

**Address by Acting Commissioner Kingon to the**

**Annual Tax Indaba**

**10 September 2018**

**The Minister of Finance, the Honourable Nhlanhla Nene;**

**Senior Treasury staff;**

**Heads of RCBs;**

**SARS Executive Committee;**

**Programme Director;**

**Ladies and Gentlemen**

**All protocol observed;**

**Good morning to you all.**

It is a pleasure and an honour to address you today in my capacity as Acting SARS Commissioner.

I have been fortunate to have participated in various sessions of the Tax Indaba, since its inception about 5 years ago. SARS has watched it grow in significance each year, and we welcome this opportunity to once more engage with you, the tax professionals, in meaningful dialogue.

So much has changed since I last spoke at the Tax Indaba for me and for SARS. As most of you know, in March this year, I was appointed Acting SARS Commissioner. This was indeed a

surprise for me, and I was honoured to be asked to serve both SARS and my country in this way.

At this point, I would like to acknowledge the strong support I have received, since my appointment, from the Ministry and from the Treasury. I would also like to use this occasion to express my sincere appreciation for the number of notes of support I received from the heads of the RCBs when I was appointed. Without such support it would be impossible to deliver on the SARS mandate.

### **Where is SARS currently?**

Minister Nene reflected on the economic status of the country. Many of us have to tighten our belts and cut costs even more, which is a natural response particularly in the corporate world. However, some of us may be tempted to reduce our tax bills by participating in questionable tax avoidance schemes, and some of us may be tempted to enter the world of outright tax evasion. Let me remind you that tax is not a cost. It is part of our joint contribution to make sure we have a workable and working society. It is during times like these that the country most requires fiscal citizenship and voluntary tax compliance to address its challenges.

As you are aware, SARS finds itself in a difficult space at this time. The two most critical Commissions into governance in the country have prominently featured SARS practices and conduct in recent times. It is not a flattering account of the way in which we conducted our business. We acknowledge this lapse and we are committed to changing this narrative by

ensuring that our work is done, as expected, with integrity and within the framework of the law.

The damage done to SARS reputation has far reaching impact and will take time to fix. The perception that SARS was unfair in the way it treated taxpayers goes against the grain of not just those of us working at SARS, but also of South African taxpayers. I am reminded of the words of the past American President Barack Obama, who visited us recently, when he said of the IRS “What people really want is fairness. They want people to pay their fair share of taxes.” I could not agree more with that statement. I also want to assure you that we are firmly committed to ensuring fairness and the integrity of the tax system which applies to all South Africans without fear or favour.

On a more strategic level, we see tax practitioners as critical in revenue administration. We are committed to rebuilding the trust with tax professionals like yourselves. I have asked my team to consider how we can give you more responsibility and agency for your clients and one of the issues we are looking at is giving you more room to administer the portfolio of your clients on the SARS eFiling platform.

SARS is committed to fair treatment of taxpayers. As many of you know, in my dealings with you as RCBs or as individuals, I and most of SARS, have endeavoured to be fair. This is the cornerstone of rebuilding the trust we lost with taxpayers. As a first step in this direction and to demonstrate our willingness to be accountable, one of the first things I did since my appointment was to publish the SARS Service Charter..

## **Improving Service to tax professionals:**

- **SARS Service Charter**

All the RCBs here collaborated and worked with us to produce the final Charter. My staff and I see the Charter as aspirational. We want to use it to further define our service offerings. I invite you to dialogue with us on what is working and what is not and let's talk about how best we can move forward. We have a project team dealing with the tracking and monitoring of complaints related to the turn-around times in the Service Charter and they will be participating in session in the Tax Indaba session to deal specifically with those issues. Just remember that this is a work in progress and the essential thing is that we want to continue to engage on it.

- **Large Business Sector**

As you know by now, we are in the process of reconfiguring the service offering for large business and high net worth individuals, previously known as the Large Business Centre or LBC. We are ensuring that you will once again be able to access this service to deal with your complex tax matters for large businesses and high net worth individuals. This was a successful, centre of excellence for SARS and a key component of our revenue collection. We are confident that it will again take its place as a critical service offering for this niche sector that brings in a large chunk of revenue.

- **Resuscitating the investigative capacity**

The world has changed dramatically in the last few years. We are being confronted with tax evasion schemes being created on a regular basis. As soon as we discover one,

another seems to be invented. I can't help but think that such high level scheming requires tax professionals who are immune to the impact that these schemes have on the fiscus. It is important that we understand that the world is becoming a smaller place. SARS has concluded international agreements that make it more difficult to hide these schemes and the profits they generate. Remember when Denis Healy, the former British Chancellor who said that "the difference between tax avoidance and tax evasion is the thickness of the prison walls" - don't give into temptation and find yourselves behind either of these.

In addition to the schemes we are seeing is the threat of the illicit economy. SARS, on the Customs side, is engaging in similar professional forums to address the revenue leakage as a result of the illicit economy.

We need strong, capable and ethical investigative teams who can study these cases and identify wrong doing. In the last month, we have begun reviving this capacity in SARS. Although I am committed to educating and serving the taxpaying public, I want you to know that we are also capable of enforcing compliance and if we have to, we will. Just in the past week I have seen correspondence where people were discussing openly how to undervalue imports.

- **Servicing all taxpayers**

SARS serves the fiscus that provides public services for all South Africans – and we live in a wonderfully multi lingual society. I am very proud of our Language Unit that has the ability to translate into all South African languages, tax education and campaign material. In addition we have

recently developed capacity to interact through sign language with our hearing impaired taxpayers.

The SARS Language Unit was voted the best and most effective unit of its kind in the public service last year, and SARS was the first organ of State to have such a facility in full use.

- **Technical Systems Improvements**

As you all know, this tax season was an improvement in that we have made technical improvements to the e-filing data. We succeeded – to a greater extent – in prepopulating data like medical aid and retirement annuities on your return submissions. We can access this data and we hope that this will reduce the processing time for taxpayers.

- **Enhancing the skills and knowledge of our staff**

We have embarked on three staff development programmes this year to improve the knowledge and capacity of our staff. The programmes operate across different grades and groupings in SARS. This is aimed at building a more effective professional SARS official who can better serve you.

- **Improving accountability of SARS Leadership**

I want to assure you that improving service for you, the tax professional is a key component to rebuilding trust in SARS. We are committed to improving current trust levels. And it is in this spirit that members of the SARS Exco will be joining me on stage for the next session to discuss certain key points in our campaign to resuscitate good service at SARS

In conclusion, I want to thank you for playing your role in ensuring that taxpayers are compliant and that they meet their tax obligations. There is a wider benefit in being compliant that is so essential for or growth as a nation. By ensuring we serve the fiscus we reduce the need to borrow or accept foreign aid to meet our development priorities.

We want to make sure that as a country we have the independence to say that our development agenda is our own..... we do not want to depend foreign loans and aid because as Jeff Owens from the OECD said “the real spelling of AID should be T.A.X.”