ANNUAL REPORT 2025/26

SARS
South African Revenue Service

South African Revenue Service

ANNUAL REPORT 2025/26

RP162/2026 ISBN: 978-1-83491-988-1

Message from the Minister of Finance

SARS, as the country's revenue authority, is responsible for the efficient and effective administration of all revenue due. This includes promoting optimal compliance with tax and customs legislation while facilitating legitimate trade. Through this mandate, SARS plays a critical role in enabling government to build a capable state that supports sustainable economic growth, social development, and the overall wellbeing of all South Africans.

Domestic Resource Mobilisation (DRM) remains a priority, as highlighted by the United Nations' 2030 Sustainable Development Goal 17.1. This goal underscores the importance of strengthening countries' capacity to mobilise domestic resources through improved revenue collection, the facilitation of legitimate trade, and the promotion of voluntary compliance with tax and regulatory frameworks.

The Ministry of Finance continues to support SARS in realising its vision to become a smart, modern institution with unquestionable integrity that is trusted and admired, as well as integrated into the modern digital state. SARS uses its constitutional and legislative mandate to bridge the gap between policy-intent and administrative capacity, to achieve the goal of SARS 3.0, namely: revolutionising DRM. In this era, DRM becomes a seamless byproduct of economic activity, whereby compliance is embedded into natural business systems, making it invisible and tax evasion less probable. Under its Modernisation 3.0 roadmap, SARS is shifting from a standalone tax agency into an interconnected, data-driven utility embedded within the South African and global tax-and-customs digital ecosystem.

SARS actively executes a whole-of-government, whole-of-society, and whole-of-world digital-integration strategy to modernise public service, combat financial crime, and simplify compliance. That entails pursuing national ("horizontal") tax and customs policy, as well as legislative, strategic, and operational coherence across the whole-of-government and whole-of-society. At the same time, SARS must attain whole-of-world ("vertical") alignment with international tax and customs standards, through influencing national and international tax and customs agendas.

In support of these objectives, and aligned with the UN Sustainable Development Goals, National Treasury allocated additional funds to SARS to support its modernisation toward SARS 3.0. This investment will strengthen SARS' autonomy and operational effectiveness, particularly through enhanced debt-collection and enforcement capabilities in an era increasingly shaped by artificial intelligence. By taking advantage of modern technology, data science, machine learning, advanced analytics, and skilled expertise, SARS is better positioned to collect all revenue due to the fiscus. Ultimately, effective DRM reduces reliance on external funding and reinforces the social contract between the state and its citizens — forming the foundation for a resilient, inclusive, and thriving democracy.

During the financial year 2025/26, economic growth improved modestly, with real GDP expanding for a fifth consecutive quarter and annual growth reaching about 1.1%. Growth was driven primarily by services and household consumption, while manufacturing, mining, and utilities continued to underperform owing to persistent operational constraints. In addition, improved macro-credibility and low inflation provided a more stable platform for revenue collection.

South Africa's labour-market conditions remained structurally weak. Employment gains were insufficient to materially reduce unemployment, with labour absorption still below pre-pandemic levels. As a result, Pay-As-You-Earn and Personal Income Tax performance continued to rely on wage growth rather than broad-based job creation. Structural constraints in transport and logistics continued to cap growth, investment, and export capacity, limiting the upside for Corporate Income Tax and customs revenue.

Heightened geopolitical tensions over the course of the financial year 2025/26 added to external uncertainty and reinforced downside risks to the growth and revenue outlook. Escalating conflicts in key regions and rising global trade fragmentation increased volatility in energy prices, exchange rates, and global financial conditions, with spillovers to domestic inflation risks, import costs, and confidence. Although South Africa was not directly exposed to these conflicts, the indirect effects through higher fuel prices, weaker global demand, and elevated risk-aversion stressed household purchasing power and business profitability.

Despite global challenges experienced during the latter part of the financial year 2025/26, SARS collected net revenue of R2 010.3 billion, representing 8.4% growth from the previous fiscal year's collection of R1 855.3 billion. By the end of March 2026, SARS' compliance programme contributed R319.2 billion, representing an increase of R15.2 billion or 5% growth from the previous year's R304.0 billion.

I commend the leadership and employees of SARS for their steadfast commitment and resilience in navigating a demanding economic landscape. Their dedication to fulfilling the organisation's mandate, coupled with the achievement of revenue targets beyond expectations, reflects meaningful progress toward establishing SARS as a smart and modern tax administration. This progress is further evidenced by ongoing enhancements in capability, as well as strengthened public confidence, trust, and institutional integrity.

I further extend my sincere gratitude to all taxpayers, traders, and intermediaries who have fulfilled their tax obligations. Your continued cooperation and support strengthen the tax ecosystem and advance the collective vision of a more inclusive and prosperous future for all South Africans.

Honourable Minister Enoch Godongwana
MINISTER OF FINANCE

Commissioner's Overview

INTRODUCTION

It is my privilege to present the South African Revenue Service's Annual Report for the 2025/26 financial year. This report reflects a year in which SARS continued to give practical expression to its Higher Purpose: enabling government to build a capable state and foster sustainable economic growth and social development for the wellbeing of all South Africans.

The events in the year under review tested the resilience of institutions across the world. Global growth remained moderate and uneven, trade tensions persisted, and geopolitical uncertainty continued to weigh on investment, trade flows, and fiscal stability. Domestically, South Africa's economy grew modestly, while infrastructure constraints, weak labour-market conditions, and pressure on household incomes continued to affect the broader tax base. In this context, SARS' role in DRM becomes a fiscal necessity and a developmental imperative.

STRATEGIC CONTEXT AND PERFORMANCE

SARS entered the 2025/26 financial year guided by its 2025–2030 Strategic Plan and the aspiration to build "a smart, modern SARS with unquestionable integrity that is trusted and admired". Our strategic intent remains clear: to develop a tax and customs system based on voluntary compliance. These imperatives are supported by five core outcomes that strengthen voluntary compliance; enhance the taxpayer and trader experience; enhance employee experience; streamline internal processes and improve operational efficiencies, as well as improve long-term sustainability.

During 2025/26, SARS achieved 19 of its 20 Annual Performance Plan targets, reflecting disciplined execution in a constrained and complex operating environment. Net revenue collections amounted to R2 010.3 billion, exceeding the revised estimate by R3.4 billion and recording year-on-year growth of 8.4%. This performance was achieved while SARS paid R457.9 billion in refunds, supporting liquidity in the economy and reinforcing the integrity of the tax system. The tax-to-GDP ratio reached 25.7%, and the five-year average tax buoyancy remained above unity at 1.4, demonstrating the responsiveness of the tax system and the effectiveness of SARS' administrative interventions.

Compliance revenue remained a significant contributor to fiscal outcomes. Identifiable compliance activities secured R319.2 billion, comprising R166.8 billion in cash collections and R152.4 billion in leakage protection. Enforcement and verification efforts continued to strengthen deterrence, while targeted interventions against illicit trade, organised tax and customs crime, and complex financial schemes protected the revenue base and reinforced the fairness of the tax system.

SARS also continued to facilitate legitimate trade. The Trade Facilitation Index improved to 74.61%, exceeding the annual target of 72.00% and confirming sustained progress from the 2022/23 baseline. This was supported by stakeholder engagement, regional customs cooperation, the Authorised Economic Operator programme, and improvements across land, sea, and air modalities. These gains protect revenue while supporting economic competitiveness, supply-chain efficiency, and regional integration.

MODERNISATION, SERVICE, AND TRUST

Modernisation remained central to SARS' transformation agenda. Digital platforms achieved 99.76% availability, with no information-security breaches from known risks recorded these platforms. This performance provided a stable foundation for high-volume digital transactions, taxpayer and trader self-service, and risk-based compliance activities.

Taxpayers and traders increasingly accessed SARS through digital and self-service channels. The SARS website recorded more than 65 million (2024/25: 67 million) page views; WhatsApp requests increased to 4.4 million (2024/25: 1.8 million); USSD requests rose to 22.4 million (2024/25: 14.9 million); and the SARS Online Query System handled 6.9 million (2024/25: 5.6 million) queries. Lwazi, the SARS AI Assistant, answered more

than 2.7 million (available from 15 November 2024) taxpayer questions and achieved an 82.9% positive feedback rating. These developments are both technological achievements and a demonstration of SARS' commitment to making it easier for taxpayers and traders to comply.

The Service Charter Index improved to 91.20%, exceeding the target of 82.00% and reflecting a significant improvement over the prior year. SARS also established new baselines for customer satisfaction and intermediary satisfaction surveys, providing a more evidence-based view of the taxpayer, trader, and intermediary experience. While these results show progress, they also point to areas requiring sustained attention, particularly responsiveness, and the resolution of escalated matters.

PEOPLE, INTEGRITY, AND INSTITUTIONAL CAPABILITY

SARS' achievements are ultimately delivered by its people. During 2025/26, SARS continued to invest in a high-performing, diverse, agile, and engaged workforce. The Employee Engagement Action Plan was implemented as planned, and seven People Capability and Career Management Frameworks were developed and implemented across priority job families, including Finance, Legal and Governance. Leadership development was strengthened through targeted sessions, mentoring masterclasses, and the embedding of the SARS Leadership Model.

Integrity remained non-negotiable. SARS integrity-promotion and assurance activities involved preventative and investigative work, and supported consequence management. SARS also sustained a proactive approach to managing conflicts of interest, including private-interest declarations, verification of high-profile individuals, and monitoring of potential supplier linkages.

The work to rebuild and strengthen SARS has been informed by the lessons of institutional failure and the recommendations of the Nugent and Zondo Commissions. The progress achieved since then reflects an organisation that continues to restore trust through ethical leadership, stronger governance, disciplined risk management, and an unwavering commitment to public service.

STRATEGIC RELATIONSHIPS

SARS' mandate cannot be fulfilled in isolation. During the year, the organisation advanced a more structured stakeholder engagement capability, supported by an approved Stakeholder Engagement Framework and implementation plan. SARS maintained active agreements with government agencies and worked closely with domestic, regional, and international partners to improve tax administration, customs cooperation, anti-money laundering readiness, border modernisation, illicit-economy disruption, and information exchange.

Our partnerships with National Treasury, Parliament, law-enforcement agencies, the Border Management Authority, financial-sector partners, regional customs administrations, and multilateral bodies remain vital to strengthening the tax and customs ecosystem. Through these relationships, SARS supports a whole-of-government and whole-of-society approach to compliance, trade facilitation, and the protection of South Africa's fiscal sovereignty.

CHALLENGES AND AREAS REQUIRING CONTINUED FOCUS

The year also presented challenges that require sustained institutional focus. The economic environment remained fragile, with low growth, high unemployment, and constrained household incomes placing pressure on revenue mobilisation. Illicit trade, organised economic crime, refund abuse, cyber threats, data complexity, and evolving taxpayer behaviours continued to test SARS' compliance and enforcement capabilities.

Internally, SARS continued to operate within a constrained fiscal environment while facing growing demand for scarce skills in data science, technology, audit, risk detection, customs, investigations, and specialised enforcement. Certain service and stakeholder-experience measures also point to areas where SARS must improve consistency, responsiveness, and reliability. These challenges do not diminish the progress achieved; rather, they sharpen the organisation's resolve to modernise, strengthen institutional capability, and remain disciplined in executing its mandate.

MEDIUM- TO LONG-TERM STRATEGIC FOCUS

Looking ahead, SARS will continue to advance the next phase of its transformation: building a smart, digital tax-and-customs administration that enables compliance by design and makes it increasingly seamless for taxpayers and traders to meet their obligations. This will require sustained investment in people, data, modernisation, artificial intelligence, smart border capabilities, and stronger whole-of-government data exchange.

The strategic direction is clear: SARS must keep making compliance easy for those who seek to comply, and increasingly hard and costly for those who choose not to. This balanced approach will be supported by service excellence, risk-based detection, intelligent enforcement, trusted partnerships, institutional integrity, and a high-performance culture rooted in the public service ethos of Batho Pele.

ACKNOWLEDGEMENTS AND APPRECIATION

I extend my sincere appreciation to the Minister of Finance, the Deputy Ministers of Finance, National Treasury, Parliament, and our oversight structures for their continued guidance, support, and stewardship. Their leadership and oversight remain essential to strengthening public confidence in SARS and ensuring that we continue to discharge our mandate with integrity, transparency, and accountability.

I also acknowledge, with gratitude, the contribution of our domestic, regional, and international partners; intermediaries; professional bodies; government departments; law enforcement agencies; business stakeholders; and civil society partners. Through these partnerships, SARS continues to strengthen South Africa's tax and customs ecosystem, enhance cooperation, support legitimate trade, and protect the integrity of the fiscus.

Most importantly, I pay tribute to the people of SARS. Their professionalism, integrity, resilience, and unwavering commitment to serving a Higher Purpose made the achievements of 2025/26 possible. I am deeply grateful for their dedication to rebuilding public trust, improving service, strengthening compliance, and serving the people of South Africa with distinction.

I further extend my appreciation to every compliant taxpayer and trader whose contributions enable the state to deliver essential services, support inclusive growth, and build a more capable South Africa. Their commitment affirms the social compact on which our democracy depends and reinforces SARS' responsibility to make it easier to comply and harder not to.

Lastly, I wish to extend team SARS' unconditional appreciation to the erstwhile Commissioner of SARS, Professor EC Kieswetter, under whose stewardship the results reported herein were achieved. To you, sir, we give unreserved gratitude for your leadership.

CONCLUSION

The 2025/26 financial year demonstrated that SARS is making substantial progress to restore, strengthen, and modernise the institution. The results achieved are encouraging, but they are not an endpoint. They are a platform from which SARS must continue to build trust, deepen voluntary compliance, strengthen enforcement, facilitate legitimate trade, and protect the revenue base.

We are steadfast in our commitment to serve South Africa with integrity and professionalism. We will keep building a smart, modern SARS that is trusted and admired — a SARS that enables compliance, protects the fiscus, and helps create a future in which tax just happens.

Dr Johnstone Makhubu
SARS COMMISSIONER

Contents

00 OVERVIEW

Message from the Minister of Finance 03
Commissioner's Overview 05
About this Report 09
Statement of Responsibility and Accuracy of the Annual Report 09

01 PART ONE GENERAL INFORMATION

The Story of SARS 12
SARS Organogram 18
Performance Highlights 20
Volumes Processed in 2025/26 21
Revenue Collection 22

02 PART TWO PERFORMANCE INFORMATION

Reflecting on 2025/26 Performance 24
Linking Strategic Objectives with Expenditure 25
Situational Analysis 26
Outcome 1: Increased Voluntary Compliance 28
Outcome 2: Enhanced Taxpayer Experience 47
Outcome 3: Enhanced Employee Engagement 58
Outcome 4: Streamlined Internal Processes and Improved Operational Efficiencies 64
Outcome 5: Maximised Long-term Sustainability 69

03 PART THREE GOVERNANCE AND RISK MANAGEMENT

Governance 77
Parliamentary Engagement 78
Executive Authority – Minister of Finance 80
SARS Committees 81
Enterprise Risk Management 84
Integrity Promotion 86
Compliance with Laws and Regulation 87
Fraud and Corruption 87
Minimising Conflict of Interest 88
SARS Social Responsibility 88
B-BBEE Compliance Performance Information 89
Company Secretary 90
Internal Audit Report 90
Audit and Risk Committee 92
Report of the Audit and Risk Committee 92

04 PART FOUR HUMAN CAPITAL AND DEVELOPMENT

SARS People Management 97
Oversight Statistics 104

05 PART FIVE PFMA COMPLIANCE REPORT

Irregular Expenditure 110
Fruitless and Wasteful Expenditure 111
Information on Late and Non-Payment of Suppliers 113
Information on Supply Chain Management 113
Contract Variations and Expansions 114

06 PART SIX FINANCIAL INFORMATION

Report by the SARS Accounting Authority 117
Report of the Auditor-General on SARS: Own Accounts 119
Statement of Financial Position 123
Statement of Financial Performance 124
Statement of Changes in Net Assets 125
Cash Flow Statement 126
Statement of Comparison of Budget and Actual Amounts 128
Accounting Policies and Notes to the Financial Statements 135
Annexures 207
Abbreviations 220

Navigating Our Reporting Suite

This is an interactive report. Navigation tools on the top of each page and within the report are indicated below.

Contents | Previous page | Next page

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 2025/26 FY, governance, risks, stakeholder, human resources, Public Finance Management Act (PFMA) compliance reports 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 2025/26 to 2029/30 Strategic Plan, and its 2025/26 Annual Performance Plan (APP). The Annual Financial Statements (Own Accounts) for the year ended 31 March 2026 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 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 and Performance Information in this report were audited by the Auditor-General of South Africa who expressed an opinion. This report is approved by SARS' Accounting Authority, the Commissioner for SARS.

Statement of Responsibility and Accuracy of the Annual Report

To the best of my knowledge and belief, 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 Authority is responsible for preparing the Annual Financial Statements, and for the judgements contained therein.

The Accounting Authority 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 2026.

Dr Johnstone Makhubu
SARS COMMISSIONER

General Information

PART 01

12	The Story of SARS
18	SARS Organogram
20	Performance Highlights
21	Volumes Processed in 2025/26
22	Revenue Collection

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 Incentive 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

How SARS Fulfils its Mandate

SARS fulfils its mandate based on the principles that taxpayers and traders form the core of our work. We place the rights of taxpayers and traders at the heart of our organisation.

A taxpayer has the RIGHT to:	A taxpayer has an OBLIGATION to:
Be regarded as an honest taxpayer who ensures compliance by all means	Be honest
Be informed when the prescribed timeframes cannot be met	Submit complete and accurate information on time
Be provided with reasons for decisions taken regarding your tax, customs and excise affairs	Comply with all prescribed administrative processes and timeframes
Pay only what is due under the law	Pay your tax and/or duties on time and in full as required
Expect everyone to pay their fair share	Encourage others to pay their tax and/or duties on time and in full
Consistent and impartial application of the law	Not encourage or be a party to criminal activity in any form

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

SARS exists to serve the **HIGHER PURPOSE**

01 As SARS, we exist for **CITIZENS**: SARS enables government to build a capable state that fosters sustainable economic growth and social development that serves the wellbeing of all South Africans.

02 As SARS leadership, we exist for **EMPLOYEES**: Through their daily work, employees find fulfilment of their professional and personal aspirations.

03 As SARS employees, we exist for **TAXPAYERS**: Providing taxpayers with seamless, transparent, fair and professional platforms to fulfil their obligations.

Strategic Focus

VISION

We aspire to build a smart, modern SARS with unquestionable integrity that is trusted and admired.

MISSION

The SARS mission is to ensure that the tax and customs revenue due to the state is collected when it becomes due, by building a high level of taxpayer compliance, facilitating legitimate trade and building public confidence in SARS through a strong service ethos, and professional integrity.

VALUES

Endeared by the sense that we serve a Higher Purpose in the service of South Africans, and committed to the fulfilment of our mission and mandate, we hold the following values dear:

- Uncompromising regard for taxpayer confidentiality.
- Unquestionable integrity, professionalism and fairness.
- Exemplary public service.
- Incontestable insights from data and evidence.

STRATEGIC INTENT

To give effect to our mandate, our strategic intent is to develop and administer a tax and customs system based on voluntary compliance. To support this intent, we implement nine Strategic Objectives.

Core Outcomes

SARS' strategic intent is to develop a tax and customs system based on voluntary compliance through a modern, intelligent, and data-driven tax and customs administration. This strategic intent is realised through five core outcomes that support the delivery of SARS' mandate.

Outcome 1 Improved Voluntary Compliance: Encouraging taxpayers and traders to meet their obligations willingly and correctly.

Outcome 2 Enhanced Taxpayer Experience: Delivering simple, accessible, and seamless services to taxpayers and traders.

Outcome 3 Enhanced Employee Engagement: Building a capable, motivated, and empowered workforce.

Outcome 4 Streamlined Internal Processes and Improved Operational Efficiencies: Leveraging technology and data to improve productivity and service delivery.

Outcome 5 Maximised Long-Term Sustainability: Strengthening SARS' resilience and capacity to deliver its mandate into the future.

Strategic Objectives

CORE BUSINESS

SO1 Provide **Clarity and Certainty** for Taxpayers and Traders of their obligations

SO2 Make it **Easy** for Taxpayers and Traders to Comply with their obligations

SO3 **Detect** Taxpayers and Traders who do **not Comply**, and make non-compliance **Hard and Costly**

ENABLING

SO4 Develop a **High Performing, Diverse, Agile, Engaged** and Evolved workforce

SO5 Increase and expand the use of **Data** within a comprehensive knowledge management framework to ensure integrity, drive insight and improve outcomes

SO6 Modernise our systems to provide **Digital and Streamlined** online services

SO7 Demonstrate effective **Resource Stewardship** to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence

RELATIONSHIPS

SO8 Work with and through **Stakeholders** to improve the tax ecosystem

SO9 Build **Public Trust and Confidence** in the tax administration system

Connecting our Higher Purpose and Mandate to our Strategic Objectives and Core Values 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

»»

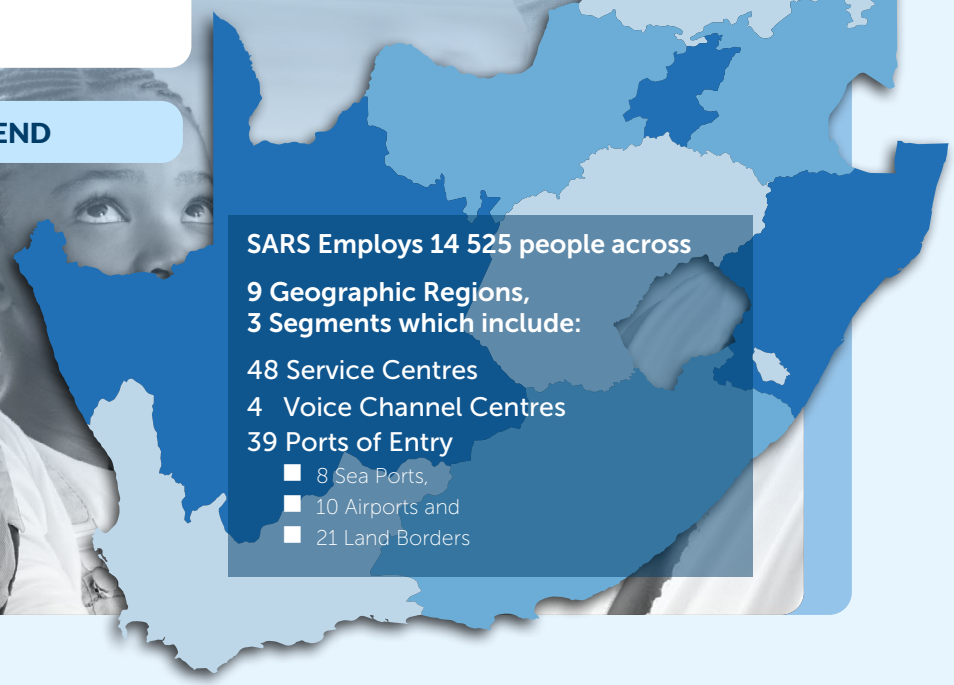
SARS MANDATE

(The Impact of our Work)

- Collect Tax and Customs Revenue
- Improve Compliance
- Facilitate Legitimate Trade

MEANS | **END**

SARS
South African Revenue Service



SARS Employs 14 525 people across

9 Geographic Regions,
3 Segments which include:

48 Service Centres
4 Voice Channel Centres
39 Ports of Entry
- 8 Sea Ports,
- 10 Airports and
- 21 Land Borders

SARS Business Model

The SARS Business Model is the instrument that enables SARS to utilise the "means" to achieve the "end".

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

Clarity and Certainty

- Outreach
- Awareness
- Education
- Publication
- Interpretations and Rulings
- Legal Policy and Products

Ease of Compliance

- Registration
- Declaration and Filing
- Assessment
- Payments

Costly Non-compliance

- Case Selection
- Theme Selection
- Audit and Investigation
- Dispute Resolution
- Debt Collection

KEY OUTCOMES

A. PRODUCTION

- Voluntary Compliance
- Tax Gap Reduction
- Trade Facilitation
- Border Protection
- Total Revenue
- Compliance Yield
- Expense Budget
- Capital Budget

B. PRODUCTION CAPABILITY

- Talent Management
- Modernisation
- Tax and Customs Policy Advice
- Data Management
- Research and Analysis
- Risk Management
- Planning
- Governance
- Stakeholders
- Operating Model

STRATEGIC INTENT

Develop a tax and customs system based on voluntary compliance.

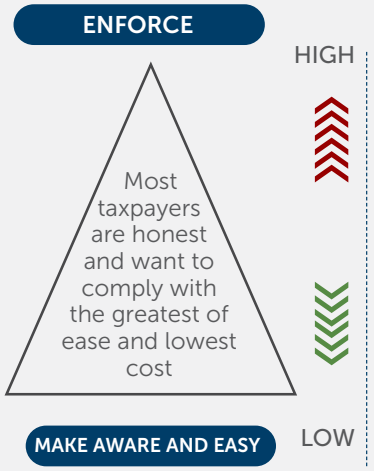
THEORY OF COMPLIANCE

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



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

FINDING THE RIGHT BALANCE

Organogram as at 31 March 2026

Edward Kieswetter

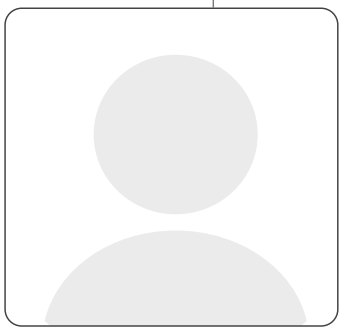
SARS Commissioner

Dr Johnstone Makhubu

Deputy Commissioner
Taxpayer Engagement and Operations

Carl Scholtz

Deputy Commissioner
Strategy Enablement and Modernisation



Vacant

Deputy Commissioner
Corporate and Enterprise Services

Jeanneé Padiachy

Chief of Staff
Office of the Commissioner

DC: Bridgitte Backman resigned on 31 August 2025 therefore this position is vacant. Refer to EXCO table on page 81.

Organisational Arrangements

Taxpayer Engagement and Operations

Operations

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

Enabling Operations

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

Strategy Enablement and Modernisation

- Modernisation
- Product, Segment and Process Architecture
- Legislative Policy
- Enterprise Data Management
- Technology Modernisation and Development
- 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 Equality and Persons with Disability

Enterprise Services

- Corporate Legal Services
- Communications, Corporate and Professional Bodies
- Procurement
- Finance

Office of the Commissioner

- Advisors to the Commissioner
- Organised Labour
- Office of the Commissioner Administration
- Stakeholder Liaison
- Media Spokesperson
- Leadership Development
- Junior Board
- Internal Audit (administratively)
- Integrity Promotion and Assurance

2025/26 Highlights: Positioning our Progress Towards Achieving Vision 2030

Outcome 2: Enhanced Taxpayer Experience

- **SO1** **Customer Satisfaction** score baseline established of **74.84%**
- **SO2** **Service Charter** index score of **91.20%** achieved, 9.20 percentage points above target
- **SO2** **Auto Assessments** accepted by **98.53%** of standard taxpayers
- **SO2** New **SA Traveller Management System** managed **>250 000** engagements
- **SO2** **Lwazi**, SARS AI Assistant, answered **>2.7 million** taxpayer questions
- **SO8** **New Intermediary Satisfaction** index with **63.20%** baseline established

Outcome 3: Enhanced Employee Engagement

- **SO4** Racial Equity improved to **85.60%** from **83.15%** in 2024/25
- **SO4** **7 Job Families** have been designed and developed for **People Capability and Career Management (PCCM) frameworks**
- **SO4** **3 x level 1** and **two level 2 PCCM Frameworks** were implemented
- **SO4** SARS **Leadership Effectiveness Index (LEI) improved from** 86.77% to **87.58%.**

Outcome 1: Improved Voluntary Compliance

STRATEGIC INTENT

R2.01 trillion
Net Revenue
Collected
(8.4% growth Y/Y)

R319.2 billion
Compliance Revenue
Collected through compliance interventions
(5% growth Y/Y)

Facilitated Trade
To the value of
R3.95 trillion
(1.2% growth Y/Y)

Outcome 4: Streamlined Internal Processes and Improved Operational Efficiencies

- **SO5** **Third-Party Data submission** improved to **94.09%.**
- **SO5** **Biometric Identity Project** was extended to **VAT and PAYE** registrations on eFiling.
- **SO7** **Unqualified audit opinion** from the **AGSA**

Outcome 5: Maximised Long-Term Sustainability

- **SO3** Five-year average **Tax Buoyancy** of **1.40** achieved
- **SO6** Achievement of **99.76%** availability of **Digital Platforms**
- **SO6** No Security breaches from known risks occurred
- **SO8** **Stakeholder Engagement Framework** and implementation plan have been developed and approved
- **SO9** **Public Opinion** survey score **of 76.42%** achieved

Note: The performance highlights included on this page are not limited to the Annual Performance Report information reflected in Part 2. The additional achievements presented on this page were not included as planned targets in the Annual Performance Plan and do not form part of the performance information on which the audit conclusion is expressed.

Active Registers and Volumes Processed

ACTIVE REGISTERS

Personal Income Tax (PIT)
27.1 million
(2024/25: 26.2 million)

Company Income Tax (CIT)
4.6 million
(2024/25: 4.1 million)

Value-Added Tax (VAT)
877 210
(2024/25: 900 287)

PAYE
631 815
(2024/25: 648 500)

Other taxes
1.1 million
(2024/25: 1.2 million)

Trusts
404 211
(2024/25: 398 908)

Importers & Exporters
250 530
(2024/25: 235 094)

CUSTOMS VOLUMES PROCESSED

Licensed Clearing agents
906
(2024/25: 706)

New Exporters
13 908
(2024/25: 12 144)

New Importers
13 236
(2024/25: 10 615)

Customs Seizures
9 766
(2024/25: 10 142)

Customs Import Declarations Processed
23.1 million
(2024/25: 12.1 million)

Customs Export Declarations Processed
4.1 million
(2024/25: 4.0 million)

Post Clearance Audits
1 421
(2024/25: 1 477)

Customs Inspections
293 149
(2024/25: 281 330)

TAX VOLUMES PROCESSED

Calls Answered
2.0 million
(2024/25: 2.3 million)

Walk-ins served
2.9 million
(2024/25: 2.7 million)

Tax Returns Received
27.3 million
(2024/25: 26.0 million)

Verifications & Audits
1.5 million
(2024/25: 1.6 million)

New Tax Registrations
1.9 million
(2024/25: 1.8 million)

Tax Compliance Status Request
1.8 million
(2024/25: 1.7 million)

SA Traveller System
250 255
(2024/25: 224 226)

Appeals Finalised
5 776
(2024/25: 9 738)

Payments Processed
19.9 million
(2024/25: 19.4 million)

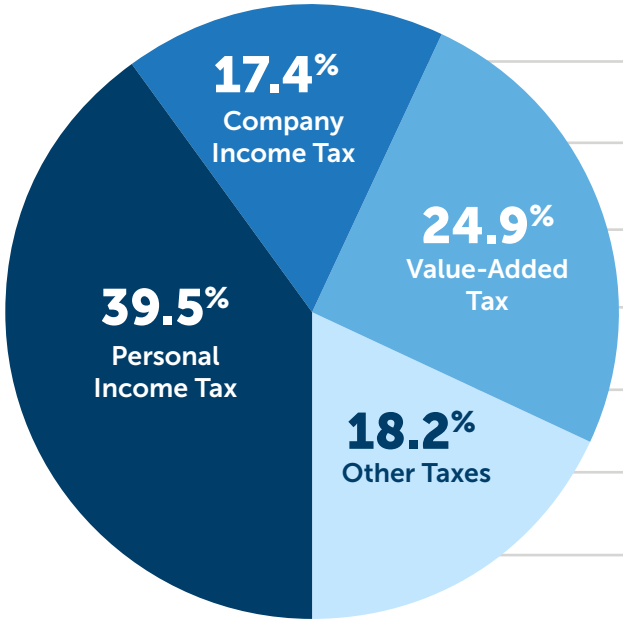
Progressive Revenue Collection

Gross Revenue
R2.47 trillion
7.20%
R2.30 trillion

Refunds Paid
-R457.9 billion
2.37%
R447.3 billion

Net Revenue
R2.01 trillion
8.36%
R1.86 trillion

Tax type contributions to tax revenue



- 4.7% Fuel Levy
- 4.1% Custom Duties
- 3.1% Specific Excise Duties
- 2.3% Dividends Tax
- 1.4% Other Taxes & Duties
- 1.3% Taxes on Property
- 1.3% Skills Development Levy

Personal Income Tax, Value-Added Tax, and Corporate Income Tax are dominant contributors to tax revenue in 2025/26.

Performance Information

PART 02

24	Reflecting on 2025/26 Performance
25	Linking Strategic Objectives with Expenditure
26	Situational Analysis
28	Outcome 1: Increased Voluntary Compliance
47	Outcome 2: Enhanced Taxpayer Experience
58	Outcome 3: Enhanced Employee Engagement
64	Outcome 4: Streamlined Internal Processes and Improved Operational Efficiencies
69	Outcome 5: Maximised Long-term Sustainability

Reflecting on 2025/26 Performance

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 Strategic Plan 2025–2030 presents SARS' aspirational vision to build "a smart, modern SARS with unquestionable integrity that is trusted and admired".

SARS will deliver on its mandate to collect revenue, improve compliance, and facilitate legitimate trade through voluntary compliance, which will be achieved when taxpayers are clear about their obligations (Strategic Objective 1), find it easy to fulfil them (Strategic Objective 2), and know that there is a credible threat of detection should they not comply (Strategic Objective 3).

The foundation of voluntary compliance is an efficient, capable, and disciplined administration that adheres to the highest standards of integrity and governance, which is covered in Strategic Objectives (SO) 4-9.

SARS defined its five Core Outcomes which are supported by the nine SOs

Outcome 1: Voluntary Compliance

Outcome 2: Taxpayer Experience

Outcome 3: Employee Engagement

Outcome 4: Process and Operational Efficiency

Outcome 5: Long-term Sustainability

SO1 SO2 SO3 SO4 SO5 SO6 SO7 SO8 SO9

Audit of Predetermined Objectives

SARS obtained a clean audit report from the AGSA for the 2025/26 FY.
The audit outcome relevant to performance information confirmed that SARS achieved an unqualified conclusion on the Annual Performance Report, with no material findings reported on the selected strategic objectives.
While all planned targets within the audited objectives were reported as achieved, the audit identified control weaknesses relating to the performance information, particularly in respect of the Service Charter Index and related supporting registers and calculations. These matters were assessed as immaterial and did not affect the overall audit conclusion. The full Audit report is available on page 119 of this report.

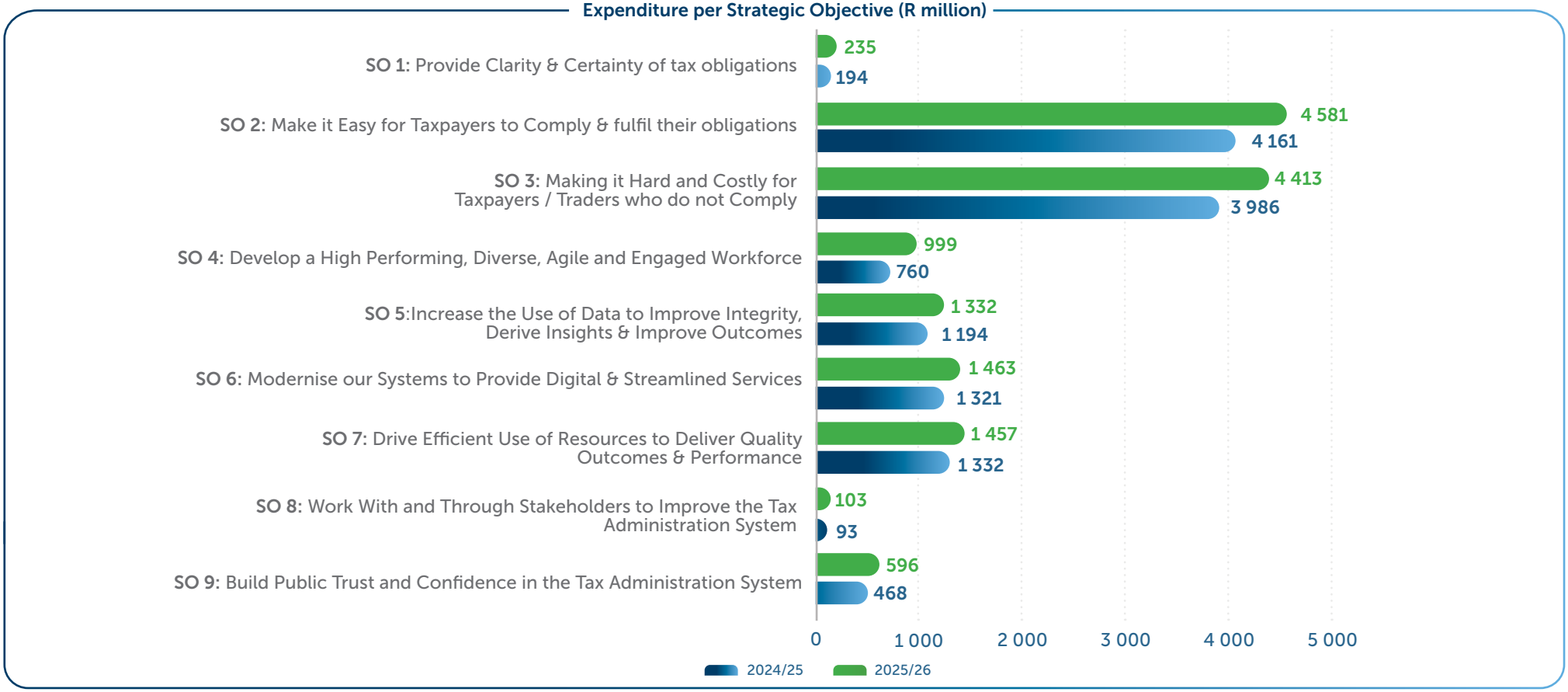
To achieve its strategy, SARS implemented the Objectives and Key Results (OKR) methodology, which is a goal-setting framework to help the organisation establish objectives along with the measurable key results that support the achievement of each objective.

In support of its Strategic Intent and to give effect to its compliance philosophy, SARS has identified and committed to prioritise the five Core Outcomes delivered through the nine SOs to guide its efforts and establish resource priorities.

SARS achieved 19 of its 20 Annual Performance Plan targets for 2025/26. Crucial to SARS' mandate, SOs 1–3 accounted for 60.5% of SARS' Estimate of National Expenditure.

2025/26 KEY RESULTS:	*19/20 TARGETS ACHIEVED*	95%

Linking Strategic Objectives with Expenditure



In the 2025/26 financial year, SARS allocated approximately R15.2 billion across its nine SOs in support of Vision 2030 - to build a smart, modern SARS, that is trusted and admired.

The largest allocations continued to focus on facilitating taxpayer compliance and enforcing compliance among non-compliant taxpayers and traders, reflecting a balanced approach between service and enforcement.

Investment in modernising core systems and digital platforms and enhancing data capabilities and insights remains central to enabling operational efficiency, improved compliance outcomes, and data-driven decision-making.

Spending on building a high-performing and agile workforce and driving efficient use of resources and operational excellence supports institutional capability and sustainable service delivery. Smaller but important allocations to improving clarity of obligations, stakeholder engagement, and public trust are increasing transparency, stakeholder confidence, and the integrity of the tax system.

Despite operating within a constrained fiscal environment, these strategic allocations have enabled continued progress in automation, artificial intelligence, and digital service delivery, while strengthening workforce capability and stakeholder partnerships.

Overall, the spending profile affirms SARS' commitment to optimising constrained resources, strengthening voluntary compliance, and supporting improved revenue outcomes and public confidence in the tax system.

Situational Analysis

Global Economic Environment

The global economic environment was characterised by moderate but uneven growth, heightened trade tensions, and elevated policy uncertainty, all of which dampened economic momentum. Early-year projections indicated stable yet subdued growth of 3.3% for 2025, below the historical average of 3.7%, with divergent performance across economies. Escalating geopolitical and trade frictions triggered a downward revision to 2.8%, reflecting a cumulative downgrade of 0.8 percentage points. Subsequent updates indicated partial recovery, with growth revised to 3.0%, supported by stronger demand, improved financial conditions, fiscal expansion, and a weaker US dollar. The growth outlook stabilised around 3.2%, alongside easing quarterly growth and continued structural adjustments to trade tensions by October 2025. At market exchange rates, global output expanded by about 2.6%. Later assessments confirmed resilience, with estimates ranging from 3.2% to 3.4%, driven by offsetting forces from policy support, technology investment, and private-sector adaptability.

Maximum Tax Rates

27%	45%	20%	15%
Corporate Income Tax	Personal Income Tax	Dividends Tax	Value-Added Tax

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

Domestic Economic Environment

South Africa's real Gross Domestic Product (GDP) grew modestly by about 1.1% in 2025/26, reflecting a fragile and uneven recovery. Although quarterly momentum remained positive into late 2025, growth was constrained by infrastructure bottlenecks, logistical inefficiencies and weak domestic demand. This limited the economy's ability to absorb labour market entrants, restraining employment and income growth and weighing on household prospects and broader economic resilience.

During 2025/26, the South African Reserve Bank (SARB) maintained a cautious, data-dependent monetary policy stance, keeping the repo rate at 6.75% and the prime lending rate at 10.25% by March 2026 amid heightened external uncertainty. SARB also narrowed its inflation target to 3.0% with a ±1 percentage-point tolerance band, reinforcing its commitment to price stability. Although inflation remained at 3.0% in February 2026 and 3.1% in March 2026, elevated interest rates continued to constrain credit demand, household consumption, and private investment. At the same time, geopolitical tensions, particularly in the Middle East, increased upside risks to inflation through higher oil, fuel, and transport costs, placing renewed pressure on household finances.

Labour market conditions remained weak in 2025/26, with the official unemployment rate rising from about 32.1% to 32.7% by the first quarter of 2026.

Labour Market Conditions
- Persistent structural constraints
- Weak job generation despite growth
- Low labour absorption

Trade Surpluses & Resilience
- Resilience despite weaker global demand
- Vulnerable to commodity price shifts
- Need for export diversification & competitiveness

Monetary Policy & Inflation
- Cautious, data-dependent SARB stance
- Target: 3.0% (±1pp)

Repo Rate 6.75% | Prime lending: 10.25%

This reflects the economy's limited ability to generate jobs despite modest output growth, underscoring persistent structural constraints, weak investment, and low labour absorption. Continued high unemployment weighed on household incomes, inequality, demand, and the broader tax base.

South Africa continued to post trade surpluses, including R29.2 billion in March 2026, showing resilience despite weaker global demand and geopolitical uncertainty. However, these surpluses remain vulnerable to commodity price shifts, changing global demand, and rising trade tensions, highlighting the need for export diversification and stronger competitiveness.

The Effect of Tax Policy Measures

The government has prioritised tax policy measures that strengthen revenue collection while maintaining a balance between fiscal sustainability and support for households. The 2025 Budget introduced tax policy measures aimed at raising additional revenue of approximately R18 billion in 2025/26.

Personal Income Tax brackets, rebates and medical tax credits were not adjusted for inflation in the 2025/26 fiscal year, resulting in additional revenue of R16.7 billion through fiscal drag and a higher effective tax burden on taxpayers in real terms.

A key policy shift was the withdrawal of the proposed Value-Added Tax (VAT) rate increases, and the reversal of additional zero-rated items announced during March 2025 Budget, maintaining the VAT rate at 15%.

To partly offset the resulting revenue shortfall from the VAT rate hike reversal, government proposed an inflation-related increase in the general fuel levy for petrol and diesel. This marks a departure from the previous three-year period where the fuel levy was kept unchanged to provide consumer relief.

Excise duties on alcoholic beverages and tobacco products were increased above inflation, estimated to raise an R1.3 billion in additional revenue. In addition, the carbon tax rate was increased from R190 to R236 per tonne of carbon dioxide equivalent.

Transfer duty thresholds were increased by 10% to account for inflation, while tax rates remained unchanged. The Employment Tax Incentive (ETI) was maintained with adjustments to thresholds to continue supporting job creation.

Further measures included targeted reforms to improve tax compliance and broaden the tax base, such as tightening anti-avoidance provisions and removing certain VAT exemptions (including low-value imports subject to import duty). Overall, these tax policy measures were designed to enhance revenue mobilisation over the medium term while protecting lower-income households and supporting fiscal consolidation.

Key Tax Policy Measures

Personal Income Tax	No inflation adjustment to tax brackets, rebates, and medical tax credits
VAT & Carbon Tax	Carbon Tax increased from R190 to R236 per tonne of CO_2
Excise Duties	Above-inflation increases applied: Alcohol & Cigars 6.75%; Cigarettes & Tobacco 4.75%

Outcome 1: Increased Voluntary Compliance

SARS Strategic Intent:

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

To achieve high-level voluntary tax compliance, SARS :

- Increasingly reward or incentivise good taxpayers for compliance
- Simplify laws, policies, and procedures
- Educate unaware taxpayers who want to be compliant
- Serve willing taxpayers diligently
- Reduce the need for service queries and escalations and prevent disputes rather than resolve them
- Differentiate treatment for the most compliant taxpayers
- Detect and prosecute non-compliant taxpayers
- Provide the best advice that will result in a better outcome for both the taxpayer and SARS

Performance for Outcome 1

Net Revenue Collected as % of Estimates

(Agreed with the Minister of Finance)

Actual 2024/25	Target 2025/26	Actual 2025/26
100.48%	100.00%	**100.17%**
R1 855.27 billion	2 006.95 billion	R2 010.34 billion

Achieved

Voluntary Compliance Index (%)

Actual 2024/25	Target 2025/26	Actual 2025/26
66.87%	64.00%	**66.36%**

Achieved

Trade Facilitation Index (%)

Actual 2024/25	Target 2025/26	Actual 2025/26
72.40%	72.00%	**74.61%**

Achieved

Collecting Customs and Tax Revenue Due

SARS aims to create a conducive tax ecosystem where most of the tax revenue is efficiently and easily receipted 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.

SARS also recognises the need to augment receipted revenue with compliance revenue. To do so, SARS collects compliance revenue through enforcement, making tax evasion hard and costly for wilfully non-compliant taxpayers and traders.

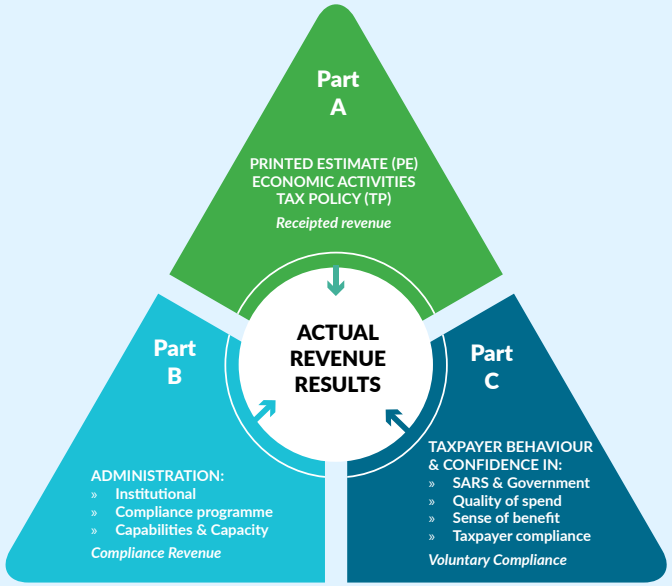
SARS Revenue Management System

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.



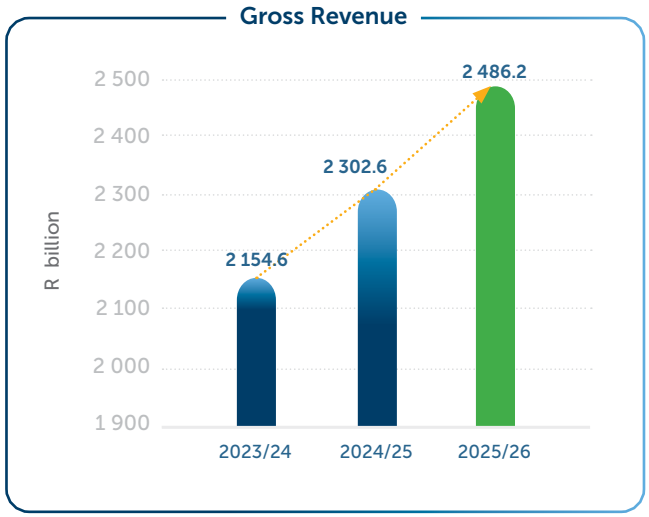
As of 31 March 2026, SARS collected R2 010.3 billion in net revenue, representing year-on-year (Y/Y) growth of 8.4%, materially above the 5.4% nominal GDP growth rate.

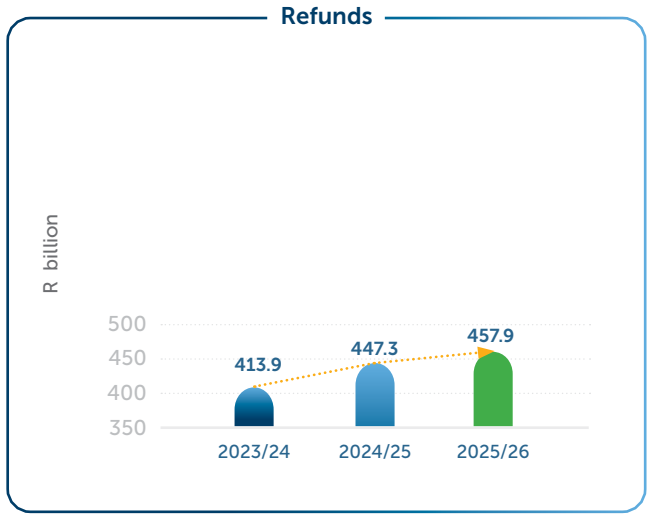
For 2025/26, the tax-to-GDP ratio was at 25.7%, with tax buoyancy measured at 1.40, indicating a system that remains responsive to economic activity. The improved result is R24 billion higher than a year ago, and came even as the Minister revised the revenue estimate upward to R2 006.9 billion during the budget. Net revenue collected for the full 2025/26 FY amounted to R2 010.3 billion, from R2 468.2 billion in gross revenue collections and R457.9 billion in refund payments. Net revenue collections yielded a Y/Y growth of R155.1 billion (8.4%), while posting an overall surplus of R3.4 billion (0.2%) against the Revised Estimate (RE). This was largely driven by Gross receipts growing Y/Y by R165.7 billion (7.2%) and recording a R2.2 billion (0.1%) surplus against the RE; while Refund payments grew Y/Y by R10.6 billion (2.4%) and amounted to R1.2 billion (0.3%) lower than the RE.

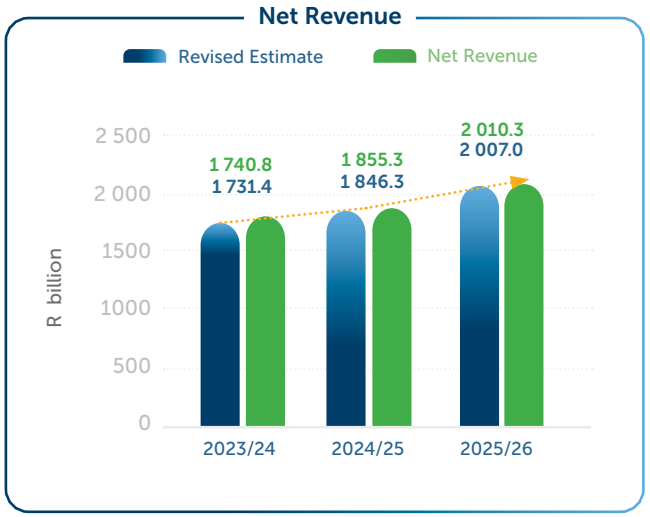
This reflects SARS' focused and attentive compliance initiatives; improved administrative efficiency; and a marginal contribution from the mining sector. The revenue collection enabled the Minister of Finance to save the nation a VAT increase as originally communicated.

2025/26 Revenue Collection

Tax type	Printed estimate Feb 2025	Revised estimate Feb 2026	Actual result	Surplus/ deficit on Printed estimate	Surplus/ deficit on Revised estimate	Actual % of total tax revenue
	R million	R million	R million	R million	R million	%
Personal Income Tax (PIT)	795 782	789 718	793 946	(1 836)	4 228	39.5
Company Income Tax (CIT)	343 696	351 182	349 347	5 651	(1 835)	17.4
Dividends Tax (DT)/Secondary Tax on Companies (STC)	42 111	46 312	45 884	3 773	(427)	2.3
Value-Added Tax (VAT)	482 246	497 594	500 587	18 340	2 993	24.9
Domestic VAT	591 079	600 555	603 958	12 879	3 403	30.0
Import VAT	276 488	268 514	267 727	(8 760)	(787)	13.3
VAT refunds	(385 320)	(371 476)	(371 099)	14 222	377	(18.5)
Fuel levy	96 592	97 295	95 206	(1 386)	(2 090)	4.7
Customs duties	80 977	80 520	81 535	559	1 016	4.1
Specific excise duties	64 134	62 358	61 737	(2 397)	(621)	3.1
Taxes on property	23 919	26 253	26 345	2 426	92	1.3
Skills development levy	26 006	25 979	25 978	(28)	(1)	1.3
Other taxes and duties	30 139	29 737	29 775	(364)	38	1.4
Total tax revenue	**1 985 603**	**2 006 947**	**2 010 340**	**24 738**	**3 393**	**100.0**







Revenue performance by tax type

PIT Net
R793 946 million

PAYE	767 118
Provisional	46 594
Assessments	28 129
Refunds	-46 081

39.5%

2024/25 R733 154m +8.3%

Industries contributing to growth:
Finance; Community; Mining

VAT Net
R500 587 million

Domestic VAT	603 958
VAT on Imports	267 727
Refunds	-371 099

24.9%

2024/25 R457 789m +9.3%

Industries contributing to growth:
Finance; manufacturing Wholesale/Retail

CIT Net
R349 347 million

Provisional	355 586
Assessments	20 038
Refunds	-31 091

17.4%

2024/25 R323 244m +8.1%

Industries contributing to growth:
Finance; Wholesale/Retail; Mining

Net Fuel Levy
R95 206 million

2024/25 R85 883m +10.9%

4.7%

Import Duties
R81 535 million

2024/25 R76 698m +6.3%

4.1%

Specific Excise
R61 737 million

2024/25 R59 680m +3.4%

3.1%

Dividends Tax
R45 884 million

2024/25 R42 988m +6.7%

2.3%

Other
R55 753 million

2024/25 R53 329m +4.5%

1.4%

Taxes on Property
R26 345 million

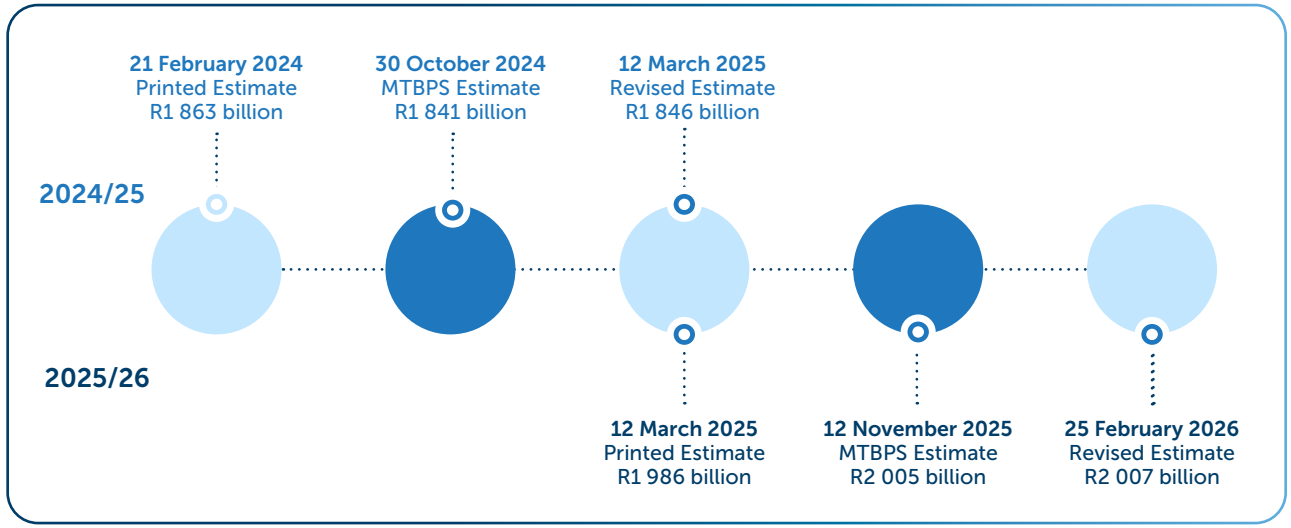
2024/25 R22 505m +17.1%

1.3%

Only major contributors to tax income are listed

Budget Estimates for 2024/25 and 2025/26

Revenue estimates for the next three years and the medium term are set or adjusted on three occasions during the FY. For the 2025/26 FY, estimates were announced in the March 2025 budget (generally referred to as the Printed Estimate, or PE); in November 2025 in the Medium-Term Budget Policy Statement (MTBPS); and in the February 2026 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.



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 2025	Revised Estimate Feb 2026	Actual Result	Surplus/ Deficit on Printed Estimate	Surplus/ Deficit on Revised Estimate
	R million	R million	R million	R million	R million
Tax revenue	1 985 603	2 006 947	2 010 340	24 738	3 393
Non-tax revenue	37 358	44 836	57 553	20 195	12 717
Mineral and Petroleum Resource Royalties	11 201	11 805	11 881	680	76
Mining leases and ownership	-	-	(9)	(9)	(9)
Other non-tax revenue and extraordinary receipts	26 157	33 031	45 681	19 524	12 650
Less: SACU payments	(73 552)	(73 552)	(73 552)	-	-
Total budget revenue	**1 949 409**	**1 978 232**	**1 994 342**	**44 933**	**16 110**

Compliance Revenue

For the 2025/26 FY, R319.2 billion has been secured from identifiable compliance activities. The Cash component is worth R166.8 billion and Leakage Protection R152.4 billion.

Compliance Revenue

2025/26

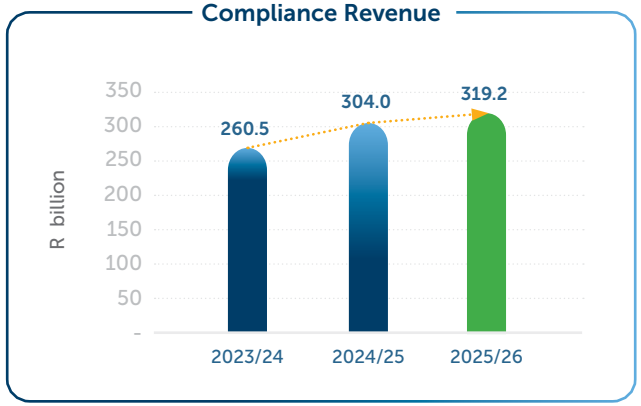
R319.2 billion

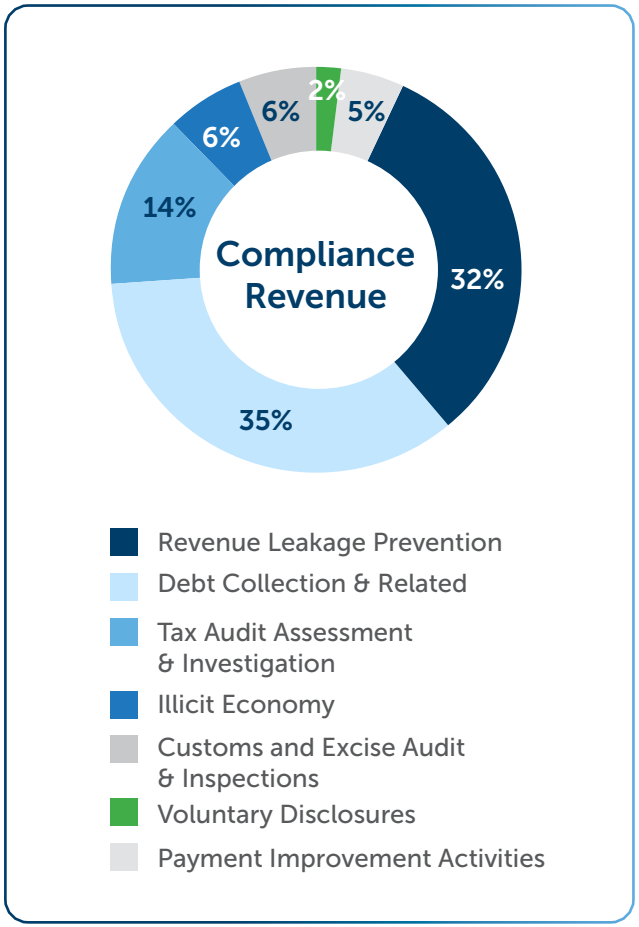
R304.0 billion
2024/25

Growth vs 2024/25
5.0%
(R15.2 billion increase)

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.





Payables and Receivables

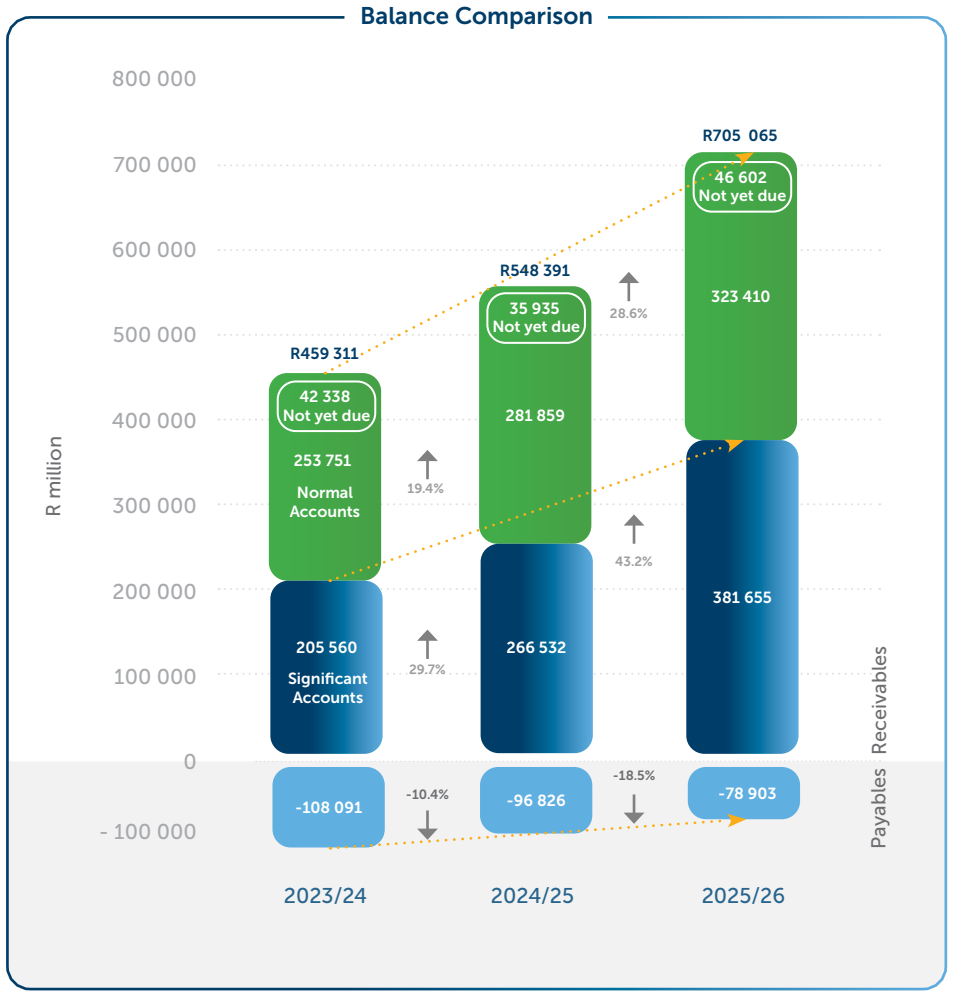
Receivables and payables reflect the balances on taxpayers' statements of account at year-end. Accounts with debit balances are classified as receivables, representing amounts owed to SARS, while accounts with credit balances are classified as payables, representing amounts owed to taxpayers. A taxpayer may be reflected in both categories where an unverified or unallocated credit exists on one tax account while an outstanding debt exists on another, or due to timing differences in the offsetting of verified credits against overdue liabilities.

Provisional Tax was incorporated into the debt-management system during the financial year to strengthen Income Tax collection and enhance oversight. Prior to this, Provisional Tax was managed outside the debt case-management system. Receivables comprise of unpaid taxpayer-submitted (IRP6) returns and SARS-revised estimates. Credit balances relate to outstanding assessments and payments made toward future years of assessment. Provisional Tax is presented separately as comparative figures have not been restated.

Receivables of R705.0 billion comprise overdue debt of R658.4 billion (2025: R512.4 billion) and taxes assessed through returns received but not yet due for payment of R46.6 billion (2025: R35.9 billion). Refer graph/table (p.35) for detail breakdown.

Gross receivables before impairment grew by 28.6% over the prior year (2025: 19.4%). This is attributed to growth in significant debtors of 43%. In contrast, Payables reduced by 18.5% (2025: 10.4% reduction).

Taxpayer and Trader Receivables and Payables	31 March 2026	% Change	31 March 2025
	R million		R million
Receivables (Debit Accounts)	705 065	28.6	548 391
Accounts included in the above that are regarded as Significant	381 655	43.2	266 532
Payables (Credit Accounts)	(78 903)	(18.5)	(96 826)
Provisional Tax - not included in the above figures:			
• Receivables	20 939		
• Credit periods	(9 435)		



Impairment Assessment

An impairment of R345 billion has been recognised against gross receivables of R726 billion to reflect the estimated amount expected to be recovered. Strategies are being implemented to reduce the impaired debt portfolio and progress eligible debt towards permanent write-off, with the timing of such write-offs remaining subject to the applicable legislative framework.

Significant receivables are assessed individually based on their specific circumstances, including consideration of debtors who are unresponsive or non-cooperative and for whom no agreements exist with SARS. The remaining receivables are assessed collectively according to their classification, status, and age profile. The impairment assessment was enhanced for the 2025/26 FY to incorporate the effect of assessment revisions and debt discharges arising from disputed liabilities, as well as recovery status and historical recovery rates. The table below presents the updated impairment assessment.

Taxpayer and Trader Receivables Impairment Assessment (R million)	Individually Significant Receivables	Normal Receivables (Excluding Significant)	31 March 2026
Preliminary impairment as percentage of gross receivables	55%	39%	48%
Gross Receivables including Provisional Tax	382 193	343 810	726 003
Impairment Allowance	210 000	135 250	345 250
Net Receivables including Provisional Tax	172 193	208 560	380 753

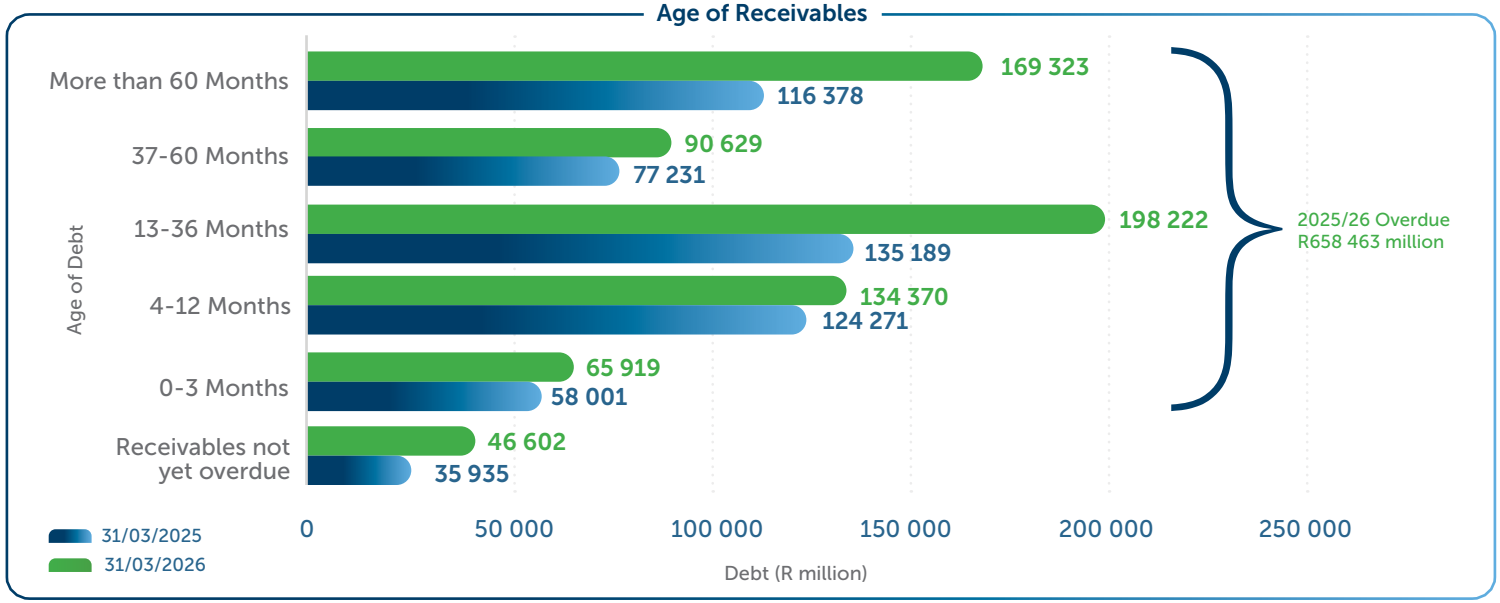
Ageing of Receivables

R329 billion (50%) in gross overdue non-Provisional Tax receivables are 25 months and older (2024/25: R250 billion, 44%), whereas R14.8 billion in Provisional Tax receivables are 15 years and older. This ageing reflects the length of time that tax liabilities have remained unpaid since the date they were due (i.e. the taxable event) and is a key indicator in assessing the recoverability of outstanding receivables.

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. This involves proactively engaging and assisting taxpayers willing to comply, followed by consequence-based collection steps for those unwilling to comply, and finally targeted enforcement.

To improve debt-collection capacity, SARS has outsourced specific debts and expanded internal capacity by appointing seasonal workers as part of the debt-insourcing initiative. Process, system, and data capabilities continue to be improved in the areas of behavioural modelling, segmentation, process automation, and financial reporting.



Collection Performance

Collection performance measures the effectiveness of recovery actions, as well as preventative measures to sustain compliant payment behaviour (referred to as "prevent" actions). A new payment allocation model was introduced during the 2025/26 FY and operated in parallel with the existing cash-reporting solution. This approach enables SARS to assess its benefit and compare it to other approaches. The data supports improved behavioural modelling, enhanced collection insights, and performance management. Formal cut-over to the new model will occur during the 2026/27 FY.

Cash collected from Receivables	31 March 2026		31 March 2025		31 March 2024	
	R million	%	R million	%	R million	%
VAT	44 753	45	45 862	48	39 689	43
PIT	14 770	15	13 412	14	11 402	12
CIT	12 032	12	12 493	13	16 926	19
PAYE	13 044	13	12 136	13	13 382	15
Withholding Tax	6 470	7	4 553	5	5 301	6
Excise	2 723	3	3 970	4	2 519	3
Customs	4 823	5	2534	3	1 973	2
Other	323	0	60	0	108	0
Total Collections excl. Provisional Tax	**99 938**	**100**	**95 020**	**100**	**91 300**	**100**
Provisional Tax	11 592					
Total	**110 530**					

Receivables temporarily written off as uneconomical to pursue have increased to R380 billion (2025: R345 billion), of which 27% is capital. Although collection is suspended, these accounts continue to accrue interest, and provided the debt remains valid, may be reinstated if a change in circumstances is detected. Attempts to recover some of these debts via the debt-outsourcing initiative have not been successful. 74% (R282 billion) of temporary written-off debt of R380 billion is older than five years and should be considered irrecoverable.

Revenue losses reduced to R32.3 billion owing to a reduction in temporary write-offs (which is net of reinstatements and recoveries). This is attributed to a change in strategy with the introduction of impairments, which allows impaired debts to remain within the formal collection process, but which follows a differentiated strategy.

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.

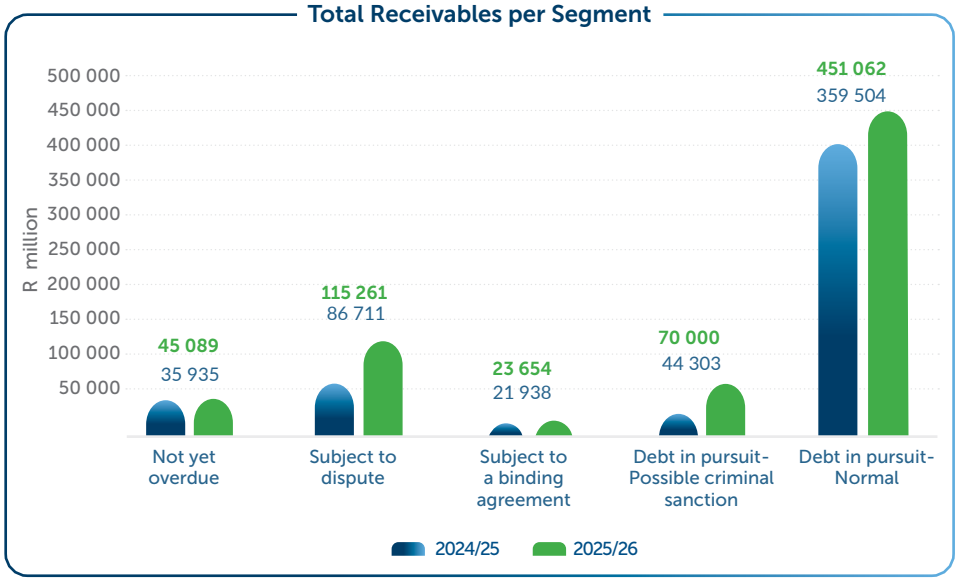
Schedule of Revenue Losses	31 March 2026	31 March 2025
	R million	R million
Temporary write-offs	23 082	38 482
Compromise write-offs	5 607	1 970
Permanent write-offs	3 567	3 306
Total	**32 256**	**43 758**

Collections by Receivable Category

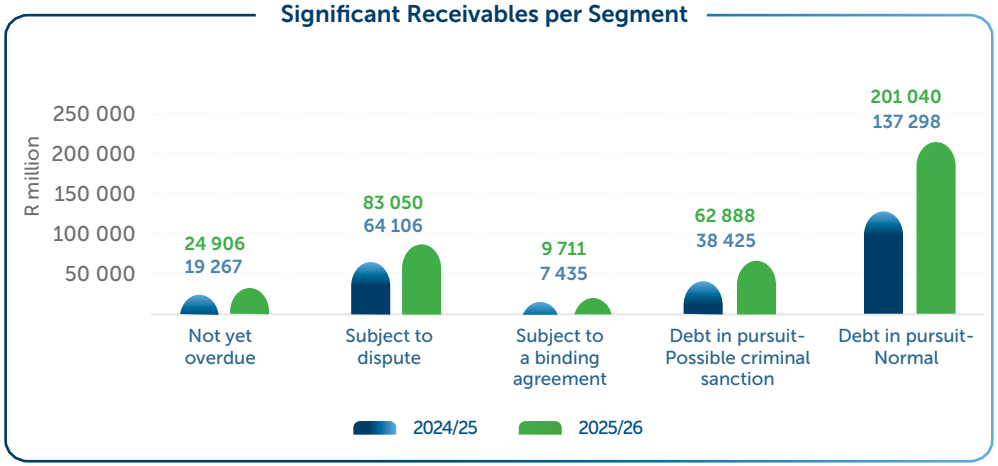
Gross receivables are categorised to reflect collection risk and the associated debt-recovery actions that may be undertaken. The figure below illustrates the movement within these categories. These figures exclude Provisional Tax, which is presented separately.

The 28.6% growth in receivables is primarily due to an increase in significant debtors. These are taxpayers with a consolidated account balance of R50 million or more.

There are 1 690 taxpayers (owing R381 billion) categorised as significant, representing 54% of receivables (2025: 1 269 taxpayers). Most of these are long-running cases where a sizable portion of the account balance is subject to dispute and possible criminal sanction, which impacts recoverability. Significant receivables are assessed individually based on the specific circumstances of each debtor, including instances of non-responsiveness, non-cooperation, and the absence of agreements with SARS. A substantial number of these cases are long-running, with significant balances under dispute and subject to potential criminal sanctions, which negatively impacts recoverability. Consequently, an impairment of R210 billion has been recognised against these taxpayers.



Comparable cash collected from receivables amounted to R98 billion (2024/25: R95 billion). The inclusion of Provisional Tax increased total collections to R110 billion for the year. VAT remains the largest contributor to overall cash collections at R44.8 billion (45%), followed by PIT (15%).



Audit assessments subject to an ongoing dispute are disclosed separately because payment cannot be enforced where recovery proceedings have been suspended in accordance with section 164(2) of the Tax Administration Act. At the end of the financial year, R137 billion in receivable accounts were subject to dispute, of which R22.3 billion is disclosed as debt subject to possible criminal sanction.

Subject to Dispute	31 March 2026	31 March 2025	Growth	
	R million	R million	R million	%
Objections	65 918	38 210	27 798	72.5%
Appeals	49 342	48 501	841	1.7%
	115 260	**86 711**	**28 549**	**32.9%**

The R23.6 billion in receivables are subject to binding agreements entered into with taxpayers. Of this amount, R13 billion remains subject to the finalisation of payment terms. These consist of payment deferrals, compromises, business- rescue repayment agreements, as well as voluntary third-party appointments involving employers, banks, and other parties.

Debt subject to criminal sanction is classified at a taxpayer or entity level notwithstanding that only certain tax cases are subject to investigation. Of the R70 billion receivables balance, R48.8 billion relates to taxpayers identified in the 2024/25 FY. This debt is largely irrecoverable given its nature; high composition of penalties and interest (R51 billion); ongoing disputes; and collection status.

Active recovery steps are being taken against R451 billion in gross receivables, which are at varying stages in the collection cycle. During the 2025/26 FY, SARS continued to implement various debt strategies and initiatives as part of its strategic plan to achieve compliance targets and recover more debt. These strategies focus on collecting new debt, outstanding returns, complex cases, and aged debt. These initiatives made a positive contribution to revenue collection. Outsourced Debt collected approximately R2 billion; Special Expedited Compromises for tax practitioners collected R20 million, the Compromises Below R10 Million Project collected R82 million; and the automated bank third-party appointment process that collected R572 million.

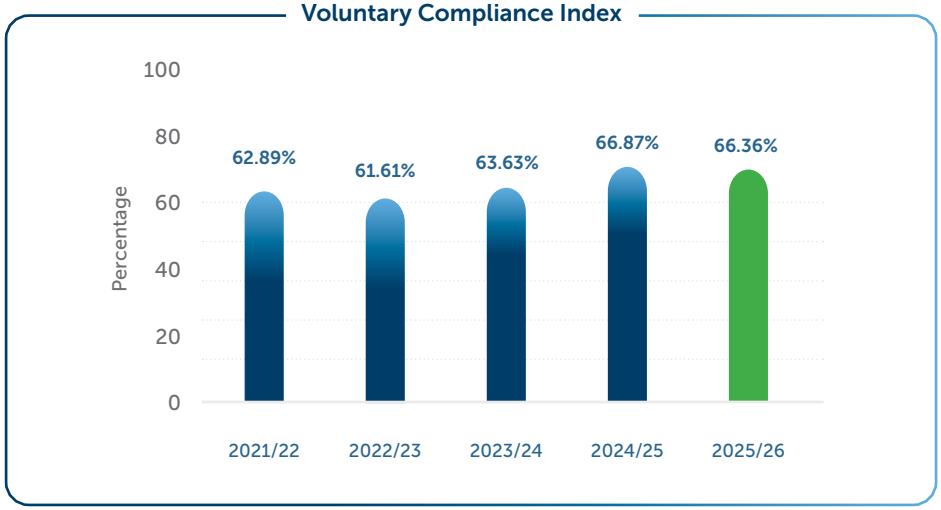
Provisional Tax receivables amounted to R20.9 billion at the end of March. These receivables have a high impairment (R15.2 billion, 73%) because of estate, liquidation, and business rescue coding (R4.8 billion) and long-outstanding tax periods (R10.3 billion). Impaired accounts have been ring-fenced so that appropriate actions can be taken to recoup losses, and collectable accounts pursued. Results thus far are positive, as reflected in collection figures.

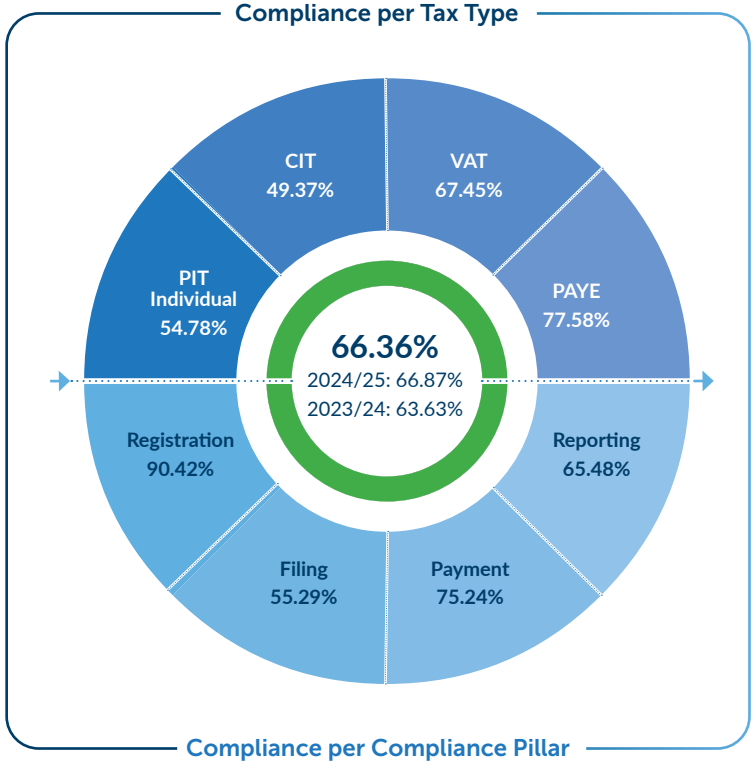
Improve Voluntary Compliance

Voluntary Compliance Index

The Voluntary Compliance Index (VCI) is an aggregate measure of taxpayers' on-time compliance across registration, filing, reporting (declaration), and payment obligations for PIT, CIT, VAT, and PAYE.

The overall VCI for the 2025/26 fiscal year stands at 66.36%, reflecting a slight decline compared to the previous year. The 2025/26 VCI is 0.51 percentage points lower than the 66.87% recorded for 2024/25, primarily due to declines in payment compliance (75.24%, down 3.51 percentage points Y/Y) and reporting compliance (65.48%, down 0.36 points). Registration compliance remains the strongest pillar at 90.42% (up 2.34 points Y/Y), and filing compliance improved to 55.29% (up 1.92 points). This outcome exceeded the annual target of 64.00% by 2.36 percentage points, indicating stronger-than-expected overall compliance performance. Taking auto-assessed population into account, the overall compliance level lands at 70.70%.





Compliance per Pillar and per Tax Product

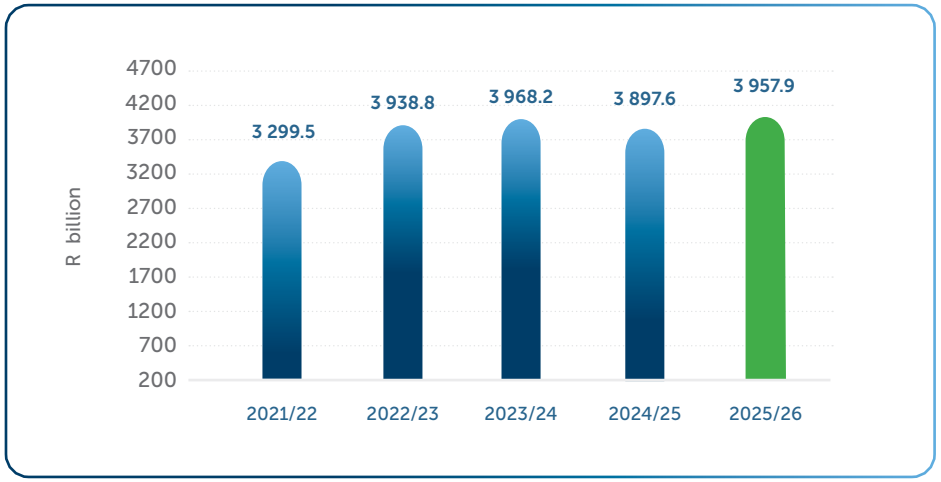
The variance was driven by robust year-on-year improvements observed in specific compliance pillars: registration compliance rose to 90.42% (from 88.08% in 2024/25) and on-time filing compliance increased to 55.29% (from 53.37%), reflecting progress in those areas despite the slight overall decline. The 2025/26 compliance was due to improvements in the Registration (90.42%), Payment (75.24%), and Reporting (65.48%) pillars, coupled with high compliance in the PAYE (77.58%) and VAT (67.45%) tax types. These strengths helped offset weaker Filing compliance (55.29%) and lower VCI outcomes in the PIT and CIT segments, resulting in a net compliance level above the anticipated threshold.

Enhance Legitimate Trade

Trade facilitation, which is part 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 enforce compliance with various laws and safety requirements. These agencies safeguard the country, its industries, and citizens from potential harm caused by illicit movements of goods and people across borders.

SARS continues to make strides in improving the end-to-end trader experience. For the first half of the FY, efforts were concentrated on internal stakeholder alignment and external stakeholder engagement to disseminate prior research (e.g. time release studies), and to secure support for the upcoming study cycle. Customs Land, Sea, and Air Modalities conducted outreach sessions during quarters two and four. A Trade Facilitation Index (TFI) Workgroup, consisting of Customs and Trade representatives, was established and met regularly to align on the priority areas to enhance Trade facilitation. The TFI survey for the current FY was concluded with a score of 74.61%. The value proposition for Authorised Economic Operators (AEO) has also been enhanced by reduced frontline inspections with greater reliance placed on post-clearance controls. The frontline intervention rate for AEO remains below 0.1% of all declarations from this group, with the intervention rate at 0.03% for the 2025/26 FY.

Trade Volumes



Over the past five years, South Africa's trade performance has reflected a combination of global commodity cycles, domestic constraints, and shifting external demand. The country benefited from a strong export rebound during 2021–2022, driven by elevated global prices for key commodities such as platinum-group metals, iron ore, and coal, resulting in notable trade surpluses. However, this momentum moderated from 2023 onward as commodity prices softened and persistent logistical and energy constraints — particularly at ports and within the rail network — limited export volumes. Imports have remained relatively resilient, supported by domestic consumption and capital- goods demand, gradually narrowing the trade surplus.

Progressive Trade Facilitation

Regular and productive engagements were held with the private sector to resolve challenges and deliver seamless trade flows. SARS sustained a strategic leadership role in the World Bank–supported Southern Africa Regional Trade Facilitation Programme (SARTFP), strengthening bilateral customs cooperation with Eswatini, Lesotho, and Mozambique to advance trade facilitation, border efficiency, and regional integration while safeguarding revenue and compliance outcomes. The programme progressed decisively from design to implementation of agreed Joint Action Plans, focusing on border-process harmonisation, joint risk-management, and coordinated border operations at prioritised ports of entry, aligned to national legislative mandates. Close collaboration with the Border Management Authority (BMA) aligns SARS with South Africa's Integrated Border Management Model, defines inter-agency roles clearly, and enables sustainable delivery beyond the programme lifecycle. Measured operational gains included clearance-time reductions at Oshoek–Ngwenya (from approximately three hours to twenty minutes), improved traveller management, reduced duplication at Maseru, and congestion mitigation and Model Port designation at Lebombo. Despite temporary bilateral disruptions following Mozambique's 2024 national elections, engagements stabilised and implementation momentum was restored. In parallel, SARS strengthened South Africa's regional and global standing through active leadership across the World Customs Organization (WCO); Brazil, Russia, India, China, and South Africa (BRICS); African Continental Free Trade Area (AfCFTA); and bilateral platforms, advancing priorities in digital customs, AEO mutual recognition, enforcement cooperation, and capacity building.

Measuring Trade Facilitation

A Trade Facilitation Agreement was developed by the World Trade Organisation to improve trade efficiency worldwide, encourage economic growth, and take advantage of new technology. Trade facilitation, which is part 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 enforce compliance with various laws and safety requirements. These agencies safeguard the country, its industries, and citizens from potential harm caused by illicit movements of goods and people across borders.

South Africa's 2025/26 TFI survey showed continued improvement in SARS Customs and Excise performance, with the overall TFI reaching 74.61%, up 2.21 percentage points from 72.40% in 2024/25, and well above the 2022/23 baseline of 52.80%. The TFI score has exceeded the 2025/26 Annual Performance Plan (APP) target of 72.00% by 2.61 percentage points.

Survey implementation produced a usable evidence base: 1 928 invitations were issued, a 321-respondent sample was targeted (approximately 17% selection rate), and outcomes included 170 completed responses (53% response rate), plus 60 partial completions, yielding an estimated 230 usable responses (approximately 72% of the sample).

Indicator results showed the strongest performance in Formalities Automation (88.46%) and Formalities Documents (82.40%), with more moderate outcomes in Information Availability (76.41%) and Formalities–Procedures (78.15%). Weaker areas remain Consultations (66.71%), Appeal Procedures (67.23%), and Fees and Charges (68.63%), indicating that improvements are now increasingly constrained by matters such as stakeholder engagement, procedural clarity, transparency, and consistency across locations.

The Sea modality recorded the largest gain, increasing from 70.91% to 74.91%, followed by Land (including rail) with a 3.45 percentage point increase, and Air with a 2.71 percentage point increase. These results indicate broad-based progress in trade-facilitation performance across transport channels, with the strongest gains observed in sea operations.

In global context, South Africa's TFI is above the Sub-Saharan African average (58%), but remains around 13 percentage points below the Organisation for Economic Co-operation and Development (OECD) global best-practice average (88%), implying strong regional leadership. The remaining gap will likely require targeted reforms in the lower-performing governance/interaction dimensions (consultations, appeals, and fees/charges), alongside consistency improvements across sites and corridors.

Voluntary Disclosure Programme (VDP)

SARS encourages taxpayers, through various communication platforms, to participate in the VDP to regularise their tax affairs and to approach the VDP Unit before any enforcement action ensues, to avoid possible disqualification.

For the 2025/26 FY, SARS received 1 852 new applications and processed 1 883 applications. For the 2025/26 FY SARS entered into VDP agreements to the value of R5.76 billion and collected R6.95 billion, comprising R5.5 billion in cash and R1.5 billion non-cash, from revenue leakage prevention, through its VDP.

SARS facilitated compliance by approving 54 Deferment of Payment (DOP) applications related to VDP, amounting to R513.7 million. SARS processed and issued 240 non-binding private opinions to help taxpayers rectify past non-compliance on a no-name basis as provided for in the Tax Administration Act.

VAT remains the main revenue contributor, accounting for 56.60% of the total value, followed by Income Tax (both CIT and PIT), including local and offshore-related disclosures, which contributed 23.80%. The contribution by tax type is set out in the infographic.

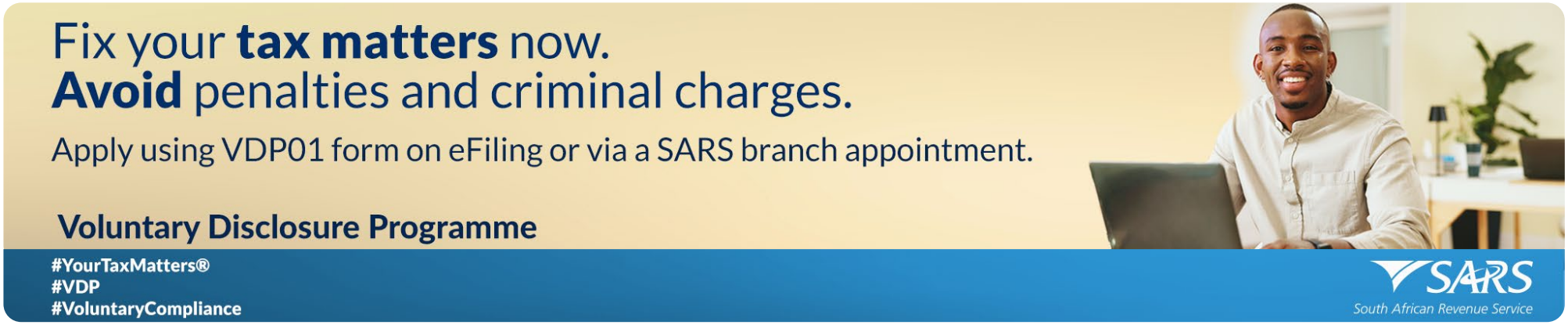
Media alerts about Trusts, Cryptocurrencies, and Electronic Service Suppliers have been effective, as SARS continues to receive VDP applications related to these defaults. Consistent engagement with stakeholders and targeted campaigns encouraged affected taxpayers to approach SARS before audits begin, highlighting the advantages of early, voluntary, and full disclosure.

For the 2025/26 FY, SARS received 63 new crypto-related applications and finalised 72 cases, resulting in signed agreements worth R88.3 million. For trust and trust- beneficiary applications, 86 new applications were received and 94 finalised, with agreements totaling R80.6 million.

SARS also held 11 VDP-focused sessions with tax practitioners and professional bodies to clarify processes and legislative rules governing the VDP; expand the scope of VDP disclosures; and improve the quality of submissions.

Voluntary Disclosure Programme per Tax Type

VAT	R3 259.3 million
Income Tax Local Income	R1 252.5 million
PAYE	R763.8 million
Other	R365.0 million
Income Tax Offshore Income	R118.5 million



Enforcement Interventions and Results

SARS' compliance philosophy recognises that most taxpayers are willing to meet their obligations and seek to do so with the least possible effort and cost. This philosophy informs a differentiated enforcement approach, with interventions calibrated according to taxpayers' willingness and ability to comply. In line with this approach, SARS applies a spectrum of compliance measures — from reminders and verifications, to in-depth audits and criminal investigations — aligned to the nature and severity of the risk identified. During the 2025/26 FY, SARS recorded significant progress in strengthening its enforcement capability and outcomes.

The revenue achieved from verification enforcement interventions for the 2025/26 FY — of approximately R99.0 billion, versus R95 billion in the prior period — reflects an improvement in revenue performance and demonstrates the success of a refined, intelligence-led approach to case selection and verification.

A key driver of this achievement has been the optimisation of rule performance within the risk engine. SARS has systematically reviewed, recalibrated, and enhanced detection rules to respond to evolving taxpayer behaviours and emerging compliance risks. This refinement has improved the precision of case selection, resulting in higher yield per intervention. The strong performance observed in major tax products such as VAT (R56.5 billion) and PIT (R17.5 billion) reflect the effectiveness of the rules in identifying high-yield non-compliance.

Efficient and advanced data analysis has further strengthened SARS' ability to extract useful information from increasingly complex datasets. By consolidating internal and third-party data sources, and applying structured analytical techniques, SARS has identified hidden patterns of under-declaration, anomalous transactions, and non-compliant structures. This capability has enabled more accurate risk segmentation and prioritisation, letting SARS focus enforcement on areas with the highest revenue potential.

By incorporating external intelligence into the risk framework, SARS could anticipate and respond to new forms of non-compliance. The combination of machine learning with expert oversight means that outputs remain interpretable, auditable, and aligned with operational requirements. This hybrid approach has improved the scalability and accuracy of these compliance interventions.

Specialised audit interventions improve voluntary compliance by undertaking complex, integrated, and in-depth audits in the Small, Medium and Micro Enterprises (SMME) sector. These audits focus on taxpayers and traders who intentionally choose not to comply. The approach is characterised by a low volume of cases with high impact, focusing on high-risk and high-yield audits. Standard audits are being conducted, including the administration of withholding taxes relating to foreign entertainers and sportspersons.

Audit Focus Areas

Financial Intelligence Centre 101 cases R4.3 billion	**Lifestyle and Luxury Vehicles** 185 cases R2.3 billion
Security Sector 91 cases R4.4 billion	**Withholding Taxes on Visiting Artists** 1 294 cases R167.2 million

Revenue Results
R21.0 billion
(excl penalties and interest)

Cash Collections
R8.9 billion

Leakage Prevention
R12.1 billion

Cases Completed		Success Rate	
In-depth	1 390	In-depth	94%
Standard	1 004	Standard	80%

Forensic audit methodologies are employed, leveraging internal and third-party data analysis to identify, assess, and quantify risks. The support of the Electronic Forensic Services (EFS) team strengthens these efforts by providing advanced digital investigation tools and expert analysis, enabling the auditors to identify hidden risks, trace complex financial transactions, and uncover deliberate non-compliance.

The Syndicated Tax and Customs Crime Division (STCC) is responsible for investigating organised, syndicated and criminal tax-evasion schemes across all tax and custom types to promote and enforce compliance.

During 2025/26, SARS strengthened its response to illicit trade, illicit financial flows and complex financial crime through intelligence-led case selection, coordinated enforcement, and collaboration with internal and external partners.

During the reporting period, investigated and profiled risks involve fuel; tobacco; alcohol; clothing and textiles; leather and footwear; Value-Added Tax carousel fraud in the gold sector; phoenixism; abusive liquidation and business-rescue practices; illicit financial flows; and tax evasion. These matters typically involve complex structures and coordinated attempts to conceal liabilities or exploit weaknesses in trade and financial systems. SARS continues to rely on intelligence development,

pattern analysis, and information integration to identify high-risk schemes and support targeted intervention.

148 illicit-economy investigations and debt cases were completed during the year, resulting in Income Tax and VAT assessments of R5.47 billion.

SARS maintained a strong enforcement presence within the illicit-trade environment through 1 632 illicit-trade interventions, detentions and seizures, versus 1 496 in the previous year, with notable activity relating to cigarettes and illegal second-hand motor vehicles. This increase reflects sustained enforcement pressure in high-risk segments and SARS' ability to convert intelligence into visible operational disruption.

For the 2025/26 FY, total revenue recovery amounted to R25.87 billion, including cash collections of R7.17 billion, refund savings of R78.71 million, illicit goods detained to the value of R61 million and revenue leakage prevented of R18.00 billion.

The sustained inter-agency approach remains critical to improving enforcement agility, strengthening border-related interventions and deepening the whole-of-government response to organised economic crime.

Illicit Trade Cases Completed 1 632

Revenue Recovered	R25.9 billion
Cash Collections	R7.2 billion
Leakage Prevention	R18.0 billion
Refund Savings	R78.7 million
Illicit Goods Detained	R61.0 million

Total seizures

9 766

valued at R7.84 billion

2024/25: 10 142 seizures valued at R6.29 billion

Clothing, Textiles and Counterfeit Goods

1 401 seizures

valued at **R2.08 billion**

2024/25: 921 seizures valued at R720.9 million

Cigarette sticks

188.24 million sticks

valued at **R344.7 million**

2024/25: 112.88 million sticks valued at R252.7 million

During 2025/26, criminal investigations continued to advance SARS' enforcement mandate by pursuing serious tax and customs offences. A total of 456 cases were referred for criminal investigation, with the highest volumes relating to VAT fraud, Income Tax fraud, and outstanding returns. During the year under review, 211 cases, with a combined prejudice value of R4.367 billion, were referred to the National Prosecuting Authority for prosecution, while a further 39 cases were finalised through civil processes. Additionally, SARS registered 40 criminal complaints with the South African Police Service for prosecution by the National Prosecuting Authority. Of these cases, 14 related to refund fraud, two to the gold sector, ten to illicit financial flows and 14 were commission cases. These outcomes reflect a deliberate focus on matters with strong evidentiary value and material benefit for compliance, fiscal protection, and accountability.

During the reporting period, collaboration between the Criminal Investigations Unit, the National Prosecuting Authority, the South African Police Service's Directorate for Priority Crime Investigation, and other SARS stakeholders was strengthened through the establishment of National Quarterly Working Group sessions and monthly engagements between the Criminal Investigations Unit and the National Prosecuting Authority.

In addition, 139 cases were concluded in court, resulting in 135 guilty verdicts involving 207 accused persons. 12 cases resulted in custodial sentences totalling 77 years of direct imprisonment. The courts also ordered repayments to SARS amounting to R18.3 million and imposed fines totalling R28.7 million, of which R5.99 million is payable. At year-end, 1 785 cases remained with the National Prosecuting Authority, including 405 matters already on trial. The conviction outcomes demonstrate SARS' contribution to credible deterrence, while the volume of matters on trial reflects continued prosecutorial momentum against serious tax and customs crime.

139	Cases Finalised in Court
135	Guilty Verdicts Secured
12 cases	Custodial Sentences 77 years of direct imprisonment
211	Cases Referred to the National Prosecuting Authority
405	Cases on Trial at year-end

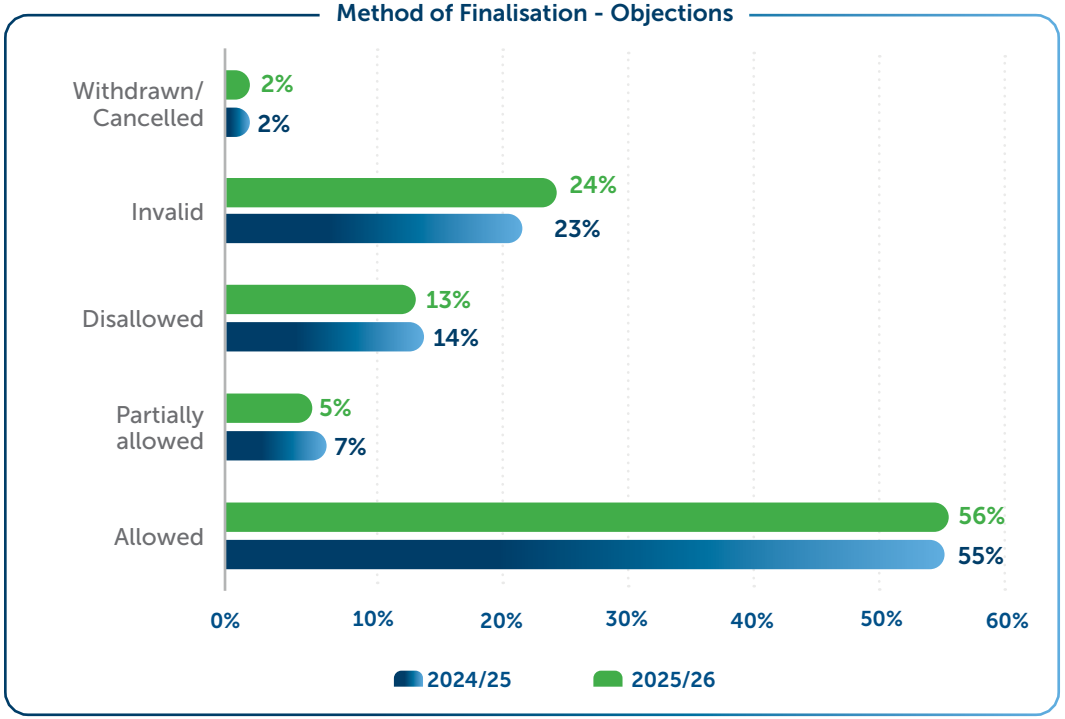
Litigation and Dispute Resolution

Pre-Litigation Notices

SARS handles the pre-litigation notices filed by taxpayers to resolve disputes before escalation to litigation. The year under review saw a 14% decrease in pre-litigation notices, reaching 1 533, compared to the previous year (PY). Most notices were related to tax administration, with 49% concerning audit functions and 25% relating to debt-management issues.

Objections

The objection process is the first stage of the dispute-resolution process. In the 2025/26 FY, 160 990 objections were filed, a 10.52% increase from the PY. SARS finalised 160 818 objections, which is 8.55% more than in the PY. The average turnaround time to finalise an objection increased slightly from 47 to 49 business days. Most objections were fully or partially allowed. The percentage of objections allowed increased by 1%, while disallowed objections decreased from 14% to 13%.



Appeals

6 142 appeals were received, which is a decrease of 27% from the PY. Appeals less than R1 million decreased by 18% while appeals more than R1 million decreased by 5%, to 594 in the 2025/26 FY. The overall decrease of inflows in appeals is attributed to multiple reasons, including tighter control over the objection decision-making procedure.

5 776 appeals were finalised against an inflow of 6 142. Of these, 5 282 related to appeals under R1 million, which is 43% lower than the volume finalised in the 2024/25 FY. It may be inappropriate to compare this FY's finalisation rate to those in 2023/24 and 2024/25 because in those two years SARS conducted an Appeals Reduction Project to deal with backlogs and had a significant team assigned to the Project.

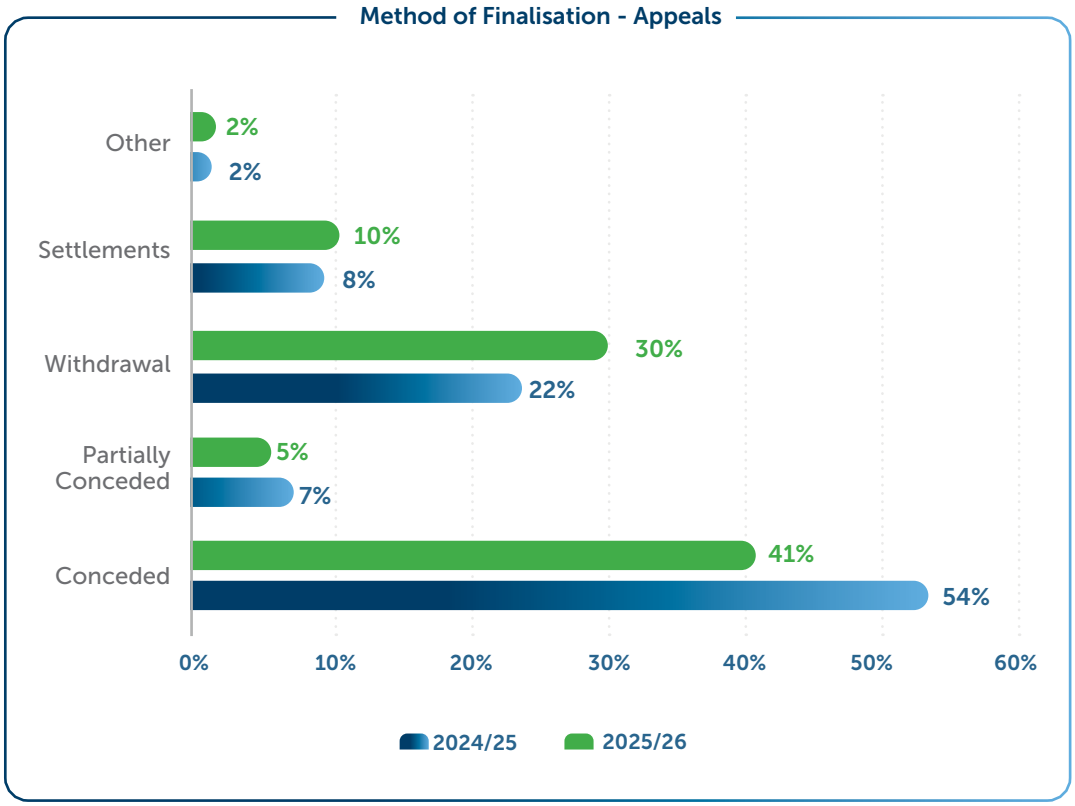
The number of appeals resolved in the Tax Court dropped to 223 in 2025/26, which is a 12% decrease from 254 in the PY.

Tax Disputes

The Alternative Dispute Resolution (ADR) process at SARS is designed to provide a fair, efficient, and cost-effective way to resolve disputes between taxpayers and SARS. ADR is initiated when a taxpayer is dissatisfied with an assessment or decision made by SARS, Governed by Chapter 9 of the Tax Administration Act, 2011, ADR provides a legal framework to resolve disputes across various tax types, excluding customs and excise.

SARS is committed to resolving disputes expediently and without unnecessary litigation. As such, 95% of appeals were resolved through ADR, consistent with the PY. Despite reducing the number of finalised appeals, this ratio was achieved without compromising the correct application of tax law. The rate of appeals conceded by SARS decreased from 54% in 2024/25 to 41% in 2025/26, while the rate at which taxpayers withdrew appeals increased from 22% in 2024/25 to 29% in 2025/26. This suggests an improvement in the engagement with taxpayers during the various stages in the dispute process.

An additional benefit of the ADR process is that it filters those cases entering the formal litigation stage of dispute resolution, which is indicated in the lower concession of appeals in the litigation stage.



Litigation

In the 2025/26 FY 107 of 132 judgements and decisions were in SARS' favour, translating to an 81% success rate in tax related cases, compared to an 83% success rate in the PY.

During 2025/26, SARS finalised 147 pre-litigation matters and 121 litigation matters relating to Customs and Excise. Of the litigation outcomes, 58 of the 64 finalised matters were resolved in SARS' favour, comprising 20 favourable judgments and 38 matters withdrawn in SARS' favour, while six judgments were against SARS, resulting in a year-to-date success rate of 91%.

Measuring SARS Performance

Outcome 1: Increased Voluntary Compliance

Key Result	Actual 2023/24	Actual 2024/25	Target 2025/26	Actual 2025/26	Deviation 2025/26	Reason for Deviation
Printed revenue estimates are met **Net Revenue collected as a percentage of estimates as agreed with the Minister of Finance**	100.55% R1 741 bn	100.48% R1 855 bn	100.00% R2 006 bn	100.17% R2 010 bn	0.17 Percentage Points	Net revenue collections for the financial year (FY) yielded R2 010.34 billion, growing year-on-year by R155.07 billion (8.4%) yielding a surplus of R3.39 billion (0.2%) against the Revised Estimate of R2 006.95 billion.
Voluntary tax compliance has increased **Voluntary Compliance Index (%)**	63.63%	66.87%	64.00%	66.36%	2.36 Percentage Points	This positive variance was driven by strong compliance in key pillars (i.e. Registration, Payment, and Reporting) and per tax products (i.e. PAYE and VAT).
Trade facilitation has improved **Trade Facilitation Index (%)**	71.60%	72.40%	72.00%	74.61%	2.61 Percentage Points	Performance increased from 52.80% in 2022/23 to 74.61% in 2025/26.

Outcome 2: Enhanced Taxpayer Experience

SARS seeks to provide taxpayers with clarity and certainty of their tax obligations through clear communication via its different channels; advance pricing agreements; helpful webinars on complex tax matters; outreach programmes to educate new taxpayers of their obligations; as well as an easy and seamless process once they enter the tax ecosystem.

- Improve the Customer Satisfaction Score (CSS)
- Increase the use rate of the taxpayer portal by making it easy and simple to navigate
- Improve the real-time Customer Experience Index
- Expand online feedback and reviews
- Develop legal leverage products to introduce certainty much earlier
- Reduce the number of taxpayer complaints
- Resolve issues relating to the Service Charter turn-around times

The following Strategic Objectives contribute to Core Outcome 2:

Strategic Objective 01

Provide clarity and certainty for taxpayers and traders of their obligations

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 APAs, advance rulings (inclusive of VAT rulings and binding general rulings) and co-operative compliance programmes

Strategic Objective 02

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

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), and 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 08

Work with and through stakeholders to improve the tax ecosystem

We have effective and beneficial partnerships with all stakeholders in the tax ecosystem that deliver maximum benefits for 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.

Performance for Outcome 2

Customer Satisfaction Score (%)

Actual 2024/25	Target 2025/26	Actual 2025/26
New measure	Establish a new baseline	New baseline established (74.84%)

Achieved

Service Charter Index (%)

Actual 2024/25	Target 2025/26	Actual 2025/26
86.66%	82.00%	**91.20%**

Achieved

Intermediary Satisfaction Index

Actual 2024/25	Target 2025/26	Actual 2025/26
New measure	Establish the baseline	**63.20%**

Achieved

Customer Satisfaction

SARS' strategic aspiration is to consistently deliver high-quality, responsive, and transparent interactions that meet the evolving needs and expectations of taxpayers. By prioritising taxpayer satisfaction, SARS aims to reinforce public trust, support voluntary compliance, and drive improvement in its service. This commitment is reflected in initiatives such as the Customer Satisfaction Score study, which seeks to provide an empirical assessment of how taxpayers experience SARS across the full-service value chain.

The overall score for the 2025/26 study was 74.84%, based on 42 960 valid responses. The total sample achieved was 44 243; however, 1 283 respondents did not provide a usable satisfaction rating (i.e. non-response, partial completion). From 42 960 valid responses, 32 150 respondents rated the service either "highly satisfactory" or "satisfactory".

The study assessed five dimensions of service across all SARS regions:

- Responsiveness (Speed of service).
- Reliability (Consistency).
- Tangibles (Channels and platforms).
- Assurance (Staff's competence and professionalism).
- Empathy (Availability of personalised services).

Tangibles (3.96/5) and Assurance (3.85/5) emerged as the strongest service-quality dimensions, reflecting confidence in SARS employees' professionalism, confidentiality, and the usability of digital and mobile platforms. Reliability (3.18/5) was the weakest dimension, with repeat interactions, complex cases, and limited awareness of escalation processes affecting perceptions of dependable service. Responsiveness (3.54/5) was moderate. Most queries were resolved within minutes or hours, but delays persist in high-volume regions and complex services.

Customer Satisfaction

Customer Satisfaction score

74.84%
baseline

44 243
Total Sample

42 960
Valid Responses

32 150
Satisfied Respondents

SARS' commitment to put taxpayers and traders first continues to drive improvements in service delivery and experience.

Satisfaction per Service Dimension

Empathy	Tangibles	Assurance
95.31%	74.39%	73.27%

Reliability	Responsiveness
65.09%	61.50%

Service Charter

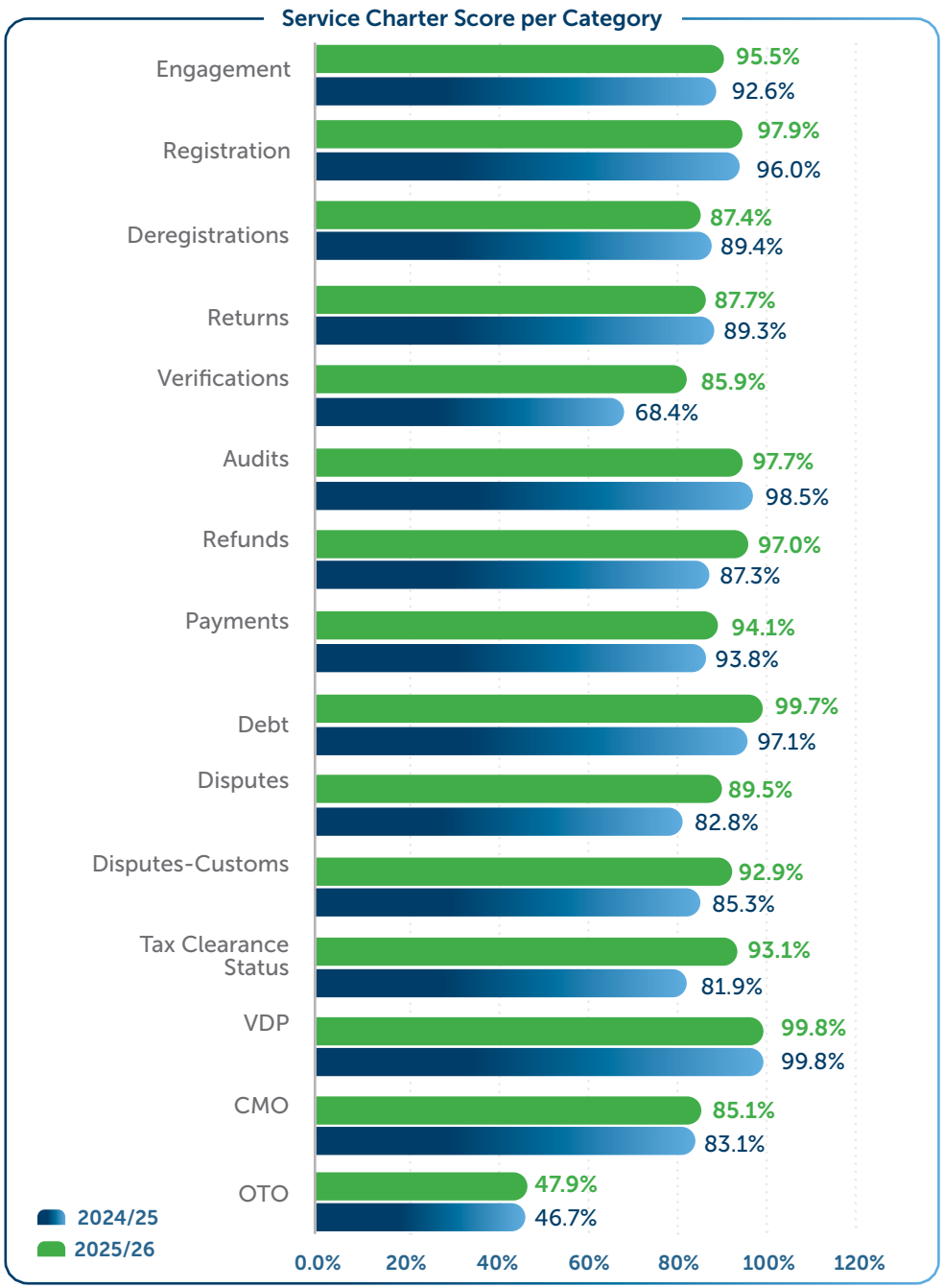
The SARS Service Charter articulates the organisation's commitment to delivering a professional, transparent, and customer-centric service to all taxpayers and traders. The Charter outlines the standards of service that stakeholders can expect, while also clarifying their rights and responsibilities in engaging with SARS. As a key instrument of accountability and governance, it serves to strengthen public trust and confidence by promoting consistency in service delivery, responsiveness to stakeholder needs, and adherence to ethical and legal obligations. The Service Charter reinforces SARS' broader mandate to enable voluntary compliance and collect revenue through a service-driven approach that is accessible, fair, and efficient.

Service Charter Index Score **91.2%** 86.7% 2024/25 (+4.5 pp)

This indicator assesses how SARS is meeting its commitments to the SARS Service Charter. Adherence to the Service Charter Performance Index for the 2025/26 FY closed at 91.20%, exceeding the APP target of 82.00% by 9.20 percentage points. Progressive improvements were recorded from 89.04% in Q1, an improvement of 1.76 points to 90.80% in Q2 and 0.25 points to 91.20% in Q4. Despite the slight fluctuation between quarters, performance consistently remained above the APP target throughout the 2025/26 FY. Furthermore, the 2025/26 year-end performance reflected an improvement of 4.54 percentage points compared to the 86.66% achieved in the 2024/25 FY.

The resolution of cases escalated to the Office of the Tax Ombud within the required turnaround time was 47.85% in the 2025/26 FY, which was below the service commitment of 50.0%, and a slight improvement compared to 46.66% in the 2024/25 FY.

Regional Performance for 2025/26 showed significant improvements compared to the previous 2024/25 FY, since all 12 regions performed above the 82.0% target. Although there was a positive variance in overall performance, several areas consistently underperformed during the 2025/26 FY, which will require attention in the new financial year, including Payment Errors and Customs Declaration with Inspections.



Intermediary Satisfaction

Intermediary Satisfaction Index

63.20% | 4 088 Intermediaries surveyed

Responsiveness	18.99%
Credibility	15.46%
Courtesy	11.20%
Empathy	10.56%
Tangibles	6.99%

The Intermediary Satisfaction Index (ISI) Survey for the 2025/26 FY, was undertaken to support SARS' strategic objectives to improve service delivery, strengthen stakeholder trust, and improve voluntary compliance in the tax and customs system. Intermediaries — including employers, tax practitioners, trade intermediaries, and third-party entities — are critical partners in the revenue value chain, and their experience of SARS services directly affects compliance behaviour and system integrity.

The overall Intermediary Satisfaction Index (ISI) for the 2025/26 study was assessed at 63.20%, based on a full-scope survey of 4 088 intermediaries, conducted from 15 January to 15 February 2026. Using Structural Equation Modelling, the study developed a sound, repeatable measurement framework to quantify intermediary satisfaction and to identify the service-quality drivers that influence satisfaction, compliance behaviour, and loyalty. This approach supports SARS' objective to embed evidence-based performance monitoring and data-driven decision-making.

The results confirmed that intermediary satisfaction is a multi-dimensional construct, driven primarily by Responsiveness, Credibility, Courtesy, Empathy, and Tangibles. Responsiveness and Credibility were the dominant drivers, directly aligning with SARS' focus on timely service delivery, consistency, transparency, and trust-building.

The baseline score of 63.20% was obtained in five significant drivers shown in the table.

Significant Drivers/Factors	Parameter % Contribution to Weights Total	Parameter Share to 63.20%
Responsiveness	30.05	18.99%
Credibility	24.45	15.46%
Courtesy	17.73	11.20%
Empathy	16.70	10.56%
Tangibles	11.06	6.99%
Total	**100**	**63.20%**

In terms of segments, Employers recorded very low satisfaction (16.00%), exerting a significant downward pull on the overall index. Regionally, the Western Cape and KwaZulu-Natal showed comparatively low satisfaction.

Service Channels Available to Taxpayers

In 2025/26, SARS demonstrated its commitment to improving the compliance of taxpayers and traders through accessible, professional, and efficient service channels and service delivery.

SARS is consistently rolling out initiatives to boost efficiency and effectiveness in its service delivery, especially during Filing Season. These efforts will improve the overall taxpayer experience and promote timely submission of tax declarations. One of the strategies to achieve this is through the expansion of online, intuitive, and self-managed services, which significantly reduces the need for face-to-face interactions and makes compliance easier for taxpayers and traders.

Despite a marked increase in the use of SARS' digital channels, recent data from 2025/26 reveals a shift toward in-person engagement at the SARS service centres, which increased to 2.8 million, (+7.4% from the PY). This pattern suggests that although a significant number of taxpayers are comfortable with SARS' digital platforms, there is still a strong preference for face-to-face interactions.

This trend appears to be influenced by heightened sensitivity to fraudulent activities among taxpayers, who are increasingly seeking reassurance by visiting SARS service centres to validate communications from SARS.

Auto Assessments

During the 2025 Personal Income Tax (PIT) Filing Season, SARS continued to advance its strategic objective of making tax compliance simple and seamless for taxpayers through increased automation and digital innovation. A total of 10.49 million PIT assessments were processed, representing a 5.51% increase from the previous year. The auto-assessment programme remained a key driver of this success, with 5.84 million auto-assessments issued. Taxpayer confidence in the process remained exceptionally high, with only 1.47% of auto-assessed taxpayers choosing to amend their assessments. The increased filing season activity resulted in 3.99 million refunds being paid to taxpayers, amounting to R46.7 billion in 2025/26, compared to 3.61 million refunds valued at R41.6 billion in the 2024/25 FY. These results reflect strong taxpayer participation, enhanced service delivery, and the continued effectiveness of SARS' efforts to simplify compliance through digital transformation

Digital Interactions

Digital Engagement

WHATSAPP
4.4 million interactions
Significant increase driven by user preference to instant support

USSD
22.4 million interactions
+50.3% from 2024/25

SOQS
6.9 million queries
+1.2 million from 2024/25

Expansion of Smart Digital Services

SARS AI ASSISTANT
2.7 million questions answered

SELF SERVICE TERMINALS
945 106 interactions
+35.6% from 2024/25

SARS continues to accelerate digital adoption with substantial growth across key online self-service channels.

Digital Self-Service

SARS continues to drive and promote online engagements by encouraging digital interactions with taxpayers and traders. By prioritising these cost-effective digital solutions, SARS minimises the need for physical visits to walk-in service centres and reduce dependency on human-reliant services.

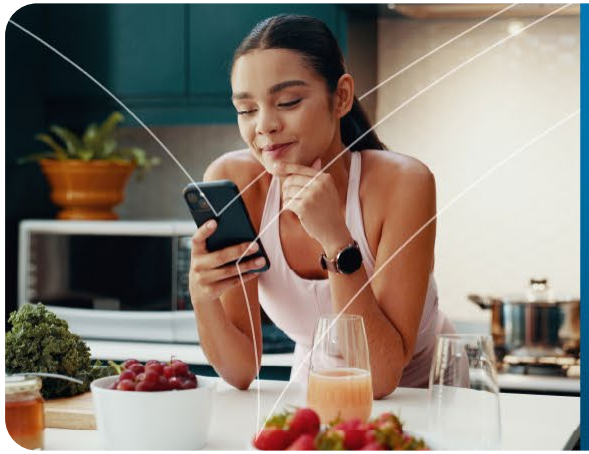
SARS' technology delivery again supported its strategic objectives, enhancing service, modernisation, compliance, enforcement, and data-driven decision-making. The SARS website recorded more than 65-million-page views during the year. SARS' digital self-service channels showed continued growth in the 2025/26 FY.

SARS expanded its digital self-service capability through WhatsApp requests that surged to 4.4 million, while the use of the Unstructured Supplementary Service Data (USSD) channel rose to 22.4 million requests up by 50.3%. SARS Online Query System (SOQS) use increased to 6.9 million queries, with 1.3 million more queries handled than in the PY, alongside 945 106 self-service kiosk interactions and 250 255 traveller engagements through the SA Traveller System.

More than 1.86 million new taxpayer registrations were processed, and approximately R43.89 billion was refunded to 3.8 million Personal Income Tax taxpayers — making it easier for taxpayers and traders to comply with their obligations.

Lwazi, the SARS AI Assistant, answered almost 2.7 million taxpayer questions with an 82.9% positive feedback rating, supported by an expanded set of secure self-service options introduced during the year. Additionally, Self-Service Terminal interactions grew to 945 106 interactions, marking an increase of 35.6% from the PY.

The increased use of SARS' digital services is testament to SARS' effort to expand and improve its self-service offerings to taxpayers and traders while educating them on the service's benefit and functions.



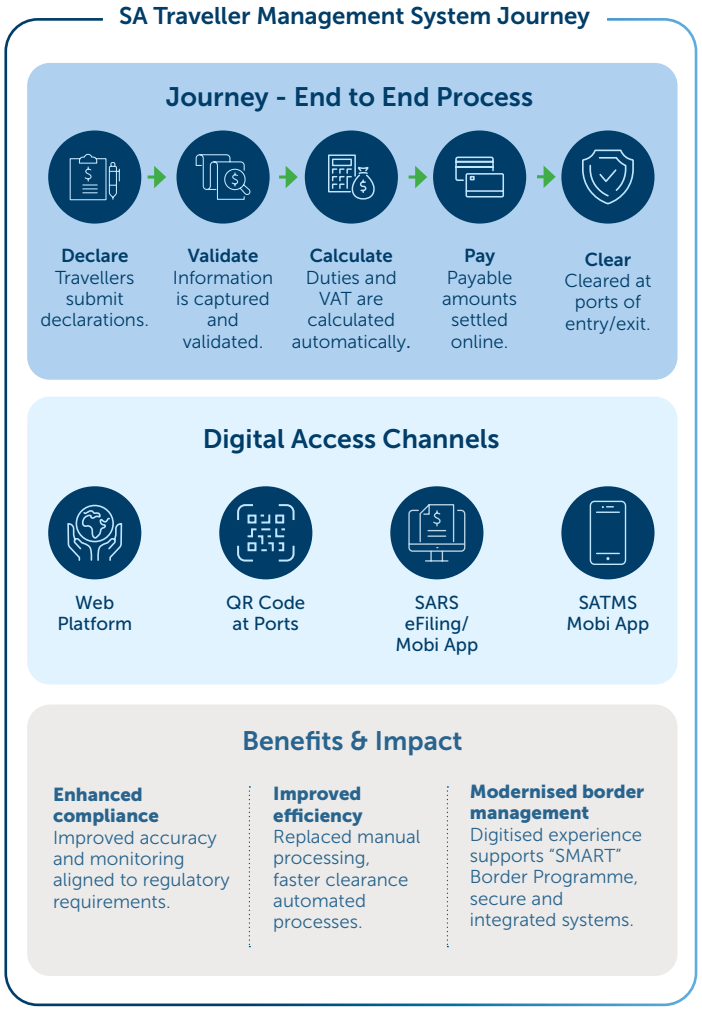
Your Tax Matters, So Does Your Time!

Use SARS Interactive Digital Channels via your mobile device for the self-help services

- *# USSD *134*7277#
- SMS Service 47277
- SARS Online Query System (SOQS) at www.sars.gov.za
- WhatsApp 0800 11 7277 Send "Hi or Hello"
- SARS MobiApp
- AI Assistant on www.sars.gov.za

Note: These services only work with the cell phone number registered at SARS

Say goodbye to queues. Go to sars.gov.za



Traveller Management System (SATMS)

SATMS has been rolled out to all air, land, and seaports for voluntary online traveller declarations, following the earlier national expansion in 2023/24 and progressive enhancements through 2024. Public-facing updates confirmed full port readiness and continued roadmap execution. The finalisation of the cash threshold amount is in progress between the Financial Intelligence Centre (FIC) and National Treasury (NT). Internal and external traveller-processing policies and Standard Operating Procedures (SOPs) were updated, formalising SATMS channels (web, QR at ports, SARS eFiling app, SATMS, and SARS Mobi-App), duty/VAT calculation, and online payment capabilities. Manual processing is retained as fallback. This supports the phased transition to mandatory declarations. The promulgation must be prioritised and finalised. The online card-payments capability was implemented successfully in December 2025. This improvement aligns with the Financial Action Task Force (FATF) remediation narrative and SMART Border programme messaging.

Cross Border eCommerce

Since the discontinuation of the 20% concession and the introduction of the Duty Broadband Model in September 2024, cross-border e-commerce transformed. These regulatory changes have prompted a shift among traders from using the SARS Customs Expedited Processing and Release Cross Border Ecommerce Process to adopting formal customs declaration procedures. Customs has recorded a notable increase in formal declarations, plus significant revenue growth in Customs Duty and VAT. There is a positive movement towards compliance and structured trade flows within the cross-border e-commerce ecosystem.

The SMART Border Programme

The SMART Border Programme is a strategic customs modernisation initiative that uses data, digital systems, and technology-enabled border processes to better manage goods and travellers moving across South Africa's borders. By improving risk detection, streamlining legitimate trade and travel, and increasing cargo and traveller visibility, the programme supports faster border processing, stronger revenue protection, improved national security, and greater economic competitiveness for South Africa.

Single Window

SARS is implementing a National Single Window capability that provides traders with a single digital platform through which to meet all import, export, and transit regulatory requirements. National Single Window aligns with the World Trade Organization (WTO) Trade Facilitation Agreement and SARS' modernisation roadmap. The target state is a fully integrated National Single Window front-end system that enables traders to engage once with government to fulfil all border regulatory obligations, supported by common data models, coordinated inspection processes and third-party data-sharing.

Product and Segment Service Delivery

During the 2025/26 financial year, SARS continued to strengthen service delivery across its product and segment environments by aligning modernisation, compliance enablement, register integrity, taxpayer education and stakeholder engagement to the needs of specific taxpayer and trader groups. The information below is organised first by product area and then by the related taxpayer or trader segments to show how delivery interventions supported easier compliance, improved service accessibility, stronger risk detection and sustainable revenue collection.

Products

Personal Income Tax: Filing Season 2025 supported the PIT service-delivery agenda by refining auto-assessment, extending auto-assessment to include some provisional taxpayers, implementing the required legislative changes and enhancing taxpayer certainty through pre-populated data and digital channels.

Corporate Income Tax: During the 2025/26 financial year, SARS continued to advance the modernisation of the Corporate Income Tax environment to improve compliance, strengthen register integrity and provide a more efficient digital experience for corporate taxpayers. Key priorities included the delivery of legislative changes, improvements to tax registration and maintenance processes, enhanced beneficial ownership reporting, and the advancement of cooperative compliance initiatives.

SARS progressed reforms aimed at simplifying and improving the administration of provisional tax and strengthened the use of data, analytics and targeted interventions to identify and address areas of non-compliance. Focused compliance campaigns were undertaken to improve filing and payment behaviour, while ongoing work to enhance taxpayer data quality supported more accurate risk assessment and case selection. Development also continued on future-focused initiatives intended to improve the end-to-end administration of Corporate Income Tax.

Value-Added Tax: VAT delivery focused on strengthening governance and improving the overall taxpayer experience across key points in the VAT lifecycle. Improvements were advanced in the governance of penalty assessments, taxpayer service and certainty in the VAT registration process, biometric authentication to strengthen identity assurance and register integrity, and enhancements to dispute processes aimed at supporting fairer, more consistent and more efficient outcomes. Work also contributed to broadening and protecting the VAT tax base through improved risk insight, better data quality and more targeted compliance interventions. In parallel, extensive research was undertaken and detailed proposals were prepared on the design and solutioning of VAT modernisation, including the future Digital VAT Model, e-Invoicing, interoperability and e-Reporting, to support a more seamless, data-driven and taxpayer-centred VAT administration environment under the broader Modernisation 3.0 programme.

Customs: The Customs product focused on strengthening trade facilitation, improving certainty for traders and modernising core customs processes. Key focus areas included the Single Window initiative, the Intellectual Property Rights environment, and automation proposals for the VAT Export Incentive Scheme and the administration of licensed warehouses. These initiatives were intended to support more efficient customs administration, improve consistency in decision-making and contribute to a better service experience for compliant traders.

Several process reviews were completed, covering inspections, manual case creation, refunds and drawbacks, advance rulings, and instant payment processes. Stakeholder engagements on prohibited and restricted goods were also conducted, alongside Intellectual Property Rights support to trade and branches. These initiatives identified areas for operational improvement that will inform future focus areas.

Excise: Excise delivery centred on supporting revenue performance, improving administrative controls and addressing areas of underperformance. The segment progressed process improvements intended to improve the management of excise accounts, strengthen controls against potential fraudulent refund activity and improve responsiveness across excise systems. Ongoing work in the diesel-refund environment, illicit trade disruption and product-category compliance also supported service delivery to compliant taxpayers.

Additional noteworthy work included continued activity relating to Diesel Refund modernisation and engagement with industry stakeholders. This supports the excise narrative by demonstrating ongoing stakeholder responsiveness and a focus on strengthening controls in areas with known operational and compliance complexity.

Trusts: The Trusts product prioritised the modernisation of registration, filing, declaration and payment processes to improve the accuracy of the trust register and simplify interactions for trustees and representative taxpayers. Reported delivery included interim systematic registration improvements, work on the standardisation of trust reference numbers, continued engagement toward integration with the Master of the High Court and other stakeholders, expanded use of third-party data and steps relating to administrative penalties for non-compliance. These measures were aimed at improving data integrity, strengthening compliance intervention capability and supporting a more integrated digital service model.

Other Taxes: The Other Taxes product focused on improving the efficiency, accessibility and accuracy of niche tax processes. Business requirement specifications and automation-related work were completed for Donations Tax, Withholding Tax on Royalties and Transfer Duty, improvements to the transfer duty environment, updates to the register of registered conveyancers, and progress in converting selected forms to digital formats. These interventions were intended to contribute to a more streamlined administration model, improve the user experience for affected taxpayers and support stronger management of specialised tax products.

Segments

Large Business and International: During the 2025/26 financial year, the Large Business and International segment focused on strengthening cooperative compliance, improving certainty for large and complex taxpayers, and addressing cross-border and international tax risks through a more data-led and relationship-based approach. Key achievements included continued stakeholder engagement with large business taxpayers, enhanced risk identification and case selection, support for improved filing and payment compliance, and progress in addressing complex tax matters linked to corporate structures, transfer pricing, base erosion and profit shifting, and international transactions. These efforts contributed to stronger revenue protection, improved voluntary compliance and a more responsive service experience for large and multinational taxpayers.

High Worth Individuals: During the 2025/26 financial year, the High Worth Individuals segment focused on strengthening compliance among individuals with complex financial affairs through improved risk profiling, enhanced use of third-party data and more targeted taxpayer engagement. Key achievements included continued efforts to improve register integrity, identify high-risk compliance behaviours, support timely filing and payment, and provide greater certainty through proactive communication and case-based interventions. These activities contributed to improved voluntary compliance, better visibility of complex wealth structures and stronger protection of revenue within this strategically important taxpayer segment.

Small, Medium and Micro Enterprises: In 2025/26, the Small, Medium and Micro Enterprises segment advanced a differentiated compliance and service approach aimed at making it easier for businesses to comply, improving taxpayer record integrity, and encouraging voluntary compliance. Priority activities included targeted outreach and education, data-led compliance interventions, modernisation of manual processes, simplification of tax requirements and processes for smaller businesses, and continued work to better understand informal and cash economy participants. These efforts supported improved service delivery, more reliable segment data, and a stronger foundation for sustainable compliance and revenue outcomes.

Taxpayer education was enabled through updated web content, multilingual collateral, SMME Connect communication, Budget 2026-related awareness activities where applicable, video-based learning and frontline staff capacitation. Targeted compliance campaigns, including CIT and provisional tax interventions, were intended to support improved filing behaviour and revenue recovery, while work on informal-economy research and simplified return initiatives contributed to the evidence base for future service improvements.

Targeted CIT and provisional tax compliance campaigns supported improved filing discipline, addressed late- and non-filing behaviour, and encouraged timely payment. These interventions demonstrated the value of segment-based behavioural reminders in improving voluntary compliance and strengthening revenue recovery within the SMME environment.

Tax-Exempt Institutions: The Tax-Exempt Institutions segment strengthened governance, service delivery and risk management, including a modernised digitised exemption application process. The segment also strengthened compliance oversight through stakeholder education and communication, as well as the use of third-party data.

Estates: The Estates segment progressed automation and register-enhancement initiatives intended to improve the administration of deceased estates and provide better support to estate representatives. Work included continued use of third-party data to improve register accuracy and completeness and development work related to Government Gazette dashboards for insolvencies. Taxpayer education was supported through digital learning initiatives that addressed recurring knowledge gaps among stakeholders engaging with SARS on estate matters.

Government and Tax Practitioners: The Government and Tax Practitioner segment focused on improved compliance, strengthened stakeholder management and enhanced education. For government institutions, SARS continued collaboration with departments and public-sector stakeholders to address outstanding returns, debt and payment behaviour, while maintaining service support through targeted engagements. For tax practitioners, SARS continued readiness activities, engagement with recognised controlling bodies and compliance monitoring to improve professional standards and protect taxpayers from unregistered or non-compliant practitioners.

Overall, delivery across product and segment environments in 2025/26 indicated a continued shift from generic service delivery towards more targeted, data-informed and digitally enabled interventions. While some areas remained subject to implementation dependencies, funding and capacity constraints, the reported achievements contributed to improved register credibility, stronger compliance risk management, expanded taxpayer education and easier interaction with SARS. These outcomes support SARS' broader business model objective of making it simple and cost-effective for taxpayers and traders to comply, while improving institutional capability to detect and address non-compliance.

Leveraged Legal Products; Tax, Customs and Excise

Leveraged Legal Products (LLP): Tax, Customs and Excise supports Strategic Objective 1 to provide clarity and certainty to both SARS and taxpayers and traders of their obligations. It is part of the policy machinery of SARS, and provides clarity and certainty through the interpretation and application of the laws administered by SARS.

As part of the broader legal family that comprises Legislative Policy; Tax, Customs and Excise (a division inputting into drafting of legislation and making of tax law) and Litigation and Dispute Resolution (a division tasked with defending the law and dispute resolution), Leveraged Legal Products issues guidance documents on general taxation matters, and rulings on complex issues. In cases of ambiguity in the law, it proposes legislative amendments to mitigate future ambiguity. In relation to litigation, it assists as first port of call in the correct application of the law and ensures counsel opinion is sought on more complex matters.

Internally, LLP assists in strengthening administrative and institutional capacity to empower staff in legislative interpretation during drafting of binding rulings and non-binding opinions. Most notable, it issued a clarity note on the legal obligations of persons who may act on behalf of taxpayers, particularly representative taxpayers, and tax practitioners, and produced VAT-related podcasts.

Externally, LLP continued to provide guidance through 949 tax interpretation documents, comprising binding rulings (162), non-binding opinions (735), binding general rulings (2), guides (12), interpretation notes (18), newsletters (2), frequently asked questions (3), rates tables (5), and draft documents for comment (10).

Notable publications for external consumption included a binding general ruling on the apportionment methodology to be applied by a municipality, a guide on advance tax rulings, frequently asked questions relating to turnover tax aimed at simplifying guidance on turnover tax for micro businesses, an interpretation note on the taxation of amounts received by or accrued to missionaries, and a draft interpretation note for comment relating to reduced assessments: For the latter publication, LLP clarified the meaning of "readily apparent undisputed error" aimed at clarifying contentious issues when a taxpayer can claim a refund under section 93(1)(d) of the Tax Administration Act.

In addition, 9 291 valuations, tariff determinations, and rules of origin were issued. These publications ensure that taxpayers have access to clear and authoritative guidance, directly contributing to the clarity and certainty of taxpayers' and traders' obligations.

Legislative Policy: Tax, Customs and Excise

Advance Pricing Agreements (APA)

SARS began consultation regarding draft APA legislation in November 2020. The final version was included in the Tax Administration Laws Amendment Act, 2023, promulgated on 22 December 2023. SARS is developing the subordinate legislative framework as enabled by the main provisions now contained in the Income Tax Act, 1962. This framework is to be released for public comment early in the 2026/27 FY. Beginning with a pilot programme, APA will create a structured and predictable environment for multinational enterprises.

Legislative Framework

The tabling of a revised budget and fiscal framework on 21 May 2025, some three months later than the initially planned budget, created challenges for the development of legislative proposals. Following intensive engagements during the year, the acts implementing most of the 2025 budget announcements were promulgated on 1 April 2026:

- Revenue Laws Amendment Act, 2025.
- Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2026.
- Taxation Laws Amendment Act, 2026.
- Tax Administration Laws Amendment Act, 2026.

These legislative changes adjusted the employment tax incentive formulae to take account of changes in wages, increased diesel refunds for the primary sector from 80% to 100% of eligible consumption, introduced a framework for a customs and excise voluntary disclosure programme and clarified the scope of "bona fide inadvertent error" for purposes of understatement penalties. Regulations giving effect to the OECD Crypto-Asset Reporting Framework and Amended Common Reporting Standard were promulgated on 28 November 2025. By ensuring a clear and comprehensive legislative framework, SARS supports the goal of providing clarity and certainty regarding tax laws and regulations.

Customs Mutual Administrative Assistance (CMAA) Agreement

SARS improves its operational efficiency and compliance through CMAA Agreements. Currently 24 bilateral and nine multilateral CMAA instruments are in effect. These agreements enable cooperation, information exchange, and technical assistance with other Customs administrations, supporting Strategic Objectives 1, 2, 3, and 8 by fostering a collaborative and informed approach to customs operations.

Complaints Management

The SARS Complaints Management Office (CMO) receives, assesses, and resolves taxpayer and trader complaints relating to service, administrative, and procedural matters. As an important internal mechanism for redress, the CMO contributes to improved service delivery, promotes fairness and accountability, and helps to identify recurring issues that may require systemic intervention. The 2025/26 period saw a complaints caseload of 89 227 a 41.2% reduction in complaint volumes compared to the PY. CMO finalised 85.12% (2024/25: 83.11%) of complaints within the prescribed turnaround time of 21 working days, exceeding the Service Charter target of 70%. Dealing with complaints effectively remains important in strengthening public confidence in SARS, enhancing transparency, and supporting a more responsive and taxpayer-centric administration.

The most common complaints include:

- Delays in refund processing.
- Unresolved service-related queries.
- Discrepancies in taxpayer accounts.
- Registration detail updates.

Complaints and OTO cases

COMPLAINTS

89 227 Complaints caseload

85.12% resolved within turnaround time

2024/25: 83.1%

OTO CASES

2 288 Cases escalated to the Tax Ombud

47.85% resolved within turnaround time

2024/25: 46.7%

Improved outcomes
Improvement in complaint resolution performance, exceeding the PY by 2.01 percentage points.

Focus on resolution
Continued efforts to resolve matters efficiently and within target turnaround times.

Ongoing focus
OTO resolution rate remains a priority area for improvement to meet Service Charter commitments.

Driving fair outcomes, strengthening accountability and enhancing service excellence through effective case management and resolution of complaints.

Office of the Tax Ombud (OTO) Cases

The OTO is an independent and impartial channel through which taxpayers may escalate complaints relating to service, procedural, or administrative issues experienced with SARS. The OTO operates within the parameters of the Tax Administration Act. The OTO recorded a case load of 2 288 for the FY, which is a 10.9% reduction in complaint inflow versus the PY. However, for all cases escalated to the OTO, the resolution rate within the turnaround time was 47.85%, compared to 46.66% in the PY and continued to perform below the Service Charter target of 50%.

Types of complaints include:

- Delays in processing refunds.
- Incorrect assessments.
- Unresolved queries and disputes.
- Communication and service-related issues.

The OTO and the SARS CMO play an important role in maintaining and improving transparency, accountability, and trust in the tax system by providing taxpayers with an avenue for reparation and reinforcing SARS' commitment to fair and responsive tax administration.

Measuring SARS Performance

Outcome 2: Enhanced Taxpayer Experience

Key Result	Actual 2023/24	Actual 2024/25	Target 2025/26	Actual 2025/26	Deviation 2025/26	Reason for Deviation
Customer satisfaction is improved **Customer Satisfaction Score (%)**	N/A	New Measure	Established a new baseline	74.84% New baseline established	None	Not Applicable
Service charter commitments are met **Service charter index (%)**	81.33%	86.66%	82.00%	91.20%	9.20 Percentage Points	Regular engagement with business during bi-monthly meetings and the reminders of service culture through videos and podcasts have contributed to the positive improvements.
Intermediary Satisfaction has improved **Intermediary Satisfaction Index**	N/A	New Measure	Established the baseline	63.20% Baseline established	None	Not Applicable

Outcome 3: Enhanced Employee Engagement

SARS seeks to develop its workforce to remain relevant to the future world of work. It aims to accelerate the acquisition of skills in data science, AI and digitisation. SARS is committed to a cultural transformation that includes:

- Invest in leadership development to prepare leaders / managers to lead in a data driven technology enabled environment
- Nurture a coaching and mentoring culture to support employees; growth and development
- Embed the Employees Rights Charter
- Embed the Leadership Model
- Encourage a high-performance culture
- Develop a recruitment, retention and training programme based on the People Capacity and Career Development Model per job family
- Develop and embed the Integrity Programme

The following Strategic Objective contribute to Core Outcome 3:

Strategic Objective 04

Develop a high performing, diverse, agile, engaged and evolved workforce

Our employees consider us to be an Employer of Choice and are engaged to deliver the best taxpayer and trader experience characterised by professionalism and actions that are beyond reproach. Tasks have become less administrative, more analytical and service oriented. Our employees easily collaborate to leverage their combined strengths, and we invest in them appropriately and provide them with the right tools for the job. They can respond to future demands of the workplace and to the changing needs of taxpayers and traders with ease.

Performance for Outcome 3

Employee Engagement Index

Actual 2024/25	Achieved a top 10% place in the market
Target 2025/26	Implemented 20.00% of interventions in the Employee Engagement Action Plan
Actual 2025/26	**Implemented 20.00% of interventions in the Employee Engagement Action Plan**

Achieved

Employment Equity Plan scores (%)

Actual 2024/25	Racial Equity = 83.15%, Gender Equity = 50.92%; Disability Equity = 2.12%
Target 2025/26	Racial Equity = 82.50%, Gender Equity = 51.40%, Disability Equity = 2.40%
Actual 2025/26	**Racial Equity = 85.60%, Gender Equity = 50.78%, Disability Equity = 1.94%**

Partially Achieved

% Improvement on Integrity Index

Actual 2024/25	New measure
Target 2025/26	Integrity Promotion Plan approved and baseline established
Actual 2025/26	**Integrity Promotion Plan approved and baseline established (47.83%)**

Achieved

People Capability & Career Management Frameworks

Actual 2024/25	New measure
Target 2025/26	Design and develop 6 PCCM Frameworks
Actual 2025/26	**PCCM Frameworks for 7 Job Families have been designed and developed**

Achieved

PCCM Frameworks Implemented

Actual 2024/25	Achieved 90% implementation of prioritised job families
Target 2025/26	3x level 1 (Customs, Audit, Debt, and Investigations); 2x level 2 (Customs and Customer Service)
Actual 2025/26	**3x level 1 (Customs, Audit, Debt, and Investigations) implemented; 2x level 2 (Customs and Customer Services) implemented**

Achieved

% of Leadership Strengthening Programme implemented

Actual 2024/25	New measure
Target 2025/26	Achieve 80.00% of Annual Implementation Plan
Actual 2025/26	**Achieved 100.00% of Annual Implementation Plan**

Achieved

See Part 4 of this publication for further detailed information on Human Resource and Development.

Employee Engagement

Employee Engagement measures 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, tend to stay longer (even if they are highly marketable), and become net promoters of the organisation. No single factor influences employee engagement.

The employee engagement, wellness and recognition initiatives at SARS showed considerable development, with a concentrated effort on surveys, communication, wellness, recognition and leadership effectiveness. These initiatives were designed to cultivate a modern, inclusive culture supported by technology and aligned leadership, thereby enhancing SARS' total employee experience at SARS.

SARS achieved an Employee Engagement Index (EEI) score of 71.0% in 2024/25, reflecting a 10 percentage points increase over the past five years, as the SARS Engagement Model yields results. This placed SARS in the top 10% of comparable public-sector organisations locally and globally. In addition, SARS exceeded the Global Benchmark for Employee Engagement which was 70.0% in 2024. This improvement was bolstered by a comprehensive communication plan that utilised multiple internal channels and accessible employee formats.

Wellness operations were integrated into Employee Engagement, with ongoing initiatives such as the Employee Assistance Programme.

The Employee Engagement Action Plan 2025, developed in response to barriers identified in the 2024/25 employee survey, was approved and implementation was monitored through a coordinated, timeline-driven approach to ensure progress against set targets.

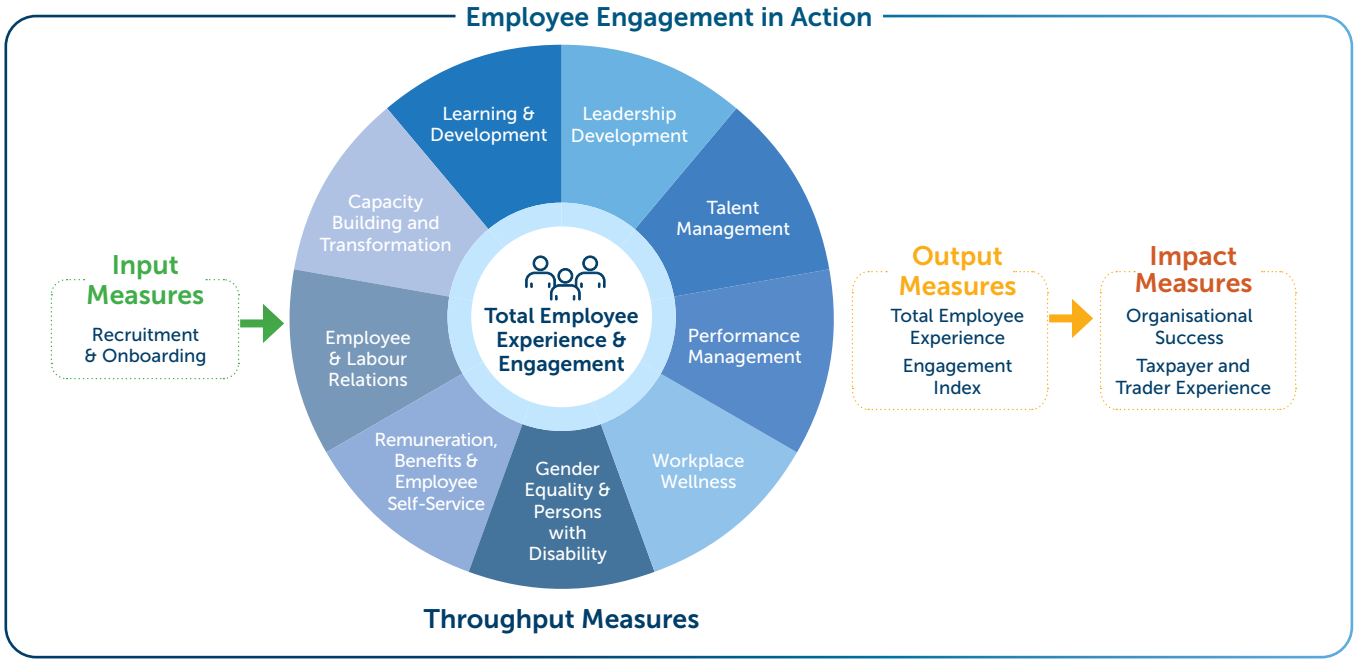
Targeted interventions under the Employee Engagement Enterprise Plan of Action included sessions for persons with disabilities, new employees, and groups defined by gender and generation. These initiatives contributed to enhancing the overall employee experience. The target of implementing 20.0% of the initiatives in the Employee Engagement Action Plan 2025/26 was achieved.

The Approved Employee Engagement Action Plan contains four key initiatives for implementation: Enhanced Employee Experience Model and Strategy to drive employee engagement; Enhanced leadership development and trust; Enhance Career Management and learning for optimal talent mobility and Enhanced innovation, collaboration and promote integrity.

The implementation of the deliverables was tracked through a coordinated, timeline-driven project and monthly detailed reporting to maintain momentum in achieving the annual target. Some details of the implementation deliverables:

- The Targeted Population Group Sessions, which enhanced the development of SARS Employee Experience Strategy, had completed its identified targeted groups.
- As part of the relaunch of the SARS Sports Programme, participants were selected to participate in the Southern African Inter-Revenue Administration Games (SAIRAG) in Namibia from 3 to 5 April 2026.
- The Employee Health and Wellness Programme reflects strong growth in utilisation and programme benefit, confirming increased employee trust and access to services.
- Targeted training was formulated to support employees' growth and development and a high-performance culture.
- The approval of the People Capability Career Management framework by the specific Job Family Owner.
- Establishing an Integrity Baseline Assessment Score.

The next Employee Engagement Survey will be done during the 2026/27 financial year. The total employee experience is an amalgamation of various elements of the Human Resource value chain as shown in the figure.



Employment Equity

Employee Equity measures the extent to which SARS' workforce profile reflects the demographics of the country; promotes diversity and gender equality; and advances opportunities for people with disabilities. Recruitment opportunities remain the primary driver to achieve Employment Equity Targets. Although the Racial Equity Target was exceeded, results for Gender and Disability Equity are below target. SARS is successfully transforming its workforce profile, with improvements in racial equity offset by marginal declines in gender representation at leadership levels and disability representation.

- Racial Equity results improved from 83.15% to 85.60%.
- Gender representation at leadership levels declined marginally from 50.92% to 50.78%.
- Disability representation decreased from 2.12% to 1.94%.

SARS continues to strengthen its recruitment approach and interventions to sustainably advance Employment Equity objectives.

- **Filing your tax return is easy on eFiling or the SARS MobiApp.**
- **Step-by-step videos with subtitles are available on SARS's YouTube channel to help you with eFiling, MobiApp, and other tax matters.**
- **For information on how to claim for disability expenses, please visit https://www.sars.gov.za/types-of-tax/personal-income-tax/tax-and-disability/.**
- **If you cannot file your return on eFiling or the MobiApp, an SASL interpreter will be available to assist you.**

Improved Integrity

The Integrity Baseline Score enhances leadership's understanding of integrity as an enterprise capability; identifies high-priority gaps and systemic risks requiring intervention; and provides a structured basis for targeted improvement plans at organisational and business-unit level. Importantly, it shifts the mindset from a once-off, perception-based integrity approach toward an evidence-based maturity approach that can be monitored over time and integrated into governance, risk, audit, compliance, and Human Resources processes.

The Integrity Improvement Plan was approved and the baseline score assessed at 47.83%.

The baseline score was based on the measurement of the integrity dimensions. Each dimension was measured by scoring the relevant indicators within that dimension (and their sub-indicators) using the agreed evidence-based scoring rubric (0–5). The dimension score was then calculated as the average (or agreed aggregation) of the indicator scores within that dimension.

Integrity Dimension	Weight	Maturity Score (out of 5)	Contribution to Index
Leadership and Tone at the Top	15%	2.40	7.20%
Governance and Accountability	10%	3.00	6.00%
Policies, Systems and Compliance	10%	2.60	5.20%
Gender Equality, Wellness and Inclusion	5%	2.63	2.63%
Risk Management	15%	0.80	2.40%
Fraud and Corruption Management	15%	2.67	8.00%
Public Resource Stewardship	5%	3.80	3.80%
Protecting People and Information	10%	3.00	6.00%
Integrity Outcomes (Monitoring and Evaluation)	15%	2.20	6.60%
Total	**100%**	**2.39**	**47.83%**

Develop Employees for the Future World of Work

The People Capability and Career Management (PCCM) Framework will enable employees to achieve focused career objectives aligned with SARS Vision 2030 to build "a smart modern SARS, with unquestionable integrity, trusted and admired". It is premised on developing a high-performing, diverse, agile, engaged, and evolved workforce. The PCCM Framework provides an enterprise approach toward competency development. It applies a scaffolding methodology by developing employees as broad generalists who progress toward mastery.

Career progression is based on a standard five-level career ladder and covers the following competency categories:

- Level 1: Beginner
- Level 2: Intermediate
- Level 3: Proficient
- Level 4: Advanced
- Level 5: Mastery

SARS designed and developed PCCM Frameworks for seven job families:

- Administration and Support
- Finance
- Legal Consultancy
- Governance (Assurance)
- Relationship Management and Coordination
- Data Analytics
- Procurement

The Data Analytics PCCM was redesigned and redeveloped during 2025/26 due to an updated scope that outlines exclusions relevant to leadership roles that were included in the previous version designed in 2024/25. The Procurement PCCM was reprioritised from the 2026/27 financial year and delivered in-year in response to organisational and operational imperatives.

In parallel with in-year delivery, SARS finalised and secured approval during 2025/26 for three PCCMs that were designed in the previous financial year, namely: Engineering Design, Innovation Incubation, and Human Resources. These approvals confirm the successful completion of the required governance, consultation, and assurance processes to operationalise the frameworks.

PCCM Frameworks promote a balanced learning and development approach incorporating theoretical and practical applications. Each Learning Path is a set of competency-based programmes, put together in a cohesive learning journey, which is aligned to the PCCM Framework for a particular Job Family. In essence, a Learning Path will cover technical, core legislation, business enablement, human skills, technology, standard operating procedures, and future skills that employees require at every level of their PCCM guided-learning journey.

During 2025/26, SARS implemented three Level 1 PCCM Frameworks (Customs, Audit, Debt, and Investigations) and two Level 2 PCCM Frameworks (Customs and Customer Services), advancing structured capability development across priority job families.

During the 2025/26 FY, SARS successfully implemented three Beginner Level PCCM Frameworks—covering Customs, Audit, and Debt and Investigations—as well as two Intermediate Level PCCM Frameworks in Customs and Customer Services. This marks a significant step in advancing structured capability maturity and operational excellence across core functional areas.

Strengthen Leadership

The deliberate institutionalisation of leadership development has become a strategic enabler of organisational performance, integrity and culture — embedding leadership as a discipline rather than an event. During 2025/26, SARS advanced a fully integrated leadership system anchored on the SARS Leadership Model. Progress to date indicates that leadership embedding is translating into improved organisational effectiveness, cultural alignment, and delivery capability, positioning SARS to execute on its mandate in an increasingly complex operating environment.

Reach and Depth of Delivery

A total of 52 targeted leadership sessions were delivered to 1 272 leaders across all levels in 2025/26 FY.

Mentoring as a Multiplier

Six mentoring masterclasses reached 292 mentors and mentees, supporting leadership development, knowledge sharing, and talent growth opportunities.

Talent Development Committees (TDCs)

Leadership development is embedded into the Talent Development Committees' (TDC) rhythms (leadership development progress, succession planning, talent reviews) with approximately 94% of planned Talent Development Committees were convened, with 55% including leadership and talent enablement discussions.

Measured Impact

- The overall SARS Leadership Effectiveness Index (LEI) for 2025/26 was 87.58%, a significant improvement from the previous year's 86.77%.
- Improved employee engagement of 71.00%, and overall organisational performance of 95.0% achievement rate.

SARS continued building a future-fit workforce through integrated leadership development, mentoring, structured career pathways and targeted capability-building initiatives, supporting long-term organisational sustainability and workforce readiness.

Measuring SARS Performance

Outcome 3: Enhanced Employee Engagement

Key Result	Actual 2023/24	Actual 2024/25	Target 2025/26	Actual 2025/26	Deviation 2025/26	Reason for Deviation
Employee engagement has improved **Employee Engagement Index**	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.	Achieved a top 10% place in the market (the market comprises of RSA institutions and government comparable sectors)	Implement 20.00% of interventions in the Employee Engagement Action Plan	**Implemented 20.00% of interventions in the Employee Engagement Action Plan**	None	Not Applicable
Attainment of targets in line with the Employment Equity Plan **Employment Equity Plan Scores (%)**	Racial Equity: 81.56% Gender Equity: 50.75% Disability Equity: 2.21%	Racial Equity: 83.15% Gender Equity: 50.92% Disability Equity: 2.12%	Racial Equity: 82.50% Gender Equity: 51.40% Disability Equity: 2.40%	**Racial Equity: 85.60%** **Gender Equity: 50.78%** **Disability Equity: 1.94%**	Racial Equity: 3.10 pp Gender Equity: -0.62 pp Disability Equity: -0.46 pp	Recruitment opportunities remain the primary driver in achieving Employment Equity Targets. Although the Racial Equity Target was exceeded, results for Gender and Disability Equity are slightly below target.
Improved integrity **% improvement on integrity index**	N/A	New Measure	Integrity Promotion Plan approved and baseline established	**Integrity Promotion Plan approved and baseline established (47.83%)**	None	Not Applicable

Outcome 3: Enhanced Employee Engagement

Key Result	Actual 2023/24	Actual 2024/25	Target 2025/26	Actual 2025/26	Deviation 2025/26	Reason for Deviation
Employees for the future world of work developed **People Capability and Career Management Frameworks (PCCM) developed and approved**	N/A	New Measure	Design and develop 6 PCCM Frameworks	**PCCM Frameworks for 7 Job Families have been designed and developed**	1 additional PCCM Framework designed and developed	The Procurement Job Family PCCM was reprioritised from the 2026/27 financial year and delivered in-year in response to organisational and operational imperatives.
Employees for the future world of work developed **PCCM Frameworks implemented**	N/A	Achieved 90% implementation of prioritised job families	3x level 1 (Customs, Audit, Debt, and Investigations) 2x level 2 (Customs and Customer Service)	**3x level 1 (Customs, Audit, Debt, and Investigations) implemented** **2x level 2 (Customs and Customer Services) implemented**	**None**	Not Applicable
The leadership system is strengthened **% of Leadership Strengthening Programme implemented**	N/A	New Measure	Achieve 80.00% of Annual Implementation Plan	**Achieved 100.00% of Annual Implementation Plan**	20% additional activities in the Implementation Plan achieved	Additional mentoring training was provided and the improvement in embedding leadership development into the Talent Development Committees, continued.

Outcome 4: Streamlined Internal Processes and Improved Operational Efficiencies

SARS will seek to ensure greater internal operational efficiency by using employees effectively, upgrading and automating its core tax systems, and improving its processes.

SARS will streamline internal processes and improve operational efficiency by:

- Improving employee-productivity ratios
- Effectively shifting work from manual processes to automation (including routine tasks)
- Improving average time to complete key processes (e.g. registration, filing, audits, and refunds)
- Continuing to improve administrative processes

The following Strategic Objectives contribute to Core Outcome 4:

Strategic Objective 05

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

By expanding 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.

Strategic Objective 07

Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence

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 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.

Performance for Outcome 4

Process Efficiency Index

Actual 2024/25	Target 2025/26	Actual 2025/26
New measure	Develop and approve the Process Efficiency Index and establish the baseline	**Baseline established (89%)**

Achieved

% Submission Compliance by Third Parties

Actual 2024/25	Target 2025/26	Actual 2025/26
New measure	90.00%	**94.09%**

Achieved

Unqualified Audit Opinion from the AG

Actual 2024/25	Target 2025/26	Actual 2025/26
Clean audit report	Unqualified audit opinion	Clean audit report

Achieved

Strategic Outcome 4 reflects SARS' continued focus on strengthening internal capability and operational efficiency through process improvement, disciplined resource allocation, and sustained digital modernisation. During 2025/26, SARS advanced this outcome by establishing a Process Efficiency Index baseline, improving third-party data submission compliance, and directing expenditure towards high-impact initiatives that enhanced service delivery, compliance capability and system resilience. Investments in technology, automation, border modernisation and digital self-service platforms improved processing times, expanded secure taxpayer and trader interactions, and supported more agile and data-driven operations. Together, these interventions demonstrate SARS' commitment to streamlining internal processes, optimising performance and building a more efficient, modern and sustainable administration.

Compliance and Security Enhancements

Significant progress was made in strengthening the detection of non-compliance. The Biometric Identity Project was extended to VAT and PAYE registrations on eFiling, building on the 2024 facial-recognition rollout for new eFiling registrations and further strengthening identity assurance. To manage debt, SARS introduced additional automated debt-equalisation processes to offset refunds due against other outstanding taxes, and automation enhancements to Third-Party Appointments. The South African Traveller Management System was further enhanced for risk screening of cross-border cash movements and online payments.

Data Management

SARS continues to advance its mandate through strategic data management and high-impact operational frameworks. In the 2025/26 FY, SARS achieved significant milestones in third-party data acquisition, governance, and international cooperation, positioning itself as a leader in tax administration and compliance innovation.

Central to SARS' approach is the acquisition and responsible use of third-party data, underpinned by Section 26 of the Tax Administration Act (TAA) and aligned with international best practices, such as the OECD's Automatic Exchange of Information (AEOI) standards and the WCO Data Model.

To help achieve increased submission compliance to increase, expand, and institutionalise the use of data for data-driven risk detection, SARS measured this trend. To strengthen third-party data submission compliance and further embed the use of data for risk-based detection, SARS measured progress against this trend. For 2025/26 third-party submissions showed a 4.09 percentage point increase above the APP target of 90%. It aims to encourage the use of new tool sets such as graph database technologies and an end-to-end analytics platform that enables a more automated, less labour-intensive creation of machine-learning models, encompassing deep learning and seamless integration with Large Language models.

Increase and expand the use of data within a comprehensive knowledge management framework

Compliance Risk Scores

37 million

Daily updates of compliance risk scores

Reporting System & Data Operations

2.4 billion
Daily transactions

55 Terabyte
Data managed

3 100
Ad-hoc data requests

22 million
SASSA records processed

OECD

100%
OECD AEOI obligations fulfilled

211
Foreign incoming exchanges of information

17
Assistance in collection requests

1 023 received / **202** transmitted
Common Reporting Standards (CRS)

2025 Third-Party Data Bi-Annual Submission Campaign

137.2 million

Demographic records received

Data Delivery and Users

8 117

Active users on Integrated Business Register at 31 March 2026

Records Management

18
Destruction requests received

2 873
Boxes approved for destruction

The achievement is based on the annual third-party data submission campaign and was derived from the collection of 137 195 980 demographic records submitted compared to the previous year's collection of 145 812 545 demographic records (by 31 August 2025). The official annual submission campaign runs from 1 April–31 May, annual submissions (corrections/deletions) are still permitted until 31/08/2025.

This data was collected from the following third-party data sources: IT3B, IT3C, IT3E, IT3S, Insurance, Medical, and FTI.

Data integrity was confirmed through consistent results across different sources, reinforcing confidence in SARS' third-party data systems. The implementation of strategic education, communication and marketing plan, updates of the Third-Party Data webpage, as well as strengthened stakeholder engagement, enhanced the overall customer experience.

SARS improved its data governance and master data management by developing and publishing a comprehensive data quality policy. Enhancements to the Electronic Document and records Management System now enable Hyper Text Markup Language (HTML) form integration, supporting compliance with National Archives regulations. In collaboration with the National Treasury, South African Social Security Agency (SASSA), National Student Financial Aid Scheme (NSFAS), and City of Tshwane, SARS enabled efficient data exchange and verification, processing about 22 million SASSA records monthly to strengthen public programme reliability. SARS maintained a world-class 99% reporting system uptime, efficiently managed 55 terabyte of data, processed 2.4 billion daily transactions, and supported over 3 100 ad-hoc data requests.

SARS' risk detection capability was enhanced with Entity Compliance scores for companies and individuals, supporting the risk engines. SARS developed targeted solutions in customs, estates, debt, and compliance, and delivered operational improvements such as automating third-party appointments, which increased payments by 120%. AI Agent innovations are progressing, including proof-of-concepts like the Government Gazette dashboard, eVerification, and document authentication.

Internationally, SARS maintained 100% alignment with OECD Exchange of Information standards, and managed growing volumes with a total of 211 foreign incoming Exchanges of Information and 17 Assistance in Collection request. SARS also processed higher volumes of the Common Reporting Standard (CRS) (received: 1 023 – transmitted 202) and Country-by-Country Reporting (received 633 transmissions consisting of 105 473 CBC reports from Multinational Entities in 53 partner jurisdictions, relating to 696 306 constituent entities and transmitted: 499 reports to 50 partner jurisdictions) and actively participated in global conferences and capacity-building initiatives. The automatic matching rate for CRS data received from 109 partner jurisdictions, improved to 64%, and SARS continued with the Automatic Exchange of Information (AEOI) compliance inspections. Core projects, such as the Crypto Asset Reporting Framework, remain on track for implementation in 2026/27 FY, with enhancements to SARS' AEOI compliance framework undertaken with the objective of advancing South Africa's OECD Peer Review rating.

Collectively, these achievements underscore SARS' commitment to data-driven tax administration, continuous improvement, and global standards. The organisation remains focused on expanding data sources, enhancing governance, and supporting executive decision-making to uphold integrity, transparency, and compliance across the South African tax ecosystem.

Process Efficiency Index

The Process Efficiency Index (PEI) is a key indicator for improving internal processes and operational efficiency. The aim is to increase the efficiency levels in SARS, and the sub-components of this initiative are:

- Develop Process Efficiency Index.
- Determine PEI methodology.
- Determine the assessment tool.
- Use PEI to assess the selected SARS processes and establish the baseline.

Following SARS' research, a benchmarked Composite PEI was developed using a Stochastic Frontier Analysis (SFA) model.

The PEI methodology was defined as Six Sigma and a baseline was set. The approved PEI baseline for 2025 is 89%, below the historical average of 93%, indicating performance below potential. TA detailed implementation plan will be finalised following further engagement with stakeholders in the next financial year. Improvement actions will be guided by the Six Sigma DMAIC methodology and will focus on five core processes: Audit, Debt Management, Contact Centre, Registration, and Returns Processing.

Auditor-General Opinion

The outcome of the AGSA audit on SARS' Revenue, Finances and Performance Information provides a solid indication of 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 on page 119.

Strategic Overview and Funding Realisation

As part of the 2025 Estimates of National Expenditure, SARS was granted a ring-fenced allocation of R4 billion over the Medium-Term Expenditure Framework (MTEF) to extend the Revenue Enhancement Programme (REP). Operating in tandem with broader institutional capabilities, the primary mandate of the REP allocation is to systematically target, recover, and clear undisputed tax debt, alongside the execution of other critical revenue mobilisation projects.

In terms of National Treasury (NT) Note 3, contractually committed funds (totalling R728.95 million) will be rolled over to ensure uninterrupted operational continuity across fiscal periods. For the financial year under review, R2 billion was formally allocated to the programme to drive the expansion and acceleration of these targeted debt recovery workflows and parallel revenue projects, bringing total funding allocated since inception to R3 billion. To effectively execute the mandate of intensified enforcement and maximise revenue mobilisation across undisputed debt books and related projects, the programme underwent a significant operational scale-up in 2025/26 FY:

- Project expansion: Active debt-targeted interventions and strategic projects effectively doubled, expanding from nine in the prior period to 18 active projects by 31 March 2026.
- Human Capital mobilisation: To support this intensive casework and expand enforcement capacity, closing headcount reached 2 513 resources, compared to 1 073 resources deployed in 2024/25 FY.
- Case throughput: This deliberate capacity injection directly accelerated operational velocity, resulting in 939 963 finalised cases for the year and bringing cumulative case delivery to 1.96 million since the programme's inception.
- The scaled operational focus on undisputed debt books and targeted project streams yielded substantial macro-revenue returns, preserving high efficiency despite the front-loaded expansion of the cost base.

- Revenue generation: The REP generated R31.86 billion in 2025/26 FY (up from R27.59 billion in 2024/25 FY), expanding cumulative revenue mobilised under the programme to R66.95 billion. Debt projects continue to serve as a fundamental contributor within the broader REP operational matrix. In 2025/26 FY, debt-related interventions generated R25.63 billion in directly attributed recoveries.
- Expenditure execution: Financial execution accelerated to support the expanded resource footprint, with R1.52 billion incurred in 2025/26 FY compared to R547.97 million in 2024/25 FY. The debt projects' operational cost was R955 million, Cumulative expenditure stands at R2.27 billion.
- Cost-to-Revenue dynamics: Reflecting the necessary operational costs of doubling project frameworks and human resources, the annual cost-to-revenue ratio moved to 4.78% from 1.99% in 2024/25 FY. Demonstrating the structural efficiency of the programme over its full lifecycle, the cumulative cost-to-revenue ratio remains exceptionally lean at 3.39%.

Spending Allocation

In 2025/26, SARS continued to deliver against its mandate within a constrained fiscal environment. Revenue performance remained resilient despite ongoing funding pressures, reflecting continued focus on operational effectiveness, digital modernisation and service delivery improvement initiatives. Expenditure was tightly managed within the approved budget framework, with resources prioritised towards initiatives that strengthen revenue administration capability, improve service delivery, enhance compliance effectiveness and support long-term organisational sustainability.

Investments in modernisation continued to support operational efficiency, improved digital service channels, enhanced Customs capability and strengthened technology resilience. These initiatives contribute to SARS' broader objective of building a modern, agile and sustainable revenue administration capable of supporting South Africa's evolving economic and fiscal landscape.

Expenditure was tightly managed, with overall spending contained within the approved budget framework. Financial discipline was reinforced through active cost management, prioritisation, and continuous monitoring of expenditure trends, whilst maintaining high levels of operational performance. Core digital systems achieved 99.76% availability, reflecting sustained investment in infrastructure stability and operational resilience.

The rollover submission, prepared in accordance with the Public Finance Management Act (PFMA) and relevant Treasury Instruction Notes, reflects the utilisation of allocated resources in line with approved programmes, as well as the continuation of committed multi-year activities into the 2026/27 financial year.

SARS avoided indiscriminate cost containment measures and instead optimised expenditure toward high-impact areas through deliberate prioritisation. Efficiency gains realised during the year were strategically redirected to support priority investments, particularly Infrastructure and Communication Technology (ICT) modernisation. These investments have already demonstrated tangible operational benefits, for example:

- Processing more than 250 000 (2024/25: 164 412) digital traveller declarations through the Traveller Management System, which digitises traveller declarations across ports of entry
- Reducing processing times from approximately 45 minutes to 5 minutes through the digitisation and automation of traveller declaration processing within the Traveller Management System.

The operating environment remains characterised by ongoing capacity pressures, particularly in attracting and retaining critical and scarce skills in a highly competitive labour market. SARS maintained operational agility and service continuity, supported by data-driven decision-making, targeted resource deployment, and sustained financial discipline, despite these constraints.

Demonstrating the long-term effectiveness of sustained enforcement and cumulative debt initiatives since inception recovered R54.63 billion against a total cumulative cost of R1.21 billion. This return profile reinforces that while individual debt and project recovery cycles remain sensitive to the initial timing and scale of operational investment, they yield compounding, high-value collections over a multi-year horizon.

Return on Investment

During 2025/26, SARS continued to realise measurable value from its capital investment portfolio through a balanced focus on digital modernisation and operational enablement. Modernisation programmes such as PIT/PAYE Auto-Assessment, Debt Management Automation, the Traveller Management System, and Automated Refunds and Drawbacks delivered improved efficiency, reduced manual intervention, faster turnaround times, stronger governance and enhanced service delivery. The Yield on Modernisation assessment confirms that benefits increase materially once systems stabilise, adoption grows and end-to-end operational integration is achieved, with several mature initiatives demonstrating significant returns and measurable operational impact.

SARS also sustained the enabling infrastructure required to protect and extend these modernisation gains. Investments in technology infrastructure, cybersecurity, property and facilities supported continuous digital availability, operational resilience, risk mitigation and fit-for-purpose service environments across the organisation. Core digital systems achieved high availability, supported by disciplined maintenance, lifecycle management and proactive security controls, while property and facilities initiatives strengthened frontline service delivery, space optimisation and critical infrastructure resilience. Collectively, these investments demonstrate responsible stewardship of public funds, support 24-hour service delivery, and align capital investment decisions with SARS' long-term modernisation and service-delivery objectives.

Measuring SARS Performance

Outcome 4: Streamlined Internal Processes and Improved Operational Efficiencies

Key Result	Actual 2023/24	Actual 2024/25	Target 2025/26	Actual 2025/26	Deviation 2025/26	Reason for Deviation
Process efficiency is improved **Process Efficiency Index**	N/A	New Measure	Develop a benchmarked Process Efficiency Index and establish baseline	A benchmarked Process Efficiency Index was developed, and a baseline was established (89%)	None	Not Applicable
3rd party data submission compliance is improved **% of submission compliance achieved for 3rd Party Data Sources**	N/A	New Measure	90.00%	94.09%	4.09 Percentage Points	The achievement is based on the annual submission campaign and was derived from the collection of 137 195 980 demographics compared to the previous year's collection of 145 812 545 demographic records as by 31 August 2025.
Unqualified audit opinion received from the Auditor-General on both Own Accounts and Revenue Accounts **Unqualified audit opinion from the AG**	Clean Audit Report	Clean Audit Report	Unqualified Audit Opinion	Clean Audit Report	None	Not Applicable

Outcome 5: Maximised Long-term Sustainability

SARS will seek to maximise its performance through prudent and ethical management of its resources, modernised systems, and good governance. The organisation will minimise the incidence of corruption and fraud within and against the organisation.

- Demonstrate long-term sustainability by providing long-term tax buoyancy trends
- Improve trends in: Trust of Taxpayers and Traders
- Improve trends in: Employee retention ratio
- Improve trends in: Cost-to-revenue ratio (this will initially increase because of investment)
- Improve trends in: System uptime and availability

The following Strategic Objectives contribute to Core Outcome 5:

Strategic Objective 03

Detect taxpayers and traders who do not comply, making non-compliance hard and costly

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 that is appropriate to the nature and degree of their non-compliance, which progressively,may include friendly reminders to more intrusive and instigative 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.

Strategic Objective 06

Modernise our systems to provide digital and streamlined online services

Our digital platforms will provide reliable and secure services to all our constituencies. Specifically, to enable taxpayers and traders to meet their obligations simply, easily, and where appropriate seamlessly, anywhere. We strive to enable our employees to deliver world-class and best-in class taxpayer and trader experience and to ensure performance excellence. We want to provide our stakeholders with access to reports and analysis that enable them to hold us accountable.

Strategic Objective 08

Work with and through stakeholders to improve the tax ecosystem

We have effective and beneficial partnerships with all stakeholders in the tax ecosystem that deliver maximum benefits for 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.

Strategic Objective 09

Build public trust and confidence in the tax administration system

The public is confident that SARS' stewardship of the country's tax system is professional, unbiased and fair. We do the right thing all the time, we maintain the highest standards of integrity and ethics, have transparent governance systems and processes, and have capable and trustworthy leaders. We accept that, ultimately, we are accountable to taxpayers, traders, and their representatives, the public and elected public office bearers, whose trust we must earn.

Performance for Outcome 5

5-Year Average Tax Buoyancy

Actual 2024/25	Target 2025/26	Actual 2025/26
New measure	≥1.00	**1.40**

Achieved

% of Planned Capacity Available for Mission Critical Systems

Actual 2024/25	Target 2025/26	Actual 2025/26
99.95%	99.00%	**99.76%**

Achieved

Info Security Breaches from Known Risks

Actual 2024/25	Target 2025/26	Actual 2025/26
Nil	Nil	**Nil**

Achieved

Stakeholder Framework Implementation

Actual 2024/25	Target 2025/26	Actual 2025/26
A new approved Enterprise Stakeholder Management Policy	Framework & implementation plan approved	**Framework & implementation plan approved**

Achieved

Public Opinion Index

Actual 2024/25	Target 2025/26	Actual 2025/26
77.09%	75.00%	**76.42%**

Achieved

Tax Buoyancy

Tax buoyancy measures the responsiveness of growth in tax revenue to the growth in the economy, as measured by its Gross Domestic Product (GDP)* for a specific year. It measures how sensitive the tax system is to fluctuations in economic activity. The calculation of the buoyancy is based on the yearly tax-buoyancy ratios over the past five years, divided by five.

Period	Tax Buoyancy
2021/22	2.00
2022/23	1.11
2023/24	0.63
2024/25	1.66
2025/26	1.61
Average	**1.40**

The achievement of an average tax buoyancy of 1.40, exceeding the minimum target of unity, reflects strong progress in converting economic activity into revenue during the quarter, supported by both favourable tax-base developments and effective SARS actions. Economic growth, while moderate, was concentrated in high-revenue-yielding sectors such as finance, trade, business services, and household consumption, with household spending expanding further and labour market conditions improving through higher employment, rising gross earnings, and bonus payments. These developments strengthened PAYE and domestic VAT collections relative to overall GDP growth.

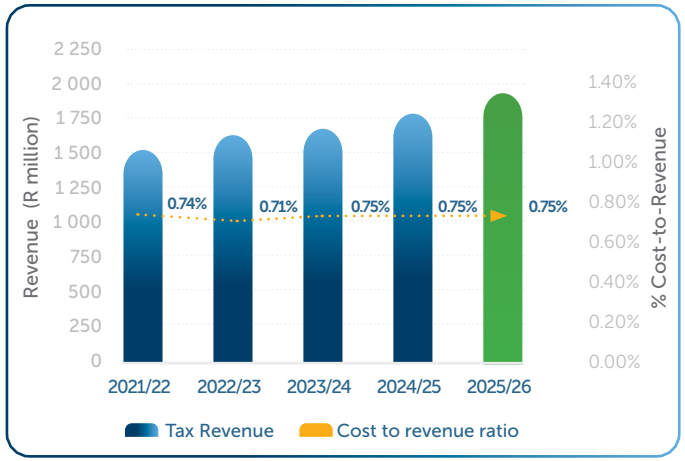
In parallel, SARS intensified targeted compliance, enforcement and administrative efficiency initiatives during the quarter, improving voluntary compliance and closing gaps in higher-risk segments of the tax base. Collectively, these economic conditions and completed revenue-administration actions resulted in revenue growth that outpaced economic growth, explaining the buoyancy outcome well above the long-term benchmark.

Cost-to-Revenue Performance

	2025/26	2024/25	2023/24
	R million	R million	R million
Tax revenue	2 010 340	1 855 270	1 740 870
Operating cost *	15 072	13 940	13 108
	%	%	%
Cost to tax revenue ratio	0.75%	0.75%	0.75%

*Note: Controlling entity

The cost-to-revenue for 2025/26 was 0.75% (0.75% for PY) and remained below the 1.00% benchmark for developing economies. 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 0.72%.



Technology and Security

SARS continues to invest in a solid technology foundation, modernising its systems to deliver reliable, secure, and accessible digital platforms to all its constituents. During 2025/26, the SARS implemented several initiatives and projects that advanced this strategic outcome, using advanced technology and innovative solutions to enhance the efficiency and effectiveness of operations. SARS digital platforms continue to improve the taxpayer experience, reduce administrative burden, and enable seamless access to services, while strengthening data management, transparency, and compliance - ultimately contributing to a more robust and responsive tax administration. This sustained focus on operational excellence, system resilience, and security is reflected in meaningful progress against the APP targets, with key achievements including 99.76% availability of mission-critical systems and zero security breaches from known risks.

The IT security of SARS remains a top priority in the face of sophisticated and financially driven cyber threats that attempt to exploit any vulnerabilities in SARS' external-facing digital platforms. During 2025/26, SARS continued to upgrade its security infrastructure, including firewalls for digital platform hosting, identity verification, and access management environments, email infrastructure, and the Security Incident and Event Management system. Mechanisms deployed to combat security risks included Distributed Denial of Service (DDoS) protection; Anti-Spam and Anti-Phishing measures; Advanced Threat Protection (ATP) in email and web services; and Endpoint Protection.

Programme Delivery

SARS continued to deliver strategic projects that support improved taxpayer service, trade facilitation, voluntary compliance, and revenue protection. During the period, key delivery efforts contributed to simpler digital interactions, more efficient administrative processes, and stronger alignment with domestic and international tax and customs priorities.

Innovation and Artificial Intelligence (AI) Integration

The expansion of Lwazi with secure self-service options gives taxpayers greater clarity and certainty on their tax affairs and makes it easier to comply, while Pulse, SARS' internal AI Assistant launched in December 2025, strengthens employee capability and productivity.

The SARS Market Place, launched in January 2026, deepens stakeholder co-creation and builds public trust by inviting taxpayers, practitioners, and industry partners to contribute to SARS' Modernisation 3.0 journey. These capabilities demonstrate the transformative role of AI in reshaping how SARS operates, and the opportunities ahead remain vast.

SARS stands on the brink of an exciting new era and is embracing AI capabilities to transform its operations. The integration of AI has just begun, and the opportunities ahead are vast. The continued work and investments to modernise our systems to provide digital and streamlined online services contributes to SARS' vision of a modern, reliable tax administration that boosts compliance, protects the revenue base, and earns public confidence.

Modernisation

Modernisation remained central to SARS' efforts to build a more accessible, reliable, and responsive tax and customs administration. Continued investment in secure and user-friendly digital services, including Lwazi, supported clearer guidance, improved access to information, and more convenient channels for taxpayers, traders, and stakeholders to meet their obligations.

These improvements are intended to simplify compliance, enhance service delivery, and support a consistent user experience, while maintaining appropriate safeguards for taxpayer information and institutional integrity.

Innovation

Innovation continued to support SARS' broader transformation agenda by encouraging practical problem-solving, responsible use of artificial intelligence and other emerging technologies, and collaboration with stakeholders. This approach enables SARS to identify opportunities that improve service delivery, strengthen compliance outcomes, and enhance the overall experience of taxpayers, traders, and travellers.

Availability of Systems

SARS measures the availability of SARS' digital platforms, which enable taxpayers to transact and submit returns to meet their obligations, and traders to transact optimally.

SARS' achievement of 99.76% availability of Digital Platforms for the 2025/26 FY, provided a stable and resilient foundation to execute the organisation's revenue mandate. Unplanned downtime was experienced during quarters one, two, and four, which mostly affected the eFiling platform, internal core systems and client services at branches. High-availability of digital platforms ensured uninterrupted access to digital channels, seamless processing of high-volume transactions, and continuous execution of compliance and enforcement activities.

The strong alignment between digital performance and fiscal outcomes reinforces the central role of technology as a strategic enabler of revenue maximisation, voluntary compliance, and institutional trust.

Key focus areas in support of optimal Digital Platforms availability included proactive infrastructure maintenance, system enhancements, supplier performance management, and strengthened operational monitoring. These interventions supported sustained high system availability across SARS digital platforms, enabling continuous service delivery to taxpayers, traders, and internal users.

Safeguarding SARS' Digital Platforms

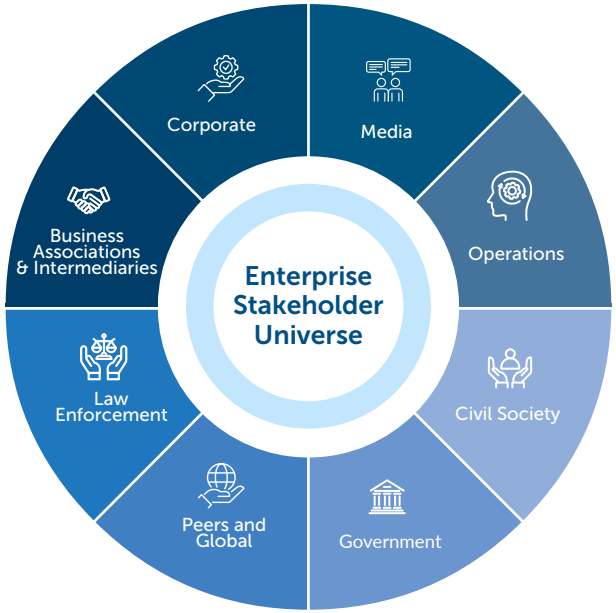
SARS' IT security remains a top priority in the face of sophisticated and financially driven cyber threats that attempt to exploit any vulnerabilities in SARS' external-facing digital platforms. SARS guards against attacks that could lead to data theft and manipulation, disrupt business-critical services, damage the organisation's reputation, and undermine public confidence in SARS and its systems.

SARS continues to strengthen its security infrastructure. It measures security breaches arising from known risks on SARS' digital platforms; no such breaches occurred during the 2025/26 FY. This measure assesses the effectiveness of SARS' digital security risk-management practices.

Looking Ahead

SARS will continue to advance modernisation and innovation in a responsible and measured manner, including the appropriate use of AI-enabled capabilities, with emphasis on public value, service reliability, voluntary compliance, and protection of the revenue base. Future efforts will focus on strengthening digital services, improving stakeholder engagement, and building institutional capabilities that support a trusted and future-ready tax and customs administration.

Stakeholder Framework



During the 2025/26 FY, SARS significantly advanced the formalisation of stakeholder engagement, positioning it as a strategic capability central to the organisation's mandate of building public trust and promoting voluntary compliance. Aligned to Strategic Objective 8, stakeholder engagement evolved from fragmented interactions into an integrated, outcome driven framework.

The Stakeholder Engagement Framework was developed and endorsed, which established a consistent and unified approach to identifying, prioritising, engaging, and managing stakeholders. The Framework articulated clear principles, roles, and methodologies, strengthened accountability, enabled more effective issue management, and reduced duplication of engagement practices across SARS.

To support effective execution, a comprehensive Stakeholder Engagement Implementation Plan was developed. This included enhancing stakeholder databases and mapping, profiling all material stakeholders, clarifying accountability through a RACI framework, assigning business anchors, as well as embedding monitoring and evaluation mechanisms such as engagement reviews and surveys. Together, these measures provided a structured basis for consistent, measurable, and transparent stakeholder engagement.

Aligned with Strategic Objective 8, stakeholder engagement during the year reinforced transparency, collaboration, and shared accountability across the tax ecosystem. By embedding structured engagement practices and partnering more effectively with intermediaries and industry bodies, SARS enhanced compliance enablement, strengthened institutional credibility, and advanced its reputation as a trusted and capable revenue administration.

Key strategic initiatives during the year included stakeholder collaboration on the Global Anti-Base Erosion Model Rules, the Crypto Asset Reporting Framework, and Diesel Refund Reform which ensured awareness ahead of implementation or identified pilot participation, reduced compliance risks, and maintained confidence in the ever-evolving tax administration.

Strategic engagement with Recognised Controlling Bodies, tax practitioners, banks, financial institutions, and industry bodies highlighted intermediaries as essential drivers of compliance. Through structured forums and bilateral discussions, SARS collaborated with these partners to enhance system readiness, data quality, and collection processes.

Educational and enablement-focused engagements, particularly during filing season and with system upgrades, utilised workshops, webinars, pilots' programmes, and targeted communications to support accurate and timely stakeholder compliance.

Stakeholder Engagements

The organisation advanced its strategic objectives through structured collaboration with whole-of-government, law-enforcement, regional and international partners.

SARS strengthened enabling governance frameworks, expanded cooperative arrangements, translated stakeholder information into measurable compliance and enforcement outcomes, and supported alignment across tax, customs, anti-money laundering and border modernisation priorities. The reporting period further demonstrated the value of stakeholder management as a core SARS capability that links external partnerships to domestic resource mobilisation, voluntary compliance, customs modernisation and the disruption of illicit financial flows and the illicit economy.

- SARS maintained 63 active agreements with 94 government agencies during 2025/26, while a further 24 agreements remained under development. This reflects continued expansion of SARS' enabling regulatory architecture and the progressive institutionalisation of stakeholder cooperation in support of information exchange, compliance enablement, benchmarking, innovation, training and inter-agency coordination.
- Throughout the year, SARS sustained a broad mix of informational, developmental, synchronisation and strategic stakeholder networks that enabled lawful information exchange, capacity building, institutional alignment and coordinated action. These networks supported engagement across domestic agencies, law-enforcement structures, regional customs platforms and international cooperation forums, thereby reinforcing SARS' ability to improve voluntary compliance and operational effectiveness.

Strategic Engagements included:

- International cooperation and customs coordination: International Cooperation remained integral to the organisation's stakeholder interface by aligning cross-border customs administration, bilateral engagements and protocol-sensitive matters with SARS operational priorities.
- Financial Action Task Force (FATF) and anti-money laundering readiness: SARS provided inputs into FATF-related workstreams and the broader national anti-money laundering and counter-terrorist financing response.
- Strategic collaboration with the South African Reserve Bank and financial-sector partners: SARS strengthened cooperation with the South African Reserve Bank through operational requests, financial surveillance engagement, peer-learning support and strategic modernisation initiatives.
- Digital enablement and intergovernmental collaboration: SARS supported initiatives designed to embed compliance into broader state systems and reduce reliance on retrospective enforcement.
- Multi-agency law-enforcement coordination and casework: Law-enforcement matters remained a central feature of the year under review.
- Capacity building, governance, and knowledge support: SARS facilitated benchmarking and capacity-building engagements that strengthened institutional capability across government and partner agencies.
- International transparency, policy dialogue and standards alignment: SARS contributed to the Organisation for Economic Co-operation and Development (OECD) and related international knowledge-sharing on tax transparency, non-conviction-based confiscation, crypto-asset reporting, exchange of real-estate ownership and transaction data, and broader approaches to combating organised fraud and illicit financial flows during the year.
- Strengthened domestic partnerships and illicit economy disruption: SARS expanded and deepened partnerships across the public and private sectors to improve intelligence, capability and cooperation in relation to the illicit economy.
- Formalised collaboration and measurable operational outcomes: SARS continued to translate stakeholder cooperation into measurable tax and customs outcomes. The volume of SAPS/DPCI and SIU POCA submissions increased materially, compliance verifications rose significantly, and most individuals and entities assessed through the POCA pipeline were found to be non-compliant.
- Strategic influence and alignment: SARS used its engagements not only to facilitate cooperation, but also to shape and align tax, customs, law-enforcement and modernisation priorities across bilateral, regional and multilateral platforms.

Public Opinion

This key result gauges the public's perceptions and attitudes toward tax compliance. This will help SARS to understand the public's attitude toward tax compliance, and to obtain feedback to enable SARS to track and monitor tax compliance over time.

2025/26 Public Opinion Survey and Attitude to Tax Compliance Index (ATCI): 4 013 surveys were completed, slightly above the target sample of 4 000 as of 3 February 2026, representing 100.33% of the sample.

The public-opinion score target of 75.00% was exceeded. In comparison with the previous two years, the score shows a decrease from 77.53% (2023/24) to 77.09% (2024/25) and 76.42% (2025/26).

ATCI continues to be driven mainly by four themes: Operational Efficiency, Trust, Accessibility, and Fiscal Responsibility. Operational Efficiency gained importance in 2025/26, making it an increasingly critical driver.

Themes that improved (versus. 2024/25):

- Tax Diligence: 90.42% improved to 90.48% (+0.06 percentage points).
- Followership: 87.78% improved to 87.97% (+0.19 percentage points).

Measuring SARS Performance

Outcome 5: Maximised Long-term Sustainability

Key Result	Actual 2023/24	Actual 2024/25	Target 2025/26	Actual 2025/26	Deviation 2025/26	Reason for Deviation
Long-term average Tax Buoyancy **5-year average Tax Buoyancy**	N/A	New Measure	>1.00	1.40	0.40	The higher-than-target tax buoyancy reflects a combination of revenue-rich economic growth, favourable tax base dynamics, and structural improvements in tax administration, rather than a proportionate expansion in headline GDP alone.
Digital platforms availability for taxpayers and traders **% of planned capacity to be available for mission critical systems**	99.61%	99.95%	99.00%	99.76%	0.76 Percentage Points	The performance is founded in a well-considered and planned maintenance schedule, executed within the allocated change windows, resulting in minimal unplanned downtime. 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 **Number of information security breaches on digital platforms from known risks**	Nil	Nil	Nil	Nil	None	Not Applicable

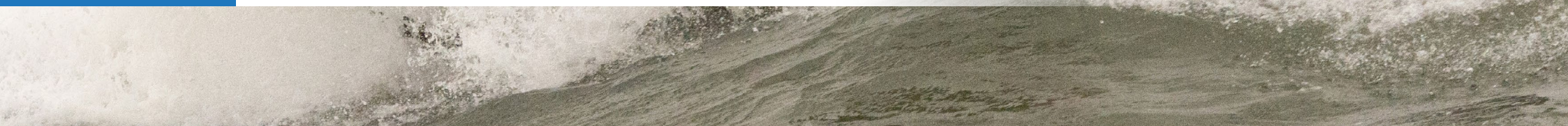
Outcome 5: Maximised Long-term Sustainability

Key Result	Actual 2023/24	Actual 2024/25	Target 2025/26	Actual 2025/26	Deviation 2025/26	Reason for Deviation
Stakeholder engagements are enhanced **% implementation of Stakeholder Framework as per Annual Workplan**	New Measure	A new approved Enterprise Stakeholder Management Policy was formulated	Framework and implementation plan developed and approved	**Framework and implementation plan have been developed and approved**	None	Not Applicable
Public opinion has improved **Public Opinion Index**	**77.53%**	**77.09%**	**75.00%**	**76.42%**	**1.42** Percentage Points	The public-opinion score target was exceeded, due to improvements in the following themes: Tax Diligence (90.48%) and Followership (87.97%).

Governance and Risk Management

PART 03

77	Governance
78	Parliamentary Engagement
80	Executive Authority – Minister of Finance
81	SARS Committees
84	Enterprise Risk Management
86	Integrity Promotion
87	Compliance with Laws and Regulation
87	Fraud and Corruption
88	Minimising Conflict of Interest
88	SARS Social Responsibility
89	B-BBEE Compliance Performance Information
90	Company Secretary
90	Internal Audit Report
92	Audit and Risk Committee
92	Report of the Audit and Risk Committee



Governance

SARS regards effective governance as a key enabler in fulfilling its mandate. Guided by ethical leadership, strong oversight, and disciplined decision-making, governance underpins institutional integrity and operational performance. Sound governance principles and practices help the Commissioner to set SARS' strategic direction and respond to an evolving governance landscape. As SARS advances toward becoming a smart, modern organisation, the consistent application of good governance strengthens public trust and helps the organisation meet stakeholders' expectations.

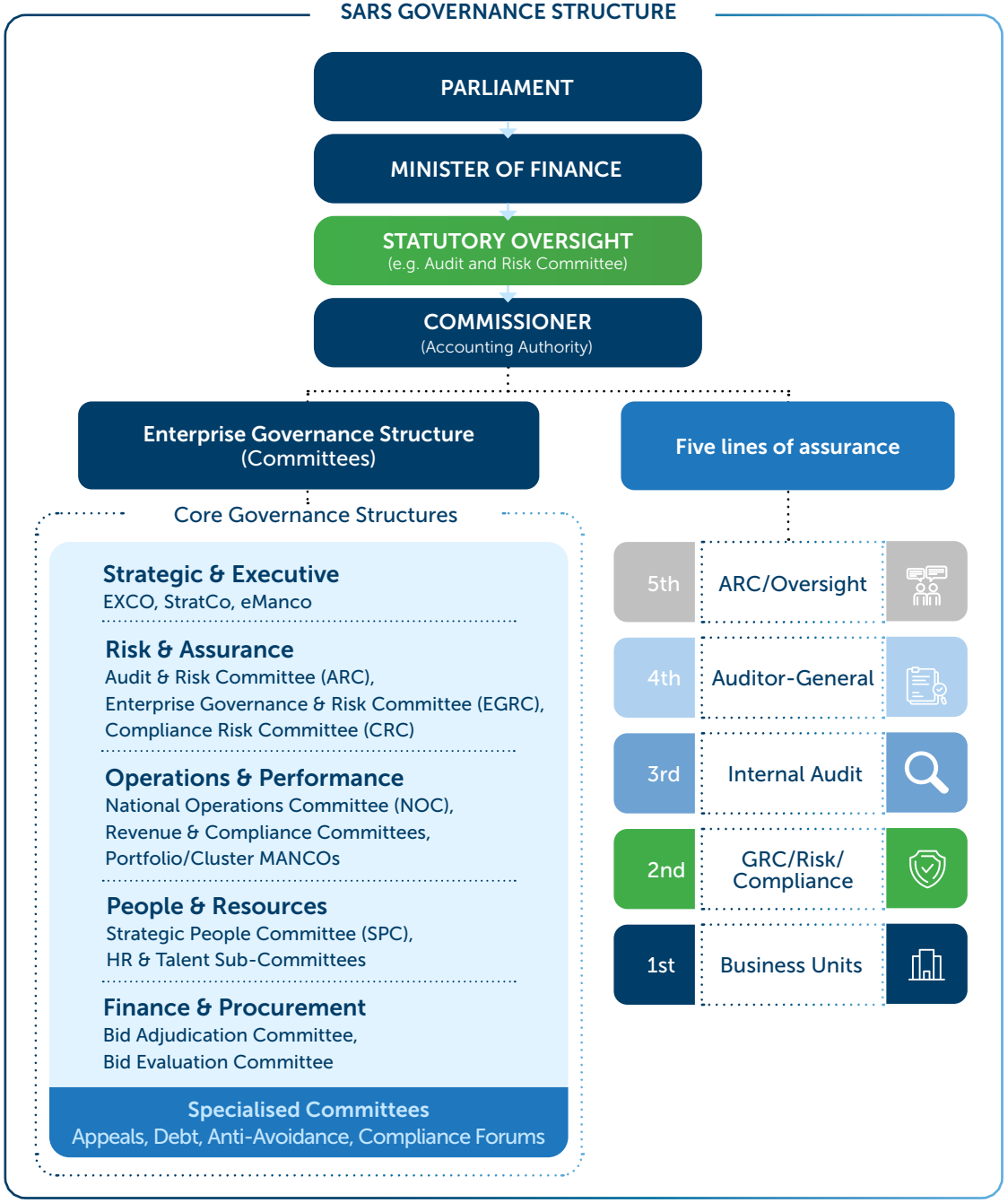
During the reporting period, selected governance controls were reviewed as part of ongoing efforts to strengthen governance across the organisation. The review assessed whether these controls remained effective in a changing operating environment. It also included a review of identified SARS policies and an update of the SARS Governance Framework to keep the organisation aligned with relevant legislation, governance prescripts, the business model, and overall organisational needs.

Centrally coordinated advice on enterprise governance matters, supported by research and benchmarking, continued to guide the consistent application of governance principles across SARS. This promoted a uniform approach to governance practices and the interpretation of governance controls, strengthening organisational coherence.

SARS also considered key concepts in King V to identify opportunities to strengthen governance practices. This assessment deepened understanding of emerging governance principles and their potential application within the organisation.

Looking ahead, governance will continue to play a key role in SARS' modernisation by advancing in step with organisational transformation. Further effort will be expended on applying King V principles and practices to improve the maturity and quality of governance arrangements. Strengthening governance will continue to be a priority, including the work to advance artificial-intelligence governance and support the responsible, ethical, and effective use of technology.

The infographic depicts, at a high-level, SARS' governance structure, illustrating the flow of accountability from Parliament and the Minister of Finance, through statutory oversight structures, to the Commissioner in his capacity as Accounting Authority. It also reflects the relationship between the enterprise-governance committees and the five lines of assurance, demonstrating how strategic leadership, risk oversight, operational management, people governance, financial stewardship, and specialised committees collectively support sound governance, effective oversight, and institutional accountability across the organisation.



Parliamentary Engagement

Standing Committee on Finance (SCOF)

Date of Meeting	Matters Raised
21 May 2025	Closed 2025 Budget Lock-Up Session
23 May 2025	2025 Budget (Fiscal Framework and Revenue Proposals): Ministry of Finance and National Treasury Briefing
28 May 2025	2025 Budget (Fiscal Framework and Revenue Proposals): Public Hearings
30 May 2025	2025 Budget (Fiscal Framework and Revenue Proposals): National Treasury and SARS Response to Public Submissions
3 June 2025	2025 Fiscal Framework and Revenue Proposals: Committee Reports (National Assembly [NA] and National Council of Provinces [NCOP])
4 June 2025	2025 Fiscal Framework and Revenue Proposals: Committee Reports (NA and NCOP), with Minister
18 June 2025	SARS, Office of the Tax Ombud, Public Investment Corporation (PIC), South African Special Risk Insurance Association (SASRIA), Independent Regulatory Boards of Auditors (IRBA), Government Pensions Administration Agency (GPAA), Government Technical Advisory Centre (GTAC), and Land Bank 2025/26 Annual Performance Plans (with Deputy Minister)
8 July 2025	Revenue Laws Amendment Bill: National Treasury and SARS Response to Public Submissions
16 July 2025	Revenue Laws Amendment Bill: Finalisation and Committee Report
16 September 2025	Draft Taxation Laws Amendment Bill and Tax Administration Laws Amendment Bills: National Treasury and SARS Briefing
21 October 2025	Rates and Monetary Amounts and Amendment of Revenue Laws Bill: Public Hearings
22 October 2025	Rates and Monetary Amounts and Amendment of Revenue Laws Bill: Public Hearings
28 October 2025	National Treasury Portfolio Audit Outcomes; National Treasury and SARS 2024/25 Annual Reports; with Minister
4 November 2025	Rates and Monetary Amounts and Amendment of Revenue Laws Bill: and draft Taxation Laws and Taxation Administration Laws Amendment Bills: National Treasury and SARS Response to Public Submissions
12 November 2025	Medium Term Budget Policy Statement (MTBPS) Lock-Up
14 November 2025	2025 MTBPS: National Treasury; SARS and Minister Briefing on MTBPS (with Ministry)
19 November 2025	Public hearings on the Revised and Proposed Fiscal Framework (MTBPS)

Date of Meeting	Matters Raised
21 November 2025	MTBPS (Revised and Proposed Fiscal Framework): National Treasury and SARS Response to Public Submissions
25 November 2025	Consideration of the draft Committee Report on the Revised and Proposed Fiscal Framework; with Deputy Minister
26 November 2025	Committee Report on the Revised and Proposed Fiscal Framework
2 December 2025	Taxation Laws Amendment Bill (TLAB) and Tax Administration Laws Amendment Bill (TALAB): National Treasury and SARS Response to Public Submissions
3 December 2025	Rates and Monetary Amounts and Amendment of Revenue Laws Bill, TLAB and TALAB: Consideration and Adoption
25 February 2026	2026 Budget Lock-up (with Ministry)
27 February 2026	2026 Budget (Fiscal Framework and Revenue Proposals), with the Ministry
10 March 2026	2026 Budget (Fiscal Framework and Revenue Proposals): Public Hearings
13 March 2026	2026 Budget (Fiscal Framework and Revenue Proposals): National Treasury and SARS Response to Public Submissions (with Ministry)
17 March 2026	Consideration of draft Committee Report: 2026 Budget (Fiscal Framework and Revenue Proposals)
18 March 2026	2026 Budget (Fiscal Framework and Revenue Proposals): Committee Report
27 to 30 March 2026	Committee oversight visit reports to Ports of Entry — Durban; OR Tambo International Airport (ORTIA); and Beitbridge

Select Committee on Finance (SECOF)

Date of Meeting	Matters Raised
21 May 2025	Closed 2025 Budget Lock-Up Session
23 May 2025	2025 Budget (Fiscal Framework and Revenue Proposals): Ministry of Finance and National Treasury briefing
28 May 2025	2025 Budget (Fiscal Framework and Revenue Proposals): Public Hearings
30 May 2025	2025 Budget (Fiscal Framework and Revenue Proposals): National Treasury and SARS Response to Public Submissions
3 June 2025	2025 Fiscal Framework and Revenue Proposals: Committee Reports (NA and NCOP)
4 June 2025	2025 Fiscal Framework and Revenue Proposals: Committee Reports (NA and NCOP), with Minister
8 July 2025	Revenue Laws Amendment Bill: National Treasury and SARS Response to Public Submissions
2 September 2025	Revenue Laws Amendment Bill: National Treasury and SARS Briefing
9 September 2025	Revenue Laws Amendment Bill: public hearings and National Treasury Response
12 September 2025	Briefing by National Treasury (NT) and SARS responding to submissions received on Revenue Laws Amendment Bill and Clause by Clause Deliberations
16 September 2025	Revenue Laws Amendment Bill: Committee Report (Finalisation)
17 September 2025	Adoption of the committee report on the Revenue Laws A/B
12 November 2025	MTBPS Lock-Up
14 November 2025	2025 MTBPS: National Treasury; SARS and Minister Briefing on MTBPS (with Ministry)
19 November 2025	Public Hearings on the Revised and Proposed Fiscal Framework — MTBPS
21 November 2025	MTBPS (Revised and Proposed Fiscal Framework): National Treasury and SARS Response to Public Submissions
25 November 2025	Consideration of the draft Committee Report on the Revised and Proposed Fiscal Framework; with Deputy Minister
26 November 2025	Committee Report on the Revised and Proposed Fiscal Framework
17 February 2026	Rates and Monetary Amounts and Amendment of Revenue Laws; Draft Taxation Laws Amendment Bill and Tax Administration Laws Amendment: Briefing from National Treasury and SARS; stakeholder comments
24 February 2026	Rates and Monetary Amounts and Amendment of Revenue Laws; Draft Taxation Laws Amendment Bill and Tax Administration Laws Amendment Finalisation and Committee Reports
25 February 2026	2026 Budget Lock-up (with Ministry)
27 February 2026	2026 Budget (Fiscal Framework and Revenue Proposals), with the Ministry
10 March 2026	2026 Budget (Fiscal Framework and Revenue Proposals): Public Hearings
13 March 2026	2026 Budget (Fiscal Framework and Revenue Proposals): National Treasury and SARS Response to Public Submissions (with Ministry)
17 March 2026	Consideration of draft Committee Report: 2026 Budget (Fiscal Framework and Revenue Proposals)
18 March 2026	2026 Budget (Fiscal Framework and Revenue Proposals): Committee Report

Standing Committee on Appropriations (SCOA)

Date of Meeting	Matters Raised
21 May 2025	Closed 2025 Budget Lock-Up Session
23 May 2025	2025 Budget (Fiscal Framework and Revenue Proposals): Ministry of Finance and National Treasury Briefing
12 November 2025	MTBPS Lock-Up
14 November 2025	2025 Medium Term Budget Policy Statement: National Treasury; SARS and Minister Briefing on MTBPS (with Ministry)
18 December 2025	MTBPS, Adjustments Appropriation Bill and Special Appropriation Bill: Committee Reports
25 February 2026	2026 Budget Lock-up (with Ministry)
27 February 2026	2026 Budget (Fiscal Framework and Revenue Proposals), with the Ministry

Select Committee on Appropriations (SECOA)

Date of Meeting	Matters Raised
21 May 2025	Closed 2025 Budget Lock-Up Session
23 May 2025	2025 Budget (Fiscal Framework and Revenue Proposals): Ministry of Finance and National Treasury briefing
12 November 2025	MTBPS Lock-Up
14 November 2025	2025 MTBPS: National Treasury; SARS and Minister Briefing on MTBPS (with Ministry)
18 December 2025	MTBPS, Adjustments Appropriation Bill and Special Appropriation Bill: Committee Reports
25 February 2026	2026 Budget Lock-up (with Ministry)
27 February 2026	2026 Budget (Fiscal Framework and Revenue Proposals), with the Ministry

Portfolio Committee of Health

Date of Meeting	Matter Raised
22 October 2025	Briefing by SARS on the Strategic and Enforcement Measures Implemented to Combat Illicit Cigarettes Trade in SA

Executive Authority — Minister of Finance

SARS had regular engagements with the Minister of Finance throughout the 2025/26 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

The SARS Executive Committee had five members and four permanent invitees for the full 2025/26 FY. The committee convened eight official EXCO meetings during the 2025/26 FY.

Number of Meetings Held	Name of Member	Designation	Permanent / Acting	EXCO Member / Invitee	Changes in Membership 2025/26 FY
8 Meetings	Edward Kieswetter	Commissioner	Permanent	EXCO Member	Not Applicable
	Jeanneé Padiachy	Chief of Staff	Permanent	EXCO Member	Not Applicable
	Johnstone Makhubu	DC: Taxpayer Engagement and Operations	Permanent	EXCO Member	Not Applicable
	Carl Scholtz	DC: Strategy Enablement and Modernisation	Permanent	EXCO Member	Not Applicable
	Bridgitte Backman	DC: Corporate and Enterprises Services	Permanent	EXCO Member	Member until 31 August 2025
	Lebogang More	Company Secretary	Permanent	EXCO Invitee	Not Applicable
	Refiloe Ramaphakela	Head: Internal Audit	Permanent	EXCO Invitee	Not Applicable
	Schalk Human	Chief Financial Officer and Coordinator:Corporate Regulatory Services	Permanent	EXCO Invitee	From 1 June 2025
	Sobantu Ndlangalavu	Coordinator: People Management	Permanent	EXCO Invitee	From 1 June 2025

Enterprise Governance and Risk Committee (EGRC)

The SARS Enterprise Governance and Risk Committee had eight members and three permanent invitees; it convened four EGRC meetings during the 2025/26 FY.

Number of Meetings Held	Name of Member	Designation	EGRC Member/Invitee	Changes in Membership 2025/26 FY
4 Meetings	Edward Kieswetter	Commissioner	EGRC Member	Not applicable
	Jeanneé Padiachy	Chief of Staff	EGRC Member	Not applicable
	Johnstone Makhubu	DC: Taxpayer Engagement and Operations	EGRC Member	Not applicable
	Bongiwe Mabanga	Chief Procurement Officer	EGRC Member	Not applicable
	Schalk Human	Chief Finance Officer and Coordinator: Corporate Regulatory Services	EGRC Member	Not applicable
	Carl Scholtz	DC: Strategy Enablement and Modernisation	EGRC Member	Not applicable
	Lebogang More	Company Secretary	EGRC Member	Not applicable
	Tshisikhawe Munyama	Interim Chief Revenue Officer	EGRC Member	Not applicable
	Refiloe Ramaphakela	Head: Internal Audit	Permanent EGRC Invitee	Not applicable
	Sobantu Ndlangalavu	Coordinator: People Management	Permanent EGRC Invitee	Started 1 July 2025
	Godfrey Modise	Head: Integrity, Promotion, and Assurance	Permanent EGRC Invitee	Started 1 August 2025

Audit and Risk Committee

Full Name and Surname, Including Professional Title	Appointment		Number of Meetings Attended		Private and Business Interests Declared? Yes/No	Is the Member an Employee of an Organ of State? Yes/No	Number of other Committees the Member served on (Public Sector or not)	Number of other Structures the Member served on
	Start Date	End Date	Ordinary Meetings	Special Meetings				
Barend Petersen	2021	2027	4	2	Yes	No	None	29
Carmen Mpelwane	2022	2027	4	2	Yes	No	6	5
Alice le Roux	2024	2027	4	2	Yes	No	1 (not public sector)	1

Key activities and objectives of the Audit and Risk Committee:

a. Purpose and Mandate

The Audit and Risk Committee (ARC) is an independent committee established by the Accounting Authority in terms of the PFMA and relevant Treasury Regulations. The ARC assists the Accounting Authority in discharging its duties relating to governance, risk management, internal control, financial management and reporting, performance reporting, and compliance. The ARC operates in accordance with an Audit and Risk Committee Charter (Terms of Reference) approved by the Accounting Authority, which sets out its authority, responsibilities, reporting lines, membership requirements, and meeting arrangements.

b. Independence

The ARC operated independently throughout the reporting period and executed its responsibilities without undue influence or interference. Independence is supported through the appointment of suitably qualified members, an approved Charter, and unrestricted access to information, management, the Internal Audit Function, and the external auditor. Conflicts of interest are managed through declarations of interest by members and recusal, where required.

c. Protecting the Independence of the Internal Audit Function (IAF)

The ARC reviewed the organisational positioning and independence of the IAF during the year. Safeguards included functional reporting to the ARC, unrestricted access to the ARC Chairperson, and the ability for Internal Audit to meet privately with the ARC. The ARC monitored potential threats to the independence of internal auditors (including intimidation and victimisation) and confirmed if any intervention was required during the reporting period.

d. Reports to the Accounting Authority and Executive Authority

The ARC reported to the Accounting Authority during the year, providing an account of its meetings, work performed, key matters deliberated, significant findings, and recommendations. The ARC met with the Executive Authority during the reporting period to communicate matters as deemed necessary, in line with the ARC Charter and applicable prescripts. In addition, the ARC held in committee sessions with the Accounting Authority to enable frank engagement and support effective oversight.

e. Stakeholder Relationships

The ARC maintained effective working relationships with management, the Accounting Authority, the Internal Audit Function, the external auditor (AGSA/external audit), risk management, finance, compliance, and other assurance providers. The ARC assessed whether stakeholder cooperation and the quality and timeliness of information provided were adequate to enable the ARC to fulfil its mandate

f. Concerns Raised with the Accounting Authority, Executive Authority, Relevant Treasury or Auditor-General

During the reporting period, the ARC considered matters requiring escalation in line with its Charter. Concerns were raised regarding governance, internal control, risk management, financial reporting, performance reporting, audit outcomes, and compliance. The ARC documented such matters, communicated them to the appropriate authority (Accounting Authority, Executive Authority, relevant Treasury organ or Auditor-General, as applicable), and monitored management's actions to resolve them.

g. Performance Against Statutory Duties

The ARC performed its functions and responsibilities as required by the PFMA and Treasury Regulations, and as set out in its approved Charter. The ARC applied an evidence-based approach to oversight, reviewed relevant reports, engaged assurance providers, and issued recommendations to strengthen governance, risk management, internal control, financial and performance reporting, and compliance.

h. Composition of the ARC

The ARC was appropriately constituted and comprised members with a suitable mix of skills, qualifications, expertise, and experience relevant to the size and complexity of the organisation. The composition enabled effective oversight of financial reporting, internal control, risk management, governance, IT risks (where applicable), and compliance. Consideration was also given to independence, diversity of competencies, and the operating environment (including geographic dispersion and supply chain complexity, where relevant).

i. Meeting Attendance

During the reporting period 1 April 2025 to 31 March 2026, the ARC held six (6) meetings, comprising four (4) ordinary meetings and two (2) special meetings. Attendance was monitored and recorded, and SARS maintains a register of member attendance in line with governance requirements. The Committee meets quarterly as scheduled on the annual calendar. However, should the need arise, ad-hoc meetings are convened.

j. Combined Assurance

The ARC oversaw the combined assurance approach and evaluated its maturity within the organisation. The ARC considered coordination and reliance between assurance providers (management, risk management, compliance, internal audit, external audit, and other assurance providers) to reduce duplication, strengthen coverage of key risks, and improve assurance reporting to the Accounting Authority.

k. Resolution of ARC Recommendations

The ARC monitored the implementation of its recommendations through management progress reporting and follow-up actions. The ARC assessed whether management appropriately received, prioritised, and implemented recommendations. Where implementation delays occurred, the ARC engaged management to agree on corrective actions and revised timelines.

l. ARC Performance Evaluation

The ARC conducted an annual self-assessment of its performance and effectiveness for the reporting period. The evaluation considered governance practices, meeting effectiveness, quality of oversight, stakeholder engagement, and the impact of recommendations. A 360-degree assessment involving stakeholders was not conducted during the reporting period. Key outcomes from the self-assessment were documented, and actions to improve identified performance areas were initiated and tracked.

m. Remuneration of the ARC Members

The ARC members are remunerated in terms of the scales outlined in sections 20.2 and 20.3 of the Treasury Regulations. In this regard, SARS opted to use the Annual Circular, which is the approved Guideline on Fees for Audits performed by private firms on behalf of AGSA, as agreed to by AGSA and SAICA. This Circular ("annual prescribed SAICA rates") is reviewed on an annual basis and is valid for a financial year (1 April to 31 March of the following year). Total payment for ARC members for the 2025/26 FY was R393 594.

Enterprise Risk Management

SARS implemented effective risk-management mechanisms and maintained robust control measures. These measures ensured that the risk-governance environment functioned well and supported SARS' mandate. Risk-based decision-making was embedded within strategic and business-planning processes. SARS' strategy development was informed by strategic risks that could affect SARS' mandate and its vision to build a smart, modern SARS with unquestionable integrity that is trusted and admired.

Internally, the Enterprise Governance and Risk Committee (EGRC), chaired by the Commissioner, reviewed the progress and status of significant and emerging risks. The EGRC provided enterprise-wide oversight by ensuring that the Enterprise Risk Management (ERM) Framework was implemented, executed, and monitored effectively. The EGRC reviewed key strategic and operational risks; evaluated mitigation actions; and escalated material risks and significant matters to the Executive Committee (EXCO) and the ARC to support informed decision-making. Externally, the ARC met quarterly to make recommendations on key risk matters and reported these through the appropriate governance structures.

The periodic review of the ERM Policy and ERM Framework aligned the organisation with current legislation and best practice to promote consistent application across SARS. The approved and published Risk Appetite Statement remained in force across the organisation. SARS' risk-management approach sets the organisation's risk-appetite and tolerance levels and is reviewed by the relevant governance structures.

All levels of business maintain a risk register. The risk-management culture at SARS remains entrenched, with risk discussions conducted within business units and escalated through portfolio-risk meetings with senior management.

Regular operational-risk workshops and engagements enabled business units to identify key risks through robust assessments of the internal and external risk landscape, and to strengthen mitigation strategies. The strategic risk profile was informed by scanning the internal environment, as well as emerging risks locally and globally. The strategic risks are updated quarterly for consideration by the EGRC and the ARC. The strategic risk profile is presented in the SARS Strategic Risk Profile for 2025/26.

All employees must complete internal risk-management courses on SARS' e-learning platforms, supported by regular engagement with senior and operational leadership on risk-governance principles and guidelines. Published risk policies and guidelines continue to define the risk-management roles and responsibilities of SARS officials. Risk management was decentralised to support Regional Directors, with guidance from the centralised risk unit, which remains adequately resourced. The ERM unit worked closely with risk coordinators and risk champions across business units.

In a volatile and uncertain operating environment, SARS is monitoring emerging risks that could affect the achievement of its strategic intent and objectives. The emerging risks include the threat of tariffs on an expanding range of South African products; geopolitical tensions; increased complex technological advancement; evolving cybersecurity threats; and competition for critical skills.

SARS considered the Institute of Risk Management South Africa's (IRMSA) 2025 Risk Report and the World Economic Forum's (WEF) 2026 Global Risks Report to assess the potential impact of emerging risks on the organisation and inform proactive responses. SARS also participated in the Organisation for Economic Co-operation and Development (OECD) Forum on Tax Administration (FTA) Plenary sessions. These engagements strengthened mitigation measures in response to shifting internal and external pressures in line with SARS' risk appetite, maintaining seamless service delivery to taxpayers and traders.

SARS also continued to collaborate on risk-management principles and interventions with the Enterprise Risk Management Community of Interest (ERM-COI) of the OECD FTA, the World Customs Organisation (WCO), and IRMSA. Learning was further enhanced through participation in the OECD-FTA Emerging Risk Survey and OECD-FTA.

Proactive risk management is recognised as a contributing factor to SARS' strong performance in the 2025/26 FY. SARS recognises that the operating environment requires an agile and multifaceted response to emerging risks.

Strategic Risk Profile 2025/26

Strategic Risks	SARS Strategic Responses	Strategic Wins
Erosion of social cohesion impacts compliance ■ Illicit trade ■ General crime and corruption ■ Cross-border criminal syndication ■ Low economic growth ■ High unemployment ■ Poverty and inequality	Detect and appropriately respond to all forms of non-compliance (SO3).	■ Revenue-recovery initiatives and normal SARS business have yielded successful performance of over R2 trillion in collections. Compliance activities yielded compliance revenue which represented 15.9% of net collections for the 2025/26 FY. ■ Potential protected revenue increased. SARS curtailed illicit trade through successful customs-operations interventions. ■ SARS' criminal investigations resulted in custodial sentences, fines imposed, and monies recouped. ■ The debt collection for the year yielded a revenue of R110.5 billion. ■ SARS is taking advantage of the joint FATF working group programme.
Growing tax gap	Build public trust and confidence in the tax administration (SO9).	■ Tax-base-broadening initiative grew the tax base by 1.9 million new taxpayers by 31 March 2026. ■ The long term average tax buoyancy ratio for 2025/26 was 1.40 higher than the annual 1-unit expectation, indicating that the revenue-extraction grew faster than economic growth. This ratio suggests improving revenue administration efficiencies, and taxpayer education.
Competition for scarce critical skills	Position SARS as an employer of choice by ensuring a high-performing, engaged, and evolved workforce through a differentiated employee value proposition (SO4).	■ The 2026 Graduate Intake programme transitioned from approval to implementation. ■ Strategic partnerships with universities and professional bodies were sustained. ■ Proactive and reactive sourcing interventions were reinforced in response to evolving skills pressures. ■ Career progression advanced with a focus on targeted development pathways and capability transfer.
Rapid technological change and artificial intelligence	Reimagine SARS as a smart digital tax administration platform, embedded in data science, artificial intelligence and enabling technologies (SO5 and SO6).	■ Nil security breaches were recorded for the entire financial year. ■ SARS is upgrading key security infrastructure, including firewalls, identity and access management, email, and the security-incident and event-management system.
SARS underfunded – impact on the legal mandate	Build a business case for a differentiated funding model for SARS as government's preferred least cost funder (SO7).	■ SARS continues to operate in a constrained fiscal environment while maintaining operational resilience and delivery momentum. The Revenue Enhancement Programme (REP) has achieved preliminary revenue collection of R31.9 billion. The REP and Modernisation are multiyear initiatives extending into 2026/27 FY, supported through ring-fenced funding, which cannot be reprioritised. ■ The medium-term funding outlook remains constrained, with final allocations confirmed and baseline reductions remaining in place. For 2026/27 FY, the Business-as-Usual (BAU) baseline increases by only 3.16% compared to 2025/26 FY, a growth rate that already incorporates a baseline reduction of R76.6 million and remains below estimated underlying cost pressure growth of ~ 4.6%.

Integrity Promotion

The year marked a period of consolidation and institutional strengthening of the Integrity Promotion and Assurance (IPA) function within SARS. The year was characterised by a significant increase in reported integrity incidents across the end-to-end case lifecycle, reflecting both heightened integrity risk exposure and increased confidence in the IPA and its reporting mechanisms. Despite sustained growth in case inflows, IPA maintained effective governance controls, strengthened preventative integrity frameworks and processes, and improved investigative throughput while maintaining case ageing within acceptable thresholds.

Milestones achieved during the year included the Commissioner's approval of the Integrity Maturity Baseline Assessment Score, the Integrity Improvement Plan, and the Integrity Lifestyle Audit Framework. This reflects SARS' commitment to institutionalise integrity into the fabric of the organisation, improving public confidence in the tax administration.

IPA's mandate to:

- Strongly promote and foster a culture of unquestionable integrity within SARS that promotes ethical conduct which strengthens good governance, leads to ethical decision-making, and instils stakeholder trust and confidence in the organisation.
- Combat, detect, and prevent serious misconduct within SARS.
- Deliver a fair, consistent, and effective consequence-management process in SARS.

During the review period, activities focused on the following strategic pillars: clarity of obligations to strengthen ethical awareness and leadership accountability; ease of compliance by embedding integrity controls into organisational processes; and building trust and confidence in the tax administration.

IPA continued to carry out integrity-promotion initiatives and reinforce trust among SARS employees. During the review period, 61% of employees, including managers and leaders, completed integrity-related e-learning modules, as well as ethics and integrity awareness sessions.

To support a strong ethical environment, IPA processed 35 reports through the Integrity "Speak Out" mailbox. Various policies, SOPs, and guides were reviewed to align them with integrity and fraud-prevention standards across SARS.

Strengthen integrity governance within SARS

- Established the Integrity Maturity Baseline Assessment Score.
- Developed the Integrity Improvement Plan.
- Achieved APP annual targets.
- Developed the Integrity Lifestyle Audit Framework.
- Developed the IPA Framework.

The 2025/26 FY reflects a maturing integrity promotion and assurance capability maintaining strong governance, effective ageing control, and improved investigative throughput. The integrity milestones achieved during the year materially strengthened SARS and offered a solid foundation for continued risk-based integrity management.

Compliance with Laws and Regulations

During the reporting period, SARS focused on reviewing and updating the Compliance Universe and Compliance Risk Profile to confirm the completeness of applicable legislative and regulatory requirements; and enhance consistency, traceability, and risk-based prioritisation across the regulatory-compliance framework.

The existing Compliance Risk Management Plans were refined and migrated into the SARS Compliance Management System with implementation initiated during the 2025/26 FY. This process was undertaken in response to the organisation's modernisation and supported the centralisation of compliance-risk management. The initiative enables coordinated and consistent monitoring, reporting, and governance oversight across the organisation.

SARS undertook targeted, risk-based monitoring of governance processes across various business functions to evaluate the adequacy and effectiveness of controls against applicable laws and regulations, including legislation underpinning SARS' mandate.

The review strengthened internal controls and improved compliance-management practices across the organisation. While monitoring activities covered a broad range of legislative obligations, priority was given to areas of elevated compliance-risk, as informed by the enterprise compliance-risk profile. Through this approach, SARS assured that the organisation adheres to its legislative responsibilities.

Based on these activities performed during the reporting period, SARS maintained a generally sound state of legislative compliance, with no material systemic compliance failures identified. Monitored outcomes indicated that compliance obligations were largely met, with identified gaps closed through control enhancements, targeted remediation, and refinement of the compliance-management framework.

Fraud and Corruption

A risk-based integrity approach underpinned strategies to combat fraud and corruption. Apart from the above-mentioned initiatives, the SARS reviewed and updated relevant policies and SOPs and strengthened Data Loss Prevention (DLP) detection and monitoring capabilities. These interventions reflect a shift toward proactive and preventative integrity management.

SARS maintains multiple confidential mechanisms to report suspected fraud and corruption. These include formal reporting channels aligned to confidentiality requirements, management referrals, and system-generated alerts such as DLP detections. All reports are handled confidentially, with appropriate safeguards.

Actions taken where Reported Matters involved SARS Employees

During the year, 418 incidents were reported; 254 cases were escalated for investigation; 136 investigations were finalised; and 77 cases involving 99 employees were referred for disciplinary action.

Five cases were referred to SAPS; and one case was referred to the NPA. There were also 34 active disciplinary matters at the beginning of the financial year. Twenty-eight disciplinary matters were finalised, and positive outcomes were attained in 75% of the matters. This includes two dismissals; six resignations; and lesser sanctions imposed in 13 cases. These sanctions ranged from Final Written Warnings coupled with suspension without pay, to Verbal Warnings. No positive outcomes were achieved in criminal cases for the FY. Most cases escalated for investigation involved information breaches, unauthorised Interference in Tax Matters, and Irregular Customs Processes.

Minimising Conflict of Interest

Conflicts of interest are often at the root of corruption, where individuals may abuse their official positions for personal gain. However, not all conflicts involve misconduct, with many simply requiring structured management. Recognising this, SARS adopted a proactive approach that promotes transparency and accountability. This includes being cognisant of conflict situations that may compromise, appear to, or have the potential to compromise the judgment of employees in the course of their duties. Mechanisms used to manage conflict of interest include declaring private interests, managing Work Outside SARS, and regulating gifts received by employees.

Over the years, SARS has consistently achieved 95% compliance for submission of private interests during the declaration period from 1–30 April, with 100% compliance achieved for the year by June 2025. Compliance by 30 April is mainly affected by employees that are not at work during the declaration period.

SARS verified 5 884 employees' private interest, especially those that may pose high risks such as in Top Management and Supply Chain Management, including the Specification, Evaluation, and Adjudication Committees. This ensures that potentially high-risk private interests are timeously and proactively assessed and mitigated. This approach also focused on verifying the private interests of external appointments joining SARS, so that SARS does not appoint candidates whose interests may pose risk to the organisation.

As part of the enforcement measures, SARS also ensured that employees were not registered on the National Treasury's Central Supplier Database (CSD) to prevent them from conducting business with the State. A live dashboard was created to enable real-time monitoring and early identification of new CSD linkages and to prioritise new cases promptly. No SARS employees are conducting business with the state. Employees whose companies were registered on the CSD were requested to de-register their companies or to resign from the companies appearing on the CSD. Failure to comply resulted in their line managers being requested to take disciplinary action against them.

Efforts to provide clarity and ensure compliance continued through awareness sessions to educate employees and management about their responsibilities and obligations, especially new employees. Additional interventions were implemented to strengthen internal control measures. These included streamlining disciplinary action to hold non-compliant employees accountable; monitoring that new employees submit their private interests within 30 days of assuming their duties; and improving the efficiency of the gift-management process.

SARS Social Responsibility

Donations Programme

During the 2025/26 FY, SARS advanced its commitment to support communities through the donation of IT devices and other assets. More than 5 000 assets were donated to 94 beneficiaries across all provinces, including non-fee-paying public schools and non-profit community-based organisations. The donated equipment and furniture was of significant benefit to the recipient communities.

Support for Disaster Relief and Poverty Alleviation

In collaboration with Customs, the Department of Social Development (DSD), and various non-profit organisations, SARS supported vulnerable communities by donating seized second-hand clothing and blankets. These donations assisted flood-affected communities in the Eastern Cape and contributed to poverty-alleviation initiatives in KwaZulu-Natal.

The project started in the rural areas of Eastern Cape, where 38 non-profit organisations and almost 1 500 beneficiaries received second-hand clothing. In the rural communities around Mthatha, an estimated 5 000 individuals, families, and local NGOs benefited from clothing and blankets. KwaZulu-Natal also received substantial support, with more than 100 NGOs and 3 000 individuals receiving second-hand clothing.

Nelson Mandela Month Initiatives

During Mandela Month, SARS mobilised broad employee participation across regions and business units, reflecting a shared commitment to service and social responsibility. Activities were aligned to the national "67 Minutes" call to action — "It's still in our hands to combat poverty and inequity" — and focused on compassion, dignity, access to basic services, and community upliftment.

Participation extended across frontline offices, support units, and leadership groupings such as the Customs and Excise Compliance Cluster, Youth@SARS, Women in Leadership, Men's Forum, and the Social Responsibility Unit, with employees voluntarily contributing time, resources, and expertise.

Focus areas included support for children and youth through donations to orphanages, schools, and day-care centres; poverty alleviation through food drives, soup kitchens, blanket and clothing donations; health and dignity through sanitary items and personal care package initiatives; environmental stewardship through beach clean-ups; and support for vulnerable groups, including the elderly, people living with HIV, homeless communities, and survivors of gender-based violence.

In many locations, teams extended service hours to assist taxpayers while delivering humanitarian support. The scale of the initiatives and sustained participation across provinces reflects a strong culture of active citizenship and collaboration. SARS' Mandela Month programme showed how shared effort, grounded in common values, can deliver social benefit in communities across South Africa.

B-BBEE Compliance Performance Information

The information below reflects the concluded 2024/25 FY B-BBEE outcome, as the 2025/26 FY B-BBEE scorecard audit is still in progress and is expected to conclude by 31 August 2026.

Elements	Available Points	Score Achieved 2024/25 FY	Score Achieved 2023/24 FY
Management Control	20.00	17.24	16.59
Skills Development	25.00	7.02	10.64
Enterprise & Supplier Development:	50.00	28.42	48.23
1. Procurement	30.00	26.17	28.23
2. Supplier Development	15.00	2.25	15.00
3. Enterprise Development	5.00	0.00	5.00
Socio-Economic Development	5.00	0.00	5.00
Total Achieved	**100.00**	**52.68**	**80.47**
Level Achieved		**Non-compliant**	**Six**

Management Control

SARS achieved 17.24 in 2024/25 FY vs 16.59 in 2023/24. The increase in points achieved under the Management Control element is attributable to the improved representation of black management, including black female employees, across Junior, Middle, and Senior Management levels.

Skills Development

SARS achieved 7.02 in 2024/25 FY vs 10.64 in 2023/24. The leviable amount increased by 7% in 2024/25, as a result of an increase in the monetary value spend component. The decrease in the number of learners contributed to the decrease in Skills Development score.

Enterprise and Supplier Development: Procurement

SARS achieved 26.17 points in 2024/25 FY on this element. Below is the breakdown depicting how SARS performed in this area.

Supplier Development

SARS achieved 2.25 points in 2024/25 FY versus 15 points in 2023/24 FY for supplier development. The low score in 2024/25 FY is attributable to an R11 million investment made outside the 2024/25 FY measurement period.

B-BBEE Spend Measure	Score
All Empowering Suppliers	4.43/5
Empowering suppliers who are Qualifying Small Enterprises	2.53/4
Empowering suppliers who are Exempted Micro Enterprises	2.22/5
Empowering suppliers who are 51% black owned	10/11
Empowering suppliers who are 30% black women owned	5/5
Designated groups who are 51% black owned	2/2

The Enterprise and Supplier Development funding was approved at the end of the 2024/25 FY, which did not provide sufficient time to undertake and conclude the procurement process required to appoint a third-party partner to administer the funding. The investment fell outside the applicable reporting period and therefore was not included in the 2024/25 FY scorecard assessment. The expenditure must be incurred within the relevant financial year to be recognised as qualifying contributions.

The total investment was carried forward to the 2024/25 FY measurement period. The R7.2 million contribution was allocated to Supplier Development for 2025/26 to achieve a total of 15 points, while R3.8 million was allocated to Enterprise Development to achieve a total of 5 points.

Enterprise Development

SARS achieved 0.00 points in 2024/25 FY versus 5 points in 2023/24 for Enterprise Development. The R3.8 million contribution was allocated to Enterprise Development for the 2025/26 FY measurement period and will contribute to the achievement of all 5 points.

Socio-Economic Development

SARS achieved 0.00 points in 2024/25 FY versus 5 points in 2023/24 FY for Socio Economic Development. A R3.7 million contribution was approved, in addition to the R11 million, allocated to the Socio-Economic Development element for the 2025/26 FY measurement period and is expected to support the achievement of the full 5 points.

The organisation improved from Level Seven in 2022/23 FY to a B-BBEE Level Six Contributor in 2023/24 FY. Following the conclusion of the 2023/24 FY B-BBEE audit, the organisation's overall B-BBEE status declined, from a B-BBEE Level Six in the 2023/24 FY to non-compliant status in the 2024/25 FY. It should be noted that SARS achieved Level Eight B-BBEE recognition status, subsequently discounted to a non-compliant status owing to non-achievement of the 40% sub-minimum requirement for the Skills Development element. This was attributable to insufficient investment in structured skills-development programmes that meet the recognition requirements prescribed by the applicable B-BBEE legislation and Codes of Good Practice. As part of the mitigation measures to close the identified gaps and improve future performance, a three-year implementation plan was proposed to support planning, timely approvals, and improved execution of B-BBEE initiatives within the applicable measurement periods.

Criteria Response	Yes/No	Discussion
Determining qualification criteria for the issuing of licences, 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 licences, 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 the 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 used to award bursaries to students.

Company Secretary

SARS' Accounting Authority appoints a Company Secretary who provides the entity with professional corporate-governance services, including advice and guidance on the fiduciary duties, responsibilities, compliance and adherence with laws and regulations. Advocate Lebogang More was appointed as Company Secretary on 1 August 2023.

In my capacity as Company Secretary, I, Lebogang More, hereby certify that, to the best of my knowledge:

1. SARS has submitted to the relevant authorities all such declarations and reports as required in terms of the Public Finance Management Act 1 of 1999 (PFMA) and the Regulations thereof as amended for the financial year ended 2025/26. All such declarations and reports appear to be true, correct, and up to date;
2. The Accounting Authority has complied with his obligations in terms of governance, disclosures, and fiduciary responsibilities as set out in applicable legislation, including the PFMA and King V Code on Corporate Governance;
3. SARS has complied with its founding legislation, the South African Revenue Service Act 34 of 1997 as amended, and all statutory requirements applicable to its operations; and
4. No significant non-compliance matters have been brought to my attention

Internal Audit Report

Strategic Role and Purpose of Internal Audit

The internal audit function (IAF) is a fundamental component of the public entity's governance and accountability system. The IAF is established in terms of section 51(1)(a)(ii) of the Public Finance Management Act (PFMA), read together with Treasury Regulations 27.2.2. In light of Treasury Regulation 27.2.6, which stipulates that internal audit must be conducted in accordance with the Standards™ set by the Institute of Internal Auditors, the IAF is required to comply with the International Professional Practices Framework® (IPPF®) comprising the Global Internal Audit Standards™, Topical Requirements, and Global Guidance published by the Institute of Internal Auditors (IIA). The IPPF establishes the foundation upon which the IAF acts independently and objectively in providing assurance and advisory services in respect of the public entity's overall governance, risk management, and internal control processes. The IAF is led by the Chief Audit Executive (Head: Internal Audit) and operates in terms of the Internal Audit Charter, which is approved by the Audit and Risk Committee (ARC) and endorsed by the Accounting Authority.

Strategic Positioning and Independence

The IAF functions independently from management and has a functional reporting line directly to the ARC, and an administrative reporting line to the Commissioner (Accounting Authority). The IAF's functional reporting to the ARC is prescribed in section 51(1)(a)(ii) of the PFMA and is intended to protect the independence and objectivity of individual internal auditors. The Chief Audit Executive has unrestricted access to the Chairperson of the ARC. SARS maintains an in-house IAF. The independence of the IAF is actively protected at all times, with safeguards formally documented, monitored and reviewed by the ARC to keep the IAF free from undue influence in the execution of its mandate.

Activities and Objectives

Internal auditing enhances SARS' ability to serve the public interest by improving governance, risk management, and control. It contributes to operational efficiency, reliable reporting, legal compliance, asset protection, and ethical culture, ultimately fostering public trust. Internal auditing provides independent, risk-based assurance, advice, and insights that strengthen SARS':

- Ability to achieve its objectives.
- Governance, risk management, and control.
- Decision-making and oversight.
- Reputation and credibility among its stakeholders.
- Service to the public interest.

The IAF's vision is to assist SARS in achieving its goals by delivering cutting-edge services that enhance and protect value. The IAF has developed a strategy which aligns with the SARS mission and strategy. Internal Audit's strategy is to promote strong governance through value-driven assurance and proactive advisory services that support SARS' strategic objectives; enhance the Governance, Risk, and Compliance environment; effectively manage stakeholders; develop and engage Internal Audit employees for the future; and modernise Internal Audit processes to deliver efficient services. The internal audit charter, methodology, rolling three-year strategic internal audit plan, and an annual plan for the first year of the rolling three-year internal audit plan (strategic and annual plans) were reviewed and approved.

The IAF structure comprises leadership, management, audit practitioners, and operational support, providing a balanced mix of oversight, execution, and support capacity. The team comprises a Head of Internal Audit, Business Area Heads/Leads, Managers, Senior Auditors, and Auditors, supported by operational staff, with 85% of total capacity allocated to core audit activities and 15% to enabling and support roles, ensuring sufficient depth, control, and continuity to deliver the audit plan.

A Quality Assurance and Improvement Programme is in place, with the last External Quality Assurance completed in September 2023. The IAF has achieved a "General Conformance" rating to the International Standards of Professional Practice of Internal Auditing. SARS identified a few shortcomings and resolved them accordingly. The IAF uses structured surveys to obtain feedback from stakeholders, including the AC, the Auditor-General, and SARS management. The feedback is used to assess performance, add value, and identify improvement opportunities that inform the Quality Assurance and Improvement Programme.

Maintaining stakeholder relationships is essential for the success of the IAF. IAF engages closely with the ARC through independent reporting; assurance over governance, risk, and control; and regular performance and progress updates. Strong working relationships are also maintained with SARS management across all phases of the audit lifecycle to keep audits risk focused, deliver practical recommendations, and implement corrective actions effectively. In addition, IAF collaborates with other assurance providers, including the Auditor-General and second-line functions, to support a combined assurance approach, minimise duplication, and optimise assurance coverage.

Summary of Work Done by the IAF in the Reporting Period

	Number of Findings	Total Addressed	In Progress	Number of Recurring Findings Last 3 FY
IAF Findings	89	48	41	0

The Internal Audit Function (IAF) reported a total of 89 findings, of which 48 have been successfully addressed, reflecting steady progress in resolving identified issues. The remaining 41 findings are currently in progress, indicating ongoing remediation efforts across affected areas. Notably, there are no recurring findings over the last three FYs, demonstrating improved control effectiveness and the sustainability of corrective actions implemented. Overall, the results reflect a positive trajectory in audit resolution and a strengthening of governance and control environments in SARS.

The work of the Zondo and Nugent Commissions of Inquiry, referenced in Annexures 2 and 3 respectively, provides critical context for understanding the institutional reforms undertaken within SARS. As detailed in these annexures, both committees examined governance failures and operational weaknesses, highlighting the need for strengthened oversight, enhanced accountability, and the restoration of organisational integrity. Their findings and recommendations have directly informed the restructuring of governance frameworks, the reinforcement of compliance and control mechanisms, and the ongoing efforts to rebuild public trust and internal capability within SARS.

Audit and Risk Committee

Mr Barend Petersen

Chartered Accountant (SA)

B Compt (Unisa)
Honours B Compt (Unisa)

Professional Affiliation
SAICA

Appointed: 20 September 2021

4 meetings

Ms Carmen Mpelwane

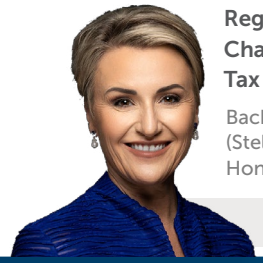
Chartered Accountant (SA)
CFA Charter-holder

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

Professional Affiliation
SAICA, IODSA, CFA Institute

Appointed: 24 February 2022

4 meetings



Ms Alice le Roux

Registered Auditor
Chartered Accountant (SA)
Tax Practitioner

Bachelor of Accounting (Stellenbosch)
Honours B Compt (Unisa)

Professional Affiliation
IRBA, SAICA, FISA

Appointed: 1 October 2024

4 meetings

Report of the Audit and Risk Committee

The SARS Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2026.

PART 1

Audit and Risk Committee Reflections 2025/26

The ARC has maintained its independence throughout the year and has operated with a strong strategic focus, providing objective oversight and independent counsel to the Accounting Authority. The ARC has consistently monitored potential conflicts of interest within its own ranks and ensured that appropriate safeguards are in place to uphold transparency and integrity. It has fostered effective stakeholder relationships and actively supported the positioning and protection of the independence of the Internal Audit Function, including the objectivity of internal audit staff and the Chief Audit Executive. The ARC has received regular reports on internal audit activities and has provided guidance on the evolving role of the Chief Audit Executive beyond traditional assurance, particularly in supporting governance and strategic initiatives.

The ARC confirms that it has consistently reported to and briefed the Accounting Authority on its activities, including the main issues deliberated, key challenges identified, and proposed corrective actions. Where required, The ARC has also engaged with the Executive Authority to provide appropriate briefings. In addition, The ARC has undertaken a formal assessment of its own performance during the year and is satisfied that it has discharged its responsibilities effectively, while recognising opportunities for continuous improvement in enhancing its oversight role and contribution to governance within SARS.

Audit and Risk Committee Responsibility

- The ARC reports that it has discharged its responsibilities in accordance with its approved Charter, Treasury Regulation 27.1 and the applicable requirements arising from section 51(1)(a)(ii) of the Public Finance Management Act, 1999.
- The ARC confirms that it operated without undue restriction, interference or limitation and that no matter arose that impaired its independence or objectivity. The ARC has internalised the relevant requirements of the Global Internal Audit Standards in its work and has aligned both the Internal Audit Function and ARC charters accordingly. The ARC confirms that it applied professional scepticism in

the execution of its duties by critically evaluating information placed before it, requesting additional information when necessary and continuously assessing whether Internal Audit, management and other assurance providers maintained high ethical and professional standards.

PART 2

Audit and Risk Committee Composition and Attendance

- The ARC has three (3) Independent Members chaired by Mr Barend Petersen and is properly constituted to fulfil its mandate.
- The ARC held four (4) ordinary meetings and two (2) special meetings for the financial year ended 31 March 2026, as per its Terms of Reference.

PART 3

Audit and Risk Committee Focus Areas

The Effectiveness of Internal Control Systems

- 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 ARC 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 ARC 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 ARC has reviewed the Internal Audit findings which did not reveal any shortcomings in internal controls during the year under review.
- Through The ARC's analysis of the internal audit reports and engagement with the management team, The ARC reports that the system of internal controls for the period under review was adequate and effective and the risks were found to be at an acceptable level.

Effectiveness of the Internal Audit Function

The Internal Audit Function (IAF) has operated consistently during the year under review in accordance with its approved mandate, strategy, and annual audit plan. The ARC approved the internal audit coverage plan and has reviewed reports presented by the IAF on a quarterly basis, providing oversight and guidance where necessary. The ARC is satisfied that management has made meaningful progress in addressing internal audit findings, supported by structured tracking and follow-up mechanisms, although continued focus is required to ensure timely resolution of all matters.

The ARC maintained oversight of significant investigations and monitored management's responses to recommendations, ensuring that appropriate corrective actions were implemented.

The ARC is satisfied with the independence and objectivity of the IAF, which operates in line with its approved charter and reports functionally to the ARC. The IAF has adopted and aligned to the Global Internal Audit Standards™, and The ARC has assessed its performance through regular reporting, quality assurance processes, and oversight of delivery against the approved plan. Based on this, the ARC is of the opinion that the IAF continues to operate effectively and adds value to the organisation.

The ARC is satisfied that the IAF has been adequately capacitated during the year, with appropriate skills and resources to execute its mandate, while recognising the need for continuous enhancement to meet evolving organisational demands. The Accounting Authority and the ARC continue to support the modernisation of Internal Audit through the adoption of technology, increased use of data analytics, and ongoing skills development initiatives.

The ARC considered the Internal Audit resource plan, vacancy levels, use of specialist resources and progress against the approved audit plan. While the function was able to deliver the substantial portion of its approved plan, The ARC continued to monitor capacity and specialist skills requirements in identified risk areas.

The ARC is further satisfied with the level of support and cooperation from management, which has enabled the IAF to execute its responsibilities effectively. The IAF has continued to coordinate its activities with other assurance providers as part of the Combined Assurance approach, although further maturity is required to achieve full integration. The ARC has also engaged appropriately with the Chief Audit Executive, the Auditor-General of South Africa, and the Accounting Authority, and confirms that there are no unresolved issues of concern requiring further escalation.

Based on the assurance reports considered during the year, The ARC concluded that the system of internal control was generally adequate to support the achievement of SARS' objectives. The ARC nevertheless noted recurring weaknesses in certain governance, information technology and control processes and continued to monitor management's implementation of sustainable corrective measures.

Effectiveness of Risk Management

Management is responsible for establishing and maintaining effective governance systems relating to, among other matters, risk management, fraud prevention and detection, and internal controls. Internal Audit was guided by the prevailing governance systems and the risk profile provided by management in identifying critical audit areas and incorporating management's input into its three-year strategic and annual audit plans.

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

Adequacy, reliability and accuracy of the financial and performance information

The ARC satisfied itself of the adequacy, reliability and accuracy of financial and performance information through quarterly reviews of management reports, consideration of internal audit and external audit feedback, and engagement with management on the quality of reporting controls. The ARC noted the progress made in strengthening reporting disciplines and did not identify any material concerns that would prevent reliance on the information presented for oversight purposes. Where areas for improvement were identified, management was requested to implement corrective actions and provide progress updates to the ARC.

Adequacy and effectiveness of Information and Communication Technology (ICT) Governance

The ARC satisfied itself regarding the adequacy and effectiveness of the entity's ICT governance frameworks, policies and controls through reports from management, Internal Audit and other relevant assurance providers. The ARC considered controls relating to ICT resources, access management, incident and problem management, change management and patch management, and monitored ICT-related business risks, including information security and cybersecurity risks. The ARC further noted that the Disaster Recovery Plan and Business Continuity Plan are in place, aligned to the broader business continuity management framework and subject to periodic testing.

Accounting and auditing concerns identified because of internal and external audits

While management has demonstrated significant improvement in responsiveness and the closure of audit findings since 2024, the persistence of control, governance, and IT-related weaknesses highlights the need for sustained focus on addressing underlying root causes rather than relying on symptom-driven remediation. Audit issues identified during the period 2024 to 2026 remain largely systemic and structural, including internal control deficiencies, gaps in governance and risk management, weaknesses in the IT control environment, and limitations in assurance coordination.

Notwithstanding these challenges, notable progress has been made, particularly in the elimination of the backlog of overdue findings, the strengthening of tracking and governance mechanisms, and increased management engagement in audit processes. However, management attention remains uneven, as evidenced by delays in certain remediation actions and the recurrence of structural control issues. This suggests that while the closure of audit findings has improved, greater emphasis is required on resolving root causes and embedding sustainable control improvements.

Irregular expenditure and fruitless and wasteful expenditure decreased significantly by the end of the 2025/2026 financial year. Management monitors these expenditure categories through the loss control function, and transactions are removed from the respective registers once appropriate consequence management processes have been concluded. These processes may include training interventions or formal disciplinary action, in line with the applicable disciplinary code of conduct.

Compliance with legal and regulatory provisions

The Committee has satisfied itself that there were no material non-compliance issues or legislative breaches raised during the year under review. Legislative compliance was monitored quarterly through the Regulatory Compliance Report presented to the Committee. Furthermore, SARS has a resourced Regulatory Compliance Unit which supports the organisation and has adopted Regulatory Compliance Policy.

Treasury reporting and quality of reports

The ARC satisfied itself regarding compliance with legal and regulatory requirements through quarterly consideration of compliance reports, management representations, internal audit coverage and external audit feedback. The ARC monitored areas of non-compliance where identified and required management to implement corrective actions and report progress. Based on the information presented, The ARC is satisfied that the entity has appropriate processes in place to identify, monitor and address compliance obligations.

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

Combined Assurance

The ARC has played a strong oversight and governance role in the combined assurance process, particularly in monitoring audit outcomes and ensuring accountability. However, while a Combined Assurance Framework has been established and implementation is underway, overall maturity remains at a developing stage, with further effort required to fully embed coordinated assurance across all providers and achieve an integrated, enterprise-wide assurance view.

Evaluation of Annual Financial Statements

The ARC 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 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 transactions.
- Reasons for year-on-year fluctuations.
- Asset valuations and revaluations.
- Re-assessment of the useful life of the assets.

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

The ARC noted the terms of the AGSA's engagement letter, audit strategy, and audit fees in respect of the 2025/2026 financial year. It is legislated that the Auditor-General of South Africa is the appointed auditors of the entity, and The ARC has noted that there were no non-audit services rendered by them during the year.

The ARC is satisfied with the independence and objectivity of the Auditor-General of South Africa as external auditor. The ARC met with AGSA in- committee and confirmed that no unresolved issues of concern were raised that had not been adequately addressed by the entity.

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

The ARC has considered the Auditor-General's audit and management reports for the year ended 31 March 2026 and concurs with the conclusions contained therein. The ARC notes the unqualified audit opinion expressed on the Annual Financial Statements and has considered the implications of the reported findings and management's remedial commitments.

Conclusion

The ARC has reviewed AGSA's management and audit reports for the financial year ended 31 March 2026 and concurs with their conclusions.

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

The review of Annual Financial Statements and the Annual Performance Report for the 2025/2026 Financial Year was completed at The ARC's meeting held on 30 July 2026.

Signed on behalf of the ARC by:

Mr Barend Petersen
Chairperson of the Audit and Risk Committee
12 August 2026

Human Capital and Development

PART 04

97	SARS People Management
104	Oversight Statistics

SARS People Management

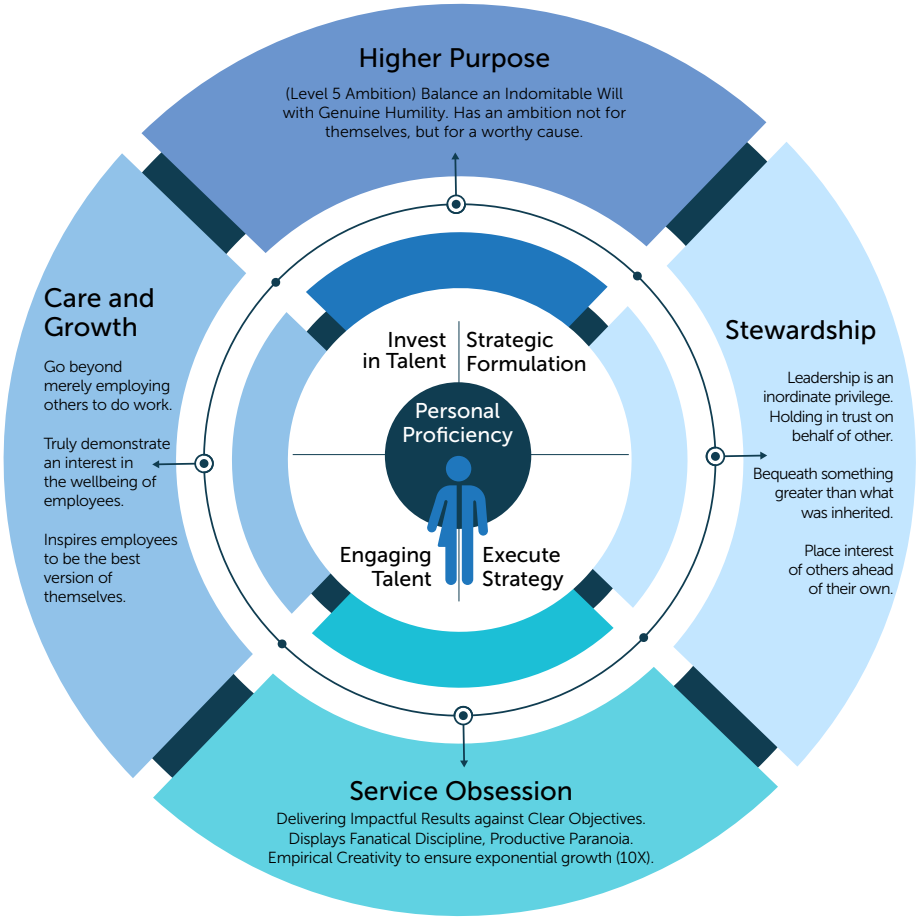
Embedding the SARS Leadership Model

Embedding the SARS Leadership Model remains a strategic enabler of organisational performance, culture, and mandate delivery. Leadership behaviour determines how consistently the organisation executes its work, builds trust, and sustains a high-performing institution. The SARS Leadership Model is a "guiding compass" that shows the attributes and behaviours expected of leaders at every level.

Leadership Model and Employee Value Position

SARS Leadership Model
Every SARS Leader shall

1. **Display Personal Proficiency**
   WHO I AM (Personally and Professionally)
2. **Manage people and work**
   WHAT I DO (Personal Competence)
3. **Impact others positively**
   WHAT I STAND FOR (Personal Brand)



The intellectual, psychological and emotional contract between SARS and its Employees that renders a highly engaged workforce to deliver the institutional mandate effectively, while providing an experience to every employee that is fulfilling and rewarding

Financial and Non-Financial Components of Rewards and Benefits

Employee Engagement Model (Employee Rights Charter)

Every Employee has the right to:

- Do work they enjoy
- Understand the meaning of their work
- Know what "winning" means
- Receive helpful performance feedback
- Experience a "fair deal"

What employees should expect from their managers

How managers should behave toward employees

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

SARS embedded its Leadership Model through measurement, enablement, and reinforcement:

- Leadership Effectiveness 360° survey (LE360°) is a period assessment that helps leaders identify strengths and development areas aligned to the SARS Leadership Model. The LE 360° reports show an improved organisational Leadership Effectiveness Index, from 86% to 88%, reflecting sustained progress in embedding the Leadership Model and improving leadership capability across SARS.
- SARS undertook "Embedding the Leadership Model" enablement sessions among its leadership cohort. The interventions reached 2 413 leaders to date across all leadership levels, comprising 1 067 junior managers, 600 middle managers, and 476 executives, as well as 270 emerging leaders.
- SARS is deliberate about strengthening women's leadership capability through specialised development workshops. Mentoring and coaching were coordinated by the Women in Leadership (WIL) forum comprising women leaders across leadership levels. WIL's approach is comprehensive, focusing on capability, visibility, talent pipeline, and career mobility for women leaders.

In addition, Talent Development Committees continued to serve as governance forums that translate leadership insight into action such as coaching, mentoring, and specialised development aligned with leadership-profile gaps.

Employee Value Proposition (EVP)

SARS positions its EVP as a strategic enabler of employee engagement, organisational capability, and long-term institutional sustainability. The EVP articulates the intellectual, psychological, and emotional contract between the organisation and its employees, supported by financial and non-financial rewards, and aligned with SARS' transformation and modernisation agenda. Through this integrated approach, the EVP contributes directly to Core Outcome 3 of the 2025/26 Annual Performance Plan, which focuses on improving employee engagement.

During the reporting period, emphasis was placed on strengthening non-financial elements of the EVP. Structured career-enhancement and progression mechanisms were institutionalised through the implementation of the People Capability and Career Management framework, providing employees with clarity on career pathways, development expectations, and progression logic across key job families. In parallel, SARS introduced a structured retirement readiness programme to support informed and responsible transition planning. Initially designed for employees nearing retirement age, the programme is being extended to broader employee cohorts to promote continuity, workforce sustainability, and informed decision-making. The EVP was strengthened through leadership development, skills development and integrity focused initiatives that prepare employees for a data-driven, technology enabled future of work.

Together, these measures support a high performing, engaged, and agile workforce, contributing to organisational resilience and the delivery of SARS' mandate over the medium term.

Enterprise Capacity Management

Enterprise workforce and resource planning, which encompasses resource-performance analysis and projection, aligns the needs and priorities of the organisation with its resources, so that the organisation can meet its Strategic Objectives.

SARS has adopted the use of Activity Based Management Principles through the consortium for Advanced Management International Institute (CAM-I) framework, which integrates the organisation's demand for resources with the execution of activities.

These methodologies are underpinned by the SARS Enterprise Capacity and Performance Measurement Policy, a framework to manage enterprise capacity and measure performance within SARS, as part of the review of resource supply and demand.

SARS has invested in building additional capacity within key specialised disciplines, in support of its Strategic Objectives, including AI/Machine Learning, Information Technology, Audit and Risk Detection, Data Science, and Specialised Investigations.

Furthermore, SARS has established a series of graduate pipeline programmes across various fields of highly specialised skillsets. The organisation intends to augment its capacity by developing and upskilling graduates for jobs that SARS expects will be required in the future. To date, these efforts have contributed to steady growth in critical skillsets to achieve SARS' Strategic Objectives.

SARS is adopting an integrated data-driven approach to Strategic Operational Performance Analysis and Resource Planning. This empowers the organisation to use its resources well by:

- Investing in critical skills and developing SARS' employees for technology-enabled roles.
- Prioritising work items coordinated nationally across SARS' regions.
- Apportioning funds for employee-engagement campaigns.
- Identifying redundant activities through root-cause analysis, productivity metrics, benchmarks, and scenario planning.

SARS has also improved its vacancy-management processes, with an automated workflow enabling management to respond quickly to resourcing requirements.

Business Unit Models have been improved to provide real-time views of productivity, allowing for more agile resource management and planning. SARS' three-year Workforce Plan, prioritise resources to develop and acquire employees with scarce skills.

Staffing decisions are informed by established organisational capacity plans and budget considerations, both of which are regularly reviewed to meet evolving operational needs.

Employee Recognition

Over the past four financial years, SARS has made deliberate and measurable progress to embed a culture of recognition as a key enabler of a high-performing, diverse, agile, engaged, and evolved workforce. The data clearly demonstrates that recognition is a regular organisational practice that reinforces performance, inclusion, and shared accountability.

The Integrated Reward and Recognition Framework was endorsed to align performance with organisational goals through various rewards, such as Annual Recognition Awards (ARA) and the On-the-Spot offering.

In the third quarter of 2025/26 FY, The 2025 ARA was an event which was well organised and celebrated excellence, performance, and culture-building across SARS. The ARA programme continues to reflect growth and inclusivity. The data also shows strong representation across regions, clusters, gender, and age groups, reflecting a recognition framework that is diverse and inclusive.

Nomination Category	Number of Nominations in 2025/26 financial year
Individual Nominations	1 943
Team Nominations	862
Total Nominations	**2 805**

SARS recorded 10 025 On-the Spot nominations against a headcount of 14 263, resulting in a use-rate of 70.29%. This reflects sustained growth from 47.05% in the 2022/23 FY to 55.86% in the 2023/24 FY and 60.60% in 2024/25 FY. The upward trend indicates that recognition is increasingly embedded in organisational practice, incentivising, collaboration and excellent service.

Together, the On-the Spot awards and ARA results show a growing culture of recognition that enables high performance, strengthens engagement, and reinforces values based leadership. Recognition at SARS is increasingly prompt, data-driven, and equitable, enabling individuals and teams to see how their contributions advance organisational outcomes.

Safety, Health, and Wellness

SARS is committed to providing a safe and healthy workplace while promoting environmental responsibility. During the reporting year, SARS strengthened its capacity to implement the environmental-management mandate through the appointment of two environmental specialists. Work began to develop an Environmental Baseline Risk Assessment (BRA), informed by an analysis of applicable environmental-management legislative requirements. The Environmental Baseline Risk Assessment will help SARS identify environmental aspects arising from business activities that may require compliance with environmental regulatory requirements.

In addition, a process for managing environmental incidents has been developed and is being implemented. This process governs the reporting and remedying of environmental incidents, improving legislative compliance and generating information for strategy development.

Health and Safety Baseline Risk Assessments were conducted for the first time in regions with residential accommodation, namely Limpopo, North-West, Northern Cape, Mpumalanga, KwaZulu-Natal, and the Free State. These assessments provided a comprehensive view of the risks affecting employees who use residential accommodation and included recommendations on interventions to minimise or eliminate identified hazards. Risk assessments for job activities also continued across Border Operations and Ports of Entry.

These assessments are conducted in line with legislative requirements and safeguard the wellbeing of employees.

Building on progress reported in 2024/25, the SARS Employee Health and Wellness Programme (EHWP) expanded access to psychosocial support services in 2025/26 and strengthened its integration within the organisation. The programme increasingly supports a more proactive approach to employee wellbeing and organisational resilience.

Use of EHWP services increased during the reporting period, supported by both clinical case uptake and participation in wellness initiatives, including education, awareness, and training. Repeat utilisation suggests growing confidence in the programme as a support mechanism.

Work-related stress was the leading presenting issue, followed by relationship challenges, family-related concerns, bereavement and emerging mental-health symptoms. This pattern reflects the continued effect of workplace pressures on employee wellbeing.

Most EHWP cases originated from high-pressure functional areas, reflecting elevated exposure to frontline service demands. Manager participation remained limited, highlighting a gap in leadership-driven wellness support and early intervention.

The programme maintained strong clinical governance, with minimal high-risk cases and a consistently high case-resolution rate. This indicates effective triage, early intervention, and short-term therapeutic support. Demographic trends remained consistent with previous years, with higher participation among female employees and the 41–50 age cohort.

High-priority areas include strengthening management engagement; expanding mental-health and resilience initiatives; and tailoring support to high-risk business units and regions.

Overall, the EHWP continued to support employee wellbeing and organisational effectiveness during the year. Sustaining this contribution will require stronger leadership involvement and further monitoring of organisational stress factors.

Gender Equality and Persons with Disability

SARS aspires to create a work environment that is safe, diverse, equal, inclusive, conducive, and free of gender-based violence and harassment. This should be an environment in which all can realise their full potential and in which taxpayers and traders receive equal service.

During the year, SARS reinforced an institutional culture of safety, dignity, and accountability, with zero tolerance for gender-based violence, harassment, discrimination, victimisation, and retaliation. SARS strengthened prevention and response to Gender-Based Violence and Femicide (GBVF) through partnerships, governance support, and sustained awareness.

Collaboration with internal and external stakeholders, including SAPS, the NPA, and civil society, strengthened prevention, reporting and survivor-support pathways. Men's Forums were rolled out across all nine regions, including a dedicated Customs and Excise forum launched in September 2025 to drive behavioural change. The "SARS Says No to GBVF" campaign reinforced messaging through workplace visibility and integration into customer-facing systems.

A national employee-safety survey identified risks and barriers, enabling targeted regional interventions and practical mitigation. SARS advanced workplace safety through anti-discrimination and harassment training delivered with the Commission for Conciliation, Mediation, and Arbitration (CCMA) and SARS Academy, in line with International Labour Organisation (ILO) Convention 190 principles. Policy reform also progressed with the SARS Harassment Policy awaiting approval.

Employee engagement was sustained through 16 Days of Activism and Human Rights Day activities led by leadership. During the year, GBVF pledge participation had reached 90.78%, including full leadership participation. Survivor-centred support remained available through the Gender Equality Unit, Wellness Unit, and Employee Assistance Programme.

A Disability Champions' Forum, with lead champions for each disability category, supports the adoption of reasonable accommodation guidelines and the ongoing removal of barriers to equality. The Declaration of Disabilities Campaign 2026 progressed, targeting increased voluntary declarations and full employee awareness of reasonable accommodation, while equality interventions were strengthened through improved reporting and outcome-based monitoring.

SARS advanced universal access by upgrading facilities within available funding, conducting periodic health, safety, and environment audits, and testing systems before release to ensure accessibility for employees, taxpayers, and stakeholders, including persons with disabilities.

As part of the quest to deliver service to all members of the public equally, SARS began rolling out of sign language training for frontline employees to enable inclusive service delivery to taxpayers with disabilities. SARS continues awareness training in allowable tax deductions for taxpayers with disabilities and taxpayers who are parents or guardians of persons with disabilities.

Employee Performance Management

SARS strengthened its employee performance management framework, closely aligning individual contributions and organisational strategic objectives while cultivating a culture of accountability, continuous development, and recognition.

During the year, SARS maintained quarterly performance evaluations, achieving a 99% participation rate, complemented by regular manager-employee check-ins. These mechanisms promoted ongoing, constructive dialogue, enabling timely alignment with shifting business priorities and supporting real-time performance adjustments.

Enhanced transparency remained a focus. Through integrated performance management platforms, employees gained improved visibility into their progress against key performance indicators and access to personalised development plans. By aligning individual goals with organisational priorities and pre-populating 83% of scorecards, SARS provided greater clarity of expectations, contributing to stronger employee engagement as reflected in the annual engagement survey.

In parallel, SARS maintained a robust process for managing poor performance. Underperformance was identified among 21% of employees, with primary contributing factors being gaps in skills (33%), knowledge (24%), and motivation (9%). Remedial action was implemented in 75% of these cases, demonstrating a commitment to fair processes and employee recovery where feasible.

Data analytics continues to play a central role in optimising the performance management system. By analysing performance trends, SARS identified priority areas for intervention — such as time management and cross-functional collaboration — enabling targeted actions to enhance productivity and team effectiveness. Self-service dashboards were introduced to improve monitoring, compliance tracking, and reporting across process phases, while the HR Contact Centre was integrated as an additional layer of process support.

Looking ahead, SARS is committed to further elevate its performance management capabilities. Planned initiatives include deeper process integration, advanced reporting functionality, and the exploration of AI-driven tools to identify performance trends. These enhancements will reinforce a high-performance culture centred on feedback, development, and recognition.

This year's progress underscores the dedication of SARS employees; the effectiveness of modern performance management practices; and the organisation's ability to build a highly engaged workforce that delivers sustainable results and supports long-term success.

Talent Management and Development

SARS invests deliberately and systemically in its people to build a professional, future-ready workforce aligned to SARS Strategic Objective 4.

To strengthen the talent pipeline, SARS continues with emerging-talent development programmes to acquire future-ready scarce and critical skills. SARS engaged 16 public universities, participated in 36 career fairs, and delivered 11 formal university presentations, resulting in the recruitment of 283 trainees across high-priority development programmes. During the year, 401 trainees were developed.

To sustain inclusive workforce development, SARS implemented structured development pathways for General Assistants following the insourcing of Cleaning and Hygiene services. General Assistants were developed and upskilled to enable equitable progression. General Assistants with a matric qualification were enrolled into structured development programmes aligned to operational and administrative pathways (including Customs and Excise, Service Consultant, and General Office Support programmes).

Adult Education and Training opportunities were provided to 316 General Assistants, strengthening foundational learning and progression pathways. SARS also expanded access to artisan skills-development, providing practical skills development opportunities to 68 General Assistants, supporting broader employability and operational capability.

People Capability and Career Management (PCCM) continued to mature through

competency-based assessments and guided learning paths for prioritised roles within Customs and Excise, Customer Service, Debt Management, Audit and Investigations.

Driven by SARS' commitment for continuous development, 13 161 (92%) employees have participated in structured training programmes, including Quality Council for Trades and Occupations (QCTO) programmes. Additionally, 534 bursaries were awarded, enabling employees to pursue recognised occupational qualifications and certifications.

The SARS Cadet Programme is designed to recruit and develop candidate Customs officers through a structured training and career development pathway that strengthens technical, behavioural and transversal competencies through a blended learning approach. The programme has continued to deliver positive results, with the first four intakes fully deployed operationally before the end of the previous financial year. During 2025/26, intake 5 was concluded with 46 cadets, who were deployed across all modalities and completed workplace exposure and practical operational training. The permanent deployment of intake 5 was still in progress at year-end. In addition, intake 6, comprising 12 graduates and 38 matriculants, was enrolled in the programme and was undergoing operational training, at the end of the financial year.

Oversight Statistics

Workforce Profile (Employment Equity)

Occupational Levels		Male				Female				Foreign Nationals		Total
		African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top Management	Value	28	6	10	19	19	2	4	6	-	-	94
	%	29.79%	6.38%	10.64%	20.21%	20.21%	2.13%	4.26%	6.38%	0.00%	0.00%	100.00%
Senior Management	Value	132	18	37	55	122	12	22	54	1	1	454
	%	29.07%	3.96%	8.15%	12.11%	26.87%	2.64%	4.85%	11.89%	0.22%	0.22%	100.00%
Professionally Qualified	Value	1 112	168	149	336	1 166	174	155	420	14	7	3 701
	%	30.05%	4.54%	4.03%	9.08%	31.50%	4.70%	4.19%	11.35%	0.38%	0.19%	100.00%
Skilled	Value	2 128	261	124	203	4 406	588	236	858	6	3	8 813
	%	24.15%	2.96%	1.41%	2.30%	49.99%	6.67%	2.68%	9.74%	0.07%	0.03%	100.00%
Semi-skilled	Value	210	19	13	12	442	45	14	96	-	-	851
	%	24.68%	2.23%	1.53%	1.41%	51.94%	5.29%	1.65%	11.28%	0.00%	0.00%	100.00%
Unskilled	Value	111	6	-	1	471	23	-	-	-	-	612
	%	18.14%	0.98%	0.00%	0.16%	76.96%	3.76%	0.00%	0.00%	0.00%	0.00%	100.00%
Grand Total	**Value**	**3 721**	**478**	**333**	**626**	**6 626**	**844**	**431**	**1 434**	**21**	**11**	**14 525**
	%	25.62%	3.29%	2.29%	4.31%	45.62%	5.81%	2.97%	9.87%	0.14%	0.08%	100.00%

Occupational Levels	Description
Top Management	Commissioner | Deputy Commissioners | Chief of Staff | Heads as direct reports
Senior Management	Represents Senior Management: Broadband Level Executive
Professionally Qualified	Professionally Qualified and Experienced Specialists, Middle and Junior Management, and some Fixed Short-Term Contract employees
Skilled	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 2026

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	267 938 805	2.9%	225	1 190 839
Corporate and Enterprise Services	809 978 936	8.7%	1 111	729 054
Strategy Enablement and Modernisation	1 227 554 318	13.1%	1 176	1 043 839
Taxpayer Engagement and Operations	7 038 472 494	75.3%	12 013	585 905
Grand Total	**9 343 944 554**		**14 525**	**643 301**

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	270 183 650	2.89%	94	2 874 294
Senior Management	813 741 449	8.71%	454	1 792 382
Professionally Qualified	3 909 516 995	41.84%	3 701	1 056 341
Skilled	4 030 023 973	43.13%	8 813	457 282
Semi-skilled	238 354 374	2.55%	851	280 087
Unskilled	82 124 114	0.88%	612	134 190
Total	**9 343 944 554**		**14 525**	**643 301**

Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	2024/25	2025/26	% of total no. of disciplinary actions 2025/26
Dismissal	8	27	37.50%
Final Written Warning	3	6	8.33%
Salary Suspended	5	13	18.06%
Written Warning	2	7	9.72%
Not Guilty	4	3	4.17%
Employee Resigned	3	13	18.06%
Charges Withdrawn	1	0	0.00%
Other	4	3	4.17%
Total	**30**	**72**	**100.00%**

Staff Movement

Occupational Levels	Employment at beginning of period	Employment at end of the period	All Employees Headcount Growth
Top Management	94	94	0
Senior Management	384	454	70
Professionally Qualified	3 616	3 701	85
Skilled	7 886	8 813	927
Semi-skilled	525	851	326
Unskilled	635	612	-23
Total	**13 140**	**14 525**	**1 385**

Appointments

Occupational Levels	All Appointments: External	ReInstatement
Top Management	1	-
Senior Management	15	-
Professionally Qualified	173	-
Skilled	1 430	2
Semi-skilled	430	-
Unskilled	-	-
Total	**2 049**	**2**

Termination Reasons

Exit Reason	Permanent Employees	All Employees
Death	37	41
Resignation	190	264
Retirement	189	189
Termination ER	47	52
Other	-	120
Total	**463**	**666**

Injury on Duty

Number of Injury on Duty	2025/2026	% of Total
Claim rejected	6	10.34%
In adjudication	3	5.17%
Liability Accepted	32	55.17%
New Claim	15	25.86%
Waiting on Information	2	3.45%
Grand Total	**58**	**100.00%**

Note: Claims for April 2025 to March 2026

Annual Leave

Occupational Level	Total Days	Number of Employees using Annual Leave	Average Days per Employee
Top Management	2 513	99	25
Senior Management	12 934	463	28
Professionally Qualified	99 200	3 713	27
Skilled	221 007	9 045	24
Semi-skilled	12 617	675	19
Unskilled	13 196	616	21
Grand Total	**361 465**	**14 611**	**25**

Sick Leave

Occupational Level	Total Days	Number of Employees using Sick Leave	Average Days per Employee
Top Management	280	55	5
Senior Management	2 481	329	8
Professionally Qualified	29 555	2 992	10
Skilled	96 189	8 226	12
Semi-skilled	4 912	504	10
Unskilled	6 407	546	12
Grand Total	**139 824**	**12 652**	**11**

Recruitment

Occupational Levels		Male				Female				Foreign Nationals		Total
		African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top Management	Value	1	-	-	-	-	-	-	-	-	-	1
	%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Senior Management	Value	7	-	1	2	2	-	-	2	-	1	15
	%	46.67%	0.00%	6.67%	13.33%	13.33%	0.00%	0.00%	13.33%	0.00%	6.67%	100.00%
Professionally Qualified	Value	73	2	3	12	74	1	3	5	-	-	173
	%	42.20%	1.16%	1.73%	6.94%	42.77%	0.58%	1.73%	2.89%	0.00%	0.00%	100.00%
Skilled	Value	394	15	16	2	945	34	20	4	-	-	1 430
	%	27.55%	1.05%	1.12%	0.14%	66.08%	2.38%	1.40%	0.28%	0.00%	0.00%	100.00%
Semi-skilled	Value	151	2	8	-	258	5	6	-	-	-	430
	%	35.12%	0.47%	1.86%	0.00%	60.00%	1.16%	1.40%	0.00%	0.00%	0.00%	100.00%
Unskilled	Value	-	-	-	-	-	-	-	-	-	-	-
	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grand Total	**Value**	626	19	28	16	1 279	40	29	11	-	1	2 049
	%	30.55%	0.93%	1.37%	0.78%	62.42%	1.95%	1.42%	0.54%	0.00%	0.05%	100.00%

Note: Re-Instatements Excluded

Attrition

Occupational Levels		Male				Female				Foreign Nationals		Total
		African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top Management	Value	3	-	-	1	-	2	1	-	-	-	7
	%	42.86%	0.00%	0.00%	14.29%	0.00%	28.57%	14.29%	0.00%	0.00%	0.00%	100.00%
Senior Management	Value	7	-	1	6	3	-	-	2	-	-	19
	%	36.84%	0.00%	5.26%	31.58%	15.79%	0.00%	0.00%	10.53%	0.00%	0.00%	100.00%
Professionally Qualified	Value	27	3	8	21	27	4	6	31	-	-	127
	%	21.26%	2.36%	6.30%	16.54%	21.26%	3.15%	4.72%	24.41%	0.00%	0.00%	100.00%
Skilled	Value	137	8	9	20	164	22	13	63	-	-	436
	%	31.42%	1.83%	2.06%	4.59%	37.61%	5.05%	2.98%	14.45%	0.00%	0.00%	100.00%
Semi-skilled	Value	20	1	-	-	40	2	-	4	-	-	67
	%	29.85%	1.49%	0.00%	0.00%	59.70%	2.99%	0.00%	5.97%	0.00%	0.00%	100.00%
Unskilled	Value	3	1	-	1	5	-	-	-	-	-	10
	%	30.00%	10.00%	0.00%	10.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Grand Total	**Value**	197	13	18	49	239	30	20	100	-	-	666
	%	29.58%	1.95%	2.70%	7.36%	35.89%	4.50%	3.00%	15.02%	0.00%	0.00%	100.00%

Performance Rewards

Occupational Level	Performance Rewards	Personnel Expenditure (CTC)	% of Performance Rewards to Total Personal Cost
	R	R	%
Top Management and Senior Management	109 481 927	1 083 925 098	10.10%
Professionally Qualified	266 997 146	3 909 516 995	6.83%
Skilled	233 785 653	4 030 023 973	5.80%
Semi-skilled	10 380 218	238 354 374	4.35%
Unskilled	7 343 555	82 124 114	8.94%
Total	**627 988 499**	**9 343 944 554**	**6.72%**

Note: FY 2024/25 — performance rewards paid in 2025/26 FY.

Training Expenditure

Initiative	Pivotal Programme	Socio-Economic Status	Number of Learners	Amount Spent
			#	R
New Employee Bursaries Approved	Yes	Employed	534	36 000 000
External short courses and programmes	No	Employed	1 799	21 881 455
Internal short courses and programmes	No	Employed	12 845	3 778 876
CA Learnership	Yes	Unemployed	30	9 347 353
Graduates/Internship/ Customs Cadets	No	Unemployed	317	30 887 101
Total			**15 525**	**98 335 303**

PFMA Compliance Report

PART 05

110	Irregular Expenditure
111	Fruitless and Wasteful Expenditure
113	Information on Late and Non-payment of Suppliers
113	Information on Supply Chain Management
114	Contract Variations and Expansions

Irregular Expenditure

The Irregular Expenditure closing balance has decreased by R77 million to R1.8 million as of 31 March 2026.

Management is enforcing controls by implementing audit recommendations made by internal and external auditors. Management is also using internal audit as an assurance provider to test the level of compliance with supply chain management prescripts.

The following table relates to the overall reconciliation of irregular expenditure.

Reconciliation of Irregular Expenditure

Description	2025/26	2024/25	2023/24
	R	R	R
Opening balance	78 854 252	32 528 731	900 352
Adjustment to opening balance	-	-	(108 797)
Opening balance as restated	**78 854 252**	**32 528 731**	**791 555**
Add: Irregular expenditure confirmed	95 160 820	49 519 770	32 537 821
Less: Irregular expenditure condoned	(172 241 823)	(3 194 250)	(758 058)
Less: Irregular expenditure recoverable	-	-	(1 634)
Less: Irregular expenditure not recovered and written off	-	-	(40 953)
Closing balance	**1 773 249**	**78 854 252**	**32 528 731**

Reconciliation Notes to the Annual Financial Statement Disclosure

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

Description	2025/26	2024/25	2023/24
	R	R	R
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-	-
Irregular expenditure that relates to 2023/24 and identified in 2024/25	-	-	9 088
Irregular expenditure that relates to 2024/25 and identified in 2025/26	-	-	-
Irregular expenditure for the current year	95 160 820	49 519 770	32 528 732
Total	**95 160 820**	**49 519 770**	**32 537 821**

During the year ended March 2026, R172.2 million was condoned in the current financial year. Of this amount, R93.3 million was incurred in the current financial year and R78.8 million was incurred in the prior financial years.

Details of Current and Previous Years' Irregular Expenditure (under Assessment, Determination, and Investigation)

Description	2025/26	2024/25	2023/24
	R	R	R
Irregular expenditure under assessment	720 098	78 854 252	32 525 031
Irregular expenditure under determination	-	-	3 700
Irregular expenditure under investigation	1 053 152	-	-
Total	**1 773 250**	**78 854 252**	**32 528 731**

Transaction to the value of R1.1 million is still under investigation by management.

Details of Current and Previous Years' Irregular Expenditure Condoned

Description	2025/26	2024/25	2023/24
	R	R	R
Irregular expenditure condoned	(172 241 823)	(3 194 250)	(758 058)
Total	**(172 241 823)**	**(3 194 250)**	**(758 058)**

Transactions to the amount of R172.2 million were condoned through National Treasury or the delegated authority of the Accounting Authority.

Details of Irregular Expenditure Recoverable

Description	2025/26	2024/25	2023/24
	R	R	R
Irregular expenditure recoverable	-	-	(1 634)
Total	**-**	**-**	**(1 634)**

Details of Irregular Expenditure Written off (Irrecoverable)

Description	2025/26	2024/25	2023/24
	R	R	R
Irregular expenditure written off	-	-	(40 953)
Total	**-**	**-**	**(40 953)**

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

Description	2025/26	2024/25	2023/24
	R	R	R
Consequence management/disciplinary steps taken	(172 241 823)	(3 194 250)	(758 058)
Total	**(172 241 823)**	**(3 194 250)**	**(758 058)**

Transactions to the amount of R172.2 million were removed from the irregular expenditure register after conclusion of appropriate consequence management ranging from training interventions to formal disciplinary processes in accordance with the disciplinary code of conduct.

Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure

Description	2025/26	2024/25	2023/24
	R	R	R
Opening balance	94 872 876	102 315 649	94 506 128
Add: Fruitless and wasteful expenditure confirmed and under investigation	103 925	970 509	7 809 521
Less: Fruitless and wasteful expenditure not condoned and removed	-	-	-
Less: Fruitless and wasteful expenditure recoverable	(2 345)	(404)	-
Less: Fruitless and wasteful under assessment in 2024/25 and reversed in 2025/26	(93 415 288)	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	(878 349)	(8 412 878)	-
Closing balance	**680 818**	**94 872 876**	**102 315 649**

Reconciliation Notes to the Annual Financial Statement Disclosure

Description	2025/26	2024/25	2023/24
	R	R	R
Fruitless and wasteful expenditure for the current year	103 925	881 098	-
Fruitless and wasteful expenditure that relates to 2024/25 and identified in 2025/26		89 411	-
Fruitless and wasteful expenditure that relates to 2023/24 and identified in 2025/26	-	-	107 986
Fruitless and wasteful expenditure that relates to 2023/24 and identified in 2024/25	-	-	7 701 535
Total	**103 925**	**970 509**	**7 809 521**

Fruitless and Wasteful expenditure of R103 925 relating to 2025/26 FY; R89 411 relating to 2024/25 FY; and R107 986 relating to 2023/24 was identified during the current financial year.

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

Description	2025/26	2024/25	2023/24
	R	R	R
Fruitless and wasteful expenditure under assessment	94 872 876	102 315 649	102 207 663
Fruitless and wasteful expenditure under determination/(recovered)	(2 345)	880 694	-
Fruitless and wasteful expenditure from 2022/23 under investigation and written off in 2024/25	-	(8 412 878)	-
Fruitless and wasteful under assessment in 2024/25 and reversed in 2025/26	(93 415 288)	-	-
Fruitless and wasteful expenditure from 2024/25 under investigation and written off in 2025/26	(878 349)	-	-
Fruitless and wasteful expenditure under investigation	103 925	89 411	107 986
Total	**680 818**	**94 872 876**	**102 315 649**

Expenditure amounting to R93.4 million relating to historical fringe benefit tax obligations associated with customs domestic accommodation benefits was reversed in the current financial year after it was determined not to constitute fruitless and wasteful expenditure. This followed an investigation and a National Treasury determination that the settlement of the tax liability and related interest did not meet the definition of fruitless and wasteful expenditure as contemplated in the PFMA. In addition, an amount of R878 349 was investigated and subsequently written off.

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

Description	2025/26	2024/25	2023/24
	R	R	R
Fruitless and wasteful expenditure NOT condoned and removed	-	-	-

No fruitless and wasteful expenditure was removed for the 2025/26 FY.

Details of Current and Previous Fruitless and Wasteful Expenditure Recoverable

Description	2025/26	2024/25	2023/24
	R	R	R
Fruitless and wasteful expenditure recoverable	2 345	404	-

Fruitless and wasteful expenditure to the value of R2 345 was recovered for the 2025/26 FY.

Details of Fruitless and Wasteful Expenditure not Recoverable and Written off

Description	2025/26	2024/25	2023/24
	R	R	R
Fruitless and wasteful expenditure written off	878 349	8 412 878	-
Total	**878 349**	**8 412 878**	**-**

Fruitless and wasteful expenditure of R878 349 was written off in the 2025/26 FY and R8.4 million was written off in the 2024/25 FY.

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

Description	2025/26	2024/25	2023/24
	R	R	R
Fruitless and wasteful expenditure recovered	(2 345)	(404)	-
Total	**(2 345)**	**(404)**	**-**

Where employees were responsible for the late payment of utility accounts, which resulted in interest payable, the interest was recovered from the respective employees in the current financial year.

Information on Late and Non-Payment of Suppliers

Description	Number of Invoices	% of Invoices/ Total Invoices	Amount	% of Rand Value/Total Rand Value
	#	%	R	%
Invoices paid within 30 days or agreed period	50 839	97.54%	2 682 666 898	96.73%
Invoices paid after 30 days or agreed period	907	1.74%	70 752 843	2.55%
Invoices older than 30 days or agreed period (unpaid and without dispute)	363	0.70%	19 800 592	0.71%
Invoices older than 30 days or agreed period (unpaid and in dispute)	13	0.02%	288 425	0.01%
Valid invoices received	52 122	100.00%	2 773 508 758	100.00%

SARS received 52 122 invoices, of which 97.54% were paid on or before the due date. 907 invoices, representing 1.74%, 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. In addition, 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 resolved as soon as they are discovered to ensure that payments are made on time.

Information on Supply Chain Management

Supply chain management supports SARS business units and enhances the organisation's ability to implement its strategy by ensuring the timely provision of the goods, services and infrastructure required to deliver on its objectives.

As of 31 March 2026, SARS had 537 active contracts in place to supplement internal capacity and capability. During the 2025/26 FY, SARS concluded 62 competitive bids and 112 transactions through 'Other Means', comprising 61 deviations and 51 expansions or variations.

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

SARS successfully negotiated savings of R441 million. These savings will accrue over the remaining contract periods of the relevant transactions in future financial years.

Procurement by Other Means

National Treasury defines limited bidding as a bidding process reserved for a specific group or category of suppliers.

Types of limited bidding include:

- Sole source: there is no competition in the market and only one supplier can provide the required goods or services.
- Single source: a thorough market analysis and a transparent, equitable pre-selection process are used to identify one supplier from a limited pool of prospective bidders.

During 2025/26 FY, SARS concluded 61 deviations with a total value of R3 931 804 433.

Of the total value of deviations concluded during the year, 72.42% related to sole source limited bids, while 27.45% related to single source limited bids.

Reason for Deviation	Amount	Number of Transactions	% of Rand Value/Total Rand Value
	R	#	%
Sole source (Limited bid)	2 847 267 144	19	72.42%
Single source (Limited bid)	1 079 109 730	37	27.44%
Multiple source (Limited bid)	4 238 118	2	0.11%
RFQ exceeding threshold	1 113 102	1	0.03%
Emergency procurement	76 339	2	0.00%
Total	**3 931 804 433**	**61**	**100%**

See Annexure 2 for the details of deviations.

Contract Variations and Expansions

SARS approved 51 expansions and variations in the 2025/26 FY with a total value of R2 108 723 267. This was a 22% decrease year-on-year compared to the 2024/25 FY.

Variations and Expansions	Amount	Number of Transactions	% of Rand Value /Total Rand Value
	R	#	%
Professional Services	1 491 365 794	23	70.72%
ICT	398 244 736	12	18.89%
CRE Procurement	219 083 941	13	10.39%
P2P	28 795	3	0.00%
Total	**2 108 723 267**	**51**	**100%**

The largest expansion by value, amounting to R1 312 006 309, related to the SARS legal tender panel and was processed by the Professional Services sourcing team. This was followed by a variation to the SARS mobile data communication contract, valued at R253 794 226, which was processed by the ICT sourcing team.

See Annexure 3 for the details of variations and expansions

Financial Statements

PART 06

117	Report by the SARS Accounting Authority
119	Report of the Auditor-General on SARS: Own Accounts
123	Statement of Financial Position
124	Statement of Financial Performance
125	Statement of Changes in Net Assets
126	Cash Flow Statement
128	Statement of Comparison of Budget and Actual Amounts
135	Accounting Policies and Notes to the Financial Statements
207	Annexures
220	Abbreviations

South African Revenue Service
Financial Statements for the year ended 31 March 2026

117 Report by the SARS Accounting Authority

119 Report of the Auditor-General on SARS: Own Accounts

123 Statement of Financial Position

124 Statement of Financial Performance

125 Statement of Changes in Net Assets

126 Cash Flow Statement

128 Statement of Comparison of Budget and Actual Amounts

135 Significant Accounting Policies

150 Notes to the Financial Statements

207 The following supplementary information does not form part of the financial statements and is unaudited:

218 Donations in kind

The financial statements set out on page 123 to 206 which have been prepared on the going concern basis, were approved and signed by:

Dr NJ Makhubu
SARS Commissioner
31 July 2026

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 2026. 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) "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 national public entity in schedule 3A 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.

Principal 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 five-year strategy in 2025/26 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. Its powers and terms of reference are delegated and approved by the Commissioner.

The EXCO consists of the following members as at 31 March 2026:

Prof. EC Kieswetter (*)	Commissioner
Ms. J.E. Padiachy	Chief of Staff
Mr. S. Human	DC: Corporate and Enterprise Services (Caretaker)
Dr. NJ. Makhubu	DC: Taxpayer Engagement and Operations
Mr. C. Scholtz	DC: Strategy Enablement and Modernisation
Ms. R.V. Ramaphakela	Head Internal Audit Not an EXCO member but a Permanent Invitee

(*) Prof. EC Kieswetter's tenure ended on 30 April 2026 and Dr. NJ Makhubu was appointed as Commissioner from 1 May 2026.

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 the overall level of 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 the regulatory audit. A separate audit report on the Revenue Accounts is issued by the Auditor-General of South Africa (AGSA). However, as the Revenue Accounts do not form part of the Annual Report, the related audit report is also excluded from the Annual 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 2026 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 declares and submits its annual request for retention funds as per National Treasury Instruction No. 3 of 2025/2026. After considering existing commitments, no surplus funds were available for declaration and surrender.

Judicial Proceedings

SARS is mandated by the provisions of, amongst 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 own name. By virtue of 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

Subsequent to the reporting date, Prof EC Kieswetter's tenure as Commissioner of the South African Revenue Service (SARS) ended on 30 April 2026. Dr NJ Makhubu was appointed as Commissioner with effect from 1 May 2026. The Accounting Authority assessed this event and concluded that it did not have a material impact on the financial position, financial performance or cash flows of SARS for the year ended 31 March 2026. Apart from the Commissioner transition, no other material events occurred after the reporting date and before the date of approval of these Annual Financial Statements that require adjustment to, or disclosure in, the financial statements.

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.

Yours Sincerely,

Dr NJ Makhubu
SARS Commissioner
31 July 2026

Report of the Auditor-General to Parliament on the South African Revenue Service: Own Accounts

Report on the audit of consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the South African Revenue Service (SARS): Own Accounts and its subsidiary (the group and public entity) set out on pages 123 to 206, which comprise the consolidated and separate statement of financial position as at 31 March 2026, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, consolidated and separate 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 consolidated and separate financial position of Sars: Own Accounts and its subsidiary as at 31 March 2026 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa 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 group and public entity, 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 - Presentation of Financial Statements

6. As disclosed in the presentation of the Financial Statements Note 1.1 to the consolidated and separate financial statements, the reporting activity of Sars has been divided into Revenue Accounts and Own Accounts.

7. My opinion is not modified in respect of this matter.

Other matters - Unaudited Supplementary schedules

8. The Supplementary information set out on pages 207 to 219 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 thereon.

9. My opinion is not modified in respect of this matter.

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 Standard of GRAP as issued by the Accounting Standards Board of South Africa 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 group and 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 121, forms part of my 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 2026 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	p.57	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 APAs, advance rulings (inclusive of 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	p.57	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) and 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	p.74	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 that is 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 matters

20. I draw attention to the matters below

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets, provides explanations for over- or under-achievements

Report on compliance with legislation

22. 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.

23. 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.

24. 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.

25. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

26. The accounting authority is responsible for the other information included in the annual report. The other information 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.

27. My opinion on the consolidated and separate financial statements, and my reports on the audit of the annual performance report and 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.

28. 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.

29. If based on the work I have performed, I concluded 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

30. 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.

31. I did not identify any significant deficiencies in internal control.

Auditor General

Pretoria

31 July 2026

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 scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the group and public entity's compliance with selected requirements in key legislation.

Consolidated and Separate 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 group and the public entity 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 the group and the 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.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes 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
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulations 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1: 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b): 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section1; 2(1)(a); 2(1)(b); 2.1 (f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4;5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Statement of Financial Position as at 31 March 2026

	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
			Restated*		Restated*
		R'000	R'000	R'000	R'000
Assets					
Current Assets					
Prepayments	11	696 590	565 345	713 650	557 536
Inventories	12	20 124	20 726	20 124	20 726
Receivables from exchange transactions	13	69 750	59 414	68 789	59 143
Cash and cash equivalents	15	2 252 333	1 191 516	2 168 636	1 132 479
Tax receivable - controlled entity	28	-	102	-	-
		3 038 797	**1 837 103**	**2 971 199**	**1 769 884**
Non-current Assets					
Property, plant and equipment	4	2 740 261	2 560 328	2 728 030	2 548 922
Intangible assets	5	1 762 362	1 589 989	1 762 217	1 589 772
Living resources	6	5 414	4 899	5 414	4 899
Investment in controlled entity	7	-	-	-	-
Deferred tax – controlled entity	8	4 732	4 172	-	-
Prepayments	11	7 972	6 438	7 972	6 438
Receivables from exchange transactions	13	1 469	3 719	1 469	3 719
		4 522 210	**4 169 545**	**4 505 102**	**4 153 750**
Total Assets		**7 561 007**	**6 006 648**	**7 476 301**	**5 923 634**
Liabilities					
Current Liabilities					
Current tax payable	28	384	-	-	-
Trade and other payables	9	888 534	778 166	914 879	779 164
VAT payable – controlled entity		11 018	4 365	-	-
Finance lease obligation	17	20 703	6 816	20 703	6 816
Deferred income	18	971	163	971	163
Provisions	19	708 426	442 625	688 685	425 179
Employee benefits	20	34 618	30 929	34 618	30 929
		1 664 654	**1 263 064**	**1 659 856**	**1 242 251**
Non-current Liabilities					
Finance lease obligations	17	23 600	5 592	23 600	5 592
Operating lease liability		38 645	31 257	38 534	30 980
Employee benefits	20	367 376	337 822	367 376	337 822
		429 621	**374 671**	**429 510**	**374 394**
Total Liabilities		**2 094 275**	**1 637 735**	**2 089 366**	**1 616 645**
Net Assets		**5 466 732**	**4 368 913**	**5 386 935**	**4 306 989**
Assets revaluation reserve	16	101 649	144 105	101 649	144 105
Accumulated surplus		5 365 083	4 224 808	5 285 286	4 162 884
Net Assets		**5 466 732**	**4 368 913**	**5 386 935**	**4 306 989**

*See Notes 2, 37 & 38

Statement of Financial Performance for the year ended 31 March 2026

	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
			Restated*		Restated*
		R'000	R'000	R'000	R'000
Revenue					
Revenue from exchange transactions					
Rendering of services	21	5 601	19 850	-	-
Other income	22	491 427	508 807	491 913	509 287
Interest received		169 416	164 367	165 385	160 092
Gain on disposal of assets		-	367	-	518
Total revenue from exchange transactions		**666 444**	**693 391**	**657 298**	**669 897**
Revenue from non-exchange transactions					
Government grant	21	13 409 637	12 388 563	13 409 637	12 388 563
Revenue initiative grant	21	2 000 000	-	2 000 000	-
Negotiated discount and donations received	21	110 690	621	110 690	621
Total revenue from non-exchange transactions	**21**	**15 520 327**	**12 389 184**	**15 520 327**	**12 389 184**
Total revenue		**16 186 771**	**13 082 575**	**16 177 625**	**13 059 081**
Expenditure					
Employee costs		(10 743 643)	(9 776 741)	(10 640 064)	(9 664 923)
Administrative expenses		(1 024 053)	(989 812)	(1 021 161)	(987 886)
Depreciation and amortisation		(691 717)	(641 665)	(688 847)	(637 532)
Asset impairment and scrappings, inventory adjustments	24	(46 218)	(153 569)	(46 218)	(153 569)
Finance costs	25	(2 424)	(39 840)	(2 424)	(39 840)
Operating leases	29	(436 425)	(438 784)	(434 685)	(436 662)
Other expenses		(31 417)	(18 412)	(31 412)	(18 136)
Loss on disposal of assets		(8 848)	-	(8 558)	-
Inventories		(23 559)	(18 627)	(23 559)	(18 627)
Professional and special services		(2 048 128)	(1 876 010)	(2 174 847)	(1 982 343)
Total expenditure		**(15 056 432)**	**(13 953 460)**	**(15 071 775)**	**(13 939 518)**
Surplus/(deficit) before taxation		**1 130 339**	**(870 885)**	**1 105 850**	**(880 437)**
Taxation	30	(6 611)	(2 641)	-	-
(Deficit)/Surplus for the year		**1 123 728**	**(873 526)**	**1 105 850**	**(880 437)**

*See Notes 2, 37 & 38

Statement of Change in Net Assets as at 31 March 2026

	Note(s)	Revaluation reserve	Accumulated surplus/(deficit)	Total net assets
		R'000	R'000	R'000
Economic entity				
Opening balance as previously reported		121 095	5 099 942	5 221 037
Adjustments				
Correction of error	37	-	(11 445)	(11 445)
Change in accounting policy 2	2	-	226	226
Balance at 01 April 2024 as restated*		**121 095**	**5 088 723**	**5 209 818**
Surplus in revaluation of land and buildings		32 621	-	32 621
Depreciation on revalued portion of land and buildings		(9 611)	9 611	-
Deficit for the year		-	(873 526)	(873 526)
Total changes		**23 010**	**(863 915)**	**(840 905)**
Balance as at 31 March 2025		**144 105**	**4 224 808**	**4 368 913**
Surplus for the year		-	1 123 728	1 123 728
Deficit in revaluation of land and buildings		(25 901)	-	(25 901)
Depreciation on revalued portion on land and buildings		(16 555)	16 555	-
Total changes		**(42 456)**	**1 140 283**	**1 097 827**
Balance at 31 March 2026	**16**	**101 649**	**5 365 091**	**5 466 732**
Controlling entity				
Opening balance as previously reported		121 095	5 044 929	5 166 024
Adjustments				
Correction of error	37	-	(11 445)	(11 445)
Change in accounting policy	2	-	226	226
Balance at 01 April 2024 as restated*		**121 095**	**5 033 710**	**5 154 805**
Changes in net assets				
Deficit for the year		-	(880 437)	(880 437)
Surplus in revaluation of land and buildings		32 621	-	32 621
Depreciation on revalued portion of land and buildings		(9 611)	9 611	-
Total changes		**23 010**	**(870 826)**	**(847 816)**
Balance at 31 March 2025		**144 105**	**4 162 881**	**4 306 986**
Changes in net assets				
Surplus for the year		-	1 105 850	1 105 850
Deficit in revaluation of land and buildings		(25 901)	-	(25 901)
Depreciation on revalued portion of land and buildings		(16 555)	16 555	-
Total changes		**(42 456)**	**1 122 405**	**1 079 949**
Balance at 31 March 2026		**101 649**	**5 285 286**	**5 386 935**

*See Note 2, 38 & 37

Cash Flow Statement as at 31 March 2026

	Note (s)	Economic entity		Controlling entity	
		2026	2025 Restated*	2026	2025 Restated*
		R'000	R'000	R'000	R'000
Cash flow from operating activities					
Receipts					
Rendering of services		3 832	22 066	-	-
Government grant		13 409 637	12 388 563	13 409 637	12 388 563
Revenue initiative grant		2 000 000	-	2 000 000	-
Interest received		167 954	162 098	163 929	157 817
Other income		477 351	565 024	477 780	565 262
		16 058 774	**13 137 751**	**16 051 346**	**13 111 642**
Payments					
Employee costs		(10 442 229)	(9 518 257)	(10 342 749)	(9 411 280)
Suppliers		(3 635 758)	(3 478 178)	(3 756 619)	(3 595 172)
Tax refund paid	28	(6 686)	(3 147)	-	-
VAT refunded		6 450	(251)	-	-
		(14 078 223)	(12 999 833)	(14 099 368)	(13 006 452)
Net cash flows from operating activities	**27**	**1 980 551**	**137 918**	**1 951 978**	**105 190**
Cash flows from investing activities					
Acquisition of property, plant and equipment	4	(541 902)	(237 939)	(538 023)	(234 421)
Proceeds from sale of property, plant and equipment and intangible assets	4	1 075	2 335	1 069	2 242
Acquisition of intangible assets	5	(349 623)	(223 240)	(349 583)	(223 234)
Acquisition of living resources	6	(2 082)	(798)	(2 082)	(798)
Net cash flows from investing activities		**(892 532)**	**(459 642)**	**(888 619)**	**(456 211)**
Cash flows from financing activities					
Finance lease payments		(24 920)	(22 737)	(24 920)	(22 737)
Interest payments on finance leases		(2 282)	(5 135)	(2 282)	(5 135)
Net cash flows from financing activities		**(27 202)**	**(27 872)**	**(27 202)**	**(27 872)**
Net increase/(decrease) in cash and cash equivalents		**1 060 817**	**(349 596)**	**1 036 157**	**(378 893)**
Cash and cash equivalents at the beginning of the year		1 191 516	1 541 112	1 132 479	1 511 372
Cash and cash equivalents at the end of the year	**15**	**2 252 333**	**1 191 516**	**2 168 636**	**1 132 479**

*See Notes 2, 37 & 38

Cash Flow Statement as at 31 March 2026

During the period the economic entity acquired Property, Plant and Equipment with an aggregate cost of R594 million (2025: R208 million) (Refer to Note 4) of this amount (R52 million) (2025: R29 million) was acquired by means of trade and other payables at year-end. Cash payments of R541.9 million were made to purchase these assets.

During the period the economic entity acquired Intangible Assets with an aggregate cost of R360 million (2025: R209 million) (Refer to Note 5) of this amount (R11 million) (2025: R14 million) was acquired by means of trade and other payables at year-end. Cash payments of R349.6 million were made to purchase these assets.

During the period the controlling entity acquired Property, Plant and Equipment with an aggregate cost of R590 million (2025: R205 million) (Refer to Note 4) of this amount (R52 million) (2025: R29 million) was acquired by means of trade and other payables at year-end. Cash payments of R538 million were made to purchase these assets.

During the period the controlling entity acquired Intangible Assets with an aggregate cost of R360 million (2025: R209 million) (Refer to Note 5) of this amount (R11 million) (2025: R14 million) was acquired by means of trade and other payables at year-end. Cash payments of R349.6 million were made to purchase these assets.

Statement of Comparison of Budget and Actual Amounts as at 31 March 2026

Budget of Controlling entity prepared on Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
Controlling entity				
Statement of Financial Performance				
Revenue				
Non-tax revenue				
Other income	444 000	491 913	47 913	Note 1
Interest received	88 724	165 385	76 661	Note 2
Total non-tax revenue	**532 724**	**657 298**	**124 574**	
Transfer revenue				
Government grant	13 409 637	13 409 637	-	
Revenue initiative grant	2 000 000	2 000 000	-	
Negotiated discount and donations received	-	110 690	110 690	Note 3
Total revenue from non-exchange transactions	**15 409 637**	**15 520 327**	**110 690**	
Total revenue	**15 942 361**	**16 177 625**	**235 264**	
Expenditure				
Compensation of employees	(10 339 691)	(10 552 106)	(212 415)	Note 4
Goods and services	(4 612 829)	(3 828 398)	784 431	Note 5
Depreciation and amortization	(611 834)	(688 847)	(77 013)	Note 6
Finance costs	(227)	(2 424)	(2 197)	
Total expenditure	**(15 564 581)**	**(15 071 775)**	**492 806**	
Actual amount on Comparable Basis as presented in the Budget and Actual Comparative statement	**377 780**	**1 105 850**	**728 070**	

Notes to the Budget Statement - Statement of Financial Performance

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.

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).

The Revenue Enhancement Programme (REP) comprises approved multi-year strategic modernisation and capability enhancement initiatives funded through ring-fenced allocations. Implementation occurs on a phased basis aligned to project delivery milestones and procurement timelines. During the current year, portions of allocated funding remained contractually committed but unspent at reporting date due primarily to implementation sequencing, procurement lead times, and capacity constraints in scarce and specialised skill areas. The unspent balances are earmarked for rollover into the 2026/27 financial year in support of continued programme implementation.

Reference:

Note 1

Other income exceeded the approved budget primarily due to non-recurring compensation payments that were not anticipated during the budgeting process. The favourable variance was further driven by higher-than-expected receipts from the Unemployment Insurance Fund Commission, fees generated from Advance Tax Rulings (ATR) debtors issued to taxpayers, and revenue earned from services rendered to the Department of Home Affairs.

Additional contributions to the over-recovery include the recovery of bursaries, compensation received for the replacement of assets, and customs special attendance fees.

Note 2

Interest income exceeded the approved budget primarily due to higher-than-anticipated average cash balances maintained throughout the financial year. This was largely attributable to unspent but committed and ring-fenced funding for approved multi-year initiatives, implemented on a phased basis, which resulted in portions of allocated funds remaining unutilised at year-end.

The implementation of these multi-year initiatives was further constrained by capacity limitations within the baseline, including challenges in securing and deploying scarce and critical skills required to execute projects at the planned pace. In this context, broader labour market conditions, characterised by intensified competition for specialised capabilities, have limited the organisation's ability to fully operationalise funded initiatives within the reporting period.

Consequently, sustained higher cash balances contributed to increased interest income relative to the approved budget for the reporting period.

Note 3

A once-off negotiated discount of R107.9 million was realised on the acquisition of ICT equipment during the year. Such discounts are not budgeted for, as they arise from ad hoc negotiations with suppliers and cannot be reliably estimated at the time of budget preparation, resulting in lower-than-expected expenditure.

Note 4

Compensation of employees exceeded the approved budget, reflecting the net effect of unbudgeted expenditure pressures and timing differences in the utilisation of allocated funding.

During the year, additional cost pressures arose primarily from the implementation of the performance incentive framework, which was not funded in the original budget due to baseline constraints. These pressures were partially offset by the phased implementation of the REP, with a portion of allocated funding contractually committed but not fully utilised at year-end.

In line with a full-cost accounting approach, a portion of operational costs was allocated to the REP based on actual utilisation. The recovery of these costs created capacity within the baseline budget, which was applied to absorb employee-related cost pressures.

Note 5

The variance is primarily attributable to unspent but committed and ring-fenced funding for approved multi-year REP initiatives, which are implemented on a phased basis. Consequently, a portion of allocated funds remained unutilised at year-end and is earmarked for rollover into the 2026/27 financial year.

The variance was further influenced by REP charge-outs. In line with a full-cost accounting approach, a portion of accommodation and related operating costs was allocated to the REP based on actual utilisation during co-location within existing facilities. The recovery of these costs created capacity within the baseline budget, which was applied to address unfunded employee-related cost pressures and unfunded capital investment requirements recognised during the year.

Note 6

Depreciation and amortisation realised higher than planned due to GRAP 17 and 31 related adjustments.

Statement of Comparison of Budget and Actual Amounts as at 31 March 2026

Budget of Controlling entity prepared on an Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
Controlling entity				
Statement of Financial Position				
Assets				
Inventories	28 065	20 124	(7 941)	
Trade and other receivables	686 383	791 880	105 497	
Carrying value of assets	4 667 748	4 495 661	(172 087)	
Cash and cash equivalents	720 454	2 168 636	1 448 182	
Total Assets	**6 102 650**	**7 476 301**	**1 373 651**	
Equity and Liabilities				
Finance lease obligation	8 737	44 303	35 566	
Trade and other payables	1 388 399	953 413	(434 986)	
Deferred income	168	971	803	
Provisions and Employee Benefits	394 934	1 090 679	695 745	
Accumulated surplus	4 182 536	5 285 286	1 102 750	
Asset revaluation reserve	127 876	101 649	(26 227)	
Total Net Assets and Liabilities	**6 102 650**	**7 476 301**	**1 373 651**	

Statement of Comparison of Budget and Actual Amounts as at 31 March 2026

Budget of Controlling entity prepared on an Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
Cash Flow Statement				
Cash flows from operating activities				
Non-tax receipts				
Government grants	15 409 637	15 409 637	-	
Interest received	88 724	163 929	75 205	Note 1
Other income	444 000	477 780	33 780	Note 2
	15 942 361	**16 051 346**	**108 985**	
Payments				
Compensation of employees	(10 339 691)	(10 342 749)	(3 058)	Note 3
Goods and services	(4 462 425)	(3 756 619)	705 806	Note 4
Finance cost	(227)	-	227	
	(14 802 343)	**(14 099 368)**	**702 975**	
Net cash flows from operating activities	**1 140 018**	**1 951 978**	**811 960**	
Cash flows from investing activities				
Acquisition of property, plant and equipment	(629 000)	(538 023)	90 977	
Proceeds from sale of property, plant and equipment, intangible assets and living resources	-	1 069	1 069	
Acquisition of intangible assets	(360 615)	(349 583)	11 032	
Acquisition of living resources	-	(2 082)	(2 082)	
Net cash flows from investing activities	**(989 615)**	**(888 619)**	**100 996**	**Note 5**
Cash flows from financing activities				
Finance lease payments	-	(24 920)	(24 920)	
Interest payments on finance leases	-	(2 282)	(2 282)	
Net cash flows from financing activities	**-**	**(27 202)**	**(27 202)**	
Net increase/(decrease) in cash and cash equivalents	150 403	1 036 157	885 754	
Cash and cash equivalents at the beginning of the year	594 437	1 132 479	538 042	
Cash and cash equivalents at the end of the year	**744 840**	**2 168 636**	**1 423 796**	

Notes to the Budget Statement - Statement of Financial Performance

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, were 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.

The Revenue Enhancement Programme (REP) comprises approved multi-year strategic modernisation and capability enhancement initiatives funded through ring-fenced allocations. Implementation occurs on a phased basis aligned to project delivery milestones and procurement timelines. During the current year, portions of allocated funding remained contractually committed but unspent at reporting date due primarily to implementation sequencing, procurement lead times, and capacity constraints in scarce and specialised skill areas. The unspent balances are earmarked for rollover into the 2026/27 financial year in support of continued programme implementation.

Reference:

Interest income exceeded the approved budget primarily due to higher-than-anticipated average cash balances maintained throughout the financial year. This was largely attributable to unspent but committed and ring-fenced funding for approved multi-year initiatives, implemented on a phased basis, which resulted in portions of allocated funds remaining unutilised at year-end. **Note 1**

The implementation of these multi-year initiatives was further constrained by capacity limitations within the baseline, including challenges in securing and deploying scarce and critical skills required to execute projects at the planned pace. In this context, broader labour market conditions, characterised by intensified competition for specialised capabilities, have limited the organisation's ability to fully operationalise funded initiatives within the reporting period. Consequently, sustained higher cash balances contributed to increased interest income relative to the approved budget for the reporting period.

Other income exceeded the approved budget primarily due to non-recurring compensation payments that were not anticipated during the budgeting process. The favourable variance was further driven by higher-than-expected receipts from the Unemployment Insurance Fund Commission, fees generated from Advance Tax Rulings (ATR) debtors issued to taxpayers, and revenue earned from services rendered to the Department of Home Affairs. **Note 2**

Additional contributions to the over-recovery include the recovery of bursaries, compensation received for the replacement of assets, and customs special attendance fees.

Compensation of employees exceeded the approved budget, reflecting the net effect of unbudgeted expenditure pressures and timing differences in the utilisation of allocated funding. **Note 3**

During the year, additional cost pressures arose primarily from the implementation of the performance incentive framework, which was not funded in the original budget due to baseline constraints. These pressures were partially offset by the phased implementation of the REP, with a portion of allocated funding contractually committed but not fully utilised at year-end.

In line with a full-cost accounting approach, a portion of operational costs was allocated to the REP based on actual utilisation. The recovery of these costs created capacity within the baseline budget, which was applied to absorb employee-related cost pressures.

The variance is primarily attributable to unspent but committed and ring-fenced funding for approved multi-year REP initiatives, which are implemented on a phased basis. Consequently, a portion of allocated funds remained unutilised at year-end and is earmarked for rollover into the 2026/27 financial year. **Note 4**

The variance was further influenced by REP charge-outs. In line with a full-cost accounting approach, a portion of accommodation and related operating costs was allocated to the REP based on actual utilisation during co-location within existing facilities. The recovery of these costs created capacity within the baseline budget, which was applied to address unfunded employee-related cost pressures and unfunded capital investment requirement recognised during the year.

The variance is primarily due to unspent but committed and ring-fenced funds allocated to approved multi-year initiatives implemented through a phased delivery approach. These initiatives are at different stages of execution, with expenditure aligned to planned milestones. As a result, the unspent portion of the allocated funding will be rolled over into the 2026/27 financial year to support the continued implementation of these initiatives. **Note 5**

Significant Accounting Policies

1. Presentation of Financial Statements

The significant accounting policies, which have been consistently applied in the preparation of these financial statements are disclosed below.

1.1 Presentation of Financial Statements

The reporting activity of the South African Revenue Service (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 the controlling entity 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 Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999) on a basis consistent with the prior year except for where otherwise disclosed in Note 2.

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 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.

1.3 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 because the controlling entity is VAT-exempt.

1.4 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 is 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 include:

Impairment testing

The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use calculations and fair values, less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions 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 or 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 entity 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 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.

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 19 - 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.

Classification and designation of financial assets and financial liabilities

The economic entity exercises judgement in determining:

- The management model for groups of financial assets (for example, whether assets are held primarily to collect contractual cash flows, to realise fair value changes through sales, or to manage liquidity); and
- Whether the contractual terms of financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

These assessments determine whether financial assets are measured at amortised cost or at fair value through surplus or deficit, and whether the entity designates particular financial assets or financial liabilities at fair value through surplus or deficit to eliminate or significantly reduce accounting mismatches.

Management models for financial assets

Management determines the economic entity's management models for financial assets at a portfolio level, based on how groups of assets are managed in practice for example to collect contractual cash flows over the life of the assets. Instruments held in a management model whose objective is to hold financial assets in order to collect contractual cash flows, and that meet the SPPI condition, are measured at amortised cost. Other financial assets are measured at fair value through surplus or deficit.

Contractual cash flow characteristics (SPPI assessment)

Significant judgement is involved in assessing whether contractual cash flows of a financial asset are solely payments of principal and interest on the principal amount outstanding, particularly where instruments contain features such as:

- Interest that is linked to performance or other non-basic variables;
- Modified time-value-of-money elements;
- Non-recourse terms; or
- Prepayment or extension options.

Such features may introduce risks or variability in cash flows that are not consistent with a basic lending arrangement, and therefore may cause the instrument to fail the SPPI condition.

Impairment – expected credit losses (ECL)

The economic entity applies an Expected Credit Loss (ECL) impairment model in accordance with GRAP 104 (Revised 2019). The ECL model applies to financial assets measured at amortised cost and incorporates historical loss experience, current conditions, and forward-looking information. Different impairment methodologies are applied depending on the nature of the financial asset and the availability of reliable risk information.

Key judgements and estimations involved in the simplified ECL model include:

Grouping of Receivables: Debtors are grouped by debtor type (Government-related, Sundry receivables, Advance Tax ruling debtors etc.)

Ageing Buckets: Historical payment patterns are consolidated into ageing buckets in the calculation of the historical loss rate to ensure statistical credibility and reliability.

Impairment probability: The likelihood that an account holder will ultimately fail to settle their outstanding balance is derived using a conditional probability approach, which is based on a five-year historical loss rate calculated from actual write-offs against total gross invoices raised.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Forward-Looking Information: Management considered forward-looking information including GDP growth, unemployment levels, inflation and interest rate trends.

Based on the nature of the receivable portfolios and historical payment behaviour, management concluded that no material macroeconomic overlay adjustment was required for the current reporting period.

For the receivables under this grouping, the controlling entity monitors debtor-specific forward-looking indicators such as agreement disputes, administrative delays, changes in contract terms etc. for government receivables. These are more reasonable and supportable than general macro variables for this portfolio.

Key judgements and estimations involved in the general ECL model include:

Grouping of Receivables: Debtors are grouped by debtor type (Government-related, Sundry receivables, Staff receivables, Refundable deposits etc.)

Ageing Buckets: Historical payment patterns are consolidated into ageing buckets in the calculation of the historical loss rate to ensure statistical credibility and reliability.

Impairment Probability: The likelihood that an account holder will ultimately fail to settle their outstanding balance is derived using a conditional probability approach, which is based on a five-year historical loss rate calculated from actual write-offs against total gross invoices raised.

Forward-Looking Information: Management considered forward-looking information including GDP growth, unemployment levels, inflation and interest rate trends.

Based on the nature of the receivable portfolios and historical payment behaviour, management concluded that no material macro-economic overlay adjustment was required for the current reporting period.

For government and sundry receivables SARS monitors debtor-specific forward-looking indicators such as agreement disputes, administrative delays, changes in contract terms etc. for government receivables. These are more reasonable and supportable than general macro variables for this portfolio. As a result, macro-economic overlays are not considered relevant for adjusting ECL for this portfolio.

Key judgements and estimations involved in the general ECL model for Refundable deposits

The Expected Credit Loss (ECL) for refundable deposits is determined using a stress-based assessment approach. Under this methodology, each counterparty is allocated to a predefined risk bucket (Baseline, Low, Medium, High, Severe, Extreme) based on observable risk indicators.

Judgement is applied in:

- Classifying counterparties into appropriate risk buckets based on available financial and external risk information
- Assigning stress overlays, as these are not derived from statistical default data but represent pragmatic loss estimates
- Evaluating multiple risk indicators collectively, including audit outcomes, credit ratings, and exposure to distressed entities (e.g. Eskom)

Given the limited historical loss data, the ECL reflects a judgement-based, forward-looking estimate of credit risk at reporting date.

Significant Increase in Credit Risk (SICR)

In assessing Significant Increase in Credit Risk (SICR), the economic entity considers both quantitative and qualitative indicators, including payment delinquency, disputes, contractual renegotiations, administrative delays, adverse audit outcomes, and counterparty-specific risk events.

Although a rebuttable presumption exists that credit risk increases significantly when contractual payments are more than 30 days past due, this presumption may be rebutted where reasonable and supportable evidence demonstrates that credit risk has not increased significantly.

The controlling entity applies a **risk-based assessment**, rather than a purely ageing-based model, and therefore evaluates additional qualitative and behavioural factors before concluding on SICR.

Credit Risk Concentration Disclosure

The economic entity's credit risk exposure is concentrated primarily within government-related counterparties and regulated financial institutions. Management considers the associated credit risk to be low due to the nature of these counterparties and historical recovery experience.

Governance

The Expected Credit Loss model, assumptions, overlays and staging assessments are reviewed by management at each reporting date and are subject to governance oversight through the economic entity's financial reporting and risk management processes.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Approaches applied to different portfolios

For financial assets within the scope of GRAP 104's impairment requirements, the entity applies:

- The general approach to most financial assets measured at amortised cost, under which:
  - A loss allowance equal to 12-month ECL is recognised if credit risk has not increased significantly since initial recognition; and
  - A loss allowance equal to lifetime ECL is recognised if credit risk has increased significantly since initial recognition; and
- The simplified approach to receivables and lease receivables, for which a loss allowance is always measured at an amount equal to lifetime ECL.

Where relevant, receivables include balances arising from revenue transactions (for example, amounts recognised in terms of GRAP 9 Revenue from Exchange Transactions or GRAP 23 Revenue from Non-exchange Transactions) that meet the definition of a financial asset under GRAP 104.

For purchased or originated credit-impaired financial assets, the entity recognises only the cumulative changes in lifetime ECL since initial recognition, measured using a credit-adjusted effective interest rate.

Write-offs and subsequent recoveries

Financial assets (or parts thereof) are written off when the entity has no reasonable expectation of recovering all or part of the contractual cash flows, after considering historical experience and specific factors relating to the debtor. Any subsequent cash recoveries of amounts previously written off are recognised in surplus or deficit when received.

Financial guarantee contracts

The entity recognises expected credit losses on financial guarantee contracts from the date it becomes a party to the irrevocable commitment or guarantee. Judgement is applied in estimating:

- The expected utilisation of loan commitments;
- Exposure profiles over the contractual period; and
- The period over which expected credit losses are measured, taking into account contractual and behavioural factors.

Modifications and derecognition of financial assets

The entity exercises judgement in determining whether changes in the contractual terms of a financial instrument represent a modification that does not result in derecognition; or a change that is so substantial that it results in derecognition of the original instrument and recognition of a new one.

This assessment considers both quantitative factors (such as changes in the present value of contractual cash flows) and qualitative factors (such as changes in currency, collateral or other key terms).

Where a modification does not result in derecognition, the entity:

- Recalculates the gross carrying amount of the financial asset as the present value of the modified contractual cash flows discounted at the financial asset's original effective interest rate (or original credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets); and
- Recognises any resulting modification gain or loss in surplus or deficit, in accordance with GRAP 104's definition of "modification gain or loss" and related guidance.

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 to be cash-generating assets. Management considers non-cash-generating assets as assets other than cash-generating assets.

1.5 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 is 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 an item 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 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. Following revaluation, the gross carrying amount is adjusted proportionately so that the carrying amount after revaluation equals the revalued amount. This does not have any effect on the value as per the Statement of Financial Position.

Any increase in land and building's carrying amount, because of the revaluation, is credited directly to a 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 the 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 the asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value and are carried at cost, less accumulated depreciation, and any accumulated impairment losses.

The useful lives of items of property, plant and equipment for the economic entity have been assessed as follows:

Category	Average useful lives
Land	Unlimited useful life
Buildings	19 to 46 years
Plant and equipment	11 years
Furniture, fittings and office equipment	3 to 21 years
Land and water vehicles	5 to 12 years
ICT equipment	3 to 17 years
Leasehold improvements	3 to 13 years
Power supply equipment	10 to 16 years
Security equipment	10 to 15 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 36).

1.5 Property, plant and equipment (continued)

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 amount of items of property, plant and equipment is 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 4).
- Relevant information relating to assets under construction or development (see Note 4).

1.6 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 and subsequently 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 internal 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.
- 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 its 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 36).

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 respective useful life to their estimated residual value as follows:

Item	Average 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 for 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 5).

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.

1.7 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 living resource 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.

Where a living resource 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.

After recognition as an asset, living resources are carried at its 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) is 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 the 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.

1.8 Investments in controlled entity

Economic entity financial statements

The investment in the controlled entities is consolidated in the economic entity's financial statements. Refer to the accounting policy on consolidations Note 1.3.

Controlling entity financial statements

In the entity's separate financial statements, the investments in controlled entities are 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.

1.9 Financial instruments – GRAP 104 (revised 2019) – current policy

Applied from 1 April 2025, being the effective date prescribed for the economic entity by regulation of the Minister of Finance and the applicable Directive. See Note 2 (Changes in accounting policy).

Initial Recognition

The economic entity recognises a financial asset or a financial liability in its Statement of Financial Position when it becomes a party to the contractual provisions of the instrument.

The economic entity recognises financial assets using trade date accounting.

Classification

Classification of Financial Assets

Cash and cash equivalents and receivables from exchange transactions are measured at amortised cost because both of the following conditions are met:

a) These financial assets are held with the objective to collect contractual cash flows; and
b) The contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents comprise bank balances and short-term deposits held with ABSA Bank Limited, Nedbank Limited and the Corporation for Public Deposits (CPD) and cash on hand.

Receivables from exchange transactions that are financial instruments comprise:

- Government-related receivables arising from contractual agreements, including secondment cost recovery, expense reimbursements and contracted services rendered to government entities;
- In-service staff receivables, comprising bursary recoveries, salary corrections/adjustments, leave overpayments, and other recoverable amounts
- Out-of-service employee debt comprises recoverable amounts outstanding upon the termination of an employee's service at SARS. These balances typically arise from salary overpayments, bursary defaults, or other staff-related recoveries.
- Interest receivable on bank balances and CPD investment;
- Refundable deposits;
- Advance tax ruling (ATR) debtors; and
- Sundry receivables arising from contractual agreements, including tower rental income, travel commissions, fleet sales and intercompany recoveries including vendors with debit balances (as reviewed at year-end).

Statutory receivables arising from SARS' legislated mandate, including amounts receivable from government departments in respect of UIF and SDL commission income, are not financial instruments and are assessed and measured in accordance with GRAP 108.

Subsistence and travel advances and petty cash advances are prepayments and do not constitute financial assets.

Creditor overpayments and contested claims without enforceable contractual arrangements are not recognised as financial assets.

Classification of Financial Liabilities

The economic entity classifies all financial liabilities as subsequently measured at amortised cost. Financial liabilities comprise payables from exchange transactions. Payables that do not represent a contractual obligation to deliver cash, including bank reconciliation items, income received in advance and amounts that are not contractual in nature, are not financial liabilities and are excluded from financial instrument measurement and disclosure.

Financial guarantee contracts

The controlling entity issues housing loan guarantees to qualifying permanent employees for home loans obtained from external financial institutions. These arrangements meet the definition of financial guarantee contracts and are recognised as financial liabilities. Financial guarantee contracts form a separate measurement category under GRAP 104 (revised 2019) and are not measured at amortised cost.

Financial guarantee contracts are initially measured at fair value. Where no reliable measure of fair value can be determined, either by direct observation of an active market or through a valuation technique, SARS measures the contract initially at the amount of the loss allowance. SARS' housing loan guarantees fall within this scope as there is no observable market price or comparable market transactions for these guarantees, which are issued in non-exchange transactions at no consideration.

After initial recognition, financial guarantee contracts are measured at the loss allowance determined under the expected credit loss requirements. At each reporting date, SARS recognises an impairment gain or loss in surplus or deficit for the amount required to adjust the carrying amount to its required balance.

1.9 Financial instruments – GRAP 104 (revised 2019) – current policy (continued)

Measurement

Initial measurement

At initial recognition, the economic entity measures receivables from exchange transactions and payables from exchange transactions at their transaction price, as the initial credit period granted or received is consistent with terms used in the public sector, and these instruments do not contain a material financing transaction.

For cash and cash equivalents and refundable deposits, the economic entity initially measures these at their fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. For demand deposits and short-term bank balances, fair value equals the carrying amount, and no adjustment arises.

Write-off

The gross carrying amount of a financial asset is written off when the economic entity has no reasonable expectation of recovering the financial asset in its entirety or a proportion thereof. Upon write-off, the economic entity directly reduces the gross carrying amount by the approved amount, the loss allowance is reduced by the portion previously recognised for that specific asset, and any remaining difference is recognised immediately in surplus or deficit. The approval and write-off of irrecoverable debts follow the approval levels set by the economic entity policy.

Any amounts previously written off and subsequently recovered are recognised in surplus or deficit when received.

Impairment

The economic entity measures expected credit losses on all financial assets measured at amortised cost, comprising cash and cash equivalents, receivables from exchange transactions that are financial instruments, and refundable deposits. The controlling entity also measures expected credit losses on financial guarantee contracts. Where the calculated expected credit loss is material in the context of the economic entity's overall financial reporting, a loss allowance is recognised. Where the calculated expected credit loss is immaterial, no loss allowance is recognised. The methodology applied to each category of financial instrument and the conclusions reached on the calculated expected credit losses are disclosed in the financial instruments risk management note. (Refer Note 31).

At each reporting date, the economic entity recognises an impairment gain or loss in surplus or deficit for the amount required to adjust the loss allowance to its required balance.

Recognition of expected credit losses

General approach

The economic entity applies the general approach and measures expected credit losses on cash and cash equivalents, refundable deposits, in-service staff receivables, out-of-service staff receivables, certain sundry receivables assessed individually, and financial guarantee contracts.

For all the above financial instruments, excluding refundable deposits, the economic entity measures the loss allowance at each reporting date as follows:

- 12-month expected credit losses, if the credit risk on that instrument has not increased significantly since initial recognition (Stage 1); or
- 12-month expected credit losses, if the credit risk is assessed as low at the reporting date (Stage 1); or
- Lifetime expected credit losses, if the credit risk on that instrument has increased significantly since initial recognition (Stage 2); or
- Lifetime expected credit losses if the financial asset is credit-impaired (Stage 3).
- For refundable deposits, expected credit losses are measured using a stress-based approach, applying risk-based stress factors per counterparty based on assessed risk indicators.

Credit risk

The economic entity assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date with the risk of default at the date of initial recognition. This assessment is based on all reasonable and supportable information available without undue cost or effort, including historical loss experience, informed credit assessment and forward-looking information.

The economic entity applies the rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless reasonable and supportable information demonstrates that a significant increase in credit risk has not occurred.

1.9 Financial instruments – GRAP 104 (revised 2019) – current policy (continued)

Low credit risk

The economic entity considers a cash and cash equivalents balance to have low credit risk when the financial institution's credit rating is equivalent to the globally understood definition of 'investment grade'. Financial guarantees have low credit risk based on the mandatory salary deduction mechanism, pension recovery rights, stringent qualifying criteria and nil historical claims. The low credit risk exemption is applied to cash and cash equivalents and to financial guarantee contracts. Where the credit risk is assessed as low at the reporting date, the economic entity assumes that credit risk has not increased significantly since initial recognition and measures the loss allowance at an amount equal to 12-month expected credit losses.

Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or being more than 90 days past due;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Simplified approach

The economic entity applies the simplified approach and measures expected credit losses on Advance Tax Ruling (ATR) debtors, qualifying government-related receivables and qualifying sundry receivables that are assessed on a collective basis using a provision matrix. Under the simplified approach, the economic entity always measures the loss allowance for these instruments at an amount equal to lifetime expected credit losses from initial recognition, without assessing whether a significant increase in credit risk has occurred.

Measurement of expected credit losses

The economic entity measures expected credit losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The methods and assumptions used to measure expected credit losses, including the provision matrix applied to qualifying receivables and the forward-looking information incorporated, are disclosed in the financial instruments risk management note. Refer to Note 31.

Derecognition

Derecognition of financial assets

The economic entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expires, are settled or waived; or
- The economic entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset.

Derecognition of financial liabilities

The economic entity removes a financial liability from its Statement of Financial Position when it is extinguished - that is, when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation

Gains and losses

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are only offset and the net amount presented in the Statement of Financial Position when the economic entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.10 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 requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) less any accumulated impairment losses and any amounts derecognised.

The 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 controlling 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); and
- Amounts that have been derecognised.

Impairment losses

The controlling entity assesses its statutory receivables for impairment at the end of each reporting period.

Derecognition

The controlling entity derecognises a statutory receivable, or a part thereof, when the rights to the cashflows from the receivable are settled, expire or waived.

1.11 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.

Current 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 or substantively 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 tax laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred tax are recognised as income or an expense and included in surplus or deficit for the period.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets, 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.

1.13 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 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 to 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.

1.14 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 the Corporation of Public Deposits bank account held with the Reserve Bank, in instances where there are surplus funds available.

1.15 Impairment of cash-generating assets- controlled entity

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 cash-generating asset may be impaired. If there is any such indication, the controlling entity estimates the recoverable service amount of the asset.

1.16 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.

1.17 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

1.18 Employee benefit obligations

Identification

Employee benefits

The value of each major class of employee benefit obligation is disclosed in the employee benefits note (refer to Note 10).

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

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.
- Bonus and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service.

When an employee has rendered 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 discounted amount of the benefits, the entity recognises 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.
- 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 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 as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of incentive and service-related payments when it 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.

The total Employee costs disclosed in the Statement of Financial Performance encompass a broader range of salary-related expenditures and include direct remuneration, statutory contributions, accrued liabilities, other employment-related expenditure i.e. recruitment, training/development, relocation, and wellness programmes. etc.

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, it recognises the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense).

Other long-term employee benefits

Recognition and measurement

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.

1.19 Provisions and contingencies

Provisions are recognised when:

- The economic 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 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 expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus/deficit.

Contingent assets and contingent liabilities are not recognised but are disclosed in Note 33.

1.20 Commitments

Items are classified as commitments when an entity has 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 32):

- Contractual commitments should be non-cancelable or only cancelable at significant cost.
- Authorised, but not yet contracted for cost, include cost of projects already started at the reporting date and for which a procurement vehicle is in place.
- The costs relate to an approved business case for a project (inclusive of capital and operational costs).

1.21 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

When the outcome of the transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of the completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when the following criteria are met:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity.
- The stage of completion of the transaction at the reporting date can be measured reliably.
- 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.

1.22 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to 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.

1.23 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 reasons 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 is 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, are 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 Estimates of National Expenditure submission to National Treasury, which represents the published budget as per the Annual Performance Plan.

General purpose financial reporting by the controlling 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 2025/04/01 to 2026/03/31.

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 that are 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, when 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 occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Financial Statements

2. Changes in accounting policy

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of GRAP 104 Financial instruments (revised 2019).

Financial Instruments (GRAP 104, revised 2019)

Nature of change

During the current reporting period, the economic entity applied GRAP 104 (revised 2019) for the first time.

The revised Standard introduces, inter alia:

- A new classification model for financial assets and financial liabilities, based on the economic entity's management model for managing financial assets and the characteristics of the contractual cash flows (SPPI condition). Under the revised Standard, cash and cash equivalents, previously classified as financial assets measured at fair value, are reclassified to financial assets measured at amortised cost.
- A new expected credit loss (ECL) model for the impairment of financial assets measured at amortised cost, replacing the previous incurred-loss model.
- Financial guarantee contracts are explicitly brought within the scope of the revised Standard as financial liabilities. The controlling entity's housing loan guarantees, previously considered under GRAP 19, are now recognised and measured in accordance with GRAP 104 (revised 2019).

Transitional provisions

The economic entity applied GRAP 104 (Revised 2019) retrospectively, in accordance with GRAP 3, except as specified otherwise in the transitional provisions. GRAP 104 (Revised 2019) was not applied to items that had already been derecognised at the date of initial adoption.

Despite the requirement to apply GRAP 104 (Revised 2019) retrospectively, the economic entity was not required to restate prior periods.

The economic entity did not restate prior periods, and recognised any difference between the previous carrying amount at 31 March 2025 and the carrying amount at the beginning of the reporting period on 1 April 2025, including the date of initial adoption, in the opening accumulated surplus on 1 April 2025.

Classification and measurement – transitional elections

The economic entity applied the classification requirements in GRAP 104 (revised 2019) at the date of initial adoption (1 April 2025) on the basis of facts and circumstances existing at that date. The economic entity elected not to restate comparative information in accordance with the transitional provisions of the Standard.

Impairment – Expected credit losses (ECL)

The economic entity applied the impairment requirements retrospectively in accordance with GRAP 3.

Because the economic entity did not restate comparative information, applying the impairment requirements retrospectively means the economic entity measured impairment losses using expected credit losses as of the date of adoption (1 April 2025). The economic entity recognised any difference between the previous loss allowance and the loss allowance at the beginning of the reporting period that includes the date of initial adoption in the opening accumulated surplus of the annual reporting period that includes the date of initial adoption.

The economic entity measured expected credit losses for all financial assets within the scope of GRAP 104 (revised 2019) at the date of initial adoption, including cash and cash equivalents, refundable deposits, the receivables from exchange transactions sub-categories and financial guarantee contracts (controlling entity). Where the calculated expected credit loss at 1 April 2025 was assessed as immaterial in the context of the economic entity's overall financial reporting, no loss allowance was recognised at the date of initial adoption. The methodology applied to each category of financial instrument and the conclusions reached on the calculated expected credit losses are disclosed in the financial instruments risk management note (Refer to Note 31).

At the date of initial adoption, the economic entity used reasonable and supportable information available without undue cost or effort to determine the credit risk at the date a financial instrument was initially recognised, and compared that to the credit risk at the date of initial adoption.

When determining whether there has been a significant increase in credit risk since initial recognition, the controlling entity applied:

- The low credit risk exemption for cash and cash equivalents and financial guarantee contracts; and
- For staff receivables and other receivables an assessment of historical loss rates, days past due indicators and the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due.

Where, at the date of initial adoption, determining whether there has been a significant increase in credit risk since initial recognition required undue cost or effort, the controlling entity recognises a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised, unless that financial instrument has low credit risk at a reporting date.

2. Changes in accounting policy (continued)

Impact on the financial statements

Reconciliation of measurement categories and carrying amounts at the date of initial adoption

Economic entity - R'000 - At date of initial adoption

Class of instrument	Notes	Carrying amount (old) – Line Item/ Class	Non-FI Portion (excluded)	Carrying amount (old) - FI	GRAP 104 (2009) category	GRAP 104 (2019) category	Carrying amount (new) - FI	Change in carrying amount (new-old) - FI
Cash and cash equivalents	15	1 191 516	-	1 191 516	Fair value	Amortised cost	1 191 516	-
Receivables from exchange transactions (current)	13	61 986	(40 803)	21 183	Amortised cost	Amortised cost	21 409	226
Receivables from exchange transactions (non-current)	13	3 719	-	3 719	Amortised cost	Amortised cost	3 719	-
		1 257 221	**(40 803)**	**1 216 418**			**1 216 644**	**226**

The column "Non-FI portion (excluded)" comprises balances outside the scope of GRAP 104. They are shown only to bridge to Statement of Financial Position. No GRAP 104 category is assigned to these amounts.

At the date of initial adoption of GRAP 104 (Revised 2019), a difference of R226 000 was identified between the carrying values previously recognised under GRAP 104 (2009) and those determined under the revised standard. This adjustment has been recognised in the reconciliation of measurement categories and carrying amounts.

Controlling entity - R'000 - At date of initial adoption

Class of instrument	Notes	Carrying amount (old) – Line Item/ Class	Non-FI Portion (excluded)	Carrying amount (old) - FI	GRAP 104 (2009) category	GRAP 104 (2019) category	Carrying amount (new) - FI	Change in carrying amount (new-old) - FI
Cash and cash equivalents	15	1 132 479	-	1 132 479	Fair value	Amortised cost	1 132 479	-
Receivables from exchange transactions (current)	13	61 715	(40 714)	21 001	Amortised cost	Amortised cost	21 227	226
Receivables from exchange transactions (non-current)	13	3 719	-	3 719	Amortised cost	Amortised cost	3 719	-
		1 197 913	**(40 714)**	**1 157 199**			**1 157 425**	**226**

The column "Non-FI portion (excluded)" comprises balances outside the scope of GRAP 104. They are shown only to bridge to Statement of Financial Position. No GRAP 104 category is assigned to these amounts.

2. Changes in accounting policy (continued)

Reconciliation of impairment allowances to opening loss allowances at the date of initial adoption

Controlling entity - at the date of initial adoption (1 April 2025)

Class of instrument	GRAP 104 (2009) category	GRAP 104 (2019) category	Closing impairment allowance/provision under GRAP 104 (2009) and GRAP 19 (immediately before adoption)	Adjustments arising solely from change in measurement category	Difference recognised in opening accumulated surplus	Opening loss allowance under revised GRAP 104 at date of initial adoption
Cash and cash equivalents	Fair value	Amortised cost	-	-	-	-
Receivables from exchange transactions	Amortised cost	Amortised cost	(2 226)	226	226	(2 000)
Financial guarantee contracts	Not in scope	Amortised cost	-	-	-	-
			(2 226)	**226**	**226**	**(2 000)**

Classification requirements applied to financial assets whose classification has changed

The economic entity applied the classification requirements in GRAP 104 (revised 2019) to cash and cash equivalents, which were previously classified at fair value under GRAP 104 (2009) and are now measured at amortised cost. Cash and cash equivalents are held within a management model whose objective is to collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Both of these conditions are met, and accordingly, cash and cash equivalents are measured at amortised cost under GRAP 104 (revised 2019). No carrying amount difference arises from the reclassification, as for demand deposits and short-term investments held with the CPD and major banks, fair value equals amortised cost at the initial adoption date.

Impact of the adoption of iGRAP 22

The entity adopted Interpretation of the Standards of GRAP (iGRAP) 22 in the current financial year. The Interpretation provides clarification on the application of existing Standards of GRAP.

The adoption of iGRAP 22 did not have a material impact on the entity's financial position, financial performance, or cash flows.

Management has considered the requirements of the interpretation and is satisfied that the entity's existing accounting policies and practices are consistent with, or not contradicted by, the guidance provided.

Accordingly, no adjustments to previously recognised amounts were required. The implementation of the Interpretation did not result in material changes to recognition, measurement, presentation, or disclosure in the financial statements.

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are relevant to its operations and effective for the current financial year:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	The impact of the interpretation is not material.
GRAP 104 (2019 as revised): Financial Instruments	01 April 2025	The impact of the standard is set out in Note 2 - Changes in accounting policy

3.2 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards, which have been published and are mandatory for the economic entity's future accounting periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 2023 Improvements to the Standards of GRAP 2023	Still to be determined by the Minister of Finance	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Still to be determined by the Minister of Finance	Unlikely there will be a material impact

4. Property, plant and equipment

Economic entity R'000	2026			2025		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	141 373	-	141 373	212 639	-	212 639
Buildings	722 651	(309 388)	413 263	671 065	(291 375)	379 690
Plant and equipment	142 261	(114 609)	27 652	138 106	(104 478)	33 628
Furniture, fittings and office equipment	524 239	(312 327)	211 912	421 727	(290 000)	131 727
Land and water vehicles	342 985	(155 142)	187 843	269 195	(147 664)	121 531
ICT equipment	3 610 833	(2 306 002)	1 304 831	3 514 125	(2 183 305)	1 330 820
Leasehold improvements	866 383	(488 284)	378 099	729 967	(438 491)	291 476
Power supply equipment	133 910	(87 397)	46 513	130 171	(97 082)	33 089
Security equipment	175 295	(146 520)	28 775	182 397	(156 669)	25 728
Total	**6 659 930**	**(3 919 669)**	**2 740 261**	**6 269 392**	**(3 709 064)**	**2 560 328**

Controlling entity R'000	2026			2025		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	141 373	-	141 373	212 639	-	212 639
Buildings	722 651	(309 388)	413 263	671 065	(291 375)	379 690
Plant and equipment	142 261	(114 609)	27 652	138 106	(104 478)	33 628
Furniture, fittings and office equipment	522 429	(311 582)	210 847	420 532	(289 348)	131 184
Land and water vehicles	342 985	(155 142)	187 843	269 195	(147 664)	121 531
ICT equipment	3 590 476	(2 295 953)	1 294 523	3 492 812	(2 171 848)	1 320 964
Leasehold improvements	865 529	(488 284)	377 245	728 963	(438 491)	290 472
Power supply equipment	133 910	(87 397)	46 513	130 171	(97 082)	33 089
Security equipment	175 277	(146 506)	28 771	182 377	(156 652)	25 725
Total	**6 636 891**	**(3 908 861)**	**2 728 030**	**6 245 860**	**(3 696 938)**	**2 548 922**

4. Property, plant and equipment (continued)

Reconciliation of the carrying amount of property, plant and equipment – Economic entity - 2026

Figures in Rand thousand (R'000)	Opening balance	Additions	Additions through finance leases	Disposals	Donations received	Transfers	Revaluations reserve surplus net of realisation income of revaluation reserve	Negotiated discount	Compensation for replacement of assets	Depreciation	Impairment loss/scrapping	Impairment reversal	Total
Land	212 639	-	-	-	-	-	(40 580)	-	-	-	(30 697)	11	141 373
Buildings	379 690	13 366	-	-	-	-	14 681	-	-	(31 449)	-	36 975	413 263
Plant and equipment	33 628	4 245	-	-	-	-	-	-	-	(10 221)	-	-	27 652
Furniture, fittings and office equipment	131 727	67 679	53 481	(272)	-	88	-	-	-	(39 501)	(1 405)	115	211 912
Land and water vehicles	121 531	75 690	3 334	(819)	-	-	-	-	-	(10 561)	(1 332)	-	187 843
ICT equipment	1 330 820	279 029	-	(7 574)	2 727	(1 047)	-	27 072	2 817	(299 596)	(29 450)	33	1 304 831
Leasehold improvements	291 476	129 475	-	-	-	197	-	-	-	(49 729)	6 680	-	378 099
Power supply equipment	33 089	17 058	-	(743)	-	(53)	-	-	-	(2 836)	(2)	-	46 513
Security equipment	25 728	7 158	-	(503)	-	579	-	-	-	(3 963)	(224)	-	28 775
	2 560 328	**593 700**	**56 815**	**(9 911)**	**2 727**	**(236)**	**(25 899)**	**27 027**	**2 817**	**(447 856)**	**(56 430)**	**37 134**	**2 740 261**

The economic entity received a donation in the form of funding of R2.7 million from a cellular service provider for the purchase of cellular devices.
Refer to Note 36 for the total impact of changes in useful life on accumulated depreciation.
Net transfers between property, plant and equipment and intangible assets as per Note 5 contra each other.
Negotiated discount represents discount negotiated on the acquisition of ICT equipment.
Acquisitions in the Cash Flow Statement have been adjusted for movements in Trade and Other Payables to reflect cash acquisitions. Refer to Note 27.

4. Property, plant and equipment (continued)

Reconciliation of the carrying amount of property, plant and equipment – Economic entity – 2025

Figures in Rand thousand (R'000)	Opening balance	Additions	Additions through finance leases	Disposals	Donations received	Transfers	Revaluations reserve surplus net of realisation income of revaluation reserve	Compensation for replacement of assets	Depreciation	Impairment loss/ scrapping	Impairment reversal	Total
Land	198 721	-	-	-	-	-	13 918	-	-	-	-	212 639
Buildings	451 527	17 054	-	-	-	-	18 702	-	(25 455)	(82 138)	-	379 690
Plant and equipment	37 332	3 626	-	-	-	-	-	-	(7 326)	(4)	-	33 628
Furniture, fittings and office equipment	125 781	36 694	834	(46)	-	72	-	-	(22 699)	(8 954)	45	131 727
Land and water vehicles	118 570	12 372	-	(1 528)	-	-	-	-	(7 277)	(616)	10	121 531
ICT equipment	1 542 448	102 584	5 031	(192)	621	(6 468)		2 307	(310 040)	(5 488)	17	1 330 820
Leasehold improvements	329 934	26 649	-	-	-	-	-	-	(35 102)	(30 005)	-	291 476
Power supply equipment	28 375	6 468	-	(196)	-	2 908	-	-	(4 146)	(326)	6	33 089
Security equipment	28 473	3 022	-	-	-	(1 529)	-	-	(3 908)	(330)	-	25 728
	2 861 161	**208 469**	**5 865**	**(1 962)**	**621**	**(5 017)**	**32 620**	**2 307**	**(415 953)**	**(127 861)**	**78**	**2 560 328**

The controlling entity received a donation in the form of funding of R621 000 from a cellular service provider for the purchase of cellular devices.
Refer to Note 36 for the total impact of changes in useful life and residual value on accumulated depreciation.
Refer to Note 37 for correction on prior period errors.
Net transfers between property, plant and equipment and intangible assets as per Note 5 contra each other.
Acquisitions in the Cash Flow Statement have been adjusted for movements in Trade and Other Payables to reflect cash acquisitions. Refer to Note 27.

4. Property, plant and equipment (continued)

Reconciliation of the carrying amount of property, plant and equipment – Controlling entity – 2026

Figures in Rand thousand (R'000)	Opening balance	Additions	Additions through finance leases	Disposals	Donations received	Transfers	Revaluations reserve surplus net of realisation income of revaluation reserve	Negotiated discount	Compensation for replacement of assets	Depreciation	Impairment loss/ scrapping	Impairment reversal	Total
Land	212 639	-	-	-	-	-	(40 580)	-	-	-	(30 697)	11	141 373
Buildings	379 690	13 366	-	-	-	-	14 681	-	-	(31 449)	-	36 975	413 263
Plant and equipment	33 628	4 245	-	-	-	-	-	-	-	(10 221)	-	-	27 652
Furniture, fittings and office equipment	131 184	67 050	53 481	(271)	-	88	-	-	-	(39 395)	(1 405)	115	210 847
Land and water vehicles	121 531	75 690	3 334	(819)	-	-	-	-	-	(10 561)	(1 332)	-	187 843
ICT equipment	1 320 964	275 832	-	(7 290)	2 727	(1 047)	-	27 072	2 817	(297 135)	(29 450)	33	1 294 523
Leasehold improvements	290 472	129 424	-	-	-	197	-	-	-	(49 528)	6 680	-	377 245
Power supply equipment	33 089	17 058	-	(743)	-	(53)	-	-	-	(2 836)	(2)	-	46 513
Security equipment	25 725	7 156	-	(503)	-	579	-	-	-	(3 962)	(224)	-	28 771
	2 548 922	**589 821**	**56 815**	**(9 626)**	**2 727**	**(236)**	**(25 899)**	**27 072**	**2 817**	**(445 087)**	**(56 430)**	**37 134**	**2 728 030**

The economic entity received a donation in the form of funding of R2.7 million from a cellular service provider for the purchase of cellular devices.
Refer to Note 36 for the total impact of changes in useful life on accumulated depreciation.
Net transfers between property, plant and equipment and intangible assets as per Note 5 contra each other.
Negotiated discount represents discount negotiated on the acquisition of ICT equipment.
Acquisitions in the Cash Flow Statement have been adjusted for movements in Trade and Other Payables to reflect cash acquisitions. Refer to Note 27.

Reconciliation of the carrying amount of property, plant and equipment – Controlling entity – 2025

Figures in Rand thousand (R'000)	Opening balance	Additions	Additions through finance leases	Disposals	Donations received	Transfers	Revaluations reserve surplus net of realisation income of revaluation reserve	Compensation for replacement of assets	Depreciation	Impairment loss/ scrapping	Impairment reversal	Total
Land	198 721	-	-	-	-	-	13 918	-	-	-	-	212 639
Buildings	451 527	17 054	-	-	-	-	18 702	-	(25 455)	(82 138)	-	379 690
Plant and equipment	37 332	3 626	-	-	-	-	-	-	(7 326)	(4)	-	33 628
Furniture, fittings and office equipment	125 128	36 652	834	-	-	72	-	-	(22 593)	(8 954)	45	131 184
Land and water vehicles	118 570	12 372	-	(1 528)	-	-	-	-	(7 277)	(616)	10	121 531
ICT equipment	1 533 134	99 369	5 031	-	621	(6 468)	-	2 307	(307 559)	(5 488)	17	1 320 964
Leasehold improvements	329 001	26 388	-	-	-	-	-	-	(34 912)	(30 005)	-	290 472
Power supply equipment	28 375	6 468	-	(196)	-	2 908	-	-	(4 146)	(326)	6	33 089
Security equipment	28 469	3 022	-	-	-	(1 529)	-	-	(3 907)	(330)	-	25 725
	2 850 257	**204 951**	**5 865**	**(1 724)**	**621**	**(5 017)**	**32 620**	**2 307**	**(413 175)**	**(127 861)**	**78**	**2 548 922**

The controlling entity received a donation in the form of funding of R621 000 from a cellular service provider for the purchase of cellular devices.
Refer to Note 36 for the total impact of changes in useful life and residual value on accumulated depreciation.
Refer to Note 37 for correction on prior period errors.
Net transfers between property, plant and equipment and intangible assets as per Note 5 contra each other.
Acquisitions in the Cash Flow Statement have been adjusted for movements in Trade and Other Payables to reflect cash acquisitions. Refer to Note 27.

4. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was 31 March 2026. 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 No.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. The year-on-year value (FY2025 to FY2026) declined by 2.1%. This decline is due to the fact that office rental rates remained relatively unchanged in this node while property expenses increased materially (operating cost ratio increased from 35.6% to 43.6%), which placed pressure on the Net Operating Income (NOI). Property expenses have been normalised where necessary to determine a sustainable NOI, which has been capitalised at 9.0%. No capital deduction has been applied in the valuation calculations. The weighted average gross market rental per m^2 is R167.00 and a long-term vacancy rate of 5.0% was used. The Market Value is corroborated by the Comparable Sales Method.

When determining the Market Value of the Alberton Campus, the valuators relied on the Income Approach. The year-on-year value (FY2025 to FY2026) declined by 9.9%. Minimal to no market rental growth has been recorded for this node. The vacancy allowance was increased to 9.6%, which was the primary driver of the market value decline of 9.9%. Property expenses have been normalised where necessary, which has been capitalised at 10.50%. No capital deduction has been applied in the valuation calculations although the roof remains a maintenance concern to be monitored. Overall, the improvements are in an average state of maintenance. The weighted average gross market rental per m^2 of R140.28 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 reduction in the Ficksburg property values of 0.7%, excluding Erf 807 Ficksburg which had an increase in value of 12.9%, can be attributed to the demand for residential properties in Ficksburg remaining subdued. 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. A deferred maintenance and general repairs allowance of R250/m^2 of the Gross Building Area was applied as a capital expenditure deduction to each of the three subject properties. For Erf 807 Ficksburg Ext 20, in addition to the standard maintenance deduction, a further deduction equivalent to 50% of the applied value was made to reflect buyer's risk associated with the major structural crack identified throughout the dwelling. Based on the visual inspection, it appears that the ground movement has settled.

The decrease in property values in Fouriesburg (ranging between 2.30% and 13.00%) is due to there not being any material changes in the demand and selling prices of residential properties in Fouriesburg since the previous year.

Refer to Note 16 for the change in the revaluation surplus.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

4. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed that have been delayed

Carrying value of property, plant and equipment in the process of being constructed or developed that have been delayed during the current or previous reporting period(s)

Traveller Management System – ORTIA Passenger Processing Project	173	-	173	-

The project forms part of the Customs & Excise Modernisation Programme and seeks to enhance operations at OR Tambo International Airport (ORTIA) through upgrades to traveller processing areas.

The initiative aims to improve operational efficiency, strengthen border management, and enhance working conditions for frontline officials.

Construction remains partially complete due to historical service provider challenges. A new contractor took site possession on 13 November 2025 and commenced work shortly thereafter; however, persistent non-performance led to contract termination by SARS. To date, only a limited portion of the contract value has been certified and paid.

Smart Border Project	3 477	3 477	3 477	3 477

The SMART border Project forms part of the bigger Customs Modernisation Programme. Two key components include the Automated Number Plate Recognition (ANPR) System designed to streamline arrival and exit management by reading vehicle number plates automatically and the CCTV Camera Installation Programme at tobacco manufacturing warehouses, intended to identify any deviations in tobacco production that may indicate illicit or potentially illicit manufacturing of tobacco products. The implementation of these programmes, however, has faced significant delays due to legal challenges involving the CCTV Camera Installation Programme and design and pilot site delays involving the ANPR System. The installation of the latter has been postponed to the 2025/2026 financial year, but unfortunately it is still pending litigation outcome.

	3 650	**3 477**	**3 650**	**3 477**

Expenditure incurred to repair and maintain Property, plant and equipment and intangible assets included in the Statement of Financial Performance

Contracted services	1 139 407	980 054	1 231 626	1 063 894
General expenses	70 039	69 747	70 001	69 626
	1 209 446	**1 049 801**	**1 301 627**	**1 133 520**

Repairs and maintenance forms part of Administrative expenses and Professional and Special Services on the face of the Statement of Financial Performance.

Motor maintenance plans were similarly identified as having been incorrectly capitalised as part of vehicle assets (R198 000). These have since been reclassified to prepayments of which R36 000 has been expensed leaving R162 000 in Prepayments, which has further been split between Current (R 55 000) and Non-Current (R107 000) to reflect their nature appropriately. Refer to Note 37.

5. Intangible assets

Figures in Rand thousand (R'000)						
Economic entity	2026			2025		
	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	(73 583)	-	73 583	(73 583)	-
ICT Software	5 030 717	(3 373 578)	1 657 139	4 905 991	(3 376 516)	1 529 475
Software under development	105 223	-	105 223	60 514	-	60 514
Total	**5 209 523**	**(3 447 161)**	**1 762 362**	**5 040 088**	**(3 450 099)**	**1 589 989**

Figures in Rand thousand (R'000)						
Controlling entity	2026			2025		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
ICT Software	5 027 360	(3 370 365)	1 656 995	4 902 176	(3 372 917)	1 529 259
Software under development	105 222	-	105 222	60 513	-	60 513
Total	**5 132 582**	**(3 370 365)**	**1 762 217**	**4 962 689**	**(3 372 917)**	**1 589 772**

Reconciliation of the carrying amount of intangible assets – Economic entity – 2026

Figures in Rand thousand (R'000)								
	Opening balance	Additions	Negotiated discount	Disposals	Transfers	Amortisation	Impairment loss/ scrappings	Total
ICT Software	1 529 475	67 398	80 827	(11)	247 555	(243 036)	(25 069)	1 657 139
Software under development	60 514	293 084	-	-	(247 319)	-	(1 056)	105 223
	1 589 989	**360 482**	**80 827**	**(11)**	**236**	**(243 036)**	**(26 125)**	**1 762 362**

Refer to Note 36 for the total impact of changes in useful life on accumulated amortisation.

Net transfers between property, plant and equipment and intangible assets as per Note 4 contra each other.

Negotiated discount represents discount negotiated on the acquisition of ICT assets.

5. Intangible assets (continued)

Reconciliation of the carrying amount of intangible assets – Economic entity – 2025

Figures in Rand thousand (R'000)							
	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss/ scrapping	Total
Intellectual property and other rights	1 196	-	-	-	(1 196)	-	-
ICT Software	1 517 522	8 916	(6)	249 272	(223 839)	(22 390)	1 529 475
Software under development	107 732	200 324	-	(244 255)	-	(3 287)	60 514
	1 626 450	**209 240**	**(6)**	**5 017**	**(225 035)**	**(25 677)**	**1 589 989**

Refer to Note 36 for the total impact of changes in useful life on accumulated amortisation.
Net transfers between property, plant and equipment and intangible assets as per Note 4 contra each other.

Reconciliation of the carrying amount of intangible assets – Controlling entity – 2026

Figures in Rand thousand (R'000)							
	Opening balance	Additions	Negotiated discount	Transfers	Amortisation	Impairment loss/ scrapping	Total
ICT Software	1 529 259	67 358	80 827	247 555	(242 935)	(25 069)	1 656 995
Software under development	60 513	293 084	-	(247 319)	-	(1 056)	105 222
	1 589 772	**360 442**	**80 827**	**236**	**(242 935)**	**(26 125)**	**1 762 217**

Refer to Note 36 for the total impact of changes in useful life on accumulated amortisation.
Net transfers between property, plant and equipment and intangible assets as per Note 4 contra each other.
Negotiated discount represents discount negotiated on the acquisition of ICT equipment.

Reconciliation of the carrying amount of intangible assets – Controlling entity – 2025

Figures in Rand thousand (R'000)						
	Opening balance	Additions	Transfers	Amortisation	Impairment loss/ scrapping	Total
ICT Software	1 517 145	8 911	249 272	(223 679)	(22 390)	1 529 259
Software under development	107 732	200 323	(244 255)	-	(3 287)	60 513
	1 624 877	**209 234**	**5 017**	**(223 679)**	**(25 677)**	**1 589 772**

Refer to Note 36 for the total impact of changes in useful life on accumulated amortisation.
Net transfers between property, plant and equipment and intangible assets as per Note 4 contra each other.

5. Intangible assets (continued)

Intangible assets in the process of being constructed or developed

Carrying value of Intangible assets in the process of being constructed or developed that have been delayed during the current or previous reporting period(s)

Registration and Register Clean-up - Improve Quality of Addresses Phase 1	3 815	995	3 815	995

Phase 1 of the project was implemented on 27 June 2025; however, queue confirmations and updates continued to contribute to backlogs, and some messages remained undelivered. Optimisation changes are in progress, with full operational readiness targeted for April 2026.

Trust Administrative Penalties Debt	3 189	-	3 189	-

The project was implemented successfully on 6 December 2025. Two weeks of post-implementation support remained outstanding and were dependent on the activation of the Trust Administrative Penalties initiative planned for May 2026.

Trust Administrative Penalties Disputes	5 652	-	5 652	-

The project was implemented on 3 October 2025; however, close-out was deferred pending the imposition of the trust administrative penalty. Post- implementation support will take place from 5 May 2026 to 2 June 2026.

Voluntary Disclosure Programme - VDP	97	97	97	97

An emergency fix was implemented; however, the long-term solution was delayed due to architectural decisions, reprioritisation, and an expanded scope of work. The project is now scheduled for implementation in December 2026.

Registration and Register Clean-up – UnMerge Functionality	1 017	1 017	1 017	1 017

The project was delayed after Quality Assurance identified misalignment between the eFiling solution and entity-level requirements. Although the outstanding issues were resolved, testing resource constraints prevented year-end implementation. The project is now scheduled for June 2026.

	13 770	**2 109**	**13 770**	**2 109**

6. Living resources

Figures in Rand thousand (R'000)						
Economic entity	2026			2025		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Customs Detector Dogs	7 883	(2 469)	5 414	6 913	(2 014)	4 899

Figures in Rand thousand (R'000)						
Controlling entity	2026			2025		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Customs Detector Dogs	7 883	(2 469)	5 414	6 913	(2 014)	4 899

Reconciliation of living resources – Economic entity - 2026

Figures in Rand thousand (R'000)						
	Opening balance	Additions	Donations received	Depreciation	Impairment loss/scrappings	Total
Customs Detector Dogs	4 899	2 082	63	(825)	(805)	5 414

The controlling entity received a donation of a Customs Detector Dog (R63 000).

Reconciliation of living resources – Economic entity - 2025

Figures in Rand thousand (R'000)					
	Opening balance	Additions	Depreciation	Impairment loss/scrappings	Total
Customs Detector Dogs	4 962	798	(678)	(183)	4 899

Reconciliation of living resources – Controlling entity - 2026

Figures in Rand thousand (R'000)						
	Opening balance	Additions	Donations received	Depreciation	Impairment loss/scrappings	Total
Customs Detector Dogs	4 899	2 082	63	(825)	(805)	5 414

The controlling entity received a donation of a Customs Detector Dog (R63 000).

Reconciliation of living resources – Controlling entity - 2025

Figures in Rand thousand (R'000)					
	Opening balance	Additions	Depreciation	Impairment loss/scrappings	Total
Customs Detector Dogs	4 962	798	(678)	(183)	4 899

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

7. Interest in other entities

Investment in controlled entity

Name of company	Determination of ownership interest	% holding 2026	% holding 2025	Carrying amount 2026	Carrying amount 2025
International Frontier Technologies SOC Ltd	South African Revenue Service	100.00%	100.00%	-	-

The controlled entity has a share capital of R1 (One Rand).

8. Deferred tax – controlled entity

Deferred tax assets

Deferred tax asset	**4 732**	**4 172**	**-**	**-**

Reconciliation of deferred tax asset/(liability)

At the beginning of the year	4 172	3 575	-	-
Reversing temporary difference on intellectual property	-	226	-	-
Temporary difference on property, plant and equipment	(291)	(296)	-	-
Originating temporary difference on operating lease	(45)	(68)	-	-
Temporary difference on prepayments	37	(128)	-	-
Movement in provisions and accruals	859	863	-	-
	4 732	**4 172**	**-**	**-**

9. Trade and other payables

Trade payables	353 695	261 597	393 088	271 417
Accruals for salary-related expenses	534 473	514 598	521 425	503 015
Other payables	366	1 971	366	4 732
	888 534	**778 166**	**914 879**	**779 164**

Leave in lieu of overtime (TOIL) liabilities amounting to R14.1 million were not recognised in previous financial years, despite employees having rendered services that created a present obligation. This omission has been corrected through the recognition of the liability in accordance with GRAP 25. Refer to Note 37

9. Trade and other payables (continued)

Split between financial instruments and non-financial instruments

Other non-financial instruments related	528 794	510 612	520 973	503 681
Carrying amount of non-financial instruments	528 794	510 612	520 973	503 681
Carrying amount of financial instruments	359 740	267 554	393 906	275 483
Total split between financial instruments and non-financial instruments	**888 534**	**778 166**	**914 879**	**779 164**

Split of carrying amount of financial instruments into categories

Financial liabilities measured at amortised cost	359 740	267 554	393 906	275 483
Carrying amount of financial instruments included in Total split between financial instruments and non-financial instruments	**359 740**	**267 554**	**393 906**	**275 483**

10. 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.

The total economic entity contribution to such schemes	694 969	670 469	681 744	658 727

The total economic entity contribution to the defined contribution retirement fund forms part of employee cost on the face of the Statement of Performance.

11. Prepayments

Prepaid expenditure	670 639	548 447	661 612	540 638
Prepayment - controlled entity	3 913	-	30 000	-
Leave taken in advance	30 010	23 337	30 010	23 337
	704 562	**571 784**	**721 622**	**563 975**
Current asset	696 590	565 346	713 650	557 537
Non-current asset	7 972	6 438	7 972	6 438
	704 562	**571 784**	**721 622**	**563 975**

Amounts paid in advance for rental, utilities, legal and data costs (R1.7 million), previously reflected as debit balances on vendor accounts and included in Sundry Receivables, as well as advances to staff for goods and services (R397k) previously included in Staff Accounts Receivable, have been reclassified to Prepayments to align with the nature of the transactions. This reclassification has no impact on the surplus/(deficit) for the period. Refer to Note 13 and 38.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

11. Prepayments (continued)

Motor maintenance plans were similarly identified as having been incorrectly capitalised as part of vehicle assets (R198 000). These have since been reclassified to prepayments of which R 36 000 has been expensed leaving R162 000 in Prepayments, which has further been split between Current (R 55 000) and Non-Current (R107 000) to reflect their nature appropriately. Refer to Note 37.

12. Inventories

Combat uniforms	6 971	4 101	6 971	4 101
Corporate uniforms	13 020	16 479	13 020	16 479
Uniforms personal protective equipment	133	146	133	146
	20 124	**20 726**	**20 124**	**20 726**

13. Trade and other receivables

	Note				
Statutory receivables	14	39 079	37 693	39 079	37 693
Government departments		16 365	9 746	16 365	9 746
Interest receivable		6 922	5 466	6 922	5 466
Staff accounts receivable		4 518	4 658	4 518	4 658
Refundable deposits		1 591	3 833	1 576	3 818
Sundry receivables		1 001	931	1 510	1 349
Trade debtors		1 455	674	-	-
Advance Tax Ruling (ATR) debtors		288	132	288	132
Total Receivables from exchange transactions		**71 219**	**63 133**	**70 258**	**62 862**

Split between non-current and current portions

Current assets	69 750	59 414	68 789	59 143
Non-current assets	1 469	3 719	1 469	3 719
	71 219	**63 133**	**70 258**	**62 862**

Included in amounts due from government departments are balances arising from operating lease arrangements with the Department of Home Affairs (DHA). These amounts represent invoiced lease income due in terms of contractual arrangements and are repayable within normal credit terms. The receivables are recognised and measured in accordance with GRAP 104. No separate presentation has been made, as these balances are short term in nature and consistent with other government receivables. No straight-line lease receivable has been recognised, as income is recognised in line with invoicing over the lease term. Refer to Note 22 and Note 34.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

13. Trade and other receivables (continued)

Because the economic entity did not restate comparative information for the adoption of GRAP 104 (revised 2019), applying the impairment requirements retrospectively means the economic entity measured impairment losses using expected credit losses as of the date of adoption (1 April 2025). The economic entity recognised any difference between the previous loss allowance and the loss allowance at the beginning of the reporting period that includes the date of initial adoption in the opening accumulated surplus of the annual reporting period that includes the date of initial adoption (R226 000). The amount is included here for completeness. Refer Note 2 - Change in Accounting Policy and Note 31.

Amounts paid in advance for rental, utilities, legal and data costs (R1.7 million), previously reflected as debit balances on vendor accounts and included in Sundry Receivables, as well as advances to staff for goods and services (R397k) previously included in Staff Accounts Receivable, have been reclassified to Prepayments to align with the nature of the transactions. This reclassification has no impact on the surplus/(deficit) for the period. Refer to Note 11 and 38.

During the current financial year, it was identified that legal vendor debit balances amounting to R685 000 had been incorrectly disclosed as sundry receivables. As the amounts are not recoverable and do not meet the definition of an asset, they have been recognised as expenses. Comparative information has been restated accordingly. Refer to Note 37 and Note 38.

Split between financial instruments and non-financial instruments

Statutory related	39 079	37 693	39 079	37 693
Other non-financial instruments related	10	313	10	313
Carrying amount of non-financial instruments	**39 089**	**38 006**	**39 089**	**38 006**
Carrying amount of financial instruments	32 130	25 127	31 169	24 856
Total split between financial instruments and non-financial instruments	**71 219**	**63 133**	**70 258**	**62 862**

Split of carrying amount of financial instruments into categories

Financial assets measured at amortised cost	32 130	25 127	31 169	24 856

Financial instrument disclosure

Additional information on the financial instrument components of this note, as required by GRAP 104, is provided in Note 31 Financial Instruments - Risk Management and Other Disclosures.

Statutory receivable disclosure

Additional information on the statutory receivables components of this note, as required by GRAP 108, is provided in Note 14 Statutory receivables disclosure.

14. Statutory receivables disclosure

Reconciliation of statutory receivables included in receivables from exchange transaction above are as follows:

Line item containing statutory receivables, and relating receivable type

	Note				
Receivables from exchange transactions	13	**39 079**	**37 693**	**39 079**	**37 693**
UIF Commission		35 045	33 662	35 045	33 662
SDL Commission		4 034	4 031	4 034	4 031

Transaction(s) arising from statute

The controlling entity collects UIF under the Unemployment Insurance Contributions (UIC) Act, 2002 (Act No.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.

Determination of 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 charges levied/charged

No interest is levied or charged.

Basis used to assess and test whether a statutory receivable is impaired

Financial assets are written off when all reasonable recovery procedures have been exhausted and management concludes that there is no realistic prospect of recovery. Recoveries of amounts previously written off are recognised in surplus or deficit when received.

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2026, Rnil (2025: Rnil) were past due but not impaired.

As of 31 March 2026, statutory receivables of Rnil (2025: Rnil) were impaired and provided for.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	621	585	618	581
Bank balances	1 401 008	395 143	1 363 511	381 898
Short-term deposits	850 704	795 788	804 507	750 000
	2 252 333	**1 191 516**	**2 168 636**	**1 132 479**

Split between financial instruments and non-financial instruments

Carrying amount of financial instruments	2 252 333	1 191 516	2 168 636	1 132 479

Split of carrying amount of financial instruments into categories

Financial assets measured at amortised cost	2 252 333	1 191 516	2 168 636	1 132 479

16. Asset revaluation reserve

Opening balance	144 105	121 095	144 105	121 095
Current year revaluation	(25 899)	32 620	(25 899)	32 620
Depreciation on the revalued portion of assets	(16 557)	(9 610)	(16 557)	(9 610)
	101 649	**144 105**	**101 649**	**144 105**

17. Finance lease obligation

Office equipment and vehicle tracking units				
Minimum lease payment due				
Within one year	23 115	9 360	23 115	9 360
In second to fifth year inclusive	28 300	7 208	28 300	7 208
	51 415	**16 568**	**51 415**	**16 568**
Less: future finance charges	(7 112)	(4 160)	(7 112)	(4 160)
Present value of minimum lease payments	**44 303**	**12 408**	**44 303**	**12 408**
Current liabilities	20 703	6 816	20 703	6 816
Non-current liabilities	23 600	5 592	23 600	5 592
	44 303	**12 408**	**44 303**	**12 408**

Split between financial instruments and non-financial instruments

Carrying amount of financial instruments	44 303	12 408	44 303	12 408

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

17. Finance lease obligation (continued)

Self-service kiosk terminals – The 36 month lease agreement for self-service kiosk terminals does not include annual escalation or renewal options. The net carrying amount is R2.0 million (2025: R2.8 million).

Multi-functional machines (current provider) – The current 36 month lease agreement for the provision of multifunctional machines does not include annual escalation or renewal options. The net carrying amount is R38.1 million (2025: R811 000).

Multi-functional machines (outgoing provider) – The prior multi-functional machines lease agreement was phased out in the 2025/2026 financial year. At reporting date the net carrying amount is Rnil (2025: R570 000).

Vehicle tracking units – The lease term is 60 months, with an annual escalation of 5% and no renewal option. The net carrying amount is R3.1 million (2025: R1.9 million).

The multi-functional machines, vehicle tracking units and kiosk terminals under lease are capitalised, with corresponding finance lease liabilities recognised. The leases are payable in monthly instalments.

18. Deferred income

Training grants	803	-	803	-
Tower rentals	84	79	84	79
Donations for distributions	84	84	84	84
	971	**163**	**971**	**163**

Split between financial instruments and non-financial instruments

Other non-financial instruments related	971	163	971	163
Carrying amount of non-financial instruments	**971**	**163**	**971**	**163**
Total split between financial instruments and non-financial instruments	**971**	**163**	**971**	**163**

Tower rentals are charged annually in advance for the installation and operation of electronic communication equipment.

19. Provisions and Employee Benefits

Reconciliation of provision – Economic entity – 2026

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Adjustments during the year	Total
Performance bonuses	431 103	687 566	(659 052)	(264)	228 213	687 566
Provision for dismantling costs	4 783	13 038	(864)	-	(3 920)	13 037
Provision for building rentals	4 739	1 056	(3 491)	-	(567)	1 737
Provision for insurance	2 000	6 086	(1 316)	-	(684)	6 086
	442 625	**707 746**	**(664 723)**	**(264)**	**223 042**	**708 426**

Reconciliation of provision – Economic entity – 2025

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Adjustments during the year	Total
Performance bonuses	241 259	431 102	(516 370)	-	275 112	431 103
Provision for dismantling costs	11 455	4 783	(7 924)	(3 531)	-	4 783
Provision for building rentals	2 280	2 674	(47)	(168)	-	4 739
Provision for insurance	585	2 000	(442)	(143)	-	2 000
	255 579	**440 559**	**(524 783)**	**(3 842)**	**275 112**	**442 625**

Reconciliation of provision – Controlling entity – 2026

Figures in Rand thousand (R'000)					
	Opening balance	Accumulation	Utilised during the year	Adjustments during the year	Total
Performance bonuses	413 657	667 825	(641 870)	228 213	667 825
Provision for dismantling costs	4 783	13 038	(864)	(3 920)	13 037
Provision for building rentals	4 739	1 056	(3 491)	(567)	1 737
Provision for insurance	2 000	6 086	(1 316)	(684)	6 086
	425 179	**688 005**	**(647 541)**	**223 042**	**688 685**

19. Provisions and Employee Benefits (continued)

Reconciliation of provision – Controlling entity – 2025

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Adjustments during the year	Total
Performance bonuses	226 446	413 657	(501 778)	-	275 332	413 657
Provision for dismantling costs	11 455	4 783	(7 924)	(3 531)	-	4 783
Provision for building rentals	2 280	2 674	(47)	(168)	-	4 739
Provision for insurance	585	2 000	(442)	(143)	-	2 000
	240 766	**423 114**	**(510 191)**	**(3 842)**	**275 332**	**425 179**

Performance bonuses

Performance bonuses represent the provision for annual performance bonuses payable to employees in terms of performance agreements. The final quantum of the performance bonus payable is uncertain.

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. The final quantum payable is uncertain.

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. The calculations were based on the escalation rates as per the latest concluded contracts.

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.

20. 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, fixed at 5.3%. (2025: 5.5%)

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.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

20. Employee benefits (continued)

Main valuation assumptions applicable to the controlling entity

	31 March 2026	31 March 2025
Discount rate	Bond yield curve	Bond yield curve
Inflation	Real yield curve	Real yield curve
Salary increases	Inflation(*)	Inflation(*)
Real discount rate	3.6%-4.6% p.a. depending on duration	4.1%-5.1% p.a. depending on duration
Leave accrual	2 days	2 days
Normal retirement age	65	65
Mortality tables: male	SA 85/90 light	SA 85/90 light
Mortality tables: female	SA 85/90 light - 3 years	SA 85/90 light - 3 years

(*) Salary increases were capped at 5.3% (2025: 5.5%) with effect 1 April 2026

Employee benefits – leave accumulated prior 1999

Leave pay represents the entitlements of amounts due to personnel, for leave accumulated prior to 1999.

Opening balance	4 665	4 744	4 665	4 744
Actuarial adjustments	(129)	(587)	(129)	(587)
Benefits paid	(228)	(581)	(228)	(581)
Remeasurement – actuarial (gains)/losses from changes in financial assumptions	99	(6)	99	(6)
Interest cost	437	508	437	508
	4 973	**4 665**	**4 973**	**4 665**

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. Such leave will however only be paid out on death or retirement.

Employee benefits – accumulated annual leave

Leave pay represents the entitlements of amounts due to personnel, for leave accumulated post 1999.

Opening balance	302 787	288 749	302 787	288 749
Actuarial adjustments	(2 369)	(19 282)	(2 369)	(19 282)
Benefits paid	(17 829)	(17 965)	(17 829)	(17 965)
Remeasurement – actuarial (gains)/losses from changes in financial assumptions	15 460	(1 317)	15 460	(1 317)
Interest cost	30 851	33 321	30 851	33 321
	331 269	**302 788**	**331 269**	**302 788**

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	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

20. Employee benefits (continued)

Employee benefits – special dispensation leave

Leave pay represents the entitlements of amounts due to personnel, for leave accumulated during 2020 and 2021.

Opening balance	61 298	59 657	61 298	59 657
Actuarial adjustments	(1 779)	(5 214)	(1 779)	(5 214)
Estimated benefits paid	(3 321)	(3 133)	(3 321)	(3 133)
Remeasurement – actuarial (gains)/losses from changes in financial assumptions	1 542	(2 081)	1 542	(2 081)
Interest cost	6 233	6 855	6 233	6 855
	65 752	**61 298**	**65 752**	**61 298**

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.

Current liability	34 618	30 929	34 618	30 929
Non-current liability	367 376	337 822	367 376	337 822
	401 994	**368 751**	**401 994**	**368 751**

The non-current portion of employee benefits expected to realise within the next 12 months has been reclassified to current employee benefits, amounting to R31 million. Refer to Note 38.

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	4 973	4 758	5 201
Accumulated annual leave	331 269	307 750	357 556
Special dispensation leave	**65 752**	**61 246**	**70 760**

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.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

20. Employee benefits (continued)

Sensitivity to withdrawal rates assumptions	Standard assumptions	Withdrawal rates (-10%)	Withdrawal rates (+10%)
	R'000	R'000	R'000
Leave accumulated prior 1999	4 973	4 981	4 965
Accumulated annual leave	331 269	329 060	333 421
Special dispensation leave	65 752	65 404	66 093

A 10% change in the withdrawal rates will result in a relatively small change in the total liability.

21. Revenue

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	5 601	19 850	-	-

The amounts included in revenue arising from non-exchange transactions are as follows:

Government grant	13 409 637	12 388 563	13 409 637	12 388 563
Revenue initiative grant	2 000 000	-	2 000 000	-
Negotiated discount and donations received	110 690	621	110 690	621
	15 520 327	**12 389 184**	**15 520 327**	**12 389 184**

22. Other income

UIF and SDL commission received	445 387	431 748	445 387	431 748
Sundry receipts	34 591	64 510	35 077	64 990
Profit from exchange rate differences	-	3 910	-	3 910
SDL training grant	2 356	65	2 356	65
Compensation for replacement assets	2 817	2 307	2 817	2 307
Commission received	-	162	-	162
Operating lease income - DHA	6 276	6 105	6 276	6 105
	491 427	**508 807**	**491 913**	**509 287**

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

22. Other income(continued)

Included in amounts due are Operating lease income arising from operating lease arrangements between the controlling entity and the Department of Home Affairs. These amounts represent invoiced lease income due in terms of contractual arrangements and are repayable within normal credit terms. The receivables are recognised and measured in accordance with GRAP 104. No separate presentation has been made, as these balances are short-term in nature and consistent with other government receivables. No straight-line lease receivable has been recognised, as income is recognised in line with invoicing over the lease term. Refer to note 13 and note 34.

23. Surrender of surpluses

The controlling entity intends to submit a formal request to National Treasury, in line with Instruction Note No. 03 of 2025/2026, seeking approval to retain surplus funds. After considering all existing commitments (refer to Note 32), there are no surplus funds currently available for surrender.

Additionally, during the financial year, the entity received ring-fenced funding specifically allocated for G20-related activities. A separate request will be submitted to National Treasury to retain and roll over any unutilised portion of this funding into the next financial period. Provided that National Treasury grants approval and the relevant funding conditions are met, these funds will be used to augment the entity's baseline operational requirements, which remain under significant constraint.

24. Asset impairment and scrapping, inventory adjustments

Net impairments

Property, plant and equipment	46 226	153 645	46 226	153 645
Refer to notes 4 to 6 for detail on impairment reversals per asset class.				
Net reversal of inventories	(8)	(76)	(8)	(76)
	46 218	**153 569**	**46 218**	**153 569**

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 2026 assets to the value of R23.0 million (2025:R108.9 million) were impaired. The prior period balance was corrected, refer to Note 37.

Impairment of land and buildings amounted to R30.7 million (2025: R82.1 million) with impairment reversals of R37 million (2025: Rnil) representing adjustments in terms of valuations performed. Refer to Note 4.

The impairment loss amounts as per notes 4 to 6, include losses made on the scrapping of assets of R23.2 million (2025: R44.8 million). The prior period balance was corrected, refer to Note 37.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

25. Finance cost

Finance leases and other interest charges	2 424	39 840	2 424	39 840

Interest incurred on fleet cards and interest arising from late settlement of vendor balances (R34.7 million) have been reclassified as finance costs due to their financing nature representing a presentation enhancement in terms of GRAP 1. Refer to Note 38.

26. Auditor's remuneration

Auditors' remuneration forms part of the professional and special services on the face of the Statement of Financial Performance.

Audit fees	36 325	44 918	35 695	43 853

27. Cash generated from operations

Surplus/(Deficit)	1 123 728	(873 526)	1 105 850	(880 437)
Adjustments for:				
Depreciation and amortisation	691 717	641 665	688 847	637 532
(Gain)/Loss on sale of assets	8 848	(367)	8 558	(518)
Donations received	(2 790)	(621)	(2 790)	(621)
Compensation for replacement assets	(2 817)	(2 307)	(2 817)	(2 307)
Finance costs	2 282	5 135	2 282	5 135
Negotiated discount	(107 900)	-	(107 900)	-
Impairment and impairment reversals on property, plant and equipment and intangible assets	46 226	153 643	46 226	153 643
Movement in operating lease liabilities	7 388	3 596	7 554	3 848
Movement in employee benefits	33 244	15 601	33 244	15 601
Movement in provisions	265 790	187 052	263 499	184 412
Movement in tax receivable	486	90	-	-
Movement in deferred tax	(560)	(597)	-	-
Changes in working capital:				
Inventories	602	1 609	602	1 609
Trade and other receivables	(8 086)	63 960	(7 396)	58 872
Prepayments	(132 779)	(35 338)	(157 647)	(32 990)
Trade and other payables	47 711	(21 421)	73 058	(38 584)
VAT	6 653	(251)	-	-
Deferred income	808	(5)	808	(5)
	1 980 551	**137 918**	**1 951 978**	**105 190**

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

27. Cash generated from operations (continued)

Movement in Trade and Other Payables reported in cash generated from operations

Movement in Trade and Other Payables				
Opening Balance as per Annual Financial Statements	778 166	843 057	779 164	861 218
Closing Balance as per Annual Financial Statements	888 534	778 166	914 879	779 164
Movement (Closing balance less Opening Balance)	**110 368**	**(64 891)**	**135 715**	**(82 054)**
Movement in Trade and Other Payables for Investing Activities				
Acquisitions of Property, Plant & Equipment	(51 798)	29 470	(51 798)	29 470
Acquisitions of Intangible Assets	(10 859)	14 000	(10 859)	14 000
	47 711	**(21 421)**	**73 058**	**(38 584)**

The Controlling Entity split the movement in trade and other payables between operating activities and investing activities. Refer to Note 4 and 5. This is also reflected in the Prior Period Error note. Refer to Note 37.

28. Current (tax receivables)/tax payable – controlled entity

Balance at beginning of the year	102	192	-	-
Current tax recognised in surplus or deficit	(7 172)	(3 237)	-	-
Balance at end of the year	384	(102)	-	-
	(6 686)	**(3 147)**	**-**	**-**

29. Operating lease

Building and related rentals on straight-line basis	436 425	438 784	434 685	436 662

Clauses pertaining to the controlling entity's renewal are evaluated on a case-by-case basis. The escalation rates vary between 0% and 10.5% per annum.

The controlled entity's office lease was for an initial period of 5 years with an annual rental escalation of 7%, and an expiry date of 31 August 2024. Subsequently an addendum was signed to extend the initial period of the St. Andrew offices lease by a further 2 years with a more favourable rental escalation of 5%. The current enforceable lease term expires on 31 August 2026. At reporting date negotiations were underway for the renewal of the lease. No agreement had been signed and no enforceable rights or obligations existed. Accordingly the potential renewal has not been recognised or disclosed as an operating lease commitment.

During the year the controlled entity entered into a new operating lease for an office premises in Woodmead. The lease commenced in December 2025 and is for a five year period and provides for a fixed rental with no annual escalation over the lease term.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

29. Operating lease (continued)

Minimum future lease payments:

Economic entity - 2026	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Building and related rentals	332 035	548 545	41 044	921 624

Economic entity - 2025	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Building and related rentals	312 558	694 011	44 189	1 050 758

Controlling entity – 2026	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Building and related rentals	329 935	547 179	37 401	914 515

Controlling entity - 2025	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Building and related rentals	310 832	693 277	44 189	1 048 298

30. Taxation – controlled entity

Major components of the tax income/(expense)

Current				
Local income tax - current period	(7 173)	(3 271	-	-
Local income tax - recognised in current tax for prior periods	1	34	-	-
	(7 172)	**(3 237)**	**-**	**-**
Deferred				
Originating and reversing temporary differences	561	596	-	-
	(6 611)	**(2 641)**	**-**	**-**

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

30. Taxation – controlled entity (continued)

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Applicable tax rate	27%	27%	0%	0%
Accounting surplus/(deficit) – controlled entity	24 491	9 547	-	-
Tax at the applicable tax rate of 27% (2025: 27%)	6 612	2 578	-	-
Tax effect of adjustments on taxable income				
Originating temporary differences	561	596	-	-
Non-deductible expenses	-	97	-	-
Prior year adjustments	(1)	(34)	-	-
	7 172	**3 237**	**-**	**-**

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).

31. Financial Instruments - Risk Management and Other Disclosures

Statement of Financial Position

Carrying amounts of financial assets

Class of financial instrument Economic entity - R'000 - 2026			
	Note(s)	At amortised cost	Total
Cash and cash equivalents	15	2 252 331	2 252 331
Receivables from exchange transactions - current	13	30 661	30 661
Receivables from exchange transactions - non-current	13	1 469	1 469
Total carrying amounts		**2 284 461**	**2 284 461**

Class of financial instrument Economic entity - R'000 - 2025			
	Note(s)	At amortised cost	Total
Cash and cash equivalents	15	1 191 516	1 191 516
Receivables from exchange transactions – current	13	21 408	21 408
Receivables from exchange transactions - non-current	13	3 719	3 719
Total carrying amounts		**1 216 643**	**1 216 643**

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Class of financial instrument Controlling entity - R'000 - 2026			
	Note(s)	At amortised cost	Total
Cash and cash equivalents	15	2 168 637	2 168 637
Receivables from exchange transactions - current	13	29 700	29 700
Receivables from exchange transactions - non-current	13	1 469	1 469
Total carrying amounts		**2 199 806**	**2 199 806**

Class of financial instrument Controlling entity - R'000 - 2025			
	Note(s)	At amortised cost	Total
Cash and cash equivalents	15	1 132 479	1 132 479
Receivables from exchange transactions – current	13	21 137	21 137
Receivables from exchange transactions - non-current	13	3 719	3 719
Total carrying amounts		**1 157 335**	**1 157 335**

Carrying amounts of financial liabilities

Class of financial instrument Economic entity - R'000 - 2026			
	Note(s)	At amortised cost	Total
Trade and other payables	9	359 740	359 740
Financial guarantee contracts		-	-
Total carrying amounts		**359 740**	**359 740**

Class of financial instrument Economic entity - R'000 - 2025			
	Note(s)	At amortised cost	Total
Trade and other payables	9	267 554	267 554
Financial guarantee contracts		-	-
Total carrying amounts		**267 554**	**267 554**

Financial guarantee contracts are measured at the higher of loss allowance and the amount initially recognised, less the cumulative amount of revenue recognised. They are a separate measurement category and are not measured at amortised cost. Financial guarantee contracts are not presented as a separate line item on the Statement of Financial Position, as the carrying amount is nil. They are disclosed here for completeness.

The carrying amounts of financial instruments measured at amortised cost approximate their fair values due to the short-term maturity of these instruments. For out-of-service staff receivables subject to extended leave payment periods, the carrying amount approximates fair value as the applicable interest rate is the PFMA rate, which is equal to the prime lending rate at the reporting date.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Class of financial instrument Controlling entity - R'000 - 2026			
	Note(s)	At amortised cost	Total
Trade and other payables	9	393 906	393 906

Financial guarantee contracts are measured at the higher of loss allowance and the amount initially recognised, less the cumulative amount of revenue recognised. They are a separate measurement category and are not measured at amortised cost. Financial guarantee contracts are not presented as a separate line item on the Statement of Financial Position, as the carrying amount is nil. They are disclosed here for completeness.

The carrying amounts of financial instruments measured at amortised cost approximate their fair values due to the short-term maturity of these instruments.

Class of financial instrument Controlling entity - R'000 - 2025			
	Note(s)	At amortised cost	Total
Trade and other payables	9	275 483	275 483

Financial guarantee contracts are measured at the higher of loss allowance and the amount initially recognised,less the cumulative amount of revenue recognised. They are a separate measurement category and are not measured at amortised cost. Financial guarantee contracts are not presented as a separate line item on the Statement of Financial Position, as the carrying amount is nil. They are disclosed here for completeness.

The carrying amounts of financial instruments measured at amortised cost approximate their fair values due to the short-term maturity of these instruments.

Nature and extent of risks arising from financial instruments

Qualitative & Quantitative disclosures

Overview

The economic entity is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

This note presents information on the economic entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risks. The Executive Committee is responsible for establishing and overseeing the economic entity's risk management framework. Risk management policies are established to identify and analyse risks, set appropriate risk limits and controls, monitor risks and adherence to limits.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Credit risk

Scope and objectives

Credit risk is the risk of a counterparty to a financial instrument defaulting on its obligation to the economic entity, thereby causing financial loss. The economic entity's exposure to credit risk arises from cash and cash equivalents held with ABSA Bank, Nedbank and the Corporation for Public Deposits (CPD), from receivables from exchange transactions (government-related receivables, in-service and out-of-service staff receivables, Advance Tax Ruling (ATR) debtors, refundable deposits, interest receivable and sundry receivables) and from financial guarantee contracts (housing loan guarantees issued to qualifying permanent employees).

The economic entity manages credit risk on cash and cash equivalents by placing deposits only with the CPD and major banks with high credit quality standing, and by limiting exposure to any one counterparty. Staff debts are recovered directly from the employee's salary. Refundable deposits are placed with regulated counterparties and municipalities, and the right of set-off against service accounts provides a credit enhancement. For housing loan guarantees, the salary deduction mechanism and pension recovery rights mitigate credit risk significantly.

There have been no significant changes in the economic entity's exposure to credit risk or in its objectives, policies and processes for managing credit risk during the reporting period.

The credit risk management practice

Methods, assumptions and information used to measure ECL.

The economic entity applies the general approach to measure ECL on cash and cash equivalents, refundable deposits, in-service and out-of-service staff receivables, interest receivables, certain government-related receivables, certain sundry receivables assessed individually, and financial guarantee contracts. The economic entity applies the simplified approach to Advance Tax Ruling (ATR) debtors, qualifying sundry and government related receivables, and trade receivables.

In principle, ECL represents the present value of expected cash shortfalls, conceptually determined with reference to Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). However, for the relevant portfolios, the controlling entity applies a pragmatic loss rate approach as a proxy for these components.

A pragmatic loss rate is an empirically derived percentage that reflects expected credit losses, based on historical loss experience and adjusted for forward-looking information, and used as a practical proxy for the underlying ECL components (PD, LGD and EAD).

Discounting has been assessed as immaterial given the short remaining terms of the instruments.

For refundable deposits, ECL is measured using a stress-based approach, applying risk-based stress factors per counterparty based on assessed risk indicators.

For the simplified approach on receivables, ECL is measured using a provision matrix based on historical loss rates adjusted for current conditions and forward-looking information.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Significant increase in credit risk

The economic entity assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date with the risk of default at the date of initial recognition, using all reasonable and supportable information available without undue cost or effort.

The controlling entity has applied the 30-day past due criterion as an indicator of increased credit risk, as required by GRAP 104. However, the Standard explicitly allows this presumption to be rebutted where reasonable and supportable information demonstrates that credit risk has not increased significantly.

The controlling entity applies a risk-based assessment, as set out in Note 1 - Significant judgements and sources of estimation uncertainty, rather than a purely ageing-based model, and therefore evaluates additional qualitative and behavioural factors before concluding on SICR.

The following financial instruments are considered to have low credit risk

Low credit risk

The economic entity considers cash and cash equivalents and financial guarantee contracts to have low credit risk. Cash balances held with ABSA Bank and Nedbank carry a Moody's long-term deposit rating of Baa3 (stable outlook), which is within the investment-grade category. The CPD, as a statutory public entity of the South African Reserve Bank, is supported by South Africa's sovereign rating of Ba2 (Moody's). Financial guarantees have low credit risk based on the mandatory salary deduction mechanism, pension recovery rights, stringent qualifying criteria and nil historical claims. Where credit risk is assessed as low, the economic entity measures the loss allowance at 12-month ECL.

Definition of default

The economic entity considers a financial asset to be in default when one or more of the following criteria are met:

For cash and cash equivalents and financial guarantee contracts, default is defined as a downgrade of the counterparty's credit rating to non-investment grade, or any other indication that the counterparty is unlikely to meet its obligations to the economic entity in full without recourse by the economic entity to actions such as enforcing collateral.

For in-service staff receivables, default is defined as the contractual payment being more than 90 days past due, or the cessation of the agreed payroll deduction without an alternative repayment arrangement.

For out-of-service staff receivables, the debtor is considered to be in default on cessation of employment unless a formal repayment arrangement is in place and being honoured.

For government-related receivables (general approach), sundry receivables (general approach), and interest receivable default is defined as the contractual payment being more than 90 days past due, prolonged non-payment of the balance, or specific evidence of the counterparty's inability to settle.

For refundable deposits, default is defined as the counterparty exhibiting two or more red flags under the stress based methodology described above, including a Caa-range credit rating, a going concern flag, material Eskom debt exposure or a chronic adverse audit outcome.

For receivables measured under the simplified approach Advance Tax Ruling (ATR) debtors, trade debtors, certain sundry receivables and government related receivables assessed using a provision matrix), default is presumed when the contractual payment is more than 365 days past due, or earlier where specific evidence indicates non-recovery.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Grouping of instruments for collective ECL measurement.

Cash and cash equivalents are assessed individually per financial institution. Financial guarantee contracts are assessed individually per guarantee. Refundable deposits are assessed individually per counterparty.

Receivables assessed collectively under the simplified approach are grouped on the basis of shared credit risk characteristics, including counterparty type (government, private sector, or third-party); and historical default behaviour. The groupings reflect homogeneous portfolios within which credit risk drivers respond similarly to changes in economic conditions, meeting the requirement for collective assessment based on shared credit risk characteristics. Receivables under the general approach (staff, certain government-related receivables and sundry receivables) are assessed at an individual debtor level. In-service staff receivables are grouped by debt type for determining historical loss rates.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on estimated future cash flows have occurred. Evidence includes significant financial difficulty of the debtor; a breach of contract such as a default or being more than 90 days past due; probability of bankruptcy or financial reorganisation; or the disappearance of an active market because of financial difficulties.

At 31 March 2026, credit-impaired financial assets (Stage 3) comprise out-of-service staff receivables where the debtor is untraceable due to invalid or outdated contact details, exhibits high credit bureau risk indicators, has been handed over for legal enforcement, or shows no recent payment activity or enforceable recovery mechanism, or is a single government-related receivable. The total calculated Stage 3 expected credit loss at 31 March 2026 consists of out-of-service staff receivables of R2.3 million and government-related debt of R50,000, of which only the out-of-service staff portion is recognised as a loss allowance.

Forward-looking information

The economic entity incorporates forward-looking information into its ECL assessments, where applicable. For staff receivables, the forward-looking overlay considers macroeconomic factors including the unemployment rate, CPI inflation and the repo rate. For government-related and sundry receivables, entity-specific forward-looking information is considered based on publicly available information about the counterparty's financial condition and operational status. For refundable deposits, forward-looking information is incorporated through the risk bucket assessment, which includes AGSA audit outcomes, Eskom debt exposure, credit ratings, and going-concern indicators.

Write-off policy

Refer to the accounting policy note for the economic entity's write-off policy regarding the indicators used to conclude that there is no reasonable expectation of recovery.

Quantitative and qualitative information about amounts arising from expected credit losses

For purposes of general approach instruments, financial assets are classified into the following stages:

Stage 1: Credit risk has not increased significantly since initial recognition. Loss allowance measured at 12-month ECL.

Stage 2: Credit risk has increased significantly but the asset is not yet credit-impaired. Loss allowance measured at lifetime ECL.

Stage 3: Financial asset is credit-impaired. Loss allowance measured at lifetime ECL.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Changes in loss allowance and gross carrying amount

Out-of-service staff receivables are the only category for which a loss allowance has been recognised.

For all other in-scope financial instruments — cash and cash equivalents, refundable deposits, in-service staff receivables, government-related receivables, sundry receivables, interest receivable, advance tax ruling debtors and financial guarantee contracts — expected credit losses were calculated using the methodology described above. The calculated amounts were assessed and found to be immaterial in the context of the controlling entity's overall financial reporting, and accordingly, no loss allowance has been recognised at the reporting date for these categories. The methodology applied to each category and the calculated amounts are set out in the narrative section that follows the out-of-service reconciliation.

Economic entity - R'000 - 2026				
Out-of-service staff receivables -general approach	Refer to Note 13			
Reconciliation of loss allowance				
	Stage 1 R	Stage 2 R	Stage 3 R	Total
Loss allowance at the beginning of the year	-	27	1 973	2 000
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	(2)	(2)
Transfer to Stage 3	-	-	-	-
New financial assets originated	-	1	733	734
Financial assets derecognised or settled	-	-	(257)	(257)
Write-offs	-	-	(181)	(181)
Financial instruments that have been derecognized	-	-	(5)	(5)
Loss allowance at the end of the year	**-**	**28**	**2 261**	**2 289**

All calculated amounts shown in this section are presented in full Rand to match the underlying workpapers; gross carrying amounts are presented in R'000 consistent with the financial statements.

The opening balance at 1 April 2025 of R2.0 million was recognised on initial adoption of GRAP 104 (revised 2019) as set out in the changes in accounting policy note. The closing balance of R2.3 million represents the expected credit loss on out-of-service staff receivables at 31 March 2026, comprising Stage 1 R13, Stage 2 R28 000 and Stage 3 R2.3 million. The net increase of R289 000 was recognised in surplus or deficit for the year as an impairment charge. Amounts of R181 000 were written off against the loss allowance during the year and remain subject to legal processes where applicable.

For each of the following categories, the calculated expected credit loss has been assessed and is immaterial in the context of SARS's overall financial reporting. Accordingly, no loss allowance has been recognised in respect of these categories. The credit risk exposure for each category is disclosed in the credit risk exposure analysis below.

Cash and cash equivalents - The general approach applies with the 12-month expected credit loss measured under the low credit risk simplification. The expected credit loss at 31 March 2026 was calculated at R216 000 on a gross carrying amount of R2.2 billion (weighted average ECL rate of 0.01%). The calculation applies counterparty-specific 12-month default probabilities derived from Moody's idealised default tables: ABSA Bank (Moody's Baa3) R132 000; Nedbank (Moody's Baa3) R4 000; and the Corporation for Public Deposits (Moody's Ba2, reflecting the South African sovereign rating) R80 000. The calculated amount is immaterial and no loss allowance is recognised. Cash on hand carries no credit risk as it is physical currency held by the controlling entity.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Refundable deposits - The general approach applies with expected credit loss measured using a stress-based methodology. Each counterparty is assigned to a risk bucket based on credit indicators including AGSA audit outcome, Moody's credit rating where available, known Eskom debt exposure and going-concern flags disclosed in the auditor's report. Risk-based stress factors are then applied to each deposit balance: baseline 0%, low 5%, medium 10%, high 20%, severe 25% and extreme 40%. The stress factors represent friction costs – potential delays or administrative hurdles in recovering the deposit - rather than a total loss outcome. The customary right of set-off against the service account upon termination or disconnection constitutes a significant credit enhancement, although it is conditional and does not qualify for net presentation. The expected credit loss at 31 March 2026 was calculated at R289 000 on a gross carrying amount of R1.6 million (effective ECL rate 18.3% of the gross balance). The calculated amount is immaterial and no loss allowance is recognised.

In-service staff receivables - The general approach applies. Recovery is through monthly payroll deduction. Receivables are grouped on the basis of shared credit risk characteristics including debt type and historical default behaviour, on the basis that within each group the credit risk drivers respond similarly to changes in economic conditions. The expected credit loss at 31 March 2026 was calculated at R83 000, of which the balance is Stage 2 as it relates to debtors that have been handed over to legal to assist with the recovery. The calculated amount is immaterial and no loss allowance is recognised.

Government-related receivables (general approach) - The general approach applies to individually identified government-related receivables. The expected credit loss at 31 March 2026 was calculated at R50 000, comprising a single Stage 3 government-related debtor balance for which a 100% loss rate has been applied due to the debtor being under business rescue. The calculated amount is immaterial and no loss allowance is recognised.

Sundry receivables (general approach) - The general approach applies to individually identified sundry receivables. The expected credit loss at 31 March 2026 was calculated at R30 000, comprising an individually Stage 2 sundry receivable balance assessed at a 20% expected credit loss rate based on past-due indicators. The calculated amount is immaterial and no loss allowance is recognised.

Interest receivable — The general approach applies with the 12-month expected credit loss measured at the Stage 1 level. The expected credit loss at 31 March 2026 was calculated at R692. The calculated amount is immaterial and no loss allowance is recognised.

Advance tax ruling debtors — The simplified approach applies with the loss allowance measured at lifetime expected credit losses using a provision matrix. The expected credit loss at 31 March 2026 was calculated at R62 000, comprising a single debtor balance assessed at a 100% loss rate based on prolonged non-payment and the assessed inability of the counterparty to settle. The calculated amount is immaterial and no loss allowance is recognised.

Certain Sundry and Government related receivables (simplified approach) - The simplified approach applies with the loss allowance measured at lifetime expected credit losses using a provision matrix. Historical loss rates are adjusted for current conditions and forward-looking information. The expected credit loss at 31 March 2026 was calculated at R7 000. The calculated amount is immaterial and no loss allowance is recognised.

Financial guarantee contracts - The general approach applies with the 12-month expected credit loss measured under the low credit risk simplification. Two housing loan guarantees remain active at 31 March 2026 with an aggregate maximum contingent exposure of R97 000 (2025: R253 000 across the then-active guarantees). The expected credit loss is nil on the basis of the mandatory salary deduction mechanism, pension recovery rights, stringent qualifying criteria and the absence of any historical claims under the scheme. No loss allowance is recognised.

Amounts written off subject to collection activities

During the year-ended 31 March 2026, out-of-service staff receivables of R195 000 were written off against the loss allowance. The controlling entity continues enforcement activities on balances above R50 000 through legal processes where applicable. The rest of the balances are evaluated in terms of the policy. No written off amounts were recovered during the year.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Credit risk exposure

For purposes of determining the credit loss allowances, the economic entity determines the credit rating grades of each financial asset at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally, where external ratings are not available.

Cash and cash equivalents - credit quality based on external credit ratings Refer to Note 15

Reconciliation of loss allowance						
	Rating (Moody's) 2026	Weighted average loss rate	Gross CA 2026 -R'000	ECL 2026 – R'000	Net CA 2026 – R'000	Net CA 2025 – R'000
Financial institute						
ABSA Bank - Main account	Baa3	0.01%	1 324 779	132	1 324 646	349 155
Nedbank - ATR account	Baa3	0.01%	38 733	4	38 729	32 743
CPD -Investment account	Ba2	0.01%	804 507	80	804 427	750 000
Total		**0.01%**	**2 168 019**	**216**	**2 167 802**	**1 131 898**

The 2025 comparative is presented under GRAP 104 (2009) with no ECL recognised; the net carrying amount equals the gross. This table presents cash held with financial institutions only. The total cash and cash equivalents per the categories table additionally includes cash on hand of R618 000 (2025: R581,000), which is within the scope of GRAP 104 (revised 2019) but carries no credit risk as it is physical currency held by the economic entity.

Refundable deposits - credit quality (general approach, stress-based assessment) Refer to Note 13

Reconciliation of loss allowance				
	Basis for assignment	Stress factor	Deposit balance 2026 – R'000	Implied ECL 2026 - R'000
Baseline	Clean audit; no Eskom debt; no going concern flag	0%	91	-
Low	Unqualified audit with findings; or investment grade / AA- rating signal	5%	388	19
Medium	Qualified audit; or Caa1/Caa2 credit rating	10%	51	5
High	Two or more red flags: Caa range rating, going concern flag, Eskom debt	20%	13	3
Severe	Sustained/chronic stress or three or more red flags	25%	1 007	252
Extreme	Material going concern uncertainty disclosed in auditor's report	40%	26	10
Total			**1 576**	**289**

The stress factors represent 'friction' costs — potential delays or administrative hurdles in recovering the deposit - rather than a total loss. The customary right of set-off against the service account upon termination or disconnection constitutes a significant credit enhancement: in the event of account closure, the deposit is applied against any outstanding balances, reducing the entity's net exposure. This right of set-off is conditional (triggered by termination) and does not qualify for net presentation under GRAP 1, but it reduces the effective credit risk below the gross stress-based ECL.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

The gross carrying amount of refundable deposits at 31 March 2026 is R1.6 million (2025: R3.8 million). The calculated expected credit loss of R289 000 (effective ECL rate 18.3% of the gross balance) is below the performance materiality threshold and is immaterial. Accordingly, no loss allowance is recognised for refundable deposits.

Receivables from exchange transactions - credit exposure by stage (general approach) Refer to Note 13

	Stage 1 Gross R'000	Stage 1 ECL R'000	Stage 2 Gross R'000	Stage 2 ECL R'000	Stage 3 Gross R'000	Stage 3 ECL R'000	Total
Category							
Staff debt - In-service staff (general approach)	3 421	-	958	83	-	-	83
Staff debt - Out-of-service Staff (general approach)	-	-	200	28	2 260	2 260	2 288
Government debtors (general approach)	2 661	-	-	-	50	50	50
Sundry receivables (general approach)	773	-	149	30	-	-	30
Interest accrual receivable (general approach)	6 922	1	-	-	-	-	1
Total general approach	**13 777**	**1**	**1 307**	**141**	**2 310**	**2 310**	**2 452**

Government debtors, ATR debtors, sundry receivables - provision matrix (simplified approach) Note 13

The total calculated expected credit loss under the simplified approach at 31 March 2026 is R69 000, comprising advance tax ruling debtors R62 000 and sundry receivables R7 000. The calculated amount is immaterial, and no loss allowance is recognised.

Gross carrying amount per ageing, ECL rate and calculated loss allowance - Controlling entity R'000

	Current (0-30)		1 month past due (31 – 60)		2 months past due (61 – 90)		3 months past due (91+)		
	Gross R'000	ECL	Gross R'000	ECL	Gross R'000	ECL	Gross R'000	ECL	Total
Type									
Government debt	13 920	-	-	-	-	-	-	-	-
Sundry receivables	528	7	(6)	-	13	-	15	-	7
Advance Tax Ruling (ATR)	226	-	-	-	-	-	62	62	62
Total simplified approach	**14 674**	**7**	**(6)**	**-**	**13**	**-**	**77**	**62**	**69**

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Credit risk exposure

The maximum exposure to credit risk of such financial instruments is presented in the table below:

The following table presents SARS's maximum exposure to credit risk. The maximum exposure is the net carrying amount after deducting any ECL loss allowance, without taking account of collateral or other credit enhancements.

Economic entity					
Economic entity - R'000		**2026**		**2025**	
Financial instrument class	**Note(s)**	**Carrying amount exposed to credit risk**	**Maximum exposure to credit risk**	**Carrying amount exposed to credit risk**	**Maximum exposure to credit risk**
Cash and cash equivalents	15	2 252 334	2 252 334	1 191 516	1 191 516
Receivables from exchange transactions	13	32 130	32 130	25 127	25 127
Refundable deposits	13	1 591	1 591	3 833	3 833
Financial guarantee contracts		97	97	253	253
		2 286 152	**2 286 152**	**1 220 729**	**1 220 729**

The 2025 comparative for cash and receivables is presented under GRAP 104 (2009) with no ECL recognised. The financial guarantee contract maximum exposure represents the maximum amount the controlling entity could be required to pay under the housing loan guarantees issued to qualifying employees. The exposure decreased during the year due to the settlement of two guarantees. No claim has ever been made under the guarantee scheme.

Collateral and other credit enhancements obtained

The controlling entity holds the following collateral and credit enhancements against financial assets:

Cash and cash equivalents: no collateral. Balances with ABSA Bank and Nedbank are protected by prudential regulation under the Banks Act and Financial Sector Regulation Act. CPD balances are protected by statutory mandate.

In-service staff receivables: salary payroll deduction mechanism constitutes an enforceable credit enhancement. Acknowledgements of debt support recoverability.

Refundable deposits: the conditional right of set-off against service accounts upon termination or disconnection acts as a credit enhancement, as described in the credit quality assessment above.

Financial guarantee contracts: the residential property underlying each home loan is held as collateral by the lending institution, reducing the risk of claim.

Other receivables: no collateral is held.

Liquidity risk

Liquidity risk is the risk that the controlling entity will not be able to meet its financial obligations as they fall due. The controlling entity manages liquidity risk through strict budget management and an ongoing review of future commitments. The chief source of income is an annual government grant from the National Treasury, allocated in accordance with the Medium-Term Expenditure Framework. The controlling entity follows an extensive planning and governance process to determine its operational and capital requirements, which are presented to the National Treasury.

Trade and other payables within the scope of GRAP 104 (revised 2019) are settled within 30 days of receipt of invoice in accordance with the Public Finance Management Act.

31. Financial Instruments - Risk Management and Other Disclosures (continued)

The two active housing loan guarantees have an aggregate maximum contingent exposure of R97 000 at 31 March 2026 (2025: R253,200 across the then-active guarantees). These guarantees are contingent obligations with no fixed maturity date; SARS's obligation is triggered only upon default by the employee on the underlying home loan. The mandatory salary deduction mechanism and pension recovery rights significantly reduce the likelihood of a claim.

There have been no significant changes in SARS's liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities and financial assets held to mitigate the risk are presented in the following table. The cash flows are undiscounted contractual amounts.

Maturity analysis of contractual undiscounted cash outflows – non-derivative financial liabilities

Economic entity 2026 - R'000		
	Less than 1 year	Total
Current liabilities		
Trade and other payables	359 740	359 740

Economic entity 2025 - R'000		
	Less than 1 year	Total
Current liabilities		
Trade and other payables	627 555	267 555

Controlling entity 2026 - R'000		
	Less than 1 year	Total
Current liabilities		
Trade and other payables	393 906	393 906

Controlling entity 2025 - R'000		
	Less than 1 year	Total
Current liabilities		
Trade and other payables	275 483	275 483

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Market risk

Sensitivity analysis

Interest rate risk

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. The economic entity's exposure to interest rate risk arises from cash and cash equivalents held with the CPD (variable rate, linked to Treasury Bills) and bank balances (variable rate), and from out-of-service staff receivables bearing interest at the PFMA rate, currently 10.25% per annum (equal to the prime lending rate).

The economic entity has no interest-bearing financial liabilities within the scope of GRAP 104 (revised 2019). Finance lease obligations, which carried fixed implicit interest rates, are excluded from GRAP 104 (revised 2019) as they are within the scope of GRAP 13.

There have been no significant changes in the economic entity's interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

Controlling entity - R'000				
	Average effective rate		Carrying amount	
	2026	2025	2026	2025
Variable rate instruments:				
Assets				
Cash and cash equivalents - CPD investment	7%	8%	804 507	750 000
Cash and cash equivalents - Bank balances	7%	8%	1 363 511	381 898
Out-of-service staff receivables	11%	12%	4 518	4 658
			2 172 536	**1 136 556**

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 1% (100 basis points), which represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The analysis includes only financial instruments exposed to interest rate risk recognised at the reporting date.

Tabular sensitivity analysis

Controlling entity - R'000				
	2026	2026	2025	2025
Increase or decrease in rate:	Increase	Decrease	Increase	Decrease
Impact on surplus or deficit:				
100 basis points increase	**21 686**	**(21 686)**	**11 325**	**(11 325)**

31. Financial Instruments - Risk Management and Other Disclosures (continued)

Narrative sensitivity analysis

The 2026 sensitivity of R21.7 million is calculated as the cash and cash equivalents financial instrument carrying amount at 31 March 2026.

The fair values of all financial instruments are substantially identical to the carrying amounts reflected in the Statement of Financial Position.

Currency risk

The economic entity is exposed to foreign currency exchange risk as a result of transactions which are denominated in foreign currencies, primarily the Dollar for the controlled entity. These are primarily for software licenses and subscriptions. Foreign currency exchange rate exposures are monitored, and balances are translated at spot exchange rates at the reporting date.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

32. Commitments

Authorised capital expenditure

Contracted for capital expenditure, but not provided for				
Property, plant and equipment	205 017	223 864	205 017	223 864
Intangible assets	251 045	138 075	251 045	138 075
Living resources	379	-	379	-
	456 441	**361 939**	**456 441**	**361 939**

Authorised, but not yet contracted capital expenditure				
Property, plant and equipment	39 818	32 123	39 818	32 123
Intangible assets	306 672	559 308	306 672	559 308
	346 490	**591 431**	**346 490**	**591 431**

Total capital commitments				
Contracted for capital expenditure, but not provided for	456 441	361 939	456 441	361 939
Authorised, but not yet contracted capital expenditure	346 490	591 431	346 490	591 431
	802 931	**953 370**	**802 931**	**953 370**

Authorised operational expenditure

Contracted for operational expenditure	772 629	152 603	770 469	151 830
Authorised, but not yet contracted for operational expenditure	29 099	27 879	29 099	27 879

Total operational commitments				
Contracted for operational expenditure	772 629	152 603	770 469	151 830
Authorised, but not yet contracted for operational expenditure	29 099	27 879	29 099	27 879
	801 728	**180 482**	**799 568**	**179 709**

Total commitments				
Authorised capital expenditure	802 931	953 370	802 931	953 370
Authorised operational expenditure	801 728	180 482	799 568	179 709
	1 604 659	**1 133 852**	**1 602 499**	**1 133 079**

33. Contingencies

Contingencies include tax-and-customs related activities where the claim is dealt with through Controlling Entity.

A. Contingent Liabilities

1. Trade Vendors/Service Providers

1.1 A lawsuit has been instituted against the controlling entity wherein the Plaintiff is alleging to have suffered damages in the amount of R16.5 million due to a decision made by the controlling entity to award a tender deemed unlawful. In March 2026, a Compulsory Mediation Process, in terms of Rule 41A, was conducted between the Parties. Despite efforts to resolve the dispute, no settlement was achieved during this process. With mediation concluded and no settlement reached, the Plaintiff will proceed to apply for a trial date. The timing and final outcome remain uncertain.

1.2 The controlling entity and National Treasury were served with a claim in the 2023/2024 financial year that seeks to have the general conditions of a contract declared unconstitutional. The matter was opposed by National Treasury and the controlling entity. Since then, the service provider has effectively withdrawn from the process, left the country, and its legal representatives have been largely unresponsive. The controlling entity is currently preparing and filing further court papers, including an extraordinary affidavit, to formally request that the court dismiss the matter. No court dates have been set, and the final outcome remains subject to the court process.

1.3 The entity is involved in an unresolved dispute with a service provider relating to fuel charges invoiced after termination of the contractual arrangement, arising from differing interpretations of contractual provisions on late or post-termination claims. The potential financial exposure is estimated at R2.6 million; however, settlement is dependent on the outcome of future negotiations or any related legal proceedings. As no present obligation exists at the reporting date and the timing and outcome remain uncertain, no provision has been recognised.

2. Employee related labour matters

2.1 Several matters pertaining to employee benefits such as leave encashment, unfair discrimination and other matters are receiving attention and will be reported as and when they are concluded.

2.2 In 2024/2025 the controlling entity received a disability claim, in line with its Group Life insurance cover from a former employee who retired due to ill health. The claim was repudiated by the Insurer and the employee instituted proceedings against the controlling entity amounting to R662 000.

The matter was heard by the Court in November 2025 where it ordered that the matter be removed from the roll and that the controlling entity should file its plea on the merits of the case, which it did. The matter remains subject to litigation and the outcome is uncertain.

2.3 The controlling entity has appealed a Labour Court judgment ordering the reinstatement of an employee following a finding of substantive unfairness. The appeal has not yet been set down and remains subject to litigation; if unsuccessful, the estimated reinstatement and legal costs amount to R7.4 million and R1.0 million respectively, and no provision has been recognised due to the uncertainty of the outcome.

2.4 In another matter, the controlling entity has taken on review to the Labour Court a CCMA award ordering the reinstatement of an employee. The review has not yet been set down for hearing and remains subject to litigation; if unsuccessful, the estimated compensation and legal costs amount to R3.1 million and R1.2 million respectively. As the outcome is uncertain at reporting date, no provision has been recognised.

2.5 The CCMA found in favour of the controlling entity in a dispute relating to the dismissal of an employee for misconduct. The applicant has instituted a review of the CCMA award to the Labour Court, and the matter remains subject to litigation. At reporting date, the outcome of the review and any potential financial impact cannot be reliably determined. Accordingly, no provision has been recognised.

2.6 The controlling entity is defending a judicial review application instituted in terms of the Promotion of Administrative Justice Act arising from the termination of an employee's employment. The matter remains subject to litigation and the outcome is uncertain. Should the application be unsuccessful, the estimated reinstatement and legal costs amount to R4.0 million and R640 000 respectively. Accordingly, no provision has been recognised.

3. Third party liability and other claims on Tax and Customs related matters

3.1 The controlling entity received a claim for R178 000 for legal cost and interest from a trader alleging the controlling entity defaulted on a settlement agreement, forcing the trader to file an application to compel the controlling entity to comply with the settlement agreement. It has since transpired that the interest claimed by the Plaintiff has to do with VAT and bears no relation to the settlement agreement which forms the basis of the Plaintiff's claim. The case is set down for May 2026. The outcome remains uncertain.

3.2 The controlling entity received a damages claim for R12.5 million from the plaintiffs who are suing the controlling entity for general damages due to emotional distress and loss of amenities of life. The plaintiffs are unlikely to be able to prove all the essential elements necessary for a damages claim, especially the elements of wrongfulness / negligence on the part of the controlling entity and the quantum. There is a pending exception on the Plaintiff's claim, set down for May 2026. The timing and final outcome remain subject to the court process.

3.3 In the 2023/2024 financial year, the controlling entity received a demand for R 950 million from a trader for compensation for damages allegedly suffered due to the unlawful conduct of the entity's investigators. The claimant alleges the controlling entity disclosed confidential and privileged information resulting in the trader suffering damages. Counsel have been instructed to prepare arguments in relation to the controlling entity's exceptions. The financial effect and timing of any outflow remain uncertain pending the outcome of the litigation.

3.4 The controlling entity received a damages claim amounting to R5.8 million in the 2018/2019 financial year for loss of income and damage to the retained property of the taxpayer. Although the plaintiff may have a valid claim, the computation of the damages appears to be overstated and entirely unrealistic. The case has not made any progress since the date of registering the claim and the timing and outcome remain uncertain.

3.5 As reported in the 2022/2023 financial year, a court order was issued against the controlling entity to pay legal costs in a tax matter. The taxpayer has not provided the controlling entity with a taxed bill of cost; therefore, the cost and timing remain uncertain.

3.6 A legal claim amounting to R2 million has been instituted against the controlling entity relating to the detention of goods on premises leased by the Plaintiff, with alleged losses arising from claimed lost rental income (including VAT) and electricity costs for the period 13 March 2024 to 14 February 2025. The controlling entity is defending the matter and disputes liability, as the goods belonged to a tenant of the Plaintiff and the controlling entity was prevented from removing them due to related litigation and threats of a court interdict. The matter remains subject to litigation and the timing and final outcome are uncertain.

3.7 A legal claim amounting to R23 million has been instituted against the controlling entity in which the Plaintiff alleges that the controlling entity, unlawfully detained three trucks and trailers, resulting in alleged loss of income from cancelled transportation contracts and various direct costs. The lawfulness of the detention, as well as the alleged causal link between the detention and the claimed loss of income, are disputed and will be determined through litigation and the timing and outcome remain uncertain.

4. Insurance related claims

During 2023/2024 the controlling entity received a demand for R500 000 as compensation for personal injuries allegedly suffered by a taxpayer. During 2025/2026 the taxpayer accepted R70 000 as full and final settlement from the controlling entity's insurers. Accordingly, no contingent liability remains in respect of this matter.

B. Contingent Assets

1. Trade Vendors

1.1 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. The company is under liquidation, and recovery is therefore uncertain. The controlling entity is trying to recoup the money owed which includes cost. No asset has been recognised, as an inflow of economic benefits is uncertain.

1.2 On 19 June 2024 a burglary occurred at the SARS Alberton Campus in which ICT equipment to the value of approximately R1.7 million were stolen. A security service provider's failure to detect and respond effectively to the incident has resulted in the controlling entity's loss; the controlling entity continues to engage the service provider to recoup the loss.

2. Legal costs arising from reports by the Public Protector

Court proceedings arising from reports by the Public Protector (PP), instituted through review applications, were concluded during 2024/2025 in favour of the controlling entity. The court awarded costs against the Public Protector and subsequently all costs have been recovered. Accordingly, no contingent asset remains in respect of these matters. Refer to Note 42.

3. Insurance related claims

3.1 The insurer repudiated the claim relating to the fire at the SARS Branch office in Rissik Street, Marshalltown, Johannesburg on 20 September 2023. In terms of the Memorandum of Understanding, the landlord is responsible for repairs to the building; however, the landlord has indicated that it does not have the financial capacity to reimburse the controlling entity for the estimated damage of R1.0 million, comprising replacement costs, restoration and clean-up. Based on the information currently available, an inflow of economic benefits or service potential is no longer regarded as probable and the matter will therefore no longer be disclosed as a contingent asset.

3.2 A claim relating to the fire at the SARS Bellville office is being finalised. The estimated potential inflow to the controlling entity is R1.7 million.

3.3 A claim relating to damage to the controlling entity's assets and a guardhouse at Oshoek border post is being finalised. The estimated potential inflow to the controlling entity SARS is R4 000.

3.4 A claim relating to 10 desktops stolen from Doringkloof has been submitted to the insurers. The remaining estimated potential inflow to the controlling entity is R185 000.

3.5 A claim relating to fire damage to two prefabricated buildings and personal effects at Groblersbridge is under assessment by the insurer. The estimated potential inflow to the controlling entity is R104 000.

34. Related parties – controlling entity

Relationships	
34.1 Interfront	Refer to Note 7
34.2 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 (resigned 19 March 2026) Mr. E. Smith – Non-Executive Director Mr. G. Vermaas – Independent Non-Executive Director

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 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 (eMCS), which is hosted in the controlling entity's environment. Additionally, the controlling entity is part of the multiparty agreement with the Department of Home Affairs (DHA), the Government Printing Works (GPW) and the Border Management Authority (BMA), supporting our partners on various initiatives related to modernisation and technology projects. These partnerships are reciprocal and strategically positioned to enable government to achieve stable platforms that service the public across multiple mandates, and most importantly, contribute to the controlling entity's data and technology strides.

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 Prepayments regarding related parties

Interfront	26 087	-

Amounts included in trade receivables regarding related parties

Interfront	744	684
Department of Home Affairs (DHA)	13 920	7 949

Amounts included in trade and other payables

Interfront	41 461	13 894

	Controlling entity	
	2026	2025
	R'000	R'000

34. Related parties – controlling entity

Related party transactions – controlling entity

Rendering of services to related parties

Department of Home Affairs (DHA)	13 920	13 265

Rendering of services by related parties

Interfront	284 252	222 192

Included in amounts due from government departments are balances arising from operating lease arrangements with the Department of Home Affairs (DHA). These amounts represent invoiced lease income due in terms of contractual arrangements and are repayable within normal credit terms. The receivables are recognised and measured in accordance with GRAP 104. No separate presentation has been made, as these balances are short-term in nature and consistent with other government receivables. No straight-line lease receivable has been recognised, as income is recognised in line with invoicing over the lease term. Refer to Note 13 and Note 22.

35. Executive Remuneration and other benefits paid, payable or received

Controlling entity (R'000) – 2026

Figures in Rand thousands (R'000)						
	Salary	Bonus payments	Allowances	Contributions (pension fund, group life and UIF)	Other bonus/ payments	Total
Commissioner	8 445	3 070	170	141	2	11 828
Deputy Commissioner: Corporate and Enterprise Services (5 months)	1 591	418	389	220	-	2 618
Deputy Commissioner: Enterprise Strategy and Modernisation	5 486	1 027	-	91	1	6 605
Deputy Commissioner: Taxpayer Engagement & Operations	4 886	1 580	147	579	1	7 193
Chief of Staff	3 239	1 078	101	369	3	4 790
	23 647	**7 173**	**807**	**1 400**	**7**	**33 034**

Dr NJ Makhubu was appointed by the President of the Republic of South Africa as the new Commissioner of SARS and his 5 year term will commence 1 May 2026.

35. Executive Remuneration and other benefits paid, payable or received

Controlling entity (R'000) – 2025

Figures in Rand thousands (R'000)						
	Salary	Bonus payments	Allowances	Contributions (pension fund, group life and UIF)	Settlements (*)	Total
Commissioner	8 015	2 000	161	134	458	10 768
Deputy Commissioner: Corporate and Enterprise Services	4 007	329	941	528	-	5 805
Deputy Commissioner: Enterprise Strategy and Modernisation	5 225	582	-	87	-	5 894
Deputy Commissioner: Taxpayer Engagement & Operations	4 654	822	140	551	222	6 389
Chief of Staff	3 077	553	96	351	181	4 258
	24 978	**4 286**	**1 338**	**1 651**	**861**	**33 114**

(*) A settlement in terms of a wage dispute dating back to 2019 was reached with the controlling entity's employees. A once-off cash payment in lieu of annual increases were paid to the controlling entity's employees who were in the entity's employment as at 31 March 2019.

36. Change in estimate

Property, plant and equipment and intangible assets

Management assesses the useful life, residual value and depreciation of property, plant and equipment, 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 life – controlling entity

Figures in Rand thousands (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/amortization
Buildings	36 years	21 years	17	(17)
Furniture, Fittings and Office Equipment	6 to 9 years	5 to 21 years	6 076	(6 076)
Plant and equipment	12 years	11 years	2 485	(2 485)
ICT Equipment	7 to 15 years	6 to 17 years	6 822	(6 822)
Security Equipment	13 years	15 years	(7)	7
Land and water vehicles	12 to 13 years	11 to 12 years	1 194	(1 194)
Power supply	9 to 14 years	11 to 16 years	(1 064)	1 064
Leasehold improvements	15 years	13 years	17 594	(17 594)
ICT software	14 to 16 years	13 to 14 years	14 232	(14 232)
			47 349	**(47 349)**

36. Change in estimate (continued)

Change in residual value – controlling entity

Figures in Rand thousands (R'000)				
	Prior residual value estimate	Current residual value estimate	Current year effect of change in depreciation on Statement of Financial Performance. Positive is increase in depreciation, negative is decrease in depreciation.	Impact in future periods on Statement of Financial Performance. Positive is increase in depreciation, negative is decrease in depreciation
Buildings	**15% to 75%**	**7% to 70%**	**2 275**	**(2 275)**

37. Prior period error

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	Economic entity 2025	Controlling entity 2025
	R'million	R'million
Receivables from exchange transactions	(685)	(685
Plant and Equipment	(646)	(646)
Plant and Equipment Accumulated depreciation	199	199
Trade and other payables - salary related accruals	(14 115)	(14 115)
Leasehold improvements Cost	(103 265)	(103 265)
Leasehold improvements Accumulated depreciation	87 255	87 255
Land and water vehicles Accumulated depreciation	9	9
Power Supply Cost	(3 802)	(3 802)
Power Supply Accumulated depreciation	3 606	3 606
Land and Water Vehicles Cost	(198)	(198)
Prepayment - Current	55	55
Prepayment - Non-current	107	107
Opening Accumulated Surplus or Deficit	11 445	11 445
Accumulated surplus	20 035	20 035
	-	-

Statement of Financial performance	Economic entity 2025 R'000	Controlling entity 2025 R'000
	R'million	R'million
Personnel expenditure	3 311	3 311
Other income - Project equipment fee	6 105	6 105
Other income - Operating lease income	(6 105)	(6 105)
Professional and special services	685	685
Depreciation - Plant & Equipment	(199)	(199)
Depreciation - Land & Water vehicles	(1)	(1)
Loss assets scrapped	16 206	16 206
Depreciation - Land and water vehicles	(3)	(3)
Administrative expenditure	36	36
	20 035	**20 035**

37. Prior period error (continued)

During the current financial year, the controlling entity identified a number of prior period errors which have been corrected retrospectively in accordance with applicable GRAP standards, with comparative information and opening balances restated where necessary.

Leave in lieu of overtime (TOIL) liabilities amounting to R14.1 million were not recognised in previous financial years, despite employees having rendered services that created a present obligation. This omission has been corrected through the recognition of the liability in accordance with GRAP 25. Refer to Note 9.

The use of designated assets by the Department of Home Affairs (DHA), amounting to R6.1 million, had been misclassified. These transactions were previously recognised within Government debtors and Other income, but have now been appropriately reclassified as operating lease receivables (within Government debtors—refer to notes 13, 22 and 34) and operating lease income, in line with GRAP requirements.

Legal vendor debit balances totaling R685 000 were incorrectly disclosed as sundry receivables. As these amounts are not recoverable and do not meet the definition of an asset, they have now been recognised as expenses.

The accounting treatment of the disposal of three generators (Net book value of R196 000) in the prior financial year was also corrected, as the proceeds had incorrectly been netted against white-boxing costs. The transaction has now been properly reflected as a disposal. The white-boxing costs had to be recognised as a dismantling asset and also had to be scrapped (R700 000). Refer to Note 4.

Motor maintenance plans were similarly identified as having been incorrectly capitalised as part of vehicle assets (R198 000). These have since been reclassified to prepayments of which R 36 000 has been expensed leaving R162 000 in Prepayments, which has further been split between Current (R 55 000) and Non-Current (R107 000) to reflect their nature appropriately. Refer to Note 4 and 11.

Assets amounting to R447 000, which had previously been impaired, were incorrectly written back in subsequent periods. This has been corrected, resulting in the assets being appropriately reflected at a nil net carrying value. Refer to Note 4.

Leasehold improvements relating to the Bellville and Albany offices, which were vacated in the prior financial year, were not derecognised at that time. Consequently, an amount of R16 million was incorrectly carried forward and has now been written off. Refer to Note 4.

Cash Flow Statement

	Economic entity 2025	Controlling entity 2025
Cash flow from operating activities	**R'000**	**R'000**
Suppliers	**(87)**	**(87)**
Cash flow from investing activities		
Acquisition of property, plant and equipment	(30 083)	(30 083)
Proceeds from sale of property, plant and equipment and intangible assets	700	700
Acquisition of intangible assets	(14 000)	(14 000)
	(43 383)	**(43 383)**
Cash flow from financing activities		
Acquisition of property, plant and equipment	29 740	29 740
Acquisition of intangible assets	14 000	14 000
	43 740	**43 740**

37. Prior period error (continued)

The Controlling Entity split the movement in trade and other payables between operating activities and investing activities resulting in reclassification due to a prior year error of R44 million.

The controlling entity corrected prior period errors, as described above, which impacted the comparative figures presented on the face of the cash flow statement. The net adjustment comprises R613 000 relating to cash flows from the sale of generators, R700 000 arising from the impact of the reversal of previously recognised impairments, and R87 000 relating to vehicle maintenance plans that were incorrectly capitalised in prior periods.

38. Reclassifications

Certain comparative figures have been reclassified and the effects are as follows:

Statement of financial position

Economic entity – 2025

	Note	As previously reported	Re-classification	After reclassification before correction of error excluding accounting policy change
Employee benefits (Non-current)	20	(368 750)	30 929	(337 821)
Employee benefits (Current)	20	-	(30 929)	(30 929)
Prepayments (Non-current)	11	538 364	2 112	540 476
Sundry receivables	13	3 749	(1 715)	2 034
Staff accounts receivable	13	4 830	(397	4 433
		178 193	**_**	**178 193**

Controlling entity – 2025

	Note	As previously reported	Re-classification	After reclassification before correction of error excluding accounting policy change
Employee benefits (Non-current)	20	(368 750)	30 929	(337 821)
Employee benefits (Current)	20	-	(30 929)	(30 929)
Prepayments (Non-current)	11	538 364	2 112	540 476
Sundry receivables	13	3 749	(1 715)	2 034
Staff accounts receivable	13	4 830	(397	4 433
		178 193	**_**	**178 193**

38. Reclassifications (continued)

Statement of Financial Performance

Economic entity – 2025

	Note	As previously reported	Re-classification	After reclassification before correction of error excluding accounting policy change
Other expenses		53 117	(34 705)	18 412
Finance cost	25	5 135	34 705	39 840
Professional and Special Services		1 875 304	685	1 875 989
Total		**1 933 556**	**685**	**1 934 241**

Controlling entity – 2025

	Note	As previously reported	Re-classification	After reclassification before correction of error excluding accounting policy change
Other expenses		52 841	(34 705)	18 136
Finance cost	25	5 135	34 705	39 940
Professional and Special Services		1 981 659	685	1 982 344
Total		**2 039 635**	685	**2 040 320**

Employee benefits (R30.9 million) disclosed in 2024/2025 as non-current liabilities have been reclassified as current liabilities as the benefits paid portion of the liability occurred within 12 months. Refer to Note 20.

Amounts paid in advance for rental, utilities, legal and data costs (R1.7 million), previously reflected as debit balances on vendor accounts and included in Sundry Receivables, as well as advances to staff for goods and services (R397k) previously included in Staff Accounts Receivable, have been reclassified to Prepayments to align with the nature of the transactions. This reclassification has no impact on the surplus/(deficit) for the period. Refer to Note 11 and 13.

Interest incurred on fleet cards and interest arising from late settlement of vendor balances (R34.7 million) have been reclassified as finance costs due to their financing nature representing a presentation enhancement in terms of GRAP 1.

The legal vendor debit balances amounting to R685 000 that had incorrectly been disclosed as sundry receivables have been corrected as they are not recoverable and do not meet the definition of an asset and have therefore been recognised as expenses. Refer to Note 37.

	Economic entity		Controlling entity	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000

39. Going concern

The financial statements have been prepared on the basis of 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.

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 in the near future.

40. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure relating to goods and services	104	971	104	971

Fruitless and wasteful expenditure is presented inclusive of VAT.

Transactions to the value of R104 000 relating to the current financial year and R971 000 relating to the prior financial year, are currently being investigated, after which determination and condonation will follow.

Refer to the Annual Report page 111-112 for a detailed reconciliation and related disclosure.

41. Irregular expenditure

Irregular expenditure relating to goods and services	95 161	49 520	95 161	49 520

Irregular expenditure is presented inclusive of VAT

Investigations for nine transactions to the value of R94.1 million were concluded in the current year while the investigation of one transaction to the value of R 1.1 million is in the process of being concluded, after which condonation will follow. Transactions to the amount of R172.2 million was removed from the irregular expenditure register after conclusion of appropriate consequence management ranging from training interventions to formal disciplinary processes in accordance with the disciplinary code of conduct.

Refer to Annual Report page 110-111 for detailed reconciliation and related disclosure.

42. Other matters

Public Protector Reports

Court proceedings arising from reports by the Public Protector (PP), instituted through review applications, were concluded during 2024/2025 in favour of the controlling entity. The court awarded costs against the Public Protector and subsequently all costs have been recovered. Refer to Note 33.

43. 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.

44. Constitutional Court judgement 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 (PAIA) 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.

Pursuant to SARS refusing to grant access to requested records, the requester lodged a complaint with the Information Regulator South Africa (IR) challenging SARS decision. The IR investigated the complaint and on or around 12 November 2025 issued SARS with an Enforcement Notice directing, inter alia, that SARS disclose certain records to the requester. SARS has engaged the services of Counsel to advise on the prospect of success regarding review of the IR determination before the High Court. SARS has until 12 May 2026 to lodge the review application.

ANNEXURE 1

Unaudited Schedule of Taxpayer Credits on 31 March 2026

	2026 Rands	2025 Rands
Income Tax	(18 543 680 794)	(28 323 690 527)
Pay As You Earn	(5 124 049 466)	(4 309 993 004)
Value Added Tax	(43 651 916 343)	(44 579 398 933)
Unemployment Insurance Fund	(7 246 136)	(9 566 371)
Skills Development Levy	(5 845 608)	(8 062 142)
Diesel	(10 524 594 835)	(15 288 443 754)
Secondary Tax on Companies	(7 054 433)	(58 669 849)
Dividend Tax	(1 177 546)	(3 901 298)
Administrative Penalties	(150 754 189)	(96 441 751)
Customs	(155 713 669)	(225 856 9622)
Excise	(182 177 160)	(104 447 718)
Mineral and Petroleum Resource Royalty	(549 064 331)	(3 817 770 381)
Total Taxpayer Credits	**(78 903 274 510)**	**(96 826 242 679)**

Unaudited Schedule of Taxes Duties and Administrative Penalties on 31 March 2026

Tax Types	0-3 Months	4 - 6 Months	7 - 9 Months	10 - 12 Months	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months	More than 60 Months	Overdue Debt	Returns Received Taxes not yet due
	R'million	R'million	R'million	R'million	R'million	R'million	R'million	R'million	R'million	R'million	R'million
Income Tax	48 277 333 449	42 878 254 187	30 558 408 198	18 251 648 011	67 269 954 690	27 128 265 984	18 130 530 717	16 646 565 051	28 749 687 420	298 890 647 707	21 785 630 446
Individuals	11 186 934 269	9 700 938 910	6 366 799 919	6 995 843 081	33 648 762 950	9 684 833 623	6 727 789 263	6 127 895 862	13 183 134 957	103 622 932 834	6 376 638 503
Trusts	1 252 615 915	1 512 658 554	446 180 352	342 212 060	2 612 945 645	506 661 259	261 689 397	712 866 038	816 383 064	8 464 212 284	586 092 510
Companies	35 837 783 265	31 664 656 723	23 745 427 927	10 913 592 870	31 008 246 095	16 936 771 102	11 141 052 057	9 805 803 151	14 750 169 399	185 803 502 589	14 822 89 433
Pay As You Earn	2 115 488 099	1 767 552 417	1 682 900 908	2 054 031 445	6 679 783 056	5 802 478 751	4 337 128 494	4 090 726 894	17 555 034 605	46 085 124 669	14 654 843 100
Value Added Tax	5 746 513 887	5 103 714 906	8 037 826 525	10 202 802 512	37 430 579 823	25 836 581 668	22 918 116 841	15 463 449 806	101 365 749 410	232 105 335 378	7 898 887 584
Secondary Tax on Companies	-	-	-	-	-	-	-	-	282 274 230	282 274 230	-
Diesel	7 799 545	6 977 832	11 793 814	42 753 779	95 702 245	269 028 934	346 588 946	81 788 610	754 896 805	1 617 330 510	-
Unemployment Insurance Fund	228 309 702	166 234 630	141 918 497	164 529 598	525 260 348	458 251 674	443 518 874	363 557 299	1 968 613 675	4 460 194 297	468 640 632
Customs	4 085 418 136	1 079 578 015	1 325 922 599	1 103 087 816	4 434 651 735	3 639 447 075	556 761 313	927 999 042	5 977 230 352	23 130 096 083	-
Excise	2 074 892 230	1 818 891 424	1 051 505 046	1 431 937 870	6 330 389 534	1 426 512 833	319 597 944	174 913 333	5 453 038 194	20 045 678 408	-
Administrative Penalties	2 653 911 982	1 738 746 603	1 616 101 884	1 113 958 733	5 442 962 829	4 151 948 099	2 492 770 979	2 418 350 268	5 283 594 070	26 912 345 447	137 750
Estate Duty	63 433 020	35 674 448	44 605 582	11 295 171	40 386 068	41 331 308	11 339 267	20 687 646	74 471 609	343 224 119	-
Dividends Tax	149 823 225	100 901 276	23 089 986	60 737 517	51 833 268	72 767 063	58 441 797	31 225 428	220 257 078	769 076 639	1 274 757 175
Donations Tax	-	-	-	-	-	-	-	-	18 883 409	2 046 561 144	-
Mineral and Petroleum Resource Royalty	360 697 780	65 272 228	335 932 238	63 763 687	303 150 006	172 968 904	61 887 285	223 216 714	459 672 302	2 046 561 144	-
Total Taxpayer Debt	**65 919 072 421**	**54 870 772 548**	**44 884 985 729**	**34 614 112 619**	**128 934 109 385**	**69 287 806 738**	**49 947 960 182**	**40 681 183 701**	**169 323 452 941**	**658 463 456 264**	**46 601 833 589**

ANNEXURE 2

Procurement by other Means

Reference Number	Description of the service	Supplier Name	Reason for Deviation	Value Approved
EX 01/2025	Subscription to the World Customs Organization (WCO) online edition of Explanatory Notes to the Harmonised System 2022 on an annual basis.	LexisNexis (Pty) Ltd	Sole source (Limited bid)	R 174 332.81
EX 02/2025	Renewal of the DELL EMC Hardware and Software Maintenance and Support Services for a period of three (3) years.	Dell Computer Pty Ltd	Single source (Limited bid)	R 63 761 748.69
EX 03/2025	Provision of turnkey office space at Brooklyn and surrounding areas within 10km radius.	All Top Properties and Broll Property Group (Pty) Ltd (Property owned by the Public Investment Corporation)	Single source (Limited bid)	R 458 485 327.96
EX 04/2025	Provision of the venue hire, food, beverages and related services by Century City Conference Centre and Hotels from 16 November to 20 November 2025.	Century City Conference Centre and Hotels	Single source (Limited bid)	R 3 592 600.00
EX 05/2025	Renewal of IHS Regional eXplorer and Econostat Service Subscription for Economic data and Software for a period of thirty-six (36) Months.	IHS Information & Insight (Pty) Ltd	Sole source (Limited bid)	R 1 925 658.05
EX 06/2025	The renewal of 24 Powtoon licenses (subscription) for the "Learning and Development" division (SATT). The period of the licenses will be from 31 May 2025 – 30 May 2028	Neo Technologies Pty (Ltd)	Sole source (Limited bid)	R 1 634 430.60
EX 07/2025	The appointment of an "Independent Technical Transactional Adviser and Quality Assurer" to review the tender process for the Customs Modernisation Program – Smart Border Procurement of Cargo Scanners.	Nexia SAB & T Chartered Accountants Inc.	Single source (Limited bid)	R 1 400 000.00
EX 08/2025	Renewal of Telephone Music on Hold License from South African Music Performance Rights Association (SAMPRA) for a period of six (6) years.	South African Music Performance Rights Association (SAMPRA)	Single source (Limited bid)	R 30 186.86
EX 09/2025	The renewal of Forensic Toolkit Central and Standalone. The renewal of Forensic Toolkit (FTK) Central Software licenses is for a one-year period and FTK Standalone Software licenses for a three-year period.	Cyanre The Digital Forensic Lab	Sole source (Limited bid)	R 2 024 128.23
EX 10/2025	The renewal of Maintenance and Support Services of the Promodag email reporting solution for 3 years.	Reportstar Technologies	Sole source (Limited bid)	R 950 274.46
EX 11/2025	Provision of Certified Software Asset Management (CSAM) examination and re-accreditation for the SARS Service Assets Software staff for a period of 36 months.	International Association of Information Technology Asset Managers (IAITAM)	Single source (Limited bid)	R 136 800.00
EX 12/2025	Provision of 37 parking spaces for Richards Bays office.	Arrowgem Limited	Single source (Limited bid)	R 644 261.90
EX 13/2025	Lease between SARS and Government Employees Pension Fund (Managed by Broll Property Group) for the Woodmead North Office Park (Oracle Building).	Government Employees Pension Fund (Managed by Broll Property Group)	Single source (Limited bid)	R 86 025 552.45
EX 14/2025	Deviation for the subscription license for E-Job Design to support the Organisation and Job Design division. The subscription license will cover a two-year with an option to extend for a period of twelve (12) months.	Systematic Business Solution (Pty) Ltd (t/a as QBIT)	Sole source (Limited bid)	R 2 173 500.00
EX 15/2025	Provision for Cyber Security Incident Response Team (CSIRT) Retainer Services for a period of three (3) months.	Orange Cyberdefense South Africa (Pty) Ltd	Single source (Limited bid)	R 203 550.00

Reference Number	Description of the service	Supplier Name	Reason for Deviation	Value Approved
EX 16/2025	Radisys Media Server annual maintenance for a period of twelve (12) months, with an option to extend for a further twelve (12) months at the sole discretion of SARS.	Radisys Corporation	Single source (Limited bid)	R 2 353 625.19
EX 17/2025	Appointment of South African Broadcasting Corporation (SABC) SOC Ltd for the TV License Subscription for a period of Five (5) years.	SABC SOC Ltd	Sole source (Limited bid)	R 1 493 578.00
EX 18/2025	Procurement of Entrust digital certificate services (mPKI certificates and SSL certificates). The award is for a 60-month period.	Altron Security a division of Altron TMT (Pty) Ltd	Sole source (Limited bid)	R 18 395 990.94
EX 19/2025	Supply and deliver of Painting and Carpet Materials for P166, Cape Town.	A.Moos	RFQ exceeding threshold	R 1 113 101.50
EX 20/2025	Deviation for Maintenance and Support of Adobe AEM solution for a period of six (6) months with an option to extend for another six (6)months at SARS sole discretion.	Adobe System Software Ireland Limited	Single source (Limited bid)	R 4 844 461.79
EX 21/2025	Relocation of Rissik Integrated Service Centre to Newtown Junction Mall.	Nieuwtown Property Development Company	Single source (Limited bid)	R 50 202 423.49
EX 22/2025	The lease between SARS and Premium Properties (Pty) Ltd for the Brainley Warehouse.	Premium Properties (Pty) Ltd	Single source (Limited bid)	R 2 894 961.08
EX 23/2025	The renewal of the residential lease for Customs and Excise at Fouriesburg (House 6, Helena Street).	Maditaba Ntono	Single source (Limited bid)	R 766 802.03
EX 24/2025	The appointment of Vodacom (Pty) Ltd at a total value of R 141 616 491.94 (VAT inclusive), for a period of twenty-four (24) months, from 01 April 2026 to 31 March 2028.	Vodacom (Pty) Ltd	Single source (Limited bid)	R 141 616 491.94
EX 25/2025	An appointment of alternative service provider for Security Operations Center as a Service (SOCaaS), and to secure resources to supplement the Internal Security Operations Centre (SOC), for a period of twelve (12) months.	CyberAntix (Pty) Ltd	Single source (Limited bid)	R 18 453 592.12
EX 26/2025	The appointment of the Department of Public Works, Roads and Infrastructure in respect of the leasing of the Giyani Branch Office over a period of five (5) years.	Public Works, Roads and Infrastructure - Limpopo	Single source (Limited bid)	R 7 157 496.29
EX 27/2025	The maintenance and support services for the MXG software subscription for a period of 5 years.	Merrill Consultants	Sole source (Limited bid)	R 511 333.99
EX 28/2025	Renewal of various residential leases for Customs and Excise at Ladybrand.	DRB Development Trust	Single source (Limited bid)	R 5 767 422.54
EX 29/2025	The renewal of the Netcraft Anti-Phishing Takedown service subscription.	Netcraft Limited (United Kingdom)	Single source (Limited bid)	R 3 173 306.90
EX 30/2025	The procurement ISO27002 Documentation Toolkit.	CERTIKIT	Single source (Limited bid)	R 25 013.01
EX 31/2025	Request for approval of a deviation from the procurement processes in terms of Treasury Regulation 16A 6.4: to appoint Pan South African Language Board (PanSALB) for the verification and authentication of the SARS Multilingual Terminology List.	Pan South African Language Board (PanSALB)	Sole source (Limited bid)	R 0.00

Reference Number	Description of the service	Supplier Name	Reason for Deviation	Value Approved
EX 32/2025	The appointment service provider for a turnkey solution, which includes the fitout and leasing of office space in Newcastle over a period of five (5) years with an option to extend for another four (4) years.	Pietersburg Property Development (Pty) Ltd	Single source (Limited bid)	R 36 247 852.20
EX 33/2025	The lease for the Office of the Tax Ombuds (OTO) for a period of five (5) years.	Growthpoint Properties Limited	Single source (Limited bid)	R 15 906 380.11
EX 34/2025	The procurement additional nine (9) licenses from the existing 35-user Stata / MP2 network perpetual licences to a 44-user Stata / MP2 network license. The request is for additional STATA/ MP2 network perpetual licenses by nine (9) users – Once off purchase. This request excludes Maintenance and Support, as confirmed with Business.	Quantec Enterprises (Pty) Ltd	Sole source (Limited bid)	R 439 668.00
EX 35/2025	The renewal of Caseware, consulting, training, and related services for a period of five (5) years.	Adapt IT (Pty) Ltd	Sole source (Limited bid)	R 1 308 734.63
EX 36/2025	The renewal of Sage Pastel Accountants Forum licenses five (5) years.	Sage South Africa (Pty) Ltd	Sole source (Limited bid)	R 205 795.78
EX 37/2025	The appointment of service provider for the eRecruitment Support (SAP Success Factor) Contract for a period of twelve (12) months including a contingency bucket of 40 hours.	Epi-Use Africa (Pty) Ltd	Single source (Limited bid)	R 371 100.00
EX 38/2025	Provision of a turnkey solution, including fit-out and the rental of office space in Mossel Bay.	Nambiti Ontwikkeling CC	Single source (Limited bid)	R 2 821 348.42
EX 39/2025	The provision for the External and Internal Managed Vulnerability Scanning services for a period of Five (5) years.	Orange CyberDefense (Pty) Ltd	Single source (Limited bid)	R 11 020 516.74
EX 40/2025	The lease between SARS and Platoon and Trade Invest 76 (Pty) Ltd for the Bethlehem Maluti Square building for a period of (five) 5 years.	Platoon and Trade Invest 76 (Pty) Ltd	Single source (Limited bid)	R 6 854 957.07
EX 41/2025	The renewal of DealMakers subscription services for a period of Five (5) years.	Gleason Publication Pty Ltd	Sole source (Limited bid)	R 345 000.00
EX 42/2025	The lease between SARS and Transnet, for the Port of Saldanha Bay offices. The lease will be for a period of five (5) years.	Transnet	Single source (Limited bid)	R 988 357.00
EX 43/2025	Lease between SARS and Great Cormorants Investment 75 (Pty) Ltd for the Edenvale Integrated Service Centre (ISC) Branch Office for a period of five (5) years with an option to extend for another four (4) years and 11 months.	Great Cormorants Investment 75 (Pty) Ltd	Single source (Limited bid)	R 47 774 972.48
EX 44/2025	The maintenance and support services of the i2 Analyst Notebook and i2 IBase software solution for a period of one (1) year.	Hidden Links (Pty) Ltd	Sole source (Limited bid)	R 857 184.70
EX 45/2025	Sourcing of rental accommodation for the Branch Manager at Lebombo for a one (1) year period.	Phindande Projects (Pty) Ltd	Single source (Limited bid)	R 125 000.00
EX 46/2025	The lease between SARS and Airports Company South Africa (ACSA) for the New Agents Cargo Building and Staff Parking Cargo space for Customs and Excise at the OR Tambo International Airport (ORTIA) for a period of five (5) years.	Airports Company South Africa (ACSA) State Owned Company (SOC) Ltd	Sole source (Limited bid)	R 53 742 841.93

Reference Number	Description of the service	Supplier Name	Reason for Deviation	Value Approved
EX 47/2025	The appointment of IBM for the renewal of the IBM Hardware, Software, Maintenance, Support and Professional Services, for a period of three (3) years in alignment with SITA Framework Agreement.	International Business Machine Corporations (IBM)	Sole source (Limited bid)	R1 173 279 325.00
EX 48/2025	The renewal of Orange CyberDefense for Security Assessment/Penetration testing services for a period of three (3) years, with an option to extend for a further two (2) years at SARS' sole discretion.	Orange CyberDefense (Pty) Ltd	Single source (Limited bid)	R 54 993 626.00
EX 49/2025	Independent Probity Audit on Tower N to be conducted for a period of three (3) weeks.	Morar Incorporated	Single source (Limited bid)	R 688 850.00
EX 50/2025	Renewal of Google Dynamic Map and Streetview subscription services.	28 East Pty Ltd	Single source (Limited bid)	R 930 611.14
EX 51/2025	Ratification of emergency procurement for the use of IT Facilities contract for urgent repairs to Trescon House generators.	Phillips Africa, a sub-contractor for Johnback Solutions	Emergency procurement	R 32 588.70
EX 52/2025	Procurement of Arsenal Mount Software for Digital Forensics Investigation (DFI).	Cyanre the Digital Forensic Lab (Pty) Ltd	Single source (Limited bid)	R 73 999.98
EX 53/2025	Appointment of Rainbow Place Properties 29 (Pty) Ltd in respect of George office situated at 1 Platinum Drive, Eden Park. The lease agreement is for a period five (5) years.	Rainbow Place Properties 29 (Pty) Ltd	Single source (Limited bid)	R 22 615 501.94
EX 54/2025	The lease between SARS and the Department of Public Works, Roads and Infrastructure (DPWRI) for the Lebowakgomo Branch Office. The lease term of five (5) years.	Department of Public Works, Roads and Infrastructure (DPWRI) – Limpopo	Sole source (Limited bid)	R 9 014 135.36
EX 55/2025	The appointment of Microsoft for the renewal of Microsoft Enterprise License Agreement (EA) and Unified Support Service for a period of three (3) years. This procurement process is aligned with the terms and conditions of the pre-negotiated SITA Framework Agreement.	Microsoft	Sole source (Limited bid)	R 1 578 791 232.00
EX 56/2025	Procurement process for the printing, labelling and packaging of SADC and Eur1 certificates of origin.	Shereno Printers	Single source (Limited bid)	R 1 354 600.00
EX 57/2025	Request for approval to re-appoint Nexia SAB&T to continue forensic investigation at ORTIA, and to support the initiation of disciplinary and civil proceedings.	Nexia SAB&T	Single source (Limited bid)	R 14 895 020.80
EX 58/2025	Establishment of a Panel for Insolvency Practitioners.	Panel of Insolvency Practitioners	Multiple source (Limited bid)	R -
EX 59/2025	Catering for executive team for budget speech preparations.	Nisreen Arend	Emergency procurement	R 43 750.00
EX 60/2025	Appointment of Luxanio Trading 181 for the leasing of Welkom Branch Office over a period of five (5) years.	Luxanio Trading 181	Single source (Limited bid)	R 9 911 411.99
EX 61/2025	Appointment of all Veterinary Service Providers that are registered on both CSD and the South African Veterinary Council (SAVC) to provide veterinary services to the SARS Customs Detector Dog Unit operations country wide for a period of sixty (60) months.	CSD and the South African Veterinary Council (SAVC) registered Veterinary Service Providers	Multiple source (Limited bid)	R 4 238 117.75

ANNEXURE 3

Details of Variations and Expansions

Reference Number	Description of the service	Supplier Name	Reason for Variation/ Expansion	Value Approved
VAR 01/2025	Request to expand the scope of the contract for the provisioning of paper to SARS offices nationwide to include Region 1.	Ramokgadi Trading 261 (Pty) Ltd	Time	R 0.00
VAR 02/2025	Request the lease expansion in respect of the leasing out of Linton House and Hilton House over a period of five (5) years.	Brooklyn Bridge Park (Pty) Ltd	Value and Time	R 82 499 670.57
VAR 03/2025	Request to vary the contract for ZIIP subscription for a period of forty (40) months (3 years and 4 months).	Software AG	Value and Time	R 94 959 291.09
VAR 04/2025	Request for the lease expansion with respect of Kimberly Taxpayer Services (TPS) office over a period of five (5) years.	Delta Property Fund	Value and Time	R 20 555 120.83
VAR 05/2025	Extension of an existing agreement for the investigations on project Labyrinth financial flows, forensic and other related services until completion of the current project.	Price Waterhouse Coopers	Time	R 0.00
VAR 06/2025	Expand the contract scope and period for maintenance and servicing of lifts at Le hae la SARS and Alberton for a period of 12 months.	KONE Elevators South Africa	Value	R 1 615 000.00
VAR 07/2025	Expansion of the existing agreement between SARS and Sankofa Insurance Brokers for an additional period of three (3) months for Insurance Brokers fee and Insurance Premiums.	Sankofa Insurance Brokers	Value and Time	R 6 253 483.60
VAR 08/2025	Expansion of an existing agreement between SARS and Tipp Focus and between SARS and Invoke Solutions for a period of nine (9) months.	Tipp Focus & Invoke Solutions	Value and Time	R 1 427 007.00
VAR 09/2025	Expansion of an existing agreement between SARS and Lure Holdings.	Lure Holdings	Time	R 0.00
VAR 10/2025	Expansion of an existing agreement between SARS and Mailtronics.	Mailtronics	Value	R 1 509.53
VAR 11/2025	Expansion of an existing agreement between SARS and SpaceGrow Media.	Space Grow Media (Pty)Ltd	Time	R 0.00
VAR12/2025	Panel of Expert Advisory Service Forensic Investigation.	Panel	Value	R 19 673 204.00
VAR 13/2025	Variation of the Symantec Endpoint Protection and Data Loss.	Nec Xon (PTY) LTD	Value	R 6 498 841.51
VAR 14/2025	Variation – Network Carrier and Infrastructure Services, Tower I.	Vodacom	Value	R 23 744 110.90
VAR 15/2025	Telephone Music On Hold Services.	Southern African Music Rights Organisation (SAMRO)	Value	R 863.91
VAR 16/2025	Security Incident Response Service.	Orange Cyberdefense South Africa (Pty)Ltd	Value and Time	R 203 550.00
VAR 17/2025	Expansion of scope of the contract for procurement of Qualtrics surveys and research tool licenses including maintenance and support.	Qualtrics International LLC	Value and Time	R 4 194 113.96
VAR 18/2025	Expansion of the current contract between SARS and SANLAM lease building.	Sanlam	Value and Time	R 84 701 897.00

Reference Number	Description of the service	Supplier Name	Reason for Variation/ Expansion	Value Approved
VAR 19/2025	Expansion of scope: Provision of Marketing and Advertising Services. The expansion entails provide Brand implementation, roll out and support.	Retrolex Consulting	Value and Time	R 2 079 947.20
VAR 20/2025	Expand scope for Panel of Service Providers for Debt Collection and Related Services.	Panel	Value	R 1.00
VAR 21/2025	Expansion of the existing contract relating to the Provision of Furniture and other related items for Kasteelpark Debt Campus.	Broll Property Group (Pty) Ltd	Value	R 5 917 008.34
VAR 22/2025	Expansion of the existing contract for the provision of ICT Facilities Maintenance Services for SARS offices nationwide.	Johnbak Solutions & AFM Group JV & Nec XON	Value and Time	R 25 425 000.00
VAR 23/2025	Expansion of the current contract for additional programming at the National Command Centre.	Ubuntu Technology (Pty) Ltd	Value	R 310 500.00
VAR 24/2025	Maintenance and support of SARS and the Office of the Tax ombud (OTO) Corporate websites in relation to Microsoft Azure Software.	Tangent Solutions (A division of Jurumani Solutions (Pty) Ltd	Value and Time	R 4 195 317.00
VAR 25/2025	Expansion to the existing contract for Provision of Armed Guarding Security Services.	Royal Security CC & Fidelity Services (Pty) Ltd	Value	R 30 000 000.00
VAR 26/2025	Expansion of an existing contract for Provisioning of Auctioneering Services for SARS Nationwide.	Liquidity Services SA (Pty) Ltd	Value	R 88 377.50
VAR 27/2025	Upgrade and refresh Solar Rollout Spec for all SARS sites.	Sydwalt Pty (Ltd), Bilionetworks Pty (Ltd), Black Bullet Services	Time	R 0.00
VAR 28/2025	Expansion of subcontractors for provisioning of Network Cabling, Cisco point installation, Audio Visual (Non Cisco), PADS maintenance.	Integral Networking, BTSA and Gaproc Media	Value and Time	R 38 254 303.05
VAR 29/2025	Expansion of scope of the contract to include operating costs for the remainder of the lease at the Sanbel building.	Fair Resort Properties (Pty) Ltd	Value	R 1 647 517.72
VAR 30/2025	Expansion of the contracts for SARS procurement of Psychometric Tools and Services for Recruitment and Talent Management.	BIOSS South Africa and SHL Saville Holdingsworth (Pty) Ltd	Value and Time	R 19 080 937.15
VAR 31/2025	Provision of SARS Legal Panels.	Various Legal Service Providers	Value	R 1 312 006 309.00
VAR 32/2025	Extension of the scope and cost of MMT Consulting Fire Engineering.	MMT Consulting Engineers	Value	R 19 895.00
VAR 33/2025	Appointment of a chairperson for the SARS National Bargaining Forum.	Ilanga Labour Associates	Time	R 0.00
VAR 34/2025	Lease extension with the Coega Development Corporation.	Coega Development Corporation (Pty) Ltd	Value	R 1 172 382.76
VAR 35/2025	Case Management System Contract to include additional licenses and related services.	Online Intelligence (Pty) Ltd	Value and Time	R 2 036 210.00
VAR 36/2025	Provision of truck and vehicle storage including towing services.	Ryncor CC	Value	R 3 000 000.00
VAR 37/2025	Appointment of Panel of service providers to render Recruitment Services.	Various Recruitment Service Providers Appointment of Panel to render Recruitment Services	Value	R 13 471 983.95

Reference Number	Description of the service	Supplier Name	Reason for Variation/ Expansion	Value Approved
VAR 38/2025	Transversal Contract – Supply and Delivery of Mobile Communication Services.	Vodacom (Pty)Ltd; MTN (Pty)Ltd; Telkom SA SOC Ltd; Cell C Limited	Value and Time	R 253 794 226.00
VAR 39/2025	Request to utilise SAPO for the collection and delivery of SARS mail for the SARS Trescon building.	South African Post Office	Value	R 8 298.50
VAR 40/2025	Appointment of VAT Refund Administrator to obtain information electronically.	Herman Stols Rekenmeesters (Pty)Ltd t/a Amax Accounting	Value	R 38 142.67
VAR 41/2025	Training Services from SAICA- Accredited Providers – Assessment of Professional Competency (APC) Board Course.	Accounting Professional Training (Pty) Ltd (APT), Endunamoo Professional Course (Pty) Ltd, University of Cape Town (UCT)	Time	R 0.00
VAR 42/2025	Provision of Employee Health, Wellness and Related Services, with no financial implications.	Metropolitan Health Corporate	Time	R 0.00
VAR 43/2025	Provision of Case Management Planning services.	Ernst & Young Advisory Services	Value	R 743 613.38
VAR 44/2025	To provide the knowledge mapping and strategy training, including the extension of the Sensemaker licence agreement for a period of two (2) years.	Cynefin Co.	Value and Time	R 867 537.00
VAR 45/2025	To approve a month-to-month extension of Asset -In Transit (AIT) Service for a period not exceeding twelve (12) months.	Fidelity Cash Solutions (Pty) Ltd	Value and Time	R 7 067 844.00
VAR 46/2025	Approve the expansion of the current contract for an additional three resources for Career Models.	Tipp Focus (Pty)Ltd & Invoke Solutions (Pty) Ltd	Value	R 620 000.00
VAR 47/2025	Purchase order to include installation of GYM equipment.	Moshidi Works	Value	R 8 900.00
VAR 48/2025	Provision of truck and vehicle storage including towing services.	Ryncor CC	Value	R 3 000 000.00
VAR 49/2025	The expansion of the existing contract for the provision of Armed Guarding Security Services	Royal Security CC	Value	R 37 096 019.68
VAR 50/2025	Expansion of the existing contract with for an additional month for the 2025/2026 BBBEE verification.	MPower Ratings	Value and Time	R 148 971.00
VAR 51/2025	Expansion with IDI Technology Solutions (Pty) Ltd for the provision of BarnOwl Risk Management Software Licenses for a period of twelve (12) months, with an option to extend for a further twelve (12) months.	IDI Technology Solution	Value and Time	R 296 360.75

ANNEXURE 4

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 controlling entity has finalised 14 of the 17 recommendations. The following recommendations are still a work in progress:

32. 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.

33. 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.

34. 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 case is certified trial ready with proceedings scheduled to proceed on 25 May 2026

ANNEXURE 5

Zondo Commission

SARS has benefitted from a seven (7) year period of restoring the capacity and capability of the institution. Implementing the recommendations of the Zondo and Nugent Commissions were essential actions to contribute to SARS's recovery and new strategic path.

Recommendations arising from the Nugent Commission of Inquiry have been addressed with only one civil matter regarding fruitless and wasteful expenditure involving a former Commissioner still under way.

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 the Zondo Commission report highlighting the capture of the controlling entity calling for deeper investigation into Bain & Company procurement contracts at the controlling entity and all other state entities. It endorsed the Nugent Commission's findings and recommended that the appointment of the SARS Commissioner follow an open, transparent, and competitive public process. Twelve (12) recommendations were raised:

- Ten (10) recommendations were addressed and completed
- Two (2) recommendations are in progress and in audit.

Annexure 6 – Donations In Kind (Controlling Entity)

		2025	2026
No	Description	R'000	R'000
1	**General Administration of China Customs (GACC)**	735	
	Attendance of the Authorised Economic Operator Seminar Hosted by the Shanghai Customs College (2026).		
2	**World Customs Organisation (WCO)**	722	1 192
	Attendance to Co-Facilitate a World Customs Organization (WCO) Leadership and Management Development (LMD) Workshop for the Royal Malaysian Customs Department (RMCD), Operation Thunder 2024, Project Octagon Sub-Regional Workshop on Anti-Money Laundering, Anti- Corruption and Counter-Terrorism Financing (AML-CTF) for the East and Southern Africa Region, Leadership and Management Development (LMD) and Capacity Building, Workshop as Part of the 91st Fellowship Programme, etc. Attendance of a World Customs Organization (WCO) Post Clearance Audit Workshop for Bolivia Customs. Attendance of the Australian Border Force/ World Customs Organization Supply Chain Integrity Project's Regional Seminar. Attendance of the World Customs Organization (WCO) Accelerate Trade Facilitation Programme Annual National Focal Point Meeting. Attendance of the World Customs Organization (WCO) Mid-Term Evaluation Meeting of Operation Demeter XI. Attendance of the World Customs Organization (WCO) Post Clearance Audit (PCA) Workshop of Maldives Customs Service (MCS)(2026).		
3	**African Tax Administration Forum (ATAF)**	273	249
	Attendance of the African Tax Administration Forum (ATAF) Continental Value-Added Tax (VAT) Workshop, (ATAF) Annual Meetings. Attendance of the African Tax Administration Forum (ATAF) Annual Meetings. International Travel to Attend ATAF 2025 Annual Meetings.		
4	**US Department of State**	183	
	Attendance of the International Visitors Leadership Program (IVLP) Entitled "Combating Illegal Fishing of the Coasts and in Lakes of Africa (2026).		
5	**IMF - International Monetary Fund**	181	
	Commissioner's Attendance of the International IMF (2026)		
6	**STA - Sweden Tax Authority**	155	254
	Attendance of a Regional Workshop by South African Revenue Service Officials as Part of the International Capacity Building Program (ICBP) in Partnership with Swedish Tax Authority (STA), National Treasury (South Africa) and Collaborative Africa Budget Reform Initiative (CABRI).		
7	**African Regional Technical Assistance Centre (AFRITAC) South**	130	34
	Attendance of the International Monetary Fund's Technical Assistance Centre for Southern Africa (AFRITAC South) Regional Workshop on Mirror Data Analysis. Attendance of the AFS Seminar: Risk Based Compliance Plan for Customs.		
8	**European Anti-Fraud Office OLAF**	115	
	Attendance of African European Investigation Forum (OLAF).		
9	**Organisation for the Economic Cooperation and Development & United (OECD)**	114	68
	SARS Experts and Mentees to Provide Assistance to the Eswatini Revenue Service (ERS) as Part of Tax Inspectors without Borders (TIWB) Tax Crime Investigations Programme. SARS Experts and Meetings to Provide Assistance to the ERS as part of the ATAF / TIWB Tax Crime Investigations Programme. SARS Experts to Provide Assistance to the Zimbabwe without Borders (TIWB) Tax Crime Investigations Programme.		
10	**STATAFRIC**	100	
	Attendance of the African Union Statistical Institute for Statistics (STATAFRIC) Training Workshop on Writing Search Engine Optimisation (SEO) Articles on Trade Statistics (2026).		
11	**United Nations Office on Drugs and Crime (UNODC)**	98	
	Travel, accommodation and subsistence to attend UNOCD cash smuggling workshop-Dar Es Salaam, Tanzania (2020). Attendance of the Meeting Related to Operation Saving African Wildlife Through Multilateral Assistance (SAMA). Attendance of the Regional Law Enforcement Dialogue Minerals Crime in Critical Energy Transition Supply Chains. Attendance of the United Nations Office on Drugs and Crime (UNODC) 9th Wildlife Inter-Regional Enforcement (WIRE) Meeting (2026).		
12	**CCFC - Customs Cooperation Fund of China**	79	
	Facilitation of the World Customs Organization (WCO) Mercator Programme Follow UP Support Mission for the Seychelles Revenue Commission (SRC).		
13	**South African Development Community (SADC)**	70	12

		2025	2026
No	Description	R'000	R'000
	Attendance of the Launch of the North-South Corridor Time Release Study (TRS) Meeting. Attendance of the Southern African Development Community (SADC) Regional Validation and Trade Statistics Uploading workshop. Attendance of the Validation Workshop on the Evaluation of the Impact of the Southern African Development Community Electronic Certificate of Origin (2026).		
14	**The World Bank Group-Egypt**	59	
	Travel, accommodation and subsistence to attend AEO conference- Sao Paulo, Brazil (2020).		
15	**Southern Africa Customs Union (SACU)**	57	66
	Attendance of the Southern African Customs Union (SACU) meeting. Attendance of the Southern African Customs Union (SACU) Risk Management, Compliance and Enforcement Meeting (2026).		
16	**ICDT - International Centre for Tax and Developments**	56	
	Attendance of the International Centre for Tax and Development (ICTD) Teaching and Learning Course (2026).		
17	**African Continental Free Trade Agreement (AFCFTA)**	50	98
	Attendance of the 8th Meeting of the Sub-Committee on Trade Facilitation (SCTFCCTV), Customs Cooperation and Transit, and 8th meeting of the Directors-General of Customs. Attendance of the African Continental Free Trade Agreement Meeting on National Trade Facilitation Committees. Attendance of the Dedicated session of the Sub-Committee on Trade Facilitation		
18	**CDC - The Africa Centre for Disease Control**	44	
	Attendance of Multi Stakeholder Forum on Humanitarian & Health Medflow Africa.		
19	**ICCWC - International Consortium on Combating wildlife Crime**	29	
	Attendance of the World Customs Organization (WCO) Regional Illegal Wildlife Trade (IWT) and Risk Management Workshop.		
20	**DAATC - Deloitte Africa Annual Tax Conference**	24	
	International Travel to Attend the 2025 Deloitte African Annual Tax Conference.		
21	**SARTFP - Southern Africa Regional Trade Facilitation Programme**		124
	Participation in a Study visit to the Integrated Targeting and Operations Centre.		
22	**EU - European Union**		47
	Attend the Global Forum on Rules of Origin Interconnectivity and The World Customs Organisation (WCO) Technical Committee on Rules of Origin (TCRO).		
23	**The United Nations University World Institute for Development Economics (Unu-Wider)**		38
	Attendance of a Specialised Training Programme on Hosting of Administrative Datasets for Research Purposes Facilitated by the United Kingdom Office for National Statistics (UK-ONS)		
24	**FinCen and the UD Department of State' s Bureau of International Narcotics and Law Enforcement Affairs.**		37
	Approval of Financial Implications for the Attendance of the Counter Illicit Finance Training (CIFT).		
25	**ESAAMLG**		34
	Attendance of the Meeting of the Esaamlg Typology Study Group on Illicit Cross-Border Movement of Cash and Bearer Negotiable Instruments (BNIS).		
26	**United Nations (UN)**		33
	Attendance of the United Nations Subcommittee on Taxation of Extractive Industries.		
Grand Total		3 274	2 286

Abbreviations and Acronyms

ADR	Alternative Dispute Resolution
AEO	Authorised Economic Operators
AEOI	Automatic Exchange of Information
AGSA	Auditor-General of South Africa
AI	Artificial Intelligence
APA	Advance Pricing Agreements
APP	Annual Performance Plan
ARA	Annual Recognition Awards
ARC	Audit and Risk Committee
BELN	Botswana, eSwatini, Lesotho, and Namibia
BMA	Border Management Authority
BRICS	Brazil, Russia, India, China and South Africa
CIT	Company Income Tax
CMAA	Customs Mutual Administrative Assistance
CMO	Complaints Management Office
CPI	Consumer Price Index
CRS	Common Reporting Standard
CSD	Central Supplier Database
CSS	Customer Satisfaction Score
DLP	Data Loss Prevention
DOP	Deferment of Payment
DRM	Domestic Resource Mobilisation
DT	Dividends Tax
EEI	Employee Engagement Index
EGRC	Enterprise Governance and Risk Committee
EHWP	Employee Health and Wellness Programme
ERM	Enterprise Risk Management
ETI	Employment Tax Incentive
EVP	Employee Value Proposition
EXCO	Executive Committee
FATF	Financial Action Task Force
FY	Financial Year
GBVF	Gender-Based Violence and Femicide
GDP	Gross Domestic Product
HWI	High Wealth Individual
IAF	Internal Audit Function
ICT	Infrastructure Communications Technology
IIA	Institute of Internal Auditors
IPA	Integrity Promotion and Assurance
IPPF	International Professional Practices Framework
ISI	Intermediary Satisfaction Index
LBI	Large Business and International

LEI	Leadership Effective Index
LLP	Leverage Legal Products
MPC	Monetary Policy Committee
MPRR	Mineral and Petroleum Resources Royalties
MTBPS	Medium Term Budget Policy Statement
NA	National Assembly
NCOP	National Council of Provinces
NSFAS	National Student Financial Aid Scheme
NT	National Treasury
OECD	Organisation for Economic Co-operation and Development
ORTIA	OR Tambo International Airport
OTO	Office of the Tax Ombud
PAYE	Pay-As-You-Earn
PCCM	People Capability and Career Management
PE	Printed Estimate
PEI	Process Efficiency Index
PFMA	Public Finance Management Act
PIT	Personal Income Tax
PY	Previous Year
RAF	Road Accident Fund
RE	Revised Estimate
REP	Revenue Enhancement Programme
SACU	Southern African Customs Union
SARB	South African Reserve Bank
SARS	South African Revenue Service
SDL	Skills Development Levy
SMME	Small, Medium and Micro Enterprises
SONA	State of the Nation Address
SOs	Strategic Objectives
SOP	Standard Operating Procedure
SOQS	SARS Online Query System
STC	Secondary Tax on Companies
TFI	Trade Facilitation Index
UIF	Unemployment Insurance Fund
USSD	Unstructured Supplementary Service Data
VAT	Value-Added Tax
VCI	Voluntary Compliance Index
VDP	Voluntary Disclosure Programme
WCO	World Customs Organisation
WIL	Women in Leadership
WTO	World Trade Organisation
Y/Y	Year-on-year