

ADDRESS BY COMMISSIONER TOM MOYANE

**LAUNCH OF THE SMALL BUSINESS DESK AND OFFICIAL OPENING OF
ORLANDO EAST BRANCH, SOWETO, ON FRIDAY 5 JUNE 2015**

Distinguished Guests

Ladies and Gentlemen

Colleagues

Good morning to all.

Welcome to the Orlando East branch of the South African Revenue Service.

This branch has been operating since 12 May last year (2014). Today we are here to officially open the branch for the community of Orlando East and surrounding areas.

In the past five (5) years SARS has opened five (5) completely new branches to establish a much bigger presence for taxpayers countrywide.

We have also introduced 15 mobile tax units, with each province having at least 2 units to assist taxpayers in remote areas.

But we are also here to officially launch yet another service enhancement for taxpayers, specifically for small businesses taxpayers.

We are unveiling the SARS small business desks that will provide a dedicated service to small business entrepreneurs.

This initiative to support small business development flows from our government's vision contained in the National Development Plan (NDP) to put our country on a new growth path.

Among the many goals of the National Development Plan are the following:

- A reduction in unemployment from 25 % to 6 % by 2030
- About 11 million additional jobs by 2030

According to the National Development Plan, "In the short to medium term, most jobs are likely to be created in small, often service-oriented businesses aimed at a market of larger firms and households with income."

The NDP also calls for the creation of "an enabling environment for small, micro and medium enterprises and entrepreneurs to thrive. This includes inculcating the spirit

of entrepreneurship in schools, lowering the cost of doing business in the economy, and reducing barriers to entry in various value chains.”

In other words there is recognition of the role of small business in fighting poverty and unemployment in our country.

In his Budget Speech in February this year, the Minister of Finance Mr Nhlanhla Nene reminded us that “unemployment remains our single greatest economic and social challenge. Government continues to prioritise measures aimed at generating employment. These include tax incentives for employment and investment, support for enterprise development, skills development and employment programmes.”

The Finance Minister indicated that Minister Lindiwe Zulu’s new department of Small Business Development will spend R3.5 billion on mentoring and training support to small business.

In addition, the Finance Minister announced that a more generous tax regime will come into effect for small businesses with a turnover of less than R1 million a year. This means that businesses with a turnover below R335 000 a year will pay no tax.

For small businesses who have to pay tax, the rate is reduced from 6 per cent to 3 per cent.

Then the Minister said: “To complement this relief, SARS is establishing small business desks in its revenue offices to assist (small businesses) in complying with tax requirements.”

The Minister had clearly identified an important role for SARS in supporting the development of small businesses.

For some months now we have been operating these desks

Since August 2014 SARS has established 138 small business desks in 50 of our 52 branches across the country. These desks have a capacity to assist more than 14 000 small business taxpayers per week.

What is small business Desk and for whom?

A small business desk is a dedicated channel for small business owners who visit SARS branches to manage and resolve their tax matters. The desk provides services on small business queries such as business registrations, tax clearance certificates and general business tax issues.

We are pleased to announce that SARS plans to add more desks in the next two financial years due to the positive feedback and demand we received via a small business taxpayers’ survey we recently conducted in the branches.

This is what we found from the taxpayers who have already sampled the service.

- What were they visiting the branch for?
The main reasons we found were that:

- 68% were there to get a Tax Clearance Certificate
- 9% came to register for VAT
- What did they think about the service of the SARS branch staff?
 - 87% were positive about their experience of the service
 - 68% thought it was “good”
 - 19% found it “very good”
 - 91% said they would use the service again
- In the study conducted between November 2014 and January 2015, 77% of the respondents had already used the service at least once before. So the service has “repeat business”, which is a good sign that it meets a need amongst small business owners.

We must continue our drive to also serve this group online as:

- 85% said they have access to the internet
- 84% have a smart phone

Over the past decade SARS has been making it easier for taxpayers to interact with us.

We also have free taxpayer education workshops and we have a toll-free Contact Centre where taxpayers can get help with their tax and customs queries.

But specifically for small business operators, we have been making great progress in designing a tool to register small businesses at its premises. Our Mobile Business Registration (MBR) tool is a portable solution, which is why it is informally referred to as suitcase registration, which makes it easier for businesses to access our services and education. You will have the opportunity to see the tool being demonstrated this morning.

Why?

I have explained to you what SARS is doing to support small business. But I want to also explain why we are doing it. Many times people forget to explain why they are doing something, when the ‘why’ is actually the most important aspect.

SARS has been given a mandate to collect revenue for the government of the day. From this revenue government must deliver, and has been delivering, basic services, education, health, infrastructure as well as supporting other developmental programmes, such as the development of small business.

But the only way SARS can collect this revenue is if all of us as taxpayers do the right thing. For most taxpayers – doing the right thing involves two basic steps after registration

The first step is to submit your tax returns on time whether for yourself or your business.

The second step is to pay any tax you may owe SARS after assessment. As you know some people get a refund from SARS after submitting their return and being

assessed. It means that they have paid too much tax and should get that money back from SARS.

If you follow these two steps then you are complying with your tax obligations. This is what we mean when we say you are tax compliant.

Other taxpayers such as large corporations have more complicated tax affairs but they too must be tax compliant.

The simple message is that all of us must play our part and be compliant

We know there may be many reasons why there is low tax compliance in the small business segment.

Firstly, the small business segment itself needs to be understood. Are these survivalist, one-person businesses, or are they organised businesses with more than one person, even employing other people etc.

Do they have their own business premises, do they operate from their own backyard etc.

Once we have an understanding of these factors we can then improve our current awareness efforts through workshops and thus improve our services.

It is against the said background that SARS is forging relations with many small businesses stakeholders and state agencies in an attempt to support small businesses.

In conclusion, I want to repeat what I said earlier. Small business can play a huge role in fighting poverty and unemployment. And government, including SARS as an organ of the state, is more than willing to help small businesses grow to play this vital role in the economic development of our country.