



**MEDIA BRIEFING BY THE COMMISSIONER OF THE
SOUTH AFRICAN REVENUE SERVICE MR OUPA MAGASHULA
ON THE LAUNCH OF TAX SEASON 2012**

2 JULY 2012

Introduction

Good morning and welcome to our Minister and Deputy Minister, members of the media, ladies and gentlemen, colleagues.

As the Minister pointed out in his opening remarks, Tax Season is one of the most important annual direct engagements between our citizens and the state, This year some 5 to 6 million taxpayers will visit a SARS branch, call our contact centre or logon to eFiling to submit their annual income tax returns.

This is much more than a mere accounting exercise. The tax return is not just a document outlining income and deductions and balancing tax paid against tax due. It is an account of their income tax contribution to our country and a declaration of their compliance with our tax laws. It is, in some ways, a certificate of citizenship and participation in our democracy

Approximately 12 million individual taxpayers together contributed a total of R251.6 billion through personal income tax to our country in the last tax year – or 33.8% of all revenue collection.

Of these, just under half will, over the next five months, submit a return to SARS to reconcile these contributions against their actual liabilities. In this process approximately 60% will receive a refund, 20% will be tax neutral or receive what we call a “nil” assessment, and approximately 20% will owe additional tax.

Tax Season for Employers

Ladies and gentlemen, while yesterday marked the start of the income tax return process, Tax Season actually begins three months earlier – on 1 April each year when employers submit their reconciliation of the PAYE withheld and the remuneration and allowances paid to the almost 14.9 million taxpayers currently registered with SARS.

By the end of this year's Tax Season for Employers on 31 May, I am pleased to report that a record number of 14.4 million IRP5 certificates had been received – a 32% increase over the previous year.

Over the past month we have been validating these certificates and using them to pre-populate the income tax returns for individual taxpayers. As of today, there are approximately 10.7 million pre-populated tax returns awaiting completion and submission by taxpayers.

This is 1.2 million – or 12.5% - more than were ready at the start of Tax Season last year.

If you are wondering why we have nearly 11 million pre-populated returns but are only expecting about 5 million returns to be submitted, that's because we pre-populate every tax return for which we receive an IRP5 on the chance that a taxpayer wants to submit it. Most don't have to because they are under the R120 000 return submission threshold. But they still have a right to submit a return if they want to so we prepare for that eventuality.

Credit for this year's increase in pre-populated returns must go to South Africa's employers who have responded very positively to this year's Tax Season and I would like to take this opportunity to thank them for their partnership in the income tax process.

The employers of this country – from large multinational corporations to small start-ups with one or two staff – perform a vital and sometimes thankless task in managing a huge part of the income tax process on behalf of South Africa: from registering their employees as taxpayers, calculating and collecting their taxable

income and even in helping SARS to collect administrative penalties from their employees who fail to submit returns!

Without their on-going support and contribution, we could not provide South Africa with the funds it requires and we could not offer taxpayers the ease and convenience of pre-populated returns, rapid assessments, no supporting documents and, in some cases, not having to file a return at all.

Tax Season for Individuals

Ladies and gentlemen, let me now turn to Tax Season for individuals which began yesterday via eFiling and today at our branches. By 11pm last night, already 18 031 taxpayers had filed their returns via eFiling.

I am sure that by now, as compliant taxpayers yourselves and expert eFilers, you are all familiar with the enhancements and changes which we have introduced over the past five years.

These changes have included one of the most rapid up-takes in electronic filing anywhere in the world...from a fully manual process which took an average of three months to receive an assessment in 2006 to over 99% submitted electronically via eFiling or a SARS branch last year.

Ladies and gentlemen I am sure you will agree that these are remarkable achievements – not only by SARS but by taxpayers who have embraced the new process.

But anyone who knows our Minister, knows that it is not good enough to simply replicate last year's performance...we have to continually raise the bar. Barry here likes to talk about happiness being delivery over expectation. In order to make people happy – including our Minister! – you need delivery to be greater than expectation.

Ladies and gentlemen, as the process has improved each year, so have taxpayer expectations risen. It is no longer good enough to assess a return in 24 hours...that's expected.

What's new this Tax Season?

So how do we plan to exceed taxpayers' expectations this year? The Minister has told you about the new products and services we are introducing this year and I would like to expand briefly on this and show you how these new products work.

1. Quicker Assessments

Five years ago taxpayers expected to receive their assessment in three months. Then it improved to three weeks. Then three days, and last year 24 hours. Now we aim to give taxpayers their assessments in under three minutes...and in many cases just seconds after submission. The average time for assessments to be delivered to taxpayers who filed yesterday via eFiling was under 10 seconds. What this means is that taxpayers visiting a branch to file their returns will leave with their assessment...and eFilers will receive it before they even log off.

Refunds will be paid into taxpayers' bank accounts the next day.

2. A new eFiling App and Cellphone filing

Ladies and gentlemen, the second enhancement announced by the Minister is the introduction of cellphone and smartphone filing. The explosion onto the market of smartphones, tablets and i-Pads over the past few years has created a whole new generation of taxpayers who expect to be able to conduct their business on-the-move, in the palm of their hands. An article in Business Day last week confirmed that the majority of South Africans prefer accessing the Internet via their cellphones rather than fixed-line broadband. Figures from the most recent Internet Access in South Africa study – released in May – show that:

- There are currently 8.5 million Internet users in South Africa which is expected to grow to 10 million this year
- There are 8.5 million smartphone users – and this is expected to increase to 11 million by the end of this year

So we've built an eFiling App for tablets, i-Pads and smartphones and have developed a mobi site for cellphone users.

On the screen you will see a demonstration of the eFiling App. In essence what we have done is to re-skin and redesign our eFiling site to conform to a smartphone or cellphone format so that it is easy to navigate on a smaller screen. So we have cut the income tax return into smaller pieces such as personal details, banking details and the various income and deduction sections so that users can access each part of the form in easy to navigate portions, complete these section-by-section, and then submit the return to SARS.

For those of you interested in seeing for yourselves how this works, we have people with us here today at the back of the room who were involved in the development and testing of these and you can talk to them for more information.

3. Help-You-eFile

Ladies and gentlemen, these new ways of accessing eFiling via cellphones addresses a critical need for the majority of South Africans whose preferred and sometimes only way of accessing the Internet is via their phones.

But access to the Internet is only one factor in encouraging taxpayers to convert to eFiling. Research we conducted last year among taxpayers in our branches showed that the primary reason they were choosing to file their returns at a SARS branch was not because they didn't have access to the Internet. It is because they didn't know how to use eFiling and because they wanted help from SARS in completing and submitting their returns.

So we asked ourselves: How can we help them and at the same time still let them enjoy the convenience of eFiling?

The answer, ladies and gentlemen, is one of the most exciting and leading-edge technology products in South Africa and, even the world.

We have developed a service called Help-You-eFile in which you can get access to a SARS contact centre agent while you are eFiling your return. So what's exciting about that you might ask? You've always been able to call the contact centre and get advice.

What's different – and quite remarkable – about the Help-You-eFile service is that it allows our contact centre agents to see exactly what you are seeing and doing on your computer...and to guide you and prompt you on how to eFile.

Here's how it works: (Demo)

On the left screen you have a view of the taxpayer's computer screen. He's about to eFile his return and is on the eFiling login page.

On the right hand screen you have a view of our contact centre agent's screen which shows the SARS Service Manager programme which we operate in the contact centre and our branches.

Our taxpayer wants help from SARS in eFiling his return and so he clicks on the Help-You-eFile icon which takes him to a page which explains how it works and gets his permission to proceed.

Importantly it generates a unique once-off pin number on the top left of his screen.

Armed with this number, he now calls the contact centre and is connected to an agent. He gives the agent the pin number and the agent inserts this pin number into Service Manager.

This is when the magic happens – a pop-up window opens on the taxpayer's screen telling him that the agent – in our example here "Lawrence" – wants to join his browsing session.

When the taxpayer accepts, our agent joins him and can see exactly what is on the taxpayer's screen.

The agent has a view-only access is not able to change anything on the form – but he can direct the taxpayer to certain fields by highlighting them in green to help show the taxpayer where he should insert information.

Here we can see the agent showing the taxpayer where to find his IRT12 return on his income tax work page. A second cursor appears on the taxpayer's screen and guides the taxpayer to the ITR12 highlighted in green.

So now the taxpayer can click on it and open his return. (Pause)

In the next example, we can see how the agent is helping the taxpayer to complete their medical aid deduction section by showing the taxpayer where to insert the number of his dependents in the required fields.

For additional security we have blocked out access to sensitive security fields like the taxpayer's password and banking details – so you will see here on the screens that the taxpayer's banking details on the form are not visible to our agent. And we highlight this to the taxpayer in a pop-up.

But everything else the taxpayer types is instantly visible to the agent so he is able to guide the taxpayer step by step in completing and submitting his return.

Ladies and gentlemen, as far as we know this is the first time this technology is being implemented in a service environment in the world and we are very excited about the power and possibilities of this and believe it has the potential to revolutionised how we interact with and serve the public ... not just for the public sector but the private sector too.

When are these new services going to be available?

I'm sure you are wondering when our new services will become available. We have been hard at work over the past few months developing and testing these products including with our own staff and with research focus groups. All of this testing has, of necessity, been done in a testing environment.

We are now inviting taxpayers via our Facebook site and SARS website who are ready to file their returns and are willing to pilot these new services to contact SARS so that they can participate in our final testing over the next few weeks.

Their experience and feedback will determine when we make these available to the wider taxpayer community.

Communicating Tax Season

Ladies and gentlemen, there is one further product which we have developed to help with this conversion to eFiling. Our research showed that taxpayers wanted training on how to eFile so we have made a series of entertaining and educational videos on how to register for eFiling, how to complete and submit a basic ITR12 return and how to submit supporting documents to SARS via eFiling.

These short tutorials are available on the SARS You Tube channel. I would like to play you a shortened version of one of them which feature our unlikely hero, Riaan, from the television ad.

(Play video)

These tutorials are part of a new communication campaign to inform taxpayers of their obligations and to help them to meet these obligations quickly and easily. I hope you will have seen the insert which appeared in all Sunday newspapers yesterday which provides taxpayers with all the information they need about this year's Tax Season. SARS staff also took the streets of South Africa's cities and towns this morning during the peak hour commute to hand out these pamphlets to taxpayers.

The pay-off line for this new campaign is that "everyone can be good at tax" and we are hoping to inspire taxpayers that with these new services, a positive attitude and an honest approach everyone can be good at tax.

I think the television advert you saw at the beginning of this briefing captures this sense of accomplishment in a fun and inspiring way. To complement this TV advert, we have also developed a range of radio adverts featuring the various new services and products we have introduced this year.

Conclusion

Ladies and gentlemen, the deadlines for this Tax Season are as follows:

- The handful of taxpayers who continue to submit manual returns via post or a SARS drop box have until 28 September 2012
- Non-provisional taxpayers who submit their returns via eFiling or at a SARS branch have until 23 November 2012
- And provisional taxpayers who submit via eFiling have until 31 January 2013

In conclusion, allow me to play out with a second television advert which is a shortened version of the first advert highlighting our new services.

Thank you.