

Section 11(j) application process

The current application process [section 11(j)(i) and (ii)]:

Taxpayer contacts SARS to enquire how to apply for section 11(j)(i).

Taxpayer is requested to provide the following:

- Name;
- Tax reference number;
- IFRS9 date of adoption; and
- Financial year-end.

When the information is received, loss allowance model templates are prepared for taxpayer. Taxpayer is required to provide financial information for day 1 of adoption and subsequent financial year-ends. A standard request for information (RFI) is included in the pack.

Upon completion, the taxpayer submits to SARS:

- RFI containing responses;
- Supplementary documentation as defined in the RFI;
- Loss Allowance Model templates for the appropriate years.

The documentation is reviewed, assessed and summarised. The summary document is presented to a committee, which is followed by a directive.

The future online application process (section 11(j)(i)):

During 2020, an online application facility will be made available to taxpayers. For those taxpayers that have gone through the manual process, the response to the RFI and all documentation received in support of the RFI, will be uploaded to taxpayers' profiles. The data contained in the Loss Allowance Models will also be uploaded.

Renewal applications:

Before submitting a tax return, taxpayer must sign and upload a declaration stating that –

- changes to the model were limited to economic related changes and re-calibration;
- no model related changes were made;
- delinquency events remained unchanged; and
- values contained in the online template agrees to the latest financial statements.

Copy of financial statements.

Taxpayer must complete the online template for the particular financial year-end at the same time as when the declaration and AFS are submitted. The online template will replace the current Loss Allowance Model excel template.

First time applications:

Taxpayer must download the RFI from the SARS website.

In order to apply online, the taxpayer must have –

- answered all the questions contained in the RFI;
- all the supporting documentation ready (as stipulated in the RFI); and
- the detailed numbers ready (as defined in the current Loss Allowance Model excel template).

Taxpayer must upload the completed RFI as well as all other documentation.

Taxpayer must complete the online template for –

- Day 1 adoption; and
- every subsequent year-end.

Declined applications

When on review it is found that documentation was incomplete or incorrect, the application will be declined. Reasons for declining will be provided. Taxpayer must re-submit the adjusted information.

No future online application process for section 11(j)(ii) has been considered.