

## **PROCUREMENT CASE STUDY: PROVISION OF MEDIA BULK BUYING MEDIA PLANNING AND RELATED SERVICE FOR SARS**

### **SPECIAL PROJECT: ENHANCING TAX COMPLIANCE IN SOUTH AFRICA'S BILLION-RAND TAXI SECTOR** *(Hypothetical campaign)*

#### **Executive Summary**

##### **1. Background**

The South African minibus taxi industry is a vital component of the country's public transport system, responsible for over 80% of daily public transport trips. Despite its significant role, the sector faces challenges related to tax compliance, which has far-reaching implications for the economy and public services.

##### **Economic Significance**

The taxi industry generates an estimated annual revenue of R90 billion. However, its tax contributions are disproportionately low compared to its economic output. In 2021, the industry paid only R5 million in Corporate Income Tax (CIT) highlighting a substantial tax gap.

The South African Revenue Service (SARS) is potentially missing out on;

- Corporate Income Tax: R3.6 billion from taxi operators.
- Value-Added Tax (VAT): R6.75 billion in uncollected VAT on fares.
- Pay-As-You-Earn (PAYE) Tax: R1.91 billion that could be collected if the industry operated under formal tax regulations

##### **Public Services and Infrastructure**

Tax compliance is crucial for funding public services and infrastructure. The revenue collected from taxes supports the maintenance and development of roads, public transport facilities, and other essential services. By enhancing tax compliance, the taxi sector can contribute more effectively to these public goods, benefiting both the industry and the broader community.

##### **Legal and Financial Benefits**

For taxi operators, complying with tax regulations can provide several benefits:

- **Legal Protection:** Ensures that operators are protected from legal penalties and fines associated with tax evasion.
- **Financial Stability:** Proper tax reporting can improve access to financial services, such as loans and insurance, which are essential for business growth and sustainability.
- **Reputation:** Enhances the industry's reputation, fostering trust and cooperation with government bodies and the public.

### Addressing Misconceptions

There are misconceptions about the taxi industry's tax contributions. While the sector does pay significant amounts in Value-Added Tax (VAT) on vehicle sales and fuel levies the complexity of tax declarations and the informal nature of many operations contribute to underreporting and non-compliance. Educating and upskilling taxi operators on tax matters can help bridge this gap and improve compliance rates.

### Government Initiatives

The South African Revenue Service (SARS) has recognized the need to focus on the taxi industry in its compliance drive by implementing targeted initiatives and providing support to taxi operators.

The government aims to enhance tax compliance and ensure that the sector contributes its fair share to the national revenue.

In summary, improving tax compliance in South Africa's taxi sector is essential for economic growth, public service funding, and the legal and financial well-being of taxi operators. By addressing the challenges and misconceptions, and through collaborative efforts between the government and the industry, significant progress can be made

## 2. Compliance Challenges

**Underreporting of Income:** Operators often use generic source codes, obscuring actual business income and reducing tax visibility. **Personal Vehicle Ownership:** Most taxis are registered under individuals, limiting access to VAT registration and formal payroll systems. **Indirect Fiscal Contributions:** Despite low direct tax contributions, the sector pays substantial VAT on vehicle purchases, fuel levies, and Road Accident Fund (RAF) levies.

### 3. Media Placement Brief: SARS–South African National Taxi Council (SANTACO) and National Taxi Alliance (NTA) Tax Compliance Campaign

#### Communications Objective

The communications objectives are as follows:

- **Raise Awareness:** Inform taxi operators, drivers, and the public about the importance of tax compliance and its benefits for the industry and society.
- **Educate:** Provide clear and accessible information on tax obligations, the process of tax filing, and the support available from the South African Revenue Service (SARS).
- **Change Perceptions:** Address and correct misconceptions about tax compliance, emphasizing the positive impact of paying taxes on public services and infrastructure.
- **Encourage Compliance:** Motivate taxi operators to comply with tax regulations by highlighting the legal, financial, and reputational benefits of being tax compliant.
- **Foster Collaboration:** Promote a cooperative relationship between the taxi industry and government bodies to ensure a smoother and more effective tax compliance process.

By achieving these objectives, the campaign aims to create a more informed and compliant taxi sector, ultimately contributing to the economic growth and development of South Africa.

#### Media placement brief

You are required to develop an integrated media strategy that effectively raises awareness, educates, and encourages tax compliance within South Africa's minibus taxi sector. The strategy should incorporate media bulk buying, media planning, and related services to maximize reach and impact.

#### Media Strategy Requirements:

##### 1. Media Bulk Buying:

- You are required to propose a cost-effective media placement across various channels to ensure maximum reach.
- Show case the negotiation of bulk buying deals to optimise budget allocation.

##### 2. Media Planning:

- Develop a comprehensive media plan that includes traditional (radio, TV) and digital (social media, online ads) platforms.
- Ensure the media plan aligns with the campaign's objectives and target audience's media consumption habits.
- Create a detailed timeline for the campaign, including key milestones and deadlines.

### 3. Performance, Monitoring and Related Services:

- Monitoring and evaluation: Implement mechanisms to track the campaign's performance and gather feedback.
- Adjustments: make data-driven adjustments to the strategy based on performance metrics and feedback.

#### Deliverables:

- Integrated Media Strategy: A detailed plan outlining the media channels, budget allocation, and timeline.
- Performance Metrics: Key performance indicators (KPIs) to measure the success of the campaign, such as reach, engagement, and conversion rates.
- Budget: The overall budget is R 20 m including VAT. Provide a detailed budget breakdown for media bulk buying, media planning, and related services. Ensure cost-effectiveness and maximum impact within the allocated budget.
- Comprehension and interpretation of the overall brief.
- Understanding of taxpayer media consumption patterns.
- Timelines: within timelines provided in brief
- Clear media placement strategy
- Understanding of taxpayers'

#### Budget:

The overall budget is R 20 m including VAT. Provide a detailed budget breakdown for media bulk buying, media planning, and related services. Ensure cost-effectiveness and maximum impact within the allocated budget.

**Timeline:**

- **October** : Research and planning.
- **October**: media buying.
- **November**: Campaign launch and monitoring.
- **December 1-16**: Evaluation and reporting.

**Submission Guidelines:**

- Include a detailed breakdown of the proposed media strategy, budget, and timeline.
- Highlight previous experience and success stories in similar campaigns.