

# ANNUAL PERFORMANCE PLAN (REVISED) 2021/22

SOUTH AFRICAN REVENUE SERVICE



*South African Revenue Service*

# **ANNUAL PERFORMANCE PLAN (REVISED)**

**South African Revenue Service  
2021/22**

RP35/2021

ISBN: 978-0-621-49114-2

## Abbreviations

|            |   |
|------------|---|
| AEO:       | Authorised Economic Operator                          |
| AI:        | Artificial Intelligence                               |
| APA:       | Advance Pricing Agreements                            |
| APP:       | Annual Performance Plan                               |
| ATAF:      | African Tax Administration Forum                      |
| CEMIS:     | Compliance Evaluation Monitoring Information System   |
| CFO:       | Chief Financial Officer                               |
| CIT:       | Corporate Income Tax                                  |
| ENE:       | Estimates of National Expenditure                     |
| EOI:       | Exchange of Information                               |
| FATF:      | Financial Action Task Force                           |
| FOSAD:     | Forum of South Africa Directors-General               |
| FTA:       | Free Trade Agreement                                  |
| GBV:       | Gender-Based Violence                                 |
| ICT:       | Information Communications Technology                 |
| KPI:       | Key Performance Indicators                            |
| MTBPS:     | Medium-Term Budget Policy Statement                   |
| MTEF:      | Medium-Term Expenditure Framework                     |
| MTSF:      | Medium-Term Strategic Framework                       |
| NATJOINTS: | National Joint Operational and Intelligence Structure |
| NCCC:      | National Coronavirus Command Council                  |
| NDP:       | National Development Plan                             |
| NES:       | Net Easy Score  |
| NPA:       | National Prosecuting Authority                        |
| OECD:      | Organisation for Economic Cooperation and Development |
| PAYE:      | Pay-As-You-Earn                                       |
| PFMA:      | Public Finance Management Act                         |
| PIT:       | Personal Income Tax                                   |
| PPE:       | Personal Protective Equipment                         |
| RAWC:      | Revenue Analysis Working Committee                    |
| SARS:      | South African Revenue Service                         |
| SMS:       | Short Message Service                                 |
| TADAT:     | Tax Administration Diagnostic Assessment Tool         |
| TID:       | Technical Indicator Descriptor                        |
| VAT:       | Value Added Tax                                       |
| WCO:       | World Customs Organisation                            |

## Table of contents

|                               |   |
|-------------------------------|---|
| Abbreviations .....           | 2 |
| Minister's statement.....     | 4 |
| Commissioner's statement..... | 5 |
| Official sign-off.....        | 6 |

### A

---

|   |          |
|---|----------|
| <b>PART A: OUR MANDATE.....</b>   | <b>7</b> |
| Legislative and policy mandates.....  | 7        |
| Institutional policies and strategies over the five year planning period..... | 9        |

### B

---

|   |           |
|---|-----------|
| <b>PART B: OUR STRATEGIC FOCUS.....</b>                   | <b>12</b> |
| Situational analysis.....                                 | 12        |
| Key external environmental factors and our approach ..... | 12        |
| Key internal environmental factors and our approach.....  | 14        |

### C

---

|  |           |
|--|-----------|
| <b>PART C: MEASURING OUR PERFORMANCE .....</b> | <b>16</b> |
| Institutional performance information .....    | 16        |
| Resource Considerations .....                  | 24        |
| Risks and mitigation .....                     | 26        |

### D

---

|   |           |
|---|-----------|
| <b>PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs).....</b> | <b>32</b> |
| Annexures .....   | 43        |

## Minister's statement



South Africa continues to deal with the COVID-19 pandemic and government's response to curb its spread and to deal with its negative impact on the economy continues to put a serious strain on the fiscus. The unfavourable economic and operating conditions are expected to remain in the short-term and will most certainly have lasting effects on the economy and South Africans.

The South African Revenue Service's (SARS) continued improvements in its operations and performance continues to enable the government to provide much needed relief to South Africans and the economy in general. SARS faces a difficult task of collecting the revenue required and ensuring taxpayers and traders comply with the law whilst facing trying and difficult conditions to their survival. I am encouraged however by the approach adopted by SARS as part of its strategy and plans to achieve a balanced approach between improving taxpayer experience and dealing decisively with deliberate non-compliance with the law. This can only bode well for SARS efforts now and in the future.

I would like to thank the SARS leadership team and the rest of SARS employees for their continued dedication to fulfill the SARS mandate in these difficult and emotionally trying times.

A handwritten signature in black ink, appearing to read 'Godongwana'.

Enoch Godongwana  
Minister of Finance

## Commissioner's statement



The South African Revenue Service continues to fulfil its mandate and implement its objectives under unprecedented economic and operating conditions. The South African economy is expected to contract sharply in 2020 and begin to recover in 2021, albeit at low growth levels. Business activities are gradually picking-up, however it will take several years for most businesses to return to pre-COVID19 levels. Consequently, tax revenue collection efforts will remain constrained and SARS is already experiencing declines in registered taxpayer and trader compliance levels. SARS revenue collection is crucial for government expenditure towards social well-being, infrastructure investment, service delivery, safety and security. It is primarily these noble and imperative objectives that inspire and drive us at SARS, to strive harder and do everything within our power to improve revenue collection and increase taxpayer and trader compliance.

It is over a year and a half since SARS began its journey towards conceptualising, developing and implementing the **VISION 2024 - A smart modern SARS with unquestionable integrity, trusted and admired**. Long before the pandemic outbreak, SARS was already grappling with the challenges of positioning itself into the future so as to be prepared to embrace the new emerging opportunities and to satisfy the growing and changing needs of our taxpayers and traders. In addition, for SARS to respond to the imperatives of the changing work norms and new technologies. The onset of the pandemic has accelerated our efforts to build a resilient SARS, and presented new opportunities to bring forward some initiatives sooner than previously anticipated.

Last year, we made big strides in the modernisation of our technology infrastructure and systems to enable our employees to work from anywhere, especially at home; for taxpayers and traders to interact with us without the need to visit our branch offices. We significantly increased the utilisation of data in order to ease the burden on taxpayers and traders, by pre-populating and auto-filling their tax returns. We also set out to build a foundation for a future SARS underpinned by a capable leadership team, and filled the leadership vacancies that existed, majority of which were internal appointments. During his 2020 Medium Term Budget Policy Statement (MTBPS), the former Minister of Finance outlined his fiscal consolidation plan to limit growth in government spending and support economic growth over the medium term. SARS' efforts remain crucial to collecting the revenue required to support these efforts. The Minister's fiscal consolidation plan also calls upon us to utilise our resources prudently and seek to achieve more results from our efforts.

This revised 2021/22 Annual Performance Plan (APP) seeks to ensure that we remain focused on rebuilding SARS to become a credible institution that is trusted and admired, and to ensure that we are precise when it comes to tracking and measuring ourselves against the objectives and targets we set for ourselves. We will continue to build on the foundation already established, to rebuild our internal capacity and focus our efforts aggressively on addressing the tax gap and deal with non-compliance more effectively.

I wish to thank all SARS employees for their continued diligence and hard work, to uphold the SARS mandate and objectives during these unprecedented times. I am grateful to the Minister of Finance and Parliament for their ongoing support to rebuild SARS.



Edward Chr Kieswetter  
SARS Commissioner

## Official sign-off

It is hereby certified that this Annual Performance Plan:

- » Was developed by the management of SARS, under the guidance of Minister Enoch Godongwane
- » Takes into account all relevant policies, legislation and other mandates for which SARS is responsible.
- » Accurately reflects the impact and outcomes which SARS will endeavour to achieve over the period 2021/22.



Yolande van der Merwe  
Chief Financial Officer



Katiso Tabe  
Head official facilitating enterprise strategic planning



Edward Chr Kieswetter  
Accounting Officer



Approved by Enoch Godongwana: Minister of Finance

# PART A: OUR MANDATE

## Legislative and policy mandates

In terms of the SARS Act, 1997, SARS is mandated to:

- » collect all revenues due
- » ensure optimal compliance with Tax and Customs legislation
- » provide a Customs service that will optimise revenue collection, protect our borders and facilitate legitimate trade.

The primary legislation that SARS administers include:

- » Income Tax Act, 1962
- » Customs and Excise Act, 1964
- » Value-Added Tax Act, 1991
- » Tax Administration Act, 2011
- » Employment Tax Incentives Act, 2013

## How we fulfill our mandate

### **SARS Compliance Theory and Philosophy**

In our context, compliance refers to the degree to which taxpayers and traders fulfill their tax obligations (registration, filing, declaration, payment), accurately and on time, as required by the law.

In the fulfillment of our legislative mandate, the main work of SARS is to ensure taxpayer and trader compliance. This is expressed as the SARS Compliance Programme, which is reviewed annually and forms part of our Annual Performance Plan.

Our aim is to engage with society in a way that earns public confidence and trust, while fostering the principle of fiscal citizenry. Voluntary compliance refers to society fulfilling their obligations without being prompted by SARS to do so. SARS believes that most taxpayers and traders are honest, and will therefore strive to promote a culture where compliance is viewed as a positive social contribution. The behaviour of taxpayers and traders may range from willing and intentional compliance to non-compliance, largely because of a lack of knowledge or means. We are also aware that some taxpayers and traders consciously choose not to comply and will engage in aggressive tax planning or even criminal behaviour.

SARS is of the view that the majority of taxpayers and traders will always do the right thing, whilst a certain number will always do the wrong thing. Most taxpayers and traders fit between these two extremes, in that they will do the right thing if the circumstances are right for them, but will choose not to comply if they believe they will get away with it. SARS will, therefore seek to move as many taxpayers and traders as possible up the continuum and ensure that they are more willing to comply voluntarily.

Voluntary compliance will be achieved when everyone is aware of their tax obligations (clarity and certainty), it is reasonably easy and less costly to meet these obligations (make it easy), and when there is a credible threat of detection and consequences for those who do not comply with their obligations (detection and enforcement). To achieve this, we need to build administrative and institutional capability that has integrity and serve the public beyond reproach.

### **Clarity and certainty**

Taxpayers and traders that are aware, clear and certain of their rights and obligations and are more likely to comply voluntarily. To the greatest extent possible we will endeavour to administer tax and customs laws that are clear, easily understood and applied by taxpayers and traders. We will provide easy to understand and easy to access information and guidance to taxpayers and traders. We will also provide certainty and consistency through prompt rulings, interpretation notes and explanatory guidelines. We will provide leverage products such as advance pricing agreements and advance rulings to certain segments of taxpayers and traders. We will also use other government facilities and institutions to educate taxpayers and traders about their rights and obligations.



Education and awareness campaigns will be attuned to the needs and behaviours of groups of taxpayers and traders, based on observations and insights drawn from data. We will pay particular attention to the work we do with and through intermediaries, opinion-makers, influencers, professional bodies and other stakeholders to provide clarity and certainty to taxpayers and traders.

We will reach out to future taxpayers and traders by collaborating with the Department of Basic Education and the Department of Higher Education for tax education.

### **Make it easy**

We recognise that providing an easily accessible, professional and efficient service promotes voluntary compliance. Our service must enable taxpayers and traders to meet their obligations in as fair, easy, cost effective and convenient manner possible, most importantly for compliant taxpayers and traders. We will provide equitable access to all service channels, however we will strive to encourage the majority of taxpayers and traders to use mainly our online self-service channels. Through these online channels and our branches, we will ensure that taxpayers and traders are provided with seamless services from registration, filing, declaration, payment and deregistration. Service offerings will be attuned to the needs and behaviours of groups of taxpayers and traders, and where appropriate we will use intermediaries (accredited, certified or trusted), to provide services that enable taxpayers and traders to meet their obligations with least effort and cost.

### **Detection and enforcement**

The aim of our enforcement activities is to promote fairness and deter non-compliance with tax and customs laws, by creating an environment where a taxpayer and trader's compliance is consistently monitored. In carrying out enforcement measures, we will apply a principle of proportionality, which matches the severity of the enforcement action to the nature of non-compliance. Our actions will be proportional to the level of non-compliance detected, moving through a continuum of "soft" enforcement for a lesser degree of non-compliance, first offenders etc. to "hard" enforcement for deliberate non-compliance e.g. deliberate tax avoidance, multiple offenders etc. We will build the necessary capabilities (data, intelligence, skills, people, systems) to detect and investigate non-compliance early, and communicate promptly with taxpayers and traders when non-compliance is detected. We will give non-compliant taxpayers and traders reasonable time and clear guidance to respond and correct their non-compliance, and when this fails we will have sufficient tools to respond.

We will embark on enforcement campaigns in areas where we have detected widespread non-compliance to create leverage. We will use our Compliance Programme as a tool to communicate to taxpayers and traders, our observations regarding their compliance behaviours and how we plan to address them.

In time, for the non-compliant taxpayer and traders, the cost of non-compliance must outweigh the benefit of non-compliance.

### **Institutional integrity and capability (effective administration)**

The bedrock of voluntary compliance is an efficient, capable and disciplined administration that adheres to the highest standards of integrity and governance. An effective administration comprises of system integrity, transactional integrity, adequate financial resources, prudent management of resources, and people integrity (adequately skilled and resourced people, who behave professionally and ethically).

Our system integrity will include trustworthy taxpayers and traders records, unbiased dealings with taxpayers and traders, a transparent governance system with appropriate checks and balances, and value for money spending. We will expand the use of data and/or data analytics and artificial intelligence to improve the integrity of our records, risk management and to derive critical insights and improve outcomes.

In the course of interacting with taxpayers and traders, we will do everything permissible, in a fair and courteous manner, to enable them to meet their obligations with ease. We will take adequate measures to ensure efficiency and fairness in our actions, in recognition of the potentially intrusive nature of our enforcement actions. We will manage exceptions in a transparent and fair manner.

To live up to our constitutional obligations and our legal mandate, we seek to maximize performance through prudent and ethical management and deployment of our resources (people, financial, intellectual, manufacturing, social and relational, natural capital) to deliver quality and measurable outcomes. At the heart of our “People Philosophy” is the recognition that we serve the public collectively through the role we play in the country’s fiscal management and serving the public individually through the day to day interactions that we have with them.

Section 195 (1) of the Constitution states, amongst other things, that public administration must exhibit “a high standard of professional ethics”, must provide services “impartially, fairly, equitably and without bias”, must be “accountable” and must be “broadly representative of the South African people”. As SARS our commitment is to abide by these principles/law.

We want our employees to be highly skilled at addressing and resolving taxpayer and trader queries and disciplined in maintaining organisational processes. We want SARS to be a great place to work at, where employees can give expression to their aspirations and values. We will build and maintain a working environment that supports employee growth and development, by providing employees with the tools and skills they need to do their jobs, within a context of an evolving environment. We will continue to identify, recruit and train the right people to maintain excellence in our operations, drive innovation, and enable implementation of our future strategies.

## Institutional policies and strategies over the five year planning period

### Policies

The National Development Plan (NDP) 2030, continues to shape government’s policy framework. Government’s policy direction as outlined in the NDP, the Medium-Term Strategic Framework (MTSF) and other State policy documents provide the policy framework for how SARS carries out its mandate. As one of the critical organs of State, SARS will continue to diligently carry out its mandate of collecting the revenue required to fund critical government programmes. We will continue to promote and facilitate legitimate trade through the country’s borders to help grow the economy and protect it from harmful illicit trade activities.

### Strategy over the five-year planning period

#### SARS Higher Purpose

Our work enables government to build a capable state, to foster sustainable economic growth and social development that serves the wellbeing of all South Africans.

#### Our Strategic Intent

To give effect to our mandate, our strategic intent is **to develop and administer a tax and customs system of voluntary compliance, and where appropriate, enforce responsibly and decisively.**

It is our vision to **build a smart modern SARS with unquestionable integrity that is trusted and admired.**

## Our strategic objectives

In support of our strategic intent and to give effect to our compliance philosophy, we have identified and committed to achieving nine Strategic Objectives to guide and inform our efforts and decisions and establish where to focus our resources over the course of this planning cycle.

Our nine strategic objectives are:

|    |   |
|----|---|
| 1. | <p><b>Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations</b></p> <p>The overall taxpayer and trader experience is empowering and enabling. Taxpayers and traders proactively receive clarity guidance and where required, have easily accessible additional customised support. Certain segments of taxpayers and traders may also access leverage products such as advance pricing agreements, advance rulings (inclusive of Value-added Tax - VAT rulings and binding general rulings) and cooperative compliance programmes.</p>   |
| 2. | <p><b>Make it EASY for taxpayers and traders to comply with their obligations</b></p> <p>Engagements with taxpayers and traders in the fulfillment of their obligations will be mainly online, intuitive and self-managed with minimal face-to-face visits. For standard taxpayers (largely non-provisional taxpayers), the fulfillment of their registration, filing, declaration and payment obligations will be seamless. Exceptions will be resolved with ease and minimal intervention. Complex taxpayers (largely provisional taxpayers - individuals and entities) as well as their intermediaries will experience engagements customised to their specific needs. Increasingly, trusted intermediaries will be empowered and enabled as authorised agents acting on our behalf.</p>                                   |
| 3. | <p><b>DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY</b></p> <p>Taxpayers and traders who negligently, deliberately, aggressively, or criminally stay out of the tax system or do not comply will be detected immediately when non-compliance occurs. They will experience a response appropriate to the nature and degree of their non-compliance, which progressively, may include friendly reminders to more intrusive and investigative engagements that enforce compliance. Where necessary, hard enforcement may include court action, asset seizure and criminal prosecution. Non-compliant taxpayers and traders may under certain circumstances be named and shamed. The cost of non-compliance will be high and severe.</p>  |
| 4. | <p><b>Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce</b></p> <p>Our employees consider us to be an Employer of Choice and are engaged to deliver the best taxpayer and trader experience characterised by professionalism and actions that are beyond reproach. Tasks have become less administrative, more analytical and service oriented. Our employees easily collaborate to leverage their combined strengths. We invest in them appropriately and provide them with the right tools for the job. They are able to respond to future demands of the work environment and changing needs of taxpayers and traders with ease.</p>  |
| 5. | <p><b>Increase and expand the use of DATA within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes</b></p> <p>By expanding and increasing the use of data, data analytics and artificial intelligence, we create the capability to understand the compliance behaviour of taxpayers and traders to provide clarity and certainty where it is needed, simple, easy and seamless service that fosters voluntary compliance, and timely/early detection of risks, trends and instances of non-compliance that enable us to enforce responsibly. We have incorporated data into a comprehensive system of knowledge management. The composite effect of the expanded and increased use of data must substantively support our strategic intent of voluntary compliance.</p> |
| 6. | <p><b>Modernise our systems to provide DIGITAL and STREAMLINED online services</b></p> <p>Our digital platforms will provide reliable and secure services to all our constituencies. Specifically, for taxpayers and traders to enable them to meet their obligations simply, easily and where appropriate seamlessly, anywhere. For our employees to enable them to deliver world-class and best-in class taxpayer and trader experience and to ensure performance excellence. For our stakeholders, provide reports and analysis that enable them to hold us accountable.</p>   |

|    |  |
|----|--|
| 7. | <p><b>Demonstrate EFFECTIVE STEWARDSHIP of our resources to ensure EFFICIENCY and EFFECTIVENESS in the delivery of quality outcomes and performance excellence</b></p> <p>We steward the limited resources entrusted to us in a manner that creates value to achieve quality outcomes and performance excellence. The way we organise ourselves reflects agility and responsiveness to deliver the best experience for all of our constituencies. We demonstrate a high work ethic, strive for performance excellence and achieve the most with the least effort and cost, and best-in class innovations that enable us to achieve our strategic intent.</p> |
| 8. | <p><b>Work with and through STAKEHOLDERS to improve the TAX ECOSYSTEM</b></p> <p>We have effective and beneficial partnerships with all stakeholders in the tax ecosystem that deliver maximum benefits for the taxpayers and traders, government and the public. We leverage each other's strengths to resolve tax administration challenges and improve voluntary tax compliance. Our interactions and exchanges are formal, professional, and transparent. Intermediaries experience their engagement with us as empowering and enabling mainly through online digital services.</p>  |
| 9. | <p><b>Build PUBLIC TRUST and CONFIDENCE in the tax administration system</b></p> <p>The public is confident that our stewardship of the country's tax system is professional, unbiased and fair; we always act and do the right thing all the time; we maintain the highest standards of integrity and ethics; we have transparent governance systems and processes and we have capable and trustworthy leaders. We accept that ultimately we are accountable to taxpayers, traders, and their representatives, the general public and elected public office bearers, whose trust we must earn.</p>  |

We will ensure accountability for the delivery of all nine strategic objectives by identifying key results and associated indicators and measurable targets for each. We will track and monitor our performance quarterly and annually.

## PART B: OUR STRATEGIC FOCUS

### Situational analysis

#### Key external environmental factors and our approach

| Environmental factors  | Relevant strategic objective/s (SO) | Our approach  |
|--|-------------------------------------|---|
| <b>Economy</b><br>The continuing lacklustre performance in the economy is impacting negatively on tax revenue collections with year-on-year revenue collection targets becoming harder to reach. The outbreak of the COVID-19 pandemic and the subsequent sharp contraction in the economy had adverse effects on the revenue collections targets resulting in substantial downward revisions in the revenue targets never before witnessed in the history of modern SARS. | All                                 | <ul style="list-style-type: none"> <li>» Continue our efforts in areas within our control and we have started to address many weaknesses in our administration.</li> <li>» Diligently pursue areas contributing to the tax gap. We have identified compliance initiatives that have the potential to result in additional revenue.</li> <li>» Continue to refine our revenue forecasting models.</li> <li>» Adopt tax broadening strategies through the full understanding of the regional and segment tax gap across tax products and thereby enlisting additional taxpayers to improve the tax collections from a wider base of taxpayers.</li> <li>» Combat illicit economy which normally find fertile ground when economic hardship prevails.</li> </ul> |
| <b>Government debt</b><br>The substantial increase in government debt due to falling revenue collection has put SARS under immense pressure to collect more revenue from a tax base that is eroded.  | All                                 | <ul style="list-style-type: none"> <li>» Identify new revenue opportunities and increase its revenue collections.</li> <li>» Employ Artificial Intelligence (AI) to detect non-compliance.</li> <li>» Develop strategies to tackle growing online transactions and e-commerce.</li> </ul>   |
| <b>Public confidence</b><br>Research shows that taxpayers' attitude towards compliance and their willingness to comply are influenced by how they perceive taxes to be utilised by government.<br><br>Loss of public confidence due to concerns about corruption in the public sector and poor service delivery has the potential to undermine and make it difficult for SARS to increase voluntary compliance.  | SO: 8 and 9                         | <ul style="list-style-type: none"> <li>» Continue to work with all our Stakeholders to improve outcomes.</li> <li>» Address aspects that could influence public perception, such as swift responses to recommendations for the report "Commission of Inquiry into Tax administration and Governance by SARS".</li> <li>» Continually demonstrate high intolerance towards corruption by regularly issuing forceful statements against corruption and report on SARS investigations on people implicated in corrupt activities.</li> </ul>   |

| Environmental factors   | Relevant strategic objective/s (SO) | Our approach   |
|---|-------------------------------------|--|
| <b>Illicit economic activities</b><br>The illicit economic activities continue to pose a serious threat to South Africa's growth, revenue base, prosperity and stability.   | SO: 3 and 5                         | <ul style="list-style-type: none"> <li>» Expand and improve the use of data, data analytics and artificial intelligence capabilities to enable SARS to detect non-compliance and illicit economic activities that previously went undetected and enforce accordingly.</li> <li>» Collaborate across the whole of government and with other stakeholders locally and internationally to address illicit trade risks across different sectors.</li> <li>» Build SARS capacity and capability to respond comprehensively to illicit economic activities.</li> </ul>   |
| <b>Emerging technologies</b><br>The emergence and evolution of new technologies such as 5G, Block-Chain, Artificial Intelligence and Cloud Computing etc. will transform the way we carry out the SARS mandate. Taxpayer and trader interactions will be different and will reduce the compliance burden. We also anticipate a big impact on our employees as current roles will most certainly evolve from largely administrative functions to more analytical work and this has implications for our staffing model and resource mix.   | SO: 4, 5, 6 and 7                   | <ul style="list-style-type: none"> <li>» Invest in new systems and digital processes to create a seamless taxpayer and trader experience when meeting their obligations.</li> <li>» Build the required new skills, capability and capacity to complement the new technological developments.</li> <li>» Aggressively encourage taxpayers and traders to use on-line platforms when engaging with SARS. Increase the use of social media and other mediums such as radio, Television (TV) adverts to show taxpayers how its communications Short Message Service (SMS) look like to also mitigate the risk of cyber criminals.</li> </ul> |
| <b>Political environment</b><br>Political environment<br>In 2017 President Cyril Ramaphosa was compelled to institute a Commission of Inquiry into Tax Administration and Governance at SARS due to serious governance failures and decline in public confidence in SARS. The Nugent Commission in its deliberations and final report highlights the risks that arise and the damage that can be caused if political interference is allowed.<br><br>Political interference in SARS can seriously undermine public confidence and consequently SARS' efforts to improve voluntary compliance.<br><br>The political and economic instability in neighbouring countries pose a threat as many citizens of these countries illegally migrate to South Africa, some of them undocumented. | SO:9                                | <ul style="list-style-type: none"> <li>» In carrying out our mandate we will always be factual, objective, and we will act without fear or favour. It shouldn't matter who is in power.</li> <li>» Our autonomy and independence should be supported and protected by ensuring that we have the resources to pursue our mandate.</li> <li>» Engage with all sectors of society to listen to their concerns and provide credible responses that engenders trust.</li> <li>» SARS, together with other law enforcement agencies, should increase vigilance at the ports of entry to prevent the illegal entry.</li> </ul>                  |

| Environmental factors   | Relevant strategic objective/s (SO) | Our approach   |
|---|-------------------------------------|--|
| <p><b>Changing Demographics</b></p> <p>South Africa is a country of young people as recent statistics released by StatsSA indicate. The same is true for our current individual tax base.</p> <p>The high (and growing) unemployment amongst the youth is a serious threat to the tax base and the overall integrity of the tax system. It has become a serious constraint to revenue growth and will cause further strain on government to increase spending on social benefits.</p> | SO: 1,2 and 3                       | <ul style="list-style-type: none"> <li>» Adopt a segmentation approach to take account for all societal segments, but pay particular attention to the social-demographic structure of our society. This influences how we develop our compliance programme, engage with communities, but also how we shape our workforce.</li> <li>» Continue to be a catalyst of change by promoting gender equality in the workplace and promoting zero tolerance against Gender-based Violence (GBV) in the society and recruiting women, youth and persons with disabilities.</li> </ul> |
| <p><b>Social media</b></p> <p>Social media is pushing many boundaries and has brought about new ways of communicating and interacting between taxpayers and traders, and tax authorities. It can help SARS to learn more about taxpayers and traders and can be used to improve our services, and compliance efforts. It has also brought with it risks such as false/fake news that can quickly spread.</p>  | SO 4,5 and 6                        | <ul style="list-style-type: none"> <li>» Proactively use social media platforms to inform, engage and promote voluntary compliance.</li> <li>» Continue to seek ways to improve the integrity of our systems.</li> </ul>   |

### Key internal environmental factors and our approach

| Environmental factors  | Relevant strategic objective(s) | Our approach  |
|--|---------------------------------|---|
| <p><b>Governance and leadership failures</b></p> <p>The Commission of Inquiry into Tax Administration and Governance at SARS has been concluded. The findings from the Commission highlighted a “massive” failure in integrity and governance in SARS, which significantly contributed to failure of SARS to meet its revenue targets.</p> <p>The poor state of governance at municipal level is contributing to poor service delivery and declining public confidence in government</p> | SO: 9                           | <ul style="list-style-type: none"> <li>» Continue to implement recommendations from the Nugent Report.</li> <li>» Rebuild key capabilities that were deliberately hollowed out, and restore internal trust and confidence amongst staff.</li> <li>» The Commissioner will continue to lead efforts to regain public trust and confidence and improve tax morality.</li> <li>» Work closely with local and district municipalities to ensure that they are always tax compliant and gain insights into the economic activities that are taking place in the municipal boundaries.</li> </ul> |

| Environmental factors  | Relevant strategic objective(s) | Our approach   |
|--|---------------------------------|--|
| <b>Staff morale</b><br>SARS experienced a decrease in the levels of employee engagement during 2017. This was likely influenced by the changes that took place as a result of the “new operating model” which, according to Nugent, was driven by a desire to deliberately breakdown the organisational integrity and the continuous negative publicity that SARS received over the recent past. | SO: 4                           | <ul style="list-style-type: none"> <li>» We have already started initiatives to ensure that employees regain their confidence by ensuring that they engage in meaningful work.</li> <li>» Our new employee value proposition will include an evolved job profile that in the future will move people away from doing largely administrative work to more analytical and service roles.</li> <li>» Be transparent regarding issues affecting employees and seek to build consensus with all stakeholders.</li> <li>» Continuously assess competency levels amongst staff and implement targeted development initiatives to build capabilities.</li> <li>» Put more emphasis on equity issues especially on women, youth and persons with disabilities.</li> </ul> |
| <b>Evolving modes of work</b><br>Technological changes and evolving taxpayer and trader needs are influencing the broader world of work including the structure of the work environment and the way people work.<br>The challenges brought about by the novel COVID-19 have disrupted the traditional way of working.  | All                             | <ul style="list-style-type: none"> <li>» Our human capability must evolve to complement the increasing levels of automated processing and artificial intelligence enabled by data, super computers and real-time connectivity (Internet of things).</li> <li>» Continue to promote safe working arrangement for its employees against the COVID-19 pandemic by advancing strict measures in the work places such as social distancing, the use of Personal Protective Equipment (PPEs) and promotion of remote/virtual working arrangements into the future.</li> </ul>  |



## PART C: MEASURING OUR PERFORMANCE

### Institutional performance information

| <b>Strategic intent: To develop and administer a tax and customs system based on voluntary compliance, and where appropriate, enforce responsibly and decisively</b> |   |                  |   |   |   |   |       |
|--|---|------------------|---|---|---|---|-------|
| Key results  | Key result indicators                           | Baselines        | Current and MTEF targets  |   |   |   | Notes |
|  |   |                  | 2021/22   | 2022/23   | 2023/24   | 2024/25   |       |
| Printed revenue estimates are met and/or exceeded  | % collection of revenue as agreed with Minister | R1 249.7 billion | 100.00% collection of revenue as agreed with Minister                           | 100.00% collection of revenue as agreed with Minister         | 100.00% collection of revenue as agreed with Minister | 100.00% collection of revenue as agreed with Minister | 1     |
| Overall compliance has increased as measured by a well-defined compliance index  | Develop and approve compliance indexes          | New measure      | Approved Compliance Index for PAYE, VAT and CIT as well as establish baselines  | Compliance index tracked and introduced into formal reporting | 83%   | 85%   | 2     |
| Enhance trade facilitation   | Develop and approve a trade facilitation index  | New measure      | Final version of the trade facilitation index completed and baseline calculated | Track performance   | Track performance                                     | Track performance                                     | 3     |

### Annual and quarterly targets:

| Key results   | Key result indicators                           | Annual targets  | Q1  | Q2   | Q3   | Q4  |
|---|---|---|---|--|--|---|
| Printed revenue estimates are met and/or exceeded                               | % collection of revenue as agreed with Minister | 100.00 % collection of revenue as agreed with Minister                          | 100.00% of Q1 target                            | 100.00% of YTD Q2 target                       | 100.00% of YTD Q3 target   | 100.00% of YTD Q4 target  |
| Overall compliance has increased as measured by a well-defined compliance index | Develop and approve compliance indexes          | Approved Compliance Index for PAYE, VAT and CIT as well as establish baselines  | Review and refine the compliance index for PAYE | Review and refine the compliance index for VAT | Review and refine the compliance index for CIT                             | Approved Compliance Index for PAYE, VAT and CIT as well as establish baselines            |
| Enhance trade facilitation  | Develop and approve a trade facilitation index  | Final version of the trade facilitation index completed and baseline calculated | N/A   | N/A  | First draft of trade facilitation index distributed for input and comments | Final version of the trade facilitation index completed, approved and baseline calculated |

### Strategic objective 1: provide clarity and certainty for taxpayer and trader of their obligations

| Key result  | Key result indicator  | Baseline | Current and MTEF targets |         |         |         | Notes |
|---|---|----------|--------------------------|---------|---------|---------|-------|
|   |   |          | 2021/22                  | 2022/23 | 2023/24 | 2024/25 |       |
| The majority of taxpayers and traders perceive the guidance SARS provides to be clear, unambiguous and easy to follow | % of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS | 76.19%   | 77.00%                   | 78.00%  | 79.00%  | 80.00%  | 4     |

### Annual and quarterly targets:

| Key result  | Key result indicator  | Annual target | Q1                                   | Q2                             | Q3                        | Q4     |
|---|---|---------------|--------------------------------------|--------------------------------|---------------------------|--------|
| The majority of taxpayers and traders perceive the guidance SARS provides to be clear, unambiguous and easy to follow | % of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS | 77.00%        | Survey proposal and charter approved | Survey questionnaire developed | Data collection completed | 77.00% |

## Strategic objective 2: Make it easy for taxpayers and traders to comply with their obligations

| Key results   | Key result indicators  | Baselines | Current and MTEF targets |         |         |         | Notes |
|---|--|-----------|--------------------------|---------|---------|---------|-------|
|   |  |           | 2021/22                  | 2022/23 | 2023/24 | 2024/25 |       |
| Increased number of taxpayers and traders using digital and self-help platforms | % of taxpayers and traders using digital and self-help platforms to interact with SARS | 86.31%    | 87.00%                   | 88.00%  | 90.00%  | 95.00%  | 5     |
| Standard taxpayers are auto assessed by SARS                                    | % of standard taxpayer's returns auto assessed by SARS (individual taxpayers)          | 83.28%    | 85.00%                   | 90.00%  | 93.00%  | 95.00%  |       |

### Annual and quarterly targets:

| Key results   | Key result indicators  | Annual targets | Q1 | Q2 | Q3 | Q4     |
|---|--|----------------|----|----|----|--------|
| Increased number of taxpayers and traders using digital and self-help platforms | % of taxpayers and traders using digital and self-help platforms to interact with SARS | 87.00%         | -  | -  | -  | 87.00% |
| Standard taxpayers are auto assessed by SARS                                    | % of standard taxpayer's returns auto assessed by SARS (individual taxpayers)          | 85.00%         | -  | -  | -  | 85.00% |

**Strategic objective 3:** Detect taxpayers and traders who do not comply, making non-compliance hard and costly

| Key results  | Key result indicators  | Baselines  | Current and MTEF targets |         |         |         | Notes |
|--|--|--|--------------------------|---------|---------|---------|-------|
|  |  |  | 2021/22                  | 2022/23 | 2023/24 | 2024/25 |       |
| Increase compliance through the accurate detection of risk                                     | Risk detection rate  | New, improved risk detection methodology and implemented feedback loop | 95.00%                   | 95.00%  | 95.00%  | 95.00%  |       |
| Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS | % of cases SARS referred to the NPA that is accepted for prosecution | New measure  | 90.00%                   | 90.00%  | 90.00%  | 95.00%  | 6     |

**Annual and quarterly targets:**

| Key results  | Key result indicators  | Annual targets | Q1  | Q2  | Q3 | Q4     |
|--|--|----------------|-----|-----|----|--------|
| Increase compliance through the accurate detection of risk                                     | Risk detection rate  | 95.00%         | -   | -   | -  | 95.00% |
| Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS | % of cases SARS referred to the NPA that is accepted for prosecution | 90.00%         | N/A | N/A | -  | 90.00% |

**Strategic objective 4:** Develop a high performing, diverse, agile, engaged and evolved workforce

| Key result                               | Key result indicator  | Baseline | Current and MTEF targets  |         |   |                            | Notes |
|--|---|----------|---|---------|---|----------------------------|-------|
|  |   |          | 2021/22   | 2022/23 | 2023/24   | 2024/25                    |       |
| Improve the engagement of SARS employees | Employee Engagement Index score achieved based on survey of employees | 61.60    | Develop plan to address shortcomings identified in last engagement survey | 65.00   | Develop plan to address shortcomings identified in last engagement survey | Top quartile in the market | 7     |

**Annual and quarterly targets:**

| Key result                               | Key result indicator  | Annual target   | Q1  | Q2  | Q3 | Q4  |
|--|---|---|-----|-----|----|---|
| Improve the engagement of SARS employees | Employee Engagement Index score achieved based on survey of employees | Develop plan to address shortcomings identified in last engagement survey | N/A | N/A | -  | Develop plan to address shortcomings identified in last engagement survey |

**Strategic objective 5: Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insights and improve outcomes**

| Key result  | Key result indicator   | Current and MTEF targets |                 |                 |                 |                  | Notes |
|---|--|--------------------------|-----------------|-----------------|-----------------|------------------|-------|
|   |  | Baseline                 | 2021/22         | 2022/23         | 2023/24         | 2024/25          |       |
| Risk detection, assessment and profiling is largely automated and substantively informs case selection for standard matters. Manual risk profiling and case selection is only used for complex matters. | % utilisation of automated risk assessment for taxpayers and traders | 2020/21 performance      | 80.00% standard | 85.00% standard | 90.00% standard | 100.00% standard | 8     |
|   |  |                          | 60.00% complex  | 65.00% complex  | 70.00% complex  | 80.00% complex   |       |

**Annual and quarterly targets:**

| Key result   | Key result indicator   | Annual target   | Q1              | Q2              | Q3              | Q4              |
|--|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Risk detection, assessment and profiling is largely automated and substantively informs case selection for standard matters. Manual risk profiling and case selection is only used for complex matters | % utilisation of automated risk assessment for taxpayers and traders | 80.00% Standard | 80.00% Standard | 80.00% Standard | 80.00% Standard | 80.00% Standard |
|  |  | 60.00% Complex  | 60.00% Complex  | 60.00% Complex  | 60.00% Complex  | 60.00% Complex  |

**Strategic objective 6: Modernise our systems to provide digital and streamlined online services**

| Key results  | Key result indicators  | Current and MTEF targets |         |         |         |         | Notes |
|--|--|--------------------------|---------|---------|---------|---------|-------|
|  |  | Baselines                | 2021/22 | 2022/23 | 2023/24 | 2024/25 |       |
| Digital platforms availability for taxpayers and traders                           | % of planned capacity to be available for mission critical systems | 99.76%                   | 100.00% | 100.00% | 100.00% | 100.00% |       |
| Security of taxpayer and trader information and interactions via digital platforms | Number of security breaches on digital platforms from known risks  | 0                        | 0       | 0       | 0       | 0       | 9     |

**Annual and quarterly targets:**

| Key results  | Key result indicators  | Annual targets | Q1      | Q2      | Q3      | Q4      |
|--|--|----------------|---------|---------|---------|---------|
| Digital platforms availability for taxpayers and traders                           | % of planned capacity to be available for mission critical systems | 100.00%        | 100.00% | 100.00% | 100.00% | 100.00% |
| Security of taxpayer and trader information and interactions via digital platforms | Number of security breaches on digital platforms from known risks  | 0              | 0       | 0       | 0       | 0       |

**Strategic objective 7: Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence**

| Key results   | Key result indicators   | Current and MTEF targets       |                           |                           |                           |                           | Notes |
|---|---|--------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------|
|   |   | Baselines                      | 2021/22                   | 2022/23                   | 2023/24                   | 2024/25                   |       |
| Reconfigure SARS' cost structures to align with international peers   | Increase ICT investment as % of total allocation  | 2.00%                          | 2.00%                     | 2.00%                     | 2.00%                     | 2.00%                     |       |
| Demonstrate effective stewardship through the appropriate spending of the budget allocation received from National Treasury | % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury | New measure                    | 5.00%                     | 5.00%                     | 5.00%                     | 5.00%                     | 10    |
| Unqualified audit opinion achieved from the Auditor-General   | Unqualified audit opinion   | Unqualified audit with matters | Unqualified audit opinion | Unqualified audit opinion | Unqualified audit opinion | Unqualified audit opinion |       |

**Annual and quarterly targets:**

| Key results   | Key result indicators   | Annual targets            | Q1    | Q2    | Q3    | Q4                        |
|---|---|---------------------------|-------|-------|-------|---------------------------|
| Reconfigure SARS' cost structures to align with international peers   | Increase ICT investment as % of total allocation  | 2.00%                     | 0.50% | 1.00% | 1.50% | 2.00%                     |
| Demonstrate effective stewardship through the appropriate spending of the budget allocation received from National Treasury | % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury | 5.00%                     | N/A   | N/A   | -     | 5.00%                     |
| Unqualified audit opinion achieved from the Auditor-General   | Unqualified audit opinion   | Unqualified audit opinion | -     | -     | -     | Unqualified audit opinion |

### Strategic objective 8: Work with and through stakeholders to improve the tax ecosystem

| Key results   | Key result indicators  | Baselines                               | Current and MTEF targets |         |         |         | Notes |
|---|--|---|--------------------------|---------|---------|---------|-------|
|   |  |   | 2021/22                  | 2022/23 | 2023/24 | 2024/25 |       |
| SARS has met all its commitments in terms of the Organisation for Economic Cooperation and Development's (OECD) Exchange of Information (EOI) standards | % of commitments met   | Full compliance in terms of OECD rating | 100.00%                  | 100.00% | 100.00% | 100.00% | 11    |
| A high number of intermediaries are satisfied with SARS' cooperation and collaboration  | % of intermediaries that are satisfied with SARS' assistance | New measure                             | 60.00%                   | 65.00%  | 70.00%  | 70.00%  |       |

### Annual and quarterly targets:

| Key results   | Key result indicators  | Annual targets | Q1                                     | Q2              | Q3                 | Q4      |
|---|--|----------------|--|-----------------|--------------------|---------|
| SARS has met all its commitments in terms of the Organisation for Economic Cooperation and Development's (OECD) Exchange of Information (EOI) standards | % of commitments met   | 100.00%        | 100.00%                                | 100.00%         | 100.00%            | 100.00% |
| A high number of intermediaries are satisfied with SARS' cooperation and collaboration  | % of intermediaries that are satisfied with SARS' assistance | 60.00%         | Start and finalise survey preparations | Start fieldwork | Complete fieldwork | 60.00%  |

## Strategic objective 9: Build public trust and confidence in the tax administration system

| Key results   | Key result indicators                                     | Baselines | Current and MTEF targets |         |         |         | Notes |
|---|---|-----------|--------------------------|---------|---------|---------|-------|
|   |   |           | 2021/22                  | 2022/23 | 2023/24 | 2024/25 |       |
| Public opinion survey results reflect high trust and confidence in SARS | % score as per public opinion survey                      | 74.50%    | 75.00%                   | 75.50%  | 76.00%  | 76.50%  |       |
| Service Charter index achievement                                       | % Service Charter performance score (old Service Charter) | 54.88%    | 80.00%                   | -       | -       | -       | 12    |

### Annual and quarterly targets:

| Key results   | Key result indicators                                     | Annual targets | Q1                                     | Q2               | Q3                 | Q4     |
|---|---|----------------|--|------------------|--------------------|--------|
| Public opinion survey results reflect high trust and confidence in SARS | % score as per public opinion survey                      | 75.00%         | Start and finalise survey preparations | Start field-work | Complete fieldwork | 75.00% |
| Service Charter index achievement                                       | % Service Charter performance score (old Service Charter) | 80.00%         | -                                      | -                | -                  | 80.00% |

### Notes

- Estimates are announced by the Minister of Finance, and informed by specific economic growth assumptions, collection opportunities through compliance interventions of SARS, as well as the collection climate.
- 2022/23 and 2023/24 are aspirational targets and will be reviewed once the baselines have been established.
- New measure. Outer year targets will be determined once the baseline has been established. SARS remains committed to realistic target setting that balances our ability to achieve targets through the role of Customs but also in context of the broader role of government in trade facilitation and border protection.
- 2021/22, 2022/23 and 2023/24 targets increased significantly from the 1st version of the 2021/22 APP, as the baseline was obtained through the first survey conducted during the 2020/21 financial year.
- 2021/22 and 2022/23 targets increased from 1st version of 2021/22 APP, as the new baseline was informed by the results from the 2020/21 financial year.
- New measure. The previous measure was limited in that it was predominantly measuring the outcome of a process administered by the NPA and only considered cases that were prosecuted and managed to get onto the court roll.
- Survey was conducted in 2020/21 and will only be conducted every 18 months, or roughly twice during a 3-year cycle to enable SARS an opportunity to systemically address the underlying issues highlighted through survey results and other engagements with staff.
- The data-driven compliance risk detection framework established in the previous financial year laid the foundation upon which will be built going forward.
- Known risks are any security risks for which security controls are implemented. This excludes unknown risks such as zero-day attacks. For zero-day attacks there are typically no signatures or detection mechanisms.
- New measure. This measure indicates the ability of SARS to effectively manage the spend of its NT allocation and will include both cash and commitments by the end of the financial year. (Under-spending deviation is within SARS' control, where over spending deviation is only permissible with NT approval.)



11. This is the final year SARS will be reporting on this measure, as SARS has inculcated the participation of this strategic initiative, as an early adopter of the OECD's EOI programme. In future SARS will maintain it but focus on optimally leveraging the insights gained through information sharing and collaboration as one of its pertinent compliance risk detection instruments.
12. SARS is in the process to transition to the new service charter and calculate the baseline for future reporting purposes.

## Resource considerations

### **Expenditure estimates over the medium term**

SARS remains significantly underfunded and with the current allocation, SARS has an arduous task to achieve optimal delivery. As a service entity SARS relies heavily on skills, as the workforce is one of the key levers to increase revenue collection and this is aligned with OECD countries where salaries comprise 73.00% of allocated funding. Unfortunately, the funding reductions received over the past few years have mainly been absorbed by a moratorium on vacancies, which resulted in a net reduction of over 2000 employees over the past six years and has had an impact on capacity as well as capability. SARS has further been under-investing in Information and Communications Technology (ICT) and compared to other jurisdictions with similar enablement aspirations, it is estimated that SARS invests about 50% of what it should. The medium term ENE view does not include additional requirements relating to capacity/skills rebuilding, ICT and projects because SARS is not allowed to budget for deficit by the Public Finance Management Act (PFMA) and further emphasised in the ENE guidelines.

SARS is reconfiguring its cost structure within the constrained allocation to ensure ICT infrastructure is as optimally positioned as possible to enable SARS mandate and align with its international peers. Spending is shifted from low value adding activities (i.e. real estate and related costs as well as administrative expenses) to high value adding activities (ICT and related costs). Full advantage has further been taken of remote working and related costs are continuously managed downward with resultant savings utilised to fund shortfalls and high value adding activities.

| Strategic Outcomes<br>(R)  | Full Time<br>Equivalents<br>2021/22 | Budget<br>2021/22 | Budget<br>2022/23 | Budget<br>2023/24 | Quarter 1        | Quarter 2        | Quarter 3        | Quarter 4        |
|--|-------------------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
| R'000  |                                     |                   |                   |                   |                  |                  |                  |                  |
| <b>Provide Clarity &amp; Certainty of tax obligations</b>  | <b>485</b>                          | <b>532 861</b>    | <b>538 083</b>    | <b>545 284</b>    | <b>133 215</b>   | <b>133 215</b>   | <b>133 215</b>   | <b>133 215</b>   |
| Personnel Expenses   |                                     | 406 404           | 406 514           | 406 627           | 101 601          | 101 601          | 101 601          | 101 601          |
| Goods & Services   |                                     | 108 939           | 111 608           | 118 695           | 27 235           | 27 235           | 27 235           | 27 235           |
| Information Technology   |                                     | 27 591            | 31 252            | 35 462            | 6 898            | 6 898            | 6 898            | 6 898            |
| Land and Buildings   |                                     | 29 640            | 25 599            | 25 148            | 7 410            | 7 410            | 7 410            | 7 410            |
| Audit & Legal Fees   |                                     | 10 941            | 11 324            | 11 720            | 2 735            | 2 735            | 2 735            | 2 735            |
| Administration   |                                     | 31 735            | 33 768            | 36 009            | 7 934            | 7 934            | 7 934            | 7 934            |
| Other Services   |                                     | 9 032             | 9 665             | 10 356            | 2 258            | 2 258            | 2 258            | 2 258            |
| Capex - Business as usual  |                                     | 17 517            | 19 962            | 19 962            | 4 379            | 4 379            | 4 379            | 4 379            |
| Projects   |                                     | -                 | -                 | -                 | -                | -                | -                | -                |
| <b>Make it Easy for Taxpayers &amp; Traders to Comply &amp; fulfill their obligations</b>  | <b>4 881</b>                        | <b>4 065 821</b>  | <b>4 124 082</b>  | <b>4 167 503</b>  | <b>1 016 455</b> | <b>1 016 455</b> | <b>1 016 455</b> | <b>1 016 455</b> |
| Personnel Expenses   |                                     | 2 975 049         | 2 975 850         | 2 976 680         | 743 762          | 743 762          | 743 762          | 743 762          |
| Goods & Services   |                                     | 887 998           | 902 138           | 959 289           | 221 999          | 221 999          | 221 999          | 221 999          |
| Information Technology   |                                     | 269 454           | 305 205           | 346 319           | 67 364           | 67 364           | 67 364           | 67 364           |
| Land and Buildings   |                                     | 296 977           | 256 486           | 251 964           | 74 244           | 74 244           | 74 244           | 74 244           |
| Audit & Legal Fees   |                                     | 79 102            | 81 870            | 84 736            | 19 775           | 19 775           | 19 775           | 19 775           |
| Administration   |                                     | 146 351           | 155 724           | 166 062           | 36 588           | 36 588           | 36 588           | 36 588           |
| Other Services   |                                     | 96 113            | 102 853           | 110 208           | 24 028           | 24 028           | 24 028           | 24 028           |
| Capex - Business as usual  |                                     | 172 897           | 197 022           | 197 022           | 43 224           | 43 224           | 43 224           | 43 224           |
| Projects   |                                     | 29 878            | 49 072            | 34 512            | 7 470            | 7 470            | 7 470            | 7 470            |
| <b>Detect Taxpayers and Traders who do not comply, and make non-compliance hard and costly</b>                                     | <b>3 210</b>                        | <b>3 038 655</b>  | <b>3 069 557</b>  | <b>3 114 580</b>  | <b>759 664</b>   | <b>759 664</b>   | <b>759 664</b>   | <b>759 664</b>   |
| Personnel Expenses   |                                     | 2 229 306         | 2 229 906         | 2 230 528         | 557 326          | 557 326          | 557 326          | 557 326          |
| Goods & Services   |                                     | 694 659           | 708 958           | 753 360           | 173 665          | 173 665          | 173 665          | 173 665          |
| Information Technology   |                                     | 175 696           | 199 007           | 225 815           | 43 924           | 43 924           | 43 924           | 43 924           |
| Land and Buildings   |                                     | 205 031           | 177 076           | 173 955           | 51 258           | 51 258           | 51 258           | 51 258           |
| Audit & Legal Fees   |                                     | 53 186            | 55 047            | 56 974            | 13 296           | 13 296           | 13 296           | 13 296           |
| Administration   |                                     | 197 902           | 210 576           | 224 556           | 49 476           | 49 476           | 49 476           | 49 476           |
| Other Services   |                                     | 62 844            | 67 251            | 72 060            | 15 711           | 15 711           | 15 711           | 15 711           |
| Capex - Business as usual  |                                     | 114 690           | 130 693           | 130 693           | 28 672           | 28 672           | 28 672           | 28 672           |
| Projects   |                                     | -                 | -                 | -                 | -                | -                | -                | -                |
| <b>Develop a high performing, diverse, agile and engaged workforce towards high value knowledge and service work</b>               | <b>521</b>                          | <b>515 072</b>    | <b>520 125</b>    | <b>527 162</b>    | <b>128 768</b>   | <b>128 768</b>   | <b>128 768</b>   | <b>128 768</b>   |
| Personnel Expenses   |                                     | 392 018           | 392 123           | 392 233           | 98 004           | 98 004           | 98 004           | 98 004           |
| Goods & Services   |                                     | 105 330           | 107 804           | 114 732           | 26 332           | 26 332           | 26 332           | 26 332           |
| Information Technology   |                                     | 27 873            | 31 571            | 35 824            | 6 968            | 6 968            | 6 968            | 6 968            |
| Land and Buildings   |                                     | 29 987            | 25 898            | 25 442            | 7 497            | 7 497            | 7 497            | 7 497            |
| Audit & Legal Fees   |                                     | 8 306             | 8 597             | 8 897             | 2 076            | 2 076            | 2 076            | 2 076            |
| Administration   |                                     | 28 329            | 30 143            | 32 144            | 7 082            | 7 082            | 7 082            | 7 082            |
| Other Services   |                                     | 10 835            | 11 595            | 12 424            | 2 709            | 2 709            | 2 709            | 2 709            |
| Capex - Business as usual  |                                     | 17 724            | 20 197            | 20 197            | 4 431            | 4 431            | 4 431            | 4 431            |
| Projects   |                                     | -                 | -                 | -                 | -                | -                | -                | -                |
| <b>Expand and Increase the use of DATA to improve integrity, derive insight &amp; improve outcomes</b>                             | <b>519</b>                          | <b>622 222</b>    | <b>630 571</b>    | <b>639 006</b>    | <b>155 555</b>   | <b>155 555</b>   | <b>155 555</b>   | <b>155 555</b>   |
| Personnel Expenses   |                                     | 483 307           | 483 437           | 483 572           | 120 827          | 120 827          | 120 827          | 120 827          |
| Goods & Services   |                                     | 118 120           | 122 397           | 131 706           | 29 530           | 29 530           | 29 530           | 29 530           |
| Information Technology   |                                     | 47 839            | 54 187            | 61 486            | 11 960           | 11 960           | 11 960           | 11 960           |
| Land and Buildings   |                                     | 31 968            | 27 609            | 27 122            | 7 992            | 7 992            | 7 992            | 7 992            |
| Audit & Legal Fees   |                                     | 7 739             | 8 010             | 8 291             | 1 935            | 1 935            | 1 935            | 1 935            |
| Administration   |                                     | 20 925            | 22 265            | 23 743            | 5 231            | 5 231            | 5 231            | 5 231            |
| Other Services   |                                     | 9 649             | 10 326            | 11 065            | 2 412            | 2 412            | 2 412            | 2 412            |
| Capex - Business as usual  |                                     | 18 724            | 21 337            | 21 337            | 4 681            | 4 681            | 4 681            | 4 681            |
| Projects   |                                     | 2 070             | 3 400             | 2 391             | 518              | 518              | 518              | 518              |
| <b>Modernize our systems to provide digital &amp; streamlined services</b>   | <b>619</b>                          | <b>922 057</b>    | <b>989 771</b>    | <b>1 007 376</b>  | <b>230 514</b>   | <b>230 514</b>   | <b>230 514</b>   | <b>230 514</b>   |
| Personnel Expenses   |                                     | 461 424           | 461 549           | 461 677           | 115 356          | 115 356          | 115 356          | 115 356          |
| Goods & Services   |                                     | 389 205           | 421 609           | 463 524           | 97 301           | 97 301           | 97 301           | 97 301           |
| Information Technology   |                                     | 210 729           | 238 688           | 270 841           | 52 682           | 52 682           | 52 682           | 52 682           |
| Land and Buildings   |                                     | 36 737            | 31 728            | 31 169            | 9 184            | 9 184            | 9 184            | 9 184            |
| Audit & Legal Fees   |                                     | 8 802             | 9 110             | 9 429             | 2 200            | 2 200            | 2 200            | 2 200            |
| Administration   |                                     | 29 019            | 30 877            | 32 927            | 7 255            | 7 255            | 7 255            | 7 255            |
| Other Services   |                                     | 103 919           | 111 206           | 119 159           | 25 980           | 25 980           | 25 980           | 25 980           |
| Capex - Business as usual  |                                     | 21 276            | 24 245            | 24 245            | 5 319            | 5 319            | 5 319            | 5 319            |
| Projects   |                                     | 50 151            | 82 369            | 57 929            | 12 538           | 12 538           | 12 538           | 12 538           |
| <b>Drive greater resource stewardship to ensure the efficient use of resources, and deliver quality outcomes &amp; performance</b> | <b>1 657</b>                        | <b>1 261 443</b>  | <b>1 309 153</b>  | <b>1 304 686</b>  | <b>315 361</b>   | <b>315 361</b>   | <b>315 361</b>   | <b>315 361</b>   |
| Personnel Expenses   |                                     | 775 120           | 775 329           | 775 545           | 193 780          | 193 780          | 193 780          | 193 780          |
| Goods & Services   |                                     | 381 032           | 385 986           | 408 298           | 95 258           | 95 258           | 95 258           | 95 258           |
| Information Technology   |                                     | 77 379            | 87 646            | 99 452            | 19 345           | 19 345           | 19 345           | 19 345           |
| Land and Buildings   |                                     | 121 671           | 105 082           | 103 230           | 30 418           | 30 418           | 30 418           | 30 418           |
| Audit & Legal Fees   |                                     | 20 817            | 21 546            | 22 300            | 5 204            | 5 204            | 5 204            | 5 204            |
| Administration   |                                     | 123 938           | 131 876           | 140 630           | 30 985           | 30 985           | 30 985           | 30 985           |
| Other Services   |                                     | 37 226            | 39 837            | 42 686            | 9 307            | 9 307            | 9 307            | 9 307            |
| Capex - Business as usual  |                                     | 49 897            | 56 859            | 56 859            | 12 474           | 12 474           | 12 474           | 12 474           |
| Projects   |                                     | 55 394            | 90 979            | 63 985            | 13 848           | 13 848           | 13 848           | 13 848           |
| <b>Work with, and through Stakeholders to improve the tax system</b>   | <b>84</b>                           | <b>125 438</b>    | <b>129 768</b>    | <b>128 245</b>    | <b>31 360</b>    | <b>31 360</b>    | <b>31 360</b>    | <b>31 360</b>    |
| Personnel Expenses   |                                     | 98 976            | 99 002            | 99 030            | 24 744           | 24 744           | 24 744           | 24 744           |
| Goods & Services   |                                     | 17 611            | 17 910            | 19 043            | 4 403            | 4 403            | 4 403            | 4 403            |
| Information Technology   |                                     | 5 096             | 5 772             | 6 550             | 1 274            | 1 274            | 1 274            | 1 274            |
| Land and Buildings   |                                     | 5 747             | 4 963             | 4 876             | 1 437            | 1 437            | 1 437            | 1 437            |
| Audit & Legal Fees   |                                     | 1 382             | 1 431             | 1 481             | 346              | 346              | 346              | 346              |
| Administration   |                                     | 3 256             | 3 465             | 3 695             | 814              | 814              | 814              | 814              |
| Other Services   |                                     | 2 129             | 2 279             | 2 441             | 532              | 532              | 532              | 532              |
| Capex - Business as usual  |                                     | 3 345             | 3 812             | 3 812             | 836              | 836              | 836              | 836              |
| Projects   |                                     | 5 506             | 9 043             | 6 360             | 1 377            | 1 377            | 1 377            | 1 377            |
| <b>Build public trust and confidence in the tax administration system</b>  | <b>408</b>                          | <b>564 952</b>    | <b>573 559</b>    | <b>584 210</b>    | <b>141 238</b>   | <b>141 238</b>   | <b>141 238</b>   | <b>141 238</b>   |
| Personnel Expenses   |                                     | 404 448           | 404 557           | 404 670           | 101 112          | 101 112          | 101 112          | 101 112          |
| Goods & Services   |                                     | 146 573           | 153 127           | 163 665           | 36 643           | 36 643           | 36 643           | 36 643           |
| Information Technology   |                                     | 24 340            | 27 570            | 31 284            | 6 085            | 6 085            | 6 085            | 6 085            |
| Land and Buildings   |                                     | 23 925            | 20 663            | 20 299            | 5 981            | 5 981            | 5 981            | 5 981            |
| Audit & Legal Fees   |                                     | 5 880             | 6 086             | 6 299             | 1 470            | 1 470            | 1 470            | 1 470            |
| Administration   |                                     | 16 502            | 17 559            | 18 725            | 4 126            | 4 126            | 4 126            | 4 126            |
| Other Services   |                                     | 75 925            | 81 249            | 87 059            | 18 981           | 18 981           | 18 981           | 18 981           |
| Capex - Business as usual  |                                     | 13 931            | 15 875            | 15 875            | 3 483            | 3 483            | 3 483            | 3 483            |
| Projects   |                                     | -                 | -                 | -                 | -                | -                | -                | -                |
| <b>Total</b>   | <b>12 384</b>                       | <b>11 648 520</b> | <b>11 884 668</b> | <b>12 018 052</b> | <b>2 912 130</b> | <b>2 912 130</b> | <b>2 912 130</b> | <b>2 912 130</b> |

## Headcount projection over the medium term

| Employee Group                     | 2021/22 Projections | 2022/23 Projections | 2023/24 Projections |
|------------------------------------|---------------------|---------------------|---------------------|
| Permanent                          | 12 448              | 12 448              | 12 448              |
| Contract                           | 7                   | 7                   | 7                   |
| Trainees                           | 200                 | 200                 | 200                 |
| Short Term Contract                | 6                   | 6                   | 6                   |
| <b>Total Headcount Requirement</b> | <b>12 661</b>       | <b>12 661</b>       | <b>12 661</b>       |

## Risks and mitigation

In line with the dynamic changes brought about by the SARS 2024 Vision, and the development of the nine strategic objectives, the Commissioner and leadership at SARS have reviewed the internal and external risk landscape to identify a new set of strategic risks. The new SARS strategic risks as described in the table below, are identified against the core mandate of SARS: to Collect Revenue; Improve Compliance and Facilitate Legitimate Trade. The SARS strategic intent and nine strategic objectives are the responses to managing and mitigating these nine strategic risks. In the table below, the strategic objectives, and corresponding strategic key actions have been identified as responses to mitigate the relevant risk.

| <b>Strategic Risks identified against the Core Mandate of SARS:<br/>Collect Revenue; Improve Compliance and Facilitate Legitimate Trade</b> |   |   |  |
|---|---|---|--|
| Type of risk  | Strategic risks   | Strategic objectives to address the risk themes                                 | Strategic plan 2020/21 – 2024/25 - aligned mitigation actions  |
| INTERNAL RISK   | <p>1. Taxpayers<sup>1</sup> are unclear and uncertain<br/>(NB: Taxpayers from here on refers to taxpayers, traders and travellers)</p> <p>The overall taxpayer experience is not empowering and enabling as they do not receive necessary clarity and guidance and therefore unaware of their tax obligations. Taxpayer, where required, do not have easily accessible additional customised support.</p> | 1. Provide clarity and certainty for taxpayers and traders of their obligations | Conduct regular research to gauge taxpayer, trader and public perceptions of clarity and certainty of tax laws to inform us of their needs.  |
|   |   |   | Develop a comprehensive taxpayer and trader engagement programme as part of our Compliance Programme.  |
|   |   |   | Provide clarity of legal obligations, to ensure consistency of legal obligations as well as certainty and predictability, through outreach, engagements, education, awareness, advance rulings, advance pricing agreements, interpretations note, and explanatory guidelines |
|   |   |   | Provide information to taxpayers and traders that is easily accessible through our digital platforms and channels.   |
|   |   |   | Expand our footprint by using facilities and institutions available to us through the rest of the State and private sector partners/ stakeholders.   |
|   |   |   | Influence tax policy to improve clarity and certainty in legislative drafting, and to ensure consistency in interpretation and application.  |

**Strategic Risks identified against the Core Mandate of SARS:**
**Collect Revenue; Improve Compliance and Facilitate Legitimate Trade**

| Type of risk  | Strategic risks   | Strategic objectives to address the risk themes                             | Strategic plan 2020/21 – 2024/25 - aligned mitigation actions  |
|---------------|---|---|--|
| INTERNAL RISK | <p>2. Taxpayer compliance burden is too high</p> <p>The administrative burden of paying taxes and contributions by taxpayers could be deemed as costly, time-consuming and difficult.</p> <p>With the emergence and evolution of new technologies such as 5G, Block- Chain, Artificial Intelligence and Cloud Computing will transform the way we carry out the SARS mandate to improve compliance. Taxpayer and trader interactions will be different and will reduce the compliance burden.</p> | 2. Make it easy for taxpayers and traders to comply with their obligations  | Provide a seamless registration, filing, declaration and payment experience for standard taxpayers and traders. (Strategic Plan Page 18).                  |
|               |   |   | Provide services that are accessible, simple and easy to use for complex taxpayers and traders to fulfill their obligations.                               |
|               |   |   | Provide a seamless omni-channel experience through our various service offerings   |
|               |   |   | Provide an intuitive service aligned to the needs and behaviours of taxpayers and traders.   |
|               |   |   | Provide a single view of taxpayers and traders.  |
|               |   |   | Engage with intermediaries and service providers who are certified and accredited  |
|               |   | 6. Modernise our systems to provide digital and streamlined online services | Build digital platforms that host data, and enables us to provide taxpayer and trader experiences that are seamless, secure and available everywhere 24/7. |
|               |   |   | Build technology platforms and systems that allow us to host, and ensure data integrity and data management to respond to all our needs.                   |
|               |   |   | Deploy technology that allows us to be good stewards of our people and resources, to achieve performance excellence.                                       |
|               |   |   | Deploy technology to enable intermediaries, through whom we work with and through, to effectively deliver on our mandate.                                  |

| Strategic Risks identified against the Core Mandate of SARS:<br>Collect Revenue; Improve Compliance and Facilitate Legitimate Trade |   |   |  |
|---|---|---|--|
| Type of risk  | Strategic risks   | Strategic objectives to address the risk themes   | Strategic plan 2020/21 – 2024/25 - aligned mitigation actions  |
| INTERNAL RISK   | 3. SARS has an inability to detect and respond to non-compliance. The illicit economic activities continue to pose a serious threat to South Africa's growth, revenue base, prosperity and stability. | 3. Detect taxpayers and traders who do not comply and make noncompliance hard and costly  | Improve our capabilities to detect and profile cases, then select, assign and manage appropriate interventions.  |
|   |   |   | Make it difficult, inconvenient and costly for taxpayers not to comply, by ensuring that the total cost of non-compliance outweighs any benefit derived from it.       |
|   |   |   | Actively work with other Stakeholders to ensure that we successfully deal with non-compliance.   |
|   |   | 4. Develop a high performing, diverse, agile, engaged and evolved workforce   | Ensure that we have the caliber of managers that can manage competently, professionally and ethically.   |
|   |   |   | Assess and develop the competencies required to meet the future mode of work.  |
|   |   |   | Review and enhance the employee engagement model to achieve performance excellence.  |
|   |   | 5. Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes | Continue to define and identify new data needs and sources.  |
|   |   |   | Ensure seamless exchange of data with third-party data providers.  |
|   |   |   | Ensure that our tax register is complete and segmented by taxpayer type, product and compliance behaviour.   |
|   |   |   | Build a more advanced data management capability and capacity.   |
|   |   |   | Work towards actions and interventions that are evidence-based and informed by data, and enable seamless access by users.  |
|   |   |   | Enhance our risk profiling and case selection modelling capabilities to facilitate proactive and reactive responses to profile and select risks, trends and instances. |
|   |   |   | Increase collaboration with the rest of Government.  |
|   |   |   | Continue to deploy new data analytics products to support organisational performance and operations.   |
|   |   |   | Establish and communicate policies and procedures for effective data management in the organisation.   |

| Strategic Risks identified against the Core Mandate of SARS:<br>Collect Revenue; Improve Compliance and Facilitate Legitimate Trade |   |  |   |
|---|---|--|---|
| Type of risk  | Strategic risks   | Strategic objectives to address the risk themes  | Strategic plan 2020/21 – 2024/25 - aligned mitigation actions   |
| INTERNAL RISK   | 4. Poor Leadership resulting in poor choices, poor ethos and poor culture at SARS. The Commission of Inquiry into Tax Administration and Governance at SARS has been concluded. The findings from the Commission highlighted a “massive” failure in integrity and governance within SARS, which significantly contributed to the failure of SARS to meet its revenue targets. | 4. Develop a high performing, diverse, agile, engaged and evolved workforce  | Ensure that we have the calibre of managers that can manage competently, professionally and ethically (specific to Leadership).   |
|   |   |  | Develop and Implement a SARS Leadership Brand and Philosophy  |
|   |   |  | Assess and develop the competencies required to meet the future mode of work.   |
|   |   |  | Review and enhance the employee engagement model to achieve performance excellence.   |
| INTERNAL RISK   | 5. SARS workforce is not engaged<br>SARS experienced a decrease in the levels of employee engagement during 2017 and this was likely influenced by the changes that took place as a result of the “new operating model” which, according to Nugent, was driven by a desire to deliberately break down the organizational integrity.   | 4. Develop a high performing, diverse, agile, engaged and evolved workforce  | Ensure that we have the calibre of managers that can manage competently, professionally and ethically (specific to workforce).  |
|   |   |  | Assess and develop the competencies required to meet the future mode of work. (Strategic Plan Page 20).   |
|   |   |  | Review and enhance the employee engagement model to achieve performance excellence.   |
| INTERNAL RISK   | 6. SARS has insufficient resources<br>Technological changes and evolving taxpayer and trader needs are influencing the broader world of work, including the structure of the work environment and the way people work..   | 7. Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in delivering quality outcomes and performance excellence | Optimally execute our mandate through the effective and efficient deployment of SARS resources.   |
|   |   |  | Maintain a strong focus on cost management, productivity gains and responsible procurement, in line with Government’s transformation imperatives.                                     |
|   |   |  | Allocate resources with a clear “cost-benefit” mindset to ensure we deliver more and create a better experience for taxpayers and traders without sacrificing quality and excellence. |
|   |   |  | Improve accountability and internal controls across the organisation.   |

| Strategic Risks identified against the Core Mandate of SARS:<br>Collect Revenue; Improve Compliance and Facilitate Legitimate Trade |  |  |  |
|---|--|--|--|
| Type of risk  | Strategic risks  | Strategic objectives to address the risk themes                                      | Strategic plan 2020/21 – 2024/25 - aligned mitigation actions  |
| EXTERNAL RISK   | 7. Declining Economy<br>The continued lacklustre performance of the economy impacts negatively on tax revenue collections with year on- year revenue collection targets becoming more challenging to meet.   | ALL NINE (9) STRATEGIC OBJECTIVES  | Demonstrate a full understanding of the Economy including causal factors to the experienced decline.   |
|   |  |  | Curb exemptions and thereby reduce the tax system's complexity while boosting revenue by broadening the tax base.  |
|   |  | STRATEGIC INTENT: To develop a Tax and Customs system based on Voluntary Compliance. | Adopt tax broadening strategies to improve the tax collections from a wider base of taxpayers.   |
|   |  |  | Implementation of a revenue recovery programme that is aimed at raising 5-10% of overall revenue from compliance activities.   |
|   |  |  | Increase audit capacity which is an effective way to encourage compliance  |
| EXTERNAL RISK   | 8. Tax Morality in South Africa is poor<br>Research and empirical evidence show that taxpayer attitudes towards compliance and their willingness to comply are influenced by how they perceive taxes to be utilised by Government.<br><br>Loss of public confidence due to concerns about corruption in the public sector and poor service delivery, has the potential to undermine and make it difficult for SARS to increase voluntary compliance. | 9. Build public trust and confidence in the tax administration system                | Demonstrate the autonomy of SARS in acting without fear or favour in instances of tax related corruption and transgression   |
|   |  |  | Use the TaxMatters campaign across all mediums of communications with an effect of impressing the need and importance of paying taxes  |
|   |  | STRATEGIC INTENT: To develop a Tax and Customs system based on Voluntary Compliance. | Improve public confidence by demonstrative that our stewardship of the country's tax system is professional, unbiased and fair; we always act and do the right things all the time; we maintain the highest standards of integrity and ethics; we have transparent governance systems and processes and we have capable and trustworthy leaders. We accept that ultimately, we are accountable to taxpayers, traders, and their representatives, the general public, as well as elected public office bearers, whose trust we must earn. |
|   |  |  | Advocate for prudent use of collected taxes through the inter-ministry structures such as the Forum of South Africa's Directors-General (FOSAD)  |
|   |  | 8. Work with and through stakeholders to improve the tax ecosystem                   | Engaging the private sector - businesses<br>Engaging with domestic Media<br><br>Participate through National Treasury in fiscal policy decision making to improve fiscal prudence  |

| Strategic Risks identified against the Core Mandate of SARS:<br>Collect Revenue; Improve Compliance and Facilitate Legitimate Trade |   |  |   |
|---|---|--|---|
| Type of risk  | Strategic risks   | Strategic objectives to address the risk themes  | Strategic plan 2020/21 – 2024/25 - aligned mitigation actions   |
| EXTERNAL RISK   | 9. The impact of COVID-19 on society and SARS remains uncertain | 5-YEAR STRATEGY - SARS Higher Purpose  | Cuts across all strategic objectives  |
|   |   | STRATEGIC INTENT: To develop a Tax and Customs system based on Voluntary Compliance.   | Implement modern technological solutions to minimise the impact of the Coronavirus on business continuity and overall taxpayer compliance |
|   |   |  | Monitor the uptake of the COVID-19 Tax Relief measures in order to gauge the degree of the impact on business                             |
|   |   | 7. Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in delivering quality outcomes and performance excellence | Work with and through government structures such as NATJOINTS and NCCC to create certainty  |
|   |   |  | Maximise internal processes to ensure wellbeing of staff in line with business continuity risk management                                 |
|   |   |  | Scan the environment for COVID related risks as communicated by global bodies such as the WCO, FTA, ATAF, etc.                            |



## PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

### Strategic Intent

#### A. Printed revenue estimates are met and/or exceeded

| Indicator Title              | % collection of revenue as agreed with Minister   |
|------------------------------|---|
| Definition / Purpose         | The purpose of this indicator is to track the revenue collected by SARS emanating from tax, customs and excise activities, and is one of the proxies for measuring tax compliance. This indicator takes into account all debt collected, links debt to economic activity through the level of taxes received. |
| Source/Collection of data    | Revenue data is extracted from SARS core tax systems.   |
| Method of calculation        | The sum of all tax and customs revenue from all types of tax generating activities net of refunds.  |
| Data limitations/assumptions | Targets are set by the Revenue Analysis Working Committee (RAWC), and susceptible to economic performance as well as a change in tariffs set by the DTI in accordance with International Trade Agreements.  |
| Type of indicator            | Output  |
| Calculation type             | Cumulative  |
| Reporting cycle              | Monthly, Quarterly and Annually   |
| Desired performance          | An actual achievement higher than target.   |
| Indicator responsibility     | Revenue Management  |

#### B. Overall compliance has increased as measured by a well-defined compliance index

| Indicator Title              | Develop and approve compliance indexes  |
|------------------------------|---|
| Definition / Purpose         | The aim is to have an approved index in place that will track and measure compliance. The index will aggregate the four main tax compliance activity (registration, declaration, filing and payment) to give a composite score. |
| Source/Collection of data    | Internal working papers.  |
| Method of calculation        | Not applicable, as the existence of the approved index will be the determination of actual performance achievement.   |
| Data limitations/assumptions | To be specified in the working papers   |
| Type of indicator            | Activity  |
| Calculation type             | N/A   |
| Reporting cycle              | Quarterly and Annually  |
| Desired performance          | Compliance index approved for PAYE, VAT and CIT and baseline established for these tax types.   |
| Indicator responsibility     | Compliance Unit   |

### C. Enhance trade facilitation

| Indicator Title                | Develop and approve a trade facilitation index  |
|--------------------------------|---|
| Definition / Purpose           | The aim is to have an approved index in place that will track and measure trade facilitation.                       |
| Source/Collection of data      | Internal working papers.  |
| Method of calculation          | Not applicable, as the existence of the approved index will be the determination of actual performance achievement. |
| Data limitations / assumptions | To be specified in the working papers.  |
| Type of indicator              | Activity  |
| Calculation type               | N/A   |
| Reporting cycle                | Quarterly and Annually  |
| Desired performance            | The aim is to have an approved index in place that will be used to track and measure trade facilitation outcomes.   |
| Indicator responsibility       | Customs   |

## STRATEGIC OBJECTIVES INDICATORS

### STRATEGIC OBJECTIVE 1: Provide clarity and certainty for taxpayers and traders of their obligations

#### 1.1 The majority of taxpayers and traders perceive the guidance SARS provides to be clear, unambiguous and easy to follow

| Indicator Title                | % of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS  |
|--------------------------------|--|
| Definition / Purpose           | The purpose of this indicator is to gauge taxpayer's satisfaction with the clarity and certainty of guidance offered by SARS as they conduct their tax business. |
| Source/Collection of data      | Survey results as extracted from the actual survey, conducted once every year.   |
| Method of calculation          | Non-cumulative   |
| Data limitations / assumptions | To be specified in internal working papers   |
| Type of indicator              | Efficiency   |
| Calculation type               | Non-cumulative   |
| Reporting cycle                | Quarterly and Annually   |
| Desired performance            | An actual achievement higher than target.  |
| Indicator responsibility       | Taxpayer and Trader Education Products   |

## STRATEGIC OBJECTIVE 2: Make it easy for taxpayers and traders to comply with their obligations

### 2.1 Increased number of taxpayers and traders using digital and self-help platforms

| Indicator Title                | % of taxpayers and traders using digital and self-help platforms to interact with SARS  |
|--------------------------------|---|
| Definition / Purpose           | This measures the number of taxpayers and traders who use any of the digital platforms to interact with SARS. It effectively gauges the migration from physical platforms to digital platforms. This includes self-service and excludes assisted utilisation of digital platforms.  |
| Source/Collection of data      | SARS core systems   |
| Method of calculation          | <p>% of taxpayers and traders using digital platforms to interact with SARS =</p> $\frac{\text{\# of unique taxpayers and traders interactions on digital platforms}}{\text{\# of unique taxpayers and traders interactions on digital \& assisted platforms}} \times 100$ <p>Unique taxpayer and trader - means a taxpayer or trader distinguishable by their identity, passport, registration number or SARS defined identity, from which an interaction can be detected.</p> <p>Interactions - means transactions and/or enquiries made by taxpayers and traders on SARS platforms to comply or maintain their tax and customs obligations.</p> <p>Digital platform - means a SARS online domain that facilitates interactions between SARS, taxpayers and traders. The SARS transactional and/or enquiry touchpoints used by taxpayers and traders to interact with SARS without being assisted. Example is the eFiling platform.</p> <p>Assisted platforms - means the SARS transactional and/or enquiry touchpoints used by taxpayers and traders to interact with SARS, where assistance from a SARS official is required to complete the request. Example is transactions or enquiries completed by the SARS Branch or Contact Centre</p> |
| Data limitations / assumptions | Defined in the internal business rules document.  |
| Type of indicator              | Output  |
| Calculation type               | Cumulative  |
| Reporting cycle                | Annually  |
| Desired performance            | An actual achievement higher than target  |
| Indicator responsibility       | Technology and Solutions Delivery   |

## 2.2 Standard taxpayers accepted their auto assessed returns issued by SARS

| Indicator Title                | % of standard taxpayer's whom accepted their auto assessed returns issued by SARS (individual taxpayers)  |
|--------------------------------|---|
| Definition / Purpose           | The purpose of this measure is to determine the extent to which SARS can use data and information to file and assess tax returns automatically, making it unnecessary for taxpayers and traders to file tax returns themselves. This indicator measures the proportion of tax returns of individual taxpayers that are filed and assessed automatically by SARS. This includes taxpayers who are issued with auto estimated and do not file an amended return thereafter. |
| Source/Collection of data      | SARS core systems.  |
| Method of calculation          | % Tax returns auto assessed = $\frac{\text{\# of standard PIT tax returns auto-assessed}}{\text{\# total of standard PIT returns filed from AA population}}$  |
| Data limitations / assumptions | In determining the target AA population, the provisional taxpayers as well as taxpayers for whom SARS does not have 3rd party information e.g. taxpayers who have business income and taxpayers who claimed other expenses such as travel and home office, are excluded. Taxpayers whose status changes based on their latest return are excluded at the time of doing the calculation for performance.   |
| Type of indicator              | Output  |
| Calculation type               | Cumulative  |
| Reporting cycle                | Annually  |
| Desired performance            | An actual achievement higher than target.   |
| Indicator responsibility       | Enterprise Data Management  |

## STRATEGIC OBJECTIVE 3: Detect taxpayers and traders who do not comply, and make non-compliance hard and costly

### 3.1 Increase compliance through the accurate detection of risk

| Indicator Title                | Risk detection rate  |
|--------------------------------|--|
| Definition / Purpose           | The aim is to apply a systems methodology in the detection and selection of potential non-compliance cases. The methodology will specifically measure how accurate SARS' risk based case selection is. |
| Source/Collection of data      | SARS core systems  |
| Method of calculation          | Sample of audit cases which indicated a positive response on the risk identified / total number of cases (in the same sample) selected for audit.  |
| Data limitations / assumptions | Exclusions will be provided in the methodology document.   |
| Type of indicator              | Output   |
| Calculation type               | Cumulative   |
| Reporting cycle                | Annually   |
| Desired performance            | Achievement higher than target.  |
| Indicator responsibility       | Enterprise Data Management   |

### 3.2 Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS

| Indicator Title              | % of cases SARS referred to the National Prosecuting Authority that is accepted for prosecution  |
|------------------------------|--|
| Definition / Purpose         | The purpose of this measure is to track the NPA acceptance rate of the number of tax and customs cases referred by SARS for prosecution. |
| Source/Collection of data    | SARS records   |
| Method of calculation        | Number of cases accepted by the NPA as a percentage of total number of cases referred to NPA.  |
| Data limitations/assumptions | To be listed from insights gained, as this is a new measure.   |
| Type of indicator            | Activity   |
| Calculation type             | Cumulative   |
| Reporting cycle              | Annually   |
| Desired performance          | An actual achievement higher than target.  |
| Indicator responsibility     | Legislative Policy, Tax Customs and Excise.  |

## STRATEGIC OBJECTIVE 4: Develop a high performing, diverse, agile, engaged and evolved workforce

### 4.1 Improve the engagement of SARS employees

| Indicator Title                | Employee Engagement Index score achieved based on a survey of employees (measured roughly every 18 months). As such for the current year, a plan will be developed to address the issues identified during the previous cycle's survey results.   |
|--------------------------------|---|
| Definition / Purpose           | The purpose of this measure is to monitor the extent to which employees feel valued and involved in their everyday work, which helps to improve their level of commitment and affiliation to the SARS employer brand. For the current year, the plan to address and consequently improve employee engagement is relevant. |
| Source/Collection of data      | A staff survey through an independent company. For the plan, internal working papers will be relevant.  |
| Method of calculation          | Connexion survey index conducted roughly every 18 months or twice during a 3-year cycle, by an independent company.   |
| Data limitations / assumptions | Employees on suspension and those whose access has been revoked on the SARS network are excluded.<br>Employees who have not completed a full month in SARS' employment at the point of survey deployment are excluded.<br>For the current year, there will be no survey conducted.  |
| Type of indicator              | Outcome   |
| Calculation type               | Non-cumulative  |
| Reporting cycle                | Conducted every 18 months or twice in 3 years.  |
| Desired performance            | An actual achievement higher than target.   |
| Indicator responsibility       | Employee Engagement Unit  |

**STRATEGIC OBJECTIVE 5: Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes**

5.1 Risk detection, assessment and profiling is largely automated and substantively informs case selection for standard matters. Manual risk profiling and case selection is only used for complex matters

| Indicator Title                | % utilisation of automated risk assessment for taxpayers and traders   |
|--------------------------------|--|
| Definition / Purpose           | <p>Measures the extent to which cases are automatically selected through the automation of risk detection, data-driven profiling and assessment. The purpose is to ensure that cases are selected automatically and manual case selection only happens in exceptional cases (e.g. for complex tax matters or taxpayer segments). The following definitions apply to the targets included under this indicator:</p> <p>Standard matters: risk assessment emanating from the submission of tax returns and customs declarations.</p> <p>Complex matters: cover risk detection beyond the scope of information contained in return and declaration submission</p> |
| Source/Collection of data      | SARS core systems  |
| Method of calculation          | <p>% of Automated Risk Detection Cases =</p> $\frac{\text{\# of standard cases selected automatically for the period}}{\text{Total(automatically + manually selected) \# of standard cases selected for audit}} \times 100$ $\frac{\text{\# of complex cases selected automatically for the period}}{\text{Total(automatically + manually selected) \# of complex cases selected for audit}} \times 100$ <p>Further detailed calculations in support of the above are contained in the internal business rules document.</p>   |
| Data limitations / assumptions | Contained in the internal business rules document  |
| Type of indicator              | Output   |
| Calculation type               | Cumulative   |
| Reporting cycle                | Quarterly and Annually   |
| Desired performance            | An actual achievement higher than target.  |
| Indicator responsibility       | Enterprise Data Management   |

## STRATEGIC OBJECTIVE 6: Modernise our systems to provide digital and streamlined online services

### 6.1 Digital platforms availability for taxpayers and traders

| Indicator Title                | % Availability of Mission Critical Systems (e-channels)   |
|--------------------------------|---|
| Definition / Purpose           | The purpose of this measure is to monitor availability of digital platforms (e-channels) targeted at e-Filing, business-to-business gateway (B2Bi), Declaration Processing Systems (DPS), Cargo Processing Systems (CPS) and Customs EDI. This measure gauges the availability of SARS' digital platforms, which enable taxpayers to transact and submit returns to honour their commitments and traders to optimally transact. |
| Source/Collection of data      | Remedy system Reports ; Projected Systems Availability; Reports; Change Feedback Reports; Release Management Reports; Applicable emails and documents   |
| Method of calculation          | <p>Uptime of mission critical systems =<br/>Actual hours in a specific month - Unplanned Downtime or Outage</p> <p>% Availability of mission critical systems =<br/>(Uptime of mission critical system)/(Uptime of mission critical system + Downtime of mission critical systems) x 100</p> <p>Further detailed calculations are available in the internal business rules document.</p>  |
| Data limitations / assumptions | Contained in the internal business rules document.  |
| Type of indicator              | Output  |
| Calculation type               | Cumulative  |
| Reporting cycle                | Quarterly and Annually  |
| Desired performance            | On target   |
| Indicator responsibility       | Operations Enabling & Production Planning, Technology & Solutions Delivery  |

## 6.2 Security of taxpayer's and trader's information and interactions via digital platforms

| Indicator Title                | Number of security breaches on digital platforms from known risks  |
|--------------------------------|--|
| Definition / Purpose           | This measures the number of security breaches that occur for all known security risks on SARS' digital platforms. The purpose of this measure is to determine the veracity of digital security risk management practices employed.<br>Detailed definitions of digital platforms (mission critical), known security risks, security breaches and IT security controls are provided in the internal business rules document. |
| Source/Collection of data      | Remedy system reports; Native reports from all 7 technical controls described in Section 2.4 of the internal business rules document; CSOC reports (daily and monthly); IT Contract database.  |
| Method of calculation          | Simple count   |
| Data limitations / assumptions | Contained in the internal business rules document.   |
| Type of indicator              | Output   |
| Calculation type               | Cumulative   |
| Reporting cycle                | Quarterly and Annually   |
| Desired performance            | No security breaches known risks   |
| Indicator responsibility       | Operations Enabling & Production Planning, Technology & Solutions Delivery   |

## STRATEGIC OBJECTIVE 7: Demonstrate effective resource stewardship to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence

### 7.1 Reconfigure SARS' cost structures to align with international peers

| Indicator Title                | Increase ICT investment as % of total allocation  |
|--------------------------------|---|
| Definition / Purpose           | This measure seeks to track the portion of the SARS grant allocated to ICT projects improvements and maintenance. SARS is configuring its cost structure to ensure ICT infrastructure is optimally positioned to give full support to the mandate and align with its international peers.                     |
| Source/Collection of data      | SARS accounting systems.  |
| Method of calculation          | $\frac{\text{Current year YTD actual funds invested in ICT infrastructure (R)}}{\text{Current year YTD allocated funds}} \times 100$ <p style="text-align: center;">Less</p> $\frac{\text{Prior year YTD actual funds invested in ICT infrastructure (R)}}{\text{Prior year YTD allocated funds}} \times 100$ |
| Data limitations / assumptions | Funds include software and hardware costs incurred on both infrastructure maintenance and improvements, but exclude staff salaries for both.  |
| Type of indicator              | Output  |
| Calculation type               | Cumulative  |
| Reporting cycle                | Quarterly and Annually  |
| Desired performance            | An actual achievement higher than target.   |
| Indicator responsibility       | CFO and Technology & Solutions Delivery.  |



## 7.2 Demonstrate effective stewardship through the appropriate spending of the budget allocation received from National Treasury

| Indicator Title                | % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury   |
|--------------------------------|---|
| Definition / Purpose           | This measure seeks to track the variance/deviation between the budget allocation SARS received from National Treasury and the actual expenditure of SARS.   |
| Source/Collection of data      | SARS accounting systems.  |
| Method of calculation          | Actual funds spend (including commitments) as a percentage of total SARS grant from National Treasury.<br><br>% Expenditure vs Budget deviation =<br><br>$\frac{\text{YTD budget allocation (R)} - \text{YTD actual expenditure (R)}}{\text{YTD budget allocation (R)}} \times 100$ |
| Data limitations / assumptions | Not applicable  |
| Type of indicator              | Efficiency  |
| Calculation type               | Cumulative  |
| Reporting cycle                | Annually  |
| Desired performance            | An actual achievement lower than target.  |
| Indicator responsibility       | CFO   |

## 7.3 Unqualified audit opinion achieved from the Auditor-General

| Indicator Title                | Unqualified audit opinion  |
|--------------------------------|--|
| Definition / Purpose           | The purpose of this measure is to assess SARS' commitment to maintain and promote good governance in the organisation. It measures compliance levels with all Government's statutory requirements. |
| Source/Collection of data      | Audit-General reports.   |
| Method of calculation          | N/A  |
| Data limitations / assumptions | N/A  |
| Type of indicator              | Governance   |
| Calculation type               | Non-cumulative   |
| Reporting cycle                | Annually   |
| Desired performance            | Unqualified audit report.  |
| Indicator responsibility       | CFO  |

## STRATEGIC OBJECTIVE 8: Work with and through stakeholders to improve the tax ecosystem

### 8.1 SARS has met all its commitments in terms of the Organisation for Economic Cooperation and Development's exchange of information standards

| Indicator Title              | % of commitments met  |
|------------------------------|---|
| Definition / Purpose         | This measure tracks the extent to which SARS has met commitments made in the Exchange of Information international fora. The aim is to meet all commitments made to exchange information with other stakeholders in tax administration across the world. Definition of meeting and satisfying a commitment is to submit everything that is required by the requestor / interested party to proceed to the next stage. |
| Source/Collection of data    | External requests and OECD rating   |
| Method of calculation        | % commitments met = $\left( \frac{\text{Number of commitments met}}{\text{Total commitments made}} \right) \times 100$  |
| Data limitations assumptions | Contained in the internal business rules document   |
| Type of indicator            | Activity  |
| Calculation type             | Cumulative  |
| Reporting cycle              | Quarterly, Annually   |
| Desired performance          | Achieve target  |
| Indicator responsibility     | Enterprise Data Management  |

### 8.2 A high number of intermediaries are satisfied with SARS' cooperation and collaboration

| Indicator Title                | % of intermediaries that are satisfied with SARS' assistance   |
|--------------------------------|--|
| Definition / Purpose           | The purpose of this measure is to gauge the extent to which intermediaries (including Customs) and tax practitioners are satisfied with SARS cooperation and collaboration. We seek to ensure that SARS intermediaries and tax practitioners receive timeous empowering and enabling assistance mainly through on-line digital services. |
| Source/Collection of data      | External survey  |
| Method of calculation          | Survey is conducted by an independent research company. Further details of the calculation and other aspects of the survey will be included as part of the research methodology and document.  |
| Data limitations / assumptions | Coverage/sample sizes and response rates   |
| Type of indicator              | Output   |
| Calculation type               | Non-cumulative   |
| Reporting cycle                | Quarterly and Annually   |
| Desired performance            | An actual achievement higher than target.  |
| Indicator responsibility       | Stakeholder Relations  |

## STRATEGIC OBJECTIVE 9: Build public trust and confidence in the tax administration system

### 9.1 Public opinion survey results reflects high trust and confidence in SARS

| Indicator Title                | % Score as per public opinion survey  |
|--------------------------------|---|
| Definition / Purpose           | The purpose of this measure is to gauge the public's perceptions and attitudes towards tax compliance. This will help SARS to better understand the public's attitudes towards tax compliance, and obtain feedback to enable SARS to track and monitor tax compliance overtime. |
| Source/Collection of data      | External survey   |
| Method of calculation          | Survey results extracted from survey conducted. Further details of the calculation and other aspects of the survey will be included as part of the research methodology and document.   |
| Data limitations / assumptions | Degree of reliability is subject to quality of data.  |
| Type of indicator              | Efficiency  |
| Calculation type               | Non-cumulative  |
| Reporting cycle                | Quarterly and Annually  |
| Desired performance            | An actual achievement higher than target  |
| Indicator responsibility       | Taxpayer and Trader Education   |

### 9.2 Service Charter index achievement

| Indicator Title                | % Service Charter performance score (old service charter)  |
|--------------------------------|--|
| Definition / Purpose           | This measure seeks to track how SARS is meeting its Service Charter commitments.   |
| Source/Collection of data      | SARS core systems, Tax -Ombud  |
| Method of calculation          | The score is derived from the categories in the Service Charter, and weighted to arrive at a composite score. Further detailed calculations are available in the service charter methodology and business rules documents. |
| Data limitations / assumptions | Some Service Charter categories are still in measurement development stage.  |
| Type of indicator              | Output   |
| Calculation type               | Cumulative   |
| Reporting cycle                | Annually   |
| Desired performance            | An actual achievement higher than target   |
| Indicator responsibility       | Taxpayer Service Charter Unit  |

# ANNEXURES

## Annexure A: Changes to the 2021/22 SARS tabled Annual Performance Plan

### Key Results and Key Result Indicators

We have reviewed, removed and/or amended some of the key results (KRs) and targets included the tabled 2021/22 Annual Performance Plan. KRs that were removed from the current 2021/22 APP will be monitored and reported on internally.

### 2021/22 Annual Performance Plan (APP) changes

The wording in the APP for the following KRs were substantially amended:

| Strategic Objective affected | Before (21/22 APP tabled)  | Now (re-tabled 21/22 APP)  |   |
|------------------------------|--|--|---|
|                              |  | Key Result   | Key Result Indicator  |
| Strategic Intent             | Voluntary compliance index has increased as measured by a credible voluntary compliance index – approved voluntary compliance index  | Overall compliance has increased as measured by a well-defined compliance index                | Developed and approved compliance index   |
| 2                            | Increased number of taxpayers and traders using digital platforms - % of taxpayers and traders using digital platforms to interact with SARS   | Increased number of taxpayers and traders using digital and self-help platforms                | % of taxpayers and traders using digital and self-help platforms to interact with SARS across its value chain |
| 2                            | Standard taxpayers are auto assessed by SARS - % of standard taxpayer's returns auto assessed by SARS (individual taxpayers)   | Standard taxpayers accepted their auto assessed returns issued by SARS                         | % of standard taxpayer's whom accepted their auto assessed returns issued by SARS (individual taxpayers)      |
| 3                            | Detection and selection methodology for non-compliance completed – approved detection and selection methodology document   | Increase compliance through the accurate detection of risk                                     | Risk detection rate   |
| 3                            | Achieve high success rate in the number of cases we take to court (via National Prosecuting Authority NPA) for prosecution – % success (conviction) rate of cases referred for prosecution | Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS | % of cases SARS referred to the NPA that is accepted for prosecution  |
| 4                            | Employee engagement index score based on an annual survey of employees - % score achieved based on annual survey   | Improve the Employee engagement of SARS employees based on an survey of employees              | Employee Engagement Index score achieved based on survey of employees   |
| 7                            | Reconfigured SARS' cost structures to align with international peers – Information Communications Technology (ICT) investment as % of total allocation                                     | Reconfigure SARS' cost structures to align with international peers                            | Increase ICT investment as % of total allocation  |

The following new KRs have been added in this revised 2021/22 Annual Performance Plan:

| Strategic Objective affected | Key Result Indicators      |
|------------------------------|----------------------------|
| Strategic Intent             | Enhance trade facilitation |

The following KRs have been removed in this revised 2021/22 Annual Performance Plan and will be tracked and reported internally:

| Strategic Objective affected | Key Result Indicators  |
|------------------------------|--|
| Strategic Intent             | Enhance trade facilitation   |
|                              | Total compliance revenue collected – revenue collected from identified compliance initiatives as a % of total revenue collections  |
|                              | Cost of compliance study implemented - approved cost of compliance study   |
|                              | Tax gap study completed – approved tax gap study   |
| 1                            | Leveraged products introduced - Advance Pricing Agreement (APA) Programme introduced   |
|                              | There are fewer taxpayers and traders that need SARS to help them resolve their tax and customs queries – % reduction in the number of taxpayers and traders requiring to visit a SARS branch office |
|                              | We have a continuous downward trend in overall disputes - % reduction in the number of disputes lodged with SARS   |
|                              | Uptake of AEO Programme by traders - % uptake of Authorised Economic Operator (AEO) Programme by active economic operators   |
| 2                            | When taxpayers and traders are satisfied with SARS as evidenced by - % Net Easy Score (NES)  |
| 3                            | Increase in employer compliance - employer compliance index (%)  |
|                              | Declared customs values are above the reference price - % of declared customs values above reference price   |
|                              | Evasion schemes and/or syndicates involved in illicit economic activities are reduced - number of evasion schemes collapsed  |
|                              | Recovery of revenue from illicit activities - total revenue recovered from illicit activities  |
| 4                            | Diversity and Employment Equity: Racial Equity, Gender Equity (grade 6 – 9), Disability Equity   |
|                              | Employer brand (Employer of choice) - Certified top employer by the Top Employer Institute   |
| 5                            | Data governance framework developed and implemented - % of milestones achieved   |
|                              | SARS interventions achieve intended outcomes - % of interventions that yield the intended results  |
| 6                            | All SARS service offerings made available digitally - % SARS taxpayer and trader service offerings made available online   |
| 7                            | Revenue is collected at a level in line with comparable international peers' cost - cost to revenue ratio  |
|                              | Increased productivity achieved across SARS - % productivity levels achieved across SARS   |
| 8                            | We have met SARS' commitments in terms of FATF Mutual Evaluation findings - % of FATF deliverables met   |
| 9                            | Sentiments analysis continuously reflects high confidence in SARS - _top 3 words that the public associates with SARS are positive   |

## Changes to the 2020/21 – 2024/25 SARS Strategic Plan Key Results and Key Result Indicators

The following KRs and/or targets have been revised and will replace those contained in the current published SARS 2020/21 – 2024/25 Strategic Plan. The tables reflect the full set of KRs as published for ease of reference.

| <b>STRATEGIC INTENT: To develop and administer a tax and customs system based on voluntary compliance, and where appropriate, enforce responsibly and decisively</b> |   |  |
|--|---|--|
| Key results  | Baselines                                     | Five-year targets 2024/25  |
| Printed revenue estimates are met and/or exceeded  | 2019/20 actual revenue performance            | Target as announced by Minister                                    |
| Total compliance revenue collected – revenue collected from identified compliance initiatives  | 2020/21 actual compliance revenue performance | Compliance revenue collection = 5.00% of total revenue collections |
| We have reduced the tax gap significantly – total tax gap as a percentage of total revenue due   | New measure                                   | Between 10% - 15% (OECD 11% - 13%)                                 |
| Voluntary compliance has increased as measured by a credible voluntary compliance index  | 67.20%  | 85.00%*  |

**Note:** \*Target changed from 83% to 85% for 2024/25.

| <b>STRATEGIC OBJECTIVE 1: Provide clarity and certainty for taxpayer and trader of their obligations</b>  |                              |  |
|---|------------------------------|--|
| Key results   | Baselines                    | Five-year targets 2024/25  |
| The majority of taxpayers, traders and public surveyed perceive the guidance SARS provides as clear, unambiguous and easy to comply with – % of taxpayers and traders that are satisfied with the clarity and certainty of the guidance provided by SARS based on an annual survey (clarity survey) | New measure                  | 80% of taxpayers and traders   |
| There are fewer taxpayers and traders that need SARS to help them to resolve their tax and customs queries – reduction in the number of taxpayer and traders requiring to visit a SARS branch office  | 11 million inbound currently | 60% reduction in inbound volumes relative to base  |
| We have a continuous downward trend in overall disputes - % reduction in the number of disputes lodged with SARS  | New measure                  | <ul style="list-style-type: none"> <li>• Simple taxpayers (PIT) disputes to largely disappear by 2024/25</li> <li>• Provisional taxpayer disputes to significantly decrease by 2024/25</li> <li>• VAT disputes to significantly decrease by 2024/25</li> </ul> |

**Note:** No changes made on the above table.

| STRATEGIC OBJECTIVE 2: Make it easy for taxpayers and traders to comply with their obligations   |             |  |
|--|-------------|--|
| Key results  | Baselines   | Five-year targets 2024/25                              |
| Standard taxpayers are auto assessed by SARS – % of standard taxpayer returns auto filed and auto assessed by SARS (individual taxpayers)    | New measure | 95.00% auto assessment of standard taxpayers           |
| Increased number of taxpayers and traders using digital platforms - % of taxpayers and traders using digital platforms to interact with SARS | 75.00%      | 95.00%*  |
| All standard taxpayers are auto registered without the need for them to come to SARS – Proportion of standard taxpayers auto-registered      | New measure | 95% auto-registration of taxpayers and traders by SARS |
| Significant improvements in the ease of doing business with SARS– upward movement in the ranking by the World Bank Study                     | 84          | Top quartile ranking in the World Bank Study           |
| When taxpayers and traders are satisfied with SARS as evidenced by - Net Easy Score  | New measure | Net Easy Score of greater than 70%                     |

**Note:** \*Target changed from 85% to 95% for 2024/25.

| STRATEGIC OBJECTIVE 3: Detect taxpayers and traders who do not comply, making non-compliance hard and costly   |           |                           |
|--|-----------|---------------------------|
| Key results  | Baselines | Five-year targets 2024/25 |
| We achieve a high success rate in the number of cases we take to court (via NPA) for prosecution – % success (conviction) rate of cases referred for prosecution | 90%       | 95%                       |

**Note:** “% of interventions that yield the intended results” moved Strategic Objective #5

| STRATEGIC OBJECTIVE 4: Develop a high performing, diverse, agile, engaged and evolved workforce      |   |   |
|--|---|---|
| Key results  | Baselines   | Five-year targets 2024/25                                       |
| Employee Engagement Index  | New measure   | Top Quartile in market  |
| Employer Brand (Employer of Choice Rating) - (Top employer institute)                                | New measure   | 75.00%*   |
| Diversity and Employment Equity:<br>Racial Equity<br>Gender Equity (Grades 6-9)<br>Disability Equity | Racial equity – 76.31%<br>Gender - 49.14%<br>Disability – 2.16% | Racial equity – 84.00%<br>Gender – 53.46%<br>Disability – 4.75% |

**Note:** \*Target amended from “top tercile in the market (top 10%)” to 75% for 2024/25 due to a new measurement methodology.

**STRATEGIC OBJECTIVE 5: Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insights and improve outcomes**

| Key results   | Baselines   | Five-year targets 2024/25  |
|---|---|--|
| Risk detection, assessment and profiling is largely automated and substantively informs case selection for standard matters. Manual risk profiling and case selection is only used for complex matters. | Risk engine consuming structured data, based on declaration submission. | 100% utilisation of automated risk assessment for standard taxpayers and traders |
| SARS interventions achieve intended outcomes - % of interventions that yield the intended results*  | New measure   | 90% overall success  |

**Note:** \*KR moved from Strategic Objective #3.

**STRATEGIC OBJECTIVE 6: Modernise our systems to provide digital and streamlined online services**

| Key results  | Baselines   | Five-year targets 2024/25 |
|--|-------------|---------------------------|
| All SARS service offerings made available digitally - % SARS taxpayer and trader service offerings made available online | New measure | 95.00%                    |

**Note:** No changes made on the above table.

**STRATEGIC OBJECTIVE 7: Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence**

| Key results   | Baselines | Five-year targets 2024/25         |
|---|-----------|-----------------------------------|
| Reconfigured cost structure - ICT investment as percentage of total grant                                 | 5.00%     | Increase ICT investment by 2.00%* |
| Revenue is collected at a level in line with comparable international peers' cost - Cost to Revenue Ratio | 0.84%     | 1.00%                             |

**Note:** \*Target changed from "ICT investment of between 13.00% of total grant" to "Increase ICT investment by 2.00%" for 2024/25.

**STRATEGIC OBJECTIVE 8: Work with and through stakeholders to improve the tax ecosystem**

| Key results  | Baselines   | Five-year targets 2024/25 |
|--|-------------|---------------------------|
| We have a high number of intermediaries that are satisfied with our cooperation and collaboration - % of our intermediaries that are satisfied with our assistance   | New measure | 70%                       |
| Multilateral bodies peer review assessment of our administration and engagements - peer review score based on current multilateral agreements (example TADAT, WCO, Global Forum on Tax Transparency and EOI, ATAF) | New measure | Top quartile ranking      |

**Note:** No changes made on the above table.



| STRATEGIC OBJECTIVE 9: Build public trust and confidence in the tax administration system |             |  |
|---|-------------|--|
| Key results   | Baselines   | Five-year targets 2024/25                                    |
| Public opinion survey results reflect high trust and confidence in SARS                   | 67.00%      | 76.50%*  |
| Sentiment analysis continuously reflects high trust and confidence in SARS                | New measure | Top 3 words the public associates with SARS are all positive |

**Note:** \*Target changed from 75.00% to 76.50% for 2024/25.

## Notes

## Notes

## Notes

## Notes