TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 27 Nov - 03 Dec 2025
(Issue 46 -2025)

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TOP STORIES

Incidents of Non-Compliance Subject to a Fixed Amount Penalty

SARS has released a draft notice for public comment proposing the imposition of administrative non-compliance penalties on trusts with outstanding income tax returns.

According to the draft notice, penalties may be triggered where a trust fails to submit a required income tax return for any year of assessment beginning on or after 1 March 2023, after SARS has issued a final demand. The demand must reference the notice and instruct the trust to file the outstanding return. If the trust does not comply within 21 business days from the date of the final demand, the administrative penalty may be imposed.

Members who wish to include their input in SAIT's submission are invited to submit comments to ksesana@thesait.org.za by no later than 16 January 2026. The full draft notice can be accessed here.

Annexure C Tax Proposals for the 2026 Budget

The National Treasury and SARS will host virtual workshops on 11 and 12 December 2025 as part of their ongoing engagement process for the 2026 Budget Review. These sessions aim to clarify matters raised in the technical proposals submitted on 28 November, support the prioritisation of issues under consideration, and gather additional insights from stakeholders.

The workshops provide an important platform for taxpayers, tax practitioners, and members of the public who submitted proposals to engage directly with policymakers. Following the discussions, National Treasury and SARS will jointly prepare recommendations for the Minister of Finance regarding the potential inclusion of proposals in Annexure C of the 2026 Budget Review.

Stakeholders are reminded that participation in the process does not guarantee inclusion in the final Budget Review. All final decisions rest solely with the Minister of Finance, and no further correspondence will be entered into regarding the Minister's determinations.

Members are encouraged to review the 2026 Budget Review, once published, to see which proposals were ultimately taken forward. Additionally, members can access SAIT's proposals below.

SAIT TaxHelpline Holiday Closure

For the festive season, the SAIT TaxHelpline will be closed from 12 December 2025 at 14:00 and will reopen on 12 January 2025 at 08:00.

During this time, the system will not be accessible to members, and consultants will be unavailable to assist with technical queries. All queries received before the closure date will receive the necessary attention.

#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

MEMBERS' DIGEST

SARS IN 140 — What Businesses Need to Know About Diminution in the Value of Closing Stock

Written by: Ammar Zairy,
Tax Consultant, Tax Technician Practitioner (SA)

SARS recently issued Interpretation Note 140 (IN 140), offering detailed guidance on how businesses should treat reductions in the value of closing stock for tax purposes and replaces Practice Note 36. For companies that carry inventory, whether in retail, manufacturing, wholesale, or distribution, this note is critical. It clarifies when and how the cost price of closing stock may be reduced under section 22(1)(a) of the Income Tax Act (58 of 1962). In a tax environment where inventory write-downs are increasingly scrutinised, IN 140 gives businesses a much firmer framework to work with, but it also tightens the level of evidence required.

The IN 140 does not deal with the valuation of trading stock in the case of mining operations, farmers or financial assets held as trading stock.

Why This Interpretation Note Matters

When a business buys trading stock, the cost is generally deductible under section 11(a). However, if that stock remains unsold at year-end, the deduction must effectively be reversed by including the value of closing stock in taxable income. The challenge has always been determining what that value should be, particularly when the stock is no longer worth what the business originally paid for it.

IN 140 clarifies that the baseline upon which to determine the value of stock under section 22(1)a) for tax purposes is always the cost price of the goods. Only when the stock has genuinely diminished in value for specific, identifiable reasons may the value be reduced. This prevents businesses from making broad or subjective accounting write-downs, and only permits the claiming of losses that are real, measurable, and capable of being substantiated

Understanding Diminution in Value

At the heart of IN 140 is SARS's interpretation of what constitutes a "diminution" in value. The note stresses that a reduction in value must be both real and measurable. It is not enough for stock to be slow-moving, inconvenient to store, or less desirable than before. There must be clear evidence that the value of the stock at year-end has fallen below its original cost.

The Interpretation Note sets out several recognised causes of diminution, damage, deterioration, changes in fashion, decreases in market value, and other reasons satisfactory to the Commissioner. Each is interpreted carefully, with SARS drawing a firm line between genuine value loss and subjective estimates.

Damage and Deterioration

Damage is defined as an actual physical injury or harm to the stock. This includes damage during transport, natural disasters, fire, water intrusion, or improper handling. The key is that the damage must reduce the usefulness or quality of the stock to the extent that its value is now lower than its cost. Superficial or cosmetic issues that do not affect recoverable value do not qualify.

Deterioration, on the other hand, refers to a decline in condition over time. This commonly affects perishable goods, products with "sell by" dates, items stored for too long, or goods exposed to environmental factors. As with damage, the decline must be substantial enough that the diminished value falls below cost.

Change of Fashion and Market Trends

Certain industries, particularly clothing, technology, consumer electronics, and seasonal goods, are heavily affected by trends and innovation cycles. IN 140 recognises that a shift in consumer demand can cause a genuine drop in the value of stock.

However, SARS requires objective proof: recent selling prices, evidence of lower demand, competitor pricing, or documented markdown strategies. A business cannot simply argue that a product "feels outdated" or "is not selling well enough." The reduction must be tied directly to market evidence showing that the product's recoverable value at year-end is below cost.

Decreases in Market Value

General declines in market value are also covered. These can arise from oversupply, increased competition, cheaper imports, or exchange rate movements that reduce the replacement cost of stock.

While these situations may warrant a write-down, SARS again emphasises substantiation. Internal estimates or high-level judgements will not suffice. Businesses must demonstrate a measurable drop in market prices that affect the recoverable value of the specific items or categories they hold.

Other Reasons Satisfactory to the Commissioner

This is arguably the most flexible part of section 22(1)(a), but IN 140 makes it clear that the flexibility is not boundless. Businesses often attempt to justify write-downs using internal policies or accounting standards such as IAS 2 (Net Realisable Value). SARS cautions that accounting treatments cannot be automatically imported into tax.

Tax law requires the diminution to be anchored to real events that occurred by year-end or were known with reasonable certainty. An accounting policy that prescribes a percentage write-down for slow-moving stock does not meet this requirement unless supported by facts.

Timing and Cut-off Considerations

The Interpretation Note emphasises that the event causing the diminution must occur on or before the last day of the year of assessment or be clearly known and evidenced by that date. Damage discovered after year-end, for example, cannot be used to justify a write-down unless the evidence shows that the damage existed on or before year-end. This makes accurate physical stock counts, condition assessments, and year-end inventory procedures essential. Businesses must be able to demonstrate that the reduced value applies as at year-end, not simply at the time the stock take is performed, or the financial statements are prepared.

It should be noted that SARS may allow a diminution if it is known with reasonable certainty that an event will occur in the following tax year that will cause the value of closing stock to diminish for one of the specified reasons.

Item-by-Item vs Category-Based Valuation

SARS allows businesses to determine diminution on either an item-by-item basis or a category basis. Category-based assessments may be appropriate where identical or similar items are interchangeable,such as mass-produced products or large quantities of the same SKU.

However, SARS explicitly prohibits offsetting the increase in value of one item against the decrease in another. This means that each item or category must stand on its own. Businesses cannot take a portfolio view when determining closing stock values.

Disclosure and Documentation

IN 140 places strong emphasis on disclosure. If a business values closing stock below cost, it must disclose both the fact and the reasons in its tax return. This includes the methodology used, the evidence relied on, and the calculation underpinning the write-down.

Failure to properly disclose the basis of the diminution may expose a business to understate penalties under the Tax Administration Act. SARS has made it clear that it expects detailed, transparent, and supportable documentation.

Practical Implications for Businesses

The practical impact of IN 140 is significant. Inventory, finance, and tax teams must work more closely to ensure that stock write-downs are not merely accounting provisions but are backed by tax-appropriate evidence. Businesses with large or complex stock holdings, such as retailers, distributors, and e-commerce operations, need to strengthen year-end procedures, invest in better stock reporting, and maintain audit trails that support the condition and value of inventory.

In an environment where SARS is increasingly focused on compliance and audit outcomes, the quality of documentation may determine whether a stock write-down is accepted or challenged.

Conclusion

IN 140 provides the clarity businesses have long needed, but it also raises the bar for diligence. It reinforces that tax write-downs must be rooted in factual, objective evidence and that accounting estimates cannot be used as a proxy for tax.

For finance and tax professionals, the message is clear:
Robust procedures, precise documentation, and disciplined valuation practices are no longer optional, they are essential.

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Diesel Refund Reform

SARS hosted an information session on 27 November 2025 to outline its upcoming electronic system for administering the diesel refund scheme. The new eFiling-based platform, which is distinct from the broader implementation of the revised diesel refund rules, will be introduced in at least three phases:

1. registration,
2. user profile and relationship management, and
3. claims procedures, which may be released in stages depending on system readiness.

At present, diesel refund registrations and claims are processed through the VAT system, a structure that has created several technical and administrative challenges. These include the exclusion of certain entities (such as joint ventures), limitations linked to "own production" rules, automatic setoffs between VAT and diesel refunds, compliance issues around logbook requirements, and a lack of upfront risk profiling that left the system vulnerable to fraud.

Following a comprehensive review, SARS has introduced legislative amendments to separate the diesel refund process from the VAT platform and modernise the entire value chain. This includes simplified, entity-specific logbook requirements and a more robust risk-management framework.

Implementation Timeline

- 5 December 2025: Launch of the new registration and maintenance process.
- Registrations to be completed on eFiling using the RAV01 (RAVDSL) form.
- A structured pilot with selected participants will begin in December 2025.
- April 2026: Registration process opens to all diesel refund users.
- Supporting document uploads and outcome letters will be integrated into the new platform.
- A parallel run of both the new system and the existing VAT-based process will operate until claims functionality is fully developed.
- Claims will continue to be submitted via the VAT 201 return until the new claims module goes live.
- Further industry engagements and updates will follow as additional phases of the system are completed.

Members can access the full presentation here.

Reminder: Understanding SARS' High Wealth Individual (HWI) and Large Business & International (LBI) Segments

South Africa's tax landscape includes specialised units to support taxpayers with complex financial affairs: the High Wealth Individual (HWI) Unit and the Large Business & International (LBI) Segment. Both units provide targeted services designed to enhance compliance, streamline interactions, and deliver value to taxpayers with sophisticated needs.

High Wealth Individuals (HWI)

- Definition:

A High Wealth Individual is defined as a person with gross assets of R75 million or more, often with multi-jurisdictional income streams, intricate financial structures, and complex tax obligations requiring specialised oversight.

- Mandate of the HWI Unit:

The HWI Unit aims to deliver tailored, value-driven services to South Africa's wealthiest taxpayers, including:

  - Providing personalised services for complex tax affairs
  - Building professional partnerships between taxpayers and SARS
  - Efficiently resolving tax queries while ensuring compliance

- Value Proposition:

1. Differentiated Service

Each HWI is assigned a dedicated Relationship Manager, ensuring consistent engagement and transparent communication with SARS.

2. Operational Excellence

Specialised teams manage complex tax products, multi-jurisdictional compliance, and intricate financial structures with precision and expertise.

3. End-to-End Service

The HWI Unit coordinates compliance across the entire tax ecosystem for seamless management of obligations and interactions.

- Submitting Queries:

All HWI queries should be sent to: hnwiqueries@sars.gov.za

- Include supporting documentation
- Automatic acknowledgement is issued upon receipt
- Escalations follow the official HWI Relationship Management guidelines on the SARS website.

Large Business & International Business (LBI)

- Scope and Mandate:
  - The LBI Segment supports large, complex enterprises across sectors such as: Financial Services, Mining, Manufacturing, Construction, Telecommunications, Retail, Primary Sector (including State-Owned Entities), and General Sector
  - The unit provides sector-specific oversight and specialised services to ensure compliance and efficient resolution of tax matters.

- Who Qualifies as a Large Business?

- Individuals or companies with a turnover exceeding R1 billion
- Listed companies or multinational enterprises (including e-commerce/foreign electronic service providers)
- Financial services groups with turnover > R500 million
- Mining groups with a turnover of > R500 million

- Relationship Management:

- Each taxpayer is assigned a Relationship Manager (RM) as the main point of contact.
- Sector Leads provide industry-specific support and handle escalations.
- Teams include Senior Managers (strategic oversight), Relationship Managers (client champions), and Operations Managers (query resolution support).

- Submitting Queries:

Sector-specific mailboxes:

- Retail: LBqueries.Retail@sars.gov.za
- Communications: LBqueries.Communications@sars.gov.za
- Construction: LBqueries.Construction@sars.gov.za
- Financial Services: LBqueries.Financial@sars.gov.za
- General Sector: LBqueries.General@sars.gov.za
- Manufacturing: LBqueries.Manufacturing@sars.gov.za
- Mining: LBqueries.Mining@sars.gov.za
- Primary Sector: LBqueries.Primary@sars.gov.za

For escalations, consult official guidelines under Relationship Management on the SARS website.

The High Wealth Individual (HWI) Unit and the Large Business & International (LBI) Segment can also submit queries on the SARS Online Query System using the functionality LBI Query.

The SARS Voice Channel and SARS branches cannot assist with HWI or LBI cases. The Western Cape region shared this presentation to remind taxpayers who fall within this segment and their tax practitioner to use the specialised channels listed above.

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 income tax verifications and objections.
3. Delays in finalising registered representative requests.
4. Delays in finalising and issuing deceased estate compliance letters.

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 19 November 2025, the Western Cape region held their final regional meeting for 2025. Minutes of the meeting can be accessed here.

On 28 November 2025, the Eastern Cape region held their final regional meeting for 2025.

Minutes of the meeting can be accessed here.
On 01 December 2025, the Mpumalanga region held their final regional meeting for 2025. Minutes of the meeting can be accessed here.

On 20 November 2025, the Gauteng region held their final regional meeting for 2025. Minutes of the meeting will be available in the next edition of the Weekly.

Upcoming RCB/SARS regional and national meetings

1. Northern Region – 09 December 2025
2. North West – 05 December 2025
3. Limpopo – 09 December 2025
4. Western Cape – 04 March 2026
5. Free State and Northern Cape – 09 March 2026
6. Free State and Northern Cape – 08 June 2026
7. Free State and Northern Cape – 07 September 2026
8. Free State and Northern Cape – 09 November 2026

Other meetings of interest

1. SARS National Operational Forum – Tentatively scheduled for January 2026
2. RCB Forum Meeting – 03 March 2026
3. RCB Forum Meeting – 02 June 2026
4. RCB Forum Meeting – 15 September 2026
5. RCB Forum Meeting – 10 November 2026

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: December 2025

Month	Date	Tax Type	Notification
December 2025	05/12/2025	Employment Taxes	**EMP201 -** Submissions and payments
	24/12/2025	Value-Added Tax	**VAT201 -** Manual submissions and payments
	31/12/2025	Value-Added Tax	**VAT201 -** Electronic submissions and payments
	31/12/2025	Income Tax	**ITR14** - Submission of 2024 ITR14 returns for companies with a December year-end
	31/12/2025	Income Tax	**1st provisional (2026) -** Submissions and payments for companies with a June year-end
	31/12/2025	Income Tax	**2nd provisional (2025) -** Submissions and payments for individuals, trusts and companies with a December year-end
	31/12/2025	Income Tax	**3rd provisional (2025) -** Payments for companies with a June year-end

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).

Reminder: Turnover Tax Registration

SARS has added a new functionality on the SARS Online Query System (SOQS). From 25 November 2025, taxpayers can register online for Turnover Tax through SOQS. Taxpayers will be required to submit the Turnover Tax application form (TT01), certified ID, proof of address and other documents, such as a letter and power of attorney if they are a tax practitioner applying on behalf of their client.

For more information on the administration of Turnover tax, the full guide can be accessed here.

Reminder: Additional Dispute Resource

SARS has released a new step-by-step video, which guides taxpayers and tax practitioners on how to lodge a dispute or objection on eFiling. This video reminds taxpayers and tax practitioners of how they cannot object to a self-assessment where no revised assessment has been raised by SARS and how, in this scenario, a request for correction would be the appropriate channel.

How to lodge a dispute on eFiling:

- Log in to eFiling.
- Click “Returns” on the top menu.
- Scroll down on the left menu and select “Disputes/Suspension of Payment.” Selecting the above opens a sub-menu where a “New” dispute can be lodged or “View Saved or Submitted” dispute can be viewed.
- Click on “New” to lodge a new dispute.
- Select “Tax Type” and “Period” you would like to file a dispute for.
- Click on “Next”.
- Click on “Dispute” if you wish to dispute the assessment.
- Select the source code you are disputing and capture the requested value for your dispute.
- At the bottom of the page, under the Reason/Grounds heading, provide reasons for your dispute.
- Select “Period” on the right-hand side of the page.
- Click “Next” to update representative details.
- If the details of the representative have changed or do not appear on the screen, select “N” on the first question.
- For the second question, select “Y” if you wish to amend taxpayer details. This selection will open the taxpayer details tab to make changes to the contact details. Capture the Cell No, Alternative No and Email.
- For the third question, select “Y” if you wish to amend representative details. This selection will open the representative details tab to make changes to the contact details. Capture the details of the person dealing with the dispute on behalf of the taxpayer.
- Click on “Save Data” to save changes and proceed to the next page.
- You may select Suspension of Payment when lodging a dispute.
  This function allows you to request SARS to suspend the payment of disputed debt until the dispute is resolved.
- On the disputes work page, a supporting documents section will be available where all relevant supporting documents must be attached to support the submission of the dispute.
- Click on “Supporting Documents” to upload your supporting documents.
- Click “Choose File” to choose documents from your devices, and then click “Upload.”
- Once all supporting documents have been uploaded, click “Submit to SARS” at the

bottom of the work page.
- If Suspension of Payment has been selected, a supporting document must also be uploaded to accompany the request.
- Upload the supporting documents for the suspension of payment. When you are done, click the “Submit to SARS” button.
- Then click on the “Submit” button to submit the dispute to SARS.
- A confirmation screen will appear; your dispute request has been sent to SARS – click “Continue” to proceed.
- The next screen will show you the dispute and suspension of payment as both “Submitted.”

Other SARS and related operational publications and announcements

No other SARS and related operational publications and announcements were noted during the week of 27 November – 03 December 2025.

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

Updated e@syFile™ Employer version 8.0.1_330

On 02 December 2025, SARS published the e@syFile™ Employer version 8.0.1_330 release notes, which specify the following changes:

- Enhancements were made to the AA88 import file to assist large entities.

See more details in the release notes.

Key tax practitioner news

Reminder: Issue 68 of Tax Practitioner Connect

This edition highlights key deadlines and updates:

- Trust returns (ITR12T) due 19 Jan 2026
- Second provisional tax due 28 Feb 2026
- Biometric eFiling updates for those with OTP issues

Other updates include e@syFile™ Employer release notes, VAT rules for foreign suppliers, third-party admin penalties, and section 18A receipt changes.

Also featured: a video on managing tax debt and news on South Africa exiting the FATF grey list. Links to SARS’ annual and strategic reports are provided for further insight. Practitioners can access the full edition here.

Government & stakeholder newsletters

Reminder: November Government Connect Newsletter

On 20 November 2026, SARS published the November edition of the Government Connect. This edition focuses on the following:

- Filing Season for Trusts

- Update on Contact Details on eFiling
- Keep Your Details Up to Date with SARS
- Updated e@syFile™ Employer version 8.0.1_328
- Updated Guide for Foreign Supplier of Electronic Services
- Activation for Third-Party Appointments (TPAs) for Personal Income Tax (PIT) Admin Penalty Debt
- S18A Tax Deductible Receipts
- Media Statement on Roy Muleya's Sequestration
- South Africa's Exit from FATF Grey List
- SARS' Annual report and Strategic Plan End-term Report for 2020 to 2025

The topics have been addressed in previous weekly newsletters. Members can read the Government Connect here.

Other tax practitioner access and functionality publications and announcements

Mossel Bay SARS Customs Relocation

SARS Customs in Mossel Bay relocated on 28 November 2025 and reopened on 1 December 2025 at the new premises:

Unit 3 (First Floor)
Block A
13 Bally Crescent
Voorbaai, Mossel Bay

Reminder: Limited Branch Capacity During the Festive Season

During the Western Cape regional meeting, practitioners were advised that SARS branches will operate at approximately 60% capacity throughout December to accommodate both taxpayer requirements and staff leave arrangements. Consequently, the availability of appointments will be reduced during this period.

Practitioners and taxpayers are therefore encouraged to utilise alternative channels, including the SARS Online Query System (SOQS), to ensure the timely resolution of queries.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

National Legislation

SAIT Submits Comprehensive Tax Proposals for the 2026 Budget

As part of the 2026 Budget Review process, taxpayers and tax practitioners were given a valuable opportunity to help shape South Africa's evolving tax landscape. The National Treasury invited technical tax proposals aimed at resolving current legislative challenges, including unintended anomalies, revenue leakages, and areas where existing laws require refinement.

This engagement provided an important platform for members to raise significant technical concerns and contribute to policy development. On 28 November 2024, the SAIT Tax Technical Working Groups submitted a set of comprehensive proposals to National Treasury and SARS for consideration.
The full submissions can be accessed below:

- Wealth and Family Business Tax
- Business Tax Incentives and Grants
- Value-added Tax
- Tax Administration and Dispute Management
- Customs and Excise
- Personal Employment Taxes
- Corporate and International Tax
- Environmental Tax

Members are encouraged to review the submissions that were expertly crafted for further insight.

Treasury & SARS Release Final Response Document on 2024 Tax Bills

The National Treasury and SARS have released the Final Response Document on the 2024 Draft Tax Bills, outlining government's formal responses to all public submissions received throughout 2024. The document covers the Draft Revenue Laws Amendment Bill, Rates Bill, TLAB, TALAB and the Global Minimum Tax Bills.

The publication follows extensive consultation with stakeholders, including written comments and parliamentary workshops. More than 65 organisations participated in the process, reflecting widespread engagement across industry and professional bodies.

Key updates include refinements to the two-pots retirement system, responses to concerns around excise duties and illicit trade, administrative improvements to VAT and tax compliance rules, and continued progress on implementing the 15% Global Minimum Tax for large multinationals.

The government will now incorporate accepted changes into the final tax bills for consideration by the Minister of Finance. This marks a significant step towards completing South Africa's 2024/25 tax legislation cycle.

The Final Response Document will guide the remaining steps in finalising the 2024/25 tax legislation, informing how amendments are adopted and how the legislative process will proceed. The full document can be accessed by members here.

LEGISLATIVE INTERPRETATION

Legislative calls for comment

Reminder - Call for Comments: Proposed Online Gambling Tax

The National Treasury has released a draft discussion paper proposing a new national online gambling tax in response to the rapid expansion of online betting in South Africa. The growth of online gambling, driven by technological developments, increased internet access, and mobile platforms, has intensified concerns around the problem of gambling and its associated social costs.

To address these externalities and better regulate the rising volume of online gambling, the Treasury proposes the following:

- *Introduction of a national tax on gross gambling revenue (GGR):*
  This tax would serve to internalise the externalities linked to problem gambling. It would apply in addition to existing provincial taxes on GGR (calculated as total turnover less winnings paid to players).
- *Extension beyond traditional provincial scope:*
  While provincial levies currently apply mainly to on-premises gambling activities, with some coverage of online betting through licensed bookmakers (such as betting on sports or horse racing), these tax rates remain relatively low.
- *International benchmarking:*
  Treasury notes that 11 other jurisdictions levy a 20% tax on GGR, with a further 16 jurisdictions applying even higher rates. In South Africa, the proposed national tax would be in addition to provincial rates, resulting in a combined tax of 26–29%. At current levels of gross gambling revenue, a proposed 20% national tax could generate over R10 billion in additional revenue for the national government.
- *Policy objective:*
  Despite the potential revenue, Treasury emphasises that the main objective of this reform is not to raise additional revenue, but to discourage problem and pathological gambling and mitigate its social consequences.
- *Administrative Considerations:*
  Local online betting operators will need to register with SARS and provide information similar to what is currently submitted to provincial gambling boards, thereby simplifying compliance and administration. Operators engaged in illegal interactive gambling will also be liable for the proposed tax on revenue from those activities.

SAIT will be preparing a consolidated submission on the discussion paper. Members wishing to include their input in SAIT's submission are invited to submit comments to ksesana@thesait.org.za by no later than 16 January 2026. The full discussion paper can be read here.

Reminder: Loan, Advance or Credit Granted to a Trust by a Connected Natural Person

SARS has published the draft interpretation note for public comment. This note provides guidance on the interpretation and application of section 7C, which targets interest-free or low interest loans, advances, or credit granted by a connected person to a trust (with certain exclusions). It deems the interest waived by the lender to be a continuous donation for as long as the interest-free or low-interest loan remains outstanding.

Members are encouraged to read the full draft interpretation note and submit any relevant comments to ksesana@thesait.org.za by 06 January 2025.

Submissions made to SARS and current calls for comment

No submissions were made to SARS, and no calls for comment were noted during the week of 27 November to 03 December 2025.

Legislative counsel publication

New National Legislation

SARS published the following regulations below.

Date	Publication details	Description	Commencement date
25 November 2025	GG 53735 R.6887	Regulations for purposes of paragraph (c) of the definition of "international tax standard" in section 1 of the Tax Administration Act, 2011, promulgated under section 257 of the Act, specifying the changes to the OECD Crypto-Asset Reporting Framework International Standard for the Exchange of Tax-Related Information between Countries Notice 6887	1 March 2026
25 November 2025	GG 53735 R.6886	Regulations for purposes of paragraph (a) of the definition of "international tax standard" in section 1 of the Tax Administration Act, 2011, promulgated under section 257 of the Act, specifying the changes to the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters Notice R.6886	1 March 2026

Reminder: New Table of Interest Rates

- SARS published the following Table 3, which relates to the rates at which interest-free or low-interest loans are subject to income tax

Table	Description
Table 3	Rates at which interest-free or low interest loans are subject to income tax Updated on 20 November 2025 The South African Reserve Bank changed the "repo rate" on 20 November 2025, effective 1 December 2025

Reminder: New Binding Private Rulings

During the week of 20 – 26 November, SARS published Binding Private Ruling (BPR) 421 and 422.

Number	Legislation	Subject
BPR 422	Income Tax Act, 1962	Lump sum from a foreign fund
BPR 421	Income Tax Act, 1962	Withdrawal from a superannuation fund situated outside South Africa
BPR 420	Income Tax Act, 1962	Application of section 8EA(3)
BPR 419	Income Tax Act, 1962	Corporate restructuring – Amalgamation transaction
BPR 418	Income Tax Act, 1962 Value-Added Tax Act, 1991 Transfer Duty Act, 1949	Asset-for-share transfer involving close corporation
BPR 417	Income Tax Act, 1962	Distribution of funds in the furtherance of objectives
BPR 416	Income Tax Act, 1962 Value-Added Tax Act, 1991	Transfer of reinsurance business from a resident company to a local branch of a foreign company

Published court cases

Ntayiya v South African Revenue Service

Date of Delivery	Applicable legislation
01 December 2025	Tax Administration Act, 2011 Income Tax Act, 1962

Summary

Tax law – Income Tax Act 58 of 1962 – Tax Administration Act 28 of 2011 – assessments of taxpayer – whether submission of nil returns by taxpayer triggers imposition of penalties under s 222 of the Tax Administration Act – whether penalties justified in the circumstances.

Case no: 848/2023

Media Summary

Reminder: Inhlakanipho Consultants (Pty) Ltd v CSARS (A333/2024)

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

Summary

Tax Administration Act 28 of 2011 – Parties bound by agreement entered into lawfully – agreement represented the final agreed position between the parties – intention of the parties can be ascertained from the agreement – intention was a settlement of the appellant's liabilities of the specified periods – confidence in agreements entered with SARS and its abiding with the terms of those agreements is paramount – appeal upheld.

Case No: A333/2024

Other SARS publications and announcements

No other SARS related operational publications and announcements were noted during the week 27 November - 3 December 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

No other matters of interest for a tax practice were noted during the week 27 November - 3 December 2025.

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