SARS and related operational publications and announcements were noted during the week of 25 September - 1 October 2025.

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

Two new recurring matters were raised through the SAIT TaxHelpline during the week of 25 September - 1 October 2025 that members could take note of:

- EMP501 submissions failing with an error: *"An error occurred while performing your request. Please try again later."*
- Resident Taxpayers being issued non-resident returns.

With respects to the former, we have been informed that SARS is implementing a fix for this error that is scheduled for 3 October 2025.

Both issues were escalated to SARS, and we will provide more information once we have received feedback on the matters.

Key tax practitioner news

Government & stakeholder newsletters

The September 2025 issue of SARS's Tax Exempt Institutions Connect newsletter was issued on 30 September 2025.

This issue outlines key compliance requirements for income tax exempt institutions (EIs), particularly trusts. It highlights critical deadlines for submitting IT12EI annual returns and third-party data (IT3(d) and IT3(t)), emphasizes the importance of updating registered details within 21 business days, and provides best practices for communicating with SARS via email. The newsletter also stresses the need to use registered tax practitioners and offers a five-part micro-learning video series to assist EIs in completing their returns via eFiling.

You can access the full newsletter [here on the SARS website](#).

Other tax practitioner access and functionality publications and announcements

30 September 2025 – The [mobile tax unit schedules](#) for October 2025 are now available for all provinces.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

National Legislation

Reminder that SAIT and Work Groups Submitted Comments on Draft Tax Bill Amendments

After three days of intense and thought-provoking debate, the National Treasury and SARS workshops on the Draft Taxation and Tax Administration Laws Amendment Bills concluded on 25 September 2025. Key issues that sparked robust discussion, are inter alia the proposed removal of the Section 10(1)(gC)(ii) exemption on foreign pensions, to clarifying SARS' stance on bona fide errors, equity share definitions and the threshold for ring-fencing assessed losses. The definition of "interest" under section 23M also came under scrutiny, as stakeholders pushed for greater clarity and certainty.

SAIT will now represent these views before the Standing and Select Committees on Finance on 14 and 15 October. Once Treasury releases its response document, our technical team will dive into a detailed analysis to track which recommendations were accepted—and why.

As a reminder, on 12 September 2025, SAIT, together with the various technical workgroups, submitted commentary to National Treasury and SARS in response to the 2025 Draft Tax Bills and Draft Regulations that were issued for public comment on 16 August 2025.

Brief excerpts from the prepared commentary are set out below:

Corporate tax:

Extending the anti-avoidance rules dealing with third-party backed shares

The commentary highlights concern that extending the anti-avoidance rules on third-party backed shares may be too broad as the DTLAB now references "the year of assessment or previous years of assessment," meaning a share remains tainted even if a guarantee is later removed, and therefore recommends carve-outs for legitimate commercial transactions, including intra-group disposals, with no retrospective application.

Clarifying the determination of Contributed Tax Capital

Notwithstanding the proposals made, the WG has noted that the proposed amendment remains too narrow and continues to create challenges in tiered group structures where equity injections flow through multiple entities, calling for broader concessions.

Roll-Over Relief for Listed Shares in Asset-For-Share and Review of Asset-for-Share and Amalgamation Transactions Involving Collective Investment Schemes

The denial of roll-over relief for listed shares and CIS transactions is flagged as potentially undermining legitimate commercial deals and discouraging investment, with a recommendation to distinguish between closely held and widely held CIS's and to retain relief for widely held schemes under regulatory oversight.

Refining and clarifying the meaning of “interest” to enhance certainty.

We are of the view that the use of inconsistent definitions of “interest” creates uncertainty, with a call for either removing the definition entirely or ensuring parity to achieve clarity and predictability.

Amending the definition of “remuneration proxy”

Amending the definition of “remuneration proxy” to include exempt foreign income from the previous year could increase taxable values for fringe benefits, though no significant concerns beyond this were raised.

Reducing the threshold for ring-fencing of assessed losses

In response to the proposal to reduce the threshold for ring-fencing assessed losses, the group expressed strong concerns that such a measure would disproportionately affect middle-income taxpayers, create excessive verification burdens, and penalise genuine entrepreneurial activity. The group recommended instead that carve-outs, safe harbours, and a more targeted application be considered.

Cross-border tax treatment of retirement funds

The proposed repeal of the exemption for foreign retirement fund benefits, could result in double taxation, discourage repatriation of skilled professionals and deter foreign retirees. We therefore recommend that transitional relief, carve-outs and a deferred effective date be considered.

Proposed amendments to the Fourth Schedule regarding employer registration for groups of companies

We noted the amendment requiring non-resident employers with a South African permanent establishment to register for and deduct PAYE. However, the misalignment between the SDL and UIF provisions and the Fourth Schedule remains unresolved, and in our view, the issue still lacks clarity. Consequently, clarification was requested on proposals for group employer registration under the Fourth Schedule.

Refining the definition of “equity share” to cater for transfers by foreign companies

The proposed revision of the definition of “equity share” to explicitly include foreign shares could create unintended consequences, as it implies that since 2012 such shares were not regarded as equity shares, thereby disqualifying them from important exemptions and reliefs. Resultantly, the WG has proposed that the amendment apply retrospectively or be framed as a clarification, with further adjustment to limit the “return of capital” reference to foreign returns only.

Interaction of Controlled Foreign Company (CFC) rules in section 9D with section 9H

The proposal is acknowledged as a correction of a legislative gap but raises concerns that this amendment may penalise taxpayers with CFCs in high-tax jurisdictions, suggesting instead that foreign taxes be recalculated on a comparable basis to avoid unfair outcomes.

Refining deferral of exchange difference rules on debt between related companies

The proposed amendment to refine deferral of exchange difference rules on related-party debt was found to be ambiguous and at risk of reversing the intended treatment, with a recommendation to clarify the language by referencing non-current assets or liabilities directly.

Request for clarification over growing dependence on IFRS in tax legislation

The WG's have expressed concern regarding the growing dependence on IFRS in tax legislation, as reliance on accounting standards that can change without tax authority input may shift tax outcomes away from legislative certainty. We will seek clarity on this policy direction from both National Treasury and SARS.

Amendment to Section 164 – Suspension of Payment and Reduced Assessments

The proposed amendment to Section 164 recognises the interplay between reduced assessments and suspension of payment provisions, which is welcomed as a positive development. However, several concerns are raised regarding the practical misalignment between the timelines for reduced assessments, objections, and suspension of payment requests. The WG therefore recommends leveraging SARS's recent eFiling enhancements to automate and align these processes, ensure reduced assessment applications are integrated with suspension of payment requests, and provide clear guidance on how these provisions will apply in practice.

Amendment to Section 222/223 – Bona Fide Inadvertent Error and Substantial Understatement

We recommend retaining the current provisions of section 223 and upholding the judicial interpretations from the Coronation and Thistle Trust cases, which provide a fair and balanced framework for applying understatement penalties by recognising taxpayer intent and reliance on professional advice. Further points include that the defence of bona fide inadvertent error should be uncoupled from the "substantial understatement" category. A formal tax opinion should not be mandatory for all errors, particularly minor or clerical ones. Given the complexity of tax legislation, the proposed amendments risk eliminating access to meaningful defences—even in cases of good-faith errors—leaving taxpayers unfairly exposed.

Reviewing the VAT treatment of testing services supplied to non-residents who are outside the Republic at the time of the supply, where services are supplied directly in connection with movable property situated in the Republic.

We have reviewed the VAT treatment of testing services supplied to non-residents who are outside South Africa at the time of supply, particularly where such services relate to movable property. Concerns were raised regarding the current zero-rating criteria—specifically the exclusion where the foreign recipient is a vendor. This may unintentionally disqualify legitimate zero-rated services, even where there is no link to goods sold. We recommend that the legislation clarify the underlying intent of this provision to address the perceived mischief more clearly. Further concerns relate to the linkage between zero-rating and the supply of goods, particularly where goods are destroyed during testing or are not owned by the service provider. These scenarios could give rise to technical challenges, and greater clarity is needed. Finally, we recommend introducing a definition of "testing services" in the VAT Act to avoid interpretational ambiguity and prevent misuse by vendors attempting to include unrelated services under this category.

Reviewing the definition of "insurance"

We recommend aligning the VAT definition of "insurance" with that in the Insurance Act, limiting it to contracts issued by registered insurers. This would enhance legal certainty, prevent abuse, and exclude unregulated arrangements such as indemnities or guarantees that do not meet regulatory standards. We support the policy objective of clarifying the definition but stress the importance of consulting industry stakeholders to ensure it remains practical and does not unintentionally exclude legitimate products.

Members may access the full submissions (including Carbon Tax and extensive commentary on Customs) made by each workgroup, [here](#).

LEGISLATIVE INTERPRETATION

Legislative calls for comment

Reminder that SARS has released the draft regulations: CARF and Revised CRS

On 15 September 2025, SARS released for public comment a package of draft regulations and explanatory notes relating to international tax reporting frameworks:

- [Draft Crypto-Asset Reporting Framework \(CARF\) Regulations](#)
- [Explanatory Note on Publication of Draft CARF Regulations](#)
- [Draft Revised Common Reporting Standard \(CRS\) Regulations](#)
- [Explanatory Note on Publication of Draft Revised CRS Regulations](#)

These proposals are part of South Africa's alignment with the OECD's global tax transparency standards, expanding reporting obligations to cover crypto assets while updating the existing CRS regime to close gaps and strengthen compliance.

The SAIT Tax Technical team and the SAIT Technical workgroups will be submitting commentary on the draft regulations above. Members who wish to contribute to SAIT's submission may contact kSESANA@thesait.org.za by no later than 02 October 2025.

Submissions made to SARS and current calls for comment

No submissions on calls for comment were noted during the week of 25 September - 1 October 2025.

Legislative counsel publications

SARS releases updated Interpretation Note 119 (Issue 2)

SARS has issued [Interpretation Note 119 \(Issue 2\)](#), providing updated guidance on the deductibility of expenditure incurred on improvements to land or buildings that are not owned by a taxpayer, under sections 12N and 12NA of the Income Tax Act.

The [Interpretation Note](#) clarifies when taxpayers who hold only a right of use or occupation rather than ownership, may still be deemed owners for tax purposes, enabling them to claim capital allowances on improvements made under Public Private Partnerships (PPPs), leases with government entities, or specified state-related arrangements. It provides clear direction on the requirements for such deductions, including the treatment of obligatory versus voluntary improvements, how expenditure is recognised, and how allowances must be calculated and claimed over time.

Importantly, the [Interpretation Note](#) outlines exclusions, such as taxpayers conducting banking, financial services or insurance activities, and specifies circumstances under which sub-letting disqualifies a taxpayer — unless within the same group of companies and subject to strict conditions. It further explains the implications upon termination of use or occupation rights, including deemed disposals, potential recoupment or capital gains consequences, and interactions with government grants under section 12P.

Members who finance or develop improvements on government-owned property, particularly those involved in PPPs, infrastructure projects, renewable energy initiatives,

or leasehold developments, are encouraged to carefully review [Interpretation Note 119](#) to ensure correct application of deductions and compliance with SARS requirements.

Consequently, the original version of aforementioned interpretation note has been archived. Members may consult the [archived Interpretation Note 119](#), to analyse the implemented amendments.

Published court cases

The following Tax court case was published by SARS:

Date of delivery	Case	Relevant Legislation
5/09/2025	IT 46010	<ul style="list-style-type: none">Mineral and Petroleum Resources Royalty Act, 2008Tax Administration Act, 2011
Keywords: Royalty liability and calculation This is an appeal against the decision of the respondent, SARS, to raise additional assessments for the 2015 and 2017 tax years (the relevant tax periods) regarding royalties imposed under the Mineral and Petroleum Resources Royalty Act 28 of 2008 (the Royalty Act).		

Other SARS publications and announcements

No other legislative publications or announcements were issued by SARS during the week of 25 September - 1 October 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

Reminder: SARS webinar invite on the Employer Interim Reconciliation

As previously communicated, SARS will host a webinar on 2 October 2025 that will provide practical guidance on the 2025 Interim Reconciliation.

Attendees will gain insights into:

- Troubleshooting common EMP501 submission issues;
- Payroll Data preparation,
- System Compliance, and
- Employer Obligations.

Details of the webinar as follows:

Date: Thursday, 2 October 2025

Time: 17:00–19:00

YouTube link: <https://youtube.com/live/mEy9pqq-Ur8?feature=share>

Register here: https://sars-gov-za.zoom.us/webinar/register/WN_K2ES6FrYT5ms_joOjnMB1g

YouTube link: <https://youtube.com/live/mEy9pqq-Ur8?feature=share>

Media Release: Half Year Revenue Payment

At the midpoint of the financial year, SARS has observed an increase in taxpayer interactions across its digital payment platforms. In an effort to ensure continued compliance and avoid unnecessary penalties, SARS has reiterated the importance of timely tax payments and secure online behaviour. Taxpayers who delayed payments experienced avoidable penalties and interest charges due to last-minute processing issues. This has led SARS to emphasize the benefit of settling tax liabilities as early as possible, regardless of the platform used—be it eFiling, EFT, or direct bank payment.

SARS has also reaffirmed the reliability and security of its digital platforms, which are aligned with global security standards. These systems are designed to protect user data while ensuring convenience and accessibility.

Alongside payment reminders, SARS has flagged a growing trend in phishing and scam attempts targeting taxpayers. These fraudulent messages often include malicious links or requests for personal information. In one scenario, a taxpayer was nearly defrauded after receiving a fake email claiming to be from SARS. Fortunately, the taxpayer verified the communication through official channels before taking action. Taxpayers are urged to remain vigilant and are reminded never to share login credentials, to ignore unsolicited links and only work with registered tax practitioners.

Be reminded that SARS maintains will never ask taxpayers to access its services through third-party links.