



SOUTH AFRICAN REVENUE SERVICE

# Annual Report

2023/24



**SARS**  
South African Revenue Service



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## Message from the Minister of Finance



“We are committed to investing and strengthening SARS as a Modern Administration capable of executing its mandate effectively and efficiently”

### 30 YEARS OF DEMOCRACY ENABLED THROUGH DOMESTIC RESOURCE MOBILISATION (DRM) ENABLED BY THE SOUTH AFRICAN REVENUE SERVICE (SARS)

30 years ago, South Africa's first democratic elections ushered in an era of hope and healing from past injustices, a milestone celebrated throughout the nation. The past three decades have delivered significant transformation, characterised by many proud achievements. However, much remains to be done. We still face many challenges before the promise of our Constitution to improve the quality of life of all citizens and free the potential of each person can be fulfilled.

The establishment of SARS in 1997 as a well-functioning Revenue Administration is one of our proud achievements. SARS was established in terms of the South African Revenue Service Act 34 of 1997 to function as an autonomous agency and oversee the administration of an efficient and effective revenue collection system for South Africa, thereby, enabling government to build a capable ethical state that fosters sustainable economic growth and social development that serves the wellbeing of all South Africans.

A key function of SARS is domestic resource mobilisation (DRM), namely, to collect taxes and duties from individuals and businesses in a fair and efficient way, facilitate legitimate trade, and to ensure voluntary compliance with the tax laws and regulations. DRM enables government to exercise greater sovereignty and ownership over its development agenda, whilst reducing dependencies on external donors and creditors. DRM enhances the legitimacy and credibility of government and allows it to demonstrate its capacity and commitment in delivering public goods and services that meet the needs and expectations of its citizens. DRM also fosters greater civic participation and engagement, as taxpayers have a stake and a voice in how public funds are used and managed. In essence, DRM strengthens the social contract between the state and its people, which is the foundation of a vibrant and inclusive democracy.

Over the past 30 years, SARS as the South African Tax and Customs Administration has collected R21.5 trillion in net tax revenues. Revenue collections have soared from R114 billion in 1995, at a compounded annual growth rate of 9.9% and an average tax-to-GDP ratio of 22.2%. Revenue collection contributes to over 90% of Government's consolidated budget, which is pivotal for developing a capable state that serves the needs of all its citizens.

### SARS CONTINUED TO PERFORM IN THE YEAR UNDER REVIEW NOTWITHSTANDING A GLOBAL ECONOMIC OUTLOOK FRAMED IN CHALLENGING AND FRAGILE GLOBAL CONDITIONS

Although the world economy is resilient in some parts, it remains mostly subdued because of the lingering effects of the Covid-19 pandemic, growing geopolitical tensions, and low demand for commodities. South Africa faced weak growth prospects as its main trading partners in the Euro Zone and China struggled to regain momentum. The fragile global economic conditions significantly impact our domestic economy. Moreover, conditions for low domestic growth persist and prospects for growth remain weak. The hindered recovery from the negative impact of load shedding and the impaired port

and logistics operations continue to constrain growth, development prospects, and consequently tax revenues. The impact of corruption and financial crime on revenues remains an omnipresent threat as crimes becomes more sophisticated, facilitated across borders and through electronic means.

Reflecting on this past year, notwithstanding the economic challenges SARS successfully delivered on its mandate to collect revenues that enables the government to build a capable state. For the 2023/24 fiscal year SARS collected R2.155 trillion in gross revenue and disbursed R413.9 billion in refund payments resulting in net revenue collections of R1.741 trillion. This represents a year-on-year gross revenue growth of R87 billion, refunds increased by R33 billion and net revenue collection growth of R54 billion which surpassed the revised estimate by more than R9.5 billion. The SARS Compliance Programme initiatives strengthened revenue collection, contributing R261 billion in Compliance Revenues.

This result, once again, underscores that DRM through tax revenues and customs duties remain the most cost-effective source of Government's revenue, as have been proven internationally.

#### **INVESTING IN AND STRENGTHENING SARS AS A MODERN ADMINISTRATION CAPABLE OF EXECUTING ITS MANDATE EFFECTIVELY AND EFFICIENTLY**

A modernising South Africa needs sustainable funding for, amongst others, improved public services, food security, climate change, infrastructure development, as well as connecting and digitalising the Whole-of-Government (WoG). This, in turn, requires sustained DRM through tax revenues. We therefore need a well-resourced and capacitated SARS with consistent and predictable funding, empowered to execute its mandate without executive interference, to recruit and to procure lawfully with the minimum of red tape. SARS must operate within an effective but non-intrusive oversight framework that protects SARS' autonomy and protects it against future capture.

The draft SARS Digital Playbook (digital transformation plan) captures the thrusts of how SARS can best serve the nation through DRM by building a SMART Digital Tax and Customs administration platform:

- ▷ Firstly, SARS aspires to position itself as a "supercomputer" which harnesses the power of big data, automation and AI and uses it ethically to connect to a highly integrated Tax and Customs ecosystem comprising Whole-of-Society and Whole-of-Government that runs complex algorithms and delivers an output for each taxpayer of how much they must pay, and how they need to pay it in line with Tax and Customs laws. In other words, SARS must shift from doing digital to being digital where Tax Eventually Just Happens.
- ▷ Secondly, SARS aspires to exploit the opportunities to support modernising Whole-of-Government processes through collaborative initiatives with relevant agencies to implement a unique digital identity for individuals and entities which will strengthen the integrity of financial transactions; ensure data integrity by capturing data once through a common portal with the necessary segregation based on mandates of agencies; introduce a common payment platform with e-invoicing and position SARS as the preferred common disbursement platform to replace the disparate payment platforms that are currently characterised by inefficiency and corruption.

#### **CONCLUSION**

I commend the work of SARS' leadership and its employees for their unwavering dedication and resolve in a challenging economic climate and operating environment. Their commitment head their Higher Purpose call and thereby fulfil SARS' mandate, exceed the revenue target and achieve record revenue collection in a subdued operating environment is exemplary. These achievements demonstrate the effectiveness of its aspirational goal to transform into a SMART Modern revenue administration, which is continuously working towards restoring its capabilities, public confidence and trust as well as integrity in the organisation. With Commissioner Kieswetter at the helm, the SARS team exceeded expectations over the past year as set out in further detail in this report.

I want to express my heartfelt appreciation to all the taxpayers, traders, and intermediaries who have voluntarily complied with their tax obligations and contributed to the common good of our nation. Your cooperation and support have enabled us to improve the tax-ecosystem and to build a more prosperous and inclusive future for all South Africans.

The inauguration of the 7th Administration has South Africa looking forward to improved results over the medium term. The aspiration is that this will boost confidence in the economy, leading to increased tax revenues in the fiscal year 2024/25 that will further supports our endeavours of building capable ethical State. We are counting on SARS!



**Honourable Minister Enoch Godongwana**  
**MINISTER OF FINANCE**

## Commissioner's Overview



“The story of SARS is a story about hope: Everything we do is about having a transformational impact on the wellbeing of the lives of people, especially the most vulnerable among us.”

### STRENGTHENING SARS AS A MODERN ADMINISTRATION CAPABLE OF EXECUTING ITS MANDATE EFFECTIVELY AND EFFICIENTLY THROUGH THE SARS REBUILDING JOURNEY

I am immensely proud of the way in which the South African Revenue Service (SARS) has continued to work harder and smarter to collect revenue, facilitate legitimate trade and improve compliance in support of the economic and social wellbeing of all South Africans and how we contribute to nation building.

My tenure as Commissioner was extended for two years from 1 May 2024. I therefore present this foreword in the spirit of holding myself accountable for the first five years, reflecting on the past year's progress 2023/24 financial year (FY) and setting new aspirations and clarifying the direction for the next 2-5 years.

As we embark on a reflective journey through the pages of the SARS Annual Report 2023/24, we are reminded of the ever-evolving landscape in which we operate. Amidst persistent geopolitical tensions and policy uncertainties, global trade volumes remained subdued, and real GDP growth slowed during the past year. While it is anticipated that the global economy and world trade will remain relatively stable, we find ourselves navigating an era of rapid disruption, digital transformation, and the ascendance of artificial intelligence in pursuit of *developing a tax and customs system based on voluntary compliance* in support of greater levels of domestic resource mobilisation (DRM).

The journey of rebuilding SARS had to be very deliberate to create the resilience SARS needs to collect the revenue that enables government to build a capable South African state, to enable and manage an economic growth path that meets the needs and expectations of our people adequately. We have fundamentally rebuilt SARS into a *SMART Modern SARS with unquestionable Integrity that could be Trusted and Admired* after its capture during 2014-2018. We had to be uncompromising in our resolve to regain the trust of our own employees to rebuild the organisation. This had to start at the top, to strengthen leadership capability and integrity, invest in institutional capability and improve the overall performance. We also knew that public trust is sacrosanct, for us to deliver on our mandate of collecting tax revenues, improve compliance and facilitate legitimate trade.

SARS has substantively implemented the recommendations of the Nugent Commission of Inquiry relating to SARS, but we continue with consequential implementation to align culture, integrity and leadership with evolving transformative people, data, and technological business needs and demands. The Zondo Commission of Inquiry's recommendations relating to SARS have been addressed and SARS continues its collaboration with law enforcement agencies on several matters involving allegations of fraud and tax evasion arising from the PIC Commission of Inquiry. This has happened in parallel with embedding a capable leadership system and recapacitating and driving the modernisation of SARS – a tough, disruptive but exciting journey of transformation into a digitalised SARS as part of the Whole-of-Society (WoS) and Whole-of-Government (WoG) approach.

Our commitment to building a SMART Modern SARS is bearing fruit notwithstanding an increasingly complex environment, tough economic challenges, a proliferation of tax and customs crime, as well as significant budgetary constraints. Those incremental wins reinforce our commitment to the direction and sustainability of rebuilding SARS.

We can review policies and procedures, invest in data science and technology, and assign people to meaningful work. However, it is ultimately the culture, integrity and values that we nurture that underlie a resilient and sustainable organisation. We stand or fall by character and quality of leadership and the calibre of our people! It is that DNA that defines us!

Since 2019, the fulfilment of SARS' mandate has improved and shown positive upward trends:

- ▷ Gross revenue collection grew by a Compound Annual Growth Rate (CAGR) of 6.92%
- ▷ Refunds disbursed grew by a CAGR 9.11%.
- ▷ Net revenue collections grew by a CAGR of 6.45%.
- ▷ Compliance revenue grew by a CAGR of 20%.
- ▷ Trade facilitation grew by a CAGR of 11.06%.
- ▷ Gross tax buoyancy over this period remained positive (0.9 in 2024).
- ▷ Through our Artificial Intelligence (AI) fraud risk detection and verification work we have prevented the outflow of over R370 billion in impermissible refunds.

Furthermore, organisational health measures during this period improved:

- ▷ Public trust increased from 48% in 2019 to 75.3% in 2024.
- ▷ Attitude towards compliance improved from 66% in 2019 to 77.5% in 2024.
- ▷ Employee engagement rose from 61.6% to 69.4% in 2023 despite challenges such as Covid-19 and financial and budgetary constraints.
- ▷ SARS has been recognised as the most innovative public sector organisation for digitalisation and best employer to work for by BCom professionals.
- ▷ The Auditor-General SA's clean audit reports are demonstrable of SARS' effective resource stewardship (2023 and 2024).

Progress does not come by doing one big thing. There is no silver bullet. It comes from doing millions of little things and doing every task correctly and consistently to create a confluence of tangible results.

#### **REFLECTING ON THE YEAR IN REVIEW: 2023/24 HAS BEEN ANOTHER HUGELY PROGRESSIVE AND IMPACTFUL YEAR TOWARDS THE FULFILMENT OF SARS' MANDATE**

I am delighted to share the progress on the key results that SARS achieved against its 2023/24 Annual Performance Plan. The results are positive and achieved under very difficult economic, social and budgetary circumstances. Of the 24 key results, SARS realised 17. Seven key results were not achieved for several reasons, among others funding constraints. As highlights from these key results, SARS:

- ▷ Achieved 100.55% of the Revised Revenue Estimate set by the Minister of Finance.
- ▷ Grew the overall Trade Facilitation Index by 18.8 percentage points from 2022/23 FY to 2023/24 FY.
- ▷ Awarded 190 clients Authorised Economic Operator (AEO) status, of which 145 were new licensees.
- ▷ Processed 8.4 million Personal Income Tax (PIT) assessments, providing a delightful "Eventually Tax Just Happens" experience to some 3.8 million taxpayers that were issued Auto Assessments.
- ▷ Developed and approved SARS' Career Progression Frameworks for Service Consultants, Audit and Investigations, Customs, and Legal.

- ▷ Through our automated risk-assessment functionality SARS selected 100.00% of verification cases and 82.80% of complex-audit cases.
- ▷ Achieved uptime of 99.61% of the planned capacity of systems available to taxpayers, traders, and SARS employees.
- ▷ Realised only a 3.01% deviation between our spending for the year and the allocation SARS received from National Treasury.
- ▷ Received an unqualified Auditor General audit for the 2023/24 FY.
- ▷ Scored an encouraging 77.53% in the public-opinion survey, which represents a slight improvement from the previous year's 76.5%.

For the 2023/24 FY, the Printed Estimate (PE) was set at R1.79 trillion in the 2023 Budget Review. The estimate was then revised down to R1.73 trillion in the 2024 Budget Review Revised Estimate due to changes in the economic outlook. The net revenue collection amounted to R1.74 trillion, which was R9.5 billion (0.5%) above the Revised Estimate (RE), posting a year-on-year growth of R54.2 billion (3.2%). Net revenue collected resulted from R2.15 trillion in gross revenue collections, being almost in line with the Revised Estimate and growing year-on-year by R87.0 billion (4.2%). Net revenue was reduced by R413.9 billion in refund payments, which has increased from the prior year by R32.8 billion (8.6%). While we are pleased that the R413.9 billion returned into the hands of taxpayers and is good for the economy, I remain concerned about fraud and abuse of the refund system. In the period under review, SARS prevented impermissible refunds of R95 billion and secured several successful prosecutions. This revenue performance translates to a tax-to-GDP ratio of 24.5%, and tax buoyancy of 0.9 (gross revenue) and 0.7 (net revenue), respectively.

Regarding our mandate to facilitate legitimate trade, for the 2023/24 FY, SARS Customs facilitated more than 8.5 million trade transactions. The value amounted to R3.93 trillion. Exports amounted to R2.02 trillion and imports to R1.91 trillion. This represents a CAGR of more than 11% since the 2019/20 FY.

The SARS Compliance Programme comprising of comprehensive administrative actions executed by SARS contributed R260.5 billion towards the fiscus in the 2023/24 FY, a 25.5% increase from the prior year. Our effort to improve taxpayer and trader compliance are slowly beginning to show positive results. For the 2023/24 FY, the Voluntary Compliance Index stood at 63.63%, an increase of 2.02 percentage points from the prior year.

This represents the efforts of 12 805 SARS employees, which translates into over 25 million service-related interactions at our branches, via the phone and through our digital self-service platforms. Our engagements involve resolving taxpayer and trader service queries, making call to taxpayers, verifying declarations, conducting investigations and audits, follow ups on outstanding undisputed debt, and seeking to resolve disputed assessment outcomes, to name a few.

We are developing our capability to detect non-compliance and to make it hard and costly for non-compliant taxpayers and traders. Responding to serious instances of non-compliance:

- ▷ Syndicated tax and customs crime interventions yielded R20.2 billion in revenue recovery and collapsed one tobacco and gold illicit financial flow scheme.
- ▷ SARS litigation efforts resulted in 119 judgements handed down of which 102 cases were in favour of SARS representing an 86% litigation success rate.

- ▷ The National Prosecuting Authority prosecuted 85 cases brought by SARS, of which 81 concluded with a positive outcome for SARS.

SARS is a strategic partner, active participant, and contributor to the national FATF programme. SARS has implemented beneficial ownership and transparency information requirements for trusts and companies to address illicit financial flows and reduce the risks of money laundering and corruption. In collaboration with law enforcement agencies, we are investigating money laundering offences in tax crime investigations. The electronic South African Traveller Declaration System aimed at monitoring the movement of cash across South Africa's borders, among others, was successfully piloted and the rollout of the system will be completed by the end of 2024.

In developing a high performing, diverse, agile, engaged and evolved workforce, SARS continues to review and improve employee engagement levels through various initiatives:

- ▷ Further progress has been made in embedding the SARS Leadership Model and building the leadership strength. This model specifies leadership responsibilities to display personal proficiency, manage people and work, as well as impact others positively. This in turn enables leadership and management alike to give effect to the Employee Rights Charter and the Employee Value Proposition (EVP).
- ▷ We evaluated the results of the initial EVP pilot, further refined and enhanced the offering. This pilot will continue into the 2024/25 FY.
- ▷ The second iteration of the SARS Junior Board (JB 2.0) that supports the development of the Youth@SARS was appointment.
- ▷ In celebrating SARS top performing employees, 6 994 on-the-spot-awards and 158 annual recognition awards were awarded this past year.

While recognising the encouraging results, our collective efforts delivered, we still see a culture of "catch me if you can" among some taxpayers. Coupled with that, rapidly evolving national and global social and economic context and increasing sophistication of international crime creating illicit financial flows, South Africa has no choice other than investing in and stepping up SARS' pace of modernisation. Unless we do so and agilely adapt to change, we will fall behind in implementing our legal mandate. We cannot do our work in the digital economy without the appropriate investment in people, data science and enabling technologies such as AI, and our digital platform.

#### **FOSTERING COLLABORATION BY WORKING WITH AND THROUGH LOCAL AND INTERNATIONAL STAKEHOLDERS TO IMPROVE THE TAX ECO-SYSTEM AND INCREASE VOLUNTARY COMPLIANCE**

SARS works constantly to achieve beneficial synergies with local (public and private) and international stakeholders to improve tax and customs service with a view to enhancing voluntary tax compliance. Matters relating to service and, where appropriate, enforcement drive the WoG and an international cooperation through four transformative levers of people, data, technology and enabling regulatory environment.

In keeping with the WoG strategic approach, SARS maintains service and user-oriented informational networks with a range of government agencies and departments depending on mutual needs. This ranges from simple informational networks which entail just the exchange of information to developmental networks involving capacity building to synchronisation networks in which information

exchange and capacity building is supplemented with process and operational arrangements to the most mature form of collaboration namely, joint action networks in which participants adopt collective courses of action and combine resources such as the collaboration between SARS and the National Prosecuting Authority (NPA), South African Police Service (SAPS), SARB, Special Investigating Unit (SIU), the Department of Home Affairs (DHA) and the Border Management Agency (BMA).

Internationally, SARS maintains strong relations with tax administrations of other countries and with several international and transnational organisations. It does so by:

- ▷ Enabling ongoing service and enforcement information exchanges and creating and maintaining the networks to support those exchanges
- ▷ Influencing international tax and customs agendas actively, passively and through leadership in support of SARS and South Africa.

SARS maintains leadership roles in strategic fora such as the World Customs Organisation (WCO) in which South Africa holds executive leadership roles in the WCO, the OECD Forum on Tax Administration (FTA), African Tax Administration Forum (ATAF), and Global Forum, to name a few. These engagements continue to be driven by a clear bias towards action with service and enforcement focuses and ensuring value for money and direct return on investment to our various business areas, operations, and interests. Moreover, interventions also raise awareness on the South African tax system with the aim of boosting foreign investments.

#### **THE TECHNOLOGICAL EVOLUTION – FUTURE OF TAX ADMINISTRATION, BUILDING THE SMART DIGITAL TAX AND CUSTOMS ADMINISTRATION PLATFORM, NOW FOR THE FUTURE**

The next five years are going to be exciting. We are building on the existing work to harness the transformative power of technology, data science and AI in tax administration. Business and business models are rapidly evolving due to digital and AI innovations. Criminal syndicates are also exploiting these technologies. The purpose for building a SMART digital administration platform, embedded in data science, artificial intelligence and enabling technologies, is to foster trust, promote efficiency, and ensure transparency. We intend to do this by revolutionising the way taxpayers, traders and SARS engage to achieve voluntary compliance. Furthermore, AI also plays a crucial role in detecting and responding to issues of compliance, by predicting which sectors or entities are at highest risk of non-compliance. This not only protects the country's revenue but also builds trust in our tax system.

Building the Smart Digital Tax and Customs Administration Platform will include the following:

1. Radical review of people practices – People in the age of AI.
2. Unique digital identity – strengthening the integrity of registers and financial transactions.
3. Create a comprehensive taxpayer account – single entity/ customer view to enable a better balance between service and enforcement.
4. Modernisation of the case management system – embedded in data science and AI.
5. Embed an "entity-based compliance" model administration platform – from the current declaration-based compliance.
6. Build an instant payment system to enhance financial inclusion and reduce cash (Partnering with the SARB).

7. Modernisation of VAT administration – including introduction of e-Invoicing.
8. Modernisation of Customs and Excise administration – accelerate physical and technology infrastructure at ports of entry (with Other Government Agencies (OGA)).

As a 100% SARS Technology Development Company, InterFront has developed its capabilities with various projects in the pipeline, which, in collaboration with OGAs, could render cross-departmental benefits towards protecting the revenue base and benefiting WoS.

Together we will redefine the landscape of tax administration, where tax eventually just happens in South Africa!

### **APPRECIATION AND HEARTFELT THANK YOU FOR SUPPORTING THE SARS REBUILDING JOURNEY**

The story of SARS is about hope. Everything we do is about having a transformational impact on the well-being of the lives of people – especially the most vulnerable among us. 30 years ago, South Africa's first democratic elections ushered in an era of hope and healing from past injustices, a milestone celebrated throughout the nation. However, much remains to be done. SARS stands ready to further its humble contribution through DRM in support of building a capable ethical developmental State.

I acknowledge and thank the South African President, Mr Matamela Cyril Ramaphosa; the Minister of Finance, Mr Enoch Godongwana, Deputy Minister, Dr David Masondo, Director-General, Dr Duncan Pieterse and the colleagues at the National Treasury as well as Parliament. I also thank our stakeholders locally and internationally, intermediaries, related bodies across all sectors, and our colleagues across government departments and agencies.

I convey my sincere gratitude and admiration to the more than 12 800 SARS employees and the SARS leadership who are continually and diligently pursuing “serving a Higher Purpose” and exemplify outstanding public administration. Furthermore, I acknowledge their dedication that has contributed immensely to the organisation's progress in fulfilling the SARS mandate.

I assure all South Africans that, with your support, SARS will spare no effort and continue to work hard to achieve the vision of a *SMART, Modern SARS with unquestionable Integrity that is Admired* by all. SARS remains inspired by the transformative and Higher Purpose of serving all South Africans.

Thank you to all voluntary compliant taxpayers and traders for enabling these positive outcomes achieved by SARS. SARS appreciates you! #YourTaxMatters!

Thank you.



**Edward Chr Kieswetter**  
**SARS COMMISSIONER**

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## About this Report

This report is primarily intended, but not limited to, meeting the information requirements of the Public Finance Management Act 1 of 1999 and National Treasury's Annual Report guidelines. This Annual Report presents information on SARS' performance for the 2023/24 FY, governance, risks, stakeholder, human resources, as well as the Annual Financial Statements for SARS' Own Accounts.

SARS presents its performance information according to the government's performance monitoring methodology and has therefore aligned this report with its 2020/21 to 2024/25 Strategic Plan, and its 2023/24 Annual Performance Plan (APP). The Annual Financial Statements (Own Accounts) for the year ended 31 March 2024 were prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB), in accordance with section 91(1) of the Public Finance Management Act (PFMA).

As part of SARS' commitment to align the organisation with the King Report on Corporate Governance, it continues its journey to inculcate the principles of integrated thinking and reporting, to promote a more cohesive approach to reporting, that considers a broad range of reporting dimensions, and communicates all relevant factors that materially affect the ability of SARS to create value over the short, medium, and long term. On the journey towards a fully integrated report, SARS embedded some of the concepts from the International Integrated Reporting Framework (IIRF) into this report.

The Annual Financial Statements in this report were audited by the Auditor-General of South Africa who expressed an opinion. This report is approved by SARS' Accounting Officer, the Commissioner for SARS.

## Statement of Responsibility and Accuracy of the Annual Report

To the best of my knowledge and believe, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General. The Annual Report is complete, accurate and free from any omissions. This report has been prepared in accordance with the Annual Report guidelines issued by National Treasury.

The Annual Financial Statements (Part 6) included in this Annual Report were prepared in accordance with the applicable accounting standards.

The Accounting Officer is responsible for preparing the Annual Financial Statements, and for the judgements contained therein.

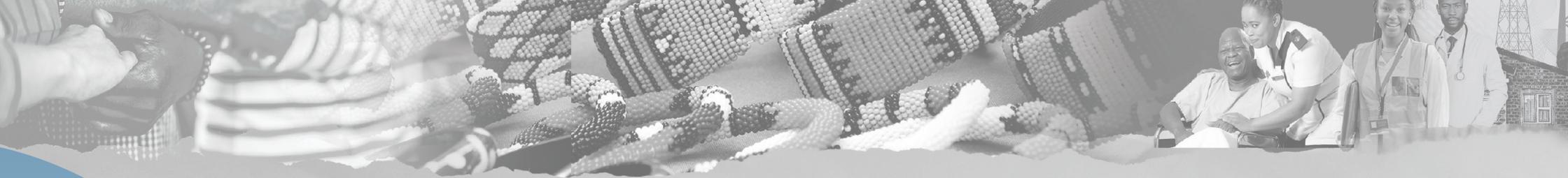
The Accounting Officer is also responsible for establishing and implementing a system of internal controls that have been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information, and the Annual Financial Statements.

The Auditor-General was engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information, and financial affairs of SARS for the Financial Year ended 31 March 2024.



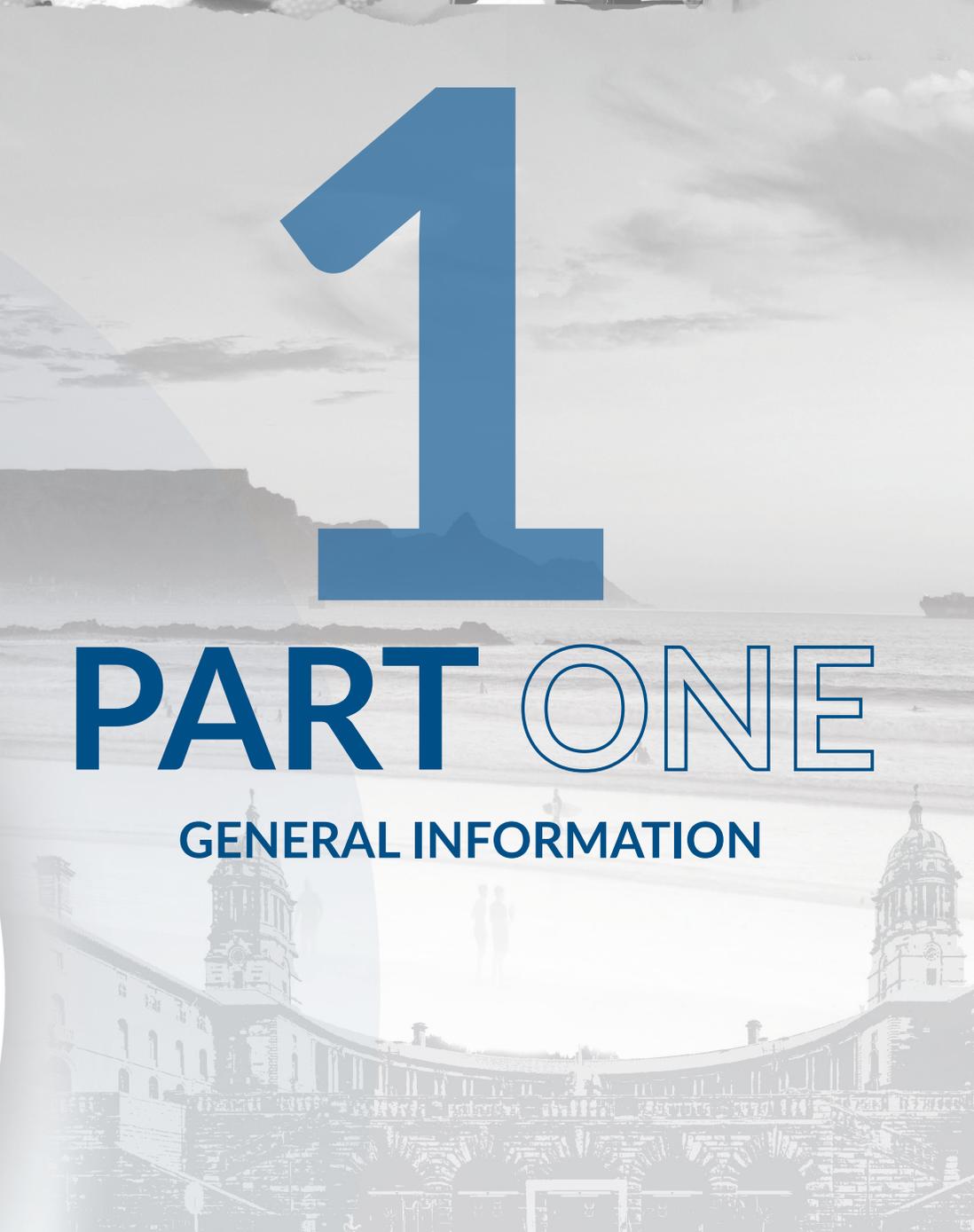
Edward Chr Kieswetter  
SARS COMMISSIONER



# 1

## PART ONE

GENERAL INFORMATION



## Our Strategic Clarity Responds to FOUR defining Questions

1

**Our Mandate:**  
What we do

2

**Our Higher Purpose:**  
Why we exist

3

**Our Vision:**  
What is our aspiration  
for a future SARS

4

**Our Strategic Intent:**  
How will we approach  
delivering our mandate



How we work

How we  
allocate  
resources

How we are  
organised

How we define  
success

## SARS Derives its Mandate from the SARS Act, 1997

To make provision for the efficient and effective administration of the revenue collecting system of South Africa.

SARS was established in terms of the South African Revenue Service Act, 1997, (SARS Act) as an organ of state within the public administration, but as an institution outside the public service. It is listed as a National Public Entity in schedule 3A of the PFMA. In terms of the SARS Act, the Commissioner for SARS is the Chief Executive Officer and Accounting Authority of SARS.

The following Acts are examples of the primary legislation SARS administers:

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

### Our Mandate remains to:

- ▶ Collect all revenues due
- ▶ Ensure optimal compliance with tax and customs legislation
- ▶ Provide a customs service to optimise revenue collection, border protection and facilitate legitimate trade

SARS exists to serve the **HIGHER PURPOSE** of enabling Government to build a capable state that fosters sustainable economic growth and social development that serves the wellbeing of all South Africans



## Vision

A Smart Modern SARS with unquestionable integrity, trusted and admired.



## Values

- ▷ Uncompromising regard for Taxpayer Confidentiality.
- ▷ Unquestionable Integrity, Professionalism and Fairness.
- ▷ Exemplary Public Service.
- ▷ Incontestable insights from Data and Evidence.



## SARS Strategic Intent

Develop a tax and customs system based on voluntary compliance.



## SARS Theory of Compliance

We believe that most taxpayers are honest and simply want to fulfil their obligations with the least amount of effort and cost.



## Our Compliance philosophy drives our compliance model:

Taxpayer approach towards compliance:

- ▷ Conscious decision not to comply
- ▷ Does not want to comply
- ▷ Willing but not always able to comply
- ▷ Willing to do whatever is necessary

ENFORCE



MAKE AWARE AND EASY

HIGH



LOW

SARS approach towards compliance:

- ▷ Enforce the full extent of the law
- ▷ Detect and deter non-compliance
- ▷ Provide assistance to comply
- ▷ Make it easy to comply



## How Will We Get There?

By developing a clear path and Implementing our strategic intent.

### STRATEGIC INTENT: Develop a Tax and Customs system based on Voluntary Compliance

In support of Voluntary Compliance, we express our Strategic Intent into 9 Strategic Objectives:

#### Strategic Objectives:

##### Core Business

1. Provide Clarity and Certainty for Taxpayers and Traders of their obligations
2. Make it Easy for Taxpayers and Traders to Comply with their obligations
3. Detect Taxpayers and Traders who do not Comply, and make non-compliance Hard and Costly

##### Enabling

4. Develop a High Performing, Diverse, Agile, Engaged and Evolved workforce
5. Increase and expand the use of Data within a comprehensive knowledge management framework to ensure integrity, drive insight and improve outcomes
6. Modernise our systems to provide Digital and Streamlined online services
7. Demonstrate effective Resource Stewardship to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence

##### Relationships

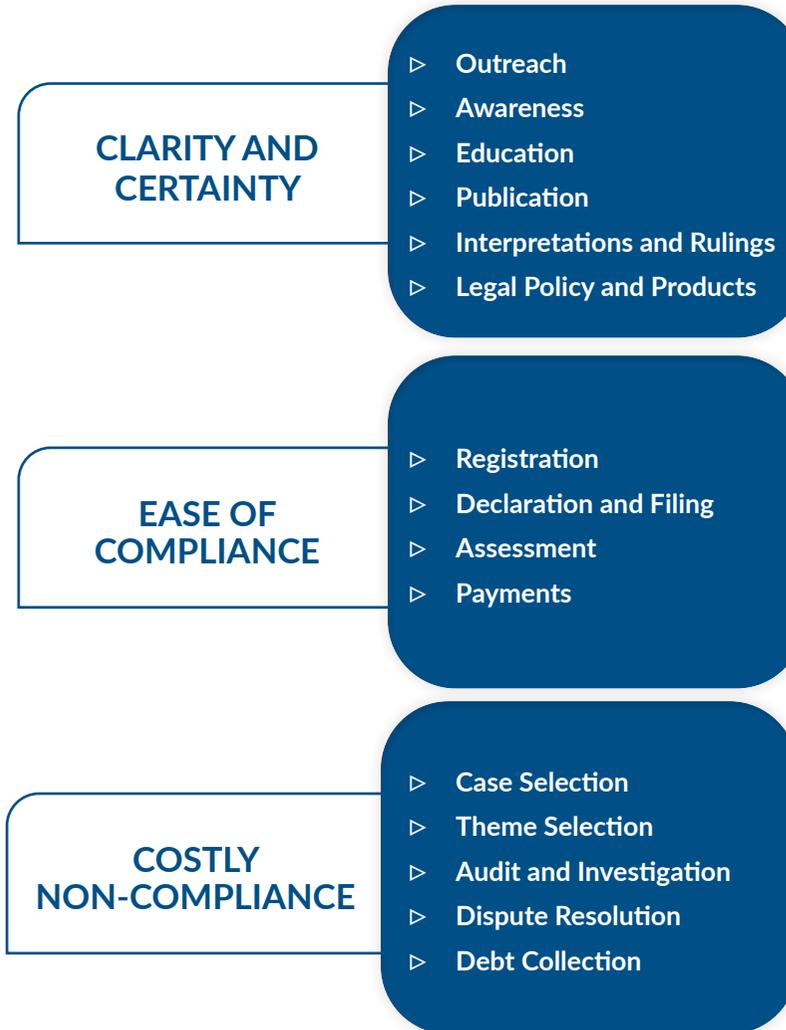
8. Work with and through Stakeholders to improve the tax ecosystem
9. Build Public Trust and Confidence in the tax administration system

# Segmentation is a Key Principle of our Compliance Theory and Model

## SEGMENTATION

- ▷ Individuals: Standard and Provisional
- ▷ Individuals: Wealthy and Complex
- ▷ Business: Large and International
- ▷ Business: Small and Medium
- ▷ Restricted: Individuals and Related Entities
- ▷ Intermediaries: Employers, Traders and Practitioners
- ▷ Tax-Exempt Entities
- ▷ Government and Embassies
- ▷ Estates

## COMPLIANCE CONTINUUM



## KEY OUTCOMES

- A PRODUCTION**
  - ▷ Voluntary Compliance
  - ▷ Tax Gap
  - ▷ Trade Facilitation
  - ▷ Border Protection
  - ▷ Total Revenue
  - ▷ Compliance Yield
  - ▷ Expense Budget
  - ▷ Capital Budget
- B PRODUCTION CAPABILITY**
  - ▷ Talent Management
  - ▷ Modernisation
  - ▷ Tax and Customs Policy Advise
  - ▷ Data Management
  - ▷ Research and Analysis
  - ▷ Risk Management
  - ▷ Planning
  - ▷ Governance
  - ▷ Stakeholders
  - ▷ Operating Model

# Connecting our Higher Purpose and Mandate to our Strategic Objectives and Core Value Chain

**HIGHER PURPOSE:** Enabling government to build a capable state that fosters sustainable economic growth and social development that serves the wellbeing of all South Africans

## SARS VALUE CHAIN (What we Administer)

Registration  
Filing of Declarations  
Assessment of Filing  
Investigations and Audits  
Dispute Resolution  
Payments  
Debt Collection



## STRATEGIC INTENT (How we Administer)

Build an Administration Platform based on Voluntary Compliance  
  
Underpinned by 9 clear Strategic Objectives



## SARS MANDATE (The Impact of our Work)

1. Collect Tax and Customs Revenue
2. Improve Compliance
3. Facilitate Legitimate Trade

MEANS

END



South African Revenue Service

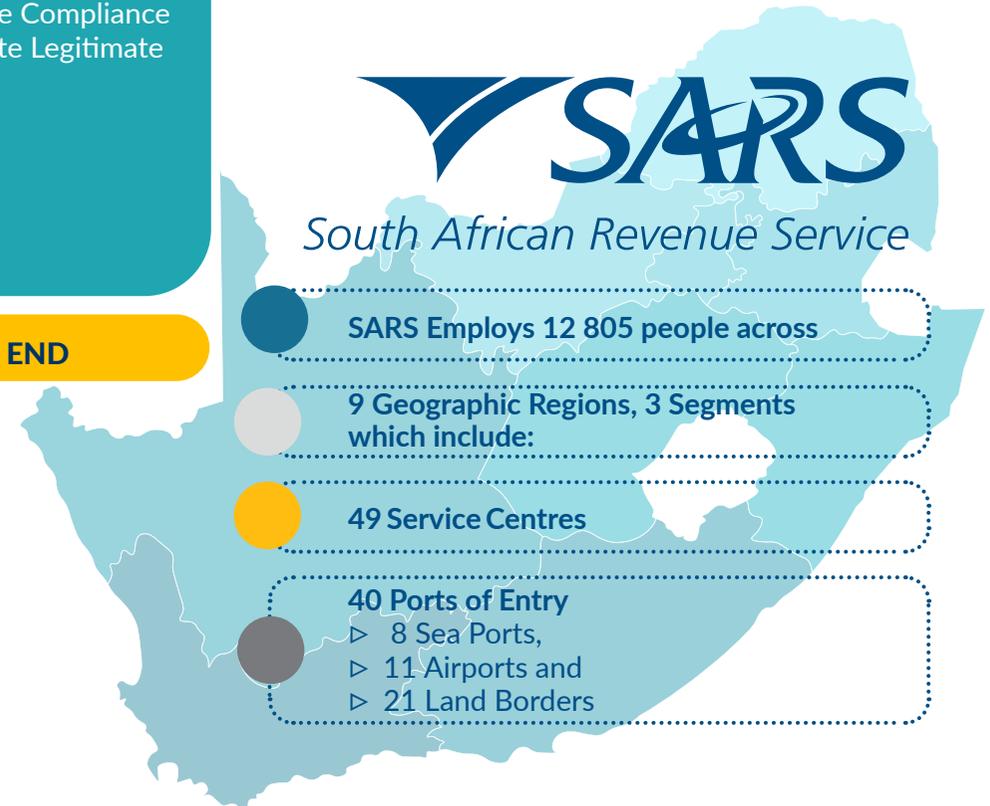
SARS Employs 12 805 people across

9 Geographic Regions, 3 Segments which include:

49 Service Centres

40 Ports of Entry

- ▷ 8 Sea Ports,
- ▷ 11 Airports and
- ▷ 21 Land Borders



## SARS Organogram



SARS Commissioner

Edward Kieswetter



Deputy Commissioner  
Taxpayer Engagement and  
Operations

Johnstone Makhubu



Deputy Commissioner  
Strategy Enablement and  
Modernisation

Carl Scholtz



Deputy Commissioner  
Corporate and Enterprise  
Services

Bridgitte Backman



Chief of Staff  
Office of the Commissioner

Jeanneé Padiachy

## Organisational Arrangements

### Taxpayer Engagement and Operations

#### Operations

- ▶ Standard Operations
- ▶ Segmented Operations
- ▶ Audit and Investigations
- ▶ Customs and Excise Operations
- ▶ Prevention and Dispute Resolution

#### Enabling Operations

- ▶ National Operations Enabling
- ▶ National Operations Command
- ▶ Risk Profiling and Case Selection
- ▶ Debt Oversight and Planning
- ▶ Knowledge Management, Research and Taxpayer Education
- ▶ Compliance and Revenue Programme

### Strategy Enablement and Modernisation

- ▶ Modernisation
- ▶ Product, Segment and Process Architecture
- ▶ Legislative Policy
- ▶ Enterprise Data Management
- ▶ Technology and Solutions Delivery
- ▶ Enterprise Programme Management

### Corporate and Enterprise Services

#### Governance and Regulatory Compliance

- ▶ Company Secretary
- ▶ Enterprise Governance and Risk
- ▶ Enterprise Planning and Reporting
- ▶ Safety, Health and Environment

#### People Management

- ▶ Learning and Development
- ▶ Recruitment
- ▶ Employee Engagement
- ▶ Employee Shared Services, Remuneration and Benefits
- ▶ Employee Relations
- ▶ Capacity Building and Transformation
- ▶ Gender Equity and People with Disability
- ▶ Anti-Corruption and Integrity

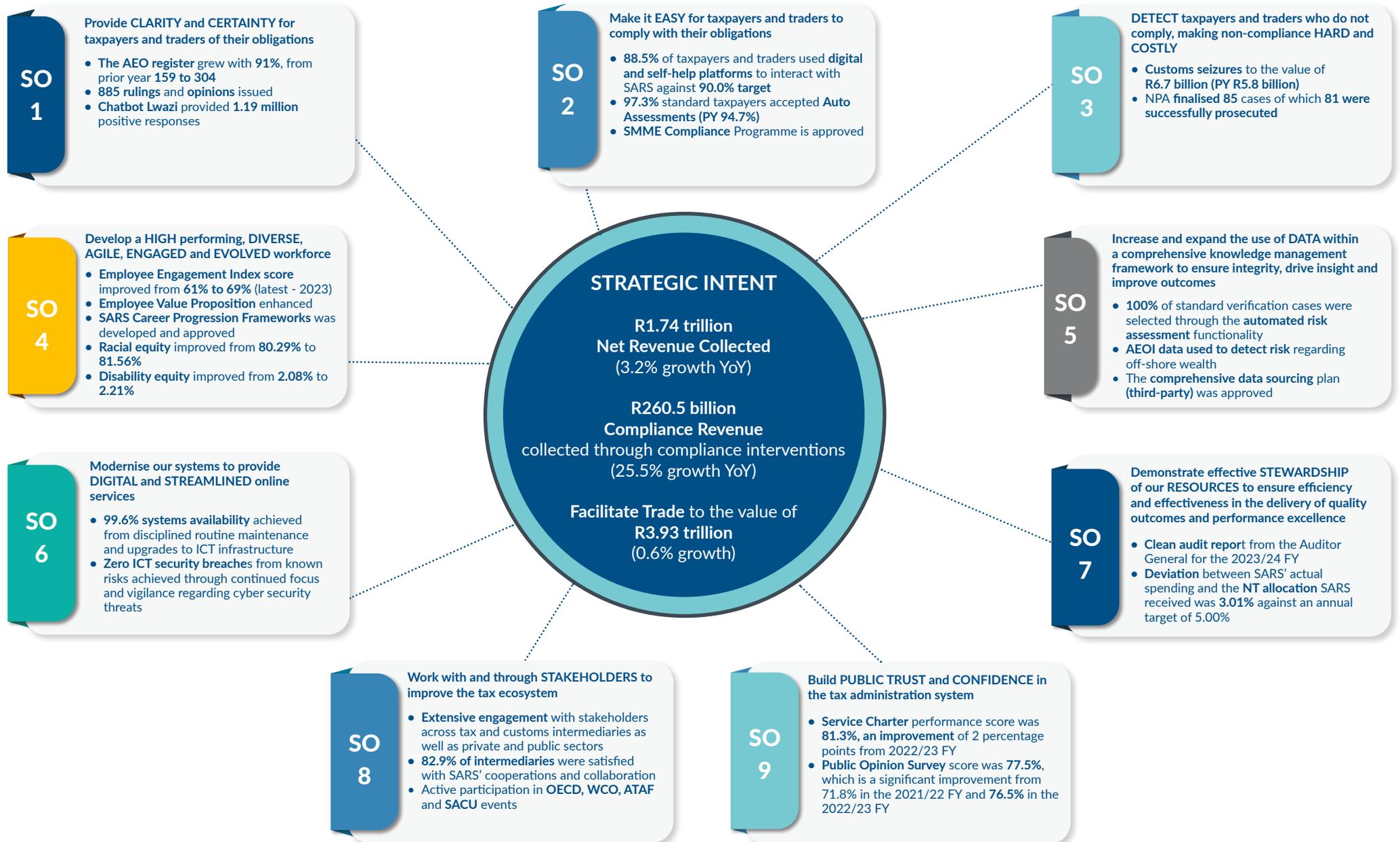
#### Enterprise Services

- ▶ Corporate Legal Services
- ▶ Corporate and Professional Bodies
- ▶ Procurement
- ▶ Finance
- ▶ Enabling Technology - Non-Core
- ▶ Communications

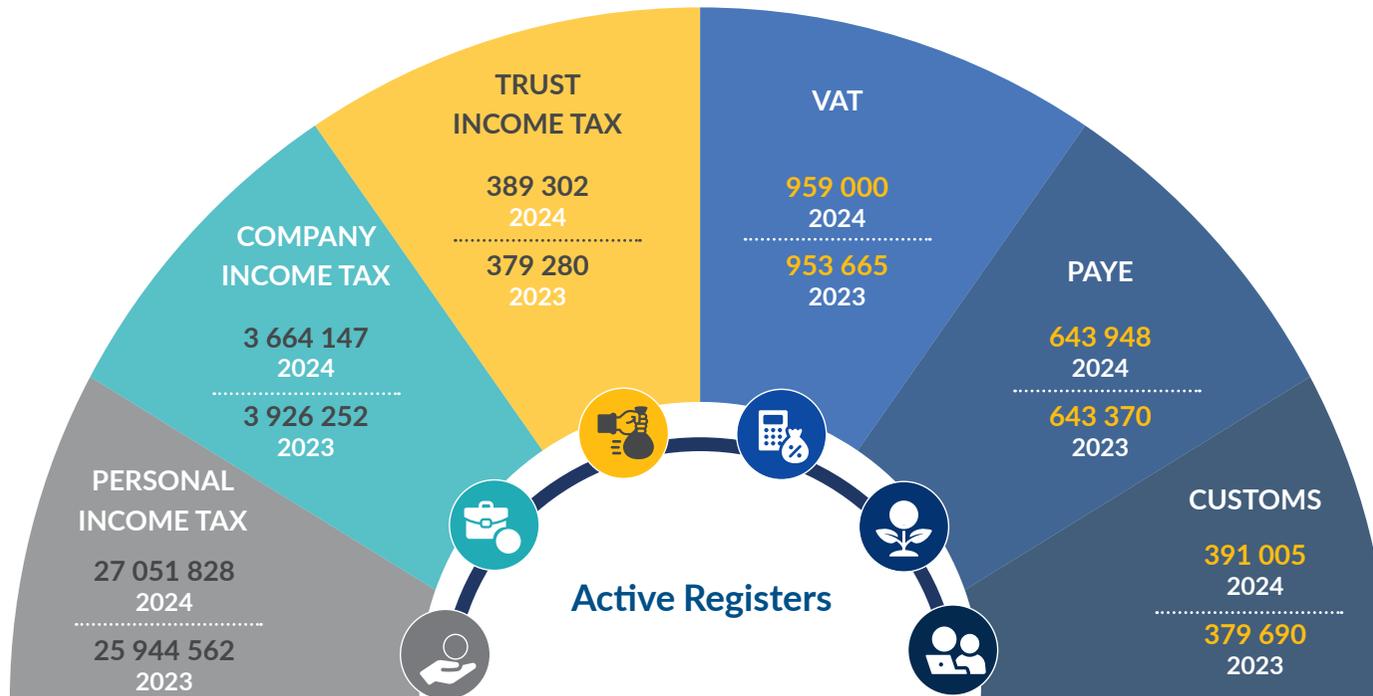
### Office of the Commissioner

- ▶ Advisors to the Commissioners
- ▶ Organised Labour
- ▶ Office of the Commissioner Administration
- ▶ Stakeholder Liaison
- ▶ Media Spokesperson
- ▶ Leadership Development
- ▶ Junior Board
- ▶ Internal Audit (administratively)

## 2023/24 Highlights: Positioning our Progress Towards Achieving Vision 2024

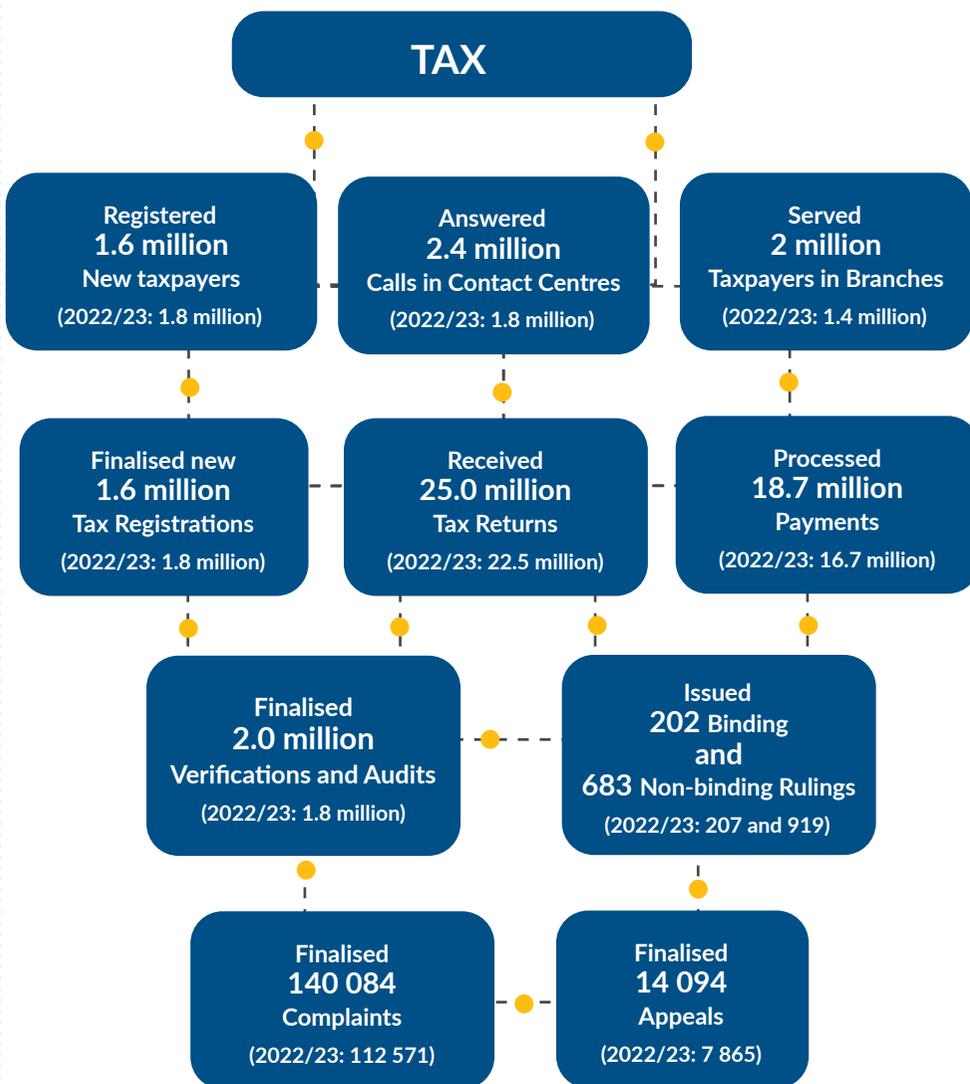


## Revenue Collection 2023/24

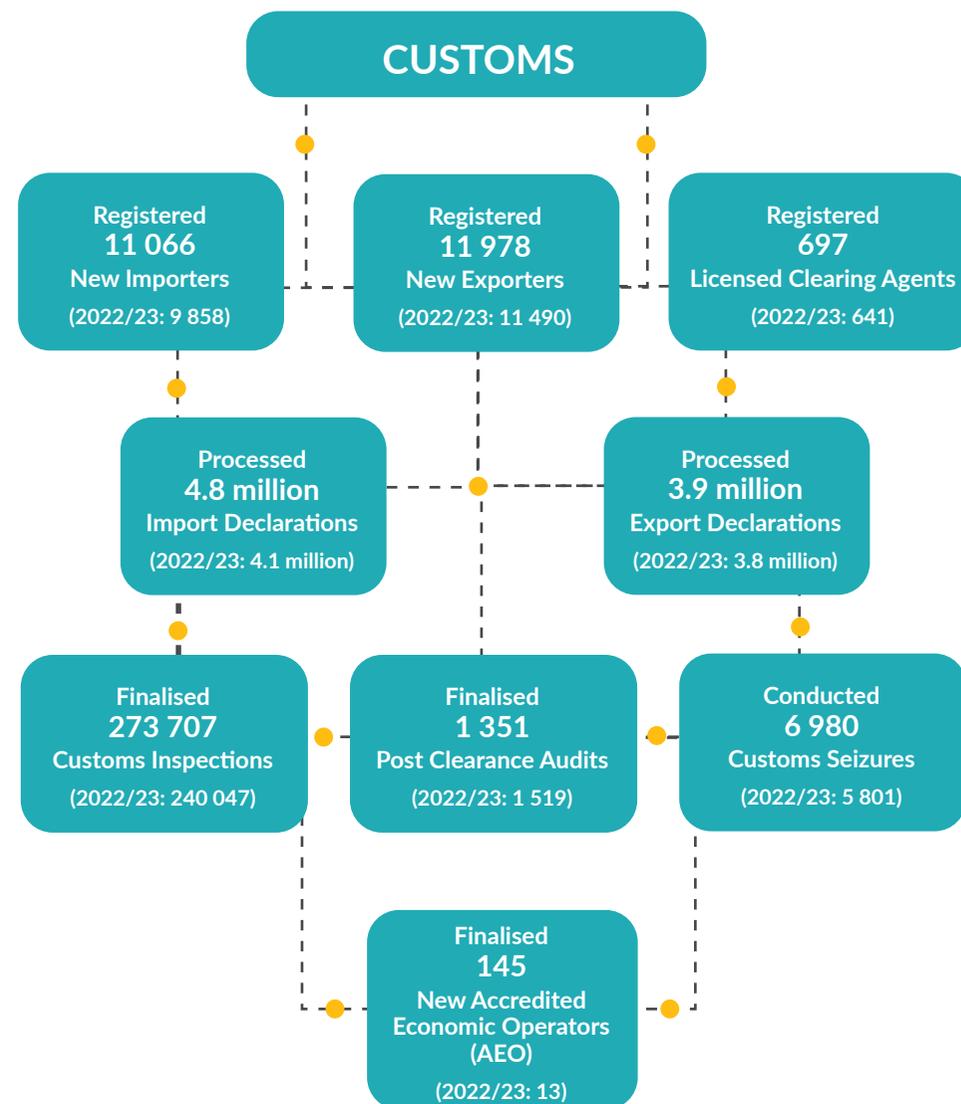


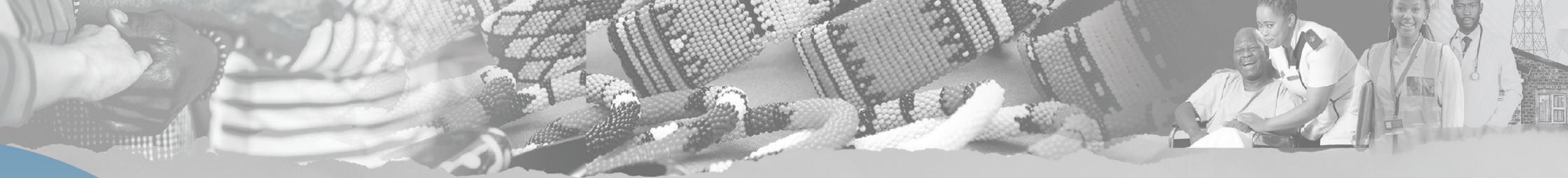
## The Volumes we Processed in 2023/24

### TAX



### CUSTOMS





# 2

## PART TWO

### PERFORMANCE INFORMATION



## SARS' Performance for 2023/24

**SARS' work enables government to build a capable state and to foster sustainable economic growth and social development that serve the wellbeing of all South Africans. This is the true reason for SARS' existence and encapsulates the Higher Purpose it serves.**

The legal mandate of SARS is clearly set out in law: to collect tax revenue, ensure a culture of taxpayer compliance and facilitate trade across South Africa's borders. How effectively SARS delivers this mandate depends on SARS':

- ▷ Technical competence to administer the relevant acts.
- ▷ Conceptualisation of a Compliance Programme.
- ▷ Understanding of and response to attendant risks.

The Strategic Statement 2020 - 2025 presents an inspirational vision to build "a smart, modern SARS with unquestionable integrity that is trusted and admired". It sets out a clear Strategic Intent (SI) "to follow the internationally recognised approach of Voluntary Compliance", and further translates this intent into nine clear Strategic Objectives (SO).

In support of its SI and to give effect to its compliance philosophy, SARS has identified and committed to achieving nine SOs to guide and inform its efforts and decisions and establish resource priorities. The nine SOs, each with clear key results, are defined against measurable progress and enable SARS to maintain accountability. The emphasis of SARS' strategy is to develop and administer a tax and customs system underpinned by voluntary compliance and enforced responsibly and decisively. In working to achieve its strategy, SARS implemented the Objectives and Key Results (OKR) methodology, which is a goal-setting framework to establish "objectives" along with the measurable "key results" that support the achievement of each objective.

The crucial SOs which encompass 62% of the Estimates of National Expenditure (ENE) are SOs 1 to 3:

- ▷ SO 1: Provide CLARITY and CERTAINTY of tax obligations.
- ▷ SO 2: Make it EASY for taxpayers and traders to comply and fulfil their obligations.
- ▷ SO 3: Detect taxpayers and traders who DO NOT COMPLY, making non-compliance HARD and COSTLY.

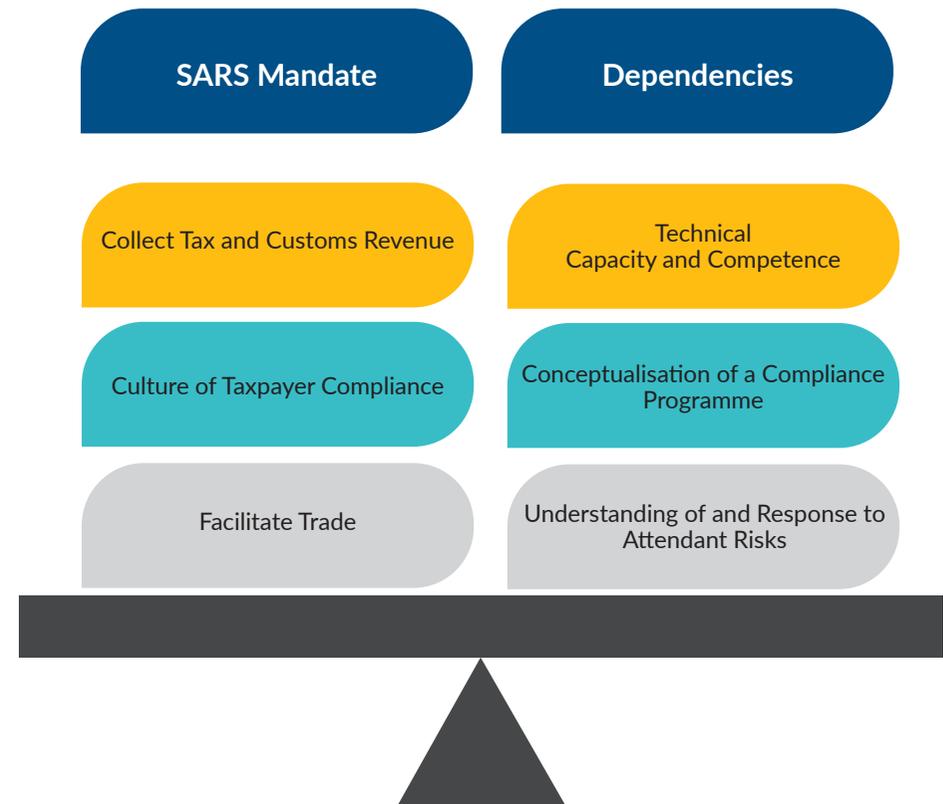
The bedrock of voluntary compliance is an efficient, capable, and disciplined administration that adheres to the highest standards of integrity and governance, which is covered in SOs 4 to 9.

Performance achievements in the 2023/24 Annual Performance Plan (APP) key results were very positive and were achieved under very difficult economic and social circumstances. Of the 24 key results, SARS achieved the targets in 17 key results, whereas seven key results were not achieved because of reasons such as funding constraints. The detailed 2023/24 Annual Performance Report for SARS can be found on page 58.

### Auditor-General (AG) Report on Audit of Performance Objectives (AoPO)

In the Auditor-General's management report on the 2023/24 Audit of Predetermined Objectives, the Auditor-General found SARS' reported performance information to be valid, accurate, and complete throughout the reporting period. The conclusion of the Audit of Predetermined Objectives for 2023/24 was a clean audit report.

The full report is available on page 117 of this publication.



## Situational Analysis

### Global Economic Environment

In 2023, the global economy proved resilient, achieving a 3.2% growth rate, buoyed by robust United States (US) economic performance, strong results from several emerging markets, and China's fiscal support. However, the Eurozone's Gross Domestic Product (GDP) growth was a meagre 0.2%, heavily influenced by the ongoing war in Ukraine. This conflict, along with the tensions in the Middle East, significantly disrupted global commodity markets and supply chains, particularly with increased risk to traffic flows across the Red Sea. Oil prices remained elevated at \$82 per barrel, despite a sharp 27% fall in commodity export prices. World merchandise trade saw a downturn, with a 1.9% drop compared to the previous year, and world imports and exports contracted by 3.1% and 0.7%, respectively. The Euro Area and the United Kingdom (UK) were notably affected, contributing to the overall decline. The global economy continues to face risks from regional conflicts, geopolitical tensions, and rising protectionism, which could further escalate trade costs and impede recovery efforts.

### Domestic Economic Environment

In 2023, South Africa's economy narrowly avoided a recession, with real GDP growth barely positive at 0.1% in Q4 after a 0.2% contraction in the previous quarter. The primary sector declined, while secondary and tertiary sectors grew. Annual growth plummeted from 1.9% in 2022 to 0.6% in 2023, hindered by weak demand and energy issues. Load shedding continued to disrupt business operations and inflate costs, prompting investment in self-generation of electricity. Economic growth is expected to improve as electricity availability increases, supported by private renewable energy investment and better maintenance of Eskom facilities. However, energy shortages, declining logistics, and low confidence are dragging growth.

Headline inflation cooled from a 7.8% peak in July 2022 to between 5% and 6% from June 2023 to March 2024, thanks to lower oil prices and easing food-price inflation. The South African Reserve Bank (SARB) maintained a positive inflation outlook, despite risks from a tight oil market, higher domestic prices, and geopolitical tensions. SARB aimed to anchor inflation expectations within the 3–6% target band.

High-interest rates discouraged investment in capital assets and consumer spending on durables, potentially impacting tax collections. The repurchase rate remained at 8.25% (prime at 11.75%) as of March 2024, reflecting a restrictive policy stance amid inflation concerns.

Unemployment increased to 32.9% in Q1-2024, up from 32.1% in Q4-2023. The stagnant labour market could dampen economic prospects and tax revenue. Despite challenges, renewable energy investments are expected to create jobs and support growth, although the mining sector, especially Platinum Group Metals, suffered from price declines and production slowdowns.

South Africa's economy grappled with falling commodity export prices due to reduced foreign demand, impacting CIT Provisional tax collections. Commodity price volatility not only affected businesses and trading markets but also significantly influenced tax revenues, particularly net trade duties. South

Africa faced increased risks due to production slowdowns, regulatory challenges, poor infrastructure, and policy uncertainty. The decline in mineral-export revenue led to lower profits for miners and posed a threat to the government's fiscal health.

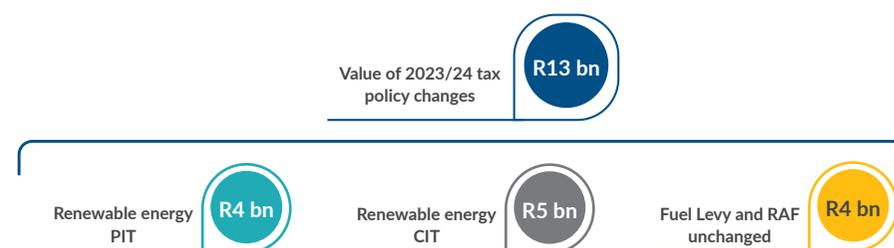
Despite these challenges, South Africa recorded a trade-balance surplus of R92.1 billion for the year ending December 2023, with total trade growing by 4.8% from the previous year. However, this surplus was significantly smaller than in 2022. Imports grew by 8.7%, outstripping the marginal 1.2% growth in exports. The country's economic outlook remains cautious due to uncertainties in power supply, debt sustainability, and potential port disruptions. Nonetheless, recent oil price hikes and the possibility of increased business through South African ports, if operational issues are resolved, offer some positive prospects. The country's trade performance, despite a weaker rand and network inefficiencies, suggests resilience in the face of global economic pressures.

### The Effect of Tax Policy Measures

The government has prioritised policy measures that protect the tax base and promote reforms that seek to improve equity, efficiency, certainty, and simplicity. The 2023 Budget provided tax relief amounting to R13.0 billion in 2023/24. Of this amount, R9.0 billion was provided to encourage households and businesses to invest in renewable energy, supporting the clean energy transition and alleviating the electricity crisis.

Personal Income Tax brackets were adjusted for inflation at the expected rate of 4.9% in the 2023/24 FY compensating for fiscal drag of R15.7 billion. The annual budget proposals prevented the real increase in the tax burden of Personal Income Taxpayers since April 2022.

Not adjusting the Fuel Levy or the Road Accident Fund (RAF) levy in the 2022/23 fiscal year resulted in tax relief of R3.5 billion to support consumers and economic recovery. Additional temporary relief was granted for four months at a cost of R10.5 billion in the 2022/23 FY. The Fuel Levy and RAF levy were kept unchanged for the 2023/24 FY at a cost of R4 billion to the fiscus. In addition, the diesel refund system was extended to manufacturers of foodstuffs effective from 1 April 2023 to help curb the harm of power cuts on food prices. The increases in alcoholic beverages and tobacco products in the 2022/23 and 2023/24 FYs were largely limited to the prevailing inflation rates. There was no increase in the health-promotion levy for the 2023/24 FY.



## STRATEGIC INTENT

### Collecting Customs and Tax Revenue Due

SARS aims to create a conducive tax ecosystem where most of the tax revenue is efficiently and easily received from voluntarily compliant taxpayers and traders. SARS aims to educate as well as make it easy and simple for taxpayers and traders to fulfil their tax obligations.

On the other hand, SARS recognises the need to augment received revenue with compliance revenue collected through executing focused compliance-enhancing efforts by deploying commensurate enforcement interventions to make it hard and costly for wilfully non-compliant taxpayers and traders.

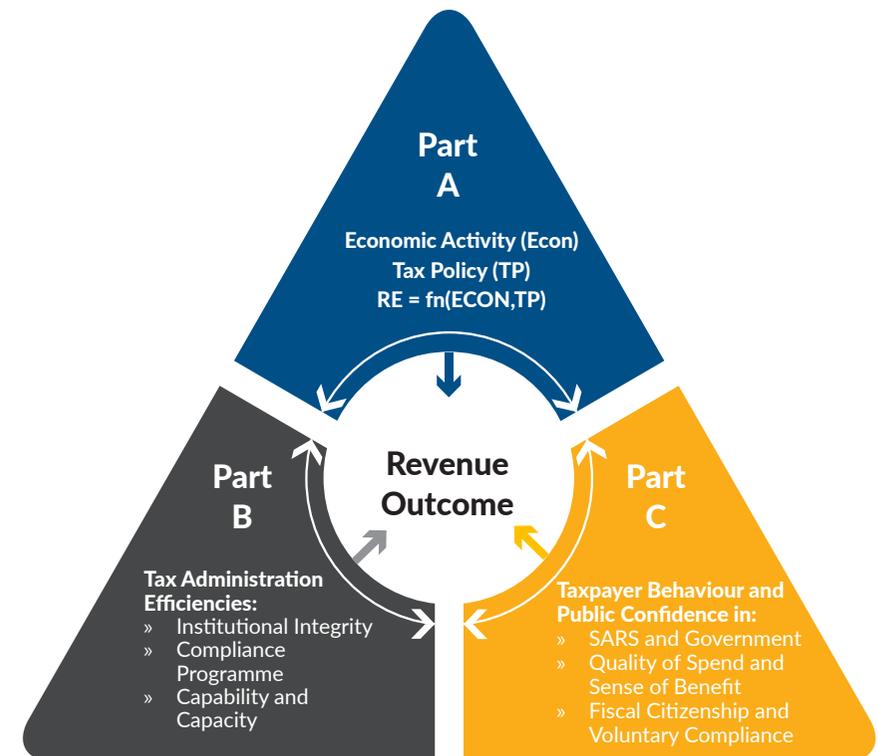
#### SARS Revenue Management System

Revenue collection is mainly the result of three interrelated factors, as depicted in the diagram:

**Part A:** The state of the economy sets the tone for the general collection climate, as well as the tax and customs policy framework e.g. tax rates for specific tax types, customs duties for specific products, rebates, and relief measures.

**Part B:** Efficacy of tax administration, which represents institutional integrity and ability to efficiently collect optimal revenues due to the state.

**Part C:** Public confidence and trust in government and SARS particularly regarding collections and spending which influences voluntary compliance behaviour of taxpayers and traders.

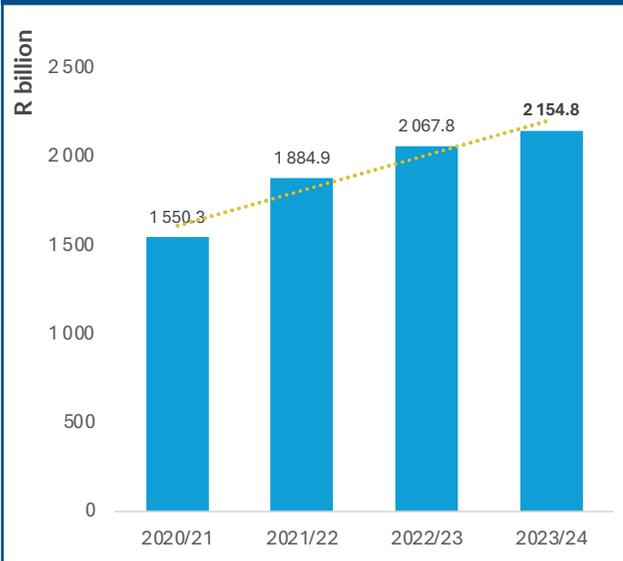


## Progressive Revenue Collections

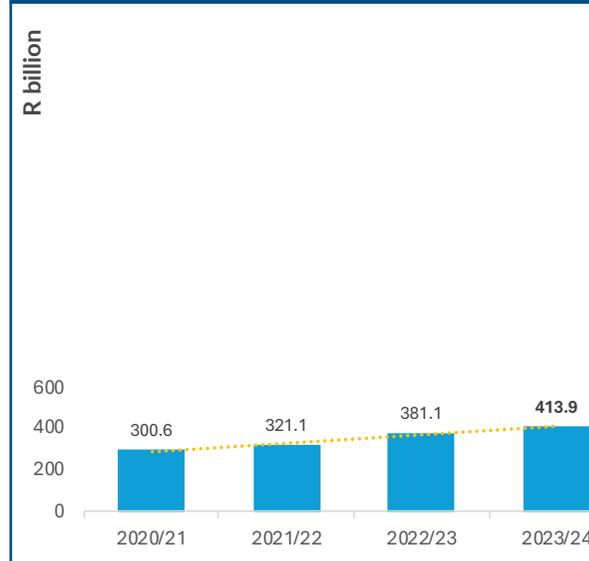
SARS over-performed in the 2020/21, 2021/22, and 2023/24 FYs against the Revised Estimates (REs) as set by the Minister of Finance. In the 2022/23 FY, SARS narrowly missed the RE.

For the 2023/24 FY SARS collected a record gross amount of R2 154.8 billion, a year-on-year growth of 4.2% against the estimated nominal GDP of 4.9%. SARS paid out refunds of R413.9 billion to taxpayers compared to R381.1 billion in the prior year, representing growth of 8.6%. This brings the net amount collected to R1 740.9 billion.

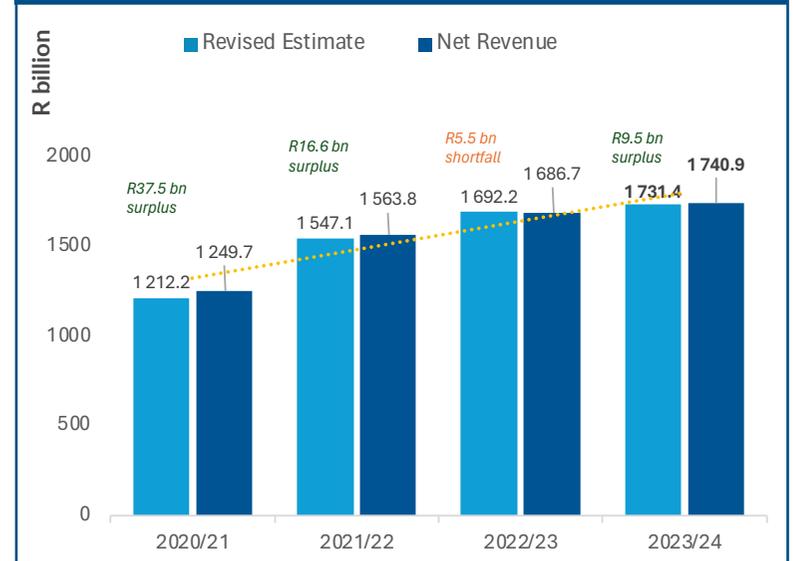
### GROSS REVENUE



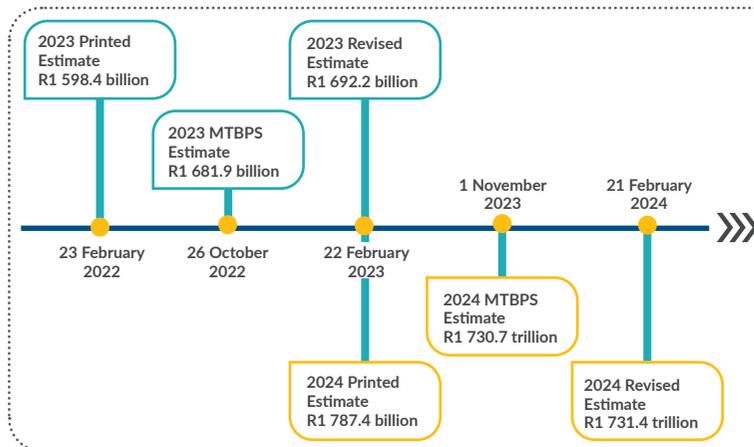
### REFUNDS



### NET REVENUE

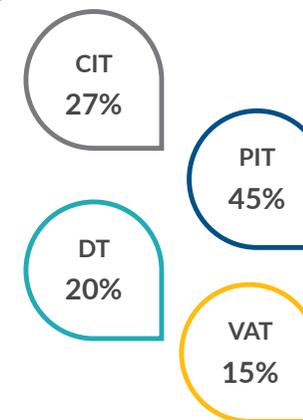


## Budget Estimates for 2022/23 and 2023/24



Revenue estimates for the next three years and the medium term are set or adjusted on three occasions during the FY. For the 2023/24 FY, estimates were announced in the February 2023 budget (generally referred to as the Printed Estimate (PE)), in October 2023 in the Medium-Term Budget Policy Statement (MTBPS), and in the February 2024 budget also referred to as Revised Estimate (RE). Revenue estimates are predicted using various statistical forecasting models which consider prevailing and forecasted economic conditions to provide detailed estimates of the likely performance outcomes of the different tax types.

## Maximum Tax Rates



The most recent change in the tax rate is the reduction in CIT from 28% to 27% from 31 March 2023.

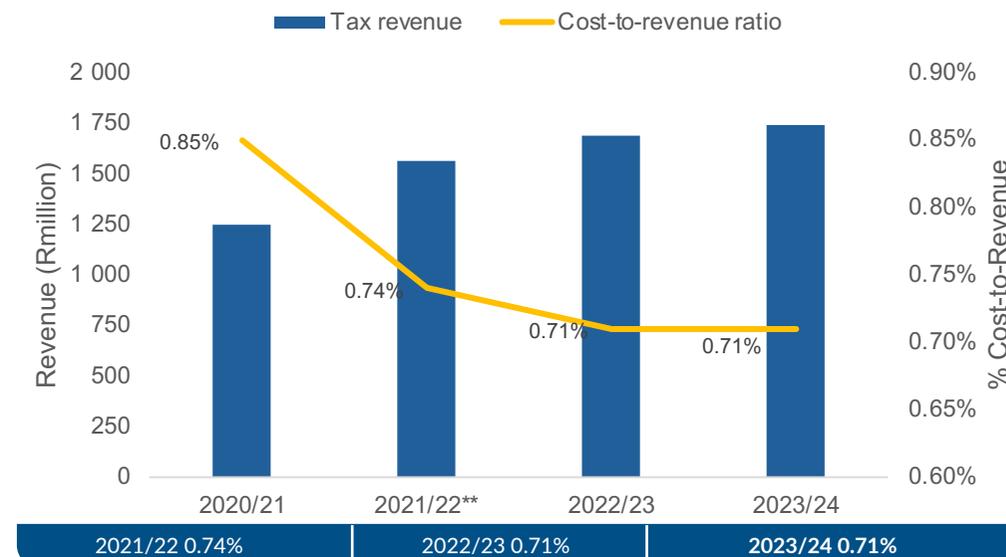
## Budget Revenue Performance

The table shows the contribution of tax revenue and non-tax revenue to total national budget revenue. Payments to Botswana, eSwatini, Lesotho, and Namibia (BELN), in terms of the Southern African Customs Union (SACU) agreement, are deducted. Included in the total non-tax revenue that SARS collects are Mineral and Petroleum Resources Royalties (MPRR), mining leases and ownership, as well as receipts from other state departments and extraordinary receipts. SARS also collects Unemployment Insurance Fund (UIF), Skills Development Levy (SDL) and Road Accident Fund (RAF) contributions on behalf of the Departments of Labour, Higher Education, and Transport, respectively.

Tax type	Printed Estimate Feb 2023	Revised Estimate Feb 2024	Actual result	Surplus/deficit on Printed Estimate	Surplus/deficit on Revised Estimate
	R million	R million	R million	R million	R million
Tax revenue	1 787 456	1 731 353	1 740 870	-46 587	9 517
Non-tax revenue	51 583	61 294	61 423	9 839	129
Mineral and Petroleum Resource Royalties	22 469	15 718	15 979	-6 489	262
Mining leases and ownership	-	-	-	-	-
Other non-tax revenue and extraordinary receipts	29 115	45 576	47 443	16 329	-133
Less: SACU payments	-79 811	-79 811	-79 811	-	-
<b>Total Budget Revenue</b>	<b>1 759 229</b>	<b>1 712 836</b>	<b>1 722 482</b>	<b>-36 747</b>	<b>9 646</b>

## Cost-of-Revenue Performance

The cost-to-revenue for 2023/24 was 0.71% (0.71% for Prior Year (PY) and remained below the 1.00% benchmark for developing economies. The SARS cost-to-tax-revenue ratio does not account for collections of non-tax revenue on behalf of other institutions. Such revenue includes MPRR collections and UIF contributions, as well as RAF levies. If these amounts were included in the revenue collections, then the cost-to-tax-revenue ratio would have been even lower at 0.67%, which is the same as in the PY.

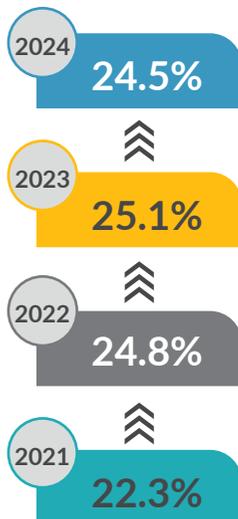


Note: \*\* 2021/22 Operating cost has been restated

## Tax Type Contributions to Tax Revenue

PIT, VAT, and CIT remain the largest sources of tax revenue and compose approximately 80% of the total tax revenue collections. The table reflects the relative contributions of the different taxes to the tax revenue portfolio. The relative contribution of CIT increased from 16.4% in 2020/21 FY to 18.2% in 2023/24, while PIT decreased from 39.1% to 37.4% for the same period. VAT decreased from 26.5% in 2020/21, to 25.7% in the year under review. Over the past four years, the tax-to-GDP ratio has increased steadily from 22.3% in 2020/21, to 24.5% in 2023/24, reaching a peak of 25.1% in 2022/23.

Tax type	2023/24			2022/23		
	Revised Estimate Feb 2024	Actual result	Surplus/deficit on Revised Estimate	Revised Estimate Feb 2023	Actual result	Surplus/deficit on Revised Estimate
	R million	R million	R million	R million	R million	R million
Personal Income Tax (PIT)	651 940	651 384	-556	603 069	601 983	-1 086
Company Income Tax (CIT)	305 200	316 862	11 662	347 525	347 677	152
Dividends Tax (DT)/Secondary Tax on Companies (STC)	39 705	39 173	-532	38 515	38 119	-396
Value-Added Tax (VAT)	445 340	447 557	2 216	426 283	422 416	-3 867
<i>Domestic VAT</i>	525 579	525 446	-133	489 820	486 437	-3 382
<i>Import VAT</i>	270 614	265 043	-5 571	251 032	254 984	3 952
<i>VAT refunds</i>	-350 853	-342 933	7 920	-314 568	-319 005	-4 437
Fuel Levy	93 372	91 508	-1 864	79 131	80 473	1 342
Customs duties	72 492	70 549	-1 944	74 176	73 946	-230
Specific excise duties	53 942	53 552	-420	55 228	55 155	-73
Taxes on property	19 486	19 400	-86	22 656	21 238	-1 418
Skills Development Levy	22 713	22 604	-109	21 238	20 892	-346
Other taxes and duties	27 163	28 311	1 148	24 356	24 798	442
<b>Total tax revenue</b>	<b>1 731 353</b>	<b>1 740 870</b>	<b>9 517</b>	<b>1 692 177</b>	<b>1 686 697</b>	<b>-5 479</b>



Tax-to-GDP ratio



**PIT**  
R651.4 bn

RE: 0.1%  
PY: 8.2%



**PIT collections** were driven by growth in Provisional Tax, PAYE, and Assessment Tax payments. PIT is primarily paid by working individuals. This tax was affected by slow economic growth and unemployment. In **PAYE collections**, underperformance from the Large Business and International segment of R2.6 billion (0.9%), was observed mainly in payments from the Construction sector and low growth in the Mining sector. Growth from the PY was driven by payments mainly from employers in the Finance, Community, and Manufacturing sectors. Finalised tax directives for 2023/24 recorded a year-on-year net growth of R4.2 billion (11.1%), driven largely by the increase of vesting share-option pay-outs of R3.5 billion from the Finance, Transport, and Manufacturing sectors.

**CIT**  
R316.9 bn

RE: 3.8%  
PY: 8.9%



Lower-than-expected **CIT Provisional Tax** collections were received, mainly from the Large Business segment. This was partially offset by higher-than-expected payments received from the SMME segment. CIT Provisional Tax payments amounted to R312.9 billion, exceeding the RE, while contracting by R35.8 billion year-on-year. The year-on-year contraction was driven mainly by the Mining, Manufacturing, and Transport sectors. The effect of declining performances was partially offset by positive performance in the Finance and Electricity sectors, which grew year-on-year. **CIT Assessment Tax** amounted to R22.6 billion, exceeding the RE by 25.9% and growing year-on-year by 57.9%. The growth was driven by assessment payments received from companies in the Manufacturing, Transport, and Finance sectors thanks to compliance efforts.

**VAT**  
R447.6 bn

RE: 0.5%  
PY: 6.0%



For **Domestic VAT** the year-on-year growth was driven by the Finance R15.9 billion (7.8%), Wholesale R9.1 billion (13.2%), and Manufacturing R8.9 billion (13.0%) sectors. The growth of these sectors was partially offset by a contraction in the Mining sector of R6.6 billion (24.2%). **VAT Refunds** amounted to R342.9 billion, with year-on-year growth of R23.9 billion (7.5%) and R7.9 billion (2.3%) lower than the RE of R350.9 billion. The year-on-year growth was driven by the Wholesale R9.5 billion (15.1%), Electricity R5.1 billion (161.4%), and Finance R3.1 billion (5.3%) sectors and was partially offset by a R2.1 billion (3.0%) contraction in the Manufacturing sector. The growth in VAT refunds was largely because of VAT credit returns submitted (value and volumes) in relation to increased input costs, zero-rated sales, and the R10.1 billion (3.9%) year-on-year growth in Import VAT paid. **Import VAT** amounted to R265.0 billion which was lower than the RE by R5.6 billion (2.1%), with the year-on-year growth underpinned by increases in commodity imports of original equipment components (by 26.0%), electrical machinery (19.3%) and machinery (10.1%); and partially offset by contractions in mineral fuels (year-on-year decline of 10.7%) and vehicles (1.0%), among others.

**Net Fuel Levy**  
R91.5 bn

RE: 2.0%  
PY: 13.7%



**General Fuel Levy** collections, a sub-component of the Fuel Levy, were lower than the RE by R2.7 billion (2.8%) and R11.3 billion (14.0%) higher than in the PY. Robust year-on-year growth was on the back of a low PY base given the effect of the relief measures in place during FY 2022/23. Fuel levies from local manufacturers was higher than in the PY by 17.5%. Collections from imported fuel were more than in the PY by 4.6%. General Fuel Levy from both local manufacturers and imports was higher than in the PY by R10.3 billion (17.5%) and R1.0 billion (4.6%), respectively.

**Customs**  
R70.5 bn

RE: 2.7%  
PY: 4.6%



This performance was driven by year-on-year declines in beverages (14.4%), vehicles (13.8%), clothing (6.3%) and footwear (5.2%); and was partially offset by positive year-on-year increases in articles of rubber (37.1%), tobacco products (5.0%) and electrical machinery (2.4%).

**Specific Excise**  
R53.5 bn

RE: 0.8%  
PY: 3.0%



Lower-than-expected collections were received from Cigarettes R0.8 billion (8.4%), Spirits R0.2 billion (1.6%), and Petroleum R0.1 billion (10.3%), offset by higher collections from Beer R0.2 billion (1.0%). Excise collection from cigarettes was harmed because of illicit trade, fuelled by the cigarette ban during the Covid-19 pandemic. Lower collections against spirits were due to consumer behaviour that shifted toward ready-to-drink and non-alcohol items which attract lower Excise duties.

**Dividends Tax**  
R39.2 bn

RE: 1.3%  
PY: 2.8%



DT/STC collections of R39.2 billion were marginally lower than the RE by R0.5 billion (1.3%); however, year-on-year, they grew by R1.1 billion (2.8%) against the 2022/23 FY.

## Compliance Revenue

Compliance revenue is a result of identifiable compliance activities to improve compliance culture and trust in the tax ecosystem. These efforts are underpinned by the SARS Compliance Programme and Strategic Intent to develop and administer a tax and customs system of voluntary compliance and to enforce decisively and responsibly where appropriate.



\*2022/23 Restated

### The key contributing compliance activities are to:

Enhance risk management to mitigate impermissible refund outflows: ensuring the correct tax due is assessed (and paid).

Collect old debt and pursue outstanding returns.

Detect and respond to Syndicated Tax and Customs Crimes.

Estimate Provisional Taxes fairly and accurately, and to collect these in good time.

Regularise tax and customs obligations through the Voluntary Disclosure Programme.

Optimal revenue collections are best achieved in an efficient and effective revenue administration (first dimension) where institutional integrity and good corporate governance are observed and valued. The prevailing economic climate (second dimension) will form the base from which this revenue will be collected. A healthy, solid economic base will enable high revenue collection from taxpayers who are voluntarily compliant, whereas a weak, eroded base will result in ailing revenue collections that must be boosted by targeted compliance initiatives. If revenue is collected in a society that embraces fiscal citizenship, public confidence (third dimension) in the revenue administration will be boosted as citizens experience a sense of purpose and benefit when paying their taxes. The point of convergence of these three dimensions represents the actual tax-revenue performance.

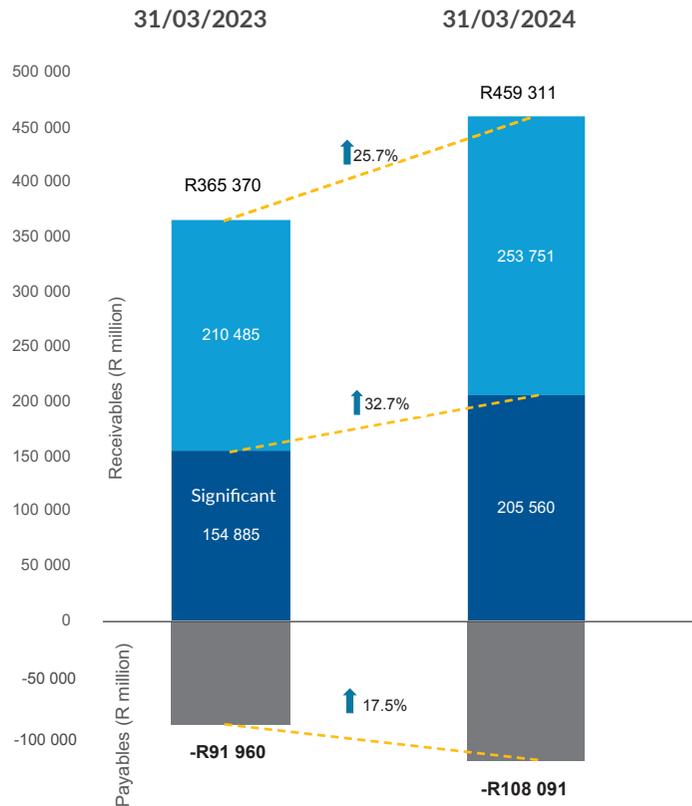
During 2023/24 FY, SARS secured R260.5 billion (Y/Y growth of 25.5%) from identifiable compliance activities (Cash = R147.9 billion and Leakage Protection = R112.6 billion).

SARS is optimising further compliance-revenue opportunities through its Revenue Recovery Programme. As part of this Programme, SARS is exchanging information with local and international entities to identify areas of non-compliance. However, these initiatives are expected to yield results only over the medium to long term, because they involve multiple stakeholders.

## Payables and Receivables

Receivables and payables represent the balance on taxpayer statements of account at year-end. Accounts with debit balances are classified as receivables (due to SARS), whereas accounts in credit are classified as payables (due to taxpayers). A taxpayer may appear in both categories if an unverified or unallocated credit exists on one tax and there is a debt on another, or because of a timing difference in equalising verified credits against overdue debts.

### Balance Comparison

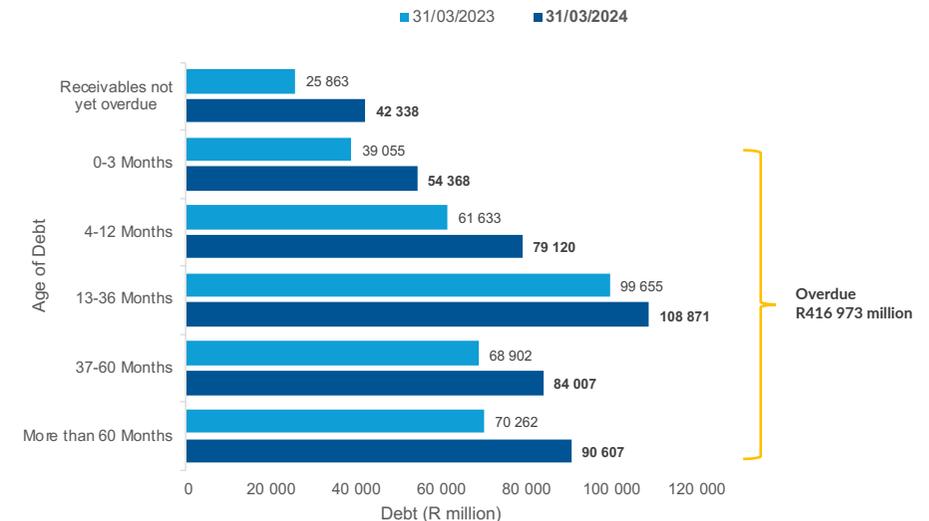


### Impairment Assessment

Over the next two to three financial years, SARS will transition to reporting receivables after impairment to reflect an amount likely to be collected. Individually insignificant receivables have been assessed as groups, considering their classification as a deceased estate, liquidation/insolvency, business rescue, or cessation of operations. The table provided is a preliminary assessment.

Taxpayer and Trader Receivables Impairment Assessment	Individually Significant Receivables	Normal Receivables Excluding Significant)	31 March 2024
	R million	R million	R million
Preliminary impairment as percentage of Gross Receivables	52%	37%	44 %
Gross Receivables	205 560	253 751	459 311
-Preliminary impairment assessment	107 784	93 975	201 759
<b>Net Receivables</b>	<b>97 776</b>	<b>159 776</b>	<b>257 552</b>

### Ageing of Receivables



This position is reflected in the general ageing of receivables, which is the length of time that the tax has remained unpaid from the date it became due. Accounts that are 25 months and older have increased to R220 billion, making up 53% of overdue receivables (2023: R180 billion; 2022: R164 billion). The preliminary impairment assessment adjusts for ageing receivables to reflect the amount likely to be recovered.

Receivables that have been temporarily written off will also be re-assessed.

SARS temporarily wrote off certain debts because they are uneconomical to pursue. Although collection is suspended, these accounts continue to accrue interest and, provided the debt remains valid, may be reinstated if SARS detects a change in circumstance. Over time, the value of these accounts has built up to R293 billion, comprising 113 821 cases. The exercise will include a general review of the policy and accounting treatment of write-offs. This may result in some of these temporary write-offs being reinstated, or permanently written off.

### Collection Approach

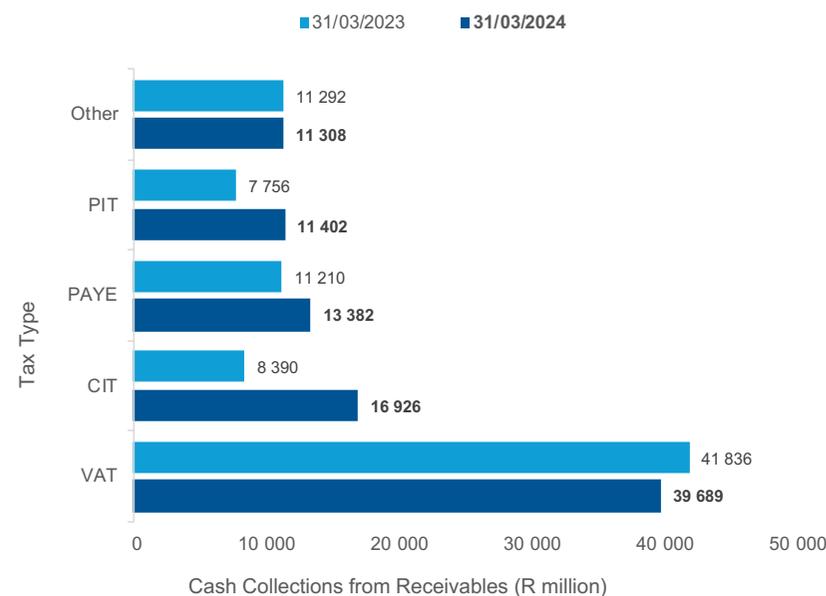
SARS applies a differentiated collection approach to tailor recovery actions to fit taxpayers' payment behaviour. This aligns with SARS' overarching compliance approach to assist those willing to comply, and to enforce recovery against those who do not. SARS' debt-collection approach involves:

- ▷ Proactively engaging and assisting taxpayers willing to comply. This action helps SARS to settle obligations on time. If financial difficulties are encountered, SARS will draw up an appropriate payment arrangement.
- ▷ Consequence-based collection steps for taxpayers who are unwilling to comply. These include referred cases, and those escalated based on ageing (length of time that an account remains unpaid). This typically includes cases 90 to 365 days old.
- ▷ Targeted enforcement. This area focuses on referred cases and those older than 365 days. Referred cases cover areas such as international debt collection; business rescues and liquidations; cases involving possible criminal sanction; and appeal cases enforcing "Pay Now, Argue Later" principles.

To improve debt collection, SARS formulated new behavioural models, improved reporting, outsourced debt collection, enhanced SARS' third-party collection solution, and appointed temporary staff as part of the debt-insourcing initiative. The performance achieved has been varied and is reflected below.

### Review of Collection Performance

Total cash collected from receivables was R91.3 billion (2023: R80.5 billion). VAT was the largest contributor to the overall cash collections (R39.7 billion, 43%), followed by CIT (R16.9 billion, 19%).



Revenue losses for the 2023/24 FY amounted to R36.15 billion, which is net of reinstatement and recoveries of R1.48 billion. The increase over the prior year is due to compromises and permanent write-offs.

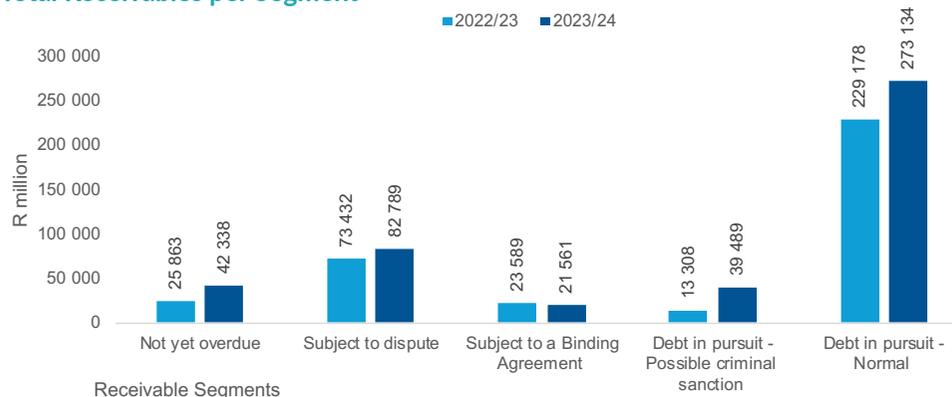
Compromised write-offs relate to agreements with taxpayers for SARS to forgo a portion of the tax debt, provided that doing so would secure the highest net return from the recovery of the debt. Temporary write-offs are the current year's write-offs that are uneconomical to pursue.

### Collection by Receivable Category

Schedule of Revenue Losses	31 March 2024	31 March 2023
	R million	R million
Temporary write-offs	20 094	32 148
Compromises	4 157	1 518
Permanent write-offs	2 900	1 293
<b>Total</b>	<b>36 151</b>	<b>34 959</b>

Receivables are categorised to reflect collection risk and the debt recovery actions that may be taken. The figure shows the movement in these categories against that of the prior year.

### Total Receivables per Segment



Audit assessments subject to an ongoing dispute are separately disclosed because of variability in assessment values and because payment cannot generally be enforced due to recovery proceedings being suspended in most of these cases in accordance with section 164(2) of the Tax Administration Act. This suspension remains in place for the duration of the dispute and may be revoked by SARS if the dispute is frivolous or vexatious, or because of a change in circumstances or collection risk.

Subject to Dispute	31 March 2024	31 March 2023	Growth	
	R million	R million	R million	%
Objections	26 514	22 618	3 896	17.2%
Appeals	56 275	50 814	5 461	0.7%
	<b>82 789</b>	<b>73 432</b>	<b>9 357</b>	<b>12.7%</b>

Receivables subject to a binding agreement comprise mostly payment deferrals (37 263 cases). Although performance has improved, it is not at the level required, and this remains a focus for 2025:

- ▷ 98 191 arrangements finalised during the year (2023: 74 370).
- ▷ 38% success rate (2023: 34%).
- ▷ 21% arrangement yield with R4.6 billion collected (2023: 9.4%, R3 billion collected).

The significant increase in debt subject to criminal sanction is due to improvements in debt case classification. Cases are classified at a taxpayer or entity level notwithstanding that only certain tax cases are subject to investigation (R24.8 billion directly investigated, whereas R14.6 billion are related to the entity investigated). Cases are at varying levels of completion: R9.4 billion is in the SARS investigation cycle, R8.7 billion with the National Prosecuting Authority, and R2.5 billion finalised. The debt is largely irrecoverable given its nature and high composition of penalties.

Active recovery steps are being taken against R273 billion of receivables and is at varying stages in the collection cycle. Recovery is difficult due to resource constraints, compounded by the high volume of very old debt, deceased estate and liquidation cases, as well as businesses that are no longer operational (R134 billion). Various initiatives have been implemented to counter this, which are on-going:

- ▷ System and process improvements to Third-Party Appointments (TPAs). Employer TPAs more than doubled to R2.6 billion. Bank TPAs also improved with collections of R3.2 billion, up from R2.2 billion.
- ▷ Debt-insourcing run internally and resourced by temporary (303) and seconded (39) staff members. The project worked on 349 360 cases, with 248 163 phone calls made, 90 333 final demands issued and 103 695 TPAs issued. R62 billion is assigned to this initiative, comprising recent overdue debt.
- ▷ Debt outsourcing: R13 billion in cases (478 000 cases) was outsourced to 20 external service providers as an initial case distribution. This debt has a low recoverability (<15%, age category >36 months), and includes debt temporarily written off (R1.1 billion).

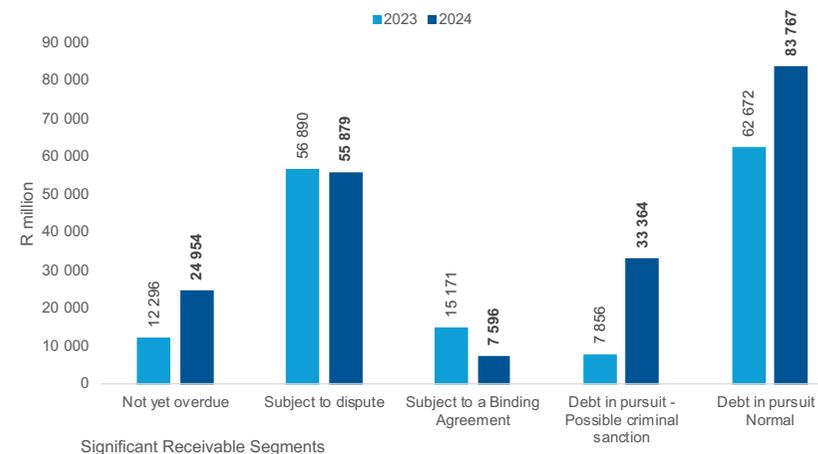
### Collection of Significant Receivables

This reporting segment consists of taxpayers with a consolidated account balance of R50 million or more. These receivables are separately disclosed because of their materiality, and effect on reporting. There were 975 taxpayers who met this criterion at the end of March 2024, up from 736 taxpayers in the PY. This segment accounts for 45% of total receivables.

This segment consists of:

- ▷ 568 cases carried forward from the PY (R128.7 billion). Of this, only R31 billion may be actively pursued and is unaffected by on-going criminal investigation or compliance actions.
- ▷ 407 new cases amounting to R76.8 billion, of which R30 billion is either related to compliance actions (illicit trade) or subject to criminal investigation.

### Significant Receivables per Segment



The detailed schedule of taxpayer credits and taxes, duties and administrative penalties as on 31 March 2024 is available in Annexure 1.

STRATEGIC INTENT

Voluntary Compliance

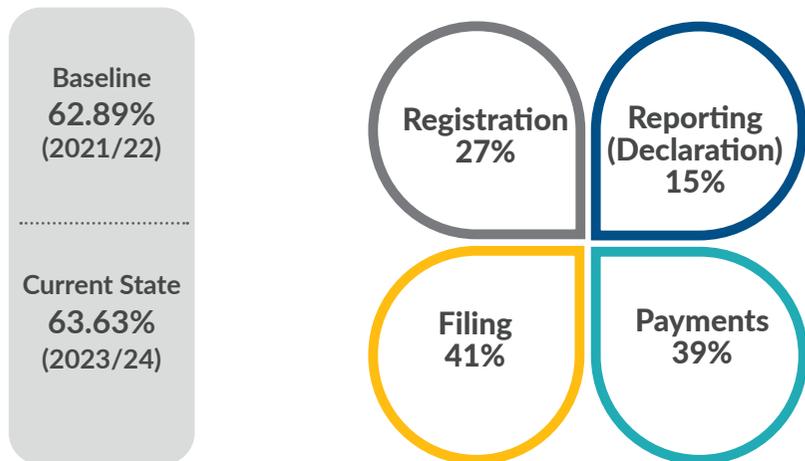
In the SARS environment, compliance refers to the degree to which taxpayers and traders fulfil their tax obligations: to register, file, report (declare), and pay accurately and on time, as required by legislation. In the fulfilment of SARS' legislative mandate, the main work of SARS is to optimise taxpayer and trader compliance.

Voluntary Compliance Index Methodology

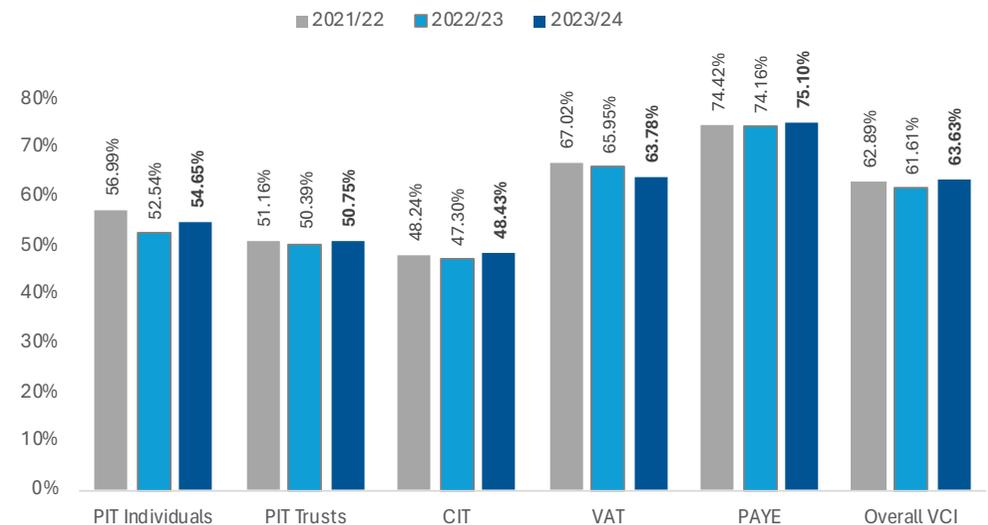
Voluntary compliance is achieved when taxpayers and traders are aware of their tax obligations (SO 1: clarity and certainty); it is reasonably easy and less costly to meet these obligations (SO 2: make it easy); and when there is a credible threat of detection and consequences for those who do not comply with their obligations (SO 3: detection and enforcement).

To achieve voluntary compliance, SARS must build administrative and institutional capability that has integrity and serves the public beyond reproach. In the 2021/22 FY, SARS successfully implemented the Voluntary Compliance Index (VCI) methodology for PIT, PAYE, VAT, and CIT to ensure coverage of all the main tax products. The index tracks and measures voluntary compliance and aggregates the assessment of four compliance pillars – registration, filing, declaration, and payment – to provide a composite score. The approved VCI methodology utilises a hybrid approach, intergrating statistical modelling with professional judgement to determine the weightings to the compliance pillars.

The allocation of weights in the compliance index is:

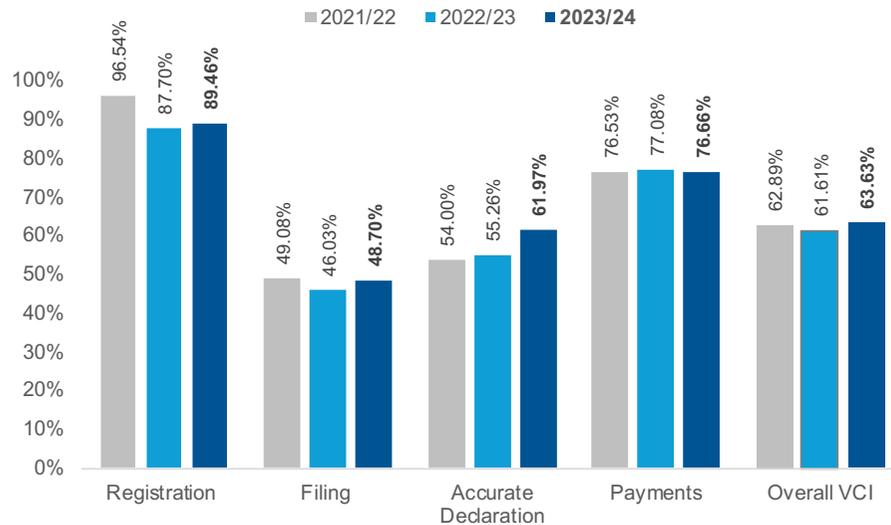


Compliance per Tax Product



All tax products, except VAT, showed an improvement in their overall compliance index score in the 2023/24 FY versus the 2022/23 FY. The biggest improvement was in respect of PIT individuals, where the compliance-index score increased by 2.11 percentage points from 52.54% in the 2022/23 FY to 54.65% in the 2023/24 FY. This improvement was mainly due to an improvement in the filing and reporting compliance areas. The CIT-index score increased by 1.13 percentage points from 47.30% to 48.43% because of an improvement in the filing-compliance pillar. An improvement is also noted in the PAYE index, which increased by 0.94 percentage points from 74.16% in the 2022/23 FY to 75.10% in the 2023/24 FY. The improvement in PAYE is attributed to an improvement in the filing and reporting compliance areas. The VAT-compliance index, however, declined during the 2023/24 FY by 2.17 percentage points from 65.95% in the 2022/23 FY to 63.78% in the 2023/24 FY. The decline is due to a deterioration in the registration, reporting, and payment compliance areas.

## Compliance per Pillar and the VCI

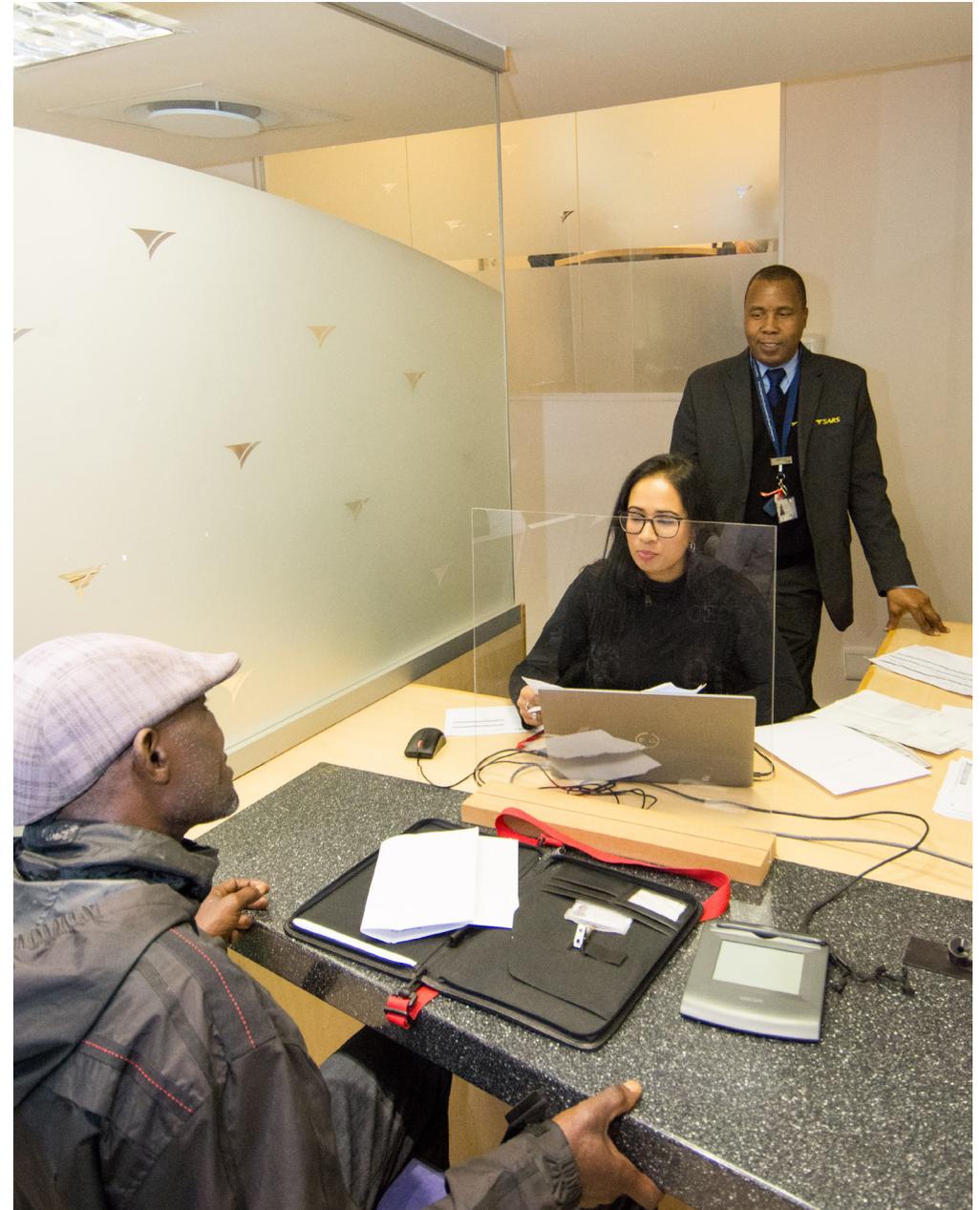


All compliance pillars, except payment compliance, recorded an improvement in their compliance levels in the 2023/24 FY versus the 2022/23 FY. Registration compliance increased by 1.76 percentage points from 87.70% in the 2022/23 FY to 89.46% in the 2023/24 FY, while the filing compliance level improved by 2.67 percentage points from 46.03% to 48.70%. The reporting compliance level increased by 6.71 percentage points from 55.26% in the 2022/23 FY to 61.97% in the 2023/24 FY. The payment compliance level, however, declined by 0.41 percentage points from 77.08% in the 2022/23 FY to 76.66% in the 2023/24 FY.

The overall compliance index for the 2023/24 FY was 63.63%, which is 2.02 percentage points more than the VCI of 61.61% recorded in the 2022/23 FY and 0.74 percentage points better than the 62.89% baseline of the 2021/22 FY. However, the VCI of 63.63% was 2.98 percentage points less than the 66.61% annual target.

The 2.98 percentage points deviation against the target is mostly attributable to the low filing and payment compliance across major tax types. Outstanding returns remain a key component of SARS' compliance programme. SARS has a growing inventory of outstanding returns.

Efforts to improve compliance levels often bear results in subsequent years and the achieved 2.02 percentage points increase over the PY achievement shows the effectiveness of the compliance efforts implemented during the 2022/23 FY. SARS is improving its capacity to collect debt and outstanding returns through insourcing and outsourcing.

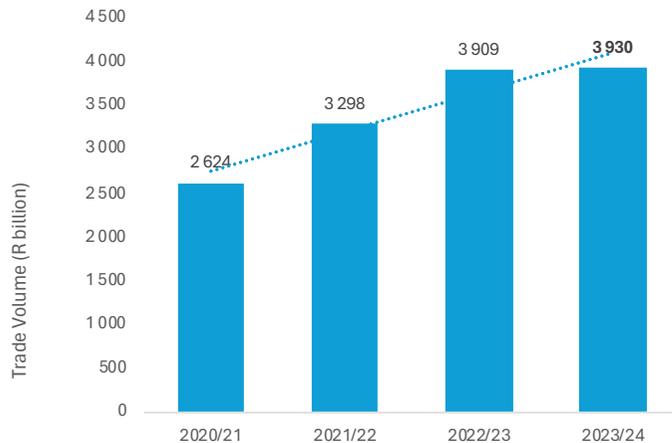


## STRATEGIC INTENT

## Enhance Legitimate Trade

Trade facilitation, encompasses the processes that streamline cross-border transactions, ensuring the smooth flow of legitimate trade, while minimising unnecessary delays. Regulatory border agencies play a pivotal role in enforcing compliance with various laws and safety requirements. By doing so, they safeguard the country, its industries, and citizens from harm caused by illicit movements of goods and people across borders.

## Progressive Trade Facilitation



The more responsive and modernised the Customs process and approach to control are, the more benefits can be reaped by supply-chain participants. Businesses benefit from trade facilitation by gaining market competitiveness nationally and internationally as it reduces costs and delays in movement of goods across borders.

For 2023/24 FY, SARS Customs facilitated more than 8.5 million trade transactions. The value amounted to R3.93 trillion. An 11.7% increase in total trade transactions and a further 0.6% increase in total trade value from the PY. Exports amounted to R2.02 trillion and imports to R1.91 trillion, resulting in a trade- balance surplus of R105.1 billion.

A Trade Facilitation Agreement (TFA) was developed by the World Trade Organisation (WTO) to improve trade efficiency worldwide, encourage economic growth, and take advantage of new technologies. SARS is required to provide expedited clearing processes and implements effective controls to achieve several objectives. SARS' commitment to trade facilitation aligns with global best practices and underscores the agency's dedication to fostering economic growth while ensuring compliance and security. By embracing modern customs approaches and adhering to international standards, SARS contributes to a thriving South African economy.

The WTO developed 12 global Trade Facilitation Indicators (TFI) based on the world trade agreement. International multilateral bodies such as the Organisation for Economic Co-operation and Development (OECD), IMF, World Bank, and World Customs Organisation (WCO) adopted the WTO's 12 global TFI to assist all their members to improve their border procedures, reduce trade costs, boost trade flows, and reap greater benefits from international trade.

SARS developed a TFI based on international best practices. The measurement of trade facilitation required a credible index, so SARS undertook a benchmark study. This study was to design and develop a TFI for SARS and its Customs and Excise Division.

To this end, a TFI score of 52.8% was set and used as a baseline to set future targets and develop action plans to monitor performance improvement.

SARS achieved a TFI score of 71.60% for the 2023/24 FY against a target of 54.80%. The TFI score of 71.60% surpasses the Sub-Saharan African average of 44%, but falls short of the OECD and global average best-practice of 83%.

SARS administered a quantitative electronic survey to gauge traders' sentiment and experience of SARS' services. The survey questionnaire included 22 items, along with demographic and segmentation data related to modality, region, and business type of traders. From a total sample size of 417, 62 (15%) responses were considered for this study and 25 incomplete responses were discarded.

The key insights from the study suggest that the best-performing indicators were "formalities: automation" at 87%, "formalities: documents" (76%), and "information availability" (76%). SARS must approve its appeal procedures, which scored lowest at 64%, followed by "domestic co-operation" (65%), and "fees and charges" (66%). The positive change in the TFI score can be attributed to targeted interventions, including awareness and education efforts with internal and external stakeholders through roadshows across all regions. These efforts have contributed to a more accurate and current reflection of the state of SARS' TFI.

SARS has developed a dedicated TFI website to educate, enable, inform, and serve traders by encouraging trade-related engagements between SARS and its trader community. Continued efforts to enhance processes, engage with traders, and align with international best practices will strengthen South Africa's position in the global trade landscape.

## STRATEGIC OBJECTIVE

1

## Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations

Taxpayer Experience Statement:

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 (including VAT rulings and binding general rulings) and **cooperative compliance programmes**.

SARS endeavours to administer tax and customs laws that are clear, easily understood, and applied by taxpayers and traders to the greatest extent possible as it is perceived that taxpayers and traders who are aware, clear, and certain of their rights and obligations are more likely to comply voluntarily.

SARS aims to administer tax and customs laws simply, clearly, and in a way that is easily understood and applied by taxpayers and traders.

SARS provided easy-to-understand and easy-to-access guidance to taxpayers and traders through, for example, prompt rulings, interpretation notes, and explanatory guidelines.

Some of the mechanisms and instruments used to offer clarity are:

- ▷ Segments to tailor engagements, e.g. HWI Unit, LB&I, and SMME.
- ▷ Multimedia advertisements.
- ▷ YouTube videos on product use.
- ▷ Risk-specific letters when taxpayers are alerted for a verification.
- ▷ Outreach campaigns.
- ▷ Increased number of targeted communications through Short Message Service (SMS).



## Initiatives to Enhance Clarity and Certainty for Taxpayers

### Education Programmes

SARS works to provide clarity and certainty through education and awareness using different mediums and channels. As tax legislation can be perceived as complex, SARS translates these concepts into digestible and accessible educational products that provide simple guidance and ease the burden of compliance. SARS also produced educational content for regional taxpayers without digital devices.

Videos on the SARS YouTube channel	Community workshops in the regions to deal with taxpayers' and traders' needs	Documents on the importance of tax compliance
Policy, taxpayer data and administrative changes that occur during the year	215 workshops in the regions to deal with taxpayers' and traders' needs	Easy-to-read infographic contents such as leaflets and articles in local newspapers

### Community Education Programmes

SARS partnered with the Department of Basic Education and National Treasury on a fiscal and financial literacy programme using a life experience approach. This collaborative approach is important to inculcate tax morality and fiscal citizenship from an early age among learners and school leavers. This programme caters for digital and non-digital learners, considering the digital footprint and uptake in South Africa. This allowed SARS to be part of an international "money-smart week" initiative which seeks to make financial literacy a national priority for at least one week in the year. Examples of topics covered include financial literacy for startups, Small, Micro and Medium Enterprises (SMME), and tax obligations when starting a business. The programme was developed and piloted in five Secondary Schools in Alexandra, Gauteng. Learners provided feedback that was incorporated to make the educational videos relevant to the young audience.

### Leveraged Legal Products

SARS continued its mandate to provide guidance on tax, customs, and excise for taxpayers and traders to interpret and apply the laws which SARS administers in terms of the South African Revenue Service Act. It gives effect to this mandate by publishing guidance notes (for internal consumption); interpretation notes; guides; binding general rulings; and newsletters (for internal and external consumption). Upon request, SARS also issued binding private rulings and binding class rulings to taxpayers. Highlights during the period under review include the publication of the "Guide to the Voluntary Disclosure Programme"; the "Guide on the Solar Energy Tax Credit Provided under Section 6C (of the Income Tax Act)"; "Binding General Ruling 16 (Issue 3): Standard Turnover-Based Method of Apportionment"; and a draft interpretation note, issued for comment, on the consequences of an employer's failure to deduct or withhold employees' tax.



## Initiatives to Enhance Clarity and Certainty for Taxpayers

### Legislative Framework

SARS also developed a legislative framework for advance-pricing agreements. This framework was included in the Tax Administration Laws Amendment Bill, 2023, which the Minister of Finance introduced in Parliament on 1 November 2023.

### Advance Pricing Agreements (APA)

Transfer-pricing legislation deals with the pricing of transactions between members of Multinational Enterprises (MNEs). One of the challenges MNEs face is that the process of setting transfer prices may be complex and requires an element of judgement. Transfer pricing may thus be a significant source of uncertainty for MNEs. APA programmes allow MNEs to approach tax administrations to agree, in advance, on the criteria for setting transfer prices for specific transactions for a set period. A consultative process began with the release for public comment of a discussion paper in November 2020; a high-level model and draft legislation in December 2021; and the proposed introduction of a legislative framework to empower SARS to conclude bilateral APAs, which was announced in the 2023 Budget. Revised draft APA legislation was released for public comment in the draft Tax Administration Laws Amendment Bill, 2023, on 30 July 2023. The APA legislation was included in the Tax Administration Laws Amendment Bill, 2023, which the Minister introduced in Parliament on 1 November 2023.

### Primary Legislation

The Rates and Monetary Amounts and Amendments of Revenue Laws Act, 2023; Taxation Laws Amendment Act, 2023; and Tax Administration Laws Amendment Act, 2023; were promulgated on 22 December 2023. The amendments to the Tax Administration Act, 2011, included the introduction of a legislative framework for APAs to provide certainty for transfer pricing by MNEs. The Revenue Laws Amendment Bill, 2023, dealing with changes to the retirement system, was introduced in Parliament on 1 November 2023 and promulgated on 4 June 2024.

### Crypto-Asset Reporting Framework (CARF)

South Africa was an early adopter of the Common Reporting Standard. This standard governs the automatic exchange of financial-account information between jurisdictions and the appropriate taxation of related income in investors' jurisdictions. With the rapid growth of crypto-asset markets, the G20 requested the OECD to investigate the extension of automatic exchange of information so



that the gains in global tax transparency were not gradually eroded. This led to the development of CARF. The Global Forum on Transparency and Exchange of Information for Tax Purposes will be monitoring CARF's implementation. The Global Forum's CARF Group was formed in September 2023, with SARS Deputy Commissioner Scholtz joining Ms Lauren Griffen of the United Kingdom as the group's first two co-chairs. In November 2023, South Africa joined 47 other jurisdictions to commit to beginning the exchange of information under CARF by 2027.

### Customs Mutual Administrative Assistance Agreement

The Customs Mutual Administrative Assistance Agreement with Uganda, which was signed in 2010, entered into force on 1 September 2023.

### Voluntary Disclosure Programme (VDP)

SARS aims to help taxpayers who participate in the VDP to expedite and resolve their tax issues. This aligns with SARS' strategic intent to encourage voluntary compliance while reducing the cost of compliance.

For the 2023/24 FY, SARS received 1 450 new applications and processed 1 475. From the applications that were successful, SARS entered into a VDP agreement to the value of R3.4 billion. In the year under review, SARS VDU collected R3.3 billion. To make it easy for taxpayers to comply, SARS approved 33 Deferment of Payment applications related to VDP for instalment-payment arrangements, totalling R308.0 million.

### AEO Accreditations

AEO aims to increase compliance, safety, and the security of the international-trade supply chain. All economic operators who participate by submitting applications and who receive an Accreditation Status are registered with the AEO programme. During the 2023/24 FY, 190 clients were conferred AEO status.



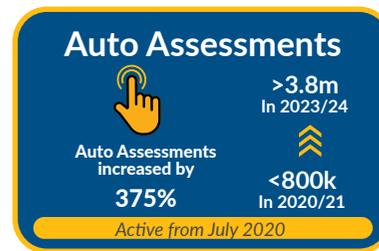
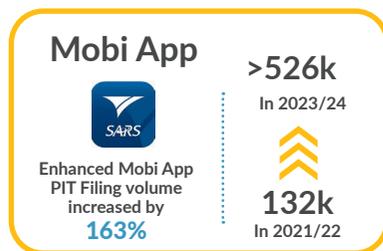
## STRATEGIC OBJECTIVE 2

### Make it EASY for taxpayers and traders to comply with their obligations

SARS recognises that providing an easily accessible, professional, and efficient service promotes voluntary compliance. Its service must enable taxpayers and traders, throughout their lifecycle, to meet their obligations easily, cost-effectively, and conveniently. SARS works to provide equitable access to service channels, and a seamless service from registration, filing, declaration, payment, and deregistration, using mainly its online self-service channels.

Taxpayer Experience Statement:

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.



### Branch Offices

In branch volume decreased by **>60%**



**5 million**  
In 2019/20



**2 million**  
In 2023/24

SARS is accessible through a variety of channels:

- ▶ SARS Branch Offices
- ▶ Self-Service Terminals (Kiosks)
- ▶ Mobile Tax Units
- ▶ eFiling
- ▶ e@syFile
- ▶ Voice Centre
- ▶ Help-u-eFile
- ▶ Lwazi Chatbot
- ▶ USSD
- ▶ Business-to-Business gateway
- ▶ SARS Website
- ▶ SARS Online Query System

### Migration Taxpayer to Self-Service Channels

SARS reviewed its service offerings through consultation across the enterprise. The process began with an initial analysis of available service offerings, segmented into online versus manual. Since the Covid-19 pandemic, more people opted to register and file returns via the online channels: eFiling and the MobiApp. For the 2020/21 FY, of all taxpayer and trader interactions, 86.31% unique taxpayers and traders used SARS' digital platforms, which increased to 88.49% in the 2023/24 FY. SARS uses unique taxpayers and traders in its calculations to prevent double counting (if a single taxpayer or trader had more than one interaction with SARS).

Among the new platforms introduced during this period, were the Self-Service Terminals. These machines were deployed to migrate even more taxpayers to digital platforms. Tax Base Broadening teams were the other key component of the strategy. These teams not only assisted taxpayers to fulfil their tax obligations, but also used these engagements to encourage migration to digital channels for future self-service. This, in turn, has lessened pressure at branches.

Service offerings such as the Small Business engagements and the AEO programme are attuned to the needs of taxpayers and traders. Where appropriate, SARS uses intermediaries (accredited, certified, or trusted) to provide services that enable taxpayers and traders to meet their obligations with the least effort and cost.

### PIT Filing Season

For the 2023 filing season, SARS processed 8.4 million PIT assessments, including 3.8 million Auto Assessments issued as of 1 July 2023.

The population of taxpayers who were automatically assessed is, on average, more than 2.5 million per year for the first two years and increased to 3.8 million in the 2023/24 FY.

These taxpayers are referred to as “standard taxpayers” and are loosely defined as largely non-provisional taxpayers. This category typically includes taxpayers in formal employment, for whom SARS has all relevant third-party data at its disposal to auto-assess them.

The Auto Assessments have been well received by the vast majority of taxpayers, with only 2.67% of those issued with an Auto Assessment opting to edit and include additional income/claims not covered. Some of the reasons for editing returns are income from commission, claimed losses, and additional medical expenses.

As a result of the increased number of assessments processed, SARS paid out 3.5 million refunds valued at R40.2 billion, compared to 3 million refunds in the previous FY.

### Alternative Dispute Resolution (ADR)

SARS’ Dispute Resolution and Litigation Unit manages and monitors SARS dispute procedures and conducts civil litigation for SARS that relates to the administration of tax, customs, and excise.

**Pre-Litigation** - SARS manages the pre-litigation notices filed by taxpayers to resolve disputes before they escalate to litigation. The year under review saw a 53% increase, to 1 533 pre-litigation notices versus PY. Most notices related to tax administration, of which 75% concern audit functions and 16% relate to debt management.

**Objections** - In the 2023/24 FY, 145 165 objections were filed which is 16 005 (or 10%) fewer than the PY. Most objections related to disputes in PIT (77%) followed by VAT and CIT, which is consistent with previous years. SARS finalised 16% more objections than in the PY although the average number of days to finalise objections has increased from 48 to 58 days.

The categorisation of objections finalised has remained constant. The most objections were either fully or partially allowed: 59% in the 2023/24 FY versus 56% in the 2022/23 FY. The rate of objections cancelled has reduced from 26% in the 2022/23 FY to 22% in the 2023/24 FY.

**Appeals** - There was an overall 2% decrease in the total number of appeals lodged in the 2023/24 FY compared to the PY. During the 2023/24 FY, 243 new appeals concerning disputes exceeding R1 million, totalling R8 billion, were referred to the Tax Court litigation unit.

In the 2023/24 FY, 14 094 appeals were finalised against 8 009 in the 2022/23 FY. The increase in the finalisation rate is attributed to an appeals project focused on the resolution of appeals under R1 million.

This 76% improvement in appeals resolved provided greater certainty to many taxpayers and has enhanced the reputation of the dispute framework.

SARS is committed to resolving disputes as quickly as possible and without resorting to unnecessary litigation. Accordingly, 97% of appeals were resolved using the Alternative Dispute Resolution process, which is an improvement from 95% in the 2022/23 FY.

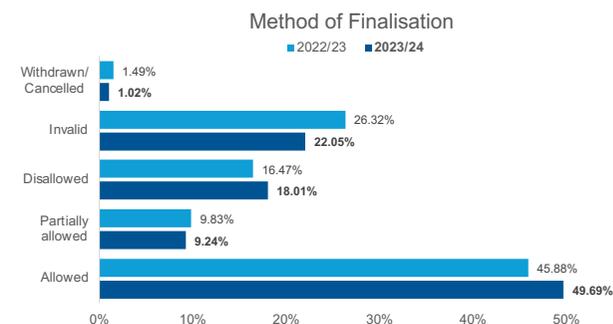
Although SARS has significantly increased the number of appeals finalised, this has not been achieved through relaxing the correct application of tax law. The rate of appeals conceded by SARS continued to reduce from 57% in the 2022/23 FY to 51% in the 2023/24 FY, while the rate at which taxpayers have withdrawn appeals increased from 24% in the 2022/23 FY to 32% in the 2023/24 FY.

Fewer appeals were conceded by SARS after litigation began. In ADR, SARS fully or partially conceded 61% of appeals, whereas in litigation only 14% of appeals were conceded (either fully or partially). The rate of taxpayer withdrawals remains high, at more than 32% generally.

### OBJECTIONS

Inflow 10% y/y

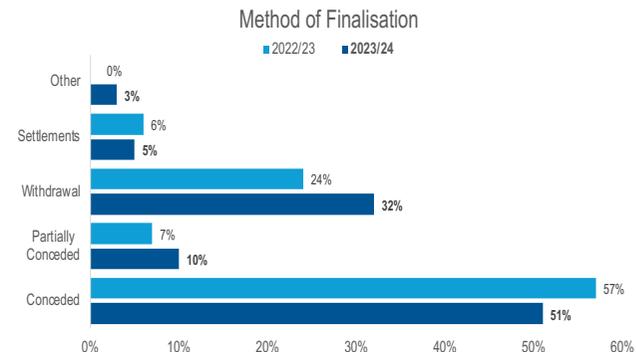
Finalised 16% y/y



### APPEALS

Inflow 2% y/y

Finalised 7% y/y



### STRATEGIC OBJECTIVE

3

**DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY**

Taxpayer Experience Statement:

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**.

**In enforcing tax and customs law, SARS promotes fairness and deters non-compliance by monitoring taxpayers' and traders' compliance. SARS' actions will be proportional to the level of non-compliance, moving through a continuum of "soft" enforcement to "hard" enforcement.**

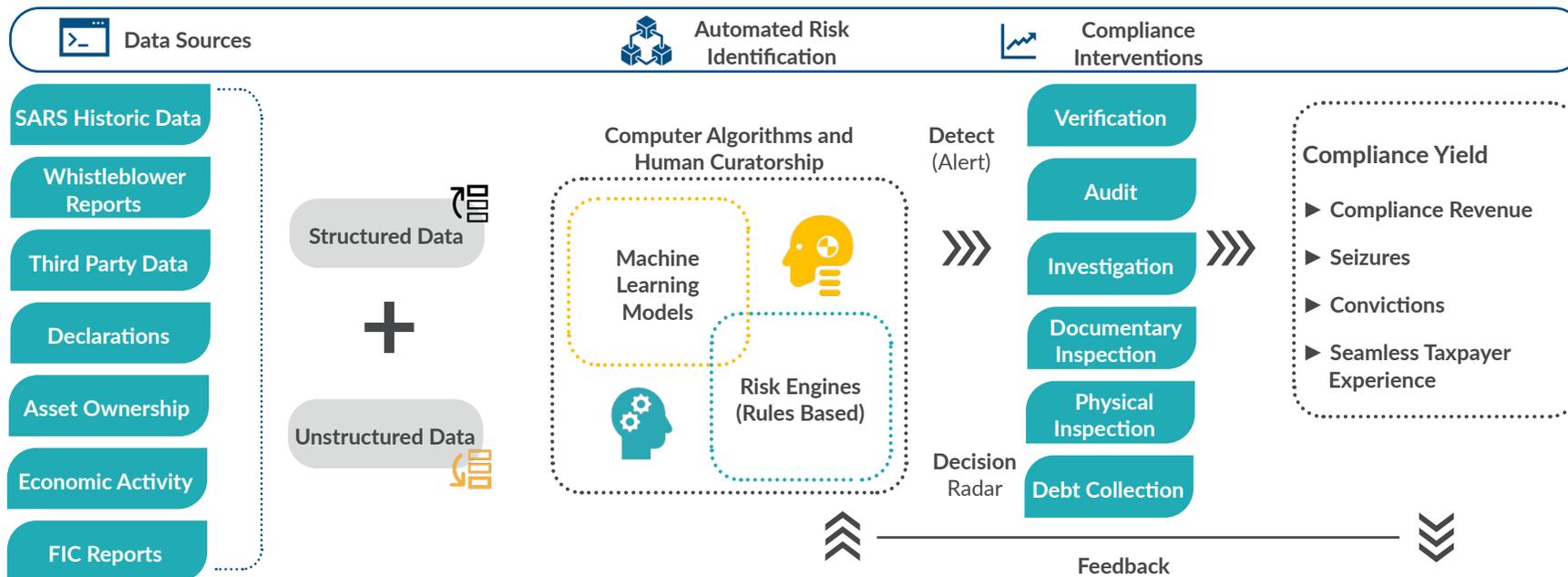
SARS is building capabilities and resources (data, intelligence, skills, people, and systems) to detect and investigate non-compliance early and aims to communicate promptly with taxpayers and traders when non-compliance is detected. SARS gives non-compliant taxpayers and traders reasonable time and clear guidance to respond and correct non-compliance. When this recourse fails, SARS responds appropriately. SARS has focused on increasing compliance through the accurate detection of risk.

SARS' data-driven risk detection philosophy uses computer algorithms and machine learning to propose the appropriate compliance intervention. The accuracy of risk detection is tracked through a formal feedback loop to optimise the algorithms.

By taking advantage of data, SARS has exponentially expanded its ability to detect risk beyond its automated risk engines, which focused on historic and current tax returns or customs declarations. The new data-driven approach is more effective in identifying taxpayers who deliberately do not comply, such as those who are not registered for tax, do not file their returns, or significantly under-declare their income. SARS worked with the Financial Intelligence Centre (FIC) and data shared through the OECD's Automatic Exchange of Information programme to detect illicit financial flows.

SARS' data driven compliance risk detection process, including the use of data sources that leads to compliance interventions, is depicted below:

#### Data-driven Compliance Risk Detection



## Compliance Interventions

SARS has different divisions that focus on enforcement activities, as the taxpayer or traders' risk profile determines the type of compliance intervention required. The various interventions include verification, specialised enforcement, criminal investigation, Syndicated Tax and Customs Crime Investigations, and physical customs inspections.

SARS focused on achieving the target of 95% accuracy for all automated risk detection in the last four years, with continuous feedback that assists with the improvement of the risk identification process. The effectiveness of SARS' fraud detection measures ensures compliance and safeguard tax revenues.

## Strengthening the Enforcement System

**Specialised Audit** aims to improve voluntary compliance of taxpayers and traders by conducting mainly comprehensive, integrated, in-depth civil audits of a complex nature. These audits deal with individuals, businesses, and related entities in the small and medium enterprise sector operating in the licit economy which are identified independently. Audits involve cases which require an integrated or specific audit approach to resolve non-compliance. Audits are conducted through desk and field engagements with taxpayers. Focus areas include PAYE, Lifestyle and Luxury Vehicles, Employer Tax Incentive (ETI), Security Industry, Financial Intelligence Centre (FIC) referrals to SARS and Visiting Artists. SARS is upskilling auditors in Base Erosion and Profit Shifting (BEPS) and the General Anti-Avoidance Rule (GAAR) as applied to small and medium enterprises.

**Syndicated Tax and Customs Crime Investigations (STCC)** investigates criminal and illicit organised and syndicated evasion schemes across all taxes to promote and ensure compliance. The division enables SARS to respond efficiently and effectively to domestic and international organised tax and customs schemes involving illicit financial flows and illicit trade. STCC secured revenue recovery for 2023/24 of R20.2 billion of which R11.7 billion was in revenue leakage prevention.

**Inter-Agency Working Group on Illicit Trade** conducted joint operations, between the STCC unit and Customs (including Customs Operations; the Clothing, Textiles, Leather, and Footwear unit; and the Nation Rapid Response Team (NRRT)), resulting in 6 980 seizures valued at R6.7 billion (2022/23: 5 801 seizures valued at R5.8 billion).

**Criminal Investigations** pursued serious tax and customs offences without fear, favour, or prejudice across all tax products. SARS pursues taxpayers and traders who have deliberately brought about a loss of revenue to evade tax compliance. These investigations and convictions are made possible by the collaboration of other law-enforcement agencies such as SAPS, NPA, Asset Forfeiture Unit (AFU), and the justice system (courts). SARS aims to bring about guilty verdicts that are accompanied by custodial sentences to deter non-compliance.

## Enforcement Results for 2023/24

- ▷ Specialised audit completed 3 335 audit cases to the value of R28.9 billion in assessments raised. The success rate of In-Depth audits was 93% and Standard audits 66%. This equated to R14.4 billion in revenue.
- ▷ In terms of cases referred to the National Prosecuting Authority (NPA) and their prosecution, the success rate continued to exceed the target at 98.2% in the 2022/23 FY, and 95.29% in the 2023/24 FY.
- ▷ SARS completed 183 illicit-economy investigations and debt cases (with assessments (IT and VAT) raised for R22.9 billion (2022/23: R4.0 billion).
- ▷ In terms of state-capture related cases, 26 projects (2022/23: 13) have been allocated for civil audits or criminal investigation.
- ▷ 341 large-business and international audit cases were completed, with an assessment value of R47.7 billion (2022/23: 275 cases, R16.6 billion assessment value).
- ▷ Customs completed more than 273 000 (2022/23: 240 047); inspections worth R795.2 million (2022/23: R598.8 million), and 1 351 (2022/23: 1 519) post-clearance audits with a 52% success rate (2022/23: 47%).
- ▷ For total seizures, 77% (2022/23: 74%), of narcotics seizures were reported by OR Tambo International Airport (ORTIA), estimated at R1.1 billion (2022/23: R674 million). There were 20% more seizures conducted in 2023/24 FY than in the previous year amounting to 6 980 (2022/23 FY: 5 801).

## Customs Seizures



### COUNTERFEIT GOODS

309 busts  
Valued at R2.1 billion



### MEDICAMENTS

575 busts  
Valued at R700.7 million



### NARCOTICS

409 busts  
Valued at R1.2 billion



### CLOTHING AND TEXTILES

651 busts  
Valued at R575.2 million



### CIGARETTES

303 busts  
Valued at R203 million



### PRECIOUS METALS/ STONES

13 busts  
Valued at R1.6 billion



### CITES

20 busts  
Valued at R269.1 million

## Segmented Operations

### Prominent Individuals and Related Entities (PIRE)

The PIRE Segment promotes voluntary tax compliance among prominent individuals meeting the criteria and their related entities through end-to-end service. The segment's total register is 12 000 taxpayers, of which 11 500 are active taxpayers and 95% are individual taxpayers. SARS employees represent 67% of the prominent-individual register. The balance includes PAYE, VAT, CIT, and Trusts. During the reporting period, the segment collected R1.72 billion in revenue.

### High Wealth Individuals (HWI)

The HWI segment was established on 1 April 2021 amid increased emphasis on wealthy individuals and their effect on the economy and tax morality. The segment has a ring-fenced tax base and aims to provide a differentiated end-to-end service; enhance voluntary compliance; drive operational efficiency in all functional areas; maximise revenue collection; improve inventory management; and develop an accurate and complete HWI tax base. HWI taxpayers are those who own assets worth  $\geq$ R75 million and the associated entities and persons connected to HWI taxpayers.

Effective tax-base broadening expanded the HWI tax base from 1 820 taxpayers to 4 084 as of 31 March 2024. The annual collections amounted to R8.7 billion in revenue during the 2023/24 FY.

### Large Business and International (LBI)

LBI provides an end-to-end, seamless, and customised service to large-business taxpayers. The LBI office is a centre of excellence that responds to its taxpayers' needs and is aligned with international tax-administration best practice.

LBI's enforcement covers a full spectrum of compliance and investigative activities to promote tax compliance and mobilise revenue. The activities cover all tax types resulting in R559.6 billion in revenue collection and 341 audit cases finalised with an assessment value of R47.7 billion.

## Litigation Summary

All litigation is managed or monitored centrally through one of the three litigation sub-units and comprises proactive and defensive litigation. The Tax Court Litigation Unit defends disputed assessments, whereas proactive litigation is generally initiated through the Centralised Litigation Unit and involves enforcement steps. However, as mentioned, the unit manages all pre-litigation notices to resolve disputes before they escalate into litigation.

In the 2023/24 FY, 119 judgements involving SARS were handed down, which is a 2% decrease from the 2022/23 FY. The decrease in judgements primarily concerns customs and excise. The direct success rate for each sub-unit was slightly higher in the 2023/24 FY than in PY, except for customs and excise, although there were six more judgements in SARS' favour. The success rate in SARS' favour was 86% of 102 judgements compared to 79% in 2022/23 of 96 judgements.



## Interagency Liaison

### Enabling Legal and Regulatory Environment

SARS' government-stakeholder strategy is to position SARS as a "strategic partner" to primary departments whose mandates align closely with that of SARS and where there is a high level of interest. SARS' efforts have advanced mostly among the law-enforcement agencies strategically and operationally. The strategic effort has strengthened the enabling regulatory framework. SARS has incrementally introduced new generation provisions in the MoUs and operational agreements to:

- ▷ Integrate the Higher Purpose and strategic intent to promote voluntary compliance.
- ▷ Align mandates, visions, and missions.
- ▷ Identify and enable implementation of the people, data, and technology levers.
- ▷ Identify Key Performance Indicators (KPIs) and measure the effect of the implementation of the MoUs and the extent to which they improve interagency trust. Realigning all the existing and new MoUs and accelerating implementation will continue in the 2024/25 FY.

Another important enabling milestone is achieving consensus among the Directorate of Priority Crime Investigations (DPCI), NPA, and SARS to improve coordination, collaboration, and limited integration of people, data (information exchanges), and technology in interagency law enforcement.

The challenge in 2025 is to embed SARS as a strategic partner in:

- ▷ Law enforcement in the new Criminal Procedure Act and the Prevention of Organised Crime Act (POCA) Amendment Bill.
- ▷ The Intergovernmental Relations Framework Bill.

**People** - In the year of reporting, SARS recorded successes in secondments to SAPS in terms of Section 17A of the SAPS Act and the Fusion Centre. The Stakeholder Liaison Unit (SLU) has extended its initiatives toward prosecutor-involved investigations (PII) and investigator-involved prosecutions (IIP) internally to CI, and externally to NPA (STU), to enhance investigation and prosecution of less complex tax cases. Training to implement the Section 73 POCA mechanism was conducted with SAPS in three regions and will continue in the 2024/25 FY. SARS is also gearing up for recurring training in money laundering and terror financing in the 2024/25 FY.

**Data (Exchange of Information)** - In keeping with its whole-of-government strategic approach, SARS maintains informational networks with a range of government agencies and departments. This ranges from simple informational networks, which entails the mere exchange of information with, for example municipalities, to developmental and synchronisation networks that also involve process and operational arrangements.

SARS' overhaul in the past few years of its former stringent approach to information-sharing with law-enforcement agencies has provided for a more proportionate view of tax confidentiality and has enabled SARS to make it easier for the law-enforcement agencies to comply with their statutory obligations under Section 73 of the POCA. Under this act, law-enforcement agencies must report

matters of interest to SARS, offering a legal gateway for the exchange of taxpayer information. Section 73 POCA notifications increased significantly following the signing of the MoU between SAPS/DPCI and SARS.

The cooperation and sharing of information between SARS and law enforcement enabled through Section 73 of POCA resulted in 11 cases finalised with convictions of tax evasion coupled with other crimes, such as (procurement) fraud and corruption. A further 12 cases, in which tax evasion charges were added by the NPA, are enrolled for trial. In addition, 13 state-capture tax cases are already on trial, in parallel to the ID's corruption investigations, as a part of the Section 73 POCA collaboration and a multi-disciplinary approach.

Other government agencies also referred matters to SARS in the year under review. SARS will roll out the criminal law e-library for interagency use in the course of 2024.

### Technology

In the 2024/25 FY, SLU will help its stakeholders to collaborate with SARB to build an instant-payment system to enhance whole-of-government service provision, deepen trust in government, and embed citizens' voluntary compliance, including voluntary taxpayer compliance. The SLU will pursue automated connections to law-enforcement agencies.

### Financial Action Task Force (FATF) Programme

The SARS FATF Programme is an input into the national programme to respond to and meet the deliverables arising from the country's FATF review outcomes. SARS is a strategic partner, active participant, and contributor to the country's FATF programme and in the year under review, has reported the following progress:

- ▷ In line with FATF recommendations, SARS has implemented beneficial ownership and transparency-of-information requirements for trusts and companies. New trusts must provide beneficial-ownership details on registration and, as of July 2023, it is mandatory for trusts to provide all relevant beneficial-ownership information when submitting tax returns.
- ▷ All companies are now required to declare legal-ownership (shareholding) information in their CIT returns. Providing beneficial-ownership information will become mandatory in the 2024/25 FY.
- ▷ There is a heightened focus on identifying potential money-laundering offences in tax-crime investigations. To this end, a specific training programme was developed to fill knowledge gaps related to FATF and related legislation. Data exchanges with the FIC enables SARS to access data relevant to high-risk transactions and purchases.
- ▷ The electronic Traveller Declaration System monitors the movement of cash across South Africa's borders. SARS successfully piloted the system at all nine international airports, two land borders, and one seaport. The rollout of the system to the remaining land and seaports is ongoing and will be completed during the 2024/25 FY.

## STRATEGIC OBJECTIVE 4

### Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce

At the heart of SARS' "People Philosophy" is the recognition that SARS serves the public through the organisation's role in the country's fiscal management. SARS also serves individual members of the public through day-to-day interactions at branches and contact centres. SARS employees should be highly skilled in servicing taxpayers' and traders' queries.

Employee Experience Statement:

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**. They 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.

SARS' approach to its employees is to ensure that an engaged workforce with the requisite competences, capabilities, and attributes is available to perform its mandate. The objective also promotes an ethos conducive to SARS' Higher Purpose and its desired culture. A leadership system with integrity and capable leaders across all levels in the organisation are essential in the conceptualisation, design, and delivery of appropriate people-policies and practices.

SARS' employees should **easily collaborate to leverage their combined strengths**, and SARS must invest in them appropriately. SARS will remain a workplace where **employees can express their aspirations and values**. SARS has and will continue to expand and maintain a working environment that supports employees' growth and development in core, enabling, and support roles. The organisation equips employees with the tools and skills they need to do their jobs and to evolve in their roles. Tasks have become less administrative and more analytical and service-oriented.

In a rapidly and continuously changing environment the employees should respond to future demands of the work environment and changing needs of taxpayers and traders

with ease. The recruitment of a skilled and capable workforce received substantial impetus thanks to:

- ▷ Allocation of additional funding by National Treasury to SARS for the recruitment of critical, scarce, and future-oriented skills.
- ▷ Identification of the skills SARS requires to run the organisation effectively and efficiently today and into the future.
- ▷ The decision to allow for the backfilling of critical skills that became vacant because of business-as-usual attrition.

#### SARS' commitment to its people

- ▷ Every employee has the right:
  - ▷ To enjoy their work
  - ▷ To understand the meaning/impact of their work
  - ▷ To know what winning means
  - ▷ To receive regular feedback on their work
  - ▷ To a fair deal



#### Staff Establishment (12 805)

Permanent/  
Contract: 12 257  
Graduate: 137  
Short Term: 411



#### Gender

Male: 36.58%  
Female: 63.42%



#### Equity

Race: 81.56%  
Gender: 50.75%  
Disability: 2.21%



#### Employee Engagement

69.40%  
(2023 survey)



#### On-the-spot Awards

6 994 nominees  
R4.7 million



#### Workforce Profile

African: 65.56%  
White: 18.17%  
Coloured: 10.29%  
Indian: 5.71%

## STRATEGIC OBJECTIVE 5

Increase and expand the use of DATA within a comprehensive knowledge management framework to ensure integrity, derive insights and improve outcomes

Taxpayer Experience Statement:

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**.

In this context SARS progressed on its journey to become an information-driven enterprise by shifting its focus from traditional descriptive analytics to predictive and prescriptive analytics.

**Data Science** - SARS' suite of advanced analytics products now includes 20 machine-learning models, employs formal feedback loops to track model performance and prioritise enforcement teams' efforts. The latest addition to the portfolio includes an entity compliance-scoring solution, which provides a more comprehensive view of tax compliance, based on a broader variety of data sources, as well as the historic behaviour taxpayers and related entities.

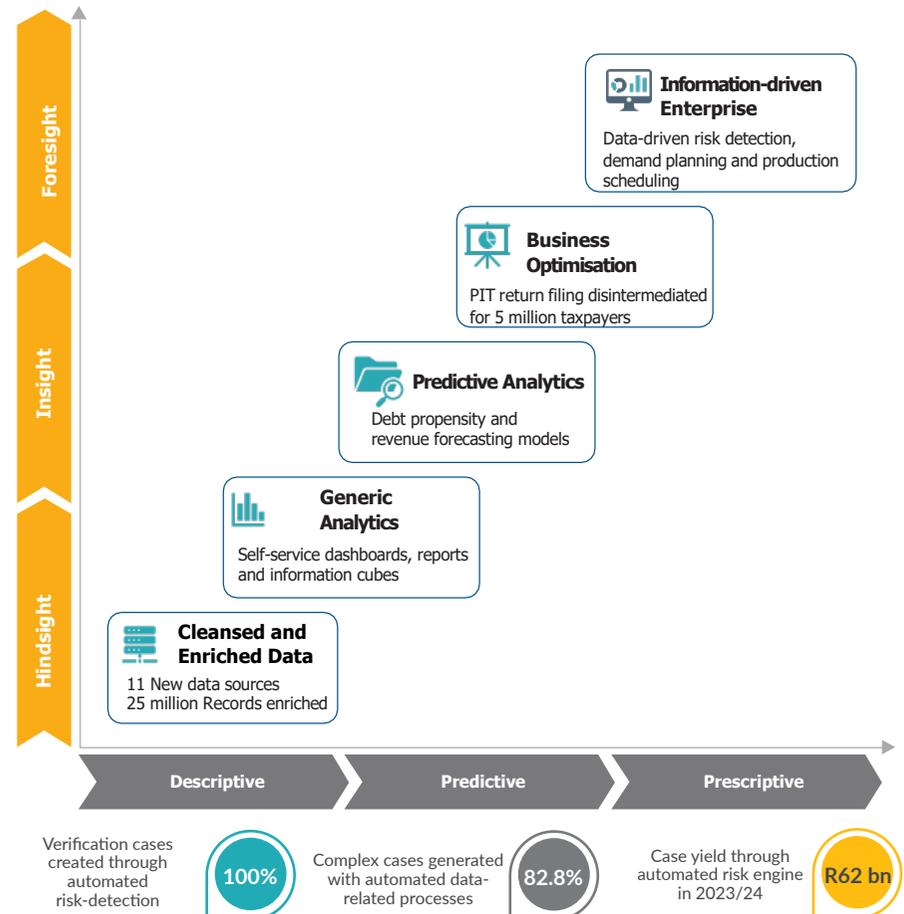
**New Data Sources** - Eleven new data sources were added to SARS' vast portfolio of third-party data to improve risk detection and enrich SARS' datasets.

**Detecting Risk** - A broader variety of structured and unstructured data was consumed by machine-learning models to detect risk on a scale not previously possible, as described under SO3. These improvements reflect the successful integration of data use in creating complex cases, leading to improved productivity and accuracy. The introduction of data-driven (automated) case creation for Customs' complex audits in the 2023/24 FY has led to a notable increase within this category, demonstrating SARS' commitment to embracing technological advancement and optimising audit procedures.

**Targeted Communications** - The use of data enabled targeted communications to taxpayers to drive digital-channel use and migration to digital channels. SARS issued risk-specific letters leveraging behavioural economics, and prioritised populations for Auto Assessments, as described in SO1 and SO2. Return filing and the associated risk interventions were disintermediated for more than 6 million taxpayers over four years.

**Intuitive data products** - Revenue cubes, dashboards, and automated production and capacity plans - enabled a productive and empowered workforce, as well as informed decisions on staffing numbers (SOs 4 and 7).

### Data Analytics Maturity Curve



## Expand the Use of Data, Data Analytics and Artificial Intelligence

### Data-driven Risk Detection

SARS continued to refine its automated risk engines and, over the past year, managed to achieve both the targets set out for data-driven risk detection as well as the accuracy for risk detection. This refinement is achieved by extending the automatic selection of cases, thereby limiting manual case selection to exceptional cases only, and by removing false positives from risk detection to enable a seamless experience for compliant taxpayers and traders.

### Data-driven Automated Demand Planning and Production Scheduling

SARS adapted the use of Activity-based Management principles from the Consortium for Advanced Management International (CAM-I) framework. This framework integrates the demand of resources derived from SARS' strategic objectives and the execution of activities. Automated scripts consume the relevant data points and generate the production schedule daily or weekly, depending on the National

Operations Centre requirements. Automated tracking and reporting against the Master Production Schedule is available for performance management at individual employee, branch office, regional, and national level.

### Democratising Data Products to Enable SARS Business

SARS refined its data-driven and automated production planning and enhanced its suite of tracking and reporting dashboards to enable operations management.

Information and data are useful when it enables SARS staff to be more efficient in their day-to-day tasks. Self Service provides a "single version of the truth" across tax and customs products, functions, and processes nationally and regionally, and monitors staff performance. The information is updated either in real-time, daily, or monthly and is available on all digital devices.

## Improving Data Governance in SARS

SARS' Data Governance Framework was enhanced to cater for the use of Artificial Intelligence (AI), an ethics framework, and the use of cloud computing. More than 97% of all SARS staff have completed an e-Learning module covering data governance in previous years.

The need for more data sources, practical limitations faced in sourcing this data and capacity constraints moved SARS to elevate its commitment to a more coordinated data-sourcing approach documented in an approved data sourcing plan developed while consulting stakeholders.

Over the past two decades, SARS has embraced the strategic role and proactive use of data in its modernisation by adopting international best practices and data-use initiatives. SARS was an early adopter of the OECD's Automatic Exchange of Information initiative and the WCO data model.

## Exchange of Information (EOI)

The OECD is at the forefront of promoting transparency and the exchange of information on tax matters between jurisdictions. Financial centres or favourable tax jurisdictions and the lack of transparency in reporting of profits and tax payments paid in developing countries are linked to corruption, financial crime, money laundering, and illicit financial flows and trade. South Africa participates in OECD activities through the Enhanced Engagement Programme and has endorsed the OECD standards on EOI.

The progress report provided is aligned to and 100% in compliance with OECD EOI standards.

### Automated Exchange of Information (AEOI)

#### Incoming:

- ▷ 713 Common Reporting Standard (CRS) packages were received from 106/109 partner jurisdictions.
- ▷ 3 Partner jurisdictions who could not fulfil their sending obligations were notified.
- ▷ 19 Jurisdictions were notified of the low quality and matching rates attained from their data.
- ▷ Received 597 Country-by-Country Report (CbCR) packages, consisting of 109 700 CbCRs from Multinational Entities in 52 partner jurisdictions, relating to 606 058 constituent entities.

#### Outgoing:

- ▷ 85 Activated CRS exchange relationships.
- ▷ SARS transmitted 94 CRS packages to 82/85 partner jurisdictions.
- ▷ 3 Partner jurisdictions were not technically ready to receive CRS packages.
- ▷ SARS is intensifying its compliance activities intended to address non-compliance by the local Reporting Financial Institutions.
- ▷ 214 CbCR packages were transmitted to 62 partner jurisdictions.



## STRATEGIC OBJECTIVE 6

### Modernise our systems to provide DIGITAL and STREAMLINED online services

Taxpayer Experience Statement:

SARS is committed to providing **reliable and secure digital services** to all its constituents. SARS strives to create an environment where taxpayers and traders, practitioners, and travellers can **meet their obligations with ease** and, when possible, with seamless integration to deliver a **world-class experience**. This commitment to excellence extends to SARS' stakeholders, for whom SARS provides access to reports and analyses that **promote transparency and accountability**. SARS' digital platforms provide **reliable and secure services** to taxpayers, traders, and employers, enabling them to meet their obligations **simply and easily from anywhere**.

Investing to keep SARS' technology foundation solid by continuously modernising SARS' systems: SARS executed several initiatives and projects the 2023/24 FY as part of its modernisation journey to ensure continued availability of reliable, secure and available digital platforms to service all its constituents.

**IT Governance and Compliance** - SARS remains committed to Information Technology (IT) governance and compliance, aligning IT services and solutions with business objectives, legal requirements, and best practices. Improvements in IT supplier contract management effectively managed performance, delivery, risks, and obligations of contracted IT suppliers. Additionally, enhancements in IT asset management optimised the life cycle of IT assets, including hardware, software, network, and application components.

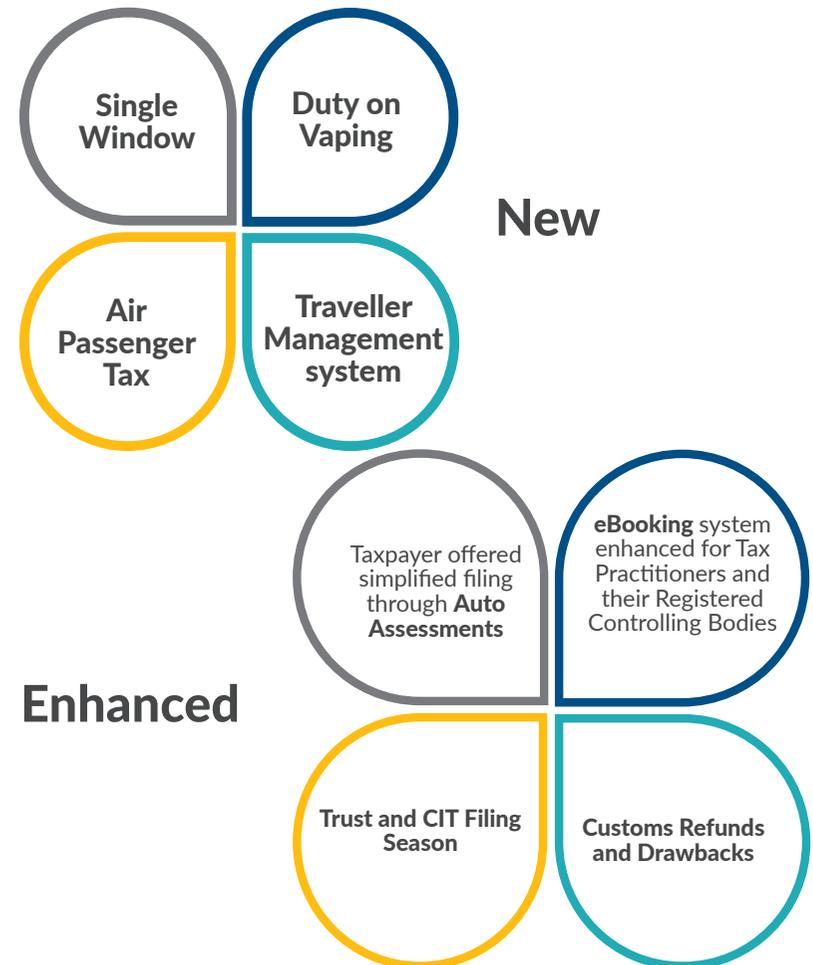
**IT Infrastructure Projects** - SARS continually undertakes planned maintenance and enhancements to meet the 99% availability objective for the digital platform and boost system uptime by mitigating service disruptions and unexpected outages. The enhancements delivered include wide-area network upgrades to amplify connectivity speed. This enhancement directly translates into heightened stability, increased productivity, and expedited service for taxpayers.

**Robust Data Management Practices** - SARS continued to implement robust data management practices, recognising the critical role of data and information in operations and in achieving SO 5. Various upgrades to database infrastructure enhanced efficiency and security. Routine maintenance ensured optimal performance, while advanced diagnostic tools were employed for proactive disruption minimisation. Regular data optimisation strategies were implemented to streamline data management and boost system performance.

**Modernisation and Digital Transformation** - SARS is undergoing a digital transformation, modernising its IT systems and infrastructure to streamline operations, decrease complexity, and lower costs. As part of this digital metamorphosis, SARS is gearing up to deploy cutting-edge applications, placing a premium on agility, performance, availability, and data management.

**Security of Taxpayer and Trader Information on SARS Digital Platforms** - IT security of SARS remains a top priority in the face of sophisticated and financially driven cyber threats that exists in the external environment. This remains key to combat attacks that could lead to data theft and manipulation, disruption of business-critical services and reputational damage to SARS and its systems. During the 2023/24 FY, upgrades to various security infrastructure and elements were successfully implemented.

#### Modernisation Journey: Delivery of Projects and Initiatives





SARS received a **BCX Digital Innovation Award 2023** for **Auto Assessments for Personal Income Tax**

### Modernisation Journey: Delivery of Projects and Initiatives

**Automated Assessments** - This project has dramatically reduced the administrative burden for millions of taxpayers, accelerating the pay-out of refunds due to individuals to support the economy, while efficiently optimising SARS' use of internal resources and implementing an unique solution among revenue authorities worldwide.

**eBooking System** - To make it easy for taxpayers to be compliant the eBooking system was enhanced for Tax Practitioners and their respective Registered Controlling Bodies (RCBs).

**Duty on Vaping** - Traders can now submit their excise accounts as the form has been enhanced to include the new Excise duty on vaping tobacco.

**Legal changes** - SARS successfully implemented several initiatives that included Directives legal changes as well as the PAYE bi-annual submission, third party data submitters for donations and trusts can now register on eFiling to activate, capture and declare income.

**Mineral and Petroleum Resource Royalties (MPRR)** - The MPRR project implemented improvements to aid taxpayers return submission via eFiling.

**Trust Filing Season** - SARS also successfully delivered the Trust Filing Season 2023 project, modernising return submissions and processing workflows to foster taxpayer compliance.

**Debt Collection Improvement Project** - Delivery of various modernisation enhancements to SARS debt case workflows to improve debt management, including digital integration with appointed third parties.

**Single Window** - The Single Window Project has enabled SARS to lead the way internationally and provides a capability for Customs to initiate and receive feedback from inspections for Other Government Agencies (OGAs).

**Customs-Air Passenger Tax** - Air Passenger Tax system enables taxpayers to register and file their tax returns via eFiling, eliminating the need for SARS resources to capture this information manually.

**Customs Refunds and Drawbacks Project** - The Customs Refunds and Drawbacks project was successfully implemented to alleviate the need for documents to be couriered between offices, making use of electronic attachment of documents on cases.

**Customs the Traveller Management system** - Enabling travellers to submit their declarations online or via the Mobi App.

**Improving SARS Internal efficiency** - The final tranche of work allocation system changes was successfully implemented to align case management and work allocations with the SARS operating model. This also included numerous solution enhancements to enable the correct reporting and tracking of the SARS targets versus the actual achievements of the relevant area. The Occupational Health and Safety System was developed and implemented in a pilot mode at Beitbridge and is anticipated to be rolled out to remaining sites in the 2024/25 FY.

**SAP Success Factors** - The learner management system was implemented. This advanced platform is designed to enhance employees' professional growth by providing easy access to a wide range of courses, resources, and certifications.

SARS has also been recognised for its **Innovative Customs Technology**



at the **Global Customs Innovation Awards**.

SARS received **bronze awards in two categories**

for

- ▷ SARS Customs Risk Engine, and
- ▷ Its concept of using blockchain technology to manage customs bonds.

## STRATEGIC OBJECTIVE 7

**Demonstrate effective STEWARDSHIP of our resources to ensure EFFICIENCY and EFFECTIVENESS in the delivery of quality outcomes and performance excellence**

Taxpayer Experience Statement:

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

**SARS has embarked on a cost reconfiguration journey to enable a more variable budget in the long term, and optimal resource allocation and utilisation that support the Strategic Intent and that will realise Vision 2024 and beyond.**

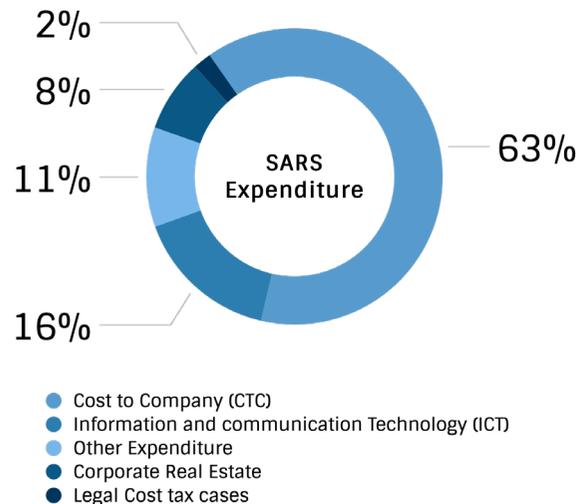
### Expenditure Estimates over the Medium Term

In the past year, SARS allocated limited resources with a clear cost-benefit mindset to deliver more and create a better experience for taxpayers and traders without sacrificing quality and excellence, enabling a smart modern SARS through Information Communication and Technology (ICT) and capital investment. This work was funded from the baseline funding as far as possible. Underfunding remains a long-term challenge.

SARS has communicated through its Medium Term Expenditure Framework (MTEF) and ENE submissions what the optimal funding requirements are. SARS benchmarked itself against the OECD's Tax Administrative 2023 Comparative Information for OECD and other Advanced and Emerging Economies publication. This resource confirms that the largest reported component of tax-administration operating budgets is staff costs, with salary alone accounting for on average 73% of operating budgets annually. This is

followed by ICT operating costs of up to 20%. In line with tax-administrations' cost allocation globally, approximately 87% of SARS' costs are contractual as follows: salary costs are +/- 64%; ICT operating costs are +/- 12%; and physical facilities and related costs are +/- 8%. This translates to an average actual year-on-year growth in operational expenditure from 2022/23 FY to 2023/24 FY of approximately 5.84% while the grant increased by 5.44% (inclusive of additional funding for salary increases) for the same period.

The funding position remains static and does not consider the inflationary effects. As a result, SARS' grant allocation is lagging current expenditure growth without considering additional capacity or infrastructure and project requirements. Given the growing demand for additional revenue by government, underfunding of SARS' ICT budget will strain the country's fiscal integrity.



### Spending Allocation

SARS has configured its cost structure to optimise ICT infrastructure and align with SARS' international peers.

The actual expenditure for the financial year was R12.85 billion.

#### Approach:

- ▷ Reconfigured the cost base, challenging and stress-testing expenditure to prioritise the right cost drivers/activities and to generate the optimal return on investment.
- ▷ Identified inefficiencies, and re-appropriated and unlocked funds to reinvest in growth aligned with SARS' business priorities.
- ▷ Identified other long-term interventions.

## Business-as-Usual (BAU) Capital Investment

R370.8 million was allocated for IT investments in the BAU space. The following items were procured during the year and are categorised according to the two most important Key Result Areas under SO 6: Modernise SARS' systems to provide digital and streamlined services.

Key Result Area: 99% of planned capacity to be available for mission-critical systems: R362.6 million

- ▷ Hardware upgrades: R254.1 million was spent on procuring new and replacing end-of-life hardware. The main items procured are end-user devices (R62.1 million), server refresh (R67.3 million), and storage refresh (R124.7 million).
- ▷ Software licenses: R41.2 million: the investment was made mainly in off-the-shelf software: R35.70 million for server infrastructure software, and R2.09 million on ZIIP activation, SAP license, and other small procurements.
- ▷ Network upgrades: R6.8 million; network infrastructure and services were upgraded throughout the country.
- ▷ Software upgrades and developments: R62.6 million: upgrades and enhancements to current systems, e.g. eFiling, Adobe forms, and technology upgrades.

Key Result Area: No security breaches from known risks: R6.7 million

- ▷ Security network upgrades: R6.7 million.



## Revenue Initiatives Conditional Grant of R1 billion

In November 2023, the Minister of Finance, Mr. Godongwana, approved an in-year allocation adjustment of R1 billion to improve revenue-raising capabilities. The funding was ring-fenced to alleviate the backlog of non-compliant cases. By onboarding 1 013 consulting resources, SARS aimed to process 1.4 million cases that its current resource capacity could not manage. Despite the late allocation (in February and March 2024), SARS has made progress in enhancing revenue capabilities, with actual cash collection, litigation, and service benefits expected beyond 31 March 2024.

The project effort resulted in cash collected amounting to R7.5 billion, preventing non-permissible refunds amounting to R6.9 billion and R5.2 billion in assessments for which payment has not yet been received at 31 March 2024.

Description	Commitments	Actual: January - March 2024
# Projects	10	9
Funding provided/used and contractually committed	R1 billion	R617.7 million
▷ Funding used/actual spend		R198.7 million
▷ Contractually committed purchase orders		R418.9 million
# Of cases (identified and closed)	1.4 million	336 k
# Of human resources to be on-boarded	1 013	620
# Tools of trade (laptops and headsets)	450	558
Revenue	R34 billion	R7.5 billion
Cost-to-Revenue Ratio	2.88%	2.65%

## Linking Performance with Expenditure

The OECD reports that the average allocation of staff resources is generally concentrated in SO2 and SO3, mainly in the functions of audit, investigation and other verification functions, which is similar to SARS' resource allocation. To achieve SO6, the ICT funding allocation remains a focus area for additional investment to align with international peers. The actual investment in ICT expenditure against funding allocated was 15.38%.

Strategic Objectives	2022/23	2023/24
	Actual Expenditure	Actual Expenditure
	R'000	R'000
SO1: Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations	171 927	184 409
SO2: Make it EASY for taxpayers and traders to comply with their obligations	3 738 791	3 958 413
SO3: Detect taxpayers and traders who do not comply, making non-compliance HARD and COSTLY	3 628 744	3 791 126
SO4: Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce	654 796	723 059
SO5: Increase and expand the use of DATA within a comprehensive knowledge management framework to ensure integrity, derive insights and improve outcomes	921 125	1 136 196
SO6: Modernise our systems to provide DIGITAL and STREAMLINED online services	1 171 824	1 256 896
SO7: Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence	1 181 617	1 267 400
SO8: Work with and through Stakeholders to improve the tax ecosystem	82 514	88 504
SO9: Build PUBLIC TRUST and CONFIDENCE in the tax administration system	480 915	444 836
<b>SARS Total</b>	<b>12 032 255</b>	<b>12 850 841</b>
Ringfenced for OTO	48 241	51 582
<b>Total Expenditure</b>	<b>12 080 496</b>	<b>12 902 423</b>

**STRATEGIC OBJECTIVE**  
**8**

**Work with and through STAKEHOLDERS to improve the TAX ECOSYSTEM**

Taxpayer Experience Statement:

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.

As SARS reflects on the past year, it recognises that compliance is not a solitary pursuit – it is a symphony in which each stakeholder plays a vital note. SARS' commitment to voluntary compliance and stakeholder collaboration remains unwavering, propelling it toward a future in which success is shared and progress knows no bounds.

**Stakeholder Engagement**



SARS' annual stakeholder engagement programme and calendar of events were developed and implemented to build, leverage, and enhance effective and beneficial relationships, as well as to promote fiscal citizenship. SARS has hosted regular strategic and operational engagements, that seek to improve tax and customs compliance, enhance service delivery, and promote tax morality.

SARS has used the **official inter governmental relations framework** to prepare a "whole-of-government" collaborative response and initiatives, especially those related to enforcement activities, and to use government resources optimally. SARS collaborates with critical government stakeholders by participating in these forums.

It is a strategic imperative that **SARS offers taxpayers timeous, empowering, and enabling assistance** to fulfil their tax and customs obligations.

A survey was conducted to understand how stakeholders experienced their cooperation and collaboration with SARS. This research explored the following dimensions:

- ▷ Providing awareness, clarity, and certainty on tax and Customs obligation.
- ▷ Responding to system related matters of taxpayers' fulfilment of their tax obligations.
- ▷ Timeously consulting with respect to changes and updates.
- ▷ Meeting proceedings and overall satisfaction.

## Stakeholder Engagement

There were 198 stakeholder engagements, (116 private sector; 82 public and government sector). SARS' interactions in the public and government sector have fostered trust, transparency, and shared goals.

**Structured Quarterly Engagements** - SARS hosted structured quarterly engagements with tax practitioners at a national and regional level representing 11 registered recognised controlling bodies. The tax practitioners received regular interaction throughout the year on service and operational efficiencies. This also applied to the Banking Association of South Africa (BASA) per the SARS/BASA accord to deal with matters of mutual interest.

**Various Working Groups and Task Teams** were established to socialise Trusts, PAYE, and other third-party data-modernisation projects. A key outcome of these engagements was the publishing of a final business-requirement specifications that would be the automation blueprint for the various online submissions. Stakeholders engaged were the Association for Savings and Investments, BASA, Payroll Authors Group, National Treasury (PERSAL), Government Employee Pension Fund, Government Pensions Administration Agency, and the Medical Industry.

**Two-Pot Retirement System** - The administrative effects of the Two-Pot Retirement system was the topic of numerous engagements with the Association for Savings and Investments, Institutes of Retirement Funds, Government Employee Pension Fund, and Government Pensions Administration Agency to ensure that upon final implementation, withdrawals made would be compliant with the necessary tax obligations.

**South African Reserve Bank** - Combined and individual engagements with the South African Reserve Bank and the respective Authorised Dealers from BASA continued to share data enhancements via the Advance Payment Notification product. The Advance Payment Notification combats illicit financial flows and customs valuation fraud associated with the misuse of advance foreign-exchange payments for imports. SARS also co-hosted engagement sessions with the South African Association of Freight Forwarders and the Johannesburg Chamber of Commerce and Industry to improve voluntary compliance of individual importers with Advance Payment Notification submissions.

**VAT Interactive Workshops** continued with various private-sector VAT experts which presented an opportunity for SARS to discuss and solicit feedback ahead of publishing VAT rulings. This included the first biannual indirect tax engagement with BASA. Clarity was provided and all stakeholders were aligned with SARS' rulings/notifications on VAT.

**BASA** - Enabling the revenue drive, SARS and BASA aligned on improving internal efficiencies for debt collections through third-party appointments.

**AGSA** - The Audit and Risk Committee identified the need to augment the current MoU with the Auditor-General South Africa (AGSA) to make provision for the information provided by SARS when being audited by AGSA and the related information-security protocol. To this end, an Operational Agreement between SARS and AGSA was finalised.

**The National Student Financial Aid Scheme** was engaged to resolve the breach of the Tax Administration Act and the changes to the implementation of the consent form for sharing of data by SARS.

The inaugural **National South Africa Restructuring and Insolvency Practitioner Association Business Rescue Practitioner Forum** was hosted in the second quarter of 2023 and set the tone for the engagements that would take place quarterly. The forum endeavours to ensure all Business Process Requirements (BPRs) become and remain compliant despite various system constraints experienced.

**The government and public-sector institutions** are also important stakeholders within the tax and customs ecosystem. Various initiatives were undertaken to improve compliance in the different spheres of government. Training was provided for all municipalities to deal with complex VAT legislation matters and to support the rollout of the Municipal Standard Chart of Accounts system (mSCOA).

Support was provided to **diplomatic missions and diplomats** on registration and filing of tax returns, developing education products to enable such taxpayers to meet their unique tax needs and providing clarity on SARS' service channels.

A Memorandum of Agreement (MoA) was established with the **National School of Government (NSG)** jointly to develop an education programme for government institutions.

**Estates** - SARS enhanced stakeholders' experience in dealing with estates. Various education opportunities were made available through the SARS Estates webpage, educational videos on SARS TV, and stakeholder training.

**The Tax-Exempt Institutions (TEI) Segment** continues its work with government on various projects, including resolving the Financial Action Task Force (FATF) Mutual Evaluation Report (MER) findings on South Africa. These engagements focus on the findings as they relate to the NPO Sector.

SARS endorses a stakeholder-inclusive and shared value approach that balances the needs, interests, and expectations of our stakeholders by sustaining crucial partnerships within Government, Stakeholders locally and internationally within our stakeholder universe

## International Stakeholders

### Steering Tax and Customs International Fora

Through Commissioner Kieswetter, SARS actively contributes by steering customs and tax leadership, governance, service orientation and enforcement, as well as the bias towards execution as Chairperson of the World Customs Organization, Co-Chair of the Africa Initiative, Bureau member of the Forum on Tax Administration, Deputy Vice Chair of the WCO East and Southern Africa (ESA) region, Vice Chair of the African Tax Administration Forum (ATAF) and the 2023 Chair of the BRICS tax and customs workstreams.

SARS continue its active participation in the structures of the Global Forum on Transparency and Exchange of Information, OECD Committee of Fiscal Affairs, ATAF and Southern African Customs Union, to name but a few.

### World Customs Organization (WCO)

SARS remains fully committed to the important mission of the WCO to develop international standards, foster cooperation and build capacity to facilitate legitimate trade, to secure fair revenue collection and to protect society, providing leadership, guidance and support to Customs administrations. SARS continued in its role as the Vice Chair of the WCO SAFE Framework of Standards (SAFE) – a forum for developing collaborative solutions (customs-to-customs and customs-to-business) to enhance the security and facilitation of global trade given the heightened global security concerns and emerging threats, the growing digitalisation of supply chains and the renewed focus on trade facilitation. This WCO structure, inclusive of the private sector, deals with policy matters, as well as technical amendments to the SAFE.

### Exchange of information

SARS is constantly increasing and expanding the use of both tax and customs data, and EOI, AEOI and AEO are valuable data sources that supplements SARS' vast third-party data repository, enabling the detection of taxpayers and traders who do not comply. This triggers opportunities to benchmark, exchange ideas and collaborate as South Africa seeks whole of e-government solutions.

### International network

- ▷ 78 Double Taxation Agreements (DTAs) covering 79 jurisdictions, and 21 Tax Information Exchange Agreement in force at the end of March 2024. 76 of the existing DTAs are included as covered tax agreements, under the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting.
- ▷ Additionally, SARS is party to various multilateral agreements which are in force and enables assistance and exchange of information with a wide treaty network in tax and customs matters respectively.

### Global Forum on Transparency and Exchange of Information for Tax Purposes

Effective cross-border information sharing and cooperation is an essential part of the collection of tax tools towards achieving voluntary compliance, and SARS continues to champion the benefits of exchange of information and to this end participates in all the activities of the Global Forum.

### International Collaborative Knowledge and Experience Sharing

SARS continues to participate in capacity building events and study visits to foster collaborative knowledge and experience sharing. Among others, we:

- ▷ Provided technical support to several Tax Inspectors without Borders (TIWB) country programmes.
- ▷ Facilitated various incoming study visits in areas such as contact centres, data management, service desks, business process re-engineering, customs procedures and organisational capacity development.
- ▷ Participated in and benefitted from support from international and regional organisations, as well as bilateral partners.



## STRATEGIC OBJECTIVE 9

## Build PUBLIC TRUST and CONFIDENCE in the tax administration system

Taxpayer Experience Statement:

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.

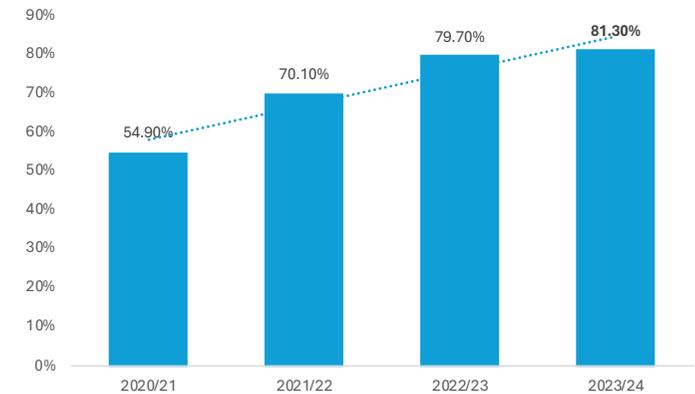
SARS reviewed some metrics upwards depending on improvement of efficiency and effectiveness. SARS amplified some metrics to demonstrate that SARS lives by its promises. These changes were implemented from 1 July 2023 in the following categories, correspondences, registrations, returns, verifications, audit, refunds, payments, customs disputes, Voluntary Disclosure Programme (VDP) and Complaints Management Office (CMO).

### Service Charter

Even though the Service Charter performance score of 81.33% shows an improvement of 2.01 percentage points versus the 2022/23 FY outcome of 79.32%. It fell short of the 85% target by 3.67 percentage points.

The unsatisfactory performance in committed service levels in the Service Charter was regarding eBooking; customs complex registrations; customs declarations with inspections; verifications; suspensions of payments; challenged tax-clearance status; reasons for assessments in terms of Tax Administration Act, 2011 (Act 28 of 2011) complaints; and Office of the Tax Ombud escalations.

### Increased Performance on Service Charter Commitments



#### You have a RIGHT to:

- Clarity and certainty (to be informed) of obligations to SARS.
- Excellent service irrespective of the method of engagement with SARS.
- Be heard, complain and lodge disputes that are resolved timeously.
- Be treated without fear, favour, or prejudice by SARS in a confidential manner, within the relevant legislative framework.
- Be represented by a professional.
- Respect by all SARS officials.

#### You have an OBLIGATION to:

- Timeously engage, register and comply with legal obligations.
- Cooperate in full, and provide accurate and truthful information through efficient and timeous engagement via appropriate channels.
- Provide all supporting documentation and information within the required timeframes.
- Act honestly and have respect for the tax system.
- Accept personal responsibility for all SARS affairs and not abdicate accountability.
- Respect for the legislative work done by all SARS officials.



## Public Opinion

The Public Opinion Survey represents the perspectives of taxpayers and traders. SARS assessed public opinion on various drivers of tax compliance, including tax morality, operational efficiency, accessibility, trustworthiness, tax diligence, fiscal citizenship, fiscal responsibility, followership, stewardship, socio-economic factors, and affinity. The data collected was used to develop the Attitude to Tax Compliance Index, also known as the Public Opinion Score.

Since the 2014/15 fiscal year, SARS has conducted the Public Opinion Survey to gauge public sentiment on tax compliance. To ensure credibility, an external service provider appointed by SARS carries out the survey.

The survey has two main objectives:

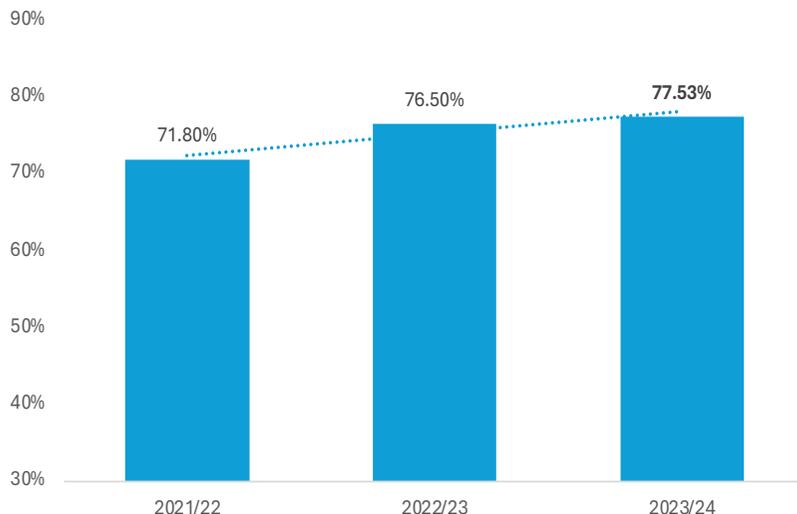
- ▷ To gauge, track, and monitor the extent and effects of factors driving taxpayer and trader compliance from the public's perspective.
- ▷ To use the collected data to develop the Attitude to Tax Compliance Index or Public Opinion Score.

For the 2023/24 survey, 4 000 randomly selected face-to-face household interviews were conducted across South Africa's nine provinces, including 3 600 registered taxpayers and 400 non-registered taxpayers.

The Public Opinion Score is influenced by factors within and outside of SARS' control. Factors like operational efficiency, trust, accessibility, and fiscal responsibility are directly influenced by SARS, while tax diligence, tax morality, followership, rationale, and fiscal citizenship are beyond its direct control.

The improvement in the Public Opinion Score of 77.53% versus 76.50% is attributed to better public perceptions of ethical fiscal behaviours, such as Tax Morality at 88.98%, Tax Diligence at 88.24%, Followership at 86.58%, and SARS Operational Efficiency at 79.03%. Other themes' performances were Trust (75.28%), Accessibility (72.77%), Fiscal Responsibility (76.04%), Fiscal Citizenship (57.44%), and Rationale (76.08%). Trust, Operational Efficiency, Fiscal Responsibility, and Accessibility carry more weight in the Public Opinion Score and will require more attention in the future.

### % Public Opinion Score



#### How do I complain to SARS?

If you are unhappy with SARS' service after following the normal process, you may complain:

- ✓ Through SARS eFiling or
- ✓ By calling the SARS Contact Centre on 0800 00 7277 or
- ✓ By calling the SARS Complaints office at 0800 12 12 16 or
- ✓ At a SARS Branch by making an appointment

For more information see the SARS Complaints Process.

#### If you have exhausted all complaint process in the SARS or have compelling circumstances, you may lodge a complaint with our office of the Tax Ombud:

- ✓ Call the toll-free call centre on 0800 662 837 or
- ✓ Call +27 12 431 9105 or
- ✓ Email [complaints@taxombud.gov.za](mailto:complaints@taxombud.gov.za)

For more information, see the Tax Ombud complaint process.



### COMPLAINTS MANAGEMENT

Complaints Received

**141 028**

Complaints Finalised

**139 308**

Within SLA

**81.0%**



### OFFICE OF THE TAX OMBUD

Complaints Received

**2 394**

Complaints Finalised

**2 231**

Within SLA

**32.3%**

## Annual Performance Report

The Strategic Statement 2020-2025 presents an inspirational vision to build “a smart modern SARS, with unquestionable integrity, trusted and admired”. It sets out a clear Strategic Intent “to follow the internationally recognised approach of Voluntary Compliance”, and further translates this intent into nine clear Strategic Objectives (SOs).

The nine objectives, each with clear key results, are defined against which progress can be measured, and accountability maintained. The emphasis of SARS’ strategy is on developing and administering a tax and customs system that are underpinned by voluntary compliance and, where appropriate, enforced with responsibility and decisiveness. In working towards achieving its strategy, SARS implemented the Objectives and Key Results (OKR) methodology, which is a goal-setting framework that is intended to help companies establish “objectives” along with the measurable “key results” that support the achievement of each objective.

The aim of this continuous evolution of the key results underpinning the Strategic Intent (SI) and the nine SOs is to ensure that indicators, targets, and technical indicator descriptions are enhanced and updated to support the performance information process. Furthermore, it embraces the principle of continuous learning in a changing environment.

In support of its SI and to give effect to its compliance philosophy, SARS has identified and committed to achieving nine SOs to guide and inform its efforts and decisions and establish resource priorities. The core business SOs that play a crucial role in SARS achieving its mandate, also considering that these three SOs account for 62% of the Estimates of National Expenditure (ENE), are Objectives 1 to 3:

- ▷ SO 1: Provide CLARITY and CERTAINTY of tax obligations.
- ▷ SO 2: Make it EASY for taxpayers and traders to comply and fulfil their obligations.
- ▷ SO 3: Detect taxpayers and traders who DO NOT COMPLY, making non-compliance HARD AND COSTLY.

The bedrock of voluntary compliance is an efficient, capable, and disciplined administration that adheres to the highest standards of integrity and governance, which is covered in Objectives 4 to 9.

Overall, performance achievements on the 2023/24 Annual Performance Plan key results were very positive under very difficult economic and social circumstances. Of the 24 key results, SARS achieved the targets on 17 key results, while seven key results were not achieved for several reasons, among others funding constraints.



## STRATEGIC INTENT

To develop and administer a tax and customs system based on voluntary compliance and, where appropriate, enforce responsibly and decisively

### Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Revenue estimates are met and/or exceeded	SI 1: % Collection of revenue as agreed with the Minister of Finance	R1 563.75 billion	99.68% collection of revenue as agreed with Minister  R1 686.70 billion	100.00% collection of revenue as agreed with the Minister  R1 731.35 billion	100.55% collection of revenue as agreed with the Minister  R1 740.87 billion	0.55 percentage point  R9.52 billion	▷ Net revenue collections for the FY yielded R1 740.87 billion, which is a surplus of R9.52 billion (0.55%) against the Revised Estimate (RE) of R1 731.35 billion, while growing year-on-year by R54.17 billion (3.21%).

### Performance Context and Analysis

#### % Collection of revenue as agreed with Minister of Finance

Revenue collection is the result of three interrelated factors, namely:

- ▷ The state of the economy, which sets the tone for the general collection climate, as well as the Tax and Customs Policy Framework, which informs the parameters of collection, e.g., tax rates for specific tax types, customs duties for specific products, rebates, and relief measures.
- ▷ Public confidence and trust in government and SARS, from both the collections and spending perspective, which influence the compliance behaviour of taxpayers and traders – voluntary compliance is normally directly proportionate to trust and public confidence.
- ▷ Efficacy of tax administration, which represents the institutional integrity and ability to efficiently collect optimal revenues due to the State through the effective execution of its Compliance Programme.

For the 2023/24 FY, the Printed Estimate (PE) was set at R1 787.5 billion per the 2023 Budget Review. The estimate was then revised down to R1 731.4 billion in the 2024 Budget Review RE, because of changes in the economic outlook.

Net revenue collected for the full 2023/24 FY amounted to R1 740.9 billion, from R2 154.8 billion in gross revenue collections and R413.9 billion in refund payments. This revenue yields a surplus of R9.5 billion (0.5%) against the RE, while posting a year-on-year growth of R54.2 billion (3.2%). The surplus and growth were driven by gross collections being almost in line with RE and growing year-on-year by R87.0 billion (4.2%), while refund payments were R9.2 billion (2.2%) less than the estimate, and grew against Prior Year (PY) by R32.8 billion (8.6%).

A detailed overview per tax product for key tax and duty types that contribute more than 80% of the revenue collected in the 2023/24 FY. The key drivers of actual collections per tax type for the full 2023/24 FY were as follows:

- ▷ **CIT Provisional Tax** payments for 2023/24 FY amounted to R312.9 billion, exceeding the RE by R7.7 billion (2.5%) while contracting year-on-year by R35.8 billion (10.3%). The year-on-year contraction was driven mainly by the Mining, Manufacturing, and Transport sectors, which recorded the largest year-on-year declines of R41.9 billion (49.0%), R5.0 billion (8.1%), and R2.7 billion (15.4%), respectively. The negative growth in these sectors was exacerbated by protracted load shedding; subdued global manufacturing; weak domestic demand; geopolitical problems; volatility in commodity prices; and South Africa's poor port and rail infrastructure. Declining performance in Mining, Manufacturing, and Transport was partially offset by positive performance in the Finance and Electricity sectors, which grew year-on-year by R5.8 billion (5.0%) and R2.2 billion (53.3%), respectively.
- ▷ **CIT Assessment Tax** payments for 2023/24 FY amounted to R22.6 billion, exceeding the RE by R4.6 billion (25.9%) and growing year-on-year by R8.3 billion (57.9%). The growth owed to assessment payments received from companies in the Manufacturing, Transport, and Finance sectors thanks to compliance efforts. Revenue from these sectors included a once-off payment of R3.4 billion received for a settlement from a manufacturing company which unbundled its businesses, as well as another R1.1 billion received.
- ▷ **Domestic VAT** collections for the 2023/24 FY amounted to R525.4 billion, which was R0.1 billion (0.0%) less than the RE and recorded a year-on-year growth of R39.0 billion (8.0%). The year-on-year growth was driven by the Finance (R15.9 billion, 7.8%), Wholesale (R9.1 billion, 13.2%), and Manufacturing (R8.9 billion, 13.0%) sectors. The growth of these sectors was partially offset by a contraction in the Mining sector of R6.6 billion (24.2%).
- ▷ **VAT Refunds** for the 2023/24 FY amounted to R342.9 billion, with a year-on-year growth of R23.9 billion (7.5%), less than the RE by R7.9 billion (2.3%). The year-on-year growth was driven by the Wholesale (R9.5 billion, 15.1%), Electricity (R5.1 billion, 161.4%), and Finance (R3.1 billion, 5.3%) sectors, and was partially offset by a R2.1 billion (3.0%) contraction in the Manufacturing sector. The growth in VAT refunds was largely because of VAT-credit returns submitted (value and volumes) in relation to increased input costs, zero-rated sales, and the 3.9% year-on-year growth in import VAT paid.
- ▷ **PAYE** collections for the 2023/24 FY amounted to R636.6 billion, slightly lower than the RE by R2.2 billion (0.4%) and higher than the PY collections by R43.5 billion (7.3%). The FY's deficit against the RE is a result of the underperformance from the Large Business and International segment of R2.6 billion (0.9%), observed mainly in payments from the Construction sector and low growth in the Mining sector. Growth from the PY was driven by payments mainly from employers in the Finance (R21.9 billion, 8.4%), Community (R7.8 billion, 4.7%), and Manufacturing (R4.1 billion, 10.4%) sectors. Finalised tax directives for 2023/24 recorded a year-on-year net growth of R4.2 billion (11.1%), driven largely by the increase of vesting share-option pay-outs of R3.5 billion from the Finance, Transport, and Manufacturing sectors.
- ▷ **Customs** collections (group of trade taxes) for the 2023/24 FY yielded R338.8 billion, exceeding the PY by R7.8 billion (2.4%), driven mainly by a year-on-year growth in Import VAT of R10.1 billion (3.9%) and Miscellaneous Customs and Excise receipts of R1.6 billion (159.3%). These collections were partially offset by year-on-year declines in Customs duties of R3.4 billion (4.6%) and in Export Tax of R0.4 billion (51.3%). The FY's collections fell short of the RE by R6.0 billion (1.7%), mainly because of deficits in Import VAT of R5.6 billion (2.1%) and Customs duties of R1.9 billion (2.7%). SARS realised a surplus in Miscellaneous Customs and Excise receipts of R1.5 billion (134.7%). The performance of Customs collections can be directly correlated to that of trade imports into the country, which recorded a 2.0% growth rate in nominal merchandise imports for the 2023/24 FY, with vehicles, original equipment components, and mineral fuels as key drivers.
- ▷ **General Fuel Levy** collections for the 2023/24 FY of R91.9 billion reflected a deficit of R2.7 billion (2.8%) against the RE, while growing year-on-year by R11.3 billion (14.0%). General Fuel Levy from both local manufacturers and imports were higher than in the PY by R10.3 billion (17.5%) and R1.0 billion (4.6%), respectively. Robust year-on-year growth was on the back of a low PY base, given the effect of Covid-19 tax-relief measures that were in place during the 2022/23 FY.

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Overall compliance has increased as measured by a well-defined compliance index	SI 2: Level of overall tax compliance (%)	Approved Compliance Index for PAYE, VAT and CIT as well as baselines established (62.89%)	-1.28% decline on baseline  61.61% (62.89% - 1.28%)	5.00 percentage points increase on prior year achievement  66.61% (61.61% + 5%)	2.02 percentage points increase on prior year achievement.  63.63% (61.61% + 2.02%)	-2.98 percentage points	<ul style="list-style-type: none"> <li>▷ The reason for this deviation can mainly be attributed to the underperformance on the filing and payment compliance levels across the main tax types.</li> <li>▷ Outstanding returns remain a key component of SARS' compliance programme. SARS has a growing inventory of outstanding returns and due to operational constraints, is not able to follow it up.</li> <li>▷ Many taxpayers who have been contacted did not dispute the fact that a payment is due; however, indicated that due to financial hardship they are not able to make payment.</li> <li>▷ Efforts to improve compliance levels often bear results in subsequent years and the achieved 2.02 percentage points increase over the prior year achievement is an indication of the effectiveness of the compliance efforts that were implemented during the 2022/23 FY. SARS is increasing its debt and outstanding returns collection capacity going forward through insourcing and outsourcing strategies.</li> </ul>

## Performance Context and Analysis

### Level of overall tax compliance (%)

SARS has developed a methodology to measure overall compliance within the ecosystem, the tax Voluntary Compliance Index (VCI). The index aggregates the four main tax compliance activities (registration, declaration, filing and payment) of PIT, CIT, VAT and PAYE, to give a composite score.

SARS set an ambitious target of increasing the VCI by 5.00 percentage points from the prior year achievement of 61.61%. The 2023/24 achievement of 63.63% is 2.02 percentage points above the prior year's performance; however, the outcome is 2.98 percentage points lower than the set 5.00 percentage points target.

The 2.98 percentage points deviation against the target is mostly attributable to the low filing and payment compliance across major tax types. Filing variance was due to the filing-compliance

underperformance as follows: PIT Individuals (-12 856, -0.47 percentage points); Trusts (-12 374, -3.22 percentage points); VAT (-311 120, -4.93 percentage points); and PAYE (-205 805, -2.78 percentage points). Only CIT overperformed by 0.30 percentage points and this is mainly because of SARS' register cleanup. Regarding payment compliance, the variance was largely driven by the non-payment as follows: 7.4 million payments were due, of which only 5.67 million were settled on time. The payment compliance variance of 400 069 (-5.41 percentage points) was due to the underperformance of PIT (-137 820, -9.05 percentage points); Trusts (-474, -4.14 percentage points); CIT (-10 653, -6.33 percentage points), VAT (-124 731, -5.44 percentage points); and PAYE (-173 963, -5.12 percentage points).

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Enhanced Trade Facilitation	SI 3: Trade facilitation index (%)	Not applicable	A trade facilitation index was developed and approved.  A baseline was determined and future targets were set (52.80%)	2.00% increase on baseline  54.80% (52.80% + 2%)	18.80 percentage points increase on baseline  71.60% (52.80% + 18.80%)	16.80 percentage points	<ul style="list-style-type: none"> <li>▷ This is the first year that SARS is measuring this indicator against the baseline. SARS will continue to monitor the effectiveness of the TFI and implement measures in response to the results.</li> <li>▷ SARS implemented a mid-year review in preparation for the final year survey. Consequentially it has improved efforts to enhance consultation methods, stakeholder engagements and information availability.</li> <li>▷ Traders with more industry experience expressed higher satisfaction levels, scoring 71.60% on the TFI.</li> </ul>

## Performance Context and Analysis

### Trade facilitation Index (%)

The measurement of trade facilitation required a credible index, so SARS undertook the benchmark study. This study was to design and develop a TFI for SARS and its Customs and Excise Division. A Trade Facilitation Agreement was developed by the WTO to improve trade efficiency worldwide.

Trade facilitation, which is one of the objectives of SARS' mandate, encompasses the processes that streamline cross-border transactions, ensuring the smooth flow of legitimate trade, while minimising unnecessary delays. Regulatory border agencies play a pivotal role in enforcing compliance with various laws and safety requirements. By doing so, they safeguard the country, its industries, and citizens from harm caused by illicit movement of goods and people across borders.

The positive variance can be attributed to several factors based on the results:

- ▷ Performance of Key Indicators: the top-performing indicators such as "formalities: automation" (87%); "formalities: documents" (76%); and "information availability" (76%) contributed significantly to the high TFI score.
- ▷ Improvement efforts: efforts to enhance consultation methods and information availability, despite traders' dissatisfaction, resulted in a mid-year survey score of 69%, indicating progress over the year.
- ▷ Experience level of traders: traders with more industry experience expressed higher satisfaction levels, which improved the overall score.
- ▷ The rating methodology was adjusted from the PY to a five-point Likert scale. An option for "Not Applicable" (no score assigned) was also provided if a trader was not exposed to an element of the trade-facilitation process.

The TFI score represents an 18.80 percentage points year-on-year improvement, indicating that strategies and actions implemented during the year were effective in enhancing trade facilitation and reducing trade costs.

In summary, SARS' significant progress in trade facilitation, the commitment to enhancing efficiency, and the consistent exceeding of targets have all contributed to the positive variance. This score is an improvement versus the previous baseline score of 52.80%, recording a variance of 18.20 percentage points. The TFI score of 71.60% surpasses the Sub-Saharan African average of 44%, but falls short of the OECD and global average best-practice of 83%.

Changing domestic and global trading conditions may harm the TFI score in the future. SARS is monitoring the environment and will respond appropriately.

## STRATEGIC OBJECTIVE 1

## Provide CLARITY and CERTAINTY for taxpayer and trader of their obligations

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Majority of taxpayers and traders surveyed perceive the guidance SARS provides as clear, unambiguous and easy to follow	SO 1.1: % of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS	69.06%	75.33%	77.00%	66.86%	-10.14 percentage points	▷ Survey results depicted gaps in the provision of clarity and certainty of obligations in particular understanding of tax legislation and the lack of simplicity in our guidelines. This necessitates an improvement in the overall clarity and certainty programme of action that will improve the taxpayer and trader experience.
Expanded enrolment of Economic Operators to the AEO Programme	SO 1.2: Number of AEO accreditations	Not applicable	Not applicable	128	190	62	▷ The overall AEO accreditation process was enhanced through proactive outreach and effective communication strategies which enabled SARS to attract a larger pool of applicants. The concerted efforts in securing engagements with potential economic operators across various platforms played a pivotal role in the deviation.

## Performance Context and Analysis

**% of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS**

This indicator measures the taxpayers satisfaction of clarity and certainty provided by SARS when they conduct their tax affairs. The Clarity and Certainty is an annual survey that began in 2020.

The 2023/24 survey used qualitative and quantitative methods, with a focus on the quantitative method. Potential participants (447 037) were chosen and given the questionnaire. The survey ran for five weeks from 8 November to 18 December 2023. Methods applied to raise the response rate were personalised email reminders and social-media messaging. The 14 588 valid responses – including 4 682 companies and traders and 9 906 individual taxpayers – represented a response rate of 3.26%, which is reasonable for this type of study and surpassed that of the previous year by 0.38 percentage points.

The following key survey outcomes attributed to the deviation:

- ▷ 55.18% of respondents had never been exposed to tax legislation, mainly the individuals and those in government segments.
- ▷ 39.26% of taxpayers perceived language used in tax legislation as complex, especially the Non-Profit Organisation (NPO), Trust, and government segments.
- ▷ 47.95% of SARS' guides and 56.17% of SARS' legislative guidelines are perceived as too complicated.

The results show that SARS must keep working on enhancing the satisfaction levels by creating communication strategies and guidance approaches. SARS must prioritise the tax products that have received the most criticism, e.g. those for "other" taxes and those used by NPOs and government segments.

**Number of AEO accreditations**

This indicator measures the number of economic operators that received accreditations status from SARS including new and renewal applications. Participation in the AEO programme is voluntary by the trading community. AEO aims to increase compliance, safety, and the security of the international-trade supply chain. All economic operators who participate by submitting applications and who receive an Accreditation Status are registered with the AEO programme.

During the FY, 190 clients were conferred AEO status:

- ▷ 92 for AEO-C (Compliance).
- ▷ 57 for AEO-S (Safety and Security).
- ▷ 41 clients renewed their AEO-C status.

The AEO register reflected a year-on-year growth of 91%, bringing the number of accredited clients in the register from the prior year's 159 to 304.

This performance is attributed to the new AEO model and engagement strategy, which were implemented to eliminate inefficiency.

## STRATEGIC OBJECTIVE 2

Make it EASY for taxpayers and traders to comply with their obligations

### Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Increased number of taxpayers and traders using digital and self-help platforms	SO 2.1: % of taxpayers and traders using digital and self-help platforms to interact with SARS	90.74%	89.38%	90.00%	88.49%	-1.51 percentage points	<ul style="list-style-type: none"> <li>▷ There were 7 040 112 digital and manual interactions; 6 229 805 were digital interactions.</li> <li>▷ The reason for the deviation was the underperformance of EMP501s, which was 97.74% against the planned target of 99%.</li> </ul>
Standard taxpayers are auto assessed by SARS	SO 2.2: % of standard taxpayers' returns auto assessed by SARS (individual taxpayers)	91.03%	94.70%	93.00%	97.33%	4.33 percentage points	<ul style="list-style-type: none"> <li>▷ The strong achievement resulted from improved rules and criteria for the identification of taxpayers for Auto Assessment, based on the previous year's learnings.</li> </ul>
A focused compliance programme for the SMME segment is developed and implemented	SO 2.3: An approved SMME Compliance Programme	Not applicable	New Measure	The SMME Compliance programme is approved	The SMME Compliance programme is approved	No deviation	<ul style="list-style-type: none"> <li>▷ Not applicable</li> </ul>

## Performance Context and Analysis

### % Of taxpayers and traders using digital and self-help platforms to interact with SARS

This indicator computes the number of taxpayers and traders who use any of the digital platforms to interact with SARS. It gauges the migration from physical platforms to digital platforms. This includes self-service and excludes assisted utilisation of digital platforms. Performance for the digital usage was at 88.49%, against a target of 90%, resulting in a variance of -1.51 percentage points.

A detailed review of digital submissions indicates that: ITR12 (86.04%) exceeded the planned target (80%) by 6.04 percentage points, ITR14 (94.24%) exceeded the planned target (84%) by 10.24 percentage points, EMP201 (99.60%) exceeded the planned target (99%) by 0.60 percentage points, EMP501 (97.74%) is below the planned target (99%) by 1.26 percentage points and VAT 201 (99.83%) is above planned target by 0.83 percentage points. The achievement for EMP501 was recorded at 97.74% against a planned target of 99%.

Among the new platforms that were introduced during this period, were the Self-Service Terminals (SSTs). These machines were deployed to migrate even more taxpayers to digital platforms. Tax Base Broadening teams were the other key component of the strategy. These teams not only assisted taxpayers to fulfil their tax obligations, but also used these engagement opportunities to encourage migration to digital channels for future self-service. This, in turn, has lessened pressure at the walk-in channel, i.e., branches. However, since taxpayers were assisted to use SSTs, this was viewed as assisted interaction.

### % Of standard taxpayers' returns auto assessed by SARS (individual taxpayers)

This indicator determines 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 qualify for Auto Assessments, are issued with assessments based on an estimate using data held by SARS, and do not file an amended return thereafter.

In the 2023 filing season, a notable increase of 31.29% was observed in the Auto Assessment of standard taxpayers, with 3.86 million individuals processed in 2023/24, compared to the previous year's 2.94 million. Of these taxpayers, 34 216 (0.89%), based on their current declarations, were not considered as standard taxpayers, and were removed from the Auto Assessment population.

The achievement of 97.33% (i.e. 3 719 338/3 821 458) in 2023/24 is an improvement from the 2022/23 achievement of 94.70% and a result of the enhanced rules and selection criteria applied, which made the identified population more accurate. This high acceptance rate underscores the effectiveness of the Auto Assessment system and shows a favourable response from taxpayers to the process.

It is evident that SARS' enhancements in data analysis and refinement of the selection process have been pivotal in achieving this positive outcome. By continually improving the methods for identifying eligible standard taxpayers, SARS aims to enhance the efficiency and accuracy of tax-assessment procedures.

### An approved SMME Compliance Programme

SMMEs play a critical role in the South African economy as they contribute greatly toward the country's GDP. SMMEs account for most businesses in South Africa and are key in job creation. However, SMMEs face challenges in complying with their tax obligations which lead to significant revenue loss. To resolve this issue, SARS' SMME Compliance Programme reduces SMMEs' administrative burden while maximising revenue collection efforts.

The research and data analysis revealed an inaccurate SMME register, lack of awareness and education, inadequate service delivery and support and the wilful non-compliance.

Initiatives that are part of the SMME Compliance Programme are to:

- ▷ Create and maintain an accurate SMME register.
- ▷ Expand and improve SMMEs' knowledge and awareness through tailored educational initiatives.
- ▷ Improve SMMEs' customer experience by offering differentiated services.
- ▷ Improve SMMEs' compliance implementing improved detection and compliance mechanisms.

The SMME Compliance Programme was finalised and approved and is in the process of being implemented.

## STRATEGIC OBJECTIVE 3

## DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (in line with the coverage model)	SO 3.1: % of cases successfully prosecuted by the NPA	Not applicable	Not applicable	90.00%	95.29%	5.29 percentage points	▷ SARS aims to submit prosecution ready dockets to the NPA. In this regard, the NPA finalised 85 cases of which 81 were successfully prosecuted. The main reasons for the positive deviation include quality of the cases handed over, and regular engagements between the NPA and SARS in line with the commitments of the memorandum of understanding.
Increased compliance through the accurate detection of risk	SO 3.2: % risk detection rate	98.48%	96.61%	95.00%	98.10%	3.10 percentage points	▷ All detected risks were followed through to the completion of the tax verification/audit cases that were generated. Where there was no adjustment to the initial assessment, such cases were sampled for quality review and the outcomes were fed back into the risk engine for refinement or improvement. This feedback loop led to improvements in the accuracy of risk detection.

## Performance Context and Analysis

## % Of cases successfully prosecuted by the NPA

In line with SARS' strategic objective to make it hard and costly for wilfully non-compliant taxpayers and traders, this indicator monitors the effectiveness of tax and customs crimes prosecution.

During the FY, 294 cases were handed over to the NPA and 278 acknowledgment letters were received. 85 cases were finalised in court, of which 81 were successfully prosecuted. The cases prosecuted resulted in 129 suspects convicted in court. Convictions were finalised through a Section 105A plea (17 cases), Section 112 plea (46 cases), and 12 cases were sentenced after a trial. Six cases were finalised through the accused paying admission-of-guilt fines.

## % Risk detection rate

The aim of this indicator is to track SARS' ability to accurately detect risk. In a previous reporting period, SARS approved its revised methodology and described its data-driven risk-detection framework. Following the achievement of these milestones, SARS focused on achieving the target of an automated risk-detection rate that exceeds an accuracy of 95%.

All detected risks were followed through to the completion of the tax verification/audit cases that were generated. In instances where there was no adjustment to the initial assessment, such cases were sampled for quality review and the outcomes were fed back into the risk engine for refinement or improvement. This feedback loop led to improvements in the accuracy of risk detection.

A risk-validity rate of 98.10% was attained for the FY, compared to 96.61% in the previous year. The CIT and Customs products had 100% valid cases; PIT, Trusts, and VAT attained validity rates of 98.80%, 99.43%, and 94.80%, respectively.

SARS' refinement of risk rules not only improved the validity rate, but has also enhanced the effectiveness of its fraud-detection measures. Consequently, SARS can ensure compliance and safeguard tax revenues.

This success underscores SARS' commitment to enhancing its risk-assessment mechanisms to ensure fair and accurate taxation for all taxpayers.

## STRATEGIC OBJECTIVE 4

## Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Improved engagement of SARS employees	SO 4.1: Employee Engagement Index score is achieved, based on survey of employees	Not applicable	69.40%	Develop plan to address shortcomings identified in last engagement survey	The Employee Engagement action plan to address shortcomings identified in the last survey, was developed and approved and is in the process of being implemented. The impact of the interventions will be tested in the next survey scheduled for 2024/25.	No deviation	▷ Not applicable.
Attainment of Employment Equity Plan targets	SO 4.2: % Attainment of targets as per Employment Equity Plan	Racial Equity: 79.95% Gender Equity: 49.91% Disability Equity: 1.94%	Racial Equity: 80.29% Gender Equity: 50.13% Disability Equity: 2.08%	Racial Equity: 80.94% Gender Equity: 51.54% Disability Equity: 2.67%	Racial Equity: 81.56% Gender Equity: 50.75% Disability Equity: 2.21%	Racial Equity (0.62 percentage points), Gender Equity (-0.79 percentage points), Disability Equity (-0.46 percentage points)	▷ In balancing the need to promote from within, while externally refreshing the gene pool, some opportunities to attain the equity aspirations of this key result were missed. Recruitment opportunities are the main drivers towards the achievement of Employment Equity Targets.
A SARS Career Progression Framework is developed and implemented	SO 4.3: The SARS Career Progression Framework is established	Not applicable	New Measure	Develop and approve the career progression framework (Service Consultants, Audit and Investigations, Customs and Legal).	SARS Career Progression Frameworks for Service Consultants, Audit and Investigations, Customs and Legal, were developed and approved	No deviation	▷ Not applicable.

## Performance Context and Analysis

### Employee Engagement Index score achieved based on survey of employees

This indicator is a measure of the rational and emotional connection that employees have with the organisation. The general theory of employee engagement is that when engagement is high, employees are more productive. Engaged employees tend to stay longer, even if they are highly marketable, and they become net promoters of the organisation. No single factor influences employee engagement. The 2022/23 Employee Engagement survey results highlighted priority areas that require an action plan to resolve weaknesses and improve the employee experience.

This key result was monitored quarterly during the 2023/24 FY with the following milestones to be achieved:

- ▷ Share results of the Employee Engagement Survey.
- ▷ Draft a plan of action to achieve employee-engagement priorities.
- ▷ Implement initiatives per Employee Engagement Improvement Plan.

In line with the points mentioned above, the Employee Engagement Improvement Action Plan consists of six primary and two secondary deliverables to be implemented and monitored.

### % Attainment of targets as per approved Employment Equity Plan

This indicator gauges how adequately SARS is representing the country's demographics in the workforce, promoting diversity, gender equality and creating opportunities for people with disabilities.

Recruitment opportunities drive the achievement of the Employment Equity targets. Positive results were attained against the Racial Equity target, although the results fell short of the target for Gender and Disability Equity.

SARS is making sustainable progress in transforming its workforce profile so that it reflects the demographics of the country. In comparison with 2022/23:

- ▷ Racial Equity results improved from 80.29% to 81.56%.
- ▷ Gender representation at leadership levels improved from 50.13% to 50.75%.
- ▷ Disability representation improved from 2.08% to 2.21%.

SARS is exploring how its recruitment can be optimised to close the Employment Equity Plan gaps sustainably.

### The SARS Career Progression Framework is established

SARS prioritises the career progression of its workforce. To facilitate the progression of its employees, SARS has developed a Career Progression Framework to provide opportunities for every employee, with guided support and proven competence, to progress and become proficient and, ultimately, with continued practice, reach mastery.

The five-level career ladder covers the following competency categories:

- ▷ Level 1: Beginner
- ▷ Level 2: Intermediate
- ▷ Level 3: Proficient (Generalist)
- ▷ Level 4: Advanced
- ▷ Level 5: Mastery (Specialist)

This key result measures the extent to which employees in different jobs or groups of jobs move through their respective Career Progression Frameworks through a phased implementation approach. The initial focus of the SARS Career Programme was for employees in the prioritised five job families.

The phased implementation used four workstreams for each job family:

- ▷ WS1: research and design a People Capability and Career Management Framework.
- ▷ WS2: develop the required roles, compensation, and related competencies.
- ▷ WS3: develop training and development programmes in support of each career path.
- ▷ WS4: change-management to help employees adapt to the new roles, responsibilities, and expectations as they migrate into the career framework.

Substantive progress has been made in achieving the annual target. The Career Progression Framework for six job families (Service Consultants, Customs and Excise, Audit, Investigations, Litigation, and Debt Management) have been approved. SARS is helping employees to adjust to change and is developing training programmes.

SARS launched a Customs Cadet Programme. Cohorts 1 and 2, previously internal cleaners, graduated on 8 March 2024. 29 new graduates were hired and started the 12-month Cadet Programme in November 2023. 38 cadets were placed at Land Borders, and 15 graduates joined Customs Audit in August 2023, after completing the 24-month Cadet Programme. This programme follows a structured approach to talent development and integration.

## STRATEGIC OBJECTIVE 5

**Increase and expand the use of DATA within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes**

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Risk detection, assessment and profiling is largely automated, data-driven and substantively informs case selection for standard matters. (Manual risk profiling and case selection is only used for complex matters.)	SO5.1: % utilisation of automated risk assessment for taxpayers and traders	99.997% Standard	100.00% Standard	100.00% Standard	100.00% Standard	No deviation Standard	▷ This outcome is the result of the expanded use of available third-party data to identify and create cases rather than the manual review of different sources of information. Continuous review and enhancement of SARS processes to incorporate the use of all available data in automated processes is yielding the desired results across all tax products. This result reflects the successful integration of data usage in the processes of case identification, leading to improved productivity and accuracy.
		66.94% Complex	66.95% Complex	70.00% Complex	82.80% Complex	12.80 percentage points Complex	
More data sources are utilised to improve service and/or respond to compliance risks	SO5.2: A data sourcing plan is developed and implemented	Not applicable	New measure	Develop and approve a comprehensive data sourcing plan	The comprehensive data sourcing plan was developed and approved	No deviation	▷ Not applicable.

## Performance Context and Analysis

### % Utilisation of automated risk assessment for taxpayers and traders

SARS measures the extent to which cases are 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 happens only in exceptional cases (e.g. for complex tax matters or taxpayer segments).

The following definitions apply to the targets under this indicator:

- ▷ Standard matters: risk assessment emanating from the submission of tax returns and customs declarations.
- ▷ Complex matters: risk detection beyond the scope of information contained in returns and declarations submission.

Examples of domestic third-party sources are banks, retirement funds, medical schemes, properties-deeds office, companies register, national register of motor vehicles, National Treasury Central Supplier database, and the national population register. International data sources include the Automatic Exchange of Information on South Africans with offshore financial assets from about 120 foreign jurisdictions, as well as mutual administrative agreements with sister organisations.

2023/24				
Product	Total	Automated	Manual	% Automated
Excise	2 288	2 288	0	100.00%
Customs	165 849	165 849	0	100.00%
Ops Audit	1 918 395	1 918 395	0	100.00%
<b>Standard</b>	<b>2 086 532</b>	<b>2 086 532</b>	<b>0</b>	<b>100.00%</b>
In-depth Specialised Audit	1 991	1 474	517	74.03%
Standard Specialised Audit	2 008	1 892	116	94.22%
Customs	1 101	857	244	77.84%
<b>Complex</b>	<b>5 100</b>	<b>4 223</b>	<b>877</b>	<b>82.80%</b>
<b>Total</b>	<b>2 091 632</b>	<b>2 090 755</b>	<b>877</b>	<b>99.96%</b>

SARS measures the extent to which cases are 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).

For the FY, 100% (2 086 532) of Standard Audit cases are created through automated risk evaluation methods and processes.

An improved annual rate of 82.80% of complex cases originated from an automated process, compared to 66.95% in the 2022/23 FY. This reflects a successful integration of data usage in the processes of complex case creation, leading to improved productivity and accuracy.

The introduction of data driven (automated) case creation for Customs complex audits has led to a notable increase in this category, demonstrating the department's commitment to embrace technological advancements and optimise audit procedures.

### A data sourcing plan is developed and implemented

This key result spurs an increased number of data sources in the SARS environment, in keeping with SO 5: increasing and expanding the use of data. This key result was measured quarterly and annually.

Although the use of data has played a pertinent role in SARS in the past, sourcing initiatives remained project-driven, and the capacity assigned to co-ordinate the sourcing of data was severely constrained for many years. In its Annual Performance Plan for 2023/24, SARS elevated its commitment to a more coordinated data-sourcing approach, aligned and in support of the strategic intent of voluntary compliance.

Over the past two decades, SARS has embraced the strategic role and proactive use of data in its modernisation. SARS is also adopting international best practices and data-use initiatives. The organisation was an early adopter of the OECD's Automatic Exchange of Information initiative and the WCO data model.

The data-sourcing plan was developed and approved. While drafting and compiling the data-sourcing plan, SARS consulted stakeholders.

## STRATEGIC OBJECTIVE 6

## Modernise our systems to provide DIGITAL and STREAMLINED online services

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Digital platforms availability for taxpayers and traders	SO6.1: % of planned capacity to be available for mission critical systems	99.83%	99.70%	99.00%	99.61%	0.61 percentage points	▷ The performance is founded in a well-considered and planned maintenance schedule and executed within the allocated change window resulting in minimal unplanned down time. Furthermore, preventative, and adaptive maintenance was implemented to support optimal uptime and minimise outages.
Security of taxpayer and trader information and interactions via digital platforms	SO6.2: Number of security breaches on digital platforms from known risks	Nil	Nil	Nil	Nil	No deviation	▷ Not applicable

## Performance Context and Analysis

**% Of planned capacity to be available for mission critical systems**

The purpose of this indicator is to monitor the availability of both tax and customs digital platforms (e-channels), i.e., at eFiling, Business-to-Business gateway, Declaration Processing Systems, Cargo Processing Systems and Custom's Electronic Data Interchange. This measure gauges the availability of SARS' digital platforms, which enable taxpayers to transact and submit returns to honour their commitments and meet their obligations and traders to optimally transact.

For the FY, SARS achieved 99.61% availability on digital platforms. Unplanned downtime was experienced in quarters one and four.

SARS continued to maintain and enhance its digital platforms to offer maximum availability. SARS' digital platforms continued to provide reliable and secure services to all its constituencies during the FY. These platforms enabled SARS employees to deliver a world-class taxpayer and trader experience and performance excellence.

**Number of security breaches on digital platforms from known risks**

The purpose of this measure is to determine the veracity of digital security-risk management practices employed.

During the FY, SARS IT Security Operations infrastructure continued to provide robust protection through its systems, people, and processes. The cybersecurity-landscape trends indicate that attackers have shifted focus from direct corporate attacks to indirect means to access valuable information. Further strengthening these defences are initiatives that prevent SARS data loss through email, USBs, and other means.

It is still imperative that SARS employees remain responsible for protecting SARS information assets. Users who comprehend their obligations to protect SARS data on mobile devices, personal laptops, and removable memory devices strengthen such efforts. SARS regularly administers online awareness campaigns on information security for all employees.

## STRATEGIC OBJECTIVE 7

**Demonstrate effective STEWARDSHIP of our resources to ensure EFFICIENCY and EFFECTIVENESS in the delivery of quality outcomes and performance excellence**

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
A reconfigured SARS' cost structure that aligns with international peers	SO7.1: ICT investment as % of total allocation	-0.54%	1.80%	2.00%	-0.24%	-2.24 percentage points	▷ ICT expenditure was primarily driven by investments in storage and server infrastructure, software, and network equipment. The deviation in ICT investment for 2023/24 of -0.24% (or 0.41% including commitments at year end) from the targeted 2.00% growth in ICT spent, is due to resource constraints exacerbated by a modest year-on-year growth of 1.89% in the allocation to SARS. The resource constraints prohibited investment to support ICT growth of 2.00%, as initially planned.
Unqualified audit opinion received from the Auditor-General on both Own Accounts and Revenue Accounts	SO7.2: Unqualified audit opinion	Revenue Accounts: Unqualified with no findings Own Accounts: Unqualified with findings	Clean audit opinion	Unqualified Audit opinion	Clean Audit report	No deviation	▷ The final audit outcome for 2023/24 was a clean audit report.
Demonstrate effective stewardship through the appropriate spending of the budget allocation received from National Treasury	SO7.3: % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury	Not Applicable	0.38%	5.00%	3.01%	1.99 percentage points	▷ Actual expenditure reflects the spending priorities, contractual and legal obligations that the entity is liable for. The realisation of contingent liabilities and provisions will result in the total consumption of SARS budget for 2023/24 financial year.

## Performance Context and Analysis

### ICT investment as % of total allocation

This indicator tracks 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. This is in line with SARS' commitment to reconfigure its cost structure to align with international peers as well as replace ageing infrastructure that is unable to refresh and attracts high maintenance cost, SARS has invested mainly in storage infrastructure, server infrastructure, software and network upgrades to enable a smart modern SARS.

There was a regression of 2.04 percentage points from the 2022/23 financial year performance, and SARS further fell short of its 2023/24 target of a 2.00% increase in ICT investment, by -2.24 percentage points. This is mainly driven by the modest increase in budget allocation to SARS of 1.89% within the context of costs that are increasing at an average of 5.84%.

For the FY, the outcome of the actual expenditure against funding allocated was 15.38%, compared to the spending of the previous FY of 15.62%, which calculates to a regression of -0.24%.

Some procurement vehicles only concluded in the last quarter of the financial year, as a result of annual capital commitments roll-over approval from National Treasury that was only provided in quarter three of the financial year. The impact of this was that the roll-over commitments had to be funded from the 2024/25 budget and only once approval is received, can the funding be released to commence with procurement and implementation processes.

### Unqualified audit opinion

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. See Auditor-General's report. SARS received a clean audit report for both Own Accounts and Revenue Accounts for the 2023/24 FY.

### % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury

This measure seeks to track the variance/deviation between the budget allocation that SARS received from National Treasury and the actual expenditure of SARS. The positive performance is tracking at 3.01% against an annual target of 5.00% due to funds being spent/committed at year-end. The actual expenditure for the FY was R12 851 million of the budget allocation of R13 250 million, which calculates to a performance of 3.01% and a positive deviation of 1.99% on the measure. Excluded from the calculation is contingent liabilities and provisions, and if taken into consideration, would result in a total consumption of the SARS budget in the 2023/24 FY.

Actual Expenditure	R'000
OPEX	12 198 479
Capex (net of discount)	429 557
Projects	222 805
<b>Total Expenditure</b>	<b>12 850 841</b>
Numerator (budget allocation less actual expenditure)	399 025
Denominator (budget allocation)	13 249 866
% Deviation between expenditure and budget allocation	3.01%

## STRATEGIC OBJECTIVE 8

## Work with and through STAKEHOLDERS to improve the TAX ECOSYSTEM

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Intermediaries surveyed are satisfied with SARS' cooperation and collaboration	SO8.1: % of intermediaries surveyed that are satisfied with SARS' cooperation and collaboration	93.75%	90.32%	73.00%	82.86%	9.86 percentage points	<ul style="list-style-type: none"> <li>▷ During the FY, multiple stakeholder engagements took place with various tax and customs intermediaries across the private sector, government and public sector. These engagements were mutually beneficial and provided ongoing awareness, clarity and certainty on their tax and customs obligations as well as cocreating parts of Vision 2024.</li> <li>▷ The timeous consulting with stakeholders regarding changes and updates, as well as the effectiveness of stakeholder meetings contributed to the overall positive result.</li> </ul>
Partnerships with identified government departments to leverage platforms on educational programmes	SO8.2: Number of programmes launched with identified government departments	Not applicable	New measure	1	0	The programme was not officially signed off and launched.	<ul style="list-style-type: none"> <li>▷ The memorandum of agreement (MoA) has been signed off by SARS and the National School of Government. This will govern the Education Programme that is to be launched for government Institutions and public servants.</li> <li>▷ The only topics to be finalised include the financial and intellectual property considerations.</li> </ul>

## Performance Context and Analysis

### % Of intermediaries surveyed that are satisfied with SARS' co-operation and collaboration

The purpose of this measure is to assess the level of satisfaction from tax and customs intermediaries with the co-operation and collaboration from SARS. This key result was measured biannually as the survey was conducted twice during the year.

It is a strategic imperative that SARS offers taxpayers timely, empowering, and enabling assistance to fulfil their tax and customs obligations. SARS surveyed stakeholders' satisfaction with SARS' ability to provide awareness, clarity, and certainty of tax and customs obligations; respond to system issues; timeously consult on changes and updates; share meeting proceedings; and cooperate and collaborate.

The survey was distributed to a total sample of 101 intermediaries, 88 private intermediaries, and 13 government institutions, with an overall response rate of 41%. The highest number of responses was from Business Associations (36.5%) and Customs Industry (36.5%), followed by Recognised Controlling Bodies (20%) and the Government Sector (7%).

The respondents were asked about their satisfaction with the services received from the Stakeholder Relations Unit. 17 out of 35 respondents (49%) were "extremely satisfied", 12 (34%) were "somewhat satisfied", five (14%) were "neither satisfied nor dissatisfied", and one (3%) was "extremely dissatisfied" with the SRU's cooperation and collaboration. The "extremely satisfied" responses (17) and "somewhat satisfied" responses (12) were used to calculate the overall satisfaction score ( $29/35 = 82.86\%$ ).

### Number of programmes launched with identified government departments

The purpose of this measure is to track efforts made by SARS to establish educational programmes with pertinent government departments in pursuit of the continued imperative of educating taxpayers, existing and potential, of their tax and customs obligations.

To deliver on this measure, SARS developed a partnership with the NSG to create study material before a programme could be launched. This key result was monitored quarterly with the following milestones to be achieved:

- ▷ Sign off the MoA with NSG.
- ▷ Develop material per the Education Programme.

The NSG delivers education, training, and development interventions for the public sector. The Government and Tax Practitioner team is working with SARS to develop an Education Programme for government institutions and public servants, and has engaged NSG to partner on this programme.

SARS and NSG have signed off the MoA. This will govern the Education Programme that is to be launched for government institutions and public servants.

Engagement between SARS and NSG on implementing the MoA led to the establishment of two committees – the Steering and Implementation Committees – to oversee the implementation of the programme. SARS developed the material and the NSG is finalising the material. The only topics to be finalised are the financial and intellectual property considerations in the 2024/25 FY.

## STRATEGIC OBJECTIVE 9

## Build PUBLIC TRUST and CONFIDENCE in the tax administration system

## Key Result Performance

Key Result	Indicator	Actual 2021/22	Actual 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Reason for deviation
Public opinion survey results reflect high trust and confidence in SARS	SO9.1: % score per public opinion survey	71.80%	76.50%	76.00%	77.53%	1.53 percentage points	<ul style="list-style-type: none"> <li>▷ The public opinion score target was exceeded and this can be attributed to improved public perceptions that demonstrate ethical fiscal behaviours such as Tax Morality (88.98%), Tax Diligence (88.24%), Followership (86.58%) and SARS Operational Efficiency (79.03%) compared to the previous year.</li> </ul>
Adherence to Service Charter commitments	SO9.2: % Service Charter performance score	70.09%	79.32%	85.00%	81.33%	-3.67 percentage points	<ul style="list-style-type: none"> <li>▷ There was an improvement of 2.00 percentage points compared to the previous year despite the deviation of -3.67 percentage points from the annual target.</li> <li>▷ The underperformance was due to difficulty in attaining committed service levels in the Service Charter on eBooking, customs complex registrations, customs declarations with inspections, verifications, suspensions of payments, challenged tax clearance status, reasons for assessments in terms of Tax Administration Act, 2011 (Act 28 of 2011) complaints and Office of the Tax Ombud escalations.</li> <li>▷ Largely the challenge was based on capacity limitations that are due to funding. Even though temporary resources were sourced in the fourth quarter, it was too late to turn the service charter measures around.</li> </ul>

## Performance Context and Analysis

### % Score per public opinion survey

A Public Opinion Score of 77.53% was achieved for 2023/24, which is 1.03 percentage points above the 2022/23 actual achievement of 76.50% and 1.53 percentage points above the 76.00% target for 2023/24. SARS has been undertaking the Public Opinion survey to gauge public opinion on tax compliance since 2014/15. To lend credibility to the study, the survey is undertaken by an external service provider appointed by SARS.

The survey study has two objectives:

- ▷ To gauge, track, and monitor the extent and effects of the factors that drive taxpayer and trader compliance (from the public's perspective).
- ▷ Use the data collected from the survey to develop an index known as the Attitude to Tax Compliance Index or Public Opinion Score.

For the 2023/24 survey, 4 000 randomly selected face-to-face (household survey) interviews were conducted across the nine provinces of South Africa, of which 3 600 were registered taxpayers and 400 non-registered taxpayers.

The Public Opinion Score is influenced by factors within and outside of SARS' control. Operational efficiency, trust, accessibility, and fiscal responsibility are within the direct influence of SARS, whereas tax diligence, tax morality, followership, rationale, and fiscal citizenship are outside of its control.

The improvement in the Public Opinion Score can be attributed to improved public perceptions that demonstrate ethical fiscal behaviours such as Tax Morality at 88.98%; Tax Diligence at 88.24%; Followership at 86.58%; and SARS Operational Efficiency at 79.03%. The performance in the other themes was Trust (75.28%); Accessibility (72.77%); Fiscal Responsibility (76.04%); Fiscal Citizenship (57.44%); and Rationale (76.08%). In terms of the weighting in the Public Opinion Score, Trust, Operational Efficiency, Fiscal Responsibility, and Accessibility carry more weight and require more attention in the future.

### % Service Charter performance score

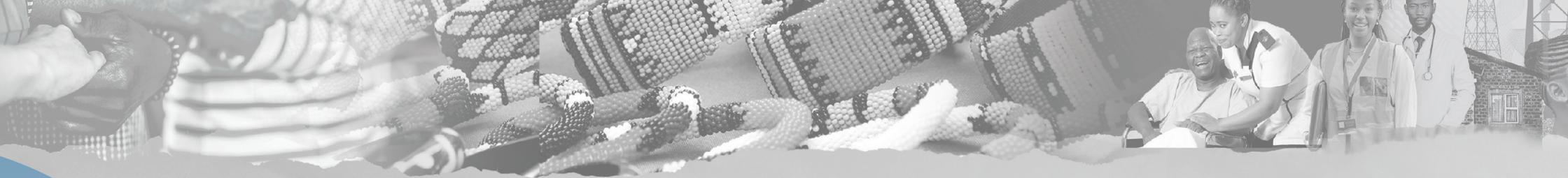
This indicator assesses how SARS is meeting its Service Charter commitments of the updated 2022 Service Charter. There was an improvement of 2.00 percentage points compared to the previous year, despite falling short of the target by 3.67 percentage points.

Five out of 12 regions performed at or above the 85% target (Western Cape, KwaZulu Natal, Eastern Cape, Free-State/Northern Cape, and Restricted: Prominent and Related). The other seven regions (Gauteng North, Gauteng South, Mpumalanga, North-West, Limpopo, Large Business and International, and High Wealth Individuals) were below 85%.

The unsatisfactory performance in committed service levels in the Service Charter was regarding eBooking; customs complex registrations; customs declarations with inspections; verifications; suspensions of payments; challenged tax-clearance status; reasons for assessments in terms of Tax Administration Act, 2011 (Act 28 of 2011) complaints; and Office of the Tax Ombud escalations.

#### Mitigation:

- ▷ Drafting, implementation and monitoring of action plans to address areas of underperformances.
- ▷ A case study to learn from the best performing region(s) and implement at underperforming regions.
- ▷ Region Internal Audit reports on Inventory Management will be reviewed for the implementation of recommendations.
- ▷ Consistent regular engagements with leadership, operations and different business units are planned to share and implement best practices.



# 3

## PART THREE

### GOVERNANCE AND RISK MANAGEMENT



## Governance

SARS recognises the role of governance as critical to the efficient functioning of the organisation. SARS believes that good governance principles underpin the ability to execute its mandate and are the foundation upon which trust among SARS' stakeholders is built. SARS embraces the principles of good governance and considers these paramount in attaining organisational excellence. Achieving SARS' vision includes the application of governance principles in everything the business does.

SARS' governance philosophy includes the combined-assurance model which aims to align all assurance providers within the organisation. SARS endeavours to foster collaboration among all assurance providers to ensure that the appropriate level of assurance is provided. An effective combined-assurance model will reduce duplication of effort, provide a shared perspective of risks, and deliver more effective oversight in the control environment.

SARS' approved Governance Framework seeks to promote sound governance principles, structures, policies, governance mechanisms, and practices. These form the foundation upon which day-to-day operations, institutional oversight, and independent assurance are built. To optimise SARS' governance, the organisation consistently measures the maturity of governance in the organisation, the main purpose of which is to assess the status of governance and evaluate the extent to which governance structures, processes, and methodologies have been implemented. A mature governance environment enables SARS to achieve its vision of unquestionable integrity that is trusted and admired. In the year under review, SARS adopted an objective, evidence-based approach to assess governance maturity. The improvement in the maturity of SARS' governance environment is evident from the improvement of the revenue results achieved during the year under review and the improvement in levels of trust by the taxpayers and traders as depicted in the public-survey result.

Various business units in SARS provide a second line of assurance. These business units enforce effective, efficient, and transparent systems of internal controls while maintaining good governance. The internal assurance-providers assess and assure the functioning of governance mechanisms. During the reporting period, SARS made significant strides in monitoring initiatives to confirm whether governance mechanisms are operating as designed.

The King IV Report on Corporate Governance recommends practices for the governing body to evaluate its performance and effectiveness, including that of its committees. During the year under review, various critical enterprise governance committees were evaluated with no material deficiencies.

To apply and entrench good governance principles throughout the organisation, SARS officials must be equipped with the necessary basic knowledge about governance principles and mechanisms. For that purpose, a specific online training course was designed and attended by all SARS employees to educate SARS officials about the requirements of good corporate-governance practices.

SARS will continue to enhance governance in the organisation in line with best practice and is committed to the highest standard that is expected by all stakeholders.



## Parliamentary Engagements

### Standing Committee on Finance (SCOF)

Date of meeting	Matters raised
18 April 2023	National Treasury 2023/24 Annual Performance Plan; with Minister
19 April 2023	South African Revenue Service 2023/24 Annual Performance Plan
3 May 2023	National Treasury Budget: Committee Report
29 August 2023	Draft Revenue Bills, Tax Bills, and Rates Bill: National Treasury briefing
19 September 2023	Draft Revenue Laws Bills: public hearings
20 September 2023	2023 Tax Bills and Rates Bill: public hearings
10 October 2023	National Treasury Portfolio 2022/23 Audits; with Auditor-General
11 October 2023	Office of the Tax Ombudsman 2022/23 Annual Report
18 October 2023	South African Revenue Service (SARS) 2022/23 Annual Report
24 October 2023	Committee Budget Review and Recommendation Report
25 October 2023	2023 Tax Bills, Rates Bills and Revenue Law Bills: National Treasury's response to public submissions
2 November 2023	2023 MTBPS: National Treasury briefing; with Ministry
7 November 2023	2023 MTBPS: Parliamentary Budget Office (PBO) and Financial and Fiscal Commission (FFC) briefing
8 November 2023	2023 Revised Fiscal Framework and Revenue Proposals: public hearings

Date of meeting	Matters raised
10 November 2023	2023 Revised Fiscal Framework and Revenue Proposals: National Treasury's response to public submissions
14 November 2023	2023 Revised Fiscal Framework and Revenue Proposals
21 November 2023	Revenue Laws Amendment Bill and Rates Bill: adoption
22 November 2023	Taxation Laws Amendment Bill; Tax Administration Laws Amendment Bill: adoption
4 December 2023	Public Procurement Bill: Committee Report; Revenue Laws A/B: implementation date of two-pot system
6 February 2024	Pension Funds Amendment Bill: National Treasury briefing
22 February 2024	2024 Budget: National Treasury briefing; with Minister
27 February 2024	2024 Budget: PBO and FFC briefing
28 February 2024	2024 Budget (Fiscal Framework and Revenue Proposals): public hearings
1 March 2024	2024 Budget (Fiscal Framework and Revenue Proposals): National Treasury's response to public submissions
5 March 2024	2024 Fiscal Framework and Revenue Proposals: Committee Report
12 March 2024	Pension Funds Amendment Bill: public hearings
19 March 2024	Pension Funds Amendment Bill: National Treasury response to public submissions
22 March 2024	Pension Funds Amendment Bill: adoption

## Select Committee on Finance (SECOF)

Date of meeting	Matters raised
14 November 2023	2023 Revised Fiscal Framework and Revenue Proposals
21 November 2023	Taxation Laws Amendment Bill (TLAB), Tax Administration Laws Amendment Bill (TALAB), Rates Bill, and Revenue Laws Amendment Bill: National Treasury briefing
29 November 2023	Rates Bill, TLAB and TALAB: public hearings
1 December 2023	TLAB, TALAB and Rates Bills: Committee Reports
22 February 2024	2024 Budget: National Treasury briefing; with Minister
5 March 2024	2024 Fiscal Framework and Revenue Proposals: Committee Report
12 March 2024	Revenue Laws Amendment Bill: National Treasury briefing
15 March 2024	Revenue Laws Amendment Bill and Pension Funds Amendment Bill: public hearings
19 March 2024	Revenue Laws Amendment Bill: proposed amendments by ASISA and IRFA
25 March 2024	Revenue Laws Amendment Bill: adoption
26 March 2024	Pension Funds Amendment Bill: National Treasury briefing

## Standing Committee on Appropriations (SCOA)

Date of meeting	Matters raised
1 December 2023	MTBPS: Adjustments Appropriation Bill and Eskom Debt Relief Amendment Bill: public hearings
5 December 2023	MTBPS: Adjustments Appropriation Bill and Eskom Debt Relief Amendment Bill: Committee Reports
22 February 2024	2024 Budget: National Treasury briefing; with Minister

## Select Committee on Appropriations (SECOA)

Date of meeting	Matters raised
22 February 2024	2024 Budget: National Treasury briefing; with Minister

## Standing Committee on Finance, Economic Opportunities and Tourism - Western Cape Provincial Legislature

Date of meeting	Matters raised
3 May 2023	SARS to brief the Committee on (i) the implementation of the online traveller declaration system, and (ii) the implications for persons coming from countries with double taxation should the Remote Working Visa be implemented

## Executive Authority – Minister of Finance

SARS had regular engagements with the Minister of Finance throughout the 2023/24 FY. SARS submitted 12 monthly reports to the Minister of Finance in the month following the reporting month, in addition to all the reports required per the PFMA. The Ministry of Finance noted these reports within 24 to 72 hours after submission and no issues were raised by the Executive Authority.

## SARS Committees

### SARS Executive Committee

Number of Members and Meetings Held	Name of Member	Designation	Permanent/ Acting	EXCO Member/Invitee	Dates
	Edward Kieswetter	Commissioner	Permanent	EXCO Member	1 April 2023 to date
	Jeanneé Padiachy	Chief of Staff	Permanent	EXCO Member	1 April 2023 to date
	Refiloe Ramaphakela	Head: Internal Audit	Permanent	Permanent EXCO invitee	1 April 2023 to date
6 meetings	Carl Scholtz	DC: Strategy Enablement and Modernisation	Permanent	EXCO Member	1 June 2023 to date
	Bridgitte Backman	DC: Corporate Enterprise Services	Permanent	EXCO Member	1 September 2023 to date
11 members and 1 permanent invitee from 1 April to 31 May 2023	Johnstone Makhubu	DC: Taxpayer Engagement and Operations	Permanent	EXCO Member	1 June 2023 to date
	Johnstone Makhubu	Chief Revenue Officer	Permanent	EXCO Member	1 April 2023 to 31 May 2023
4 members and 1 permanent invitee from 1 June until 31 August 2023	Herman Smith	Head: Operations Enabling and Production Planning	Permanent	EXCO Member	1 April 2023 to 31 May 2023
	Yolande van der Merwe	Chief Financial Officer	Permanent	EXCO Member	1 April 2023 to 31 May 2023
5 members and 1 permanent invitee from 1 September 2023 to 31 March 2024	Intikhab Shaik	Head: Technology and Solutions Delivery	Permanent	EXCO Member	1 April 2023 to 31 May 2023
	Marius Papenfus	Head: Enterprise Data Management	Permanent	EXCO Member	1 April 2023 to 31 May 2023
	Bongiwe Mabanga	Head: Governance and Risk	Permanent	EXCO Member	1 April 2023 to 31 May 2023
	Khutjo Nathaniel Mabetwa	Regional Director: Gauteng North	Permanent	EXCO Member	1 April 2023 to 31 May 2023
	Rebone Gcabo	Head: Taxpayer and Trader Education Products	Permanent	EXCO Member	1 April 2023 to 31 May 2023
	Beyers Theron	Head: Border Operations, Ports of Entry and Customs Compliance	Permanent	EXCO Member	1 April 2023 to 31 May 2023

## Audit and Risk Committee

Number of Members and Meetings Held		Name of Members
	<ul style="list-style-type: none"> <li>▷ 6 official Audit and Risk Committee (ARC) Meetings including In-Committee sessions with the Commissioner.</li> <li>▷ 7 meetings with AGSA</li> <li>▷ 9 meetings with IA</li> <li>▷ 4 meetings with Interfront</li> </ul>	Ms Doris Dondur Mr Thabiso Ramasike Mr Barend Petersen Ms Carmen Mpelwane
46 meetings	<ul style="list-style-type: none"> <li>▷ 1 meeting with Head: Enterprise Data Management (EDM)</li> </ul>	
4 members	<ul style="list-style-type: none"> <li>▷ 4 meetings with Chief Financial Officer (CFO)</li> <li>▷ 3 meetings with Risk Team</li> <li>▷ 2 meetings with DCs</li> <li>▷ 3 meetings with Company Secretariat</li> <li>▷ 7 ad-hoc meetings – Chairperson only</li> </ul>	

## Enterprise Governance and Risk Committee

Number of Members and Meetings Held	Name of Member	Designation	EGRC Member/Invitee	Dates
	Edward Kieswetter	Commissioner	EGRC Member	1 April 2023 to date
3 meetings	Jeanneé Padiachy	Chief of Staff	EGRC Member	1 April 2023 to date
	Johnstone Makhubu	Chief Revenue Officer/DC: Taxpayer Engagement and Operations	EGRC Member	1 April 2023 to date
11 members and 1 permanent invitee from 1 April to 31 May 2023	Bongiwe Mabanga	Head: Governance and Risk	EGRC Member	1 April 2023 to date
	Refloee Ramaphakela	Head: Internal Audit	Permanent EGRC Invitee	1 April 2023 to date
	Schalk Human	Chief Procurement Officer	EGRC Member	1 July 2023 to date
5 members and 1 permanent invitee from 1 June to 30 June 2023	Carl Scholtz	DC: Strategy Enablement and Modernisation	EGRC Member	1 June 2023 to date
	Bridgitte Backman	DC: Corporate Enterprise Services	EGRC Member	1 September 2023 to date
	Herman Smith	Head: Operations Enabling and Production Planning	EGRC Member	1 April 2023 to 31 May 2023
6 members and 1 permanent invitee from 1 July to 31 August 2023	Yolande van der Merwe	Chief Financial Officer	EGRC Member	1 April 2023 to 31 May 2023
	Intikhab Shaik	Head: Technology and Solutions Delivery	EGRC Member	1 April 2023 to 31 May 2023
7 members and 1 permanent invitee from 1 September 2023 to 31 April 2024	Marius Papenfus	Head: Enterprise Data Management	EGRC Member	1 April 2023 to 31 May 2023
	Khutjo Nathaniel Mabetwa	Regional Director: Gauteng North	EGRC Member	1 April 2023 to 31 May 2023
	Rebone Gcabo	Head: Taxpayer and Trader Education Products	EGRC Member	1 April 2023 to 31 May 2023
	Beyers Theron	Head: Border Operations, Ports of Entry and Customs Compliance	EGRC Member	1 April 2023 to 31 May 2023

## Enterprise Risk Management

Managing SARS' enterprise risks is among the critical success factors in achieving SARS' legislative mandate. As the Chief Risk Officer of SARS, the Commissioner remains committed to enhance the efficiency and transparency of the enterprise risk management system. An annual EXCO risk-workshop sets the tone in understanding the operating environment. This workshop assesses the risk landscape and devises appropriate tactics to mitigate the identified risks while achieving SARS' objectives set out in the APP. The EXCO risk-workshop also affords the business an opportunity to review and align its risk-management framework and policies to promote a sound enterprise risk-management culture.

In the recent past, the risk landscape has remained fluid, evidenced by the remnants of the pandemic and the war between Russia and Ukraine. While adapting to the post-Covid-19 environment, social responsibility took precedence as most governments and civil societies had to rethink their priorities. As a result, SARS continued to "fight for the share of the wallet" amid the social, environmental, and economic harms of the pandemic in South Africa. Other significant risks that affected South Africa and SARS were the surging cost of living, the intensifying debt crisis, the energy crisis exacerbated by rolling load shedding, the rise of extreme weather and climate change risks, and the volatility created by national and global geopolitical risks for economies. The conflict in the Middle East exacerbated the global geopolitical situation and could harm trade with key economic partners.

These external risks affect South Africa and ultimately SARS, which depends on South Africa's economic performance to deliver the mandate to collect all revenue due to the fiscus. Despite this adverse environment, SARS continued to provide a seamless service to all its stakeholders, taxpayers, and traders. With a mature and vigilant approach to risk management, SARS could meet its objectives amid this challenging environment.

SARS' risk-management approach includes the identification, management, and reporting of key risks that may affect the organisation's ability to deliver its mandate, vision, and strategic objectives. This proactive approach has demonstrated the agility and resilience of the organisation in managing key risks. The Commissioner chaired quarterly internal Enterprise Governance and Risk Committee (EGRC) meetings, where EXCO members, as "risk-owners", were held accountable for the management of risks in the business. The EGRC discussed and reviewed SARS' strategic risk profile depicted below. A clear understanding of SARS' strategic risk profile, and of how established and emerging risks are managed, enabled the Commissioner to account quarterly to the Audit and Risk Committee (ARC), an external oversight body for risk management at SARS.

SARS continued its risk-focused working relationship with international bodies such as the Enterprise Risk Management - Community of Interest (ERM-COI) of the OECD Forum on Tax Administration (FTA). SARS has also established its own internal ERM-COI to instil a risk-management culture internally. SARS participated in OECD surveys conducted in specific risk areas, including the annual assessment of top risks affecting revenue administrations, and a focused maturity survey on digital transformation risks. The Commissioner participated in the OECD FTA 16<sup>th</sup> plenary meeting with a

focus on the top risks surveyed for tax administrations. Following the adoption of the OECD FTA risk-maturity model, SARS conducted its first risk maturity assessment according to the OECD model. The result confirmed SARS' risk-maturity level as established. The administrations have developed an implementation plan to achieve the highest level of maturity in the coming years.

SARS continues to strengthen and enhance its risk culture to remain relevant and vigilant in managing risks that may affect the organisation. SARS will minimise their effects and respond effectively should the risks materialise.



Strategic Risk	Mitigating Strategic Objectives	Mitigating Actions
1. The prevalence of crime, corruption, and other forms of non-compliance in the country	SO3, SO8 and SO9	<ul style="list-style-type: none"> <li>▷ Published key convictions to ensure visibility and swift enforcement.</li> <li>▷ Intensified and strengthened the implementation of the anti-corruption programmes internally.</li> </ul>
2. Rapid changes in technology	SO6	<ul style="list-style-type: none"> <li>▷ Provided a seamless registration, filing, declaration and payment experience for standard taxpayers and traders. This ensures simplicity and ease of adoption by taxpayers on secured digital platforms that host digital offerings and data which are available 24/7.</li> <li>▷ Implemented technological enhancements and interventions to close identified technological gaps.</li> </ul>
3. Erosion of the tax base	Strategic Intent and all nine Strategic Objectives	<ul style="list-style-type: none"> <li>▷ Developed and executed a tax broadening strategy. Implemented the new debt strategy to detect fraud risks and build transfer-pricing skills.</li> <li>▷ Conducted outreach and educational programmes to people (natural and juristic) who are eligible to be registered.</li> </ul>
4. Inability to retain and compete for scarce and specialised skills	SO4	<ul style="list-style-type: none"> <li>▷ Continue to develop SARS' Employer Brand.</li> <li>▷ Embedded the SARS Leadership Model through an intensive three-day leadership-education workshop across the business.</li> </ul>
5. Insufficient SARS resources	SO7	<ul style="list-style-type: none"> <li>▷ Absorbed 221 graduates who successfully completed the SARS graduate-development programme and are ready to occupy significant roles.</li> <li>▷ Continued to refine and implement the new EVP.</li> </ul>
6. Weaknesses in leadership capability	SO4	<ul style="list-style-type: none"> <li>▷ Appointed and inaugurated SARS' new Junior Board and Junior Council 2.0.</li> <li>▷ Developed and implemented the Employee Engagement Action Plan.</li> </ul>
7. Unstable and uncertain economy	All nine Strategic Objectives	<ul style="list-style-type: none"> <li>▷ Achieved Y/Y growth of 25.5% in the Compliance Revenue Programme from identified compliance activities.</li> <li>▷ Improved VCI by 2.02 percentage points higher than 2022/23 FY.</li> </ul>
8. Erosion of social contract between government and the people of SA	SO3, SO8 and SO9	<ul style="list-style-type: none"> <li>▷ Distributed media statements, social media, and print media on SARS' revenue-collection announcement.</li> <li>▷ Arranged and extensively advertised Commissioner's public engagements to raise public confidence and trust in SARS.</li> <li>▷ Delivered presentations to Parliament and sent responses on various strategic questions to position SARS in public.</li> </ul>

## Integrity Promotion

Because of SARS' critical role in the South African state, SARS does not define integrity merely as the absence of questionable behaviour. SARS strives thoroughly to instil integrity into the fabric of its culture, business, and day-to-day operation. Integrity is necessary for voluntary compliance and attainment of revenue estimates. For better management and monitoring of ethical compliance, SARS acknowledges that the current ethical landscape needs to be formally assessed to establish a baseline and to understand areas that require strengthening. It further acknowledges that SARS does not operate in a vacuum and the support of all stakeholders (employees, suppliers, taxpayers, and other government entities) is vital in this quest to create a culture of unquestionable institutional integrity.

SARS is institutionalising integrity on three levels: system integrity, transactional integrity, and people integrity.

### Promoting a Culture of Integrity to Enhance the Trust Levels of the Organisation Internally and Externally

To champion SARS' philosophy of integrity, Line Management was empowered through the Embedding Leadership Model (ELM) sessions. There were 1 022 attendees from April 2023 and March 2024. The participants were familiarised with SARS' values, associated behaviour, and standards of behaviour (as codified in the Code of Conduct and Ethics). SARS also empowered employees through the Ethics Capability-Building sessions (using the above tools). More than 3 400 employees were capacitated. These sessions had the desired benefit, measured by increased reporting of incidents of perceived integrity lapses and of alleged fraud and corruption.

An "Introduction to Ethics" e-learning course was developed for all SARS employees. This course intends to supplement the current Integrity Promotion initiatives and to bolster efforts to restore integrity and build trust among all SARS employees. The purpose is to awaken and strengthen the inner moral compass of any SARS employee facing an ethical dilemma. The course enables SARS employees to choose wisely and to act decisively by integrating knowledge and applying this into any new environment or context. A total of 2 817 employees completed the course.

### Strengthening Organisational Capability to Promote a Culture of Unquestionable Integrity

To weave integrity into the fabric of the organisation, SARS has developed an integrity-testing tool to assess and align individual employees' values with the organisational values when joining SARS and throughout their career with SARS. For the period under review, the tool was aligned with the Leadership Effectiveness Index. The tool was also integrated into the recruitment process. The tool will be piloted in the 2024/25 FY. In addition, SARS developed the Integrity Assessment Instrument to determine the ethical landscape and submitted the Instrument for review and approval. SARS also developed behavioural competencies to integrate into the five levels of career progression.

SARS established a workflow to align all enterprise policies with the adopted integrity criteria. During the period under review, 57 policies and Standard Operating Procedures were reviewed and aligned with SARS Values and Code of Conduct and Ethics.

To promote integrity and strengthen relationships with external stakeholders, from 26 to 27 February 2024 SARS attended the hybrid WCO Integrity Sub-Committee annual session held in Brussels. The SARS representatives attended the session virtually. This enabled SARS to share knowledge and experiences with its global counterparts who participate in the field of fostering integrity and ethical standards, as well as combating fraud and corruption.

SARS was represented at the WCO-ESA region working group tasked to develop a regional code of conduct on integrity. The draft has been developed and will be finalised and approved in the coming FY. This code will complement the existing codes of conduct within each member state.

### Providing Ethical Advice and Second-line Assurance Reports on Ethical Risks and Integrity Lapses

To embed a culture of integrity in SARS, it launched an integrity helpline/mailbox (SpeakOut@sars.gov.za) in May 2022. This resource encourages employees to report ethical breaches, dilemmas, and any deviation from the norm confidentially. For the period under review, SARS registered 50 cases through the Speak Out and telephonic channel. The received and processed cases far exceed the 12 cases which were completed in the prior year (when the mailbox was initially launched). The factors that harm SARS' culture of integrity include unfair labour practices, non-compliance with the declaration-of-private-interest processes, abuse of sick leave, bullying, abuse of power, and victimisation.

## Compliance with Laws and Regulations

Because SARS is established through statutes, compliance is essential to SARS' business. The past few years focused on embedding a culture of compliance internally and externally. Section 51 (1)(h) of the Public Finance Management Act 1 of 1999 (PFMA) places a legal obligation on the Commissioner as the Accounting Authority to ensure that the organisation complies with the provisions of the PFMA and any other legislations applicable to the public entity. Achieving a clean audit testified to SARS' high regard for legal compliance, which the organisation sees as a critical success factor.

In pursuit of SARS' commitment to conduct business lawfully and in a manner that achieves its strategic objectives, during the 2023/24 FY, SARS embedded the principles of the POPI Act through awareness campaigns and formal training. The training of employees to understand and apply data-privacy provisions as enshrined in POPI Act continued in 2023/24.

During the 2023/24 FY, SARS held awareness campaigns to remind employees of their roles and responsibilities regarding regulatory compliance to secure all SARS employees' compliance.

## Fraud and Corruption

SARS' journey toward a culture of unquestionable integrity remains work in progress. The Integrity Promotion Unit (IPU) and the Anti-Corruption Unit (ACU) lead the organisation's efforts to promote integrity and counter internal fraud and corruption. The IPU and ACU are mandated to facilitate a culture of integrity which fosters sound ethical behaviour; enhances good governance; improves ethical decision-making; and protects all SARS officials, stakeholders, and the reputation of SARS. In the 2023/24 FY, the organisation continued to build on gains made in prior periods. The integrated Integrity and Anti-Corruption Policy was published during the first quarter of the financial year. This policy supports the collaborative approach in making SARS fraud- and corruption-resistant by promoting integrity through personal behaviour, systems, and transactions. SARS also strengthened the Internal Combatting Fraud and Corruption End-to-End Process by establishing the Disciplinary Initiations Unit in the 2023/24 FY. The unit's objective is to improve consequence-management by initiating disciplinary cases related to fraud, theft, corruption, and serious misconduct.

The SARS Fraud Risk Management Programme (FRMP), premised on the Integrity and Anti-Corruption Framework, was augmented with the addition of an Internal Reporting Framework to guide employees on reportable actions and appropriate reporting channels. The Roles and Responsibilities Matrix was updated to communicate responsibilities in managing the risk of fraud. The stakeholder-communication plan was updated for the financial year. This plan is a road map to engage stakeholders on topical issues, standards of behaviour, and consequence-management. Because awareness is key to prevent fraud and corruption, SARS initiated more targeted awareness initiatives — in collaboration with integrity partners such as the IPU and Vetting, Screening, and Conflict of Interest (unit — with a focus on reporting suspected wrong-doing. To make it easier to report suspected internal fraud, corruption, and serious misconduct, additional reporting functionality was deployed on the SARS website and a poster campaign was completed at all SARS sites. SARS also participated in the Association of Certified Fraud Examiners Fraud Awareness Week (November 2023) as well as the International Anti-Corruption Day in December 2023. An internal fraud-awareness page was launched during these campaigns. The campaigns resulted in increased numbers of reports to the anti-corruption mailbox and an increase in the number of reports overall.

The focus on strengthening governance and stakeholder relationships continued during the year. SARS continued to provide regular customised, strategic insights to its regional offices and clusters, as well as external forums which can benefit the organisation's anti-fraud and -corruption efforts.

## Mechanisms in Place to Report Fraud and Corruption

SARS has a Protected Disclosures (whistle-blower) Policy. Several entry points can be used to report suspicions/allegations of fraud and corruption. Employees and stakeholders can:

- ▷ Use the SARS Anti-Corruption mailbox at [Anti-Corruption@sars.gov.za](mailto:Anti-Corruption@sars.gov.za).
- ▷ File a report via the "Report SARS Employee Corruption" channel on the SARS website.
- ▷ Inform line managers (if the disclosure implicates the employee's immediate line manager).
- ▷ Call the SARS Hotline number (0800 00 28 70).
- ▷ Inform any member of the Anti-Corruption Unit.
- ▷ Inform any member of the Employee Relations Unit
- ▷ File a Report of Suspected Non-compliance (RSN) on the SARS website or intranet.

Regardless of the channel used, all cases are registered, and all actions related to the case are recorded.

Where the matter is recommended for disciplinary action, it is referred to the relevant unit for evaluation and recommendation to line management on whether to proceed with disciplinary action. When an internal investigation concludes that an employee has committed fraud or corruption, a criminal case is registered and SARS will assist SAPS and NPA until the case concludes in court.

## Actions Taken where Reported Matters involve SARS Employees

SARS is committed to preventing, detecting, and investigating internal fraud, theft, corruption, and serious misconduct by SARS employees or third-parties. SARS will pursue the appropriate disciplinary and criminal action. All allegations are duly considered and, where appropriate, extensively investigated.

In 2023/24, 145 cases were escalated for investigation, mostly involving unauthorised Interference in Tax Matters, Irregular Customs Processes, information breaches, and matters affecting Own Accounts. SARS finalised 153 cases during this year, of which 84 were referred for internal disciplinary action (involving 115 individual matters); 20 cases to SAPS; and 10 cases to the NPA. 116 disciplinary matters were finalised and positive outcomes were attained in 79% of the matters (up from 69% in 2022/23). This includes 27 dismissals, resignations in 12 matters, and a further 53 lesser sanctions handed down - ranging from Final Written Warnings coupled with suspension without pay, to corrective counselling.

By the end of March 2024, the establishment of a dedicated anti-corruption unit resulted in a definitive shift in the number of active disciplinary matters (56) managed by this unit. This figure can be contrasted with the number of cases (21) that were still active and being handled by the involved employees' line management under the previous disciplinary process.

Dedicated efforts to improve case-resolution and consequence-management yielded positive results:

- ▷ More matters were referred for disciplinary evaluation in 2023/24 than in 2022/23 (115 versus 98).
- ▷ More positive outcomes during investigations and disciplinary matters were also achieved during this year than in the previous financial year (92 versus 66).
- ▷ Integrity awareness sessions, ongoing reporting and promulgation of fraud and corruption convictions highlighted the repercussions associated with fraudulent behaviour.
- ▷ Two employees were arrested during the year and another employee willingly co-operated with SAPS on a case of corruption. Two employees who were arrested in 2016 for facilitating the passage of a drug mule through ORTIA were sentenced to an effective 10 years' imprisonment. Another employee was sentenced to three years' imprisonment and suspended for five years after pleading guilty to corruption charges involving a bribe of R40 000.

These outcomes demonstrate SARS' zero-tolerance for internal fraud and corruption and commitment to deter misconduct. The Anti-Corruption Unit consolidated efforts with the Integrity Promotion Unit to improve the culture of integrity. This has yielded positive gains and impetus for immediate and long-term anti-corruption initiatives. The ACU and its partners are carefully embedding processes to deter fraud, corruption, and serious misconduct, and to improve organisational resilience.

## Minimising Conflict of Interest

The Conflict of Interest Office manages conflict of interests at SARS. The Conflict of Interest Office assists and advises employees; verifies private interests; and sanctions employees who do not comply with the Conflict of Interest Policy. The Conflict of Interest office works with the Integrity Promotion and Anti-Corruption Units to hold awareness sessions with employees. These activities are in line with Strategic Objective 9, which requires SARS to build public trust and confidence in the tax-administration system.

The first line of defence against conflict of interest is the Declaration of Private Interests (DOPI). All employees submitted their DOPI as required by policy, achieving a 100% compliance rate in 2023. The second line of defence is DOPI verification. This is to ensure that employees declared their interests fully and accurately, mitigating conflict risks. Private interests were verified to ensure that where conflict is identified, it is mitigated or resolved. Target-based DOPI verification involved Supply Chain Management role-players, including the National Bid Adjudicating Committee (NBAC). No conflict was identified regarding their declared private interests. It is also critical to ensure that external recruits do not pose actual, perceived, or potential conflict of interest. As such, their private interests are also verified as part of the pre-employment screening process. Where risk is identified, the candidates must resolve or mitigate such risk before their appointment.

Additional pro-active measures to prevent conflict of interest are to bar employees from "double-dipping" by conducting business with the state. Two employees were identified to have "double-dipped". One employee's Non-Profit Organisation (NPO) received funding from the state. This is not allowed in terms of SARS policy. The other was a seasonal worker who received a tender prior to joining SARS. The employee was informed upon appointment that employees may not trade with the state while in SARS' employment.

## SARS Social Responsibility

SARS' social-responsibility initiatives help to uplift communities and promote equitable access to education. In its social-responsibility initiatives, SARS collaborates with the Department of Social Development and the Department of Education.

One notable initiative is the donation of decommissioned IT and non-IT assets to mainly non-fee-paying government schools and Non-Government Organisations (NGOs). These assets may include furniture and IT equipment that are no longer used. By repurposing and donating these assets, SARS improves educational facilities and the wellbeing of learners and educators.

SARS' social-responsibility programmes also promote voluntary community activism, which includes the donation programme and tax-awareness campaign. SARS has more than 50 active volunteers who benefit their communities. During the 2023/24 FY, the Social Responsibility Unit donated 2 866 IT assets and non-IT assets to 49 beneficiaries across all provinces of South Africa.

### Donations Programme

As an example, a high school in Gqeberha, located in the city's oldest township, is one beneficiary of decommissioned assets. The high-quality desks, chairs, and tables which SARS donated have improved comfort for learners and educators, aiding better focus during classes and creating a positive learning environment.

### Education and Awareness Sessions

The collaboration between the Taxpayer and Trader Education and Social Responsibility Divisions is commendable. By providing tax education at donee schools in various provinces, SARS is shaping the future generation of taxpayers.

Tax education is essential for building tax literacy and responsible citizenship. Citizens who understand taxation principles are better equipped to manage their finances, make informed decisions, and contribute to the economy.

The focus on donor schools in Mpumalanga, Eastern Cape, Western Cape, North-West, and Gauteng offers teachers from diverse backgrounds valuable education. SARS' education programmes prioritise a broad social and geographical reach.

By educating teachers about taxes, deductions, and financial responsibilities, this initiative invests in the future economic well-being of the country. Informed taxpayers contribute to a stable revenue base, which supports public services and infrastructure development.

Tax education empowers teachers to understand their rights and responsibilities as taxpayers. It encourages them to engage with financial systems, file tax returns, and participate in the economy.

The Social Responsibility Unit is one way in which SARS contributes to nation-building and testifies to the power of collaboration.



## Internal Audit Report

### Objective

Internal Audit helps the organisation accomplish its objectives by bringing a systematic and disciplined approach when evaluating and improving the effectiveness and efficiency of risk-management, control, and governance processes. Internal Audit at SARS is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal Audit reports functionally to the Audit and Risk Committee and administratively to the Commissioner.

The purpose, authority, and responsibility of the internal audit function are formally defined in the Audit Charter, which is reviewed and approved by the Audit and Risk Committee. Internal Audit executes its work according to the Treasury Regulations and the Standards of the Institute of Internal Auditors (IIA). For best practice in management, reference is made to King IV, principle 15, which outlines internal audit arrangements needed to provide relevant and objective assurance that enhances governance, risk-management, and control processes.

The controls, subject to evaluation, include the information-systems environment; the reliability and integrity of financial and operational information; the effectiveness of operations; safeguarding of assets; and compliance with laws, regulations, and controls.

Internal Audit also assists the Accounting Officer to achieve SARS' objectives by evaluating and developing recommendations to approve the processes to:

- ▷ Establish and communicate objectives and values.
- ▷ Monitor progress toward achieving objectives.
- ▷ Ensure accountability.
- ▷ Preserve corporate values.

### Summary of Work Done for the 2023/24 FY

A risk based internal audit plan was implemented as approved by the Audit and Risk Committee. The audit projects were spread to obtain a balanced view of the state of the control environment in SARS. Accordingly, the plan included audit projects which focused on information technology, core business operations, support operations and financial management. Listed are some of the key areas that were evaluated during the FY, the results for which were presented to management and the Audit and Risk Committee:



#### Business Processes/Application Controls Reviews

- ▷ Excise Audit Review
- ▷ Customs Post Clearance Audit Review
- ▷ Service delivery channels Review
- ▷ Inventory Management (Tax and Customs cases) Review
- ▷ VAT Registration Process
- ▷ Taxpayer Trader Education Review
- ▷ Annual Financial Statements Review Own Accounts
- ▷ Review of Internal Financial Controls
- ▷ Enterprise Contract Management Review
- ▷ Workforce Management Review
- ▷ Physical Facilities (Infrastructure/Building Maintenance including space planning) Review
- ▷ Procurement of Tenders Above R100 million



#### Key Follow-ups

- ▷ Asset Management Review
- ▷ Non-Taxation Review
- ▷ Risk Identification, Case Creation and Finalisation Value Chain (Risk Engine)
- ▷ Governance Review: Appeal Case Closures
- ▷ Audit of Performance Objectives Review
- ▷ Fraud Risk management Personal Income Tax Continuous Auditing



#### Performance Audit Review

- ▷ Audit of Predetermined Objectives Reliability of the Performance Information



#### Fraud Audit Review

- ▷ Fraud Awareness Campaigns Review
- ▷ Payroll Fraud Review
- ▷ Tax Clearance Certificate Fraud Review
- ▷ Personal Income Tax Continuous Auditing
- ▷ Procurement Continuous Auditing



#### Information Technology

- ▷ Data Governance Framework Implementation Review
- ▷ IT data Centre/Server Room Management Review
- ▷ Business Continuity Management Review
- ▷ IT Change Management Review
- ▷ Travellers' Declaration System - Post Implement and Application Controls Review
- ▷ Identity and Access Management Review - Continuous Audit
- ▷ IT Vulnerability Management Review
- ▷ Malware/Patch Management Review
- ▷ Management of Exchange of Sensitive Data Review
- ▷ Review of Information Security Programme Assessment
- ▷ Review of the Ergonomic Design of SARS Landing Page



#### Project and Programme Reviews

- ▷ Customs Modernisation Programme Review
- ▷ Taxpayers Register Project
- ▷ Debt Outsourcing Project
- ▷ Document Storage Reduction

Audit Project	Objective and High-level Scope
Customs Modernisation Programme Review	To evaluate the adequacy and effectiveness of programme governance to deliver the programme.
Excise Audit Process Review	To provide reasonable assurance on the adequacy and effectiveness of controls through which the Excise Audit detects non-compliance.
Customs Post Clearance Audit Review	To provide reasonable assurance on the adequacy and effectiveness of controls through which Customs Post Clearance Audit detects non-compliance.
Service Delivery Channels Review	To provide reasonable assurance that the initiatives taken or the processes implemented by management to provide effective services to the taxpayer are making it easier for the taxpayer to comply. The scope to identify service-delivery challenges will include e@syFile, Interactive Voice Response (IVR), email channel, SMS channel, Electronic Data Interchange EDI, Connect Direct and ISV, Help-you-eFile, eFiling, and the taxpayer-engagement-cluster offices.
Inventory Management Review	To review the effectiveness of SARS' value chain to determine whether inventory buckets are finalised on time per SARS' Service Charter, and to analyse the root-cause of problems. The scope of the review will include all the segments and regions.
Value Added Tax (VAT) Registration Process	To provide reasonable assurance that controls are adequate and effective to ensure timeous, valid, accurate, and complete processing of new VAT registrations per the Service Charter's specification of 21 days. The scope of the review will be the VAT-registration process, including the processing and finalisation of VAT-registration applications that require due diligence, validation, or inspection within 21 business days.
Taxpayers' Register Project	To track and provide assurance on the progress in implementing management initiatives to enhance the accuracy of Taxpayer Registers for all tax types. The scope will focus on the national project and all regional activities.
Taxpayer and Trader Education Review	To review taxpayer-education processes in SARS that aim to provide clarity and certainty for taxpayers and traders of their obligations.
Annual Financial Statement Review	To review financial statements to reduce the qualification risk for the Annual Financial Statement.
Reviews of Internal Financial Controls (IFC)	To provide reasonable assurance on the adequacy of IFCs at divisional and process levels to mitigate/manage the risk of material misstatements in the financial statements.
Enterprise Risk Management (ERM) Review	To consult and review the draft risk-management action plans to resolve the gaps identified by the maturity assessment/s. The audit will also evaluate if the action plans from the two maturity assessments were implemented.
Enterprise Contract Management Review	To assess and review initiatives to improve efficiency and effectiveness of procurement functions by assessing how enterprise contract-management aligns with demand-planning and sourcing strategies. To assess the state of vendor contract-management governance; contract-management operation activities; vendor performance reviews; and monitoring and reporting.
Debt Outsourcing Project Review	To consult pro-actively to highlight gaps based on the scope of work. Analyse outsourcing of Debt Modernisation Programme (outsourcing of debt collection); programme planning and implementation; and programme data on costs and revenues. Assess project risks to SARS and taxpayers.
Procurement of Tenders above R100 million	To assess tender transactions that are of high risk or tenders worth more than R100 million in line with the Service Level Agreement signed between Finance, Procurement, and Internal Audit. Use agreed-upon procedures to assess compliance with procurement legislation and SARS procurement policies and SOPs, including the Public Finance Management Act (PFMA), Preferential Procurement Policy Framework Act (PPPFA), and relevant Treasury Instructions Notes.
Audit of Predetermined Objectives (AoPO) Usefulness of the Performance Information – 2023/24	To evaluate if SARS' planning documents are useful to the user of the performance information and comply with regulations. This review is important because compliance with legislation will increase public confidence in SARS' governance.
Information Technology (IT) Data Centre/Server Room Management Review	To evaluate the adequacy, effectiveness, and efficiency of the controls in place to minimise risks such as unauthorised access to the data centre, business interruptions, theft of information assets, and environmental hazards. Effective controls ensures continuity of services to taxpayers.
Business Continuity Management (BCM) Review	To assess if management is achieving its objectives to develop and implement an enterprise-wide Business Continuity Management system. The audit will also assess the effectiveness of controls to ensure business continuity during load-shedding. This assessment will evaluate several regional offices.
IT Systems Change Management Review	To provide assurance on the adequacy and effectiveness of controls in the management of IT-system-change processes. This review is important because effective change-management helps to ensure availability of service to the taxpayers.

## Role of the Audit and Risk Committee



Ms Doris  
Dondur



Chartered Accountant (SA),  
Chartered Director (SA)  
External

Appointed: 2 August 2018  
Attended 45 meetings in 2023/24



### Qualifications:

- ▷ Bachelor of Accounting (Stellenbosch)
- ▷ Honours B Compt (Unisa)
- ▷ Global International Executive Development Programme (Wits and London Business School)
- ▷ International Executive Development Programme (University of Reno)
- ▷ Honours in Business Administration (Stellenbosch Business School)
- ▷ Master's in Business Administration (Stellenbosch Business School)
- ▷ Post Graduate Certificate in Labour Relations (Unisa) (Cum Laude)



Mr Thabiso  
Ramasike



CAIB (SA) (Institute of Bankers of  
South Africa)  
External

Appointed: 14 July 2016  
Attended 39 meetings in 2023/24



### Qualifications:

- ▷ BComm (UJ)
- ▷ Senior Executive Development Programme (GIBS)
- ▷ Global International Executive Development Programme (University of Toronto and York University, Canada)



Ms Carmen  
Cary-Anne Mpelwane



Chartered Accountant (SA),  
CFA Charter holder  
External

Appointed: 24 February 2022  
Attended 39 meetings in 2023/24



### Qualifications:

- ▷ Postgraduate Diploma in Accounting (UCT)
- ▷ Bachelor of Business Science (Finance Honours, UCT)



Mr Barend  
Petersen



Chartered Accountant (SA)  
External

Appointed: 20 September 2021  
Attended 32 meetings in 2023/24



### Qualifications:

- ▷ B Compt Honours (UNISA)
- ▷ B Compt (UNISA)

## Report of the Audit and Risk Committee

The SARS Audit and Risk Committee is pleased to present our report for the financial year ended 31 March 2024.

### Audit and Risk Committee Responsibility

The Committee is satisfied that it has complied with its responsibilities as outlined in Section 51(1)(a)(ii) of the PFMA, Treasury Regulation 27.1. The Committee also reports that it has adopted and reviewed formal Terms of Reference as its Audit and Risk Committee Charter and has discharged all its responsibilities as contained therein.

### Audit and Risk Committee Membership

The Committee consists of four Independent Members and is chaired by Ms Doris Dondur. The Committee held six ordinary meetings for the financial year ended 31 March 2024 as required as per its approved Terms of Reference.

### The Effectiveness of Internal Controls

The PFMA requires the Accounting Authority to ensure that the organisation has and maintains effective, efficient, and transparent systems of financial, risk management and internal controls. The Committee reviews the effectiveness of internal controls and oversees risk management. The reviews on the effectiveness of the internal controls were conducted and covered financial, operational, compliance and risk assessment.

In line with the applicable legislation, Internal Audit provides the Committee and management with reasonable assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their effectiveness and efficiency and by developing recommendations for enhancement or improvement. The Committee has reviewed the Internal Audit findings which did not reveal any shortcomings in internal controls during the year under review.

Through the Committee's analysis of the audit reports and engagement with the management team, the Committee reports that the system of internal controls for the period under review were adequate and effective and the risks were found to be at an acceptable level.

### In-Year Management and Monthly/Quarterly Reports

The public entity has reported monthly and quarterly to National Treasury, as required by the PFMA. The Committee has reviewed the quarterly management reports of the organisation and is satisfied with the adequacy of information provided by the organisation.

### Risk Management

Management is responsible for the establishment and maintenance of an effective system of governance relating to, inter alia, risk management and the prevention and detection of fraud and internal controls. Internal Audit was guided by the prevailing section of governance systems which determines the risk profile provided by management in identifying critical audit areas and management's inputs in the formulation of its 3-year strategic and annual plans.

The entity has an Enterprise Governance and Risk Committee that is composed of EXCO members and senior management to fulfil the risk management responsibilities. A risk register is updated quarterly to ensure that all the major risks including emerging risks facing the organisation are effectively managed. The Committee monitors the risk register and management's progress with regards to the implementation of the risk mitigating actions at its quarterly meetings.

### The Effectiveness of Internal Audit

Internal Audit is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across all the significant areas of the organisation and its operations.

The Committee is responsible for ensuring that the organisation's internal audit function is independent and has the necessary resources, skills, standing and authority within Interfront to enable it to discharge its responsibilities effectively. The Internal Auditors have unrestricted access to the Committee.

The Chief Audit Executive has a direct functional reporting line to the Chairperson of the Committee. The Committee reviews and approves the Internal Audit Plan annually. Internal audit's activities are measured against the approved internal audit plan and the Head: Internal Audit tables progress reports in this regard to the Committee.

For the financial year ended 31 March 2024; the Internal Audit function derived at their overall opinion as per the table below which summarises the internal audit overall opinion based on the audit results of the various audit projects undertaken for the financial year under review:

Process	Opinion
Control environment	Adequate

The Committee is satisfied that Internal Audit has appropriately discharged its functions and responsibilities in the year under review. Accordingly, the Committee has reviewed the Internal audit charter, approved the audit plan, and deliberated on the quarterly reports as submitted by Internal audit.

### Evaluation of Financial Statements

The Committee reviewed the Annual Financial Statements prepared by the public entity and is satisfied that they comply with the applicable Accounting Standards and that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- ▷ Significant financial reporting judgements and estimates.
- ▷ Clarity and completeness of disclosure and whether disclosures made have been properly set in context.
- ▷ Changes in the Accounting Policies and Practices.
- ▷ Significant adjustments resulting from the Audit.
- ▷ Compliance with accounting standards and legal requirements.
- ▷ Explanation for the accounting treatment adopted.
- ▷ Material, unique transaction
- ▷ Reasons for year-on-year fluctuations.
- ▷ Asset valuations and revaluations.
- ▷ Re-assessment of the useful life of the assets.

The review of Annual Financial Statements and the Annual Report for the 2023/2024 Financial Year was completed at the Committee's meeting held on 27 July 2024.

### External Audit Report: Auditor-General of South Africa (AGSA)

The Committee noted the terms of the AGSA's engagement letter, audit strategy, and audit fees in respect of the 2023/2024 financial year. It is legislated that the Auditor General of South Africa is the appointed auditors of the entity, and the Committee has noted that there were no non-audit services rendered by them during the year.

The Committee has also had in-committee meetings with the AGSA.

### Conclusion

The Committee has reviewed the AGSA's management and audit reports for the financial year ended 31 March 2024 and concurs with their conclusions.

The Committee, therefore, accepts the audit opinion and conclusion expressed by the AGSA on the Annual Financial Statements, Annual Performance Report, and Annual Report.

**Signed on behalf of the Audit and Risk Committee by:**



**Ms Doris Dondur**  
**CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE**

30 July 2024

## B-BBEE Compliance Performance Information

Elements	Available Points	Score Achieved 2023	Score Achieved 2022
Management Control	20.00	16.34	15.83
Skills Development	25.00	8.1	5.15
Enterprise and Supplier Development:	50.00	40.75	34.09
1. Procurement	30.00	25.69	26.56
2. Supplier Development	15.00	10.89	5.89
3. Enterprise Development	5.00	4.16	1.86
Socio-Economic Development	5.00	5.00	5.00
Total Achieved	100.00	70.19	60.07
Level Achieved		Seven	Eight

### Management Control

SARS has achieved 16.34 in 2023 versus 15.83 in 2022. This moderate increase can be attributed to several key initiatives and strategic changes implemented within the organisational leadership.

### Skills Development

- ▷ SARS achieved 8.1 in 2023 versus 5.15 in 2022.
- ▷ The leviable amount increased by 0.01% in 2023.
- ▷ The increase in the number of learners contributed to an increase in skills development.

### Enterprise and Supplier Development: Procurement

SARS achieved 25.69 in 2023/30.00 points on this element. Below is a breakdown depicting the performance of SARS within the sub-areas of this element:

- ▷ Spend from all empowering Suppliers - 5/5.
- ▷ B-BBEE spend from empowering suppliers who are 51% black owned - 11/11.
- ▷ B-BBEE spend from empowering suppliers who are 30% black women owned - 5/5.
- ▷ B-BBEE spend from designated groups who are 51% black owned - 2/2.

### Supplier Development

SARS achieved 10.89 points in 2023 in comparison with 5.69 points in 2022 for Supplier Development. This was as a result of R7.5 million spent on Supplier Development initiatives and through implementation of shorter supplier payment periods.

### Enterprise Development

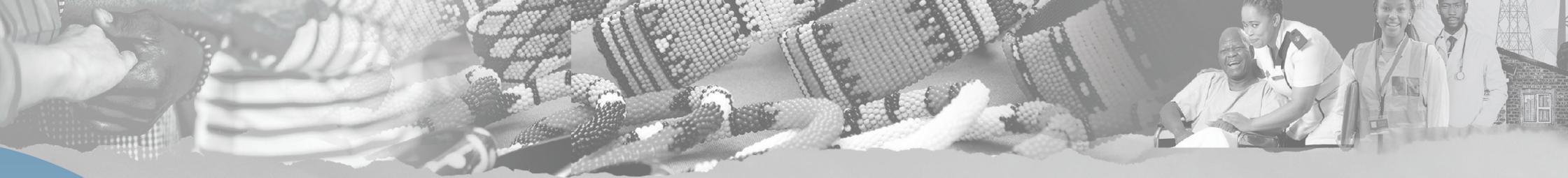
SARS achieved 4.19 points in 2023 in comparison with 1.86 points in 2022 for Enterprise Development. This is as a result of a R5 million investment toward an Enterprise and Supplier Development partnership with the National Empowerment Fund (NEF).

### Socio-Economic Development

SARS scored 5/5 points as a result of its investment in socio-economic investments. This is attributed to the positive impact made by SARS' contribution to the SAICA Thuthuka Bursary Fund.

SARS concluded its annual BEE verification and achieved a **B-BBEE Level 7** contributor status after achieving Level 6 contributor and being discounted to Level 7 as a result of achieving below the 40% sub-minimum for Skills Development.

Criteria Response	Yes/No	Discussion
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	Not applicable – SARS is a schedule 3A entity not charged with the responsibility of issuing licenses, concessions, or other authority in respect of economic activity.
Developing and implementing a preferential procurement policy?	Yes	SARS has a procurement policy that aligns to the preferential Procurement Policy Framework of government.
Determining qualification criteria for the sale of state-owned enterprise?	No	Not applicable as it does not fall within the scope of SARS' mandate.
Developing criteria for entering into partnerships with the private sector?	No	None required within SARS' mandate.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	SARS evaluated the goals and objectives of the Thuthuka Upliftment Fund before making a financial contribution to be managed by the fund and utilised for the purpose of providing bursaries to students.



# 4

## PART FOUR

### HUMAN CAPITAL AND DEVELOPMENT



## SARS People Management

SARS manages its employees in alignment with Strategic Objective 4: develop a high-performing, diverse, agile, engaged, and evolved workforce. Without the dedication of SARS' employees, the organisation cannot achieve its nine Strategic Objectives or the vision of building a smart, modern SARS with unquestionable integrity that is trusted and admired.

To be a modern and successful organisation, SARS must keep developing its people, enhance the way they work, and update the environment – physical and otherwise – to reflect the needs of the modern worker across all generations.

To achieve this vision, SARS has identified these people-focused priorities:

- ▷ Leadership
- ▷ Employee Value Proposition
- ▷ Engagement of employees
- ▷ Recognition
- ▷ Gender Equality and Persons with Disabilities (GEPWD)
- ▷ Health and Wellness
- ▷ Talent Management
- ▷ Learning and development
- ▷ Performance management
- ▷ Capacity Planning and Management



## Embedding the SARS Leadership Model

SARS is strengthening the leadership bench across all levels by encouraging SARS' leaders to acquire skills to enable optimal performance.

SARS' Leadership Model defines what every leader must do, which is to display personal proficiency and manage people and work to benefit others.

To realise the benefits of the Leadership Model, SARS has developed an integrated implementation framework with three interventions: (1) to provide clarity and insight; (2) to deepen and build leadership and management practices; and (3) to ensure sustainability. Leadership development emphasises SARS' Higher Purpose, stewardship, service obsession, care, and growth. SARS' Leadership Development Programme also offers specific interventions for youth and women.

### Women in Leadership

The Women in Leadership (WIL) forum, initiated by the Commissioner, is an enterprise forum of SARS. Aligned with the Leadership Model, WIL is a catalyst to develop and empower women and equip them with skills to respond to the issues they face in the workplace.

WIL has matured and now includes an Enterprise Forum which guides the implementation of WIL's mandate, Terms of Reference, and Business Plans. Regional Development Forums (WIL RDFs) also help WIL to deliver its mandate. The WIL RDFs extended its role to include corporate social responsibility projects and serve as a vehicle to embed the Leadership Model. Active participation on external forums and committees where WIL RDFs work with and through external stakeholders to improve the tax ecosystem and ensure collaboration and teamwork. WIL RDFs plays an important role to ensure that Youth@SARS development is supported and gender EE targets are met.

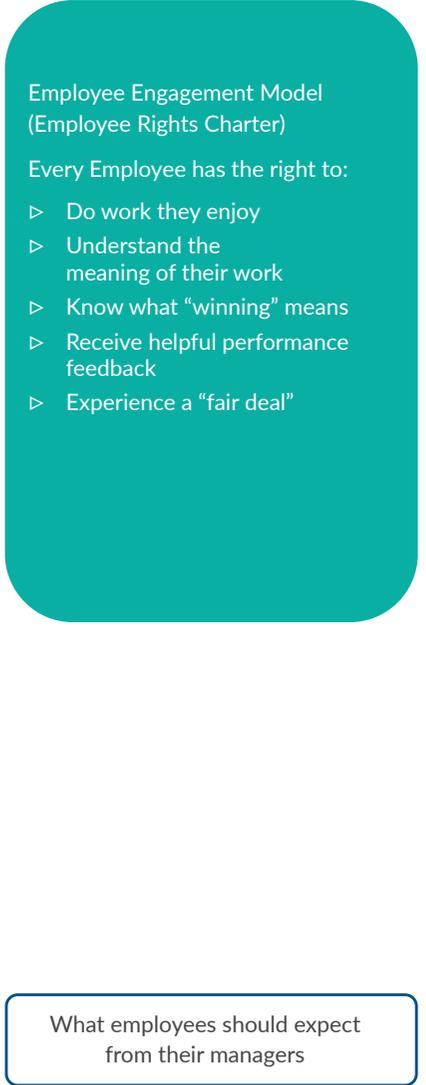
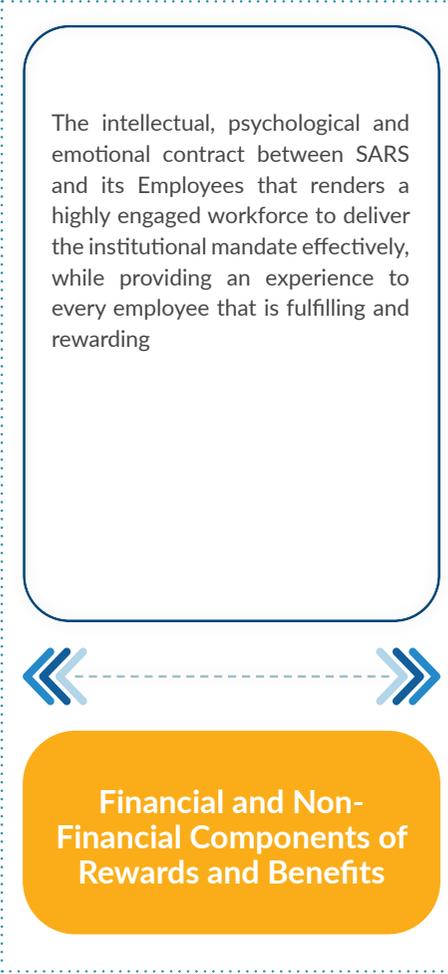
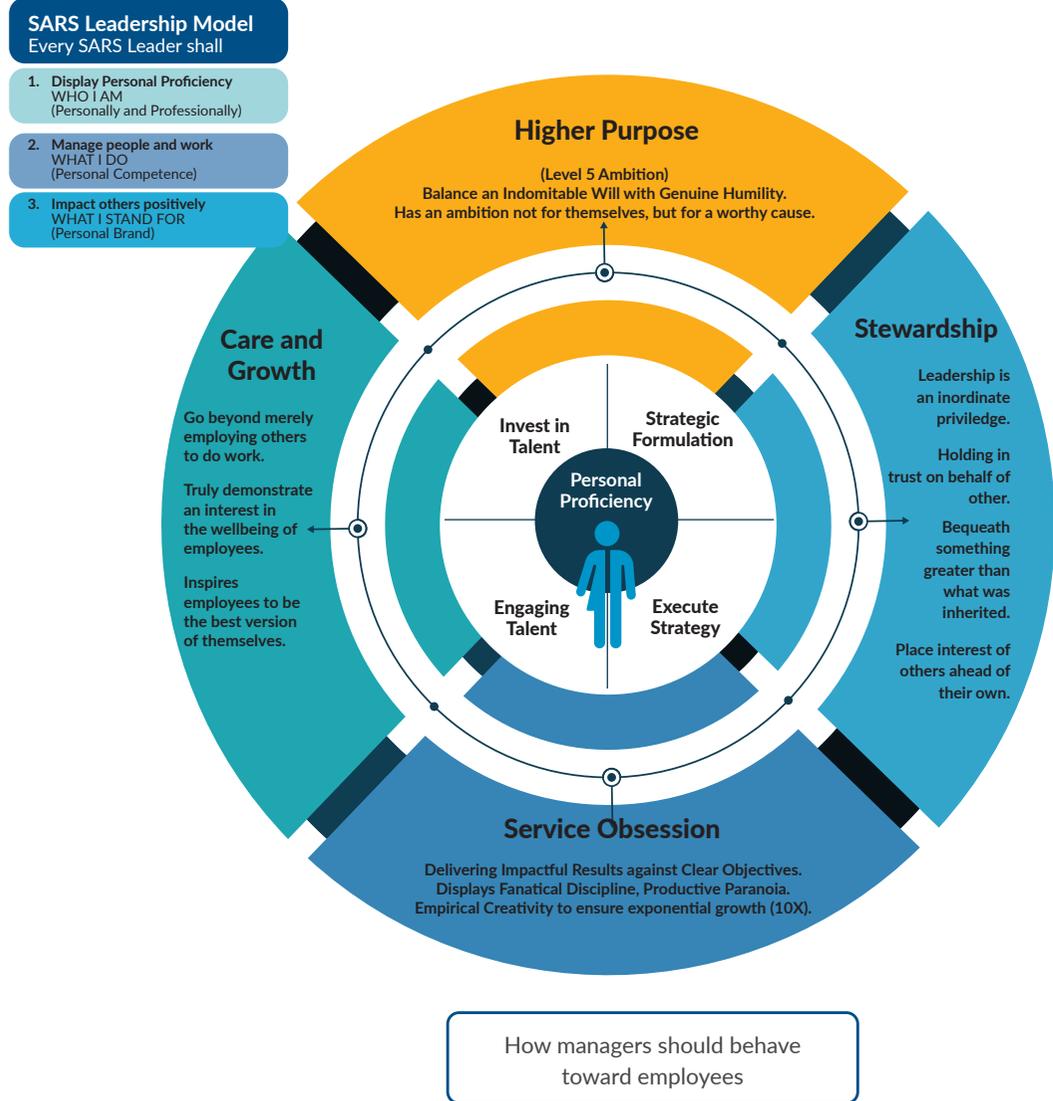
The WIL talent dashboard has been shared with respective leaders and is infused into the Talent Development Committees under the guidance of the talent teams.

Members of the WIL forum represents SARS on various work groups with other administrations including the OECD, ATAF and WCO. These platforms allow opportunities for both learning from other administrations, as well as sharing experiences and best practices.

### Junior Board

In 2021, the Commissioner established the SARS Junior Board 1.0. The Junior Board is integral to SARS' strategic objective to develop a high-performing, diverse, agile, engaged, and evolved workforce. Members of Junior Board 1.0 have served their terms of office and executed their mandate successfully. In November 2023, SARS appointed the Junior Board and Junior Council 2.0 following a rigorous selection process. Lessons and areas of improvement identified from Junior Board 1.0 helped SARS to refine the Junior Board and Council so that they offer greater benefit to young employees as emerging leaders. They will embark on a developmental journey under the philosophy of "leading to learn and learning to lead" and will be given the opportunity to contribute to strategic objectives.

# Leadership Model and Employee Value Position



**SARS Employee Value Proposition =**  
The Intellectual, Psychological and Emotional “Contract” + Financial and Non-Financial Rewards

## Employee Value Proposition (EVP)

The SARS EVP aims to provide a flexible, agile, and meaningful value proposition that offers a conducive working environment and continuous career development. EVP enables SARS' employees to thrive and achieve the organisation's vision and strategy. EVP aims to create positive employee experiences, enabling SARS to attract and retain the best talent. It also helps SARS adapt to the changing world of work and employee expectations.

The SARS Leadership Model is a key enabler of a progressive EVP. It incentivises leadership to create conducive working environments in which employees' rights are respected; invest in and engage talent; benefit others; and to demonstrate care for employees' wellbeing. When managers behave in this manner, it creates positive intellectual, psychological, and emotional conditions for employees. EVP aims to foster a highly engaged workforce that delivers SARS' mandate while providing an experience to every employee that is fulfilling and rewarding.

The EVP offering contained:

- ▷ Hybrid working arrangement for five work categories.
- ▷ Lifestyle considerations, with a focus on special leave and family responsibility.
- ▷ Career development and progression which includes:
  - ▶ Community of elder SARS experts.
  - ▶ Career-progression ladders for service and technical employees. The initial focus was on service consultants. Work also started for Customs and Excise, Audit, Investigations, IT, Data Analytics, and Legal job families.
  - ▶ Talent Development Committees (TDC).
  - ▶ Short-term exchange programmes and study opportunities for continuous professional development.

Continuous enhancements to the EVP are required to improve the experience of employees. Financial and non-financial components need regular reviews and improvements so that SARS remains an employer of choice among current and future employees.

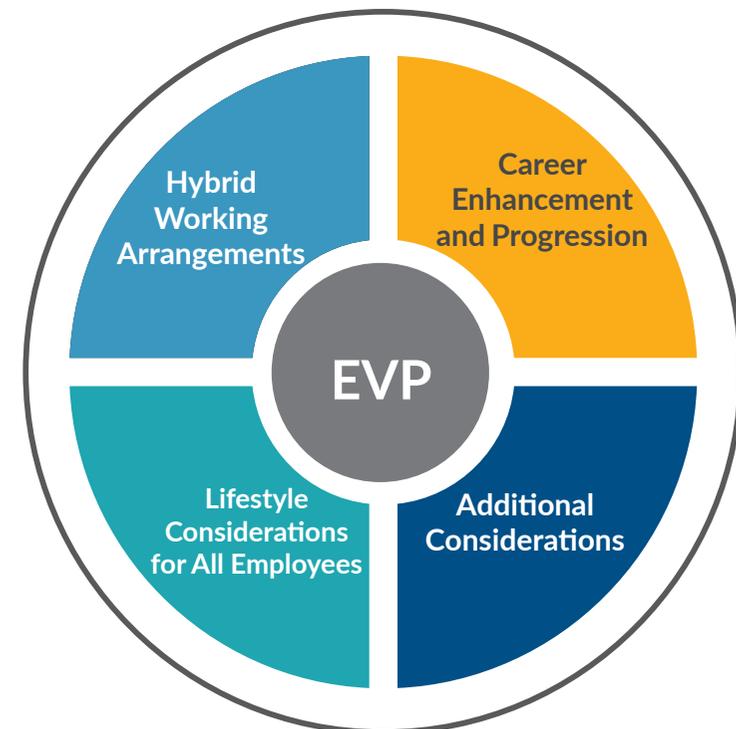


## SARS Employee Engagement Model

A high level of employee engagement is key for SARS to attain its objectives, retain talent, and perform with excellence. When employees have a sense of pride and collective achievement, their actions become consistent with SARS' values, they can realise higher levels of productivity, and maintain compliance. Employee engagement is central to Strategic Objective 4 to develop a high-performing, diverse, agile, engaged, and evolved workforce. Productive and engaged employees who have a sense of purpose are less likely to leave the organisation or be absent.

SARS focused on five streams as indicators of employee-engagement levels: (1) the five employee rights; (2) rewards and recognition; (3) leadership; (4) EVP; and (5) values. Measuring staff sentiment across these criteria was necessary to set an engagement baseline and target.

The Employee Engagement Survey was conducted in 2023 by an external service provider and SARS achieved a 69.40% Employee Engagement Index score. This is a significant over-achievement of 7.4% against the target of 62%, and a 7.8 percentage points increase from the baseline index score of 61.60% (2021 survey). This is the highest Employee Engagement Index score achieved in the organisation since the first survey was done in 2007. Benchmarking was done by the survey service-provider to understand SARS' result in a broader context. The SARS 2023 Employee Engagement Index result of 69.40% is significantly higher than the South African and global average of 62.10% and 65%, respectively. A sustained level of participation was achieved with a 69% final response rate.



### Staff Recognition

Recognising performance is integral to the SARS Leadership model, the five employee rights, and the SARS EVP.

SARS' Annual Recognition Awards for 2023/24 FY were held virtually on 14 December 2023. The recognition event, which included the National Winners, the Commissioner's Award, and Long Service Recognition, was broadcasted on YouTube. The awards recognised outstanding performance, dedication, and social benefit. In total, 6 994 staff members received "On-the-Spot" recognition awards during the financial year under review.

The recognition awards are listed in the table below. Some individuals may fall into multiple categories.

Type of Award	Description	Number of Staff Nominated	Number of Winners	Amount
On-the-Spot Awards	Nominees	6 994		R4 704 500
	Individual award nominations	747	30	R363 000
National Recognition Awards	Team award nominations	333 teams	16 teams (158 individuals)	R814 000

### Employee Health and Wellness

A strategic imperative for SARS is to introduce programmes that benefit the physical, mental, and emotional wellbeing of SARS' employees.

The SARS Employee Assistance Programme (EAP) is such an initiative and remains an invaluable resource to staff, offering comprehensive wellness and wellbeing support to employees, their dependants, and immediate family members who face a variety of challenges.

Several health and wellness issues affected the workforce during the 2023/24 FY, resulting in absenteeism and lost productivity. SARS resolved these issues through various psycho-social interventions to assist the affected employees and their families. These interventions reduced downtime and promoted a productive and healthy workplace.

The EAP's engagement rate was reported at 44.97%, highlighting its critical role in the wellbeing of employees. Notably, the incidence of family matters and symptoms of mental-health disorders exceeded expectations, suggesting key areas of concern.

Top of the list of concerns that EAP deals with are the disruption of family dynamics, loss of a loved one, conflict in interpersonal relationships, absenteeism, workplace conflict, and symptoms of depression and anxiety disorders.

SARS' goal remains the creation of a healthier and more productive workplace by focusing on mental-health support, implementing ergonomic interventions, and maintaining strong sick-leave policies. Equally important is the commitment to help managers cultivate a caring organisation, with the understanding that the road to healing and wellbeing is continuous, and that everyone must practise self-care and care for others around them.



## Gender Equality and Persons with Disabilities

SARS' vision for GEPWD is to create a safe, diverse, equal, inclusive, and conducive work environment free of gender-based violence in which all workers can realise their full potential. The vision is guided by national and international instruments and is implicit in all nine Strategic Objectives. As part of its GEPWD initiatives, SARS:

- ▷ Rolled out anti-discrimination and anti-harassment training, along with ongoing awareness campaigns (digital and hybrid) to foster diversity and inclusion.
- ▷ Surveyed taxpayers with disabilities to determine and resolve challenges they face in their interactions with SARS.
- ▷ Established Men's Forums in all regions to counter gender-based violence and femicide and to help men promote gender equality. Implemented an integrity programme in collaboration with the Integrity Unit. The programme emphasises respect and trust and encourages employees to report transgressions.
- ▷ Engaged partners in the value chain to improve the effectiveness and efficiency of handling harassment, bullying, and intimidation. SARS is also reviewing its policies, processes, and procedures for gender and disability mainstreaming.



## Talent Management and Development

Human capital is the most significant aspect in building a smart, modern SARS. To improve its human capability, SARS is working more effectively to organise people-processes by moving away from the many, often disconnected policies to a single comprehensive Talent Management Policy Framework across the value chain (talent attraction, talent selection, talent onboarding, talent development, and succession).

During the 2023/24 FY SARS:

- ▷ Established a dedicated unit for capacity-building and transformation and a Chief Learning and Talent Development portfolio, giving impetus to Strategic Objective 4. This unit houses the Talent Acquisition, Emerging Talent, Assessment, Talent Management, Career Development, and Learning elements of the people-management value chain.
- ▷ Graduated 221 graduate trainees who successfully completed various development programmes (CAs; Customs Cadet; Enterprise Data Management; Technology and Service Delivery).
- ▷ Upskilled insourced general assistants (previously employed as cleaners) to work as customs officers, providing long-term career-progression opportunities to deserving and qualified people. Implemented a new Learner Management System (SAP Success Factors). This system has improved online access to learning, scheduling and management of learning interventions, and data reporting for SARS and its staff.
- ▷ Enhanced the learning-delivery experience by introducing micro-learning. The approach to providing small chunks of learning negates the need for long-term, out-of-office training courses as staff can access learning when time is available.
- ▷ Implemented the Talent Dashboard to provide leadership with evidence-based talent analytics and insights. The data from the dashboard inform discussions by the Talent and Development Committees.

As part of the continuous professional-development strategy, SARS intends eventually to shift from vacancy-based opportunities to more competency-based mobility along a defined career path.



## Learning and Development

It is crucial for SARS to attract, select, and hire the right kind of people with the right attitude, aptitude, and qualities. For this purpose, SARS has implemented various talent-acquisition and selection strategies that include better screening tools; created internal and external talent pools to reduce the time and cost of hiring; streamlined processes; used technology; and improved sourcing channels and methods. SARS' strategy to use more in-house screening assessments gives the organisation significant cost savings.

SARS also implemented an "always-on" strategy to source candidates pro-actively to fill potential capacity gaps. With this strategy, SARS has pools of qualified candidates ready for possible future vacancies in Data Management, IT, audit capability, service channels, and debt collection.

Extensive work was also done in Talent Acquisition to develop a new policy that focuses on enabling line-management to make quick resourcing decisions and to place approvals at appropriate levels. SARS updated and improved the talent-acquisition process and systems.

To prepare for the requisite capabilities, critical skills, and hard-to-fill roles, and to reduce recruitment turnaround times, SARS developed a model for capability and career progression to allow staff to move within specific capability areas. Staff will drive their own career progression as they develop and show competence, as opposed to participating in a competitive vacancy-process. This performance and development-based progression model adopted a five-level career path from beginner (Level 1) to mastery (Level 5). The initial phase of this career-advancement model prioritised core areas such as taxpayer services, Customs, Investigations, Audit, and Legal. To date, the taxpayer-service programme has enrolled 232 Level 1 service consultants and 53 customs officers at Level 1.

## Employee Performance Management

Employee performance management is an extension of the Enterprise Performance Management framework. Performance management integrates with the Operational Management System and applies to all SARS employees. Its purpose is to create a clear understanding among employees of the organisational priorities; explain what is expected from them in relation to their positions; collect ongoing feedback regarding how they are performing relative to expectations; identify development opportunities; provide feedback loops to decision-making processes; and to improve performance that does not meet expectations.

On average, 98% of staff were assessed within the required timelines.

The process to manage poor work performance has been automated. For individuals, SARS identified skill (35%), motivation (27%), and knowledge (25%) as the major reasons for poor work performance and remedial action was taken in 95% of the incidents.

## Enterprise Capacity Management

The role of the Enterprise Capacity Management unit is to provide SARS management with information that enables management to meet capacity and capability requirements so that the organisation can fulfil its mandate in a changing environment.

The SARS recruitment drive is a way to invest in additional capacity in specialised disciplines such as information technology; auditing and risk detection; data analytics/science; and investigations. The recruitment drive has re-established a graduate pipeline, resulting in a steady growth in the staffing of the identified specialised skillsets.

SARS continued with an integrated approach to strategic operational-performance analysis and capacity-planning by empowering the organisation to take advantage of its resources by: Refining its Workforce Plans to anticipate the workforce required for the future:

- ▷ Improving the scheduling of resources in high-priority work items across SARS.
- ▷ Assigning dedicated capacity and maximising output for planned work initiatives/campaigns.
- ▷ Providing intelligence on non-value-adding activities, root-cause analysis, utilisation and productivity measurement, benchmarks, and scenario planning.
- ▷ Identifying opportunities to improve performance.
- ▷ Assisting long-term plans to optimise resources.

SARS augmented the daily operations-production plan. This plan offers detailed diagnostics across the value chain to improve processes, people, and technology streams.

Further enhancements were implemented in business-unit models, providing a daily view of productivity measures, enabling improved resource management and planning agility in the organisation's resource allocation.

SARS began to develop a Predictive Master Production Plan for operational business units to deploy their resources to respond more rapidly to taxpayers' demands.

A monthly Planning, Performance, and Productivity Management report enables SARS to discover trends and obtain insights into the organisation's performance. Reports on regional and functional performance offer in-depth analysis and planning of SARS' resource distribution nationwide.

SARS' staffing decisions are based on the established organisational capacity-plans and available staff budgets, which are continually reviewed and adjusted to meet current and future organisational needs.



## Oversight Statistics

### Workforce Profile (Employment Equity)

Occupational Levels	Designated							Non-designated			Total	% Representation
	Male			Female				White Male	Foreign Nationals			
	African	Coloured	Indian	African	Coloured	Indian	White		Male	Female		
Top Management	1	1			1			1			4	0.0%
Senior Management	135	22	42	109	12	26	55	70	1	1	473	3.7%
Professionals	1 053	168	156	1 097	176	160	473	373	14	8	3 678	28.7%
Skilled and Junior	1 749	266	107	3 269	578	221	983	243	6	4	7 426	58.0%
Semi-skilled	108	18	7	242	45	12	114	12			558	4.4%
Unskilled	122	7		510	25			2			666	5.2%
<b>Grand Total</b>	<b>3 168</b>	<b>482</b>	<b>312</b>	<b>5 227</b>	<b>837</b>	<b>419</b>	<b>1 625</b>	<b>701</b>	<b>21</b>	<b>13</b>	<b>12 805</b>	

Occupational Levels	
Top Management	Represents SARS Commissioner and Deputy Commissioners
Senior Management	Represents Executive level and some Fixed Short-Term Contract employees
Professionals	Professionally Qualified and Experienced Specialists, Middle and Junior Management and some Fixed Short-Term Contract employees
Skilled and Junior	Represents Functional Operators, Seasonal Workers and some Fixed Short-Term Contract employees
Semi-skilled	Represents Trainees and Administrators
Unskilled	Represents General Assistants

### Average Cost to Company per Division (Annual CTC) as at 31 March 2024

Cluster	Personnel Expenditure (CTC)	% Personnel Expenditure to Total Personnel cost (CTC)	Number of Employees	Average Cost per Employee
	R	%	#	R
Chief of Staff and OOC	159 960 824	2.0%	129	1 240 006
Corporate Enterprise Services	801 783 938	9.9%	1 009	794 632
Strategy Enablement and Modernisation	1 243 631 682	15.3%	1 318	943 575
Taxpayer Engagement Operations	5 910 341 424	72.8%	10 349	571 103
<b>Grand Total</b>	<b>8 115 717 868</b>		<b>12 805</b>	<b>633 793</b>

## Average Cost to Company per Occupational Level

Occupational Levels	Personnel Expenditure (CTC)	% Personnel Expenditure to Total Personnel cost (CTC)	Number of Employees	Average Cost per Employee
	R	%	#	R
Top Management	23 137 587	0.3%	4	5 784 397
Senior Management	885 504 042	10.9%	473	1 872 102
Professionally qualified, experienced specialists and mid-management	3 609 562 112	44.5%	3 678	981 393
Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents	3 347 023 132	41.2%	7 426	450 717
Semi-skilled and discretionary decision making	170 438 016	2.1%	558	305 444
Unskilled and defined decision making	80 052 978	1.0%	666	120 200
<b>Total</b>	<b>8 115 717 868</b>		<b>12 805</b>	<b>633 793</b>

## Labour Relations: Misconduct and Disciplinary Action

Nature of disciplinary Action	2022/23	2023/24	% Total no. of Disciplinary Actions 2023/24
Demoted	0	2	2.2%
Dismissed (Disciplinary Hearing)	14	34	38.2%
Final Written Warning	8	15	16.9%
Salary Suspended	5	13	14.6%
Written Warning	1	1	1.1%
Not Guilty	9	3	3.4%
Suspension with Pay	0	0	0.0%
Employee Deceased	0	1	1.1%
FWW/WW Withdrawn	0	0	0.0%
Employee Resigned	11	14	15.7%
Charges Withdrawn	4	3	3.4%
Other	5	3	3.4%
<b>Total</b>	<b>57</b>	<b>89</b>	

## Staff Movement

Occupational Levels	Employment at 1 April 2023	Employment at 31 March 2024	All Employees Headcount Change
Top Management	2	4	2
Senior Management	457	473	16
Professional Qualified	3 515	3 678	163
Skilled	6 968	7 426	458
Semi-skilled	696	558	-138
Unskilled	722	666	-56
<b>Total</b>	<b>12 360</b>	<b>12 805</b>	<b>445</b>

## Appointments

Occupational Levels	External Recruitment	Re-Instatement
Top Management	2	0
Senior Management	17	0
Professional Qualified	137	0
Skilled	682	1
Semi-skilled	87	0
Unskilled	0	0
<b>Total</b>	<b>925</b>	<b>1</b>

## Recruitment

Occupational Levels	Designated							Non-designated			Total	% Representation
	Male			Female				White Male	Foreign Nationals			
	African	Coloured	Indian	African	Coloured	Indian	White		Male	Female		
Top Management					1			1			2	0.2%
Senior Management	4	2	1	6			1	2	1		17	1.8%
Professionals	59	2	3	52	6		3	3	9		137	14.8%
Skilled and Junior	182	14	2	444	26		6	7	2		683	73.8%
Semi-skilled	32		3	48	2		1		1		87	9.4%
Unskilled	0	0	0	0	0		0	0	0		0	0.0%
<b>Grand Total</b>	<b>277</b>	<b>18</b>	<b>9</b>	<b>550</b>	<b>35</b>		<b>11</b>	<b>12</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>926</b>

## Attrition

Occupational Levels	Designated							Non-designated			Total	% Representation
	Male			Female				White Male	Foreign Nationals			
	African	Coloured	Indian	African	Coloured	Indian	White		Male	Female		
Top Management											0	0.0%
Senior Management	4	2	2	4			2	1	2		17	3.5%
Professionals	53	8	1	36	10		4	18	11	3	144	29.8%
Skilled and Junior	88	10	2	90	20		7	43	18	1	280	57.9%
Semi-skilled	8	2	1	16				5			32	6.6%
Unskilled	3			8							11	2.3%
<b>Grand Total</b>	<b>156</b>	<b>22</b>	<b>6</b>	<b>154</b>	<b>30</b>		<b>13</b>	<b>67</b>	<b>31</b>	<b>4</b>	<b>1</b>	<b>484</b>

## Termination Reasons

Exit Reason	Permanent Employees	All Employees
Death		42
Resignation		258
Retirement		133
Termination ER		40
Other		11
<b>Total</b>	<b>447</b>	<b>484</b>

## Injury on Duty

Number of Injury on Duty	2023/24	% of Total
Claim Rejected	12	21.43%
In Adjudication	1	1.79%
Liability Accepted	39	69.64%
New Claim	2	3.57%
Waiting on Information	2	3.57%
<b>Grand Total</b>	<b>56</b>	<b>100.00%</b>

## Annual Leave

Occupational Level	Total Days	Number of Employees using Annual Leave	Average Days per Employee
Top Management	71	4	18
Senior Management	12 958	480	27
Professionals	103 959	3 756	28
Skilled and Junior	193 600	7 431	26
Semi-skilled	12 785	544	24
Unskilled	15 029	670	22
<b>Grand Total</b>	<b>338 401</b>	<b>12 885</b>	<b>26</b>

## Sick Leave

Occupational Level	Total Days	Number of Employees using Sick Leave	Average Days per Employee
Top Management	6	2	3
Senior Management	2 357	330	7
Professionals	24 252	2 902	8
Skilled and Junior	67 018	6 423	10
Semi-Skilled	4 896	415	12
Unskilled	5 080	579	9
<b>Grand Total</b>	<b>103 609</b>	<b>10 651</b>	<b>10</b>

Only Extended Sick Leave and Sick Leave

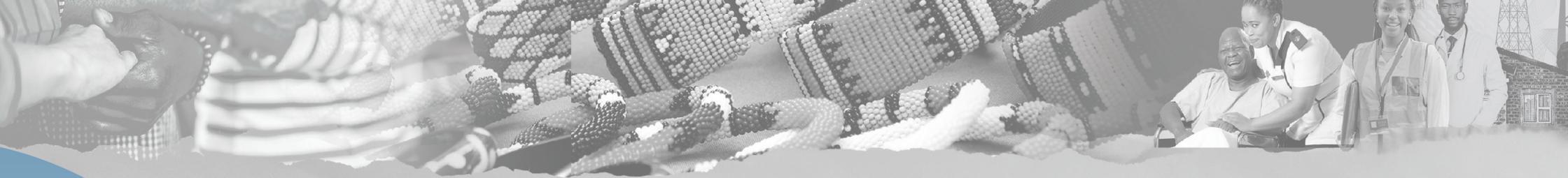
## Performance Rewards

Occupational Level	Performance Rewards	Personnel Expenditure (CTC)	% of Performance Rewards to Total Personal Cost
	R	R	%
Top Management and Senior Management	145 667 113	908 641 630	16.0%
Professional Qualified	317 814 555	3 609 562 112	8.8%
Skilled	211 460 918	3 347 023 132	6.3%
Semi-skilled	10 021 607	170 438 016	5.9%
Unskilled	6 229 530	80 052 978	7.8%
<b>Total</b>	<b>691 193 723</b>	<b>8 115 717 868</b>	<b>8.5%</b>

Performance awards for 2022/23 paid in 2023/24 FY

## Training Expenditure

Initiative	Pivotal Programme	Social Economic Status	Number of Learners	Amount Spent (R)
New Employee Bursaries Approved	Yes	Employed	94	20 112 106
External short courses and programmes	No	Employed	1 561	21 215 572
Internal short courses and programmes	No	Employed	6 802	26 453 512
CA Learnership	Yes	Unemployed	23	7 046 161
Graduates/Internship	No	Unemployed	199	27 696 155
Customs Cadet	No	Unemployed	78	11 470 557
<b>Total</b>			<b>8 757</b>	<b>113 994 063</b>



# 5

## PART FIVE

### PFMA COMPLIANCE REPORT



## Irregular Expenditure

The Irregular Expenditure closing balance has increased by R31.6 million to R32.6 million as at 31 March 2024. This is mainly due to irregular expenditure identified by AGSA as part of the regulatory audit. Management has taken actions to implement and enforce controls through policies and procedures; the implementation the audit recommendations provided by both internal and external auditors; and used internal audit as an assurance provider to test the level of compliance with Supply Chain Management (SCM) prescripts.

The following table relates to the overall reconciliation of irregular expenditure. The increase in the closing balance is largely attributable to the irregular expenditure identified by AGSA as part of the regulatory audit.

### Reconciliation of Irregular Expenditure

Description	2023/24	2022/23	2021/22
	R	R	R
Opening balance	900 352	5 060 193	13 371 999
Adjustment to opening balance	-108 797		
Opening balance as restated	791 555		
Add: Irregular expenditure confirmed	32 537 821	1 377 284	739 339
Add: Irregular expenditure condoned	-758 058	-5 537 124	-9 051 146
Less: Irregular expenditure recoverable	-1 634		
Less: Irregular expenditure not recovered and written off	-40 953		
<b>Closing balance</b>	<b>32 528 733</b>	<b>900 352</b>	<b>5 060 193</b>

### Reconciling notes to the Annual Financial Statements disclosure

The table below relates to the breakdown of line item four on the previous table.

Description	2023/24	2022/23
	R	R
Irregular expenditure that relates to 2021/22 and identified in 2022/23		279 826
Irregular expenditure that relates to 2022/23 and identified in 2023/24	9 088	
Irregular expenditure for the current year	32 528 732	1 097 458
<b>Total</b>	<b>32 537 821</b>	<b>1 377 284</b>

During the year ending March 2024, R9k was identified as irregular expenditure incurred in prior years, but was identified in the 2023/24 financial year by management. R3.7k was identified as irregular expenditure by management in the 2023/24 FY.

A further amount of R32.5 million was identified by the external auditors during the regulatory audit process.

### Details of Current and Previous Year's Irregular Expenditure (under Assessment, Determination, and Investigation)

Description	2023/24	2022/23
	R	R
Irregular expenditure under assessment	32 525 032	
Irregular expenditure under determination	3 700	900 352
Irregular expenditure under investigation		
<b>Total</b>	<b>32 528 732</b>	<b>900 352</b>

All transactions identified as irregular expenditure by management was under determination during the respective financial years. A further amount of R32.5 million was identified by the external auditors during the regulatory audit process, which is still under assessment.

#### Details of Current and Previous Year's Irregular Expenditure Condoned

Description	2023/24	2022/23
	R	R
Irregular expenditure condoned	-758 058	-5 537 124
<b>Total</b>	<b>-758 058</b>	<b>-5 537 124</b>

Transactions to the amount of R758 058 (2023: R5 537 124) were condoned through National Treasury or the delegated authority of the Accounting Authority.

#### Details of Irregular Expenditure Recoverable

Description	2023/24	2022/23
	R	R
Irregular expenditure recoverable	-1 634	
<b>Total</b>	<b>-1 634</b>	

Transaction to the amount of R1 634 will be recoverable from the employee concerned.

#### Details of Irregular Expenditure Written off (Irrecoverable)

Description	2023/24	2022/23
	R	R
Irregular expenditure written off	-40 953	
<b>Total</b>	<b>-40 953</b>	

Transaction to the amount of R40 953 was not recoverable and written off.

#### Details of Current and Previous Year's Disciplinary or Criminal Steps Taken as a Result of Irregular Expenditure

Description	2023/24	2022/23
	R	R
Consequence management/disciplinary steps taken	-758 058	-5 537 124
<b>Total</b>	<b>-758 058</b>	<b>-5 537 124</b>

Transactions to the amount of R758 058 (2023: R5 537 124) were removed from the irregular-expenditure register following the appropriate consequence management ranging from training to formal disciplinary processes per the disciplinary code of conduct.

## Fruitless and Wasteful Expenditure

#### Reconciliation of Fruitless and Wasteful Expenditure

Description	2023/24	2022/23	2021/22
	R	R	R
Opening balance	8 412 877	8 418 940	11 152 888
Add: Fruitless and wasteful expenditure confirmed	-		2 203
Less: Fruitless and wasteful expenditure not condoned and removed		-5 424	-2 736 151
Less: Fruitless and wasteful expenditure recoverable		639	
Less: Fruitless and wasteful expenditure not recoverable and written off			
<b>Closing balance</b>	<b>8 412 877</b>	<b>8 412 877</b>	<b>8 418 940</b>

#### Reconciling Notes to the Annual Financial Statement Disclosure

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24	-	-
Fruitless and wasteful expenditure for the current year		
<b>Total</b>	<b>-</b>	<b>-</b>

No fruitless and wasteful expenditure was added to the register in the 2023/24 FY.

#### Details of Current and Previous Fruitless and Wasteful Expenditure (under Assessment, Determination, and Investigation)

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure under assessment		
Fruitless and wasteful expenditure under determination	8 412 878	8 412 878
Fruitless and wasteful expenditure under investigation		
<b>Total</b>	<b>8 412 878</b>	<b>8 412 878</b>

No fruitless and wasteful expenditure is under assessment for the 2023/24 FY.

## Details of Current and Previous Fruitless and Wasteful Expenditure Removed (not Condoned)

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure NOT condoned and removed	-	5 424
<b>Total</b>	<b>-</b>	<b>5 424</b>

Interest on overdue accounts to the value of R5 423.96 was reversed by the municipalities and therefore removed from the register in the prior year.

## Details of Current and Previous Fruitless and Wasteful Expenditure Recoverable

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure recovered		639
<b>Total</b>		

## Details of Fruitless and Wasteful Expenditure not Recoverable and Written off

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure written off	-	
<b>Total</b>	<b>-</b>	

## Details of Current and Previous Year's Disciplinary or Criminal Steps Taken as a Result of Fruitless and Wasteful Expenditure

Description	2023/24	2022/23
	R	R
Fruitless and wasteful expenditure recovered	-	-639
<b>Total</b>		

A disciplinary process was followed where an employee was responsible for the late payment of a utility account resulting in an additional reconnection fee payable of R639, which was recovered from the respective employee in the prior year.

## Information on Late or Non-Payment of Suppliers

Description	Number of Invoices	% of Invoices/ Total Invoices	Consolidated Value	% of R Value/ Total R Value
Valid invoices received	47 881	100.00%	3 256 324 826.80	100.00%
Invoices paid within 30 days or agreed period	45 532	95.09%	3 049 427 860.02	93.65%
Invoices paid after 30 days or agreed period	2 349	4.91%	206 896 966.78	6.35%
Invoices older than 30 days or agreed period (unpaid and without dispute)	375	0.78%	21 022 564.65	0.65%
Invoices older than 30 days or agreed period (unpaid and disputed)	231	0.48%	1 621 471.11	0.05%

SARS received 47 881 invoices, of which 95.09% were paid on or before the due date. The remaining 2 349 invoices, representing 4.91%, were not paid on time because of delayed verification of supporting documentation. This delay was caused by incomplete information on the invoices, which made it difficult to match them to the requested goods and services.

Additionally some vendors were non-compliant with tax regulations, which needed to be resolved before payments could be processed. There were also delays in processing goods receipts because of internal inefficiencies. However, these inefficiencies are addressed as soon as they are discovered to ensure that payments are made by the required due date.

## Information on Supply Chain Management

Supply chain management enables of SARS business units and amplifies SARS' ability to implement its strategy by providing required goods, services and infrastructure. As at 31 March 2024, SARS had 508 active contracts to complement internal capacity and capability to achieve SARS' objectives. During the 2023/24 FY, 20 competitive bids and 132 transactions through other means (63 deviations and 69 variations) were concluded to contribute to the capacity and capability of the organisation.

SARS has reported all transactions procured by "other means" as well as expansions and variations to the National Treasury and Auditor-General of South Africa in terms of the PFMA SCM Instruction No. 03 of 2021/22.

Despite a constrained economic and trading environment further complicated by post-Covid supply chain constrains, SARS succeeded to negotiate savings amounting to R167 million. The savings will accrue over the remaining contract period for each of the transactions in ensuing financial years.

### Procurement by Other Means

National Treasury defines limited bidding as "a bidding process reserved for a specific group or category of possible suppliers through procurement by:

(a) sole source where there is no competition in the market and only one (1) supplier is able to provide the goods or services;

(b) single source where a thorough analysis of the market and a transparent and equitable pre-selection process is used to decide on one supplier among a few prospective bidders to make a proposal; ..."

A total of sixty-three (63) deviations amounting to R542 457 394.41 were reported in the 2023/24 FY. Fifty-one percent (51%) of total value of deviations in the current financial year pertained to Professional Services. Sixty-seven percent (67%) of deviations (in value) were as a result of single source transactions whereas twenty-nine percent (29%) related to sole source transactions.

Reason for Deviation	Value	Number	Percentage
Single source (limited bid)	R364 664 058.32	27	67.22%
Sole source (limited bid)	R155 289 041.04	34	28.63%
RFQ exceeding threshold	R1 110 461.85	1	0.21%
Multiple source (limited bid)	R21 393 833.20	1	3.94%
<b>Total</b>	<b>R542 457 394.41</b>	<b>63</b>	<b>100%</b>

See Annexure 2 for the details of deviations.

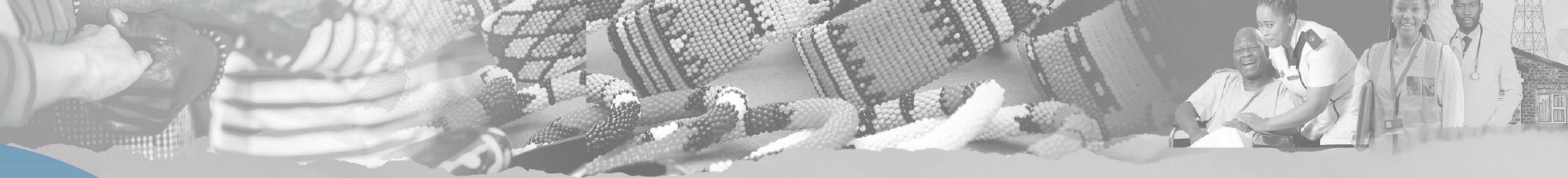
### Contract Variations and Expansions

SARS approved sixty-nine (69) expansions and variations in the 2023/24 FY with a combined value of R1 808 446 660.42. This was a 21% increase year-on-year compared to the 2023/24 FY.

Variations YTD	R' Value	Number	Percentage
ICT	R1 292 909 280.83	19	71.50%
Facilities	R506 305 936.67	32	28.00%
Professional Services	R8 519 600.00	4	0.47%
P2P	R711 842.92	14	0.03%
<b>Total</b>	<b>R1 808 446 660.42</b>	<b>69</b>	<b>100%</b>

- ▷ Twenty-eight percent (28%) with a value of R506 305 936.67 of the expansions and variations pertain to lease renewals of the respective branch office's lease contracts that had expired within the current financial year. The variation of these contracts is due to the impracticality of finding other places that meet SARS business requirements and/or the high cost of branch relocation.
- ▷ Seventy-one percent (71%) with a value of R1 292 909 280.83 of the expansions and variations is for ICT-related services such as maintenance and development of SARS core systems, network-carrier and infrastructure services, software licenses renewal and support services.

See Annexure 3 for the details of variations and expansions.



# 6

## PART SIX

FINANCIAL STATEMENTS



## South African Revenue Service

### Financial Statements for the year ended 31 March 2024

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123	Statement of Financial Performance
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126	Statement of Comparison of Budget and Actual Amounts
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141	Notes to the Financial Statements

The following supplementary information does not form part of the financial statements and is unaudited:

186	Donations in kind
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The financial statements set out on page 122 to 176 which have been prepared on the going concern basis, were approved and signed by:



Edward Chr Kieswetter

SARS COMMISSIONER

30 July 2024

## Report by the SARS Accounting Authority

### Introduction

The Accounting Authority presents this report that forms part of the Annual Financial Statements of the South African Revenue Service (SARS) Finance Own Accounts for the year ended 31 March 2024.

Where applicable, specific reference has been made to Administered Revenue Accounts; otherwise, all other statistics quoted in this report are solely for the Own Accounts.

SARS was established in terms of the South African Revenue Service Act, 1997 (Act No. 34 of 1997), the "SARS Act," as an organ of the state within the public administration but as an institution outside the public service. It is listed as a Schedule 3A national public entity of the Public Finance Management Act, 1999 (PFMA).

Under the SARS Act, the Commissioner for SARS is the entity's Chief Executive Officer and Accounting Authority.

### Principle Activities

The SARS Act mandates the entity to collect all Tax and Customs revenue due to the State, enforce compliance with tax and customs legislation, and facilitate legitimate trade.

### Organisational Structure

The controlling entity adopted a new strategy in 2020/2021 and aligned its organisational structure to enable the implementation of its vision, strategic intent, and nine strategic objectives. The work is organised into four clusters of activity; nine regions were introduced, and a broad, flat leadership structure supported it overall.

### Executive Committee Members

The EXCO is an oversight committee of SARS that is accountable to the Commissioner. The Commissioner delegated and approved its powers and terms of reference. The controlling entity appointed a new Executive Committee (EXCO) in June 2023.

The EXCO consist of the following members:

Mr. E.C. Kieswetter	Commissioner
Ms. J.E. Padiachy	Chief of Staff
Ms. B.S.M. Backman	Deputy Commissioner: Corporate and Enterprise Services
Mr. N.J. Makhubu	Deputy Commissioner: Taxpayer Engagement and Operations
Mr. C. Scholtz	Deputy Commissioner: Enterprise Strategy and Modernisation
Ms. R.V. Ramaphakela	Head Internal Audit (Not an EXCO member but a Permanent Invitee)

### Revenue Accounts

Revenue comprises all the taxes, levies, duties, fees, and other monies collected during the year in respect of Administered Revenue Accounts. The Finance Own Accounts budget provides the operating expenditure for revenue accounts. Revenue collected is informed by the prevailing economic conditions, their effect on the South African economy, and overall compliance with revenue laws.

SARS and the Office of the Accountant-General agreed in the 2013/14 financial year that SARS Revenue Accounts is not a separate legal entity and that the financial information presented will be prepared in management account format on the cash basis of accounting. However, the cash basis of accounting is not an acceptable reporting framework for the PFMA. As such, SARS Revenue Accounts prepares its financial accounts using the Modified Cash Standard (MCS).

Revenue Accounts are subject to regulatory audit. The Office of the Auditor General issues a separate audit report from Own Accounts, which is included in the Annual Report. The financial information is reported in the Annual Performance Report.

### Review of the Financial Statements (Own Accounts)

The financial results are contained in the annual financial statements. The annual financial statements fairly reflect the operations of the SARS Own Accounts for the financial year ended 31 March 2024 and its financial position as at that date.

### Going Concern

The annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### Accounting Policies

The financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board (ASB), as per the prescribed framework by the National Treasury and directives issued by the ASB.

### Internal Controls

Internal controls include risk-based system controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with best business practices. They also include policies and procedures established by the Accounting Authority with independent oversight by the Audit and Risk Committee. SARS has established an internal audit function with the required independence.

## Corporate Governance

The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practices.

## Surrender of Surplus Funds

SARS will submit as per National Treasury Instruction No. 12 of 2020/2021 pertaining to the retention of surpluses.

## Judicial Proceedings

SARS is mandated by the provisions of, among others, the SARS Act of 1997, Income Tax Act, 1962; Value Added Tax Act, 1964; Customs and Excise Act, 1964; Tax Administration Act, 2011; and Employment Tax Incentives Act, 2013 to perform legal acts or institute or defend any legal action in its name. Under its mandate, SARS is continuously involved in litigation.

## Public/Private Partnerships

There currently are no Public/Private Partnerships in operation or under consideration.

## Events after the Balance Sheet Date

There are currently no events after the balance sheet date that require disclosure.

## Addresses

The entity's business, postal and registered addresses are:

Business address	Postal address	Registered address
299 Bronkhorst Street Nieuw Muckleneuk 0181	Private Bag x923 Pretoria 0001	299 Bronkhorst Street Nieuw Muckleneuk 0181

Addresses for SARS' other offices are available from SARS upon request or on the SARS website, [www.sars.gov.za](http://www.sars.gov.za).

Yours Sincerely,



Edward Chr Kieswetter

SARS COMMISSIONER

30 July 2024

# Report of the Auditor-General to Parliament on the South African Revenue Service: Own Accounts

## Report on the audit of the consolidated financial statements

### Opinion

1. I have audited the consolidated and separate financial statements of the South African Revenue Services (Sars): Own Accounts and its subsidiary set out on pages 122 to 176 which comprise the consolidated and separate statement of financial position as at 31 March 2024, consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Sars: Own Accounts and its subsidiary as at 31 March 2024 and their financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the Sars: Own Accounts and its subsidiary in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Presentation of financial statements

7. As disclosed in the presentation of financial statements note 1 to the consolidated and separate financial statements, the reporting activity of Sars has been divided into Revenue Accounts and Own Accounts.

### Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Unaudited supplementary schedules

9. The supplementary information set out on pages 177 to 188 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited this information and, accordingly, I do not express an opinion on it.

### Responsibilities of the accounting authority for the consolidated and separate financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

### Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

12. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
13. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 120, forms part of our auditor's report.

## Report on the audit of the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. I selected the following objectives presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected objectives that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
Strategic objective 1: provide clarity and certainty for taxpayers and traders of their obligations	63	The overall taxpayer and trader experience is empowering and enabling. Taxpayers and traders pro-actively 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 co-operative compliance programmes
Strategic objective 2: make it easy for taxpayers and traders to comply with their obligations	64	Engagements with taxpayers and traders in the fulfilment 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 fulfilment 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.
Strategic Objective 3: detect taxpayers and traders who do not comply, making non-compliance hard and costly	66	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.

16. I evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
17. I performed procedures to test whether:
- ▷ the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - ▷ all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
  - ▷ the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - ▷ the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - ▷ the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - ▷ the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
  - ▷ there is adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.
18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
19. I did not identify any material findings on the reported performance information for the selected objectives.

### Other matter

20. I draw attention to the matter below.

### Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over or under achievements.
22. The tables that follow provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any under achievement of targets are included in the annual performance report on pages 58 to 77.

### Strategic objective 1: provide clarity and certainty for taxpayers and traders of their obligations

Targets achieved: 50%

Key indicator not achieved	Planned target	Reported achievement
% of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by Sars	77%	66.86%

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

Targets achieved: 66.66%

Key indicator not achieved	Planned target	Reported achievement
% Of taxpayers and traders using digital and self -help platforms to interact with Sars	90%	88.49%

### Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
26. I did not identify any material non-compliance with the selected legislative requirements.

### Other information in the annual report

27. The accounting authority is responsible for the other information included in the annual report.
- The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
28. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

31. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
32. I did not identify any significant deficiencies in internal control.

*Auditor General*

Pretoria

31 July 2024

## Annexure to the auditor's report

The annexure includes the following:

- ▷ The auditor-general's responsibility for the audit
- ▷ The selected legislative requirements for compliance testing

## Auditor-general's responsibility for the audit

### Professional judgement and professional skepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional skepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with selected requirements in key legislation.

### Financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- ▷ identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- ▷ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- ▷ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- ▷ conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity and its subsidiary to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- ▷ evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▷ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation- selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
PFMA and regulations and instructions issued in terms of the Act	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); Section 57(b); Section 66(3)(c)
Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act	PPPFA section 1;2.1(a); 2.1(f)
Construction Industry Development Board Act 38 of 2000 and regulations issued in terms of the Act	CIDB Act 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(iii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5. 7 Paragraph 6.1,6.2,6.3,6.5,6.6,6.8 Paragraph 7.1,7.2,7.3, 7.5,7.6,7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2

Legislation	Sections or regulations
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.17, 7.2; Paragraph 7.6
NT SCM Instruction Note 11 2020/21	Paragraph 3.4 (a) and (b); 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
NT Instruction Note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI No. 05 of 2020/21	Paragraph 1
Erratum NTI No. 5 of 202/21	Paragraph 2
Practice Note 7 of 2009/10	Paragraph 4.1.2
NT Instruction Note 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Practice Note 5 of 2009/10	Paragraph 3.3

## Statement of Financial Position as at 31 March 2024

	Note(s)	Economic entity		Controlling entity	
		2024	2023	2024	2023
		R'000	R'000	R'000	R'000
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	9	22 335	19 581	22 335	19 581
Tax receivable - controlled entity	31	192	739	-	-
Receivables from exchange transactions	10	125 185	57 443	119 826	57 802
Prepayments	8	534 225	426 748	528 764	421 682
Cash and cash equivalents	11	1 541 112	1 361 636	1 511 372	1 309 476
		<b>2 223 049</b>	<b>1 866 147</b>	<b>2 182 297</b>	<b>1 808 541</b>
<b>Non-current Assets</b>					
Property, plant and equipment	3	2 861 911	2 846 782	2 851 007	2 837 181
Intangible assets	4	1 626 177	1 593 668	1 624 604	1 589 957
Living resources	5	4 962	4 628	4 962	4 628
Investment in controlled entity	6	-	-	-	-
Receivables from exchange transactions	10	3 793	3 945	3 793	3 945
Deferred tax - controlled entity	7	3 575	3 557	-	-
		<b>4 500 418</b>	<b>4 452 580</b>	<b>4 484 366</b>	<b>4 435 711</b>
<b>Total Assets</b>		<b>6 723 467</b>	<b>6 318 727</b>	<b>6 666 663</b>	<b>6 244 252</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Finance lease obligation	13	20 542	17 890	20 542	17 890
Trade and other payables	21	806 831	770 428	824 993	760 352
VAT payable - controlled entity		4 616	1 533	-	-
Deferred income	14	168	163	168	163
Provisions	15	255 579	729 141	240 766	718 043
		<b>1 087 736</b>	<b>1 519 155</b>	<b>1 086 469</b>	<b>1 496 448</b>
<b>Non-current Liabilities</b>					
Finance lease obligation	13	8 737	18 009	8 737	18 009
Operating lease liability		27 661	43 196	27 132	42 365
Employee benefits	16-20	353 149	336 083	353 149	336 083
		<b>389 547</b>	<b>397 288</b>	<b>389 018</b>	<b>396 457</b>
<b>Total Liabilities</b>		<b>1 477 283</b>	<b>1 916 443</b>	<b>1 475 487</b>	<b>1 892 905</b>
<b>Net Assets</b>		<b>5 246 184</b>	<b>4 402 284</b>	<b>5 191 176</b>	<b>4 351 347</b>
<b>Net Assets</b>					
Asset revaluation reserve	12	121 095	101 239	121 095	101 239
Accumulated surplus		5 125 089	4 301 045	5 070 081	4 250 108
<b>Net Assets</b>		<b>5 246 184</b>	<b>4 402 284</b>	<b>5 191 176</b>	<b>4 351 347</b>

\*See note 39

## Statement of Financial Performance as at 31 March 2024

	Note(s)	Economic entity		Controlling entity	
		2024	2023	2024	2023
		R'000	R'000	R'000	R'000
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Rendering of services	22	23 278	19 553	-	-
Other income	23	447 651	429 681	447 751	429 948
Interest received		152 278	106 276	148 926	103 629
Gain on disposal of assets		214	-	214	-
<b>Total revenue from exchange transactions</b>		<b>623 421</b>	<b>555 510</b>	<b>596 891</b>	<b>533 577</b>
<b>Revenue from non-exchange transactions</b>					
Government grant	22	12 280 696	11 635 781	12 280 696	11 635 781
Conditional grant	22	1 000 000	-	1 000 000	-
Negotiated discount and donations received	22	19 768	181 605	19 768	181 605
<b>Total revenue from non-exchange transactions</b>		<b>13 300 464</b>	<b>11 817 386</b>	<b>13 300 464</b>	<b>11 817 386</b>
<b>Total revenue</b>		<b>13 923 885</b>	<b>12 372 896</b>	<b>13 897 355</b>	<b>12 350 963</b>
<b>Expenditure</b>					
Employee costs		(9 186 546)	(8 433 441)	(9 079 860)	(8 351 129)
Administrative expenses		(998 642)	(898 078)	(1 008 585)	(915 924)
Depreciation and amortisation	3-5	(596 553)	(680 301)	(592 003)	(669 908)
Asset impairment and scrappings, inventory adjustments	26	(39 808)	(24 148)	(39 808)	(24 148)
Finance costs	27	(7 156)	(4 288)	(7 156)	(4 288)
Operating leases	28	(460 573)	(477 573)	(456 834)	(473 846)
Other expenses		(23 868)	(61 909)	(23 868)	(61 909)
Loss on disposal of assets		(319)	(5 458)	-	(5 455)
Inventories		(11 539)	(18 142)	(11 539)	(18 142)
Professional and special services		(1 773 106)	(1 421 649)	(1 857 727)	(1 465 717)
<b>Total expenditure</b>		<b>(13 098 110)</b>	<b>(12 024 987)</b>	<b>(13 077 380)</b>	<b>(11 990 466)</b>
<b>Surplus before taxation</b>		<b>825 775</b>	<b>347 909</b>	<b>819 975</b>	<b>360 497</b>
Taxation	29	(1 727)	2 796	-	-
<b>Surplus for the year</b>		<b>824 048</b>	<b>350 705</b>	<b>819 975</b>	<b>360 497</b>

\*See note 39

## Statement of Changes in Net Assets as at 31 March 2024

	Revaluation reserve on land and buildings	Accumulated surplus	Total net assets
	R'000	R'000	R'000
<b>Economic entity</b>			
Opening balance as previously reported	102 744	3 144 393	3 247 137
<b>Adjustments:</b>			
Correction of error Note 39	-	805 947	805 947
<b>Balance at 01 April 2022 as restated*</b>	<b>102 744</b>	<b>3 950 340</b>	<b>4 053 084</b>
Surplus for the year	-	350 705	350 705
Surplus in revaluation of land and buildings	5 565	-	5 565
Depreciation on revalued portion of land and buildings	(7 070)	-	(7 070)
<b>Total changes</b>	<b>(1 505)</b>	<b>350 705</b>	<b>349 200</b>
Balance at 1 April 2023	101 239	4 301 041	4 402 280
Surplus for the year	-	824 048	824 048
Surplus in revaluation of land and buildings	26 334	-	26 334
Depreciation on revalued portion of land and buildings	(6 478)	-	(6 478)
<b>Total changes</b>	<b>19 856</b>	<b>824 048</b>	<b>843 904</b>
<b>Balance at 31 March 2024</b>	<b>121 095</b>	<b>5 125 089</b>	<b>5 246 184</b>
<b>Controlling entity</b>			
Balance at 01 April 2022	102 744	3 889 611	3 992 355
Surplus for the year	-	360 497	360 497
Surplus in revaluation of land and buildings	5 565	-	5 565
Depreciation on revalued portion of land and buildings	(7 070)	-	(7 070)
<b>Total changes</b>	<b>(1 505)</b>	<b>360 497</b>	<b>358 992</b>
Balance at 1 April 2023	101 239	4 250 106	4 351 345
Surplus for the year	-	819 975	819 975
Surplus in revaluation of land and buildings	26 334	-	26 334
Depreciation on revalued portion of land and buildings	(6 478)	-	(6 478)
<b>Total changes</b>	<b>19 856</b>	<b>819 975</b>	<b>839 831</b>
<b>Balance at 31 March 2024</b>	<b>121 095</b>	<b>5 070 081</b>	<b>5 191 176</b>

## Cash Flow Statement as at 31 March 2024

	Note(s)	Economic entity		Controlling entity	
		2024	2023 Restated*	2024	2023 Restated*
		R'000	R'000	R'000	R'000
<b>Cash flow from operating activities</b>					
<b>Receipts</b>					
Rendering of services		16 159	20 113	-	-
Government grant		12 280 696	11 635 781	12 280 696	11 635 781
Conditional grant		1 000 000	-	1 000 000	-
Interest received		151 612	105 286	148 232	102 635
Other income		377 014	430 910	377 667	430 771
		13 825 481	12 192 090	13 806 595	12 169 187
<b>Payments</b>					
Employee costs		(9 599 936)	(8 516 724)	(9 498 470)	(8 443 017)
Suppliers		(3 389 384)	(3 002 006)	(3 451 693)	(3 060 862)
Tax refund paid	31	(1 198)	(1 420)	-	-
VAT refunded		3 082	591	-	-
		(12 987 436)	(11 519 559)	(12 950 163)	(11 503 879)
<b>Net cash flows from operating activities</b>	<b>30</b>	<b>838 045</b>	<b>672 531</b>	<b>856 432</b>	<b>665 308</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant, and equipment	3	(396 144)	(548 038)	(392 133)	(542 921)
Proceeds from sale of property, plant and equipment, intangible assets and living resources	3	1 321	1 611	1 292	1 610
Acquisition of intangible assets	4	(248 294)	(243 181)	(248 243)	(242 892)
Acquisition of living resources	5	(1 676)	(3 725)	(1 676)	(3 725)
Advances to controlled entity		-	1 107	-	8 489
<b>Net cash flows from investing activities</b>		<b>(644 793)</b>	<b>(792 226)</b>	<b>(640 760)</b>	<b>(779 439)</b>
<b>Cash flows from financing activities</b>					
Finance lease payments		(6 620)	6 520	(6 620)	6 520
Interest payments on finance leases		(7 156)	(4 288)	(7 156)	(4 288)
<b>Net cash flows from financing activities</b>		<b>(13 776)</b>	<b>2 232</b>	<b>(13 776)</b>	<b>2 232</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>179 476</b>	<b>(117 463)</b>	<b>201 896</b>	<b>(111 899)</b>
Cash and cash equivalents at the beginning of the year		1 361 636	1 479 099	1 309 476	1 421 375
Cash and cash equivalents at the end of the year	11	1 541 112	1 361 636	1 511 372	1 309 476

## Statement of Comparison of Budget and Actual Amounts as at 31 March 2024

Budget on Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
<b>Controlling entity</b>				
Statement of Financial Performance				
<b>Revenue</b>				
<b>Non-tax revenue</b>				
Other income	388 707	447 751	59 044	Note 1
Interest received	40 000	148 926	108 926	Note 2
Gains on disposal of assets	-	214	214	
<b>Total non-tax revenue</b>	<b>428 707</b>	<b>596 891</b>	<b>168 184</b>	
<b>Transfer revenue</b>				
Government grant	12 157 596	12 280 696	123 100	Note 3
Conditional grant	-	1 000 000	1 000 000	Note 3
Negotiated discount and donations received	-	19 768	19 768	
<b>Total revenue from non-exchange transactions</b>	<b>12 157 596</b>	<b>13 300 464</b>	<b>1 142 868</b>	
<b>Total revenue</b>	<b>12 586 303</b>	<b>13 897 355</b>	<b>1 311 052</b>	
<b>Expenditure</b>				
Compensation of employees	(8 319 378)	(9 079 860)	(760 482)	Note 4
Depreciation and amortisation	(684 409)	(592 003)	92 406	Note 5
Finance costs	-	(7 156)	(7 156)	
Goods and services	(3 806 638)	(3 358 553)	448 085	Note 6
Asset impairment and scrapings, inventory adjustments	-	(39 808)	(39 808)	
<b>Total expenditure</b>	<b>(12 810 425)</b>	<b>(13 077 380)</b>	<b>(266 955)</b>	
<b>Actual amount on Comparable Basis as presented in the Budget and Actual Comparative statement</b>	<b>(224 122)</b>	<b>819 975</b>	<b>1 044 097</b>	

**Reference:**

During the tabling of the 2023 Budget, the Minister of Finance, Mr Enoch Godongwana announced that a provisional allocation was set aside for the controlling entity. This allocation was a conditional grant of R1 billion earmarked to improve revenue-raising capabilities and to be spent on related projects as per the mutual agreement between National Treasury and the controlling entity. This conditional grant formed part of the Adjusted Estimates in National Expenditure (AENE) and payments were made to the controlling entity on 1 February 2024 (R522 million) and 1 March 2024 (R478 million). The conditional grant was not included as part of the controlling entity's approved budget, resulting in the unusual variances that are explained in the detailed notes.

Comments on income and expenditure items with a variance of more than 10%, as well as items where it seemed prudent to provide context, irrespective of the variance, are given below. Non-cash items in relation to the accounting adjustments for Generally Recognised Accounting Practice (GRAP) compliance and asset/inventory stock adjustments are not explained as they are not budgeted for.

The controlling entity's approved budget is as per the ENE submission to National Treasury, which represents the published budget as per the Annual Performance Plan (APP).

Unemployment Insurance Fund (UIF) and Skills Development Levy (SDL) commissions were budgeted for conservatively, while it realised at a higher value. Income in relation to insurance claims and special attendance fees that were not budgeted for was received. **Note 1**

Interest income was budgeted for conservatively and based on expected monthly cash in and outflows directly linked to spending patterns. Delayed wage negotiations, protracted procurement and recruitment processes as well as delayed project execution gave rise to higher than budgeted for bank balances resulting in an increase in interest received. **Note 2**

The controlling entity lost the court case in terms of the 2021/22 wage agreement where the controlling entity was unable to honour the third year of the wage agreement cycle due to funding constraints and underpaid the bargaining unit by 2.3%. National Treasury partly funded the settlement of R469 million with R123.1 million, which was paid to the controlling entity in March 2024. **Note 3**

The controlling entity settled the court judgement of R469 million not provided for in March 2024 (see note 3). The approved budget provisioned a 4.2% increase, which, through prudent financial planning and robust procurement negotiations increased to 7.5% for the Bargaining Unit and 6% for the Non-bargaining Unit as part of the internal budgeting process, resulting in a further variance of R458 million. **Note 4**

Depreciation and amortisation realised were lower than planned due to protracted procurement processes and delayed project execution, as well as GRAP 17 and 31- related adjustments. **Note 5**

Prudent financial planning and spending resulted in efficiency gains to enable the reappropriation of funds for capital acquisitions as well as enabling the partial funding of the court judgement and related settlement of R469 million (see note 3 above). **Note 6**

## Statement of Comparison of Budget and Actual Amounts as at 31 March 2024

Budget on Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
<b>Controlling entity</b>				
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Inventories	33 686	22 335	(11 351)	
Receivables and prepayments	403 642	652 383	248 741	
Cash and cash equivalents	693 126	1 511 372	818 246	
Carrying value of assets	4 490 213	4 480 573	(9 640)	
<b>Total Assets</b>	<b>5 620 667</b>	<b>6 666 663</b>	<b>1 045 996</b>	
<b>Equity and Liabilities</b>				
Finance lease obligation	(8 923)	(29 279)	(20 356)	
Deferred income	(206)	(168)	38	
Trade and other payables	(1 094 231)	(852 125)	242 106	
Provisions and employee benefits	(595 161)	(593 915)	1 246	
Accumulated surplus	(3 794 014)	(5 070 081)	(1 276 067)	
Asset revaluation reserve	(128 132)	(121 095)	7 037	
<b>Total Equity and Liabilities</b>	<b>(5 620 667)</b>	<b>(6 666 663)</b>	<b>(1 045 996)</b>	

## Statement of Comparison of Budget and Actual Amounts as at 31 March 2024

Budget on Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
<b>Controlling entity</b>				
Cash Flow Statement				
Cash flows from operating activities				
<b>Non-tax receipts</b>				
Other income	388 707	377 667	(11 040)	Note 1
Government grant	12 157 596	12 280 696	123 100	Note 2
Conditional grant	-	1 000 000	1 000 000	Note 2
Interest received	40 000	148 232	108 232	Note 3
	<b>12 586 303</b>	<b>13 806 595</b>	<b>1 220 292</b>	
<b>Payments</b>				
Compensation of employees	(8 319 378)	(9 498 470)	(1 179 092)	Note 4
Goods and services	(3 706 970)	(3 451 693)	255 277	Note 5
	<b>(12 026 348)</b>	<b>(12 950 163)</b>	<b>(923 815)</b>	
<b>Net cash flows from operating activities</b>	<b>559 955</b>	<b>856 432</b>	<b>296 477</b>	
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(143 265)	(392 133)	(248 868)	Note 6
Proceeds from sale of property, plant and equipment, intangible assets and living resources	-	1 292	1 292	
Acquisitions of intangible assets	(317 021)	(248 243)	68 778	Note 6
Acquisition of living resources	-	(1 676)	(1 676)	Note 6
<b>Net cash flows from investing activities</b>	<b>(460 286)</b>	<b>(640 760)</b>	<b>(180 474)</b>	<b>Note 6</b>
<b>Cash flows from financing activities</b>				
Repayment of finance leases	(10 228)	(13 776)	(3 548)	
<b>Net cash flows from financing activities</b>	<b>(10 228)</b>	<b>(13 776)</b>	<b>(3 548)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>89 441</b>	<b>201 896</b>	<b>112 455</b>	
Cash and cash equivalents at the beginning of the year	603 685	1 309 476	705 791	
Cash and cash equivalents at the end of the year	693 126	1 511 372	818 246	

### Reference:

Comments on income and expenditure items with a variance of more than 10%, as well as items where it seemed prudent to provide context, irrespective of the variance, are given below. Non-cash items in relation to the accounting adjustments for GRAP compliance and asset/inventory stock adjustments are not explained as they are not budgeted for.

UIF and SDL commissions were budgeted for conservatively, while it realised at a higher value. Income in relation to insurance claims and special attendance fees that were not budgeted for were received. **Note 1**

The controlling entity lost the court case in terms of the 2021/22 wage agreement where the controlling entity was unable to honour the third year of the wage agreement cycle due to funding constraints and underpaid the bargaining unit by 2.3%. National Treasury partly funded the settlement of R469 million with R123.1 million which was paid to the controlling entity in March 2024. **Note 2**

Interest income was budgeted for conservatively and based on expected monthly cash in and outflows directly linked to spending patterns. Delayed wage negotiations, protracted procurement and recruitment processes as well as delayed project execution gave rise to higher than budgeted for bank balances, resulting in an increase in interest received. **Note 3**

The controlling entity settled the court judgement of R469 million not provided for in March 2024 (see note 2). The approved budget provisioned a 4.2% increase, which, through prudent financial planning and robust procurement negotiations, increased to 7.5% for the Bargaining Unit and 6% for the Non-bargaining Unit as part of the internal budgeting process, resulting in a further variance of R458 million. **Note 4**

Prudent financial planning and spending resulted in efficiency gains to enable the reappropriation of funds for capital acquisitions, as well as enabling the partial funding of the court judgement and related settlement of R469 million (see note 2 above). **Note 5**

Commitments in relation to the 2022/23 financial year were realised in the current financial year and further reappropriation from the operational budget enabled capital acquisitions. **Note 6**

## Accounting Policies

### 1. Presentation of Financial Statements

The reporting activity of the SARS is divided into Revenue Accounts and Own Accounts. Revenue Accounts report on assets, liabilities and revenue that are controlled by national government and are managed by SARS on behalf of national government. Own Accounts report on assets, liabilities, revenue, and expenses associated with the administration and collection of taxes and duties. These activities are mainly funded by transfers from National Treasury.

The Annual Financial Statements have been prepared in accordance with the effective standards of GRAP, issued by the Accounting Standards Board, in accordance with section 91(1) of the Public Finance Management Act, 1999 (Act 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting, and are in accordance with historical cost convention, unless specified otherwise. They are presented in South African Rand.

The significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Going concern assumption

These financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

#### 1.2 Consolidation

##### Basis of consolidation

The economic entity's annual financial statements include those of the controlling entity and its controlled entity.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity to obtain benefits from its activities.

The results of the controlled entity are included in the consolidated annual financial statements from the effective date of acquisition, or date when control commences, to the effective date of disposal or date when control ceases.

The annual financial statements of the controlling entity and its controlled entity, used in the preparation of the consolidated annual financial statements, are prepared as of the same reporting date.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation, except for Value Added Tax (VAT) on inter-company transactions. This is due to the controlling entity being VAT-exempted.

### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements. Significant judgements and estimates include:

#### Receivables

The economic entity assesses its receivables for impairment at the end of each reporting period. Write-offs are made according to the economic entity's write-off policy.

#### Fair value estimation

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the applicable interest rates that are available to the economic entity for similar financial instruments.

#### Impairment testing

The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use calculations, and fair value, less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumption may change, which may then impact the entity's estimations and require a material adjustment to the carrying value of the cash-generating and non-cash-generating assets.

If there is objective evidence that an impairment loss on the carrying value of assets has been incurred, the amount of the loss is the difference between the asset's carrying amount and estimated recoverable amount. The amount is recognised as a gain/loss in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in the carrying amount exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment was reversed.

The controlling entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates of expected future cash flows for each group of assets are prepared. Expected future cash flows used to determine the value in use of intangible assets are inherently uncertain and could materially change over time. They are significantly affected by several factors, including projected future revenue forecasts and economic factors such as inflation, exchange rates and interest rates.

The controlling reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The controlling entity defines the event as the inability to verify an asset for a period of two years, upon which the carrying value is impaired to zero. If the asset remains unverified, it will be written-off on the subsequent reporting date.

### Provisions

Provisions were raised, and management was prudent in determining estimates based on the information available. Additional disclosure of these estimates of provisions is included in note 15 - Provisions.

### Taxation - controlled entity

This accounting policy is not applicable to the controlling entity as it is exempt from the payment of income tax in terms of section 10(1)(cA) of the Income Tax Act, 1962 (Act 58 of 1962). In respect of the controlled entity, judgement is required in determining the provision for income taxes due to the complexity of the legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The controlled entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such a determination is made.

The controlled entity recognises the net future tax benefit related to deferred income tax assets, to the extent that it is probable that the temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the controlled entity to make significant estimates relating to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the controlled entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### Provision for doubtful debt

On trade and other receivables, an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the trade and other receivables carrying amount, and the present value of estimated future cash flows discounted at the applicable ministerial rate, computed at initial recognition.

In the controlling entity's assessment for impairment, the following methodologies are used at the end of each financial year:

- ▷ One hundred percent of the out-of-service debt (excluding credit balances) is classified as impaired; and
- ▷ Any other debts that may be deemed irrecoverable.

### Useful life and residual value of assets

As described in the accounting policy below, the economic entity reviews the estimated useful life and residual value of property, plant and equipment, intangible assets and living resources at the end of each reporting period.

### Cash-generating assets - controlled entity

Judgements made by management in applying the criteria to designated assets as cash-generating assets or non-cash-generating assets, are as follows:

Cash-generating assets are identified by management as assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset. Assets in the controlling entity do not generate any cash inflows therefore, only assets in the controlled entity are seen as cash-generating assets. Management considers non-cash-generating assets as assets other than cash-generating assets.

### 1.4 Property, plant, and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- ▷ It is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- ▷ The cost of the item can be measured reliably.

Property, plant, and equipment are initially measured at cost.

The cost of an item of property, plant, and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Recognition of costs in the carrying amount of property, plant, and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of a property, plant, and equipment.

Property, plant, and equipment are carried at cost less accumulated depreciation, and any accumulated impairment losses, except for land and buildings, which are carried at revalued amounts being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations of land and buildings are performed annually to ensure that the carrying amount does not differ materially from the fair value at the end of the reporting period.

When land and buildings are revalued, any accumulated depreciation at the date of the revaluation is not eliminated against the gross carrying amount of the asset, and the net amount restated to the revalued amount of the asset. The cost price will reflect the grossed-up value instead of the revalued amount. This does not have any effect on the value as per the Statement of the Financial Position.

Any increase in land and building's carrying amount, because of a revaluation, is credited directly to the revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in land and building's carrying amount, because of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to the net assets, to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in total net assets, related to a specific component of land and buildings, is transferred directly to accumulated surplus as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of that asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful life to their estimated residual value and is carried at cost, less accumulated depreciation, and any accumulated impairment losses.

**The useful life of items of property, plant, and equipment for the controlling entity have been assessed as follows:**

Category	Average useful life
Land	Unlimited useful life
Buildings and building components	Revaluated annually
Plant and equipment	10 to 11 years
Furniture, fittings and office equipment	3 to 19 years
Land and water vehicles	5 to 13 years
ICT equipment	3 to 15 years
Leasehold improvements	5 to 15 years
Power supply equipment	9 to 15 years
Security equipment	10 to 13 years
Assets under construction	No useful life as assets are not available and/or ready for use

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

At each reporting date the economic entity assesses whether there is any indication that the economic entity's expectations about the residual value and the useful life of an asset have changed since the

preceding reporting date. If any such indication exists, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate (refer note 38).

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The carrying amounts of items of property, plant, and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant, and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant, and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

The economic entity separately discloses the following in the notes to the financial statements:

- ▷ Expenditure to repair and maintain property, plant and equipment and intangible assets (see note 3); and
- ▷ Relevant information relating to assets under construction or development (see note 3).

### 1.5 Intangible assets

An intangible asset is recognised when:

- ▷ It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- ▷ The cost or fair value of the asset can be measured reliably.

Intangible assets are initially recorded at cost. Subsequently intangible assets are measured at cost, less any accumulated amortisation and accumulated impairment losses.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Cost on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an initial project) is recognised when:

- ▷ It is technically feasible to complete the asset so that it will be available for use or sale;
- ▷ There is an intention to complete and use it;
- ▷ There is an ability to use or sell it;
- ▷ It will generate probable future economic benefits or service potential;
- ▷ There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- ▷ The expenditure attributable to the asset during its development can be measured reliably.

The amortisation method for intangible assets is reviewed at each reporting date.

At each reporting date the economic entity assesses whether there is any indication that the economic entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If there is any such indication, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate (refer note 38).

The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

Amortisation for the controlling entity is provided to write down the intangible assets, on a straight-line basis, over their respected useful life to their estimated residual value as follows:

Item	Useful life
Intellectual property and other rights (controlled entity)	11 years
ICT software	3 to 14 years
Software assets under development	No useful life as assets are not available and/or ready to use

The economic entity discloses relevant information relating to intangible assets and software assets under construction or development, in the notes to the financial statements (see note 4).

Intangible assets are derecognised when no future economic benefits or service potential are expected from their use or at the date of disposal.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised.

## 1.6 Living resources

Living resources are those resources that undergo biological transformation processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

In the case of the controlling entity, living resources represent the detector dogs in the Customs operational environment.

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the controlling entity, and the cost or fair value of the asset can be measured reliably.

A living resource that qualifies for recognition as an asset is measured at its cost.

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition as an asset, a group of living resources are carried at their cost less any accumulated depreciation and any accumulated impairment losses.

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is allocated on a straight-line basis over its useful life.

At each reporting date the controlling entity assesses whether there is any indication that the entity's expectations about the residual value and the useful life of a living resource have changed since the preceding reporting date. If there is any such indication, the controlling entity revises the expected useful life and/or residual value accordingly. The change(s) are accounted for as a change in an accounting estimate.

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation methods and useful life of items of living resources have been assessed as follows:

Item	Average useful life
Customs Detector Dogs	10 years

## Impairment

At each reporting date, the controlling entity assesses whether there is an indication that the living resource may be impaired. If there is any such indication, the controlling entity estimates the recoverable amount or the recoverable service amount of the living resource.

The carrying amount of a living resource is derecognised on retirement or death, or when no future economic benefits or service potential are expected from its use at date of its disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

## 1.7 Investments in controlled entity

### Economic entity financial statements

The investment in the controlled entity is consolidated in the economic entity's financial statements. Refer to the accounting policy on consolidations note 1.2.

### Controlling entity financial statements

In the entity's separate financial statements, the investment in the controlled entity is carried at cost, less any accumulated impairment.

The investment in the controlled entity that is accounted for in accordance with the accounting policy on financial instruments in the consolidated financial statements, are accounted for in the same way in the controlling entity's separate financial statements.

## 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

### Classification

The entity has the following classes of financial assets, as reflected in the Statement of Financial Position or in the notes thereto:

Class	Measurement method
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

The entity has the following classes of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

Class	Measurement method
Financial lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured amortised cost

### Initial recognition

The entity recognises a financial asset or liability in its Statement of Financial Position, when it becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting (transaction date).

### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus, transaction cost that is directly attributable to the acquisition or issue of the financial asset or financial liability.

### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition either at fair value or amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a recognised valuation technique. The objective of using a recognised valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations.

### Impairment of financial assets measured at amortised cost

At the end of each reporting period, the entity assesses whether there is any objective evidence that a financial asset or group of financial assets should be impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount, and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost model would have been had the impairment not been recognised at the date on which the impairment is reversed. The balance of the reversal amount is recognised in surplus or deficit.

## Derecognition

### Financial assets

The entity derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled, waived, or when the entity transfers to another party substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit, using trade date accounting (transaction date).

### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its Statement of Financial Position upon settlement.

## Recognition

Interest relating to a financial instrument is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument are recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset, and the net amount presented in the Statement of Financial Position when the entity has a current legally enforceable right, to set off the recognised amounts and intends either to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 1.9 Tax - controlled entity

### Current tax assets and liabilities

The current tax for current and prior periods, to the extent that it is unpaid, is recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a statutory receivable.

Tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to/or recovered from the tax authority, using the tax rates and tax laws that have been enacted by the end of the reporting period.

### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability, in a transaction that, at the time of the transaction, affects neither accounting surplus nor taxable profit or tax loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

## Tax expense

Current and deferred tax are recognised as income or an expense and included in surplus or deficit for the period.

## 1.10 Leases

### Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, to produce a constant periodic rate on the remaining balance of the liability.

### Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual payments, is recognised as an operating lease liability.

## 1.11 Inventories

Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost of the inventories can be measured reliably.

Inventories are initially measured at cost.

Inventories are measured at the lower of cost and current replacement cost, where they are held for distribution at no charge.

Current replacement cost is the cost that the controlling entity incurs to acquire the inventories on the reporting date.

The cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition available for use.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories of a similar nature and use for the controlling entity.

The amount of any write-down of inventories to current replacement cost and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.12 Cash and cash equivalents

Cash equivalents are held to meet short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, and where applicable, deposits in a Corporation of Public Deposits bank account held with the Reserve Bank, in instances where there are surplus funds available.

### 1.13 Impairment of cash-generating assets- controlled entity

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

At each reporting date the controlled entity assesses whether there is any indication that a cash-generating asset may be impaired. If there is any such indication, the controlled entity estimates the recoverable amount of the asset.

### 1.14 Impairment of non-cash-generating assets

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

At each reporting date the controlling entity assesses, whether there is any indication that a non-cash-generating asset may be impaired. If there is any such indication, the controlling entity estimates the recoverable service amount of the asset.

### 1.15 Share capital/contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity, after deducting all its liabilities.

### 1.16 Employee benefit obligations

The value of each major class of employee benefit obligation is disclosed in the employee benefits note (refer to note 32).

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

### Long-term employee benefits

Other long-term employee benefits are all employee benefits other than short-term employment benefits, post-employment benefits and termination benefits that are not due to be settled within 12 months from the end of the period in which the employees render the related service.

### Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months from the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- ▷ Salaries and other contributions; and
- ▷ Bonus and performance related payments payable within 12 months from the end of the reporting period in which the employees render the related service.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- ▷ As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- ▷ As an expense unless another accounting standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of future compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay because of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of incentive and service-related payments when the entity has a present legal or constructive obligation to make such payments because of past events and a reliable estimate of the obligation can be made. There is a present obligation when the entity has no realistic alternative but to make the payments.

### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into the Government Employees Pension Fund for the controlling entity and Allan Gray Retirement Annuity Fund for the controlled entity and will have no legal or constructive obligation to pay further contributions if the Government Employees Pension Fund or the Allan Gray Retirement Annuity Fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense).

### 1.17 Provisions and contingencies

Provisions are recognised when:

- ▷ The entity has a present obligation as a result of a past event;
- ▷ It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- ▷ A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are recognised when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and liabilities are not recognised but are disclosed.

### 1.18 Commitments

Items are classified as commitments when an entity has contractually committed itself to future transactions by placing a purchase order or signing a works order that would normally result in the outflow of cash.

Contractual commitments exclude operational expenditure that relates to normal business activities.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in the notes to the financial statements, if any of the following criteria are met (refer to note 34):

- ▷ Contractual commitments should be non-cancellable or only cancellable at significant cost;
- ▷ Authorised, but not yet contracted for cost, include costs of projects already started at the reporting date and for which a procurement vehicle is in place; and
- ▷ It relates to an approved business case for a project (inclusive of capital and operational cost).

### 1.19 Revenue from exchange transactions

Revenue from exchange transactions comprises the gross inflow of economic benefits or service potential during the reporting period, when those inflows result in an increase in net assets.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rendering of services

Revenue from exchange transactions comprises the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when the following criteria are met:

- (a) The amount of revenue can be measured reliably;
- (b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- (c) The stage of completion of the transaction at the reporting date can be measured reliably; and
- (d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

### 1.20 Revenue from non-exchange transactions

Revenue from non-exchange transactions comprises of the increases in economic benefits, relating to a grant appropriated by Parliament and distributed by National Treasury to enable the controlling entity to execute its mandate in terms of the SARS Act, 1997 (Act 34 of 1997).

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, because of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value, as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be

measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue.

### Donations

Donations, including goods and services in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

## 1.21 Translation of foreign currencies

### Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in Rand, by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction to the foreign currency amount.

At each reporting date, foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates that are different from those at which they were translated on initial recognition during the period, or in previous financial statements, are recognised in surplus or deficit in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in South African Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

## 1.22 Statutory receivables

### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The carrying amount is the amount at which an asset is recognised in the Statement of Financial Position.

The cost method is the method used to account for statutory receivables that require such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied, or charged in accordance with, legislation, supporting regulations, or similar means.

### Recognition

The controlling entity recognises statutory receivables when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

### Initial measurement

The controlling entity initially measures statutory receivables at their transaction amount.

### Subsequent measurement

The controlling entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed after initial recognition to reflect any:

- ▷ Interest or other charges that may have accrued on the receivable (where applicable);
- ▷ Amounts that have been derecognised.

### Impairment losses

The controlling entity assesses its statutory receivables for impairment at the end of each reporting period. Write-offs are made according to the economic entity's write-off policy.

### Derecognition

The controlling entity derecognises a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expired, or waived.

## 1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

## 1.24 Fruitless and wasteful expenditure

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and when recovered it is subsequently accounted for as revenue in the Statement of Financial Performance.

All fruitless and wasteful expenditure is investigated to establish its reason and determine the required consequence management and recoverability steps before it is condoned and removed from the register.

## 1.25 Irregular expenditure

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense.

All irregular expenditure is investigated to establish its reasons and determine if value was derived. The required consequence management is taken before it is condoned by National Treasury or the Accounting Authority or delegated authority in cases where not condoned by National Treasury and removed from the register.

Irregular expenditure that was identified during the current financial year must be recorded in the irregular expenditure register and disclosed accordingly, clearly indicating if it was incurred in the current or prior period.

Condoned irregular expenditure transactions, must be removed from the register and disclosed accordingly.

### 1.26 Budget information

The controlling entity is subject to appropriations of budgetary limits, which are given effect through authorising legislation. The controlling entity's approved budget is as per ENE submission to National Treasury, which represents the published budget as per the APP.

General purpose financial reporting by the economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

This accounting policy applies only to the approved budget of the controlling entity.

The financial statements and the budget are on the accrual basis of accounting.

The controlling entity selects to disclose the comparison of budget and actual spend in separate comparison statements.

Comparative information is not required.

### 1.27 Related parties

Only related parties of the controlling entity are disclosed. The controlling entity operates in an economic sector that is currently dominated by entities directly or indirectly controlled by the South African government. Because of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Only transactions with related parties, not at arm's length or not in the ordinary course of business, are disclosed. Management, regarded as members of the Executive Committee, are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

Close family members of a person considered to be a member of management are those family members, including spouses and individuals who live together as spouses, who may be expected to influence, or be influenced by each other in their dealings with the economic entity.

### 1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified: those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date, once the event has occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken based on the financial statements.

### 1.29 Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board on a basis consistent with the prior year.

### 1.30 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred.

## Notes to the Financial Statements

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards, interpretations and improvements to standards:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the interpretation is not material
GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the standard is not material
GRAP 2020: Improvement to the Standard of GRAP 2020	01 April 2023	The impact of the standard is not material
GRAP 1 (amended): Presentation of Financial Statement (Materiality)	01 April 2023	The impact of the standard is not material

#### 2.2 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 2023: Improvement to the Standard of GRAP 2023	Still to be determined by the Minister of Finance	Unlikely that there will be a material impact
GRAP 1 (amended): Presentation of Financial Statement (Going Concern)	Still to be determined by the Minister of Finance	Unlikely that there will be a material impact
iGRAP 22: Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely that there will be a material impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

### 3. Property, plant, and equipment

Economic entity R'000	2024			2023		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	198 721	-	198 721	187 580	-	187 580
Buildings	724 052	(272 524)	451 528	689 246	(250 459)	438 787
Plant and equipment	134 486	(96 509)	37 977	134 324	(81 574)	52 750
Furniture, fittings, and office equipment	420 654	(294 873)	125 781	411 844	(264 512)	147 332
Land and water vehicles	263 779	(145 105)	118 674	256 694	(141 126)	115 568
ICT equipment	3 434 528	(1 892 080)	1 542 448	3 158 462	(1 651 238)	1 507 224
Leasehold improvements	829 675	(499 741)	329 934	807 657	(468 073)	339 584
Power supply equipment	124 921	(96 546)	28 375	118 154	(92 201)	25 953
Security equipment	181 486	(153 013)	28 473	172 733	(140 729)	32 004
<b>Total</b>	<b>6 312 302</b>	<b>(3 450 391)</b>	<b>2 861 911</b>	<b>5 936 694</b>	<b>(3 089 912)</b>	<b>2 846 782</b>

Controlling entity R'000	2024			2023		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	198 721	-	198 721	187 580	-	187 580
Buildings	724 052	(272 524)	451 528	689 246	(250 459)	438 787
Plant and equipment	134 486	(96 509)	37 977	134 324	(81 574)	52 750
Furniture, fittings, and office equipment	418 833	(293 705)	125 128	409 990	(263 405)	146 585
Land and water vehicles	263 779	(145 105)	118 674	256 694	(141 126)	115 568
ICT equipment	3 413 304	(1 880 170)	1 533 134	3 135 220	(1 635 689)	1 499 531
Leasehold improvements	824 237	(495 236)	329 001	802 081	(463 656)	338 425
Power supply equipment	124 921	(96 546)	28 375	118 154	(92 201)	25 953
Security equipment	181 466	(152 997)	28 469	172 713	(140 711)	32 002
<b>Total</b>	<b>6 283 799</b>	<b>(3 432 792)</b>	<b>2 851 007</b>	<b>5 906 002</b>	<b>(3 068 821)</b>	<b>2 837 181</b>

### 3. Property, plant and equipment (continued)

#### Reconciliation of the carrying amount of property, plant, and equipment - Economic entity - 2024

Figures in Rand thousand (R'000)	Opening balance	Additions	Disposals	Donations received	Transfers	Revaluation reserve surplus/(deficit) net of realisation income/ (expenditure) of revaluation reserve	Compensation for replacement of assets	Depreciation	Impairment loss/scrappings	Impairment reversal	Total
Land	187 580	-	-	-	-	11 152	-	-	(11)	-	198 721
Buildings	438 787	20 722	-	-	-	8 703	-	(15 487)	(5 431)	4 234	451 528
Plant and equipment	52 750	163	-	-	-	-	-	(14 935)	(1)	-	37 977
Furniture, fittings, and office equipment	147 332	13 292	(2)	630	24	-	-	(34 832)	(903)	240	125 781
Land and water vehicles	115 568	9 442	(577)	-	-	-	-	(5 747)	(12)	-	118 674
ICT equipment	1 507 224	307 193	(341)	19 139	(453)	-	71	(285 942)	(5 323)	880	1 542 448
Leasehold improvements	339 584	29 325	-	-	134	-	-	(35 783)	(3 326)	-	329 934
Power supply equipment	25 953	6 201	-	-	635	-	-	(4 401)	(13)	-	28 375
Security equipment	32 004	9 806	(500)	-	(340)	-	-	(12 480)	(17)	-	28 473
	2 846 782	396 144	(1 420)	19 769	-	19 855	71	(409 607)	(15 037)	5 354	2 861 911

Refer to note 38 for the total impact of changes in residual value and useful life on accumulated depreciation.

The controlling entity received a donation from the World Customs Organisation (WCO)-Belgium in the form of a virtual reality kiosk (R630k).

In addition, the controlling entity also received a donation in the form of funding of R19.1 million from a cellular service provider for the purchase of cellular devices and data dongles. Refer to note 22.

#### Reconciliation of the carrying amount of property, plant, and equipment - Economic entity - 2023

Figures in Rand thousand (R'000)	Opening balance	Additions	Disposals	Transfers	Revaluation reserve surplus/(deficit) net of realisation income/ (expenditure) of revaluation reserve	Negotiated discount	Compensation for replacement of assets	Depreciation	Impairment loss/scrappings	Impairment reversal	Total
Land	186 814	-	-	-	723	-	-	-	-	43	187 580
Buildings	429 440	17 003	-	-	(2 228)	-	-	(21 942)	(8 162)	24 676	438 787
Plant and equipment	63 927	1 699	-	-	-	-	-	(12 831)	(45)	-	52 750
Furniture, fittings, and office equipment	143 250	40 365	(109)	-	-	-	-	(29 919)	(7 384)	1 129	147 332
Land and water vehicles	52 110	56 888	(1 090)	-	-	-	-	11 451	(3 791)	-	115 568
ICT equipment	1 428 563	328 750	(5 832)	4	-	119 600	219	(358 517)	(6 750)	1 127	1 507 224
Leasehold improvements	287 753	81 971	-	-	-	-	-	(23 960)	(6 180)	-	339 584
Power supply equipment	14 343	17 581	(7)	-	-	-	8	(5 964)	(8)	-	25 953
Security equipment	32 288	3 781	(31)	-	-	-	-	(1 411)	(2 669)	46	32 004
	2 638 488	548 038	(7 069)	4	(1 505)	119 600	227	(443 093)	(34 989)	27 021	2 846 782

Negotiated discount represents discount negotiated on the acquisition of ICT equipment.

Net transfers between property, plant, and equipment and intangible assets as per note 4 contra each other.

Change in the residual value of land and water vehicles decreased accumulated depreciation in 2022/23.

### 3. Property, plant and equipment (continued)

#### Reconciliation of the carrying amount of property, plant, and equipment - Controlling entity - 2024

Figures in Rand thousand (R'000)	Opening balance	Additions	Disposals	Donations received	Transfers	Revaluation reserve surplus/(deficit) net of realisation income/(expenditure) of revaluation reserve	Compensation for replacement of assets	Depreciation	Impairment loss/scrapings	Impairment reversal	Total
Land	187 580	-	-	-	-	11 152	-	-	(11)	-	198 721
Buildings	438 787	20 722	-	-	-	8 703	-	(15 487)	(5 431)	4 234	451 528
Plant and equipment	52 750	163	-	-	-	-	-	(14 935)	(1)	-	37 977
Furniture, fittings, and office equipment	146 585	13 291	-	630	24	-	-	(34 739)	(903)	240	125 128
Land and water vehicles	115 568	9 442	(577)	-	-	-	-	(5 747)	(12)	-	118 674
ICT equipment	1 499 531	303 201	-	19 139	(453)	-	71	(283 912)	(5 323)	880	1 533 134
Leasehold improvements	338 425	29 307	-	-	134	-	-	(35 539)	(3 326)	-	329 001
Power supply equipment	25 953	6 201	-	-	635	-	-	(4 401)	(13)	-	28 375
Security equipment	32 002	9 806	(500)	-	(340)	-	-	(12 482)	(17)	-	28 469
	<b>2 837 181</b>	<b>392 133</b>	<b>(1 077)</b>	<b>19 769</b>	<b>-</b>	<b>19 855</b>	<b>71</b>	<b>(407 242)</b>	<b>(15 037)</b>	<b>5 354</b>	<b>2 851 007</b>

Refer to note 38 for the total impact of changes in residual value and useful life on accumulated depreciation.

The controlling entity received a donation from the World Customs Organisation (WCO) -Belgium in the form of a virtual reality kiosk.

In addition, the controlling entity also received a donation in the form of funding of R19.1 million from a cellular service provider for the purchase of cellular devices and data dongles. Refer to note 22.

#### Reconciliation of the carrying amount of property, plant, and equipment - Controlling entity - 2023

Figures in Rand thousand (R'000)	Opening balance	Additions	Disposals	Transfers	Revaluation reserve surplus/(deficit) net of realisation income/(expenditure) of revaluation reserve	Negotiated discount	Compensation for replacement of assets	Depreciation	Impairment loss/scrapings	Impairment reversal	Total
Land	186 814	-	-	-	723	-	-	-	-	43	187 580
Buildings	429 440	17 003	-	-	(2 228)	-	-	(21 942)	(8 162)	24 676	438 787
Plant and equipment	63 927	1 699	-	-	-	-	-	(12 831)	(45)	-	52 750
Furniture, fittings, and office equipment	142 340	40 363	(109)	-	-	-	-	(29 754)	(7 384)	1 129	146 585
Land and water vehicles	52 110	56 888	(1 090)	-	-	-	-	11 451	(3 791)	-	115 568
ICT equipment	1 423 959	323 716	(5 828)	4	-	119 660	219	(356 576)	(6 750)	1 127	1 499 531
Leasehold improvements	286 513	81 891	-	-	-	-	-	(23 799)	(6 180)	-	338 425
Power supply equipment	14 343	17 580	(7)	-	-	-	8	(5 963)	(8)	-	25 953
Security equipment	32 286	3 781	(31)	-	-	-	-	(1 411)	(2 669)	46	32 002
	<b>2 631 732</b>	<b>542 921</b>	<b>(7 065)</b>	<b>4</b>	<b>(1 505)</b>	<b>119 660</b>	<b>227</b>	<b>(440 825)</b>	<b>(34 989)</b>	<b>27 021</b>	<b>2 837 181</b>

Negotiated discount represents discount negotiated on the acquisition of ICT equipment.

Net transfers between property, plant, and equipment and intangible assets as per note 4 contra each other.

Change in the residual value of land and water vehicles decreased accumulated depreciation in 2022/23.

### 3. Property, plant and equipment (continued)

#### Revaluations

The effective date of the revaluations was 31 March 2024. Revaluations were performed by an independent professional valuer, Mr. PL Niesing, registered as a Professional Valuer in terms of section 20(2)(a) of the Property Valuers Profession Act, 2000 (Act 47 of 2000), of Meto Properties (Pty) Ltd. Meto Properties (Pty) Ltd. is not connected to the economic entity.

Land and buildings are re-valued independently every year.

The valuations of Lehae la SARS (Erf 419, 281 Bronkhorst Street, Nieuw Muckleneuk 0180) and Alberton South Campus (Erf 1087, New Redruth Extension 6, McKinnon Crescent, Alberton, 1449) were performed using the Capitalisation of Net Annual Income method. This method is generally considered to determine the market value of an income producing property such as shopping centres, offices and industrial or commercial properties, where the building has an earning potential.

To determine the Market Value of Lehae la SARS, Meto Properties (Pty) Ltd. considered the preferred valuation approach in terms of International Valuation Standards, when valuing income producing properties, namely the Income Approach. Year-on-year growth (FY2023 to FY2024) was minimal at only 2.8%. This is because although demand for office space in this location has recovered since Covid-19, real rental growth remains slow. Property expenses, including Assessment Rates were normalised where necessary to determine a sustainable Net Operating Income, which was capitalised at 8.75%. The weighted average gross market rental per m<sup>2</sup> is R182.20 and a long-term vacancy rate of 2.5% was used. The Market Value is corroborated by the Comparable Sales Method.

When determining the Market Value of the Alberton Campus, the valuers relied on the Income Approach. Year-on-year growth (FY2023 to FY2024) was 5.1%. This is primarily due to coming off a lower base and not material changes in market parameters and property fundamentals. The demand for office space in this area has remained relatively static. Property expenses have been normalised, where necessary to determine a sustainable Net Operating Income, which was capitalised at 11.00%. The weighted average gross market rental per m<sup>2</sup> is R131.87 and a long-term vacancy rate of 3.00% was used. The Market Value is corroborated by the Comparable Sales Method.

The valuations of the Ficksburg and Fouriesburg houses were performed using the Market Approach, considering the Direct Comparable Method. The Market Approach provides an indication of value by comparing the asset with identical or comparable assets for which price information is available.

The minimal growth in the Ficksburg property values (ranging between 1.40% and 1.50%) can be attributed to a below average demand for properties like last year, the public infrastructure in Ficksburg is poor. It should also be noted that the real estate market in Ficksburg is closer linked to the general South African economy (GDP growth, employment, interest rates, etc.) compared to Fouriesburg, which is a tourist driven economy. Erf 807 in Ficksburg is still affected by a structural crack that will impact the marketability and saleability of this property.

The decrease in property values in Fouriesburg (ranging between 3.00% and 13.40%) is due to a decline in the demand and selling prices of residential properties in Fouriesburg. This can be attributed to the nature of the tourist town and the fact that companies require employees to return to co-working environments.

Refer to note 12 for the change in the revaluation surplus.

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

### 3. Property, plant and equipment (continued)

#### Property, plant, and equipment in the process of being constructed or developed that have been delayed

Smart Border project	4 144	4 291	4 144	4 291
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The SMART Border Programme was initiated as part of the Customs Modernisation Programme to ease congestion at land border posts and automate the arrival and departure procedures. The main goal was to streamline border traffic and enhance compliance using advanced identification and tracking technology, including the Automated Number Plate Recognition system. As part of the project, a CCTV camera installation programme was also launched at tobacco manufacturing warehouses to identify any deviations in tobacco production that may indicate illicit or potentially illicit manufacturing of tobacco products. However, due to financial constraints, the installation process, which involved conducting pre-assessments of warehouses, was significantly delayed by manufacturers who resorted to legal action to block access to these facilities, thus preventing conclusive assessments.

New Pier Durban State Warehouse	-	102 645	-	102 645
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This project has been completed and the premises occupied.

	4 144	106 936	4 144	106 936
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Expenditure incurred to repair and maintain Property, Plant, and Equipment and Intangible Assets included in the Statement of Financial Performance

Contracted services	947 105	773 752	987 521	824 048
General expenses	63 250	43 604	62 863	43 562
	1 010 355	817 356	1 050 384	867 610

Repairs and maintenance forms part of Administration Expenses and Professional and Special Services on the face of the Statement of Performance.

## 4. Intangible assets

Figures in Rand thousand (R'000)						
Economic entity	2024			2023		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intellectual property and other rights	73 583	(72 387)	1 196	73 583	(70 794)	2 789
ICT Software	4 704 546	(3 187 024)	1 517 522	4 481 569	(3 163 339)	1 318 230
Software under development	107 459	-	107 459	272 649	-	272 649
<b>Total</b>	<b>4 885 588</b>	<b>(3 259 411)</b>	<b>1 626 177</b>	<b>4 827 801</b>	<b>(3 234 133)</b>	<b>1 593 668</b>

Figures in Rand thousand (R'000)						
Controlling entity	2024			2023		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
ICT Software	4 699 303	(3 182 158)	1 517 145	4 472 889	(3 155 581)	1 317 308
Software under development	107 459	-	107 459	272 649	-	272 649
<b>Total</b>	<b>4 806 762</b>	<b>(3 182 158)</b>	<b>1 624 604</b>	<b>4 745 538</b>	<b>(3 155 581)</b>	<b>1 589 957</b>

### Reconciliation of the carrying amount of intangible assets - Economic entity - 2024

Figures in Rand thousand (R'000)							
	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss / scrappings	Total
Intellectual property and other rights	2 789	-	-	-	(1 593)	-	1 196
ICT software	1 318 230	20 964	(5)	392 520	(184 645)	(29 542)	1 517 522
Software under development	272 649	227 330	-	(395 520)	-	-	107 459
	<b>1 593 668</b>	<b>248 294</b>	<b>(5)</b>	<b>-</b>	<b>(186 238)</b>	<b>(29 542)</b>	<b>1 626 177</b>

Refer to note 38 for the total impact of changes in residual value and useful life on accumulated depreciation.

The opening balances of some classes have been adjusted due to the prior period error adjustment. Refer to note 39.

### Reconciliation of the carrying amount of intangible assets - Economic entity - 2023

Figures in Rand thousand (R'000)							
	Opening balance	Additions	Negotiated discount	Transfers	Amortisation	Impairment loss/ scrappings	Total
Intellectual property and other rights	10 148	-	-	-	(7 359)	-	2 789
ICT software	1 433 723	13 521	-	116 305	(229 316)	(16 003)	1 318 230
Software under development	97 353	229 660	61 945	(116 309)	-	-	272 649
	<b>1 541 224</b>	<b>243 181</b>	<b>61 945</b>	<b>(4)</b>	<b>(236 675)</b>	<b>(16 003)</b>	<b>1 593 668</b>

Negotiated discount represents discount negotiated on the acquisition of software under development.

Net transfers between property, plant and equipment and intangible assets as per note 3 contra each other.

The ICT software class has been restated by increasing the opening balance with R767.4 million. Similarly, the software under development opening balance increased with R38.5 million and the additions with R79.7 million. Refer to the prior period error note 39.

#### 4. Intangible assets (continued)

##### Reconciliation of the carrying amount of intangible assets - Controlling entity - 2024

Figures in Rand thousand (R'000)

	Opening balance	Additions	Transfers	Amortisation	Impairment loss/scrappings	Total
ICT software	1 317 308	20 913	392 520	(184 054)	(29 542)	1 517 145
Software under development	272 649	227 330	(392 520)	-	-	107 459
	1 589 957	248 243	-	(184 054)	(29 542)	1 624 604

Refer to note 38 for the total impact of changes in residual value and useful life on accumulated depreciation.

##### Reconciliation of the carrying amount of intangible assets - Controlling entity - 2023

Figures in Rand thousand (R'000)

	Opening balance	Additions	Negotiated discount	Transfers	Amortisation	Impairment loss/scrappings	Total
ICT software	1 432 323	13 232	-	116 305	(228 549)	(16 003)	1 317 308
Software under development	97 353	229 660	61 945	(116 309)	-	-	272 649
	1 541 224	242 892	61 945	(4)	(236 675)	(16 003)	1 589 957

Negotiated discount represents discount negotiated on the acquisition of software under development.

Net transfers between property, plant, and equipment and intangible assets as per note 3 contra each other.

The ICT software class has been restated by increasing the opening balance with R767.4 million. Similarly, the software under development opening balance increased with R38.5 million and the additions with R79.7 million. Refer to the prior period error note 39.

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
<b>4. Intangible assets (continued)</b>				
<b>Intangible assets in the process of being constructed or developed that have been delayed.</b>				
Mineral and Pretroleum Resources Royalties (MPRR) project - eAccount and Banking implementation phase	779	621	779	621
The project entails the modernisation and implementation of the MPRR tax product that will form the foundation of the accrual basis of accounting solution for subsequent tax products. The project experienced delays because of repeat testing cycles and difficulty in defect resolution due to the inability to attract and retain experienced and capable technical resources. This places pressure on remaining project staff and impacts the scheduled release cycles, therefore pushing release out. An action plan that will address capacity, capability and project artifact management was discussed and agreed upon. The project successfully concluded the implementation of the core MPRR solution during the financial year, which allows taxpayers to register, file, and pay. The separate eAccount and banking implementations, which are also managed under this initiative, are in progress. The completion date is set for 31 March 2025.				
Trust and Donation project Phase 1	-	677	-	677
This project was implemented on 15 September 2023.				
Air Passenger Tax project	-	2 202	-	2 202
This project was implemented on 15 September 2023.				
Single Window project	-	7 074	-	7 074
This project was implemented on 15 September 2023.				
Advanced Import Payment project	-	205	-	205
This project was implemented on 27 October 2023.				
Automated Refunds and Drawbacks project	-	10 683	-	10 683
This project was implemented on 15 September 2023.				
Directive project	-	383	-	383
This project was implemented on 15 September 2023.				
	779	21 845	779	21 845

## 5. Living resources

### Figures in Rand thousand (R'000)

Economic entity	2024			2023		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Customs Detector Dogs	6 873	(1 911)	4 962	6 134	(1 506)	4 628

### Reconciliation of living resources - Economic entity - 2024

#### Figures in Rand thousand (R'000)

	Opening balance	Additions	Depreciation	Impairment loss/scrapings	Total
Customs Detector Dogs	4 628	1 676	(707)	(635)	4 962

### Reconciliation of living resources - Economic entity - 2023

#### Figures in Rand thousand (R'000)

	Opening balance	Additions	Depreciation	Impairment loss/scrapings	Total
Customs Detector Dogs	1 655	3 725	(534)	(218)	4 628

### Reconciliation of living resources - Controlling entity - 2024

#### Figures in Rand thousand (R'000)

	Opening balance	Additions	Depreciation	Impairment loss/scrapings	Total
Customs Detector Dogs	4 628	1 676	(707)	(635)	4 962

### Reconciliation of living resources - Controlling entity - 2023

#### Figures in Rand thousand (R'000)

	Opening balance	Additions	Depreciation	Impairment loss/scrapings	Total
Customs Detector Dogs	1 655	3 725	(534)	(218)	4 628

## 6. Interests in other entities

### Investment in controlled entity

Name of company	Determination of ownership interest	% holding 2024	% holding 2023	Carrying amount 2024	Carrying amount 2023
International Frontier Technologies SOC Ltd	South African Revenue Service	100.00%	100.00%	-	-

The controlled entity has a share capital of R1 (One rand).

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

## 7. Deferred tax - controlled entity

### Differed tax asset

Deferred tax asset	3 575	3 557	-	-
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### Reconciliation of deferred tax asset/(liability)

At the beginning of the year	3 557	82	-	-
Reversing temporary difference on intellectual property	301	1 390	-	-
Temporary difference on property, plant, and equipment	(28)	223	-	-
Originating temporary difference on operating lease	(82)	(18)	-	-
Temporary difference on repayments	(116)	(13)	-	-
Movement in provision and accruals	(57)	1 893	-	-
	3 575	3 557	-	-

## 8. Prepayments

Prepaid expenditure	506 122	410 816	500 661	405 750
Leave taken in advance	28 103	15 932	28 103	15 932
	534 225	426 748	528 764	421 682

## 9. Inventories

Corporate uniforms	15 074	14 203	15 074	14 203
Combat uniforms	7 081	5 110	7 081	5 110
Uniforms personal protective equipment	180	268	180	268
	22 335	19 581	22 335	19 581

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

## 10. Receivables from exchange transactions

Statutory receivables	97 028	38 837	97 028	38 837
Trade debtors	5 620	469	-	-
Government departments	9 316	1 682	9 316	1 682
Staff accounts receivable	4 179	2 947	4 179	2 947
Refundable deposits	3 867	3 979	3 852	3 964
Interest receivable	3 190	2 496	3 190	2 496
Sundry receivables	5 564	10 854	5 840	11 697
Advance Tax Ruling debtors	214	124	214	124
	<b>128 978</b>	<b>61 388</b>	<b>123 619</b>	<b>61 747</b>
Non-current assets	3 793	3 945	3 793	3 945
Current assets	125 185	57 443	119 826	57 802
	<b>128 978</b>	<b>61 388</b>	<b>123 619</b>	<b>61 747</b>

The Economic and Controlling entity have reclassified Receivables from Exchange transactions between Current and Non-current balances for the first time this financial year, as some of the refundable deposits held by vendors have been in place for a period longer than 12 months. The comparative figures have been adjusted accordingly. Refer to note 40.

Statutory receivables included in receivables from exchange transactions above are as follows:

UIF commission	92 994	30 816	92 994	30 816
SDL commission	4 034	8 021	4 034	8 021
	<b>97 028</b>	<b>38 837</b>	<b>97 028</b>	<b>38 837</b>
Financial asset receivables included in receivables from exchange transactions above	31 950	22 551	26 591	22 910
<b>Total receivables from exchange transactions</b>	<b>128 978</b>	<b>61 388</b>	<b>123 619</b>	<b>61 747</b>

### Statutory receivables' general information

#### Transaction(s) arising from statute

The controlling entity collects UIF under the Unemployment Insurance Contributions (UIC) Act, 2002 (Act 4 of 2002) and SDL under the Skills Development Levies (SDL) Act, 1999 (Act 9 of 1999) on behalf of the Departments of Labour and Higher Education and Training, respectively.

The SDL Act defines the "Commissioner" as the SARS Commissioner, established by section 2 of the SARS Act, 1997 (Act 34 of 1997). Section 6 indicates that the levy should be paid to the Commissioner, and sections 10 (1) and (2) indicate how the collection costs should be administered.

Section 16 of the UIC Act, defines the "Commissioner" as the SARS Commissioner established by section 2 of the SARS Act. Section 8 of this Act indicates that UIF contributions should be paid to the Commissioner, and section 16 indicates how collection costs should be administered.

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

## 10. Receivables from exchange transactions (continued)

### Determination of the transaction amount

#### SDL Commission

Section 10(2) of the SDL Act provides that the total amount of such collection costs, excluding the start-up capital costs, may not exceed two per cent of the total amount of the SDL paid to SARS by every qualifying employer per month.

#### UIF Commission

Section 16(2) of the UIC Act provides that such collection costs be defrayed at an amount "equal to one and a half per cent of the total amount of the payments collected, or where the actual expense exceeds one and a half per cent of that amount, such actual costs".

#### Interest or other fees levied or charged

No interest is levied or charged.

#### Basis used to assess and test whether a statutory receivable is impaired

The economic entity assesses its statutory receivables for impairment at the end of each reporting period. Write-offs are made according to the economic entity's write-off policy.

#### Receivables past due but not impaired relating specifically to Statutory Receivables

Statutory receivables that are less than three months past due are not considered to be impaired. At 31 March 2024, R nil (2023: R nil) were past due but not impaired.

#### Receivables impaired relating specifically to Statutory Receivables

Statutory receivables that are less than three months past due are not considered to be impaired. At 31 March 2024 R nil (2023: R nil) were past due but not impaired. Therefore, no statutory receivables were impaired and provided for.

#### Fair value of receivables from exchange transactions

Trade and other receivables	128 978	61 388	123 619	61 747
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### Receivables from exchange transactions past due but not impaired

Trade and other receivables that are less than three months past due are not considered to be impaired. At 31 March 2024, R 8.6 million (2023: R 9.2 million) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

One month past due	164	7 843	1	7 719
Two months past due	3 351	4	1	4
Three months past due	5 040	1 378	5 024	1 363

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

## 10. Receivables from exchange transactions (continued)

### Receivables from exchange transactions impaired

As of 31 March 2024, R 3.3 million (2023: R 5.3 million) were impaired and provided for.

The ageing of these receivables from exchange transactions is as follows:

	588	314	588	314
Three to six months				
Over six months	2 693	5 019	2 693	5 019

Included in the provision for government debtors is an amount owed to the controlling entity by the Department of Public Works to the value of R826k (2023: R826k). Constant service lapses at border posts by the Department of Public Works required the controlling entity to appoint service providers to attend to the required service. The costs incurred by the controlling entity were billed to the Department of Public Works and engagements for recovery continues.

Also included in the provision for government debtors is an amount owed to the controlling entity by the Department of Justice and Constitutional Development to the value of R395k (2023: R395k). The debt relates to cost recovery of expenses incurred by the controlling entity on behalf of the Department of Justice and Constitutional Development during the Nugent Commission hearings held at the controlling entity's premises. Engagements for recovery continues.

Included in the provision for third party debtors (sundry receivables) is an amount of R435k (2023: R435k) in respect of debt owed by the previous Commissioner of SARS, Mr TS Moyane.

All external bursaries were written off during the current financial year.

### Reconciliation of provision for impairment of trade and other receivables

Opening balance	5 333	5 975	5 333	5 975
Provision for impairment	427	767	427	767
Amounts written off as uncollectible	(2 479)	(1 409)	(2 479)	(1 409)
	3 281	5 333	3 281	5 333

## 11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	625	594	622	592
Bank balances	1 516 299	1 361 042	1 510 750	1 308 884
Investments	24 188	-	-	-
	1 541 112	1 361 636	1 511 372	1 309 476

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

## 12. Asset revaluation reserve

Opening balance	101 239	102 744	101 239	102 744
Current year revaluation	26 334	5 565	26 334	5 565
Depreciation on the revalued portion of assets	(6 478)	(7 070)	(6 478)	(7 070)
	<b>121 095</b>	<b>101 239</b>	<b>121 095</b>	<b>101 239</b>

## 13. Finance lease obligation

Office equipment and vehicle tracking units				
Minimum lease payments due				
Within one year	24 928	22 961	24 928	22 961
In second to fifth year inclusive	12 411	24 148	12 411	24 148
	<b>37 339</b>	<b>47 109</b>	<b>37 339</b>	<b>47 109</b>
Less: future finance charges	(8 060)	(11 210)	(8 060)	(11 210)
<b>Present value of minimum lease payments</b>	<b>29 279</b>	<b>35 899</b>	<b>29 279</b>	<b>35 899</b>
Non-current liabilities				
Current liabilities	20 542	17 890	20 542	17 890
	<b>29 279</b>	<b>35 899</b>	<b>29 279</b>	<b>35 899</b>

The controlling entity entered into a new 36-month lease agreement for the provision of self-service kiosk terminals, with no annual escalation or renewal option clause and a net carrying value of R7.4 million.

The lease term for multi-functional machines is 36 months, with no annual escalation clause and an option to renew for two additional years with a net carrying value of R16.3 million.

The lease term for the vehicle tracking units is 60 months with an annual escalation of 6% with no annual renewal option clause with a net carrying value of R2.6 million.

The multi-functional machines, vehicle tracking units, and kiosks under lease were capitalised, and the corresponding finance lease liability was raised. The leases are payable in monthly instalments.

## 14. Deferred income

Donations for distributions	93	93	93	93
Tower rentals	75	70	75	70
	<b>168</b>	<b>163</b>	<b>168</b>	<b>163</b>
Current liabilities				
	<b>168</b>	<b>163</b>	<b>168</b>	<b>163</b>

Tower rentals are charged annually in advance, for the installation and operation of electronic communication equipment.

## 15. Provisions

### Reconciliation of provisions - Economic entity - 2024

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Adjustments during the year	Total
Performance bonuses	725 685	241 259	(714 030)	-	(11 655)	241 259
Provision for dismantling costs	3 102	11 455	(3 102)	-	-	11 455
Provision for building rentals	260	2 077	-	-	(57)	2 280
Provision for insurance	94	585	(78)	(16)	-	585
	729 141	255 376	(717 210)	(16)	(11 712)	255 579

### Reconciliation of provisions - Economic entity - 2023

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Total	
Performance bonuses	651 134	725 685	(649 720)	(1 414)	725 685	
Provision for dismantling costs	-	3 102	-	-	3 102	
Provision for building rentals	1 172	213	(764)	(361)	260	
Provision for insurance	1 392	94	(389)	(1 003)	94	
Salary-related provisions	17 541	-	-	(17 541)	-	
	671 239	729 094	(650 873)	(20 319)	729 141	

### Reconciliation of provisions - Controlling entity - 2024

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Total	
Performance bonuses	714 587	226 446	(702 888)	(11 699)	226 446	
Provision for dismantling costs	3 102	11 455	(3 102)	-	11 455	
Provision for building rentals	260	2 077	-	(57)	2 280	
Provision for insurance	94	585	(78)	(16)	585	
	718 043	240 563	(706 068)	(11 772)	240 766	

### Reconciliation of provisions - Controlling entity - 2023

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Total	
Performance bonuses	647 321	714 587	(644 417)	(2 904)	714 587	
Provision for dismantling costs	-	3 102	-	-	3 102	
Provision for building rentals	1 172	213	(764)	(361)	260	
Provision for insurance	1 392	94	(389)	(1 003)	94	
Salary-related provisions	17 541	-	-	(17 541)	-	
	667 426	717 996	(645 570)	(21 809)	718 043	

## 15. Provisions (continued)

### Performance bonuses

Performance bonuses represent the provision for annual performance bonuses payable to employees in terms of performance agreements.

### Provision for dismantling costs

A provision for dismantling costs was raised for lease contracts where the terms of the lease stipulate that the building needs to be returned to the landlord in a condition that is similar to what it was at the onset of the lease. This is usually referred to as white-boxing the property.

### Provision for building rentals

A provision for building rental escalations was raised on contracts that could not be included in the straight-line calculations for operating leases pending conclusion of lease agreement negotiations.

### Provision for insurance

A provision for fleet-related repairs was raised on incidents that were reported for the controlling entity's fleet involved in accidents or other related incidents for which the controlling entity has not yet received a quote or invoice for the repairs. The calculations were based on the estimated cost per incident as provided by the insurance service provider. The final cost of the repairs is uncertain.

### Salary-related provision

During the 2021/2022 wage negotiations, non-bargaining unit employees were given a 3% increase with the intention to use a differentiated approach with an additional 0.9%. A salary-related provision was raised for the 0.9% increase in 2021/2022, which was reversed in 2022/2023 as it did not materialise.

## 16. Employee benefits

The leave valuation was performed on a member-by-member basis, using the Projected Unit Credit Method specified by the Statement on Employee Benefits. This valuation method determines the obligation that has accrued at the date of valuation, allowing for salary escalations, the probability of benefits being paid, probabilities of survival and the time value of money.

Salary increases were linked to inflation using the real yield curve.

Interest cost is the increase in the present value of the leave obligation, which arises because the leave benefits are one period closer to settlement.

### Main valuation assumptions applicable to the controlling entity

	31 March 2024	31 March 2023
Discount rate	Bond yield curve	Bond yield curve
Inflation	Real yield curve	Real yield curve
Salary increases	Inflation (*)	Inflation
Real discount rate	4.4% - 5.2% p.a depending on duration	3.1% - 4.8% p.a depending on duration
Leave accrual	2 days	2 days
Normal retirement age	65	65
Mortality tables: males	SA 85/90 light	SA 85/90 light
Mortality tables: female	SA 85/90 light - 3 years	SA 85/90 light - 3 years

(\*) An additional 1% increase was allowed with effect from 1 April 2023

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

## 17. Employee benefits - special dispensation leave

Leave pay represents the entitlements of amounts due to personnel, for leave accumulated during 2020 and 2021.

Opening balance	59 408	159 757	59 408	159 757
Actuarial adjustment	(5 868)	(109 171)	(5 868)	(109 171)
Estimated benefits paid	(4 773)	(8 408)	(4 773)	(8 408)
Remeasurement - actuarial (gains) and losses from changes in financial assumptions	(1 095)	(100 763)	(1 095)	(100 763)
Interest cost	6 117	8 822	6 117	8 822
	<b>59 657</b>	<b>59 408</b>	<b>59 657</b>	<b>59 408</b>

As a result of the Covid-19 pandemic which spanned across 2020 and 2021, the utilisation of annual leave decreased during this period. Taking this into consideration, the controlling entity's leave policy was amended, and these days are no longer forfeited.

A new leave category, special dispensation leave, (the remaining days from 2020 and 2021 calendar years) was added to unused days at the end of June 2022.

The special dispensation leave can be utilised by employees during their employment with the controlling entity or paid upon service termination.

## 18. Employee benefits - leave accumulated prior 1999

Leave pay represents the entitlements of amounts due to personnel, for leave accumulated prior to 1999.

Opening balance	5 193	7 296	5 193	7 296
Actuarial adjustment	(943)	(2 442)	(943)	(2 442)
Benefits paid	(1 074)	(861)	(1 074)	(861)
Remeasurement - actuarial (gains) and losses from changes in financial assumptions	131	(1 581)	131	(1 581)
Interest cost	494	339	494	339
	<b>4 744</b>	<b>5 193</b>	<b>4 744</b>	<b>5 193</b>

Some employees still have leave that was accumulated before 1 January 1999.

Leave accumulated prior to 1 January 1999 may be taken as leave at the discretion of management, based on operational needs. however, such leave will only be paid out on death or retirement.

## 19. Employee benefits - accumulated annual leave

Opening balance	271 482	386 323	271 482	386 323
Actuarial adjustment	(10 781)	(136 590)	(10 781)	(136 590)
Benefits paid	(14 925)	(16 087)	(14 925)	(16 087)
Remeasurement - actuarial (gains) and losses from changes in financial assumptions	4 144	(120 503)	4 144	(120 503)
Interest cost	28 047	21 749	28 047	21 749
	<b>288 748</b>	<b>271 482</b>	<b>288 748</b>	<b>271 482</b>

Employees are entitled to a specified number of paid working days annual leave based on the length of their uninterrupted past service with the controlling entity.

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

## 20. Sensitivity of employee benefit results

Sensitivity to salary increase assumptions	Standard assumptions	Salary increases (-1%)	Salary increases (+1%)
	R'000	R'000	R'000
Leave accumulated prior 1999	4 744	4 506 (-5.0%)	4 999 (+5.4%)
Accumulated annual leave	288 748	268 013 (-7.2%)	311 920 (+8.0%)
Special dispensation leave	59 657	55 467 (-7.0%)	64 327 (+7.8%)
<b>Total liability</b>	<b>353 149</b>	<b>327 986 (-7.1%)</b>	<b>381 246(+8.0%)</b>

These results indicate the extent to which the accrued leave benefit liability is sensitive to the salary escalation assumption. As can be seen, a one percentage point increase/decrease will result in a significant increase/decrease in the total liability.

Sensitivity to withdrawal rate assumptions	Standard assumptions	Withdrawal rates (-10%)	Withdrawal rates (+10%)
	R'000	R'000	R'000
Leave accumulated prior 1999	4 744	4 755 (+0.2%)	4 734 (-0.2%)
Accumulated annual leave	288 748	286 219 (-0.9%)	291 212 (+0.9%)
Special dispensation leave	59 657	59 194 (-0.8%)	60 109 (+0.9%)
<b>Total liability</b>	<b>353 149</b>	<b>350 168 (-0.8%)</b>	<b>356 055 (+0.8%)</b>

A 10% change in the withdrawal rates will result in a relatively small change in the total liability.

## 21. Trade and other payables

Trade payables	343 648	344 121	372 051	344 968
Accruals for salary-related expenses	462 463	424 332	452 222	414 941
Other payables	720	1 975	720	443
	<b>806 831</b>	<b>770 428</b>	<b>824 993</b>	<b>760 352</b>

## 22. Revenue

The amount included in revenue arising from exchanges of goods or services is as follows:

Rendering of services	23 278	19 553	-	-
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The amounts included in revenue arising from non-exchange transactions are as follows:

Government grant	12 280 696	11 635 781	12 280 696	11 635 781
Conditional grant	1 000 000	-	1 000 000	-
Negotiated discount and donations received	19 768	181 605	19 768	181 605
	<b>13 300 464</b>	<b>11 817 386</b>	<b>13 300 464</b>	<b>11 817 386</b>

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
<b>23. Other income</b>				
UIF and SDL commission received	414 462	395 598	414 462	395 598
Sundry receipts	28 317	27 825	28 536	28 482
Profit from exchange rate differences	4 702	1 652	4 583	1 262
SDL training grant	99	4 379	99	4 379
Compensation for replacement assets	71	227	71	227
	<b>447 651</b>	<b>429 681</b>	<b>447 751</b>	<b>429 948</b>

## 24. Surrender of surpluses

The controlling entity will make a submission as per National Treasury Instruction No. 12 of 2020/2021 pertaining to the retention of surpluses, but considering commitments (refer to note 34), the controlling entity does not have a surplus to surrender.

## 25. Auditors' remuneration

Audit fees	43 599	38 655	42 695	37 936
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Auditors' remuneration is part of the professional and special services on the face of the Statement of Performance.

## 26. Asset impairment and scrappings, inventory adjustments

Net Impairments				
Property, plant, and equipment, intangible assets and living resources (Refer to notes 3 to 5 for detail on impairment and impairment reversals per asset class)	39 861	24 188	39 861	24 188
Net reversal of inventories	(53)	(40)	(53)	(40)
	<b>39 808</b>	<b>24 148</b>	<b>39 808</b>	<b>24 148</b>

The economic entity reviews and tests the carrying value of property, plant, and equipment when events or changes in circumstances suggest that the carrying amount may not be recoverable in line with the asset policy and GRAP 21 prescripts. In 2024 assets to the value of R23.9 million (2023: R12.4 million) were impaired.

Impairment of land and buildings amounted to R5.4 million (2023: R8.1 million) with impairment reversals of R4.2 million (2023: R24.7 million) representing adjustments in terms of valuations performed. Refer to note 3.

The impairment loss amounts as per notes 3 to 5, include losses made on the scrapping of assets of R14.8 million (2023: R28.3 million).

## 27. Finance costs

Finance leases	7 156	4 288	7 156	4 288
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	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
<b>28. Operating lease</b>				
Building and related rentals on a straight-line basis	460 573	477 573	456 834	473 846
Contractual building and related rentals	476 108	495 049	472 067	491 255

Clauses pertaining to renewal or purchasing options are evaluated on a case-by-case basis. The escalation rates vary between 0% and 10.5% per annum.

Minimum future lease payments:

Economic entity – 2024	Less than 1 year	Between 2 and 5 years	Beyond 5 years	Total
Building and related rentals	277 819	389 251	5 649	672 719
Economic entity – 2023	Less than 1 year	Between 2 and 5 years	Beyond 5 years	Total
Building and related rentals	346 751	558 632	16 824	922 207
Controlling entity – 2024	Less than 1 year	Between 2 and 5 years	Beyond 5 years	Total
Building and related rentals	274 888	386 792	5 649	667 329
Controlling entity – 2023	Less than 1 year	Between 2 and 5 years	Beyond 5 years	Total
Building and related rentals	342 180	553 242	16 824	912 246

## 29. Taxation - controlled entity

### Major components of the tax income/(expense)

#### Current

Local income tax - current period	(1 738)	(676)	-	-
Local income tax - recognised in current tax for prior periods	(7)	(4)	-	-
	(1 745)	(680)	-	-

#### Deferred

Deferred tax movement current year	18	3 476	-	-
	(1 727)	2 796	-	-

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
<b>29. Taxation - controlled entity (continued)</b>				
<b>Reconciliation of the tax expense</b>				
<b>Reconciliation between accounting surplus/(deficit) and tax expense</b>				
Applicable tax rate	27%	27%	0%	0%
<b>Accounting surplus/(deficit) - controlled entity</b>	<b>5 805</b>	<b>(12 589)</b>	-	-
Tax at the applicable tax rate of 27% (2023: 27%)	1 567	(3 399)	-	-
<b>Tax effect of adjustments on taxable income</b>				
Originating temporary differences	18	3 475	-	-
Non-deductible expenses	153	600	-	-
Prior year adjustments	7	4	-	-
	<b>1 745</b>	<b>680</b>	-	-

The controlling entity is exempt from the payment of Income Tax in terms of section 10(1)(cA) of the Income Tax Act, 1962 (Act 58 of 1962).

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
<b>30. Cash generated from operations</b>				
Surplus	824 048	350 705	819 975	360 497
<b>Adjustments for:</b>				
Depreciation and amortisation	596 553	680 301	592 003	669 908
(Gain)/Loss on sale of assets	105	5 458	(214)	5 455
Negotiated discount	-	(181 605)	-	(181 605)
Donations received	(19 768)	-	(19 768)	-
Compensation for replacement assets	(71)	(227)	(71)	(227)
Finance costs	7 156	4 288	7 156	4 288
Impairment loss	39 861	24 188	39 861	24 188
Movement in operating lease liabilities	(15 535)	(17 476)	(15 233)	(17 409)
Movement in employee benefits	17 066	(217 293)	17 066	(217 293)
Movement in provisions	(473 562)	57 902	(477 277)	50 617
Movement in tax receivable	547	(740)	-	-
Movement in deferred tax	(18)	(3 475)	-	-
<b>Changes in working capital:</b>				
Inventories	(2 754)	8 375	(2 754)	8 375
Receivables from exchange transactions	(67 590)	(3 071)	(61 872)	(4 601)
Prepayments	(107 477)	(122 053)	(107 082)	(119 961)
Trade and other payables	36 396	86 706	64 637	83 119
VAT	3 083	591	-	-
Movement in deferred income	5	(43)	5	(43)
	<b>838 045</b>	<b>672 531</b>	<b>856 432</b>	<b>665 308</b>
<b>31. Current (tax receivable)/tax payable - controlled entity</b>				
Balance at beginning of the year	739	(1)	-	-
Current tax recognised in surplus or deficit	(1 745)	(680)	-	-
Balance at end of the year	(192)	(739)	-	-
	<b>(1 198)</b>	<b>(1 420)</b>	<b>-</b>	<b>-</b>

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

## 32. Employee benefit obligations

### Defined contribution plans

Entitlement to retirement benefits is governed by the rules of the pension fund. The economic entity has no legal or constructive obligation to pay for future benefits, this responsibility vests with the pension fund.

Total economic entity contribution to such schemes	640 935	595 030	630 530	586 697
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The total economic entity contribution to the defined contribution retirement fund forms part of employee cost on the face of the Statement of Performance.

## 33. Financial instruments disclosure

### Categories of financial instruments

Financial assets by category				
Receivables from exchange transaction at amortised cost	128 978	61 388	123 619	61 747
Cash and cash equivalents at fair value	1 541 112	1 361 636	1 511 372	1 309 476
	1 670 090	1 423 024	1 634 991	1 371 223

Financial liabilities by category				
Finance lease obligation at amortised cost	29 279	35 899	29 279	35 899
Payables from exchange transactions at amortised cost	344 367	346 096	372 770	345 411
	373 646	381 995	402 049	381 310

## 34. Commitments

### Authorised capital expenditure

Already contracted for capital expenditure but not provided for				
Property, plant, and equipment	73 361	187 223	73 361	187 223
Intangible assets	123 590	140 115	123 590	140 115
	196 951	327 338	196 951	327 338

Authorised but not yet contracted capital expenditure				
Property, plant, and equipment	33 981	107 547	33 981	107 547
Intangible assets	765 364	808 710	765 364	808 710
	799 345	916 257	799 345	916 257

Total capital commitments				
Already contracted for capital expenditure	196 951	327 338	196 951	327 338
Authorised but not yet contracted for capital expenditure	799 345	916 257	799 345	916 257
	996 296	1 243 595	996 296	1 243 595

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
<b>34. Commitments (continued)</b>				
<b>Authorised operational expenditure</b>				
Already contracted for operational expenditure	318 708	24 367	318 364	21 388
Authorised but not yet contracted for operational expenditure	49 935	38 308	49 935	38 308
	<b>368 643</b>	<b>62 675</b>	<b>368 299</b>	<b>59 696</b>
<b>Total operational commitments</b>				
Already contracted for operational expenditure	318 708	24 367	318 364	21 388
Authorised but not yet contracted for operational expenditure	49 935	38 308	49 935	38 308
	<b>368 643</b>	<b>62 675</b>	<b>368 299</b>	<b>59 696</b>
<b>Total commitments</b>				
Authorised capital expenditure	996 296	1 243 595	996 296	1 243 595
Authorised operational expenditure	368 643	62 675	368 299	59 696
	<b>1 364 939</b>	<b>1 306 270</b>	<b>1 364 595</b>	<b>1 303 291</b>

## 35. Contingencies

Contingencies exclude any matters arising because of tax-and-customs related activities.

### Contingent Liabilities

#### Trade vendors

It is likely that the controlling entity may face legal action due to a decision made to award a tender deemed unlawful and set aside. The legal action will be processed two-fold, an interdict to suspend the award pending the outcome of a review application and a formal application to review the controlling entity's decision to award the tender. The controlling entity has already incurred legal fees exceeding R220k, with further anticipated legal fees exceeding R1 million due to the appointment of Senior Counsel.

The controlling entity and National Treasury have been served with a claim that seeks to have the general conditions of a contract declared unconstitutional. Additionally, the claim requests that the vendor's 10-year restriction on doing business with the South African state be set aside. The claimant is seeking legal costs against the controlling entity and National Treasury.

In December 2019, a service provider invited the controlling entity to join as a defendant in a lawsuit against an employee of the controlling entity. The controlling entity is currently investigating and seeking counsel to determine whether the claim has not expired. It is uncertain when this process will be completed. In the interim, the matter will be put on hold for the 2024/2025 financial year.

#### Customs accommodation fringe benefit matter

Under the Income Tax Act, employers are required to ensure that fringe benefits provided to employees are appropriately taxed. Certain employees who work at border posts are given accommodation either owned by SARS and the Department of Public Works or rented on behalf of the employees from private landlords. SARS has established a formal policy on Customs Residential Accommodation to address taxation on the residential accommodation benefit received by officials. On 21 May 2024, the controlling entity applied for a Voluntary Disclosure Process (VDP) to regularise the payment of the outstanding fringe benefits tax obligation. The obligation to pay will be determined after the conclusion of the VDP consultation process, which is not within the control of the controlling entity. The conclusion of the VDP process will provide the entity with a reliable amount to be paid to the Tax Authority.

#### Employee related labour matters

Several internal labour-related issues pertaining to salary increases, leave encashment, and other matters are ongoing. These matters will be reported as they are concluded, if required.

#### Third party liability and other claims on tax and customs related matters

The controlling entity has received a letter demanding R950 million in compensation for damages allegedly suffered due to the unlawful conduct of the entity's investigators. The claimant claims to have suffered damages due to several alleged actions premised on SARS' confidential and privileged information. The controlling entity is currently considering its options in response to the letter.

The controlling entity received a letter demanding R500k as compensation for personal injuries allegedly suffered by a taxpayer. The incident occurred when the taxpayer tripped on an electric cord being used by a contractor of the controlling entity, leading to injuries. The controlling entity is reviewing its options and considering the appropriate course of action.

The controlling entity received a damages claim for R5.8 million in the 2018/2019 financial year for loss of income and damage to retained property. Although the plaintiff may have a valid claim, the computation of the damages appears to be unrealistic. This case is still ongoing.

In the 2022/2023 financial year, a trader requested the controlling entity to reconsider a decision regarding the tariff classification of certain imported goods. The controlling entity subsequently overturned its decision. The trader is now suing the controlling entity to recover legal costs of R230k. It is likely that the trader will succeed in obtaining compensation as the controlling entity has reversed its initial decision.

The controlling entity settled a claim for R16.4k, received during the 2022/2023 financial year, from a shipping company. The company claimed that its property was damaged during the removal of its goods from a South African Container Depots warehouse. The case has now been concluded.

The outstanding court order reported in the 2022/2023 financial year against the controlling entity to pay legal costs in a tax matter is still not resolved. The taxpayer has not provided the controlling entity with a taxed bill of cost, therefore, the cost order remains unsettled.

## 35. Contingencies (continued)

### Insurance-related claims

On 20 September 2023, a fire broke out at the SARS Branch in Rissik Street, Marshal Town, Johannesburg. To date, the controlling entity has incurred R179k in costs relating to the fire investigation and repairs to the fire system. The total quantum of the claim has not been finalised, but the estimated loss, which includes replacement costs, restoration, and clean-up, is R244k. An insurance claim has been logged.

### Contingent Assets

#### Trade vendors

Arbitration in the matter reported during the 2018/19 financial year regarding the successful bidder's failure to deliver in accordance with the tender specifications was finalised during 2021/2022. The arbitrator in this case cancelled the April 2016 agreement between the parties. The controlling entity is entitled to R10.6 million with interest for the payment of equipment that did not meet the tender specifications. A liquidator was appointed to realise the controlling entity's claim, including court costs.

#### Legal costs arising from reports by the Public Protector (PP)

The court cases arising from reports by the PP into Mr. Pillay's pension matter, the so called "rogue unit" matter and the investigation into the maladministration, corruption and procurement irregularities and improper conduct by the controlling entity in connection with the handling of a tender for the provision of bespoke software development, maintenance and support services, as well as the legal proceedings that have ensued from taking the reports on review have been concluded in favour of the controlling entity and legal costs were awarded against the PP. To date, the controlling entity has recovered costs in the amount of R3.2 million, of which R491k was received on 2 April 2024. The process of recovering further legal costs that are due to the controlling entity that were incurred in these matters is ongoing. The timing and amount of these are uncertain. Refer to note 45.

### Insurance-related claims

In the 2022/2023 financial year, the controlling entity lodged an insurance claim for damages that were caused by the KwaZulu-Natal floods at the Durban State Warehouse. The claim was finalised, and a payment of R2.9 million was made to the controlling entity in October 2023.

The ICT equipment destroyed in a fire at a service provider's premises during 2022/2023 was replaced by the service provider in November 2023. The replacement value of the ITC equipment is valued at R1.6 million.

The insurance claim for stolen ITC infrastructure assets during an in-transit vehicle hijacking in 2022/2023 was finalised. The service provider's Insurer paid out R400k to the controlling entity in July 2023.

	Economic entity		Controlling entity	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

### 36. Related parties - controlling entity

Relationships	
36.1 Interfront	Refer note 6
36.2 Key members of the controlled entity's board who are employed by the controlling entity	Mr V.C. Ntlhabyane - Non-Executive Director Mr H. Smith - Non-Executive Director Mr E. Smith - Non-Executive Director Mr G. Vermaas - Independent Non-Executive Director (appointed effective 13 June 2023)

The controlling entity is a Schedule 3A Public Entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999). Related parties include other state-owned entities, government departments, and all other entities within the spheres of government.

The controlling entity collects UIF in terms of the UIC Act, and SDL in terms of the SDL Act, on behalf of the Department of Employment and Labour and the Department of Higher Education and Training, respectively. It also administers Road Accident Fund levies and diesel refunds in terms of the Customs and Excise Act, 91 (Act of 1964) on behalf of the Road Accident Fund.

The Office of the Tax Ombud is an impartial and independent avenue that was established in October 2013 in terms of the Tax Administration Act, 2011 (Act 28 of 2011) to resolve taxpayers' complaints against the controlling entity and the Office of the Tax Ombud grant appropriation is administered through the controlling entity.

The controlling entity continues to assist the Department of Home Affairs (DHA) in maintaining the enhanced Movement Control System, as well as assisting in the modernisation agenda of the department, which delivers and maintains the ID, passport, certificates, and visa systems. The partnership is strategically positioned to enable government to achieve continuous improvement in processes, systems and services. SARS offers technological-related support and management skills in the partnership.

National Treasury provided the controlling entity with a grant for its operating expenditure, and to fund specific projects.

Only transactions with related parties, not at arm's length or not in the ordinary course of business, are disclosed.

#### Related party balances - controlling entity

Amounts included in trade receivable regarding related parties		
Department of Home Affairs (DHA)	8 914	-
Amounts included in trade and other payables		
Interfront	30 127	2 569

#### Related party transactions - controlling entity

Rendering of services to related parties		
DHA	71 783	105 121
Rendering of services by related parties		
Interfront	192 549	152 238

## 37. Executive Remuneration

### Controlling entity (R'000) – 2024

Figures in Rand thousands (R'000)

	Salary paid/payable	Performance/other bonus paid/payable	Other allowances paid/payable	Contributions paid/payable (pension fund, group life and UIF)	Sign-on bonus	Total
Commissioner	7 793	3 630	156	131	-	11 710
Deputy Commissioner: Corporate and Enterprise Services (7 months)	1 987	-	525	295	1 500	4 307
Deputy Commissioner: Enterprise Strategy and Modernisation (10 months)	4 167	-	-	69	-	4 236
Deputy Commissioner: Taxpayer Engagement and Operations (10 months)	3 689	-	111	436	-	4 236
Chief of Staff	2 929	835	91	333	-	4 188
Chief Financial Officer (2 months)	426	501	12	40	-	979
Chief Revenue Officer (2 months)	486	839	16	61	-	1 402
Head: Border Operations, Ports of Entry and Customs Compliance (2 months)	491	683	10	9	-	1 193
Head: Enterprise Data Management (2 months)	574	725	7	10	-	1 316
Head: Governance and Risk (2 months)	373	555	9	45	-	982
Head: Internal Audit (Permanent invitee) (2 months)	358	532	14	44	-	948
Head: Operations Enabling and Production Planning (2 months)	541	730	8	9	-	1 288
Head: Taxpayer and Trader Education Products (2 months)	285	520	16	38	-	859
Head: Technology and Solution Delivery (2 months)	607	800	22	65	-	1 494
Regional Director: Gauteng North (2 months)	526	705	13	68	-	1 312
	25 232	11 055	1 010	1 653	1 500	40 450

On 1 June 2023, the controlling entity appointed a new Executive Committee comprising the Commissioner and three Deputy Commissioners. Mr JN Makhubu, who served as the Chief Revenue Officer until 31 May 2023, was appointed as the Deputy Commissioner of Taxpayer Engagement and Operations on 1 June 2023. Mr C Scholtz was appointed as the Deputy Commissioner of Enterprise Strategy and Modernisation on the same day, while Ms BSM Backman was appointed as the Deputy Commissioner of Corporate and Enterprise Services on 1 September 2023.

(\*) Performance bonuses, paid out in July 2023, are disclosed for the full 12 months as it relates to the 2022/2023 financial year.

### 37. Executive Remuneration (continued)

#### Controlling entity (R'000) – 2023

Figures in Rand thousands (R'000)

	Salary paid/payable	Gratuity/other bonus paid/payable	Other allowances	Contributions (pension fund, group life and UIF)	Total
Commissioner	6 156	-	124	104	6 384
Chief of Staff	2 539	694	80	290	3 603
Chief Financial Officer	2 457	409	72	230	3 168
Chief Revenue Officer	3 095	614	94	369	4 172
Head: Border Operations, Ports of Entry and Customs Compliance	2 781	482	54	48	3 365
Head: Enterprise Data Management	3 276	515	42	56	3 889
Head: Governance and Risk	2 154	365	48	262	2 829
Head: Internal Audit (permanent invitee)	2 049	408	80	251	2 788
Head: Operations Enabling and Production Planning	3 060	543	44	52	3 699
Head: Taxpayer and Trader Education Products	1 664	308	85	208	2 265
Head: Technology and Solution Delivery	3 036	729	109	323	4 197
Regional Director: Gauteng North	3 035	519	76	394	4 024
	35 302	5 586	908	2 587	44 383

### 38. Change in estimate

#### Property, plant, and equipment, intangible assets and living resources

Management assesses the useful life, residual value and depreciation of property, plant, and equipment, and intangible and living resource assets annually. In the current period, the estimated useful life of the below asset classes was revised with the following impact on depreciation charges for the current period:

#### Change in useful live

#### Controlling entity

Figures in Rand thousand (R'000)

	Prior useful life estimate	Current useful life estimate	Current year effect of change in depreciation/ amortisation on statement of financial performance. Positive is increase in depreciation/ amortisation, Negative is decrease in depreciation/ amortisation.	Impact in future periods on statement of financial performance. Positive is increase in depreciation/ amortisation, negative is decrease in depreciation/ amortisation.
Furniture, fittings, and office equipment	2 to 17 years	4 to 19 years	(8 263)	8 263
Plant and equipment	9 years	11 years	(357)	357
ICT equipment	6 to 13 years	5 to 15 years	(130 057)	130 057
Security Equipment	8 to 14 years	10 to 13 years	398	(398)
Land and water vehicles	8 to 11 years	10 to 13 years	(2 477)	2 477
ICT software	10 to 12 years	12 to 14 years	(99 158)	99 158
			(239 914)	239 914

### 38. Change in estimate (continued)

#### Controlled entity

Figures in Rand thousand (R'000)				
	Prior useful life estimate	Current useful life estimate	Current year effect of change in depreciation/ amortisation on statement of financial performance. Positive is increase in depreciation/ amortisation, Negative is decrease in depreciation/ amortisation.	Impact in future periods on statement of financial performance. Positive is increase in depreciation/ amortisation, negative is decrease in depreciation/ amortisation.
Intellectual property and other rights	10 years	11 years	(1 195)	1 195
			(1 195)	1 195

#### Change in residual value

#### Controlling entity

Figures in Rand thousand (R'000)				
	Prior residual value estimate	Current residual value estimate	Current year effect of change in depreciation/ amortisation on statement of financial performance. Positive is increase in depreciation/ amortisation, Negative is decrease in depreciation/ amortisation.	Impact in future periods on statement of financial performance. Positive is increase in depreciation/ amortisation, negative is decrease in depreciation/ amortisation.
Furniture, fittings, and office equipment	5%	0%	3 535	5 147
ICT equipment	5%	0%	50 784	85 136
Security equipment	5%	0%	6 097	2 734
Plant and equipment	5%	0%	2 503	4 222
Land and water vehicles	5%	0%	119	234
			63 038	97 473

### 39. Prior period error

#### The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	Economic entity 2023
Intangible assets	885 621
Opening accumulated surplus	(805 947)
Accumulated surplus	(79 674)
Statement of Financial Performance	
Employee cost	(79 674)
	(79 674)

After reviewing the elimination journals between the controlling and controlled entities, it was discovered that the elimination of intangible assets resulted in an overstatement of employee costs in both the economic and controlled entities. According to GRAP 31 guidelines, the personnel costs met the criteria of an intangible asset in both entities. Therefore, the appropriate accounting treatment is to credit the personnel costs in the controlled entity and debit an intangible asset in the economic entity.

In accordance with GRAP 3, this change is disclosed as a prior-period error, as some of the employee cost and intangible asset balances had to be restated as of 1 April 2022 with R805.9 million and with R79.7 million as of 1 April 2023. Refer to note 4 on intangible assets (R885.6 million) and the personnel cost (R885.6 million) on the face of the Statement of Performance.

## 40. Comparative figures

Certain comparative figures have been reclassified.

Certain refundable deposits that were disclosed as current receivables from exchange transactions in 2022/2023 have been reclassified as non-current receivables from exchange transactions as the deposits have been held by the vendors for periods longer than 12 months. Refer to note 10.

The effects of the reclassification are as follows:

### Economic entity

Statement of financial position - extract			
Figures in Rand thousand (R'000)	Comparative figures previously reported	Reclassification	After reclassification
Receivables from exchange transactions (current)	3 965	(3 945)	20
Receivables from exchange transactions (non-current)	-	3 945	3 945
<b>Total</b>	<b>3 965</b>	<b>-</b>	<b>3 965</b>

### Controlling entity

Statement of financial position - extract			
Figures in Rand thousand (R'000)	Comparative figures previously reported	Reclassification	After reclassification
Receivables from exchange transactions (current)	3 965	(3 945)	20
Receivables from exchange transactions (non-current)	-	3 945	3 945
<b>Total</b>	<b>3 965</b>	<b>-</b>	<b>3 965</b>

## 41. Risk management

### Capital risk management - controlled entity

The entity's objectives when managing capital are to ensure its ability to continue as a going concern.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance, or externally imposed capital requirements from the previous year.

### Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by Executive Committee. It provides written policies for overall risk management, as well as a review covering specific areas.

The economic entity stays up to date with relevant regulations and ensures strict compliance to mitigate legal and regulatory risks. Employees are trained to recognise and respond to potential risks, fostering a risk-aware culture within the economic entity. Strong internal controls are implemented to prevent fraud and errors that can lead to financial losses. Further to this, the economic entity obtains comprehensive insurance policies to transfer certain risks, such as property damage, liability, or business interruption.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet ongoing planned operations associated with financial instruments.

The economic entity's risk to liquidity is a shortfall in funds available to cover operational and capital requirements. The economic entity manages liquidity risk through strict budget management.

The controlling entity's chief source of income is an annual grant from National Treasury for funding its operational and capital requirements. This grant is allocated in accordance with the provisions governing the Medium-Term Expenditure Framework. The controlling entity follows an extensive planning and governance process to determine its operational and capital requirements, which is then presented to National Treasury.

The table below analyses the economic entity's financial liabilities into relevant maturity groupings, based on the remaining period at the Statement of Financial Position.

## 41. Risk management (continued)

### Economic entity

At 31 March 2024				
	One year or less	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	344 367	-	-	344 367
Finance lease obligation	20 542	8 737	-	29 279

At 31 March 2023				
	One year or less	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	346 096	-	-	346 098
Finance lease obligation	17 890	18 009	-	35 899

### Controlling entity

At 31 March 2024				
	One year or less	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	372 770	-	-	372 770
Finance lease obligation	20 542	8 737	-	29 279

At 31 March 2023				
	One year or less	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	345 411	-	-	345 411
Finance lease obligation	17 890	18 009	-	35 899

The controlling entity has housing guarantees that are recovered from the employee's salary and/or pension when the guarantees are claimed. The full liquidity risk associated with these guarantees, as at 31 March 2024 was R264k (2023: R339k).

### Interest rate risk

Interest rate risk is the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates.

Exposure to interest rate risk on financial assets and liabilities is monitored on a continuous and proactive basis.

The economic entity's exposure to interest rate risk is limited. Interest rates implicit to the finance leases are not varied over the term of the lease contracts.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The economic entity is exposed to credit-related losses, in the event of non-performance by counter-parties to financial instruments.

The economic entity only deposits cash with major banks with high-quality credit standing, and limits exposure to any one counter-party.

Staff debts are recovered directly from the employee's salary and/or pension as per policy requirements.

Economic entity		Controlling entity	
2024	2023	2024	2023
R'000	R'000	R'000	R'000

## 41. Risk management (continued)

Financial assets exposed to credit risk at year-end were as follows:

Financial instrument				
Cash and cash equivalents	1 541 112	1 361 636	1 511 372	1 309 476
Receivables from exchange transactions	128 978	61 388	123 619	61 747

### Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The controlled entity provides services to one international customer and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets, and liabilities.

The economic entity does not currently hedge foreign exchange fluctuations.

## 42. Going concern

The financial statements have been prepared based on a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The controlled entity delivers maintenance and support, as well as new and enhanced system developments to the controlling entity as its most significant client, which is expected to continue soon.

## 43. Fruitless and wasteful expenditure

No new fruitless and wasteful expenditure was identified during the year under review. Refer to Annual Report page 110 for detailed reconciliation and related disclosure.

## 44. Irregular expenditure

Irregular expenditure relating to goods and services	32 529	1 097	32 529	1 097
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Investigations and consequence management for seven transactions to the value of R799k were concluded. Investigations of transactions in relation to prior and current years to the value of R32.5 million is in the process of being investigated or concluded, after which condonation will follow.

Refer to Annual Report page 109 for detailed reconciliation and related disclosure.

## 45. Other matters

### Public Protector Reports

Legal review proceedings of the PP's directives in the following matters were finalised in favour of the controlling entity during the prior financial year:

1. Mr Ivan Pillay's early retirement pension matter concluded on 16 June 2022.
2. The establishment of an alleged illegal (the so-called Rogue Unit) investigative unit concluded on 10 November 2022.
3. Allegations of maladministration, corruption and procurement irregularities and improper conduct in connection with the handling of a tender for the provision of bespoke software development, maintenance and support services by Barone Budge Dominick (Pty) Ltd concluded in August 2022. The PP has not appealed the ruling.

In all three matters the courts awarded legal costs against the PP payable to the controlling entity, of which R3.691 million was recovered in the current financial year. Recouping of the remainder of the legal costs is an ongoing process. Refer to note 35.

## 46. Fraudulent activities

Management is committed to a zero-tolerance policy when it comes to fraud and corruption. These issues are taken extremely seriously, and the entity has strict measures in place to prevent and detect any such activity. The organisation's goal is to maintain the highest standards of transparency, integrity, and ethical conduct in all its business operations and, therefore, continues to investigate and report all fraudulent activities identified.

## 47. Nugent Commission of Inquiry

The President appointed a Commission of Inquiry into tax administration and governance at the controlling entity (the Nugent Commission), following the "capture" of the controlling entity between 2014 and 2018. Retired Supreme Court of Appeal judge Honourable Justice Robert Nugent was appointed as Commissioner, assisted by Mr Michael Katz, Advocate Mabongi Masilo and Mr Vuyo Dominic Kahla.

The Nugent Commission made 16 recommendations and, 27 sub-recommendations, 17 of which relate to governance in the controlling entity and are, therefore, the controlling entity's responsibility and 10 of which relate to governance of the controlling entity, which is the responsibility of National Treasury.

The Nugent Commission found that there had been a massive failure of integrity and governance at the controlling entity relating to certain service providers with irregularities, which resulted from both process-related violations and the utilisation of service providers to further interests that did not serve the controlling entity.

In line with the recommendations of the Nugent Commission, the controlling entity implemented and finalised a reparations process, not necessarily pecuniary in nature, in 2022/2023. Further details of the reparations process are provided below.

One of the principal recommendations was the recruitment and appointment process for senior ICT and data management officials, including the appointment of a Deputy Commissioner for Enterprise Strategy and Modernisation and a Chief Technology and Innovation Officer, which has been concluded.

The controlling entity has finalised 14 of the 17 recommendations. The following recommendations are still a work in progress:

1. A letter of demand has been sent to Gartner to recover the money paid for their work in capturing the controlling entity. A similar letter has been sent to Grant Thornton.
2. The matter of irregular procurement and corruption involving Bain and Company Inc. has been referred to the National Prosecution Authority for further investigation. Bain is challenging the constitutionality of National Treasury's General Conditions of Contract which led to their placement on National Treasury's list of restricted suppliers for 10 years. The application is in progress and, if successful, it could result in a cost award against the controlling entity, National Treasury, and the Minister of Finance.
3. The controlling entity is continuing with civil litigation proceedings against former employees who used public funds for their personal purposes. The legal process has advanced to the pre-trial conference stage, and the attorney will request the earliest possible trial date, which is expected to be in July 2024, due to the protracted period.

The controlling entity continues to work with Internal Audit and National Treasury's Office of the Chief Procurement Officer to ensure that controls are heightened within the supply chain management processes.

The governance-related violations included the appointment of the class of employees that is regarded as management in line with section 18(3) of the SARS Act without obtaining the requisite Ministerial approvals, which also led to non-compliance, was clarified with the Minister of Finance, concluding this matter.

### The reparations process recommended by the Nugent Commission

The controlling entity has concluded the reparations process recommended by the Nugent Commission for current and former employees who were negatively affected by the "capture" of the controlling entity between 2014 and 2018.

The controlling entity has submitted all reparation costs incurred to the insurer. It is continuing its engagement with the insurance service provider to ascertain possible recovery from the public liability policy notwithstanding an initial rejection of the submitted claims.

Additionally, the controlling entity is continuing with sensitive discussions with some of the identified "enablers" of the controlling entity's capture, aimed at recovering some of the expenditure and costs incurred by the institution due to their actions.

## 48. Zondo Commission

The Judicial Commission of Inquiry into State Capture (Zondo Commission) dealt specifically with the capture of the controlling entity in Part 1, volume 3 of its report. It called on the controlling entity to support a deeper investigation of the Bain and Company Inc. procurement contracts at the controlling entity and all other state entities. The Zondo Commission further endorsed the findings and recommendations of the Nugent Commission of Inquiry and made an additional recommendation that an open, transparent, and competitive public process be implemented for the appointment of the SARS Commissioner.

The Zondo Commission explicitly directed the controlling entity to investigate several tax-related matters, which the controlling entity is acting upon. The bulk of the Zondo Commission's recommendations identify matters that the controlling entity is analysing and investigating for civil, criminal, and administrative tax and customs non-compliance. The controlling entity is responsible for implementing 12 matters, of which eight have been implemented and four are work in progress.

The controlling entity provided inputs to the Presidential Plan for the Implementation of the Zondo Commission of Inquiry recommendations and ensure the optimal, systematic and sustained impact of the implementation of the recommendations of the Commissions of Inquiry, the controlling entity has drafted an action plan that will address matters raised in the Zondo Commission reports in the context of a new comprehensive, integrated strategic intent and enterprise strategy that advances voluntary tax compliance, combats tax evasion and, as an integral part thereof, combats all forms of corruption, including the manifestation of corruption commonly described as "state capture".

#### **49. Constitutional Court judgment on tax confidentiality**

On 30 May 2023, the Constitutional Court handed down its judgment in the matter between Arena Holdings (Pty) Ltd and the controlling entity. The judgment ruled that provisions in sections 35 and 46 of the Promotion of Access to Information Act, 2000 (Act 2 of 2000) and provisions in sections 67 and 69 of the Tax Administration Act are unconstitutional in that they pertain to the absolute prohibition of access to tax records without any provisions made for access to such records in the public interest. The Constitutional Court has given legislators two years from the date of the judgment to amend the relevant legislation. Until this is done, the orders made in the ruling will be applicable.

Since the judgment, the controlling entity has received four requests for access to tax records, as well as two third-party notices. To safeguard taxpayer confidentiality, while adhering to both the letter and spirit of the judgment, the controlling entity has set up a working committee and governance processes to deal with such requests.

## ANNEXURE 1

## Unaudited Schedule of Taxpayer Credits on 31 March 2024

Tax Types	2023	2024
	R million	R million
Income Tax	(27 076.92)	(30 089.00)
Unallocated receipts	(10.66)	(5.87)
Returns not received	396.11	401.03
Income Tax	(26 691.47)	(29 693.84)
Pay-As-You-Earn	(140.98)	(194.78)
Unallocated receipts	(4 866.74)	(6 861.33)
Returns not received	14.24	18.89
Pay-As-You-Earn	(4 993.48)	(7 037.22)
Value-Added Tax	(43 016.77)	(47 622.79)
Unallocated receipts	(3 680.69)	(4 039.33)
Returns not received	654.45	496.88
Value-Added Tax	(46 043.02)	(51 165.25)
Unemployment Insurance Fund	(13.29)	(11.30)
Returns not received	1.99	1.94
Unemployment Insurance Fund	(11.30)	(9.36)
Skills Development Levy	(11.22)	(8.99)
Returns not received	0.84	0.83
Skills Development Levy	(10.38)	(8.16)
Diesel	(13 716.33)	(18 769.16)
Returns not received	16.32	1.42
Diesel	(13 700.01)	(18 767.74)
Secondary Tax on Companies	(2.14)	(2.31)
Unallocated receipts	(56.10)	(56.10)
Returns not received	0.24	0.20
Secondary Tax on Companies	(57.99)	(58.21)
Estate Duty	(5 817.84)	(6 574.19)
Returns not received	5 817.84	6 574.19
Estate Duty	0.00	0.00
Dividends Tax	(685.06)	(794.86)
Unallocated receipts	(3.90)	(3.90)
Returns not received	685.06	794.86
Dividends Tax	(3.90)	(3.90)
Administrative penalties	(22.83)	(45.28)
Unallocated receipts	(1.40)	(1.40)
Administrative Penalties	(24.23)	(46.68)
Customs	(273.49)	(1 183.29)
Excise	(150.58)	(117.47)
Total Taxpayer Credits	(91 959.86)	(108 091.12)

## Unaudited Schedule of Taxes, Duties and Administrative Penalties on 31 March 2024

R'million	0 - 3 Months	4 - 6 Months	7 - 9 Months	10 - 12 Months	13 - 24 Months	25 - 26 Months	37 - 48 Months	49 - 60 Months	More than 60 Months	Overdue Debt	Returns Received; Taxes not yet Due
Income Tax	35 823.57	20 200.06	11 521.22	10 829.84	29 604.20	20 949.91	14 999.87	11 336.19	17 294.68	172 559.54	24 146.27
<i>Individuals</i>	21 119.24	6 523.73	3 241.21	4 997.76	11 540.07	7 976.59	4 892.70	4 586.53	9 024.33	73 902.17	15 167.99
<i>Trusts</i>	849.95	3 044.92	233.63	185.94	482.88	970.47	282.15	548.75	762.57	7 361.25	147.51
<i>Companies</i>	13 854.38	10 631.40	8 046.37	5 646.14	17 581.26	12 002.85	9 825.03	6 200.90	7 507.78	91 296.11	8 830.78
Pay-As-You-Earn	3 205.50	5 435.14	3 304.58	3 985.28	9 828.99	5 847.44	4 103.64	3 827.30	9 856.29	49 394.17	10 784.95
Value-Added Tax	4 915.67	4 443.26	4 194.02	3 640.92	17 448.93	11 048.38	9 931.19	23 259.17	52 516.79	131 398.33	6 470.64
Secondary Tax on Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	299.37	299.37	0.00
Diesel	1.56	8.23	7.83	7.03	82.93	736.74	2 031.21	1 094.44	592.64	4 562.61	0.00
Skills Development Levy	146.14	354.59	123.14	164.74	508.72	302.51	194.50	242.18	1 106.08	3 142.59	240.59
Unemployment Insurance Fund	252.21	210.32	190.04	197.56	877.67	475.20	405.01	359.13	1 515.94	4 483.07	197.14
Customs	2 092.46	479.31	2 744.73	391.75	611.34	3 126.75	1 080.68	3 012.86	1 969.30	15 509.18	0.00
Excise	4 784.73	1 096.64	360.22	461.33	294.91	148.86	4 233.18	691.40	61.74	12 133.01	0.00
Administrative Penalties	2 944.38	1 780.34	1 757.06	1 118.04	3 822.57	2 980.56	1 681.21	1 398.19	5 127.91	22 610.27	1.41
Estate Duty	80.96	15.11	8.48	19.99	21.24	25.76	15.24	9.26	63.42	259.46	0.00
Dividends Tax	121.41	22.50	6.79	40.66	70.28	56.87	52.04	48.52	175.01	594.08	496.63
Donations Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.03	28.03	0.00
<b>Total Taxpayer Debt</b>	<b>54 368.57</b>	<b>34 045.50</b>	<b>24 218.10</b>	<b>20 857.15</b>	<b>63 171.79</b>	<b>45 698.99</b>	<b>38 727.77</b>	<b>45 278.63</b>	<b>90 607.19</b>	<b>416 973.69</b>	<b>42 337.63</b>

## ANNEXURE 2

## 2023/24 Financial Year Deviations

	Reference Number	Services	Service Provider	Reason for Deviation	Approved Value
1	EX 01/2023	Renewal of IHS Regional eXplorer and Econostat Service Subscription for economic data and software	IHS Information and Insight (Pty) Ltd	Sole source (limited bid)	R1 097 053.42
2	EX 02/2023	LISA Platform Subscription	Itam Review Learning	Sole source (limited bid)	R184 351.90
3	EX 03/2023	Subscription for a period of 5 years	African SAP user Group (NPC)	Sole source (limited bid)	R263 120.00
4	EX 04/2023	Dinner for Regional Authorised Economic Operator (AEO) Workshop hosted by the Southern African Customs Union (SACU)	Emperors Palace	Sole source (limited bid)	R99 400.63
5	EX 05/2023	ITWeb Security Summit	IT Web (Pty) Ltd	Sole source (limited bid)	R26 235.00
6	EX 06/2023	Provision of venue for Africa Initiative Meeting and BRICS 2023	Cape Town International Convection Centre Company (RF) SOC LTD	Sole source (limited bid)	R2 510 607.73
7	EX 07/2023	Renewal of the maintenance of the Case Management solution for a period of 3 years	Online Intelligence (Pty) Ltd	Sole source (limited bid)	R1 133 543.91
8	EX 08/2023	Post office messenger services	South African Post office (Durban)	Single source (limited bid)	R5 195.28
9	EX 09/2023	Subscription to the Emerald Insight	Emerald Group Publishing Limited	Single source (limited bid)	R396 240.05
10	EX 10/2023	Relocation of Alberton Taxpayer Service Branch (ROR) to Alberton City Mall	Growthpoint Properties	Single source (limited bid)	R28 377 189.44
11	EX 11/2023	Maintenance and Support of Lectora Licenses for a period of 3 years	Impactful Specialist Solutions (Pty)	Single source (limited bid)	R342 937.14
12	EX 12/2023	SAIT Masterclass: Transfer Pricing Compliance Webinar	South African Institute of Taxation (SAIT)	Sole source (limited bid)	R140 420.00
13	EX 13/2023	The Renewal of the biometric fingerprint and ID verification services for a period of 5 years	Afiswitch (Pty) Ltd	Single source (limited bid)	R2 582 849.18
14	EX 14/2023	Subscription to the WCO Harmonised System for a period of 5 years	World Customs Oraganisation	Sole source (limited bid)	R727 830.89
15	EX 15/2023	Learning and Development Summit	Princeton International Academy	Sole source (limited bid)	R34 995.00
16	EX 16/2023	Paralegal Practitioner short course for a period of 2 years	2U GetSmarter (US) LLC	Sole source (limited bid)	R700 000.00
17	EX 17/2023	Conference	Compliance Institute South Africa (CISA)	Sole source (limited bid)	R15 600.00
28	EX 18/2023	Customer Experience Management Africa Summit	Spintelligent T/A Vuka Group	Sole source (limited bid)	R51 495.04
19	EX 19/2023	Accredited training	Compliance Institute South Africa (CISA)	Sole source (limited bid)	R13 800.00
20	EX 20/2023	Awareness drives, presentations and career exhibitions	Various Universities in South Africa	Sole source (limited bid)	R537 185.61
21	EX 21/2023	Maintenance and support services of Erwin Enterprise Architecture (EA) Software Suite, for a period of 5 years	Casewise South Africa (Pty) Ltd	Sole source (limited bid)	R17 882 022.14
22	EX 22/2023	The renewal of the Portfolio Licensing Agreement (PLA) for Micro Focus products	Axiz (Pty) Ltd	Single source (limited bid)	R33 452 932.59
23	EX 23/2023	Events management of the BRICS Summit	Blue Moon Corporate Communications	RFQ exceeding threshold	R1 110 461.85
24	EX 24/2023	Employee Assistance Professionals Association (EAPA) 2023 conference	Employee Assistance Professionals Association South Africa (EAPA-SA)	Sole source (limited bid)	R24 000.00

## 2023/24 Financial Year Deviations (continued)

	Reference Number	Services	Service Provider	Reason for Deviation	Approved Value
25	EX 25/2023	WCO Trade Tools Online Subscription for a period of 5 years	World Customs Organisation	Sole source (limited bid)	R 102 000.00
26	EX 26/2023	Subscription licenses for the Business Edition Portainer Software on Container Technology for a period of 3 years	Obsidian Systems (Pty) Ltd (Pty) Ltd	Sole source (limited bid)	R647 285.55
27	EX 27/2023	ISO 23081-1:2017 - Metadata for Records - Part 1: Principles and Part 2: Conceptual and implementation issues, ISO/IEC 38505-1:2017 - Governance of data - Part 1: Application of ISO/IEC 38500 to the governance of data	South African Bureau of Standards (SABS)	Sole source (limited bid)	R10 733.81
28	EX 28/2023	Enterprise License Agreement for the current VMWARE software support, subscription	DELL COMPUTER (PTY) LTD	Single source (limited bid)	R43 462 326.38
29	EX 29/2023	Relocation of Vereeniging Taxpayer Service (TPS) to River Square Shopping Centre	Growthpoint Properties Limited	Single source (limited bid)	R27 120 673.89
30	EX 30/2023	International Frontier Technologies -Panel of recruitment service providers	Various Suppliers	Single source (limited bid)	R6 595 013.00
31	EX 31/2023	Maintenance and support services of Baggage and Air Cargo Scanners across the country in airports and border posts, for a period of 5 years	Hissco (Pty) Ltd	Sole source (limited bid)	R19 069 541.55
32	EX 32/2023	The renewal of the Reporting Tool for SAP HCM and SUCCESSFACTORS for a period of 36 months	EPI-USE Africa Pty (LTD)	Sole source (limited bid)	R2 070 207.11
33	EX 33/2023	Upgrade 11 subscriptions and 24 additional licenses for STATA Software	Quantec Enterprises (Pty) Ltd	Sole source (limited bid)	R1 046 615.00
34	EX 34/2023	Conduct an investigation pertaining to the fire incident that occurred at the SARS Rissik branch office	Ignis Forensic Fire Investigations and Prevention	Single source (limited bid)	R55 372.50
35	EX 35/2023	Venue for African Tax Administration Forum and BRICS TAX 2023	Cape Town International Convection Centre Company (RF)	Single source (limited bid)	R3 486 770.62
36	EX 36/2023	Cato Creek lease for a period of 12 months	Transnet National Port Authority (TNPA)	Single source (limited bid)	R132 066.00
37	EX 37/2023	Relocation of Kroonstad Taxpayer Branch office	JB GAO owner - appointed managing agent Rental@home Agents	Single source (limited bid)	R17 659 565.49
38	EX 38/2023	Maintenance an support of the eDNA Fraud Management Solution for a period of 3 years	Datacentrix (Pty) Ltd	Sole source (limited bid)	R9 529 836.16
39	EX 39/2023	Subscription to International Bureau of Fiscal Documentation (IBFD)	International Bureau of Fiscal Documentation (IBFD)	Sole source (limited bid)	R2 495 254.41
40	EX 40/2023	Reappoint the Interfront recruitment panel in for a period of 4 months	Various recruitment agencies.	Single source (limited bid)	R1 110 419.15
41	EX 41/2023	Audio-Visual and Staging Equipment	Cape Town International Convection Centre Company (RF)	Single source (limited bid)	R2 428 256.46
42	EX 42/2023	Training: Project Management Professional (PMP) exam and Membership	PM Ideas South Africa	Single source (limited bid)	R72 105.00
43	EX 43/2023	Resources to conduct PIT Verification and limited scope audits	Tipp Focus Holdings (Pty) Ltd. Deloitte and Touche Accounting and Financial Advisory (Pty) Ltd.	Multiple source (limited bid)	R21 393 833.20

## 2023/24 Financial Year Deviations (continued)

	Reference Number	Services	Service Provider	Reason for Deviation	Approved Value
44	EX 44/2023	Maintenance and Support for the Natural Extensions solution	SKS Software (Pty) Ltd	Sole source (limited bid)	R993 207.85
45	EX 45/2023	Relocation of Nigel Taxpayer Service Office to The Angelo Mall	The Angelo Mall CC	Single source (limited bid)	R7 471 444.83
46	EX 46/2023	Maintenance and support of the ADASTRIP, ESTRIP, TRELATIONAL DPS and ADAREORG software	Bateleur Software (Pty) Ltd	Sole source (limited bid)	R27 443 571.60
47	EX 47/2023	Conduct forensic investigation	ENS Forensic (Pty) Ltd	Single source (limited bid)	R700 000.00
48	EX 48/2023	Maintenance and servicing of lifts at Lehae la SARS and Alberton Campus	KONE Elevators South Africa	Single source (limited bid)	R2 259 662.40
49	EX 49/2023	Renewal of the EasyData and Economic Impact Analysis subscription for a period of 36 months	Quantec Enterprise (Pty) Ltd	Sole source (limited bid)	R1 235 032.73
50	EX 50/2023	Subscription to Juta online legal research tool	Juta and Company (Pty) Ltd	Sole source (limited bid)	R9 875 395.63
51	EX 51/2023	My-LexisNexis Online Legal Research tool for a period of 36 months	LexisNexis (Pty) Ltd	Sole source (limited bid)	R53 653 668.00
52	EX 52/2023	DSTV Commercial Premium Subscription for a period of 36 months	Multichoice Support Services (Pty) Ltd	Single source (limited bid)	R791 252.80
53	EX 53/2023	Relocation of Randfontein Taxpayer Service (TPS) Branch	Summerlane Trading 73 (Pty) Ltd	Single source (limited bid)	R7 407 732.05
54	EX 54/2023	Travel management and related services for a period of 18 months	Travel with Flair (Pty) Ltd	Single source (limited bid)	R 167 795 832.22
55	EX 55/2023	Rental of an interim mobile truck for trade facilitation at Lebombo Border Post for a period of 12 months	SANRAL	Single source (limited bid)	R640 995.30
56	EX 56/2023	Presiding Officer training for a period of 4 years	The Commission of Conciliation, Mediation and Arbitration (CCMA)	Single source (limited bid)	R1 049 328.05
57	EX 57/2023	Recruitment agent for Ops Specialist International Tax	Tipp Focus	Single source (limited bid)	R138 706.90
58	EX 58/2023	Operational Risk Masterclass training	Institute of Risk Management (IRM)	Single source (limited bid)	R55 000.00
59	EX 59/2023	Relocation, testing and commissioning of baggage scanner from OR Tambo International Airport Mail center to Kruger Mpumalanga International Airport	Hissco (Pty) Ltd	Sole source (limited bid)	R61 323.75
60	EX 60/2023	Knowledge mapping and strategy training and licensing	Cynefin Co.	Sole source (limited bid)	R620 250.00
61	EX 61/2023	Compliance Institute Southern Africa (CISA) accredited training for a period of 36 months	Compliance Insititute of South Africa	Sole source (limited bid)	R1 048 722.41
62	EX 62/2023	Residential accommodation for Customs officials stationed at the Kosi Bay border	Bukhosini Property Management	Single source (limited bid)	R9 074 191.60
63	EX 63/2023	Relocation, testing and commissioning of baggage scanner from Vioolsdrift border post to Polokwane International Airport	Nuctech Limited Company	Sole source (limited bid)	R89 872.82

## ANNEXURE 3

## 2023/24 Financial Year Variations

	Ref #	Service	Service provider	Reason	Variation Value
1	VAR 01/2023	Plumbing and sanitaryware Installation	KBMO	Variation of value	R31 497.27
2	VAR 02/2023	Variation of scope for the provision of document storage reduction services	Veritas and Project Management Consultants	Variation of scope	R-
3	VAR 03/2023	Additional items procured for Catering services for a Presiding Officer Workshop	Roshans Catering	Variation of value	R4 560.00
4	VAR 04/2023	Disaster Recovery services at SITA	SITA SOC Ltd	Variation of value and time	R941 406.10
5	VAR 05/2023	Provision of Tax Technician Qualification Level 6	Credo Business College	Value	R128 195.00
6	VAR 06/2023	An expansion the lease agreement for Rissik Parking	IPS INVESTMENTS	Variation of value and time	R442 818.00
7	VAR 07/2023	Lift maintenance	Otis (Pty)	Variation of value	R338 270.20
8	VAR 08/2023	Durban New Pier State Warehouse bulk electrical supply.	Enza Construction	Variation of value	R3 249 802.53
9	VAR 09/2023	Travel management and related services	Travel with Flair (Pty) Ltd	Variation of time	R-
10	VAR 10/2023	Kosibay Residential Accommodation for a period of 11 months.	Onothweni Investments	Variation of time	R66 412.50
11	VAR 11/2023	Lease extension for the Bloemfontein Zastron branch office for a period of 9 years and 11 months	Auxo Trust	Value and Time	R 157 029 067.59
12	VAR12/2023	Rental of SARS kiosks for a period of 36 months	GX Connect (Pty) Ltd t/a Gaproc Media	Variation of time	R-
13	VAR 13/2023	Maintenance and support of diesel replenishment and online monitoring of back-up generators	Matase Industrial Solutions (Pty) Ltd	Variation of value	R16 000 000.00
14	VAR 14/2023	Additional funds needed for the generator repairs	Lnob Holdings	Variation of value and time	R100 000.00
15	VAR 15/2023	Revision on waterproofing	CSM Consulting Engineers	Variation of value and time	R39 300.00
16	VAR 16/2023	Variation of the scope for additional parking bays	Delta Property Fund Ltd	Variation of value	R6 943 125.00
17	VAR 17/2023	Printing material	InsideData North PTY Ltd-	Variation of value	R12 114.55
18	VAR 18/2023	Variation to the Geographical Information Solution (GIS) to including maintenance and support services for a period of 12 months	AfriGIS (Pty) Ltd	Variation of value and time	R 3 378 015.89
19	VAR 19/2023	Extension of the current water contract for an additional 3 months	Pureau Fresh Water	Variation of time	R-
20	VAR 20/2023	Hosting stakeholder engagement with Tax practitioners and businesses	Bolivia Lodge	Variation of value	R6 810.00
21	VAR 21/2023	The expansion of the Doringkloof Office Park lease for a period of 5 years	Urban Real Estate (Pty) Limited	Variation of value and time	R 128 613 518.23
22	VAR 22/2023	Repair of the Kobra Cyclone shredders (incl the replacement of blades and air filters) and the provision of plastic bags	AZ Trading CC	Variation of value	R517 500.00
23	VAR 23/2023	Extension of scope of work to include the provision of special dog food as prescribed by Veterinary Service providers	Various suppliers	Variation of value	R1 440 000.00

## 2023/24 Financial Year Variations (continued)

	Ref #	Service	Service provider	Reason	Variation Value
24	VAR 24/2023	Variation of the consolidated External and Internal Vulnerability Monitoring Services for a period of 12 months.	Orange Cyberdefense South Africa Pty Ltd	Variation of value and time	R1 564 023.00
25	VAR 25/2023	Mossel Bay lease extension for period of five (5) years	Transnet SOC Ltd	Variation of value and time	R1 206 646.71
26	VAR 26/2023	Maintenance at Block G and Block H at LeHae La SARS	SCM Facilities Services	Variation of value	R112 500.00
27	VAR 27/2023	Supply, Installation and Maintenance of sanitary and healthcare equipment not exceeding three (3) months.	Imvula Quality Protection, Supercare Hygiene Orizoe Services CC.	Variation of value and time	R2 641 086.20
28	VAR 28/2023	Maintenance and Support of Cellebrite Licenses for a period of 36 months.	Pandacom Distribution PTY Ltd	Variation of value and time	R1 997 550.00
29	VAR 29/2023	Support and maintenance services of the 774 Multi-functional Devices (Printers) for a period of 9 months.	Evolution Technology Group (Pty) Ltd	Variation of value and time	R35 265 076.00
30	VAR 30/2023	Nigel lease extension for a period of 12 months.	Lathitha Properties (Pty) Ltd	Variation of value and time	R1 307 487.18
31	VAR 31/2023	Benoni lease extension for a period of 12 months.	Growthpoint Management Services (Pty) Ltd	Variation of value and time	R491 208.00
32	VAR 32/2023	Additional gifts procured for BRICS Conference	Blue Moon	Variation of value	R44 361.90
33	VAR 33/2023	Variation contract for Geographical Information Solution (GIS), for professional services to conduct Data Analysis and Collection work.	AfriGIS (Pty) Ltd	Variation of value	R2 400 000.00
34	VAR 34/2023	Variation for the licensed software maintenance, support, and related services for the SAP systems.	SAP South Africa Pty Ltd	Variation of value	R416 200 000.00
35	VAR 35/2023	Increase of 10% contingency fee for subscription to Portainer Software to cover the exchange rate fluctuation.	Obsidian Systems (Pty) Ltd	Variation of value	R64 728.56
36	VAR 36/2023	Variation of the Adabas and Natural ELA Software Maintenance and Support with Software AG, for a period of 5 years.	Software AG South Africa (Pty) Ltd	Variation of value and time	R193 200 000.00
37	VAR 37/2023	Request to vary the contract for Microsoft License Solution Provider (LSP) for a period of 6 months.	First Technology (Pty) Ltd	Variation of time	R-
38	VAR 38/2023	Promodag maintenance and support.	Reportstar Technologies CC	Variation of value	R256 507.50
39	VAR 39/2023	Extension cleaning, consumables, chemical and equipment services for a period 1 month.	Medilac Group (Pty) Ltd Masana Hygiene Services	Variation of time	R -
40	VAR 40/2023	Vereeniging lease extension for office space for a period of 12 months.	Revenue House (Pty) Ltd	Variation of value and time	R5 705 063.52
41	VAR 41/2023	Extension of lease of containers	Container Leasing Africa	Variation of value and time	R4 981.80
42	VAR 42/2023	Variation for construction works at Block FF.	PMash Project Management CC	Variation of value	R6 047 374.90
43	VAR 43/2023	The extension of Integrated Pest Control Management Services for a period of 12 months.	Supercare Hygiene Masana Hygiene Services Kusile Hygiene and Industrial Services	Variation of value and time	R2 189 472.00

## 2023/24 Financial Year Variations (continued)

	Ref #	Service	Service provider	Reason	Variation Value
44	VAR 44/2023	Kroonstad lease extension for office space for a period of 12 months	54 Hillstreet Investments (Pty) Ltd	Variation of value and time	R2 515 498.77
45	VAR 45/2023	Lease extension for the Tramshed Parking for a period of 10 years	Karabo Parking Management (Pty) Ltd	Variation of value and time	R16 577 979.27
46	VAR 46/2023	Request to vary an existing order for printing of fair play booklets and programmes for OTO Anniversary	Shereno Printers	Variation of value	R4 945.50
47	VAR 47/2023	Lease extension for Sable House at Bellville for a period of 12 months	Delta Property Fund Limited	Variation of value and time	R28 050 013.31
48	VAR 48/2023	Variation for the shredding and recycling of clothing for 12 months	Brits Nonwoven Proprietary Limited	Variation of time	R-
49	VAR 49/2023	Lease extension between for Albany House for a period of 12 months	Zelpy 1325 (Pty) Ltd	Variation of value and time	R22 253 491.32
50	VAR 50/2023	Variation for Network Support, Server Support and End-User Support (also known as Tower NSE) services for a period of 12 months	Sizwe Africa IT Group Gijima Holdings Pty Ltd	Variation of value and time	R155 453 196.51
51	VAR 51/2023	Request for variation for 1 employee for PMP certification exam as part of the SACPCMP	Myirha Consulting Engineering and Projects	Variation of value	R11 845.00
52	VAR 52/2023	Variation for Network Carrier and Infrastructure Services (also known as Tower DVS) for a period of 12 months	Internet Solution (a division of Dimension Data (Pty) Ltd), Telkom SOC SA Limited MTN (Pty) Ltd	Variation of value and time	R 174 995 683.61
53	VAR 53/2023	Extension of the lease for Umthatha Branch Office for a period of 5 years	Street Talk Trading 161 (Pty) Ltd	Variation of value and time	R17 008 220.00
54	VAR 54/2023	Appointment of service providers for the provision of tax specialist resources	Tipp Focus Holdings Accounting and Financial advisory Deloitte and Touche	Variation of value	R6 951 405.00
55	VAR 55/2023	Worcester lease extension for a period of 5 years	Roodewal Investments (Pty) Ltd	Variation of value and time	R24 722 505.81
56	VAR 56/2023	Lease extension for a period of 5 years	Pro Arte Alphen Park	Variation of value and time	R2 082 116.66
57	VAR 57/2023	Expansion for envato elements software subscription license	Titus Corporation	Variation of value	R656.70
58	VAR 58/2023	Lease extension for the Ashlea Gardens TPS Office for a period of 5 years	K Carrim Commercial Properties (Pty) Limited	Variation of value and time	R29 720 499.03
59	VAR 59/2023	Vary the current contract for Smart Access (0800 Toll Free number) for a period of 12 months	Telkom Soc Limited t/a BCX	Variation of value and time	R51 815 359.72
60	VAR 60/2023	Variation against the original contract for SIP Trunk for a period of 12 months	Telkom Soc Limited t/a BCX	Variation of value and time	R4 371 504.38
61	VAR 61/2023	Extension for the provision of Assets in Transit Services for a period of 12 months	Fidelity Security Services	Variation of time	R-
62	VAR 62/2023	Boksburg lease extension for a period of 5 years	Emerald Fire Investments	Variation of value and time	R16 887 061.93
63	VAR 63/2023	Vary the existing contract to maintain a dedicated Disaster Recovery (DR) facility for a period of 12 months	SITA PTY LTD (State Information Technology Agency)	Value and Time	R2 208 000.00
64	VAR 64/2023	Variation of the maintenance and support services of Baggage and Cargo Scanners for a period of 6 years	Nuctech South Africa (Pty) Ltd	Variation of value and time	R72 607 940.56

## 2023/24 Financial Year Variations (continued)

	Ref #	Service	Service provider	Reason	Variation Value
65	VAR 65/2023	Generator diesel replenishment on the current lease for the Mitchell's Plain branch office	2 Degrees Properties (Pty) Ltd (a subsidiary of Liberty Holdings Limited)	Variation of value	R170 359.22
66	VAR 66/2023	To vary the scope to make use of various sites as facilities for the placement of SARS kiosks	Various Landlords	Variation of scope	R-
67	VAR 67/2023	Paarl lease extension for a period of 12 months	Willie Rousseau Trust	Variation of value and time	R2 831 179.02
68	VAR 68/2023	Krugersdorp lease extension for a period of 3 years	SA Dutch Investment CC	Variation of value	R11 036 428.97
69	VAR 69/2023	Vary Master Service Agreement for maintenance and development services	Barone Budge and Dominick (Pty) Ltd	Variation of value and time	R176 190 289.00

## ANNEXURE 4

### Donations in Kind (Controlling entity)

No	Descriptions	2024 R'000	2023 R'000
1.	<b>World Customs Organisation (WCO)</b> Travel, accommodation and subsistence to deliver an in-country mission and assist the Nigeria Customs Service (NCS) in building capacity and rendering technical assistance in the area of Post-Clearance Audit (PCA) and Authorised Economic Operations (AEO). Attendance of the World Customs Organisation (WCO) National Advanced Training Workshop on Rules of Origin (RoO) for the Botswana Unified Revenue Service (BURS). Attendance to the EU-WCO Harmonised System (HS-AFRICA) Regional Training of Trainers Workshop on the Harmonised System for the East and Southern African Region. Attendance of The World Customs Organisation, East and Southern Africa, Regional Office for Capacity Building (WCO ESA ROCB), Regional Risk Management Workshop in Mombasa, Kenya (2024). Attendance of various WCO meetings, events, workshops, conferences, etc. (2023).	898	1 501
2.	<b>Organisation for Economic Co-operation and Development (OECD)</b> Travel, accommodation and subsistence to attend the 2nd TIWB Mission providing assistance in the taxation of the Oil and Gas Industries and Transfer Pricing Audit Adjustments to the Ghana Revenue Authority (GRA). Attendance of the Zimbabwe Tax Inspectors Without Borders (TIWB) Programme on Criminal Investigations: Self Assessment Workshop. Attendance of the OECD Africa Academy for Tax and Financial Crime Investigation (OECD) Africa Academy Capacity Building Initiative (2024).	314	
3.	<b>Swedish Tax Agency (STA)</b> Travel, accommodation and subsistence for a benchmarking visit to the Swedish Tax Authority (STA) by the South African Revenue Service officials as part of the International Capacity Building Program (ICBP) with STA, National Treasury and Collaborative Africa Budget Reform Initiative (CABRI) (2024). Participation in a workshop under the International Capacity Building Programme (ICBP) in collaboration with the Swedish Tax Authority (STA), SARS, National Treasury (South Africa) and the Collaborative Africa Budget Reform Initiative (CABRI) in Kigali, Rwanda, Kampala, Uganda, Stockholm, Sweden (2023)	275	609
4.	<b>The United Nations University World Institute for Development Economics (Unu-Wider)</b> Travel, accommodation and subsistence to attend the UNI-WIDER Tax and Development Workshop, attendance of the 2023 Wider Development Conference as well as attendance of the 2024 Addis Tax Initiative (ATI) Tax Gap Workshop (2024).	155	
5.	<b>African Tax Administration Forum (ATAF)</b> Travel, accommodation and subsistence in order to provide expert assistance to the eSwatini Revenue Service (ERS) as part of the ATAF/ TIWB Tax Crime Investigations Programme. Attendance of the ATAF Workshop on VAT Administration and Compliance in the Extractives Industry (2024). Attendance of the 2022 General Assembly and Technical Committee meeting in Lagos, Nigeria and the 2022 African Tax Outlook (ATO) Peer-Learning meeting in Arusha, Tanzania (2023).	101	86
6.	<b>International Monetary Fund (IMF)</b> Travel, accommodation and subsistence to attend the IMF Managing International Corporate Tax Risks Workshop in Santiago, Chile. Attendance of training on the Completion of the International Survey on Revenue Administration (ISORA) at the International Monetary Fund (IMF)'s Africa Training Institute (2024).	98	
7.	<b>South African Development Community (SADC)</b> Travel, accommodation and subsistence to attend the Southern African Development Community (SADC) Regional Customs Transit Guarantee System (RCTG) Validation and Train the Trainer Workshops. Attendance of the Southern African Development Community (SADC) Authorised Economic Operator (AEO) Technical Working Group (TWG) and Experts Meeting (2024).	80	
8.	<b>The Government of Canada</b> Travel, accommodation and subsistence to attend the Peer-To-Peer Training on Chemical Weapons Convention Transfer Regimes of Customs Training Institutions (2024).	69	

## Donations in Kind (Controlling entity) (continued)

No	Descriptions	2024 R'000	2023 R'000
9.	<b>International Law Enforcement Agency (ILEA)</b> Travel, accommodation and subsistence to participate in the International Border Inspection Training (IBIT) Programme at the International Law Enforcement Agency (2024).	64	
10.	<b>Korea Customs</b> Travel, accommodation and subsistence to attend the Korea Customs Week 2023, Themed Digital Customs and Global Customs Cooperation (2024).	64	
11.	<b>Customs Cooperation Fund (CCF)</b> Travel, accommodation and subsistence to deliver a World Customs Organisation (WCO) People Management and Development Diagnostic Mission to the Customs Authority of Serbia (CAS) (2024).	51	
12.	<b>European Union (EU)</b> Travel, accommodation and subsistence to attend the EU-WCO Harmonised System (HS-AFRICA) Regional Training of Trainers Workshop on the Harmonised System for the East and Southern Africa Region (2024).	51	
13.	<b>United Nations Programme (UNEP)</b> Travel, accommodation and subsistence to attend the United Nations Environment Programme (UNEP) Network Meeting of the Anglophone Ozone Officers and Thematic Meeting for Customs Officers (2024).	36	
14.	<b>Zambia Revenue Authority (ZRA)</b> Travel, accommodation and subsistence to attend the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) - Global Conference on the Future of Resource Taxation (2024).	29	
15.	<b>National School of Government (NSG)</b> Travel, accommodation and subsistence to attend Module 2 of the Kenya Economic Governance School (2024).	24	
16.	<b>Trade Facilitation and Customs Modernisation (TFCM)</b> Travel, accommodation and subsistence to co-facilitate the World Customs Organisation (WCO) Authorised Economic Operation (AEO) Mission for the Kenya Revenue Authority (KRA) (2024). Attendance of the Capacity Building Mission supporting the Uganda Revenue Authority (URA) and the Kenya Revenue Authority (KRA) to enhance the quality of their National Authorised Economic Operator (AEO) (2023).	23	58
17.	<b>United Nations Office on Drugs and Crime (UNOC)</b> Travel, accommodation and subsistence to attend the Pre-Operational Briefing for Operation Saving Wildlife Through Multilateral Cooperation in Africa (SAMA) (2024).	21	
18.	<b>Inland Revenue Board of Malaysia (IRBM)</b> Travel, accommodation and subsistence to attend the High Net Worth Individuals (HNW) Workshop (2024).	18	
19.	<b>Southern Africa Customs Union (SACU)</b> Travel, accommodation and subsistence to attend the Botswana UNIFIED Revenue Service (BURS) and Revenue Services Lesotho (RSL) National Authorised Economic Operator (AEO) Meeting (2024).	12	

## Donations in Kind (Controlling entity) (continued)

No	Descriptions	2024 R'000	2023 R'000
20.	<b>Botswana Unified Revenue Service (BURS)</b> Travel, accommodation and subsistence to enable SARS Experts to provide Excise Technical Assistance to the Botswana Unified Revenue Service (BURS) (2023)		98
21.	<b>Global Development Network (GDN)</b> Travel, accommodation and subsistence to attend the Global Development Network 22nd Conference, France (2023)		93
22.	<b>Japan International Cooperation Agency (JICA)</b> Travel, accommodation and subsistence to attend the Japan International Cooperation Agency (JICA) One-Stop Border Post (OSBP) Project Third-Country Training, Nairobi, Kenya (2023).		48
23.	<b>Africa Intellectual Property Rights and Innovation Projects (AfriPI)</b> Travel, accommodation and subsistence to participate in the training on Intellectual Property Rights (IPR) Recordation for selected Enforcement Agencies in Nairobi Kenya (2023)		46
24.	<b>African Continental Free Trade Agreement (AFCFTA)</b> Travel, accommodation and subsistence to attend the 5th meeting in Ghana (2023).		46
25.	<b>The Southern African Development Community (SADC)</b> Travel, accommodation and subsistence to attend the Southern African Development Community (SADC) Electronic Certificate of Origin Launch Workshop, Blantyre, Malawi (2023)		33
26.	<b>The World Trade Organisation (WTO)</b> Travel, accommodation and subsistence to attend the Preparatory Workshop for the Fifth Joint Trade Policy Review of the Southern African Customs Union (SACU) -Namibia, Windhoek (2023)		26
	<b>Grand Total</b>	<b>2 383</b>	<b>2 633</b>

## ABBREVIATIONS

<b>ADR</b>	Alternative Dispute Resolution	<b>EXCO</b>	Executive Committee	<b>PIT</b>	Personal Income Tax
<b>AEO</b>	Accredited Economic Operator	<b>FATF</b>	Financial Action Task Force	<b>POCA</b>	Prevention of Organised Crime Act
<b>AEOI</b>	Automatic Exchange of Information	<b>FIC</b>	Financial Intelligence Centre	<b>PY</b>	Prior Year
<b>AG</b>	Auditor-General	<b>FTA</b>	Forum on Tax Administration	<b>RAF</b>	Road Accident Fund
<b>AGSA</b>	Auditor-General of South Africa	<b>FY</b>	Financial Year	<b>RCBs</b>	Registered Controlling Bodies
<b>AI</b>	Artificial Intelligence	<b>GDP</b>	Gross Domestic Product	<b>RE</b>	Revised Estimate
<b>AoPO</b>	Audit of Performance Objectives	<b>GRAP</b>	Generally Recognised Accounting Practice	<b>SACU</b>	Southern African Customs Union
<b>APA</b>	Advanced Pricing Agreement	<b>HWI</b>	High Wealth Individuals	<b>SAPS</b>	South African Police Service
<b>APP</b>	Annual Performance Plan	<b>ICT</b>	Information Communication and Technology	<b>SARB</b>	South Africa Reserve Bank
<b>ARC</b>	Audit and Risk Committee	<b>IT</b>	Information Technology	<b>SARS</b>	South African Revenue Service
<b>ASB</b>	Accounting Standards Board	<b>LBI</b>	Large Business and International	<b>SDL</b>	Skills Development Levy
<b>ATAF</b>	African Tax Administration Forum	<b>MNEs</b>	Multinational Entities	<b>SI</b>	Strategic Intent
<b>BASA</b>	Banking Association of South Africa	<b>MoA</b>	Memorandum of Agreement	<b>SMME</b>	Small, Micro and Medium Enterprises
<b>BAU</b>	Business as Usual	<b>MOU</b>	Memorandum of Understanding	<b>SO</b>	Strategic Objectives
<b>BCM</b>	Business Continuity Management	<b>MPRR</b>	Mineral and Petroleum Resources Royalties	<b>SRU</b>	Stakeholder Relations Unit
<b>BELN</b>	Botswana, eSwatini, Lesotho and Namibia	<b>MTBPS</b>	Medium-Term Budget Policy Statement	<b>STC</b>	Secondary Tax on Companies
<b>BRICS</b>	Brazil, Russia, India, China and South Africa	<b>NPA</b>	National Prosecuting Authority	<b>TEI</b>	Tax Exempt Institutions
<b>CARF</b>	Crypto-Asset Reporting Framework	<b>NPO</b>	Non-Profit Organisation	<b>TFA</b>	Trade Facilitation Agreement
<b>CIT</b>	Company Income Tax	<b>NSG</b>	National School of Government	<b>TFI</b>	Trade Facilitation Indicators/Index
<b>CRS</b>	Common Reporting Standards	<b>NT</b>	National Treasury	<b>TPAs</b>	Third-party appointments
<b>DC</b>	Deputy Commissioner	<b>OECD</b>	Organisation for Economic Co-operation and Development	<b>UIF</b>	Unemployment Insurance Fund
<b>DOPI</b>	Declaration of Private Interest	<b>OGAs</b>	Other Government Agencies	<b>VAT</b>	Value-Added Tax
<b>DT</b>	Dividends Tax	<b>OKR</b>	Objectives and Key Results	<b>VCI</b>	Voluntary Compliance Index
<b>EGRC</b>	Enterprise Governance and Risk Committee	<b>ORTIA</b>	OR Tambo International Airport	<b>VDP</b>	Voluntary Disclosure Programme
<b>ELM</b>	Embedding Leadership Model	<b>OTO</b>	Office of the Tax Ombud	<b>WCO</b>	World Custom Organisation
<b>ENE</b>	Estimates of National Expenditure	<b>PAYE</b>	Pay-As-You-Earn	<b>WIL</b>	Women in Leadership
<b>EOI</b>	Exchange of Information	<b>PCA</b>	Post Clearance Audit	<b>WTO</b>	World Trade Organisation
<b>ERM</b>	Enterprise Risk Management	<b>PE</b>	Printed Estimate	<b>Y/Y</b>	Year-on-Year
<b>ETI</b>	Employer Tax Incentive	<b>PFMA</b>	Public Finance Management Act		
<b>EVP</b>	Employee Value Proposition				