

TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 23 - 29 October 2025
(Issue 41 -2025)

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TOP STORIES

South Africa Exits FATF Grey List

On 24 October 2025, the Financial Action Task Force (FATF) announced that South Africa has exited the FATF Grey List, formally called the list of “Jurisdictions under Increased Monitoring”. This decision followed the conclusion of meetings of the FATF Plenary that took place over 22-24 October 2025 in Paris, France.

South Africa was first placed on the grey list in February 2023 after failing to meet several international compliance standards. Since then, the South African government has worked with FATF reviewers to implement 22 key reforms aimed at improving oversight and enforcement mechanisms across financial and legal systems.

As one of the government agencies which contributed to ensuring that the country exits the FATF grey list, SARS stated that they are “proud to have supported the national effort to meet the 22 action items required by the FATF.” Their specific contributions included:

- Stronger investigations: Enhanced collaboration with law enforcement to tackle complex tax, customs, and money-laundering crimes.
- Beneficial ownership transparency: Introduced reporting for companies and trusts; improved data sharing with CIPC and the Master of the High Court.
- Legislative support: Amended the Tax Administration Act to enable inter-agency information exchange.
- Border controls: Rolled out a digital Traveller Management System to track cash movements, fully mandatory by end-2025.
- Capacity building: Trained SARS and law enforcement officials on financial crime detection and information sharing.

South Africa's removal from the FATF grey list represents a significant policy and institutional achievement. While this milestone demonstrates the country's commitment to rebuilding the rule of law, it marks only the beginning of a broader effort to strengthen institutions, improve enforcement and governance, and ensure sustainable progress in combating money laundering, terrorism financing, and proliferation financing.

The FATF requires countries that have exited the grey list to demonstrate continued commitment through measurable outcomes, such as successful investigations, prosecutions, and sanctions. These results will form the basis of South Africa's next FATF Mutual Evaluation, expected to take place from the first half of 2026 to October 2027.

South Africa's removal from the grey list is expected to positively impact investment inflows and improve the overall business environment, thereby strengthening South Africa's standing as a credible and transparent member of the global financial system.

The full media statements from the National Treasury and SARS can be accessed [here](#) and [here](#).

Extension for Submission of GloBE Notices and Information Returns

SARS has announced an extension of key deadlines for the submission of Notices of Designated Local Entities, Designated Filing Entities, Ultimate Parent Entities, and GloBE Information Returns for the fiscal year commencing on or after 1 January 2024 but before 1 January 2025. This extension is issued in terms of section 25(7) of the Tax Administration Act, 2011 (Act No. 28 of 2011), and is intended to provide taxpayers with additional time to comply with the requirements of the Global Minimum Tax Administration Act, 2024.

The extension is as follows:

- With regards to the date to submit a Notice of the Designated Local Entity, Designated Filing Entity or Ultimate Parent Entity to submit a GloBE Information Return, where that Notice is due before 30 April 2026 under section 2(3)(b)(i) or section 4(2) of the Global Minimum Tax Administration Act, 2024, the date is extended to 30 April 2026; and
- With regards to the date to submit a GloBE Information Return that is due before 30 June 2026 under section 3(b) of the Global Minimum Tax Administration Act, 2024, the date is extended to 30 June 2026.

The full notice can be accessed on the [SARS website](#).

#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

Deadline Reminder for Employer's Interim Declarations

The submission period for the Employer Interim Reconciliations is from 22 September to 31 October 2025. Employers and Tax Practitioners are reminded that they must reconcile their declarations for the first six months of the reconciliation year (1 March 2025 to 31 August 2025) and submit them on eFiling or e@syFile™ Employer.

To submit a correct and complete reconciliation, the interim EMP501 must reflect:

- PAYE, UIF, and SDL values from your previously submitted EMP201 returns, which will prepopulate in the EMP501. Where these values differ from the interim IRP5/IT3(a) certificates generated, employers must amend the prepopulated figures to the correct amounts;
- Payments made during the period (excluding any penalties and interest); and
- Accurate payroll information together with the IRP5/IT3(a) tax certificates for the period 1 March 2025 to 31 August 2025.

Employers and Tax Practitioners are reminded of the key changes this period, which include:

- Utilising the new e@syFile Thin Client, which is now the primary submission channel for all employers.
- Updated Business Requirements Specifications (BRS), which introduced new source codes, changes to validation rules, and amendments to some source code descriptions.
- Enforcement of Income Tax numbers, where employers will no longer be able to submit reconciliations without valid Income Tax numbers for all employees.

Accurate and timely submissions are critical as late submission of an EMP501 will result in administrative penalties. Employers and Tax Practitioners are encouraged to access the [SARS website](#) for more detailed guidance on the Employer Interim Reconciliation period.

Enhanced Reporting Requirements for Section 18A Receipts

SARS has introduced more detailed requirements for receipts issued under section 18A(2) (a) of the Income Tax Act, reflecting a strengthened focus on transparency, compliance, and third-party reporting in charitable donations.

These updates ensure that both donors and s18A recipients provide sufficient information to support proper tax deductions and enhance regulatory oversight.

Receipts must now further include comprehensive details about the donor, particularly to accurately identify and verify their status.

Required donor information includes:

- Nature of the donor (e.g., natural person, company, trust)
- Identification type and country of issue (for natural persons)
- Identification or registration number (for juristic persons)
- Trading name, if different from the registered name
- Income tax reference number
- Contact number and email address

For donations made in kind, receipts must provide:

- A clear and accurate description of the property donated
- The deemed deduction amount under section 18A (3) or (3A) of the Income Tax Act

Additionally, all receipts must include a unique receipt number to ensure traceability and accountability.

These enhanced requirements improve the integrity of the donation process and strengthen third-party reporting, allowing SARS to better track donations and verify claims. S18A recipients are now responsible for capturing detailed donor information, while donors must provide accurate details. This facilitates proper tax deduction claims, enhances compliance, and reduces the potential for misuse of donated funds.

These changes are effective from 1 March 2026. The full notice can be accessed [here](#).

Reminder: Phase 1 of the Expedited Tax-Debt Compromise Process Explained

As noted above, and to promote enhanced voluntary compliance, SARS has introduced a more accessible Compromise Process in terms of the Tax Administration Act. This streamlined mechanism is intended to assist taxpayers in settling outstanding tax debts in a sustainable manner. SARS is collaborating closely with Recognised Controlling Bodies (RCBs) and tax practitioners to ensure the effective implementation of this initiative.

During the SARS–SAIT webinar, the following were highlighted:

1. Formal Application Process

Phase 1 focuses on qualifying taxpayers who are linked to registered tax practitioners.

- **Submission of Applications:** Expedited Compromise applications must be submitted via email to compromisecampaign@sars.gov.za.
Please note: Only compromise applications should be sent to this address. Any queries or general questions regarding the initiative should be directed to the SARS Contact Centre or to the tax practitioner's RCB.
- **Application Period:** The formal application window runs from 13 October 2025 to 31 December 2025.
- **Settlement Terms:** Approved compromise settlements may be paid either in full or in instalments over a period not exceeding six months.
- **Post-Implementation Enforcement:** Following the conclusion of the application period, SARS intends to intensify enforcement actions against continued non-compliance, including the issuance of civil judgments and writs of execution. To support this effort, SARS is in the process of engaging 260 legal collectors and 30 legal practitioners.

2. Qualifying Criteria

The following criteria are required to qualify for the Expedited Compromise application:

- The taxpayer must be a client of a tax practitioner, as defined by SARS.
- The debt must be older than 12 months (the principal debt should be at least 12 months old).
- The debt should not be in dispute, unless the dispute is to be formally withdrawn. A separate process exists for disputed cases.
- The applicant must not be insolvent or deceased.
- The entity must not be in the final stages of deregistration with the CIPC.
- The debt must not have arisen from fraudulent activity.

- There must be no ongoing suspension of the debt.
- The debt should not have been previously written off as part of a compromise or business rescue process.
- The taxpayer's tax affairs must be up to date.

3. Required Supporting Documentation

All applicants must provide comprehensive relevant supporting documentation with the submissions in line with Part D of Chapter 14 of the Tax Administration Act.

This would include (but not limited to):

1. Last six months' bank statements
 - Cashflow forecast for 12 months.
 - List of Assets and Liabilities.
 - Debtor's Age analysis.
2. Application letter with a clear motivation, an offer amount and source of funds to pay the offered amount.
 - Collection Information Statement (CIS) to be completed – Request with reasons and proof to compromise the debt in terms of s200/201/202 of the TAA. Follow the link to the required form – Collection Information Statement (CIS).

SARS has indicated that qualifying applications will be finalised within four weeks of receipt of a complete submission. This timeline is supported by the establishment of dedicated processes and resources to manage the applications efficiently.

It is important to note that only new applications submitted during the campaign will be considered. Any taxpayer who already has a compromise request in progress prior to the campaign will continue through the existing process and will not be included in the pilot phase.

For further information, members are encouraged to review the SARS presentation, consult the SARS FAQs, and watch the SARS-SAIT webinar, all of which are available on the [SAIT website](#).

Reminder on Trust Return Guidance

SAIT has engaged with SARS regarding the implications of a new question introduced on the ITR12T. The question asks: "Did the Trust submit an IT3(t) return?" and appears on the return as follows:

c) **'Did the Trust submit an IT3(t) return?' (Select 'Y' or 'N')**

The issue that has arisen is that when a taxpayer selects "Y," they are prevented from adding any beneficiary containers or related information. Conversely, if they select "N," they can enter beneficiary details as usual. SAIT raised the following questions:

SAIT Question: Does the submission of the IT3(t) replace the need to add a beneficiary container on the ITR12T? The IT3(t) is a replica of the beneficiary container on the ITR12T, so it makes sense that it replaces the need for the beneficiary container on the ITR12T. But there is one question, not on the IT3(t), but on the beneficiary container, and that is the question on the capital distribution under the financial flows section.

SARS Answer: For the 2025 year of assessment (YOA), the information submitted by way of the IT3(t) will NOT be used to prepopulate the return. It is envisaged that, for the 2026 YOA, this information will, however, be used to populate the returns of the beneficiaries (IT12, IT12T or IT14) and the aggregate in the return of the submitting trust. Also bear in mind that an IT3(t) is a third-party data return that provides information on financial flows as per the “evergreen” third-party public notice. This notice (and the BRS) does not require any capital flows to be disclosed.

SAIT Question: What happens if the taxpayer enters “No” instead of “Yes” even though they did in fact submit the IT3(t) information? Does this selection change the IT3(t) in any way? Let’s say the IT3(t) was R100k, but the beneficiary container states the distribution as R90K, so the beneficiary container on the ITR12T is different from the IT3(t) submission. Does this affect the IT3(t) submission in any way? Will the return be rejected?

SARS Answer: Selecting “No” to the question will have no impact on the IT3(t) return, nor will it impact the ITR12T. It is currently the proposed workaround for the issue being experienced.

SAIT Question: What happens if the ITR12T (the income containers on the return) states R120k was distributed to the beneficiary, but the IT3(t) only records R100k (in other words, what happens if the ITR12T (the return itself) and the IT3(t) do not balance)? Will the return be rejected?

SARS Answer: Please refer to the first question above. For the 2025 YOA, no pre-population or integration takes place. These scenarios are those that are currently being considered for the 2026 filing season implementation.

Additionally, during the National SARS Operations forum on Monday, 20 October, SARS reiterated that trustees and tax practitioners should contact Bus_Sys_CDSupport@sars.gov.za for assistance if any of the pre-populated IT3(t) data on the ITR12T is incorrect.

Trusts are reminded that the final deadline for provisional and non-provisional trust tax return submissions is 19 January 2026. More information on the trust filing season can be accessed [here](#).

Reminder on the Latest Scam: Final Demand Notification

SARS has identified a fraudulent PDF being sent to taxpayers, circulating with the subject line: “LEGAL RULING SUMMON DEMAND AS AT 21 10 2025.” Scams are changed regularly, so the subject line may differ. The attached letter contains a link to a fraudulent phishing website.

Taxpayers and tax practitioners are strongly advised not to click on any suspicious links or attachments and that they should always type in the SARS eFiling address in the browser or click on the eFiling login from the SARS website.

If you are uncertain about the authenticity of any communication, consult the [Scams & Phishing webpage](#) or contact the SARS Anti-Phishing team directly at phishing@sars.gov.za.

Preview of this scam:

Enquiries should be addressed to SARS:

Contact Detail

SARS
Alberton
1528

Contact Centre Tel: 0800 00 SARS (7277)
SARS online: www.sars.gov.za

Details

Case Number: 523550024
Issue Date: 2025/10/13

Always quote the reference number when contacting SARS.

Dear Taxpayer
DEBT MANAGEMENT - FINAL DEMAND

We act under instruction from the South African Revenue Service (SARS) to transmit the attached demand letter, issued in accordance with the Court's Notice of Motion.

According to the records of the South African Revenue Service (SARS), you have failed to pay your tax debt for one or more tax year(s) and/or tax period(s).

Despite prior correspondence and lawful demands, no payment or satisfactory arrangement has been made to settle the amount due.

You are hereby directed to review your official Tax Due Statement and Court Order by accessing the attach below:

[VIEW DOCUMENT HERE](#)

<https://filepost.io/d/6TdVwvAftZW/>

You are granted twenty-four (24) hours from receipt of this notice to make full payment or settle the matter as directed. Failure to comply will result in default judgment and immediate legal enforcement, including asset attachment, garnishee orders, or other recovery actions under the Tax Administration Act.

ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE

SAIT TaxHelpline – Escalations

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

The most urgent escalations this week include:

1. Delays in finalising and the payment of refunds.
2. Delays in finalising and issuing deceased estate letters.
3. Delays in finalising registered representative request.
4. Delays in finalising income tax verifications and objections.

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

There were no regional or national meetings held during the week of 23 – 29 October.

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. North West – 17 November 2025
4. Western Cape – 19 November 2025
5. Gauteng – 20 November 2025
6. Northern Region – 1 December 2025

Other meetings of interest

1. RCB Forum meeting – 11 November 2025; and
2. SARS National Operational Forum – 20 November 2025.

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: October 2025

Month	Date	Tax Type	Notification
October 2025	07/10/2025	Employment Taxes	EMP201 - Submissions and payments
	20/10/2025	Income Tax	ITR12T - Opening of Trust Filing Season
	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
November 2025	07/11/2025	Employment Taxes	EMP201 - Submissions and payments
	25/11/2025	Value-Added Tax	VAT201 - Manual submissions and payments
	28/11/2025	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 23 – 29 October 2025.

Other SARS and related operational publications and announcements

Reminder that SARS Published the Latest Tax Practitioner Connect

SARS has released the 67th edition of its Tax Practitioner Connect newsletter. This issue highlights:

- Employers' Interim Reconciliation Declarations Is Part of Filing Season
- Enhancements to e@syFile™
- SARS Commits to Expedited Tax-Debt Compromise Process
- SARS Email Correspondence Now More Secure
- SARS Online Query System Guide Updated

Members can read the full edition of the newsletter [here](#).

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

Reminder: SARS Training on the Employer Interim Reconciliation

On 15 October 2025, the Free State and Northern Cape regions hosted an e@syFile Interim Reconciliation training session, providing payroll officers with an opportunity to share their experiences and raise questions about challenges encountered on e@syFile.

Practitioners who were unable to attend, as well as those from other regions, can access key insights and takeaways from the session [here](#).

Additionally, employers and practitioners who were unable to join the webinar can access the [slideshow presentation](#) that was presented during the e@syfile webinar on 02 October. The [e@syfile version 8 Installation presentation](#) and the recording of this webinar can be accessed on the [SARS TV YouTube Channel](#).

Key tax practitioner news

Government & stakeholder newsletters

Reminder: Government Connect Issue 31 (October Issue)

On 16 October 2025, SARS published the Government Connect Issue 31.

[In this edition](#), SARS highlighted the upcoming Employer Interim Reconciliation submission period, outlined requirements for a successful EMP501 submission, and shared important enhancements to the e@syFile™ platform.

Other tax practitioner access and functionality publications and announcements

No other tax practitioner access and functionality publications and announcements during the week of 23 – 29 October 2025.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

National Legislation

Reminder that SAIT Engaged Parliament on the 2025 Draft Tax Bills

On Wednesday, 22 October, SAIT presented on the Draft Taxation Laws Amendment Bill, 2025, and the Draft Tax Administration Laws Amendment Bill, 2025, to the Standing Committee on Finance and the Select Committee on Finance during the public hearings on the 2025 Draft Taxation and Tax Administration Laws Amendment Bills (TLAB & TALAB). These hearings offer stakeholders across the country, including tax professionals, business groups, and members of the public, the opportunity to share their views on proposed tax legislation for the upcoming year.

Representing SAIT, the Deputy Acting Chief Executive Officer (CEO), Ms Keitumetse Sesana, provided expert insights and recommendations that reflect SAIT's ongoing commitment to monitoring and engaging with the legislative process. Through such engagements, SAIT ensures that stakeholders remain informed and equipped to navigate potential tax implications of legislative changes.

Our written submissions, where we performed a concise line-by-line analysis, can be found on our [website](#).

In this [presentation](#), SAIT recommended a proposal to limit the repeal of assessed losses for non-commercial trades to prevent abuse and reconsider the removal of the foreign retirement benefit and the exemption to better align with South Africa's residence-based taxation regime and enhanced anti-avoidance measures that target hybrid equity instruments and collective investment schemes (CIS).

SAIT also called for clarity regarding the VAT treatment of airtime vouchers used offshore and recommended removing the de minimis threshold on VAT for low-value imports. In addition, SAIT emphasised the importance of extending allowances and incentives under Phase 2 of the Carbon Tax.

The Draft TALAB was noted for its proposals to clarify audit requirements for public benefit organisations and to simplify customs entries for express and door-to-door deliveries. Further priorities included the introduction of duties on waste generated from imported goods in processing plants, the roll-out of a voluntary disclosure programme for customs and excise, and the VAT Modernisation Project, which seeks to streamline compliance. The bill also offers clearer definitions relating to bona fide errors in the context of understatement penalties.

This engagement is important against the backdrop of significant economic implications for taxpayers and businesses. For instance, repealing the foreign retirement benefit exemption has the potential to negatively affect South Africa's attractiveness as a retirement destination and could negatively influence both inward migration and investment prospects.

SAIT's presentation to the Standing Committee on Finance and the Select Committee on Finance during the public hearings on the 2025 Draft TLAB and TALAB demonstrates its firm commitment to advocating for well-balanced tax policies that foster sustainable economic

growth, ensure fairness, and protect taxpayer rights. In doing so, SAIT helps position South Africa to remain open for business as it adapts to evolving global and domestic tax frameworks.

SAIT's engagement in this process exemplifies the significant value it brings to the ongoing review of tax legislation. As South Africa's largest and most recognised professional tax body, SAIT combines deep technical expertise with an extensive understanding of the real-world impact of tax policy. Its contributions are anchored in a commitment to high standards of practice, ethical governance, and independent analysis, which elevate the national tax debate and safeguard the interests of both taxpayers and the broader economy. By facilitating informed, constructive dialogue between policymakers, tax professionals and industry stakeholders, SAIT helps ensure that reforms are balanced, practical, and genuinely support sustainable economic growth and equitable treatment for all taxpayers.

LEGISLATIVE INTERPRETATION

Legislative calls for comment

Reminder: Draft Interpretation Note for Public Comments

SARS has published the following draft Interpretation Note for comment:
Draft Interpretation Note – Reduced Assessments: Meaning of “Readily Apparent Undisputed Error”, which provides guidance on the interpretation and application of section 93(1)(d) of the Tax Administration Act 28 of 2011.

The draft [note](#) clarifies the circumstances under which SARS may issue a reduced assessment where a “readily apparent undisputed error” exists in either an assessment by SARS or a return submitted by a taxpayer. It explains that this mechanism serves as a less formal, cost-effective alternative to the normal dispute resolution process under Chapter 9 of the Tax Administration Act but applies only where the error is both readily apparent and undisputed.

The [note](#) further elaborates on SARS' discretionary power to make reduced assessments, the taxpayer's burden of proof, the meaning of key terms such as “readily apparent,” “undisputed,” and “error,” and provides practical examples illustrating their application. It also discusses the limitations on the issuance of assessments under section 93(1)(d) and the requirement that SARS must be “satisfied” that all criteria have been met before granting relief.

The SAIT Tax Technical team is currently reviewing this draft Interpretation Note to provide feedback to SARS. Members who wish to submit their commentary are invited to email ksesana@thesait.org.za by no later than 6 November 2025 to ensure their input is considered before final comments are consolidated and submitted to SARS.

Submissions made to SARS and current calls for comment

No submissions were made to SARS during the week of 23 – 29 October 2025.

Legislative counsel publications

Enhanced Reporting Requirements for Section 18A Receipts

SARS has published the terms of section 18A(2)(a)(vii) prescribing the further information that must be contained in a receipt issued in terms of section 18A(2)(a) of the Act:

Publication date	GG and Notice Numbers	Implementation date
24/10/2025	GG 53589 Notice 6762	1 March 2026
Description Notice published in terms of section 18A(2)(a)(vii) prescribing the further information that must be contained in a receipt issued in terms of section 18A(2)(a) of the Act. • Notice 6762		

Extension for Submission of GloBE Notices and Information Returns

SARS has announced an extension of key deadlines for the submission of Notices of Designated Local Entities, Designated Filing Entities, Ultimate Parent Entities, and GloBE Information Returns for the fiscal year commencing on or after 1 January 2024 but before 1 January 2025.

Publication date	GG and Notice Numbers	Implementation date
28/10/2025	GG 53590 Notice 6763	28 October 2025
Description Extension in terms of section 25(7), of the due date for notices and the due date for GLOBE Information Returns for the Fiscal Year commencing on or after 1 January 2024 but before 1 January 2025. • Notice 6763		

Reminder on the Withdrawal Notice of Practice Note 36

Practice Note 36 of 1996, which was issued on 13/01/1995 has been withdrawn on 16/10/2025

The Note, which focused on the Valuation of trading stock, has been replaced by [Interpretation Note 140](#) with effect from 16 October 2025.

Reminder that SARS Issued Interpretation Note 140 on Diminution in Closing Stock Value

The [note](#) provides clarity on how taxpayers should determine and report any reduction in the value of trading stock held at year-end. It confirms that closing stock is included in gross income at cost price, reduced only where there has been a justified and quantifiable diminution due to one of the recognised reasons: damage, deterioration, change in fashion, decrease in market value, or another reason accepted by the Commissioner.

SARS emphasises that any diminution must be based on actual events that have already occurred by year-end or on events reasonably certain to occur in the following year. The note clarifies that the benchmark for measuring any reduction is cost price and not anticipated selling price or net realisable value. Case law, including Volkswagen South Africa and Atlas Copco, is referenced to illustrate when the Commissioner may allow a write-down. Importantly, the determination may be done on an item-by-item or appropriate category basis. The introduction of proviso (ii) confirms that taxpayers need not offset reductions in some stock items against increases in others. SARS stresses that only reductions below cost price are relevant and that taxpayers bear the onus to substantiate the extent and cause of any diminution with evidence.

The [note](#) further outlines disclosure requirements in tax returns, indicating that any valuation below cost must be explained and supported, as understatement penalties may arise for non-compliance. Examples are included to demonstrate acceptable methodologies and the timing of events that justify a write-down.

Members are encouraged to study the [note](#) carefully, and ensure their stock valuation practices align with its guidance. Professional advice should be sought where there is uncertainty about eligibility for reductions or the evidence required.

Published court cases

The following Tax court case was published by SARS:

Date of delivery	Case	Relevant Legislation
18/09/2025	Ditsoane Trading Project CC v CSARS (4438/2023)	• Tax Administration Act, 2011
Keywords: Application for leave to appeal decision taken in terms of section 222 and 223(3) of the Tax Administration Act 28 of 2011 (the TAA) – objection of this nature to be referred to the tax board or tax court as a default position – no automatic access to the High Court for appeals and objections emanating from decisions taken in terms of sections 222 and 223 of the TAA.		

Other SARS publications and announcements

No other SARS and related operational publications and announcements were noted during the week of 23 – 29 October 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

OTO Releases Annual Report 2024/25

The OTO has published the annual report for the 2024/25 financial year.

This year's report highlights their continued commitment to protecting fairness, accountability, and transparency in South Africa's tax administration. It also reflects on key milestones, challenges addressed, and the impact of our work in protecting taxpayer rights.

Some of the highlights of the report include, but are not limited to:

- 99.33% of the OTO's recommendations to SARS were implemented.
- The value of the top ten refunds paid out to taxpayers after the OTO's intervention amounted to R167 982 007.52.
- 4 847 complaints were received by the OTO.
- Implementation of section 20(2) of the Tax Administration Act, which strengthens the OTO's oversight function by requiring SARS to give reasons for not implementing the OTO's recommendation.

The full annual report can be read [here](#).