

TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 06 - 12 November 2025
(Issue 43 -2025)

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TOP STORIES

Finance Minister Tables 2025 MTBPS

On 12 November 2025, the Minister of Finance, Enoch Godongwana, tabled the 2025 Medium-Term Budget Policy Statement (MTBPS), outlining the government's strategy to stabilise public finances and advance structural reforms.

Key takeaways from the MTBPS include:

- **Inflation Target:** South Africa's new inflation target has been set at 3% with a 1 percentage point tolerance band, replacing the previous 3–6% range. This adjustment, agreed with the South African Reserve Bank, is intended to anchor inflation expectations better, enhance monetary credibility, and align with international best practice.
- **Revenue Adjustments:**
 - o The Minister revised the 2025 Budget net tax-revenue estimate from R1 985.6 billion to R2 005.3 billion.
 - o Due to stronger household expenditure, the gross tax revenue for the 2025/26 is R19.7 billion higher than expectations. Lower than expected VAT refunds also contributed to the improved revenue.
 - o SARS secured R131.6 billion from compliance activities, up from R122.6 billion in the previous year.
 - o Debt collections reached R47.1 billion, an increase of 7.5% from the previous year.
- **Planned Tax Increases:** Although tax revenue has exceeded expectations, the government has planned R20 billion in tax increases for 2026. These increases may be withdrawn if SARS is able to generate the additional revenue.

While the lower inflation target and slower nominal GDP growth may exert short-term fiscal pressure, the Minister emphasised that the long-term benefits, including lower interest rates, stronger confidence, and increased job creation, outweigh the costs.

The National Treasury and the South African Reserve Bank reaffirmed their commitment to close policy coordination as South Africa navigates global uncertainty and domestic structural challenges. The full MTBPS can be read [here](#).

The Minister also tabled the following bills in the National Assembly:

[\[B00-2025\] Division of Revenue Amendment Bill](#)

[\[B27-2025\] Adjustments Appropriation Bill](#)

[\[B30-2025\] Taxation Laws Amendment Bill](#)

[\[B29-2025\] Tax Administration Laws Amendment Bill](#)

For detailed information, you can access the [Minister's speech](#) and the [2025 policy documents](#).

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Practice: Weekly Highlights

Send your article to
taxassist@thesait.org.za.

Approximately 500 – 1500 words

MEMBERS' DIGEST

Tax Governance in Small Accounting Practices: Lessons from Recent SARS Audit Trends

Written by: Juliet Mufuka,
Tax Practitioner (JASP Accounting and Tax Advisory)



1. Introduction

Tax governance has emerged as a central pillar of responsible practice management in South Africa's evolving compliance landscape. The South African Revenue Service (SARS) has intensified its scrutiny of both taxpayers and the tax practitioners who assist them. While large firms often have formal governance structures, small and medium-sized practices remain exposed to reputational, operational, and compliance risk when internal controls are weak.

This article examines the meaning of tax governance in the context of small practices, outlines recent SARS audit trends that have brought governance deficiencies to light, and proposes practical mechanisms to strengthen governance frameworks. The discussion draws on the Tax Administration Act 28 of 2011 (TAA), the Income Tax Act 58 of 1962, and the SAIT Code of Conduct, all of which impose direct obligations on registered tax practitioners.

2. Defining Tax Governance

Tax governance refers to the systems, policies, and oversight processes through which a tax function ensures that all activities relating to tax compliance, planning, and reporting are conducted ethically, transparently, and in

accordance with the law.

In the South African context, tax governance aligns with the King IV Report on Corporate Governance (2016), which emphasises accountability, integrity, and transparency. Although King IV was drafted primarily for corporate entities, its principles apply proportionately to professional firms of any size.

For small accounting firms, tax governance encompasses documented policies guiding tax advice and return preparation; internal review mechanisms to detect errors before submission; adequate record-keeping and audit trails; ethical screening of clients and engagements; and continuous professional development to ensure technical competence. Strong governance mitigates the risk of contravention under section 240A of the TAA, which governs practitioner conduct, and reduces exposure to administrative penalties under section 210 for non-compliance.

3. The Compliance Environment and SARS's Evolving Focus

SARS has undergone a significant digital transformation over the past five years. Enhanced data analytics, third-party data integration, and automated risk profiling have improved the agency's ability to detect inconsistencies in taxpayer information and practitioner submissions.

Key developments affecting small practices include increased verification and audit activity, practitioner compliance reviews, and heightened penalty enforcement. Recent enforcement trends show that administrative lapses in small practices are increasingly viewed as governance failures rather than mere oversights.

4. Common Governance Gaps in Small Practices

Despite technical proficiency, many smaller firms experience operational weaknesses that undermine compliance. SARS audit reports and RCB disciplinary summaries reveal several

recurring issues:

1. Absence of documented engagement letters.
2. Inconsistent quality-control reviews.
3. Inadequate record-keeping.
4. Limited independence and conflict-management procedures.
5. Insufficient ethics and compliance training.

Such weaknesses erode client confidence and expose practices to penalties or disciplinary referral under section 241 of the TAA.

5. Strengthening Tax Governance Frameworks

Enhancing governance in small accounting practices does not require extensive bureaucracy. A structured but scalable framework can provide adequate oversight and compliance assurance.

Practical steps include establishing a Tax Governance Policy, formalising client engagements, implementing internal reviews, maintaining comprehensive records, investing in staff training, integrating digital tools, and monitoring ethical standards. These mechanisms collectively demonstrate due diligence and professionalism.

6. SARS Audit Lessons and Practical Implications

Recent SARS engagements provide several instructive lessons for practitioners: substantiation is paramount; client declarations are critical; third-party data matching cannot be ignored; transparency reduces disputes; and governance culture starts at the leadership level. These lessons illustrate that good tax governance is both a defensive and proactive strategy.

7. The Role of Recognised Controlling Bodies

Recognised controlling bodies such as SAIT play a pivotal role in promoting governance within the profession. RCBs ensure that practitioners maintain registration, observe continuing professional education standards, and are subject to investigation and discipline where conduct falls short. By embedding RCB principles into internal frameworks, small practices can align accountability with regulatory expectations.

8. Benefits of Sound Tax Governance

The benefits of strong governance in small practices extend beyond compliance: reduced risk of penalties and disputes, improved efficiency, enhanced reputation, and better succession planning. Governance transforms compliance from a reactive activity into a strategic asset that supports business growth and professional credibility.

9. Conclusion

Tax governance is no longer optional, it is integral to sustainable tax practice management. As SARS continues to leverage technology and data analytics, practitioners who fail to establish robust frameworks will face heightened scrutiny. Small practices should view governance as a disciplined framework for ethical conduct, accuracy, and accountability. Embedded governance safeguards practitioners, strengthens the integrity of the tax system, and upholds the professional standards expected of SAIT members.

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Reminder on the Revised Timeline Announced for GloBE Project Implementation

SARS has rescheduled the launch of the GloBE registration and notification function on eFiling from December 2025 to 16 March 2026. This adjustment ensures system quality and compliance with international standards.

SARS explained that the revised timeline results from the need to align multiple technology systems and to keep pace with evolving international standards. These measures are essential to uphold the GloBE solution's integrity and protect the interests of all affected parties.

Members are reminded of SARS' announcement of the 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.

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.

SARS has advised that further guidance will be issued closer to the March implementation date, including system readiness updates and taxpayer testing timelines.

Members are encouraged to visit the [Global Minimum Tax webpage](#) for full details regarding the revised deadlines. Additionally, queries should be directed to LBqueries.Globe@sars.gov.za.

Reminder: Tax Exempt Institutions Modernisation

On Monday, 3 November 2025, SARS hosted a presentation to introduce Phase 1 of the Tax-Exempt Institutions (TEI) Modernisation Project.

The session aimed to brief Recognised Controlling Bodies (RCBs) on the planned initiatives and upcoming changes relating to Exempt Institutions.

SARS outlined that the modernisation of the TEI segment will be implemented in three phases:

- Phase 1: Exempt Institutions Application
- Phase 2: Automation of Assessments
- Phase 3: Legal Entity Registration with the Department of Social Development

Phase 1, which focuses on automating exempt institutions' applications, is scheduled to launch on 5 December 2025

Key highlights of this rollout include:

- Mandatory income tax registration: applicants seeking tax-exempt status must first be registered for Income Tax before submitting an exemption application.
- Online application via RAV01 on eFiling.
- Dynamic, rule-driven application form: the form will automatically adjust based on the applicant's inputs and exemption type.
- Enhanced service experience: more service touchpoints and improved user interaction.
- Personalised service: tailored processes aligned with the specific exemption category.
- Improved transparency and certainty:
 - o Comprehensive list of required supporting documents.
 - o Clear and specific reasons for any application rejections.
 - o Applicants will have 21 business days to submit outstanding documentation.
 - o Clear communication channels with all registered office bearers.

SARS emphasised the importance of trade testing ahead of the official launch. Practitioners will have the opportunity to volunteer for pre-launch testing, and the TEI segment will conduct comprehensive training sessions to ensure a smooth transition to the new system.

This initiative marks an exciting step forward in the digital transformation of SARS' services, promising greater efficiency, transparency, and accessibility for both practitioners and exempt institutions.

Reminder: SARS Implements Fixes for Errors on the ITR12T Return

On Saturday, 1 November 2025, SARS implemented a digital systems update. As part of this update, the following issues previously encountered with the ITR12T submission have been resolved:

Issue	Description	Result of fix being implemented
Validating age limit on type (b) special trust.	When a user or taxpayer requests a trust tax return for a type (b) special trust, they are prompted to confirm whether the youngest beneficiary is still under the age of 18. Previously, this pop-up message appeared for all trust types, even when the trust was not classified as a type (b) special trust. This has now been corrected, to only appear when the trust classification is type (b) special trust.	The question "Is the youngest beneficiary younger than 18 years of age?" will now only appear for type (b) special trusts. Taxpayers who select "No", will be redirected to the RAV to rectify the classification of the trust.
Tick-box - "Is the founder deceased?" results in non-availability of Beneficial Ownership containers.	The provision of Beneficial Ownership information should only be removed for the founder if the founder is deceased. The containers for all other beneficial ownership categories (trustees, beneficiaries, etc.) should remain available for completion.	When the tick-box "Is the founder deceased?" is selected, the founder's details will not be required, but all other Beneficial Ownership information will remain available for editing or confirmation purposes.
Pre-population of Beneficial Ownership information.	Beneficial Ownership information did not previously populate when the return was requested.	Beneficial Ownership information will now correctly pre-populate when the return is selected.
Beneficial Ownership information is not displayed correctly on the read only version.	Beneficial Ownership was not displayed correctly on the ITR12T read only version.	The Beneficial Ownership information will now be displayed correctly on the ITR12T read only version after completion.

Local rental loss trust issue.	The Taxable in Trust (not vested in beneficiaries) field, under the Local Rental Income from the Letting of Fixed Property container, was not calculating correctly when there was a loss.	Rental losses will now be accurately calculated.
Question - "Did the trust submit an IT3(t)?"	When answering "Yes" to the question "Did the trust submit an IT3(t) return?", taxpayers could not complete trust participant information.	The question "Has the trust submitted an IT3(t) return?" has been removed from the 2025 ITR12T.

Members experiencing any further issues should log a query on the [TaxHelpline](#) for further escalation to SARS.

SAIT TaxHelpline – Escalations

As part of our ongoing commitment to serving our members, SAIT escalates appropriate cases within SARS structures on their behalf. For assistance with this, members may 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 tax type deregistrations.
3. Delays in finalising registered representative requests.
4. Delays in finalising returns selected for manual intervention.

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

On 10 November 2025, the Free State and Northern Cape regions held their final regional meeting for 2025. Minutes of the meeting can be accessed [here](#).

On 12 November 2025, the Eastern Cape Gqeberha and Kariega branches held their final tax practitioner meeting for 2025. Minutes of the meeting will be available in the next edition of the weekly newsletter.

Upcoming RCB/SARS regional and national meetings

1. North West – 17 November 2025
2. Kwa-Zulu-Natal – 17 November 2025 [Tax Practitioner's Meeting]

3. Western Cape – 19 November 2025
4. Gauteng – 20 November 2025
5. Eastern Cape – 28 November 2025
6. Northern Region – 01 December 2025
7. Limpopo – 09 December 2025

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: November 2025

Month	Date	Tax Type	Notification
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

Reminder: SARS Northern Region to Host SMME Webinar

SARS will be hosting a Tax Compliance webinar tailored for Small, Medium and Micro Enterprises (SMMEs) as part of its Global Entrepreneurship Week. The webinar will provide insights into tax obligations, compliance requirements and how SARS supports entrepreneurs in businesses.

The webinar details and topics are as follows:

Date	Tax Topic	Time
18 November 2025	Small Business Compliance & Incentives	10H00-12H00
20 November 2025	Small Business Compliance & Incentives	10H00-12H00

Microsoft Teams

[Join the meeting now](#)

Meeting ID: 310 564 563 237 95

Passcode: Np62Yf3e

Other SARS and related operational publications and announcements

No other SARS and related operational publications and announcements were noted during the week 6 – 12 November 2025.

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

Reminder: Updated e@syFile™ Employer version 8.0.1_328

The e@syFile™ Employer version 8.0.1_328 release notes specify the following changes:

- Correction made when using the Retrieve Certificate History option to 'read' postal address detail.
- Correction made to import files that pass validation but fail to import.
- A change has been made to the Trading name to allow more than 50 characters.

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

Key tax practitioner news

Reminder on Important Update: Stay Compliant, Stay Empowered

Compliance is not just a legal requirement; it is the cornerstone of professionalism. According to Section 240A of the Tax Administration Act 28 of 2011, all Tax Practitioners are legally obliged to register with a Recognised Controlling Body (RCB) and the South African Revenue Service (SARS). Failure to comply with this statutory requirement constitutes a criminal offence.

SAIT's Role and Current Compliance Measures

SAIT is mandated to set and uphold Professional Standards by evaluating, implementing, monitoring, and enforcing compliance with industry-specific legislation, regulations, and ethical codes. To fulfil this mandate, SAIT conducts:

- Annual member compliance updates on renewal (stronger enforcement on 2026)
- SARS Compliance Audit (statutory requirement and key enforcement tool)

Important: All members must maintain compliance. It is their professional prerogative. SAIT's Compliance Team remains available to assist members in meeting these obligations.

Recent Developments and Key Compliance Obligations

Non-compliance places a member's ability to practice at risk and undermines SAIT's legislative mandate. To strengthen the compliance culture, SAIT requires members to:

- Complete and submit the annual SAIT Membership Compliance Declarations.
- Maintain compliance with SARS registration and retention requirements.
- Honour their Continued Professional Development (CPD) obligations.

Causes of Non-Compliance

Non-compliance may arise from:

- Failure to provide updated compliance documentation upon request and/or annually at renewal of membership.
- Consistent failure to pay annual membership fees.
- Breach of membership terms and conditions and codes.
- Failure to comply with directives of the Institute (Secretariat, Compliance Office or

- Disciplinary Structures).
- CPD non-compliance.

Consequences of Non-Compliance

The SAIT Compliance Officer may impose:

- Suspension of Membership: Automatic suspension for members found non-compliant during SAIT or SARS compliance audits.
- Termination of Membership: Persistent non-compliance or CPD default exceeding two compliance cycles (24 months).
- Listing on the Register of Non-Compliant Members: May be published on SAIT's official website and shared with SARS and other RCBs. Members must always maintain their Good Standing.
- Imposition of Costs: Members whose non-compliance leads to suspension, termination, or SARS-mandated deregistration may incur costs.

Critical Update on SARS Deregistration: Remain Compliant to Remain Empowered

If SARS deregisters a member, SAIT cannot reinstate membership until the mandatory six-month deregistration period has lapsed.

Compliance is not just a legal requirement; it is a cornerstone of professionalism. SAIT views compliance as a value-added service that enhances the membership experience and future-proofs the tax profession.

Support Available

If you experience challenges with compliance or accessing CPD resources, the SAIT Education and Compliance departments are ready to assist.

The SAIT Legal and Compliance team would like to thank you for your attention and commitment to compliance!

Government & stakeholder newsletters

No government and stakeholder newsletters were published during the week 6 – 12 November 2025.

Other tax practitioner access and functionality publications and announcements

11 November 2025 – The [Kuruman Mobile Tax Unit schedule for 25 to 27 November 2025](#) is now available.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

National Legislation

Draft Tax Bills and Rates Bill Presentation

On 4 November 2025, the National Treasury and SARS presented their official responses to public submissions on the 2025 Draft Tax Bills before the Finance Standing Committee. SAIT's Acting Deputy CEO, Keitumetse Sesana, who actively participated in the hearings, noted that there has been meaningful progress in several technical areas, particularly regarding schools, cross-border retirement, and collective investment schemes, although some proposals were not accepted.

Below is a detailed analysis of the official responses to key proposals on which SAIT provided commentary.

Reducing the threshold for ring-fencing of assessed losses

(Main reference: Section 20A of the Act: Clause 20 of the Draft TLAB)

The government proposes to lower the marginal tax bracket threshold in section 20A (1) to start from 39%, so ring-fencing applies to more taxpayers engaged in suspect trades as listed in section 20A(2).

Comment: This proposal reduces a tax benefit that encourages savings and inhibits the growth of the middle-income group in a country with poor savings. Why restrict an avenue of savings?

Response: Not accepted. Certain taxpayers continue to utilise assessed losses to offset against other income streams, such as salary income, thereby reducing their overall tax liability. This creates an unfair tax advantage for taxpayers who utilise assessed losses from secondary trades to shelter remuneration income. To correct this imbalance, the proposal introduces an adjustment to align the section 20A(2) income threshold with the 39% marginal tax rate. This ensures that all taxpayers who benefit from using assessed losses to reduce salary income are subject to the ringfencing rules.

Comment: This proposal unfairly impacts middle-income taxpayers and discourages entrepreneurship and “side hustles”. Retain the current threshold or replace it with a fixed monetary value. Introduce sector-specific carve-out rules. Consider safe harbour thresholds, rebuttable presumptions, *de minimis* rules, and transitional relief.

Response: Not accepted. Existing legislated safeguards remain, specifically the three-out-of-five-year escape clause and the ability to set off losses against future income from the same trade, ensuring genuine businesses are not unfairly penalised.

Cross-border tax treatment of retirement funds

(Main reference: Section 10(1)(gC)(ii) of the Act: Clause 12(1)(b) of the Draft TLAB)

The deletion of section 10(1)(gC)(ii) is proposed so that foreign retirement benefits received by SA tax residents are taxed, ensuring consistency with double tax treaties and the residence-based system.

Currently, SA tax residents who receive a private pension from another country, such as Germany, are currently taxed in those countries, yet the DTA grants SA the taxing rights. This amendment would, in principle, then shift the tax to SA, and then no tax would be paid in the other country. The intention is not to create double taxation.

Comment: South Africa risks losing its appeal as a retirement destination. Many expats and foreign retirees contribute to the economy through consumption and VAT. The repeal could discourage skilled professionals and retirees from settling in South Africa.

Comment: Repealing section 10(1)(gC)(ii) will result in double taxation of foreign retirement benefits. Contributions to foreign funds are often made from after-tax income and may not have received tax relief abroad. Taxing the full withdrawal in South Africa is unfair and inconsistent with the EET model applied to local retirement funds.

Comment: Stakeholders propose retaining the exemption “as is” or applying it only to pre-2026 retirees, introducing partial exemptions (e.g., exempting after-tax contributions or the first R1.25 million annually), treaty-based relief or alignment with section 10(1)(o)(ii), and deferring the effective date by three years.

Response: Partially accepted. The amendment is withdrawn. Although the National Treasury is still concerned that South Africa is giving up its taxing rights on foreign pensions, and that the law creates instances of double non-taxation. To find a balance between the need for protection of South Africa’s taxing right under DTA’s, the technical nuances of retirement taxation regimes of several countries and the role of many expats and foreign retirees’ contribution to the economy, the government will initiate a renewed consultative process with stakeholders to identify a balanced approach that both addresses the stakeholder concerns raised and aligns with government’s commitment to prevent double non-taxation.

Refining the definition of “hybrid equity instrument”

(Main reference: Section 8E of the Act: Clause 6 of the Draft TLAB)

Some financial products involving preference shares are being created such that they look and act like loans, even though they’re legally considered shares.

In general, section 8E seeks to stop this by taxing these preference shares as if they were loans, but the law only applies to those with a term of three years or less.

It has come to the Government’s attention that institutions are getting around this rule by creating preference shares with a term just over three years (e.g. three years and one day).

To close this loophole, the government proposed that if a financial product is treated as a loan for accounting purposes, it will also be treated as a loan for tax purposes, regardless of its term. **This proposed amendment was withdrawn on 3 September 2025.**

Reviewing asset-for-share and amalgamation transactions involving collective investment schemes

(Main reference: Section 41, definitions of a “company”, “equity share”; section 42, definitions of “asset-for-share”, “qualifying interest” and section 44 of the Act: Clauses 27, 28 & 29 of the Draft TLAB)

Comment: There are legitimate commercial reasons for asset-for-share transactions involving listed shares, such as regulatory-driven transfers, changes in management companies, or restructuring for efficiency. The proposed blanket denial of rollover relief, in our view, fails to account for these scenarios. Under section 99 of the CISCA Act, CIS portfolios can be merged with investor consent and Financial Sector Conduct Authority (FSCA) approval. ASISA’s July 2024 Guidelines outline key reasons: merging portfolios within the same scheme (pure amalgamation), or transferring portfolios between management companies (onboarding/offboarding). Other amalgamations may also be initiated by management companies.

Response: Partially accepted. The amendments to section 44 will be withdrawn; however, amendments to section 42 will go ahead to the misuse of section 42 rollover relief, in cases where investors benefit from asset-for-share transactions to avoid CGT.

Comment: We recommend that a distinction be drawn between ‘closely held’ and ‘widely held’ CISs. With the aim to balance regulatory oversight, commercial viability and policy intent, it is proposed that roll-over relief should be retained for widely held schemes subject to regulatory oversight (such as FSCA policies), as these are less likely to be used for avoidance purposes.

Response: Partially accepted. Given that there is no definition of ‘closely held’ and time constraints to consider such a limitation for asset for share transactions, it is proposed that the amendment to section 42 be effective as of 1 January 2027 to allow for further consultation in 2026.

Comment: The proposed amendments to sections 41 and 42 wouldn’t result in an income tax liability for tax-exempt investors. However, they would trigger Securities Transfer Tax (STT) liability for the CIS portfolio, since the existing exemption under section 8(1)(a)(i) would no longer apply — impacting all current investors in the CIS portfolio.

Response: Accepted. An STT exemption for in specie transfers to portfolios of CISs will be included in the TLAB, and the effective date will also be delayed to 1 January 2027.

Comment: The definition of ‘company’ in section 41 is proposed to come into operation on 1 March 2026 and applies to years of assessment commencing on or after that date. However, the remaining amendments reference 1 January 2026. As such, we request that the effective date of the amendments to sections 41, 42 and 44 be aligned and come into operation on 1 March 2026 and apply to transactions concluded on or after that date.

Response: Accepted. The effective dates will be aligned.

Taxation of trusts and their beneficiaries

(Main reference: Sections 7(5) and 25B of the Income Tax Act: Clauses 11 and 25 of the Draft TLAB)

It proposed that the Act be amended to ensure that the flow-through and attribution principles only apply to income received by or accrued to resident beneficiaries and resident donors.

Comment: The rationale behind the proposed deletion of the phrase “subject to the provisions of section 7” from section 25B(1) of the Income Tax Act remains unclear. National Treasury is requested to confirm that removing this phrase will not alter the current interaction between sections 7 and 25B.

Response: Accepted. Changes will be made to make section 25B subject to section 7(2) to (8).

Supply of educational services

(Main reference: new sections 8(2H), 12(h)(iv) and 40E and amendments to section 12(h)(i) and (ii)): Clauses 41(a), 45 and 48 of the Draft TLAB)

Comment: More time is required to accurately assess the impact of the change in use adjustment that needs to be made on the input tax previously claimed. This may result in unintended hardships that schools and parents will suffer because the VAT liability upon deregistration has not been budgeted for.

Response: Partially accepted. The proposal will be amended to provide for the exit VAT

liability to only begin from 1 January 2027 (one year later), thereby giving schools more than 12 months to prepare their finances in this regard.

Comment: Consider the impact of the proposed amendment on the schools that also provide “welfare activities”.

Response: Accepted. The extension of the exemption on the supplies by the schools will not extend to any “welfare activities”, provided that such schools apply to SARS for a ruling in this regard.

VAT Modernisation Project

(Main reference: Sections 1 and 74 of the Value-Added Tax Act; Clauses 11 and 14 of the draft TALAB)

Comment: Whilst we welcome a change to the tax system, we are of the view that the proposed system will one be exceptionally costly, two, would have substantial delays in its implementation and three, will not necessarily address all of the issues. Our approach would not be for a system of matching of invoices by way of an e-invoicing and an e-reporting system, where the rest of the world has delayed such implementation due to various challenges. The risk that is being addressed by the VAT modernisation is VAT input and refund fraud. Both of these issues can be eliminated by the removal of VAT inputs and, hence, the removal of VAT refunds. This would allow the Minister of Finance to reduce the VAT rate from 15% to about 6% with modelling being done by SARS on actual VAT output disclosure on the basis of nil inputs.

Response: Noted. The proposal would represent a reversal from the international trend away from sales taxes to value-added taxes and would have to be considered in the light of the various factors that informed the decision to implement a value-added tax in South Africa. It has been noted for further review and consideration by the National Treasury.

Comment: The VAT Modernisation Project must ensure that compliance systems remain affordable, user-friendly, and inclusive of smaller businesses without advanced accounting systems.

Response: Noted. SARS will be engaging with a wide variety of stakeholders in implementing this system.

Comment: As we understand it, these proposed amendments set the scene for the implementation of VAT real-time reporting – part of SARS’ modernisation strategy to address the tax gap and achieve voluntary compliance within the VAT space. Whilst we see this as a positive, future development, there are various factors that need to be considered before this can be a viable reality. These include global lessons, economic assessment, funding and transition risks, and other practical considerations.

Response: Noted. The proposed amendments provide the initial building blocks for a voluntary e-reporting system. SARS is planning to publish a consultation paper that will form the basis for wide consultation and will address the categories of comments above. It is anticipated that the consultation paper will be released before the end of the financial year and will form the basis for further collaborative engagement to develop a world-class VAT administration system that is suited to South Africa’s circumstances.

Textual correction: Readily apparent undisputed error

(Main reference: Section 93 of the Tax Administration Act; Clause 18 of the draft Bill)

Comment: Section 93 is designed to resolve clear, non-debated mistakes without invoking the full Chapter 9 dispute process. The proposed amendment has the unintended consequence that more matters that are non-controversial today would be pushed into the

objection and appeal channel, increasing the administrative burden for SARS and taxpayers, prolonging refunds and undermining the very efficiency rationale behind section 93. Furthermore, the Memorandum of Objects states that this is a technical correction. If there is no policy intent to narrow relief, the wording of section 93(1)(d) should remain as it currently reads to preserve the efficient resolution of clearly undisputed errors.

Response: Accepted. The proposed amendment was aimed to be a textual correction, but after consideration, it seems that the proposed wording may have unintended consequences. The proposed amendment will be withdrawn and reintroduced at a later stage, should a textual correction still be required after further review.

The National Treasury's presentation can be accessed [here](#).

LEGISLATIVE INTERPRETATION

Legislative calls for comment

Reminder on Consultation Paper: Development of the South African Carbon Credit Market

On 29 October 2025, the National Treasury published a consultation paper on Developing the South African Carbon Credit Market. Carbon offsets play a key role in the country's carbon tax framework, supporting a market-based approach to reducing greenhouse gas emissions. The consultation paper sets out proposed measures to strengthen the carbon credit market, with the overarching goal of helping companies lower their emissions.

The paper identifies key challenges currently affecting the effective functioning of South Africa's carbon tax market. It also provides recommendations aimed at modernising carbon credit infrastructure, clarifying legal and financial frameworks, and encouraging investment in the country's low-carbon projects. By reducing administrative barriers and enhancing the roles of financial institutions and regulatory bodies, these proposed reforms seek to create a resilient and high-integrity secondary market for carbon credits.

The key recommendations include:

- Defining the legal nature of carbon credits,
- Reforming the registry architecture,
- Introducing appropriate standards & local capacity,
- Adjusting financial market regulation,
- Developing an Exchange Control framework,
- Ensuring market integrity and efficiency, and
- Linking to broader climate policy objectives

Members are encouraged to review the [full consultation document](#). Those wishing to provide feedback may complete the [online questionnaire](#) by 1 December 2025. Alternatively, members may submit their comments via email to ksesana@thesait.org.za by 17 November 2025 to ensure their input is considered ahead of the consolidation of final comments for submission to National Treasury.

Additional questions can be directed to Vukile Davidson Financial.Policy@treasury.gov.za. The full media statement can be read [here](#).

Submissions made to SARS and current calls for comment

RCB Forum Prepares to Submit Submission To SARS

SAIT, in collaboration with the Recognised Controlling Bodies Forum, is finalising a submission to SARS on the administrative process for compulsory VAT registrations.

The submission seeks to address challenges faced by applicants, including unclear documentation requirements, generic rejection notices, and limited engagement with practitioners. These issues have contributed to avoidable delays, increased administrative burdens, and uncertainty for both taxpayers and tax practitioners.

The full submission will be made available to members in the week following its submission to SARS.

Final Reminder: Call for Comment: Draft GloBE Information Return (GIR) BRS

The Organisation for Economic Co-operation and Development (OECD) has introduced the Pillar Two Model Rules, also known as the Global Anti-Base Erosion (GloBE) Rules. These rules aim to ensure that large multinational enterprises are subject to a minimum effective tax rate of 15% across all jurisdictions in which they operate.

To support local implementation and compliance, SARS has released a draft [Business Requirements Specification \(BRS\)](#) outlining how Domestic Constituent Entities (DCEs) should submit their GloBE Information Return (GIR) to SARS when opting for XML submission. The draft provides detailed technical guidance to assist in developing compliant reporting systems and processes.

The SAIT Tax Technical team is currently reviewing this draft BRS. Members who wish to submit their commentary are invited to email kSESANA@thesait.org.za by no later than 20 November 2025, to ensure their input is considered before final comments are consolidated and submitted to SARS.

Legislative counsel publications

BPR: Sale Of Fixed Assets and An Interest in a Joint Venture

Binding Private Ruling 415 determines the tax consequences of the Applicant selling fixed assets and an interest in a Joint Venture (JV), which operates the Applicant's assets on a cost recovery basis.

The full binding private ruling can be accessed [here](#).

Reportable Arrangements and Corporate Reorganisations Guide

SARS has published a new guide to provide guidelines relating to the treatment of 'reportable arrangements' governed by sections 34 to 39 of the Tax Administration Act.

This guide outlines the definitions, criteria, exclusions, disclosure requirements, 'promoter' obligations, enforcement powers, and penalties associated with 'reportable arrangements.'

The guide, effective from 10 November 2025, can be accessed [here](#).

Publication of the Explanatory Summary of the Tax Administration Laws Amendment Bill

SARS has issued a notice, in terms of Rule 276(1)(b) of the Rules of the National Assembly, indicating that the Minister of Finance intends to introduce the Tax Administration Laws Amendment Bill, 2025, in the National Assembly soon.

Publication date	GG and Notice Numbers	Implementation date
07/11/2025	Notice 6814	7 November 2026
Description Publication of explanatory summary of the Tax Administration Laws Amendment Bill, 2025 • Notice 6814		

Reminder that SARS Issued Interpretation Note 141

SARS issued Interpretation Note 141, which clarifies the meaning of ‘reserve fund’ under section 23(e).

Number	Applicable legislation	
IN 141	<i>Income Tax Act, 1962</i>	Section 23(e)
Subject The meaning of the reserve fund under section 23(e)		

Published court cases

CSARS v Africa Cash and Carry (Crown Mines) (Pty) Ltd and Another

Date of Delivery	Applicable legislation	
04 November 2025	Tax Administration Act, 2011 Law of Evidence Amendment, 1988	
Summary Section 3 of the Law of Evidence Amendment Act 45 of 1988 – admissibility of hearsay evidence – whether hearsay evidence used in previous proceedings is admissible in the main application. Case No: 42076/2022		

CSARS vs Sasfin Bank Limited

Date of Delivery	Applicable legislation	
03 November 2025	Tax Administration Act, 2011	

Summary

Procedure: Whether Sasfin Bank, as an authorised dealer and financial institution, owed a legal duty to SARS not to cause SARS patrimonial loss by assisting its clients (taxpayers) in unlawfully expatriating undeclared taxable funds abroad.

[Case No: 134505/2023](#)

Other SARS publications and announcements

No other SARS and related operational publications and announcements were noted during the week 6 – 12 November 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

SAIT Welcomes Draft Tax Ombud Report on eFiling Profile Hijacking

On the 31st of October 2025, SAIT submitted commentary to the Office of the Tax Ombud (OTO) regarding the OTO's draft report into the alleged eFiling profile hijacking.

SAIT has expressed appreciation to the Office of the Tax Ombud for its comprehensive draft report on alleged eFiling profile hijacking. The report, which investigates this persistent and evolving issue, highlights that tax practitioners are the most affected group. SAIT welcomed the inclusion of practitioners in the Ombud's mandate and proposed a formal amendment to explicitly cover their professional capacity.

SAIT highlighted key recommendations from the draft report, including:

- Strengthening authentication and access controls: While two-factor authentication (2FA) has improved security, members report breaches even with 2FA enabled. SAIT suggested benchmarking security measures against banking standards, using the SARS mobile App as an authenticator application, and linking specific devices to eFiling profiles for enhanced monitoring.
- Enhancing fraud detection without compromising service: Tax practitioners should be restricted from updating clients' security details to prevent large-scale compromise. Faster OTP delivery and detailed activity logs were recommended to improve service efficiency.
- Improving refund verification and fraud recovery: SAIT cautioned against blanket holds on refunds, advocating for risk-based approaches. Automatic deadline extensions for practitioners affected by hijacking were suggested to reduce administrative burdens.

We also raised concerns over a new, highly sophisticated hijacking method where fraudsters bypassed multi-factor authentication, including biometric verification, to gain access and submit fraudulent EMP501 returns. SAIT stressed the urgent need for SARS to investigate this attack vector and strengthen internal controls.

SAIT concluded by urging that these findings and emerging risks be integrated into SARS risk assessments and biometric verification processes, ensuring better protection for taxpayers and practitioners alike.

Members can access the full submission [here](#).

Reminder that SARS Released the 2024/25 Annual Report

The SARS Annual Report for 2024/2025 has been published. The Strategic Plan End-Term

Report for 2020 – 2025 is also now available:

- [SARS Annual Report for 2024 – 2025](#)
- [Strategic Plan End-Term Report 2020 – 2025](#)