



ANNUAL PERFORMANCE PLAN 2023/24

SOUTH AFRICAN REVENUE SERVICE



South African Revenue Service

2023/24 ANNUAL PERFORMANCE PLAN

South African Revenue Service

RP70/2023

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Abbreviations

| | |
|------------|---|
| AEO: | Authorised Economic Operator |
| AI: | Artificial Intelligence |
| APA: | Advance Pricing Agreements |
| APP: | Annual Performance Plan |
| ATAF: | African Tax Administration Forum |
| CEMIS: | Compliance Evaluation Monitoring Information System |
| CFO: | Chief Financial Officer |
| CIPC: | Companies and Intellectual Property Commission |
| CIT: | Corporate Income Tax |
| COGTA: | Cooperative Governance and Traditional Affairs |
| DTC: | Davis Tax Committee |
| ENE: | Estimates of National Expenditure |
| EOI: | Exchange of Information |
| ETI: | Employment Tax Incentive |
| FATF: | Financial Action Task Force |
| FIC: | Financial Intelligence Centre |
| FOSAD: | Forum of South African Directors-General |
| FTA: | Free Trade Agreement |
| GBV: | Gender-Based Violence |
| ICT: | Information Communications Technology |
| KM: | Knowledge Management |
| KPI: | Key Performance Indicator |
| MOU: | Memorandum of Understanding |
| MTBPS: | Medium-Term Budget Policy Statement |
| MTEF: | Medium-Term Expenditure Framework |
| MTSF: | Medium-Term Strategic Framework |
| NATJOINTS: | National Joint Operational and Intelligence Structure |
| NCCC: | National Coronavirus Command Council |
| NDP: | National Development Plan |
| NES: | Net Easy Score |
| NPA: | National Prosecuting Authority |
| NSG: | National School of Government |
| OECD: | Organisation for Economic Cooperation and Development |
| PAYE: | Pay-As-You-Earn |
| PFMA: | Public Finance Management Act |
| PIT: | Personal Income Tax |
| PPE: | Personal Protective Equipment |
| RAWC: | Revenue Analysis Working Committee |
| SALGA: | South African Local Government Association |
| SARB: | South African Reserve Bank |
| SARS: | South African Revenue Service |
| SMS: | Short Message Service |
| SO: | Strategic Objective |
| TADAT: | Tax Administration Diagnostic Assessment Tool |

ANNUAL PERFORMANCE PLAN

CONTENTS

| | |
|---|-----------|
| Abbreviations | 3 |
| Minister's Statement | 5 |
| Commissioner's Statement | 6 |
| Official sign-off | 8 |
| PART A: OUR MANDATE | 9 |
| Legislative and policy mandates | 9 |
| How we fulfill our mandate | 9 |
| Institutional policies and strategies over the five year planning period | 11 |
| PART B: OUR STRATEGIC FOCUS | 15 |
| Situational analysis | 15 |
| Key external environmental factors and our approach | 15 |
| Key internal environmental factors and our approach | 21 |
| PART C: MEASURING OUR PERFORMANCE | 22 |
| Institutional performance information | 22 |
| Resource Considerations | 33 |
| Risks and mitigations | 35 |
| PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs) | 41 |
| ANNEXURES | 55 |
| Annexure A: Changes to the 2020/21 – 2024/25 SARS Strategic Plan Key Performance Indicators and Targets | 55 |



Enoch Godongwana
Minister of Finance

Minister's Statement

2023 marks my third consecutive year as Minister of Finance, responsible for the South African Revenue Service (SARS), in this 25th year of its existence.

I am honoured to continue serving all South Africans, and particularly, taxpayers. I look forward to continuing delivering on my mandate by working tirelessly to oversee SARS' sustained implementation of its Vision 2024 to build a smart modern SARS, with unquestionable integrity that is trusted by government, the public and our international peers.

I am proud of the way in which SARS has reversed many of the adverse consequences of its capture between 2014 and 2018, whilst at the same time, exploiting opportunities presented by the COVID-19 pandemic to accelerate implementation of its Vision 2024, in pursuit of its Strategic Intent to develop a Tax and Customs system based on Voluntary Compliance.

From the onset, the government placed a huge reliance on institutions like SARS to provide and administer economic and other relief measures to minimize the impact of the disruptions caused by the pandemic. Revenue collection efforts enabled the government to provide much-needed relief to millions of South Africans and businesses. This is a testimony to the fact that a well-functioning and effective revenue service is crucial to meeting the fiscal needs and ensuring the viability of our democracy in the most difficult of times.

Whilst much has been achieved, much still remains to be done. SARS will, in the coming year, continue its efforts to rebuild and ensure a sustainable system of voluntary compliance in an empathetic way.

This year's performance plan sets the basis for the next five-year planning cycle. We need to reflect on how we will secure gains made by SARS in the past four years. Judge Nugent, who headed the Commission of Inquiry into Tax Administration and Governance by SARS, reported that the failure of governance at SARS during its capture between 2014 and 2018 was made possible by weaknesses in the governing legislation for the revenue authority, which did not entrench governance structures in the organisation. As the responsible Minister, I will be driving the process to introduce mechanisms to prevent a recurrence of such a breakdown of governance and administration in SARS this year.

I invite you to discover more about how SARS plans to better serve South Africans by reading onward. As the Minister of Finance, it is my pleasure to present SARS' Annual Performance Plan 2023–2024. I look forward to what will be accomplished for the South African community, taxpayers and traders.

Enoch Godongwana
Minister of Finance



**Edward Chr
Kieswetter**
SARS Commissioner

Commissioner's Statement

The SARS APP 2023-2024 builds on our strong foundation and enduring commitment to the South African community, taxpayers and traders. This APP outlines the steps SARS is taking to deliver on our Vision 2024. The achievement of our strategic intent remains our over-arching commitment, whilst we retain sufficient agility and flexibility to account for the dynamic and ever-changing context within which we deliver the SARS mandate. This is evident, as most of the 2019/2020 strategic initiatives have been rolled over consistently into this plan, reinforcing our commitment to the direction and sustainability of our transformation well beyond 2024.

We have progressed significantly on our journey of rebuilding “A SMART Modern SARS, with unquestionable integrity that is trusted and admired”, in support of voluntary compliance. Our priority has been on meeting the needs of our taxpayers and traders, and supporting them through challenging times. In this year, we will continue to work with taxpayers, traders and our stakeholders to deliver modern and seamless experiences. In this fast-changing world, our objective is clear: deliver better tax experiences by making things clearer, simpler, easier, and more accessible for our taxpayers, to enable them to comply voluntarily with their tax obligations. Our key results from last year demonstrate the underlying strengths of SARS’ responsiveness, expertise and collaboration through the SARS Rebuilding Programme.

SARS has made substantial strides in the past year by embedding a comprehensive framework to strengthen our leadership, enhance our employee value proposition, and augment the institutional capability by reimagining its modernisation efforts. The essence of the emerging operating model embraces the increased and expanded use of big data, artificial intelligence and enabling technologies to augment the efforts of our employees. The aim is to improve the taxpayer and trader experience, detect and respond to instances of non-compliance, as well as focus on the illicit economy, and the effects of state capture. We recognise with humility that there is still much work to be done, whilst being encouraged by the measurable progress.

SARS progressed its efforts to restore its leadership and people capability by further implementing the SARS Leadership Model premised on Steward Leadership, which expects each SARS leader to display personal mastery, manage people, and work and impact others positively. In embedding the model, SARS established several forums, each with a specific mandate, including the Women in Leadership programme and the Junior Board.

This year, we will make a concerted effort to operationalise our aspiration that “the best service is no service”. To this end, we will further our efforts on leveraging the synthesis of people, data and technology, so that eventually “tax just happens”, thus eliminating the need for any service-related enquiry by taxpayers, and making the fulfilment of their obligations seamless. We will:

- Further invest in building our people capability, strengthening the leadership bench at the next level; focus on operations management in pursuit of operations excellence; implement our enhanced employee value proposition; and finalise organisational arrangements and focus on succession management.
- Focus on the most critical and transformational strategic initiatives. The initiatives have at their core technology-driven solutions to help taxpayers and traders voluntarily comply with their tax obligations, build public trust and confidence in the tax administration, and progress SARS towards being a streamlined, integrated and data-driven organisation through the SARS Modernisation Programme.
- Make progress by delivering against our key must-win battles, namely: Broadening the Tax Base; Improving Voluntary Compliance and Fiscal Citizenship; Leveraging our Resources (People, Data & Technology) and efforts intelligently to achieve more with less; Maintaining crucial Partnerships within Government, Stakeholders locally and internationally; and Building an organisation with Integrity that can be Trusted and Admired.

The leadership of SARS is fully aware that to deliver on any of these, it relies on SARS' valued employees. It is more important than ever that the SARS workforce be provided with the right tools and support to help our people grow and thrive into the future. With the inclusion of our core people-orientated priorities in the APP this year, we aim to strengthen the connection our employees have with the plan, and give everyone visibility of how they contribute.

I am proud of the effort and achievements of SARS over the past few years. Together we have reversed some of the most adverse consequences of the SARS capture, and set the institution on a new trajectory to achieve even more as we unite in our Higher Purpose.

I wish to thank all SARS employees and express my sincere gratitude for their continuous commitment and determination to uphold the SARS mandate, and work towards our Vision 2024 of a Smart Modern SARS. I appreciate the support from colleagues in National Treasury and other Government Agencies. I am thankful to the Minister of Finance and Parliament for their ongoing support to rebuild SARS.



Edward Chr Kieswetter
SARS Commissioner and Accounting Officer

Official sign-off

It is hereby certified that this Annual Performance Plan:

- » Was developed by the management of SARS, under the guidance of Minister Enoch Godongwana.
- » Takes into account all relevant policies, legislation and other mandates for which SARS is responsible.
- » Accurately reflects the outcomes and impact which SARS will endeavour to achieve over the period 2023/24.



Yolande van der Merwe:
Chief Financial Officer



Katiso Tabe:
Executive: Enterprise Strategy and Planning



Edward Kieswetter:
Commissioner and Accounting Officer



Approved by:
Enoch Godongwana: **Minister of Finance**

PART A: OUR MANDATE

Legislative and policy mandates

The mandate of SARS, according to the SARS Act of 1997 (as amended) is to:

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

The primary legislation that SARS administers include:

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

How we fulfil our mandate

SARS Compliance Philosophy

Compliance, in our context, refers to the degree to which taxpayers (and traders) fulfil their tax obligations (i.e. registration, filing, declaration and payment) accurately and on time, as required by the law. Compliance that is voluntary refers to society fulfilling their obligations without being prompted by SARS to do so.

In the fulfilment of our mandate, the work of SARS in the main is to ensure taxpayer compliance. The SARS Annual Performance Plan (APP), therefore, is the means by which SARS intends to achieve tax compliance. The plan reflects, amongst other salient information, how SARS intentionally positions itself to triumph over the below must-win battles, viz:

1. Broadening the Tax Base
2. Improving Voluntary Compliance and Fiscal Citizenship
3. Leveraging our Resources and efforts Intelligently to achieve more with less
4. Maintaining crucial Partnerships within Government, Stakeholders locally and internationally
5. Building an organisation with Integrity that can be Trusted and Admired.

We have come to the realisation, time and again, that earning the public confidence and trust to win these battles is mission critical to fostering the principle of fiscal citizenry, and in our quest to realise our vision.

Embedded in voluntary compliance is the belief that most taxpayers and traders are honest, and will therefore strive to promote a culture where compliance is viewed as a positive social contribution. The behaviour of taxpayers may range from willing and intentional compliance to non-compliance largely due to either lack of knowledge of their obligations, or of the know-how. We are also aware that some taxpayers consciously choose not to comply, and will engage in aggressive tax planning to avoid fully discharging their tax obligations, some even engaging in criminal behaviour.

SARS holds the view that the majority of taxpayers will always do the right thing, whilst a certain number will always come short. Most taxpayers fit between these two extremes, in that they will do the right thing if the circumstances are right for them, but will choose not to comply if they believe they will get away with it. SARS will, therefore, through various forms, seek to move as many taxpayers and traders as possible up the continuum, towards voluntary compliance.

Our compliance philosophy is anchored by three pillars, i.e

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

To achieve high levels of voluntary compliance, we need to build administrative and institutional capability that has integrity, and serves the public beyond reproach.

Clarity and certainty

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

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

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

Make it easy

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

Detection and enforcement

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

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

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

Institutional integrity and capability (effective administration)

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

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

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

To live up to our constitutional obligations and our legal mandate, we seek to maximise performance through prudent and ethical management and deployment of our resources (people, financial, intellectual, manufacturing, social and relational and natural capital) to deliver quality and measurable outcomes.

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

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

At the heart of our “People Philosophy” is the recognition that we serve the public collectively through the role we play in the country’s fiscal management, and individually through the day-to-day interactions that we have with them.

Institutional policies and strategies over the five-year planning period

Policies

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

Strategy over the five-year planning period

SARS’ Higher Purpose

Our work enables government to build a capable state, to foster sustainable economic growth and social development that serves the well-being of the people of South Africa.

Our Strategic Intent

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

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

Our strategic objectives

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

Our nine strategic objectives are:

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

| | |
|----|---|
| 6. | <p>Modernise our systems to provide DIGITAL and STREAMLINED online services</p> <p>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. For our employees, to enable them to deliver world-class and best-in class taxpayer and trader experience and to ensure performance excellence. For our stakeholders, provide access to reports and analysis that enable them to hold us accountable.</p> |
| 7. | <p>Demonstrate EFFECTIVE STEWARDSHIP of our resources to ensure EFFICIENCY and EFFECTIVENESS in the delivery of quality outcomes and performance excellence</p> <p>We steward the limited resources entrusted to us in a manner that creates value to achieve quality outcomes and performance excellence. The way we organise ourselves reflects agility and responsiveness to deliver the best experience for all our constituencies. We demonstrate a high work ethic, strive for performance excellence and achieve the most with the least effort and cost, and best-in class innovations that enable us to achieve our strategic intent.</p> |
| 8. | <p>Work with and through STAKEHOLDERS to improve the TAX ECOSYSTEM</p> <p>We have effective and beneficial partnerships with all stakeholders in the tax ecosystem that deliver maximum benefits for the taxpayers and traders, government and the public. We leverage each other's strengths to resolve tax administration challenges and improve voluntary tax compliance. Our interactions and exchanges are formal, professional, and transparent. Intermediaries experience their engagement with us as empowering and enabling, mainly through online digital services.</p> |
| 9. | <p>Build PUBLIC TRUST and CONFIDENCE in the tax administration system</p> <p>The public is confident that our stewardship of the country's tax system is professional, unbiased and fair; we always act and do the right thing all the time; we maintain the highest standards of integrity and ethics; we have transparent governance systems and processes; and we have capable and trustworthy leaders. We accept that ultimately we are accountable to taxpayers, traders, and their representatives, the general public and elected public office bearers, whose trust we must earn.</p> |

Table 1: The nine strategic objectives

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

PART B: OUR STRATEGIC FOCUS

Situational analysis

Key external environmental factors and our approach

SARS is operating in an increasingly gloomy economic environment both globally and domestically, largely driven by the rising cost of living and interest rates, geo-political and economic tensions, natural disasters and extreme weather events, the slowdown in the Chinese economy due to the spread of COVID-19 and property market crisis, energy shortages, as well as poor public service delivery and corruption, which is negatively impacting on the public confidence in government.

Global Landscape

The world economy was well on a path to recovery from the devastating impact of the outbreak and spread of COVID-19, when it was faced by even more challenges emanating from Russia's invasion of Ukraine, which severely disrupted the global supply chain and pushed oil prices higher fueling inflation higher than seen in decades. Russia's war in the Ukraine drags on and recession risks remain elevated in the Euro Area, even though energy constraints have eased. Growth prospects for the United States this year are lower. The growth outlook for China has improved, but is likely to remain modest by historical standards. In the developing world, a number of economies face debt distress exacerbated by tighter global financial conditions. This has inevitably led to a series of tightening of the monetary policies across the world.

Taking these and other factors into account, the SARB's forecast for global growth in 2023 was revised slightly lower to 1.6% (from 1.9%). The Bank expects better growth in 2024 at 2.6% (from 2.4%).

Domestic Landscape

The South African economic growth is still slow, taking a cue from the global trend. While the South African economy grew by a relatively strong 1.6% in the third quarter of 2022, the expansion was not broad-based. The SARB forecasts no growth in the fourth quarter. For the whole of last year, GDP growth of 2.5% is expected (up from 1.8%).

For 2023, and because of extensive load-shedding and other logistical constraints, the Bank now forecasts GDP growth of only 0.3%. Given the scale of load-shedding, the Bank estimates that it deducts as much as 2 percentage points from growth in 2023, compared to the previous estimate of 0.6 percentage points.

The economy is still characterized by high levels of unemployment at 32.9%, with the youth unemployment rate even higher at between 40.5% and 59.6%. Cost of living is still on the rise, with inflation remaining above the upper limit of the inflation target range for seven consecutive months at 7.2% in December 2022, and pushing inflation for 2022 to 6.9% from 4.5% and 3.3% in 2021 and 2020 respectively. The Bank's forecast of headline inflation for 2023 remains unchanged at 5.4%, and is slightly higher at 4.8% for 2024. In 2025, headline inflation is expected to be 4.5%. Interest rates have been soaring, with seven consecutive upward adjustments in the Repo Rate, closing at 7.00% by the end of 2022. This was increased further to 7.25% by the Central Bank's Monetary Policy Committee sitting of 26 January 2023.

As a result of these factors, the economy is forecast to expand by 0.7% in 2024 (down from 1.4%) and by 1.0% in 2025 (down from 1.5%).

Government debt has also reached unsustainable levels at 71.4% in 2022/23, and is projected to stabilise at 70.4% in 2024/25, compared to the previous estimate of 77.8% of GDP in 2024/25 according to the MTBPS 2022. This is largely attributed to the significant improvements in revenue collections in the 2021/22 and 2022/23 financial years, wherein SARS respectively collected R198.7 billion more than its Printed estimate, and is expected to collect R83.5 billion more in 2022/23. The downgrading of South Africa to non-investment grade together with increasing socio-economic challenges will put SARS under immense pressure to collect more revenue, moreso at the backdrop of the impact of the pandemic. This is also one of the major global economic risks identified in the World Economic Forum (WEF) Global Risk Report 2022.

Natural disasters such as the KwaZulu-Natal (KZN) floods have caused immense infrastructural damage. Load shedding has become one of the major risks to economic growth in South Africa, with persistent electricity cuts, and with 2022 being South Africa's worst year for load shedding with 208 days of power cuts, compared to 75 days in 2021. This appears to be continuing into 2023 with many analysts predicting a gloomy year on the energy front.

The below table depicts the specific actions SARS will take to mitigate the adverse effects of these on SARS' mandate of collecting tax that is due.

| Environmental factor | Affected strategic objective (SO) | SARS' response |
|---|-----------------------------------|---|
| Economy The lackluster economic performance that is characterised by high inflation and rising interest rates continues to pose a risk to SARS' collection efforts. The lingering effects of the COVID-19 pandemic continue to be felt in the economic recovery trajectory. | All | <ul style="list-style-type: none"> » Continue our efforts in areas within our control, such as, reducing the cost of compliance for taxpayers and traders by making it easy to comply through tax education, providing virtual access platforms and assisting taxpayers 24/7 through e-Filing, increasing our visibility/presence and co-operation with key stakeholders. » Continue to step-up on our Tax Gap efforts. Part of these efforts include rethinking, reimagining and recreating ways of plugging existing tax leakages, and discovering new tax bases to recover revenue lost through the erosion of existing tax bases. The ultimate test as to whether we are making progress in closing the tax gap is reflected in the revenue collection and the compliance levels. » Continue improving integration, collaboration and co-operation with key stakeholders (South African Reserve Bank (SARB), Financial Intelligence Centre (FIC) and Companies and Intellectual Property Commission (CIPC), etc.). » Continue to utilise third party information and leverage on Automatic Exchange of Information (AEOI) to have more insight into critical taxpayer information. » Continue to refine our revenue forecasting models. » Step-up on efforts to combat the illicit economy which is a scourge on the economy. |

| Environmental factor | Affected strategic objective (SO) | SARS' response |
|---|--|--|
| <p>Government debt</p> <p>The unsustainably high government debt is projected to increase to 75.1% of GDP in 2024/25 (57.4% in 2019/20). The fight against the pandemic certainly pushed the debt to these atrocious levels. The race to contain and reduce this runaway level of debt remains real and paramount.</p> | <p>All (by way of a reduction in the appropriation of funds from the fiscus)</p> | <ul style="list-style-type: none"> » Identify new revenue opportunities and increase revenue collections. » Employ Artificial Intelligence (AI) to detect non-compliance. » Develop strategies to collect tax optimally from the ever-growing online transactions and e-commerce. » Ultimately increase tax revenue contribution to the government revenue purse. |
| <p>Public confidence</p> <p>Research continues to show that taxpayers' attitude towards tax compliance is influenced by how they perceive tax to be utilised by its recipients.</p> <p>The deteriorating popularity of the governing party (as evidenced by falling national and local votes over time), complemented by an upsurge in service delivery protests, the continued internal party feuds, slow rate to delivering election manifesto promises, load shedding, and the glaring corrupt activities by senior party officials (as revealed by the Zondo Commission of enquiry) has led to a waning public confidence.</p> | <p>SO: 8 and 9</p> | <ul style="list-style-type: none"> » Continue to work with all our Stakeholders to improve outcomes. » Continue to strengthen governance and leadership systems within SARS. » Continue to invest in systems that will bolster the privacy of personal information to improve trust levels. » Continue to root out internal fraud and corruption. |
| <p>Illicit economic activities</p> <p>The illicit economy continues to be a scourge on the economy, and remains a social ill to be dealt with and eradicated.</p> | <p>SO: 3 and 5</p> | <ul style="list-style-type: none"> » Continue fruitful collaborations across the government spectrum and internationally to unearth illicit trade. » Continue to strengthen SARS' capacity, capabilities and competencies to respond comprehensively to illicit economic activities. » Continue to use data and information at our disposal intelligently to upend illicit activities by detection and instigate appropriate enforcement. |

| Environmental factor | Affected strategic objective (SO) | SARS' response |
|---|-----------------------------------|--|
| <p>Emerging technologies</p> <p>The fourth industrial revolution presents various opportunities for SARS, including rapid processing of tax transactions (inclusive of refunds), increased certainty in tax outcomes, real-time tax payments, fusion of multi-tax platforms; and threats such as the rapid automation that may lead to a redundancy of roles, resulting in lower PAYE collections, difficulties in classifying technological goods crossing the borders for Customs purposes, cybercrime, weakened security of taxpayer information, etc.</p> <p>Cybercrime remains one of the main factors taxpayers are reluctant to use e-filing.</p> | SO: 4, 5, 6 and 7 | <ul style="list-style-type: none"> » Continue to invest in new and advanced systems and intelligent digital processes to maintain a seamless taxpayer and trader experience when engaging with SARS. » Continue the upskilling of our ICT personnel to the required levels, capable of meeting the new demands and emergent threats. » Continuously advocate for the use of on-line platforms when engaging with SARS. Issue awareness messages on authentic SARS messages and communication on radio, television adverts etc. to mitigate the risk of cybercrime. |
| <p>Political environment</p> <p>The political landscape remains volatile. The governing party continues to lose political ground, as evidenced by recent polls, and one of the consequential outcomes of this is the existence of coalition governments in key metros. Service delivery has suffered, and along with it is tax morale, amid continued tensions in these locals. The coalitions have proven to be unstable and unsustainable. These developments, amongst other factors, do not bode well with potential investors, local and external alike.</p> <p>The political and economic instabilities in neighboring countries pose political and social threats as many citizens of these countries illegally migrate to South Africa.</p> | SO:3 and 9 | <ul style="list-style-type: none"> » In the discharge of its mandate, SARS will remain factual, objective, and act without fear or favour. » SARS will continue to stress on its autonomy and independence in its business dealings. » Continue with our stakeholder engagements across all sectors, public and private, listening and taking concerns, as well as providing credible responses and solutions that engenders trust. » SARS, together with other law enforcement agencies, will continue to increase vigilance at the ports of entry to prevent any illegal entry into the country. |

| Environmental factor | Affected strategic objective (SO) | SARS' response |
|---|-----------------------------------|--|
| Unemployment The South African unemployment rate has reached unprecedented levels of over 35%. Despite 80% of the sectors starting to hire job seekers, numbers are still well below pre-Covid times. It is the youth who are mostly affected, which presents a serious threat to the tax base, the overall integrity of the tax system, and social stability. | SO: 1,2 and 3 | » Continue to be a catalyst of change by promoting gender equality in the workplace by recruiting women, youth and persons with disabilities. » Continue to efficiently collect and administer the Employment Tax Incentive (ETI). » Explore tax incentives and concessions that have the effect of lowering overall taxes on businesses that are employing more youths. |
| Energy crisis The unabating loadshedding is increasingly imposing an added burden on businesses that are already at the mercy of severe operating constraints (Covid-19 effects, soaring interest rates and fuel cost, subdued demand, food security, etc.). This phenomenon has a catastrophic effect on the economy, pulling it back and the immediate effects will be reflected in the quantum of the tax revenue SARS will collect. | All | » Install back-up power sources at SARS points of interaction to ensure service is not interrupted for walk-in clients. » Continue to monitor the impact of the ongoing energy crisis and loadshedding on revenue collection across all tax types, and SARS will proactively endeavour to deal with the impact on revenue collection. |

Table 2: Key external environmental factors

Key internal environmental factors and our approach

| Environmental factors | Relevant strategic objective(s) | Our approach |
|--|---------------------------------|---|
| <p>Staff morale SARS staff falling under the bargaining unit embarked on a full-blown strike in protest over salary increases, from 25 May 2022 to 25 September 2022. This led to 40 branches being closed. The productivity hours lost impacted negatively on the provision of services especially at points of entry.</p> <p>Low levels of employee engagement remain an area of grave concern.</p> | SO: 4 and 7 | <ul style="list-style-type: none"> » Continue to save costs and fund salary increases to the best possible levels. » Continuously engage with National Treasury for funding of salary increases. » Continue to enrich the new employee value proposition to cater for easier staff movement, rotation, and intensify the inclusion of an evolved job profile that will move people away from largely administrative work to more analytical and service roles. » Continue to put more emphasis on equity issues especially on women, youth and persons with disabilities. » Continue to create a working culture that promotes multi-skilling, co-creation and job transfers. » Continue to embed and institutionalise the new SARS Leadership Model. |
| <p>Shortage of requisite skills SARS continues to grapple with securing special skills in technical areas such as Base Erosion and Profit Shifting (BEPS), auditing complex tax matters and VAT refunds.</p> | All SO's | <ul style="list-style-type: none"> » Continuously assess competency levels amongst staff and implement targeted development initiatives to build capabilities and upskill competencies in the 'Internet of Things' (artificial intelligence, super computers, real-time connectivity etc.). » Continue to deepen across-the-board tax and technology skills, and recruit people with the requisite tax skills. » Continue to structure SARS in a way that maximises available skills and core competences. » Step-up on mentoring and coaching programmes, over and above the Junior Board. |

Table 3: Key internal environmental factors

PART C: MEASURING OUR PERFORMANCE

Institutional performance information

| STRATEGIC INTENT: TO DEVELOP AND ADMINISTER A TAX AND CUSTOMS SYSTEM BASED ON VOLUNTARY COMPLIANCE, AND WHERE APPROPRIATE, ENFORCE RESPONSIBLY AND DECISIVELY | | | | | | |
|---|--|--------------------------------|--|--|--|--|
| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Revenue estimates are met and/or exceeded | % Collection of revenue as agreed with the Minister of Finance | 2022/23 collection | 100% collection of revenue as agreed with the Minister | 100% collection of revenue as agreed with the Minister | 100% collection of revenue as agreed with the Minister | 100% collection of revenue as agreed with the Minister |
| Overall compliance has increased as measured by a well-defined compliance index | Level of overall tax compliance (%) | 2022/23 actual performance | 5% points increase on prior year achievement | 5% points increase on prior year achievement | 5% points increase on prior year achievement | 5% points increase on prior year achievement |
| Enhanced Trade Facilitation | Trade Facilitation Index (%) | To be determined in March 2023 | 2.00% increase on baseline | 2.00% increase on prior year achievement | 2.00% increase on prior year achievement | 2.00% increase on prior year achievement |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|---|--|--|-------------------|-----------------------|-----------------------|--|
| Revenue estimates are met and/or exceeded | % collection of revenue as agreed with the Minister of Finance | 100% collection of revenue as agreed with the Minister | 100% of Q1 target | 100% of YTD Q2 target | 100% of YTD Q3 target | 100% of YTD Q4 target |
| Overall compliance has increased as measured by a well-defined compliance index | Level of overall tax compliance (%) | 5% points increase on prior year achievement | - | - | - | 5.00% increase on prior year achievement |
| Enhanced Trade Facilitation | Trade Facilitation Index (%) | 2% increase on baseline | - | - | - | 2% increase on baseline |

| STRATEGIC OBJECTIVE 1: PROVIDE CLARITY AND CERTAINTY FOR TAXPAYER AND TRADER OF THEIR OBLIGATIONS | | | | | | |
|---|---|---------------------|------------------------|---------|---------|---------|
| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Majority of taxpayers and traders surveyed perceive the guidance SARS provides as clear, unambiguous and easy to follow | % of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS | 2022/23 performance | 77.00% | 79.00% | 81.00% | 83.00% |
| Expanded enrolment of Economic Operators to the AEO Programme | Number of AEO accreditations | 111 | 128 | 130 | 135 | 140 |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|---|---|----------------|----|----|----|--------|
| Majority of taxpayers and traders surveyed perceive the guidance SARS provides as clear, unambiguous and easy to follow | % of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS | 77.00% | - | - | - | 77.00% |
| Expanded enrolment of Economic Operators to the AEO Programme | Number of AEO Accreditations | 128 | 32 | 32 | 32 | 32 |

| STRATEGIC OBJECTIVE 2: MAKE IT EASY FOR TAXPAYERS AND TRADERS TO COMPLY WITH THEIR OBLIGATIONS | | | | | | |
|---|--|---------------------|---|---|---|---|
| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Increased number of taxpayers and traders using digital and self-help platforms | % of taxpayers and traders using digital and self-help platforms to interact with SARS | 2022/23 performance | 90.00% | 95.00% | 95.00% | 95.00% |
| Standard taxpayers are auto assessed by SARS | % of standard taxpayers' returns auto assessed by SARS (individual taxpayers) | 2022/23 performance | 93.00% | 95.00% | 95.00% | 95.00% |
| A focused compliance programme for the SMME segment is developed and implemented | An approved SMME Compliance Programme | New measure | The SMME compliance programme is approved | Track the SMME Compliance Improvement per Programme | Track the SMME Compliance Improvement per Programme | Track the SMME Compliance Improvement per Programme |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|---|--|-----------------------|-----------|-----------|-----------|-----------|
| Increased number of taxpayers and traders using digital and self-help platforms | % of taxpayers and traders using digital and self-help platforms to interact with SARS | 90.00% | 90.00% | 90.00% | 90.00% | 90.00% |
| Standard taxpayers are auto assessed by SARS | % of standard taxpayer's returns auto assessed by SARS (individual taxpayers) | 93.00% | - | - | - | 93.00% |

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|--|---------------------------------------|---|---|----|----|---|
| A focused compliance programme for the SMME segment is developed and implemented | An approved SMME Compliance Programme | The SMME compliance programme is approved | Commence work on compiling a robust SMME Compliance Programme | - | - | The SMME compliance programme is approved |

STRATEGIC OBJECTIVE 3: DETECT TAXPAYERS AND TRADERS WHO DO NOT COMPLY, MAKING NON-COMPLIANCE HARD AND COSTLY

| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
|--|---|---------------------|------------------------|---------|---------|---------|
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (in line with the coverage model) | % of cases successfully prosecuted by the NPA | 2022/23 performance | 90.00% | 90.00% | 90.00% | 90.00% |
| Increased compliance through the accurate detection of risk | % risk detection rate | 2022/23 performance | 95.00% | 95.00% | 95.00% | 95.00% |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|--|---|----------------|--------|--------|--------|--------|
| Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (in line with the coverage model) | % of cases successfully prosecuted by the NPA | 90.00% | - | - | - | 90.00% |
| Increased compliance through the accurate detection of risk | % Risk detection rate | 95.00% | 95.00% | 95.00% | 95.00% | 95.00% |

STRATEGIC OBJECTIVE 4: DEVELOP A HIGH PERFORMING, DIVERSE, AGILE, ENGAGED AND EVOLVED WORKFORCE

| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
|--|---|---------------------|--|---|---|---|
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Improved engagement of SARS employees | Employee Engagement Index score is achieved, based on survey of employees | 2022/23 performance | Develop plan to address shortcomings identified in last engagement survey | Top quartile (top 25%) in the market (Schedule 3A government entities) | Develop plan to address shortcomings identified in last engagement survey. | Top quartile (top 25%) in the market (Schedule 3A government entities) |
| Attainment of Employment Equity Plan targets | % Attainment of targets as per Employment Equity Plan | 2022/23 performance | Racial Equity = 80.94% Gender Equity = 51.54% Disability Equity = 2.67% | Racial Equity = 81.96% Gender Equity = 51.82% Disability Equity = 3.39% | Racial Equity = 82.98% Gender Equity = 52.09% Disability Equity = 4.11% | Racial Equity = 84.01% Gender Equity = 52.37% Disability Equity = 4.84% |
| A SARS Career Progression Framework is developed and implemented | The SARS Career Progression Framework is established | New measure | Develop and approve the career progression framework (Service Consultants, Audit & Investigations, Customs and Legal). | Implement the Career Progression Framework | Implement the Career Progression Framework | Implement the Career Progression Framework |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|--|--|--|--|---|--|---|
| Improved engagement of SARS employees | Employee Engagement Index score is achieved based on survey of employees | Develop plan to address shortcomings identified in last engagement survey | - | - | - | Develop plan to address shortcomings identified in last engagement survey |
| Attainment of Employment Equity Plan targets | % attainment of targets as per Employment Equity Plan | Racial Equity = 80.94% Gender Equity = 51.54% Disability Equity = 2.67% | - | - | - | Racial Equity = 80.94% Gender Equity = 51.54% Disability Equity = 2.67% |
| A SARS Career Progression Framework is developed and implemented | The SARS Career Progression Framework is established | Develop career progression framework (Service Consultants, Audit & Investigations, Customs and Legal). | Develop the Service Consultants Career Progression Framework | Develop the Audit & Investigations Career Progression Framework | Develop the Customs and Legal Career Progression Framework | Approve the SARS Career Progression Framework |

STRATEGIC OBJECTIVE 5: INCREASE AND EXPAND THE USE OF DATA WITHIN A COMPREHENSIVE KNOWLEDGE MANAGEMENT FRAMEWORK TO ENSURE INTEGRITY, DERIVE INSIGHTS AND IMPROVE OUTCOMES

| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
|--|--|---------------------|--|----------------------------------|----------------------------------|----------------------------------|
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Risk detection, assessment and profiling is largely automated, data-driven and substantively informs case selection for standard matters. (Manual risk profiling and case selection is only used for complex matters.) | % utilisation of automated risk assessment for taxpayers and traders | 2022/23 performance | 100.00% standard | 100.00% standard | 100.00% standard | 100.00% standard |
| | | | 70.00% complex | 75.00% complex | 80.00% complex | 80.00% complex |
| More data sources are utilised to improve service and/or respond to compliance risks | A data sourcing plan is developed and implemented | New measure | Develop and approve a comprehensive data sourcing plan | Implement the data sourcing plan | Implement the data sourcing plan | Implement the data sourcing plan |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|--|--|------------------|------------------|------------------|------------------|------------------|
| Risk detection, assessment and profiling is largely automated, data-driven and substantively informs case selection for standard matters. (Manual risk profiling and case selection is only used for complex matters.) | % utilisation of automated risk assessment for taxpayers and traders | 100.00% Standard | 100.00% Standard | 100.00% Standard | 100.00% Standard | 100.00% Standard |
| | | 70.00% Complex | 70.00% Complex | 70.00% Complex | 70.00% Complex | 70.00% Complex |

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|--|---|--|---|----|---------------------------------|--|
| More data sources are utilised to improve service and/or respond to compliance risks | A data sourcing plan is developed and implemented | Develop and approve a comprehensive data sourcing plan | Commence work on the data sourcing plan | - | Finalise the data sourcing plan | Approve the comprehensive data sourcing plan |

STRATEGIC OBJECTIVE 6: MODERNISE OUR SYSTEMS TO PROVIDE DIGITAL AND STREAMLINED ONLINE SERVICES

| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
|--|--|---------------------|------------------------|---------|---------|---------|
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Digital platforms availability for taxpayers and traders | % of planned capacity to be available for mission critical systems | 2022/23 performance | 99.00% | 99.00% | 99.00% | 99.00% |
| Security of taxpayer and trader information and interactions via digital platforms | Number of security breaches on digital platforms from known risks | 2022/23 performance | Nil | Nil | Nil | Nil |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|--|--|----------------|--------|--------|--------|--------|
| Digital platforms availability for taxpayers and traders | % of planned capacity to be available for mission critical systems | 99.00% | 99.00% | 99.00% | 99.00% | 99.00% |
| Security of taxpayer and trader information and interactions via digital platforms | Number of security breaches on digital platforms from known risks | Nil | Nil | Nil | Nil | Nil |

STRATEGIC OBJECTIVE 7: DEMONSTRATE EFFECTIVE STEWARDSHIP OF OUR RESOURCES TO ENSURE EFFICIENCY AND EFFECTIVENESS IN THE DELIVERY OF QUALITY OUTCOMES AND PERFORMANCE EXCELLENCE

| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
|--|---|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| A reconfigured SARS' cost structure that aligns with international peers | ICT investment as % of total allocation | 2022/23 performance | 2.00% | 2.00% | 2.00% | 2.00% |
| Unqualified audit opinion received from the Auditor-General on both Own Accounts and Revenue Accounts | Unqualified audit opinion | 2022/23 audit opinion | Unqualified audit opinion | Unqualified audit opinion | Unqualified audit opinion | Unqualified audit opinion |
| Demonstrate effective resource stewardship through the appropriate spending of the budget allocation received from National Treasury | % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury | 2022/23 performance | 5.00% | 5.00% | 5.00% | 5.00% |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|--|---|---------------------------|-------|-------|-------|---------------------------|
| A reconfigured SARS' cost structure that aligns with international peers | ICT investment as % of total allocation | 2.00% | 0.25% | 0.50% | 1.00% | 2.00% |
| Unqualified audit opinion received from the Auditor-General on both Own Accounts and Revenue Accounts | Unqualified audit opinion | Unqualified audit opinion | - | - | - | Unqualified audit opinion |
| Demonstrate effective resource stewardship through the appropriate spending of the budget allocation received from National Treasury | % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury | 5.00% | - | - | - | 5.00% |

| STRATEGIC OBJECTIVE 8: WORK WITH AND THROUGH STAKEHOLDERS TO IMPROVE THE TAX ECOSYSTEM | | | | | | |
|---|--|---------------------|------------------------|---------|---------|---------|
| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Intermediaries surveyed are satisfied with SARS' cooperation and collaboration | % of intermediaries surveyed that are satisfied with SARS' cooperation and collaboration | 2022/23 performance | 73.00% | 76.00% | 79.00% | 83.00% |
| Partnerships with identified government departments to leverage platforms on educational programmes | Number of programmes launched with identified government departments | New measure | 1 | 2 | 2 | 2 |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|--|--|----------------|--------|--------|--------|--------|
| Intermediaries surveyed are satisfied with SARS' cooperation and collaboration | % of intermediaries surveyed that are satisfied with SARS' cooperation and collaboration | 73.00% | 73.00% | 73.00% | 73.00% | 73.00% |

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|---|--|----------------|---|---------------------------------|---------------------------------|---|
| Partnerships with identified government departments to leverage platforms on educational programmes | Number of programmes launched with identified government departments | 1 | Sign off the MoA with National School of Government (NSG) | Implement the programme via NSG | Implement the programme via NSG | Receive feedback and sign-off, and launch one (1) programme |

| STRATEGIC OBJECTIVE 9: BUILD PUBLIC TRUST AND CONFIDENCE IN THE TAX ADMINISTRATION SYSTEM | | | | | | |
|---|-------------------------------------|---------------------|------------------------|---------|---------|---------|
| Key results | Key result indicators | Baselines | Current & MTEF Targets | | | |
| | | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Public opinion survey results reflect high trust and confidence in SARS | % score per public opinion survey | 2022/23 performance | 76.00% | 76.50% | 77.50% | 78.50% |
| Adherence to Service Charter commitments | % Service Charter performance score | 2022/23 performance | 85.00% | 88.00% | 90.00% | 90.00% |

Annual and quarterly targets:

| Key results | Key result indicators | Annual targets | Q1 | Q2 | Q3 | Q4 |
|---|-------------------------------------|----------------|--------|--------|--------|--------|
| Public opinion survey results reflect high trust and confidence in SARS | % score per public opinion survey | 76.00% | - | - | - | 76.00% |
| Adherence to Service Charter commitments | % Service Charter performance score | 85.00% | 85.00% | 85.00% | 85.00% | 85.00% |

Resource considerations

Expenditure estimates over the medium term

The Estimates of National Expenditure (ENE) is a culmination of engagements during the course of the year, intended to formalise the request for medium term funding requirements. As part of the 2023 Medium Term Expenditure Framework (MTEF) submission, SARS positioned an additional requirement of R23,4bn over the medium term, against the MTEF allocation provided at the time.

Subsequently, multiple engagements followed at the highest levels to further discuss the funding shortfall, and the Minister announced further funding allocation to SARS amongst other entities in the MTBPS. A preliminary ENE allocation was issued by National Treasury, providing no increase in operational funding over the 3-year period, and a R500m capital project allocation per annum over the 3-year period. This still resulted in a R21,6bn shortfall, taking the R1,5bn over the 3-year period and further adjustments, as part of SARS forecast cycle projected over the 3-year period. SARS therefore remains significantly constrained to deliver on its mandate but will continue to aim in delivering more with less.

In the current global economic environment, budgetary constraints continue to impact tax administrations, and SARS is no exception. The key pressures are on keeping up with the pace of technological changes, as well as obtaining the requisite capacity and capabilities, whilst preparing existing staff to better cope with the intricacies of a global and digitised economy as an imperative to continue to ensure optimal compliance with Tax and Customs laws.

The Tax Administration 2022 comparative information on OECD and other advanced and emerging economies state that the largest reported component of tax administration operating budgets is staff costs, with salary alone accounting, on average, for 73% of operating budgets annually. This is followed by ICT operating costs at between 10% and 20%. SARS' benchmark reflect that we are in line with Tax Administrations cost allocation globally, where approximately 92% of SARS costs are contractual as follows: salary costs is +/- 70%; ICT operating costs is +/- 12% and physical facilities and related costs is +/- 10%.

SARS, as a service industry, and in line with all OECD Tax administrations, relies heavily on skills, as the workforce is one of the key levers to increase revenue collection. As a matter of existential necessity, SARS must transition to the future workforce, which mainly comprises knowledge workers, as well as preparing existing staff to better cope with the intricacies of a global and digitised economy. The 2021/22 allocation towards critical resources was the first requirement to address the exodus of skills and capacity over the last number of years, and is by far not addressing the full requirement.

STRATEGIC OBJECTIVES

R'000

| Strategic Outcomes (R) | Full Time Equivalents | Budget 2023/24 | Budget 2024/25 | Budget 2025/26 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
|--|-----------------------|----------------|----------------|----------------|-----------|-----------|-----------|-----------|
| Provide Clarity & Certainty of tax obligations | 450 | 552 266 | 520 387 | 539 798 | 138 066 | 138 066 | 138 066 | 138 066 |
| Personnel Expenses | | 414 305 | 369 975 | 373 275 | 103 576 | 103 576 | 103 576 | 103 576 |
| Goods & Services | | 137 961 | 150 412 | 166 523 | 34 490 | 34 490 | 34 490 | 34 490 |
| Information Technology | | 33 382 | 38 390 | 44 148 | 8 346 | 8 346 | 8 346 | 8 346 |
| Land and Buildings | | 34 383 | 34 734 | 36 846 | 8 596 | 8 596 | 8 596 | 8 596 |
| Audit & Legal Fees | | 13 029 | 13 608 | 14 218 | 3 257 | 3 257 | 3 257 | 3 257 |
| Administration | | 42 571 | 47 657 | 53 692 | 10 643 | 10 643 | 10 643 | 10 643 |
| Other Services | | 14 597 | 16 022 | 17 619 | 3 649 | 3 649 | 3 649 | 3 649 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | - | - | - | - | - | - | - |
| Make it Easy for Taxpayers & Traders to Comply & fulfill their obligations | 4835 | 4 253 709 | 4 024 438 | 4 175 220 | 1 063 427 | 1 063 427 | 1 063 427 | 1 063 427 |
| Personnel Expenses | | 3 032 884 | 2 708 372 | 2 732 527 | 758 221 | 758 221 | 758 221 | 758 221 |
| Goods & Services | | 1 116 355 | 1 211 596 | 1 338 223 | 279 089 | 279 089 | 279 089 | 279 089 |
| Information Technology | | 326 010 | 374 912 | 431 148 | 81 503 | 81 503 | 81 503 | 81 503 |
| Land and Buildings | | 344 490 | 348 015 | 369 175 | 86 122 | 86 122 | 86 122 | 86 122 |
| Audit & Legal Fees | | 94 196 | 98 388 | 102 795 | 23 549 | 23 549 | 23 549 | 23 549 |
| Administration | | 196 319 | 219 777 | 247 605 | 49 080 | 49 080 | 49 080 | 49 080 |
| Other Services | | 155 339 | 170 506 | 187 498 | 38 835 | 38 835 | 38 835 | 38 835 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | 104 470 | 104 470 | 104 470 | 26 117 | 26 117 | 26 117 | 26 117 |
| Detect Taxpayers and Traders who do not comply, and make non-compliance hard and costly | 3284 | 3 153 426 | 2 989 032 | 3 110 116 | 788 356 | 788 356 | 788 356 | 788 356 |
| Personnel Expenses | | 2 272 644 | 2 029 475 | 2 047 576 | 568 161 | 568 161 | 568 161 | 568 161 |
| Goods & Services | | 880 782 | 959 557 | 1 062 540 | 220 195 | 220 195 | 220 195 | 220 195 |
| Information Technology | | 212 573 | 244 459 | 281 127 | 53 143 | 53 143 | 53 143 | 53 143 |
| Land and Buildings | | 237 834 | 240 267 | 254 877 | 59 458 | 59 458 | 59 458 | 59 458 |
| Audit & Legal Fees | | 63 335 | 66 153 | 69 117 | 15 834 | 15 834 | 15 834 | 15 834 |
| Administration | | 265 471 | 297 191 | 334 822 | 66 368 | 66 368 | 66 368 | 66 368 |
| Other Services | | 101 569 | 111 486 | 122 597 | 25 392 | 25 392 | 25 392 | 25 392 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | - | - | - | - | - | - | - |
| Develop a high performing, diverse, agile and engaged workforce towards high value knowledge and service work | 525 | 533 550 | 502 895 | 521 797 | 133 388 | 133 388 | 133 388 | 133 388 |
| Personnel Expenses | | 399 639 | 356 878 | 360 061 | 99 910 | 99 910 | 99 910 | 99 910 |
| Goods & Services | | 133 912 | 146 017 | 161 736 | 33 478 | 33 478 | 33 478 | 33 478 |
| Information Technology | | 33 723 | 38 782 | 44 599 | 8 431 | 8 431 | 8 431 | 8 431 |
| Land and Buildings | | 34 784 | 35 140 | 37 277 | 8 696 | 8 696 | 8 696 | 8 696 |
| Audit & Legal Fees | | 9 891 | 10 331 | 10 794 | 2 473 | 2 473 | 2 473 | 2 473 |
| Administration | | 38 001 | 42 542 | 47 929 | 9 500 | 9 500 | 9 500 | 9 500 |
| Other Services | | 17 512 | 19 222 | 21 138 | 4 378 | 4 378 | 4 378 | 4 378 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | - | - | - | - | - | - | - |
| Expand and increase the use of DATA to improve integrity, derive insight & improve outcomes | 488 | 647 784 | 609 414 | 631 716 | 161 946 | 161 946 | 161 946 | 161 946 |
| Personnel Expenses | | 492 703 | 439 984 | 443 909 | 123 176 | 123 176 | 123 176 | 123 176 |
| Goods & Services | | 147 843 | 162 191 | 180 569 | 36 961 | 36 961 | 36 961 | 36 961 |
| Information Technology | | 57 880 | 66 562 | 76 547 | 14 470 | 14 470 | 14 470 | 14 470 |
| Land and Buildings | | 37 082 | 37 461 | 39 739 | 9 271 | 9 271 | 9 271 | 9 271 |
| Audit & Legal Fees | | 9 216 | 9 626 | 10 058 | 2 304 | 2 304 | 2 304 | 2 304 |
| Administration | | 28 069 | 31 423 | 35 401 | 7 017 | 7 017 | 7 017 | 7 017 |
| Other Services | | 15 596 | 17 118 | 18 824 | 3 899 | 3 899 | 3 899 | 3 899 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | 7 238 | 7 238 | 7 238 | 1 810 | 1 810 | 1 810 | 1 810 |
| Modernize our systems to provide digital & streamlined services | 681 | 1 160 685 | 1 170 549 | 1 245 275 | 290 171 | 290 171 | 290 171 | 290 171 |
| Personnel Expenses | | 470 395 | 420 063 | 423 810 | 117 599 | 117 599 | 117 599 | 117 599 |
| Goods & Services | | 514 936 | 575 131 | 646 110 | 128 734 | 128 734 | 128 734 | 128 734 |
| Information Technology | | 254 958 | 293 202 | 337 182 | 63 740 | 63 740 | 63 740 | 63 740 |
| Land and Buildings | | 42 615 | 43 051 | 45 669 | 10 654 | 10 654 | 10 654 | 10 654 |
| Audit & Legal Fees | | 10 481 | 10 948 | 11 438 | 2 620 | 2 620 | 2 620 | 2 620 |
| Administration | | 38 927 | 43 578 | 49 096 | 9 732 | 9 732 | 9 732 | 9 732 |
| Other Services | | 167 955 | 184 353 | 202 725 | 41 989 | 41 989 | 41 989 | 41 989 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | 175 355 | 175 355 | 175 355 | 43 839 | 43 839 | 43 839 | 43 839 |
| Drive greater resource stewardship to ensure the efficient use of resources, and deliver quality outcomes & performance excellence | 1572 | 1 469 840 | 1 427 621 | 1 490 042 | 367 460 | 367 460 | 367 460 | 367 460 |
| Personnel Expenses | | 790 188 | 705 640 | 711 933 | 197 547 | 197 547 | 197 547 | 197 547 |
| Goods & Services | | 485 967 | 528 297 | 584 424 | 121 492 | 121 492 | 121 492 | 121 492 |
| Information Technology | | 93 620 | 107 663 | 123 812 | 23 405 | 23 405 | 23 405 | 23 405 |
| Land and Buildings | | 141 138 | 142 582 | 151 251 | 35 284 | 35 284 | 35 284 | 35 284 |
| Audit & Legal Fees | | 24 790 | 25 893 | 27 053 | 6 197 | 6 197 | 6 197 | 6 197 |
| Administration | | 166 254 | 186 119 | 209 686 | 41 564 | 41 564 | 41 564 | 41 564 |
| Other Services | | 60 165 | 66 040 | 72 621 | 15 041 | 15 041 | 15 041 | 15 041 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | 193 685 | 193 685 | 193 685 | 48 421 | 48 421 | 48 421 | 48 421 |
| Work with, and through Stakeholders to improve the tax system | 79 | 142 441 | 133 569 | 136 918 | 35 610 | 35 610 | 35 610 | 35 610 |
| Personnel Expenses | | 100 900 | 90 104 | 90 907 | 25 225 | 25 225 | 25 225 | 25 225 |
| Goods & Services | | 22 288 | 24 212 | 26 758 | 5 572 | 5 572 | 5 572 | 5 572 |
| Information Technology | | 6 166 | 7 091 | 8 154 | 1 541 | 1 541 | 1 541 | 1 541 |
| Land and Buildings | | 6 666 | 6 735 | 7 144 | 1 667 | 1 667 | 1 667 | 1 667 |
| Audit & Legal Fees | | 1 646 | 1 719 | 1 796 | 412 | 412 | 412 | 412 |
| Administration | | 4 368 | 4 890 | 5 509 | 1 092 | 1 092 | 1 092 | 1 092 |
| Other Services | | 3 441 | 3 777 | 4 154 | 860 | 860 | 860 | 860 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | 19 253 | 19 253 | 19 253 | 4 813 | 4 813 | 4 813 | 4 813 |
| Build public trust and confidence in the tax administration system | 372 | 621 362 | 596 884 | 623 841 | 155 340 | 155 340 | 155 340 | 155 340 |
| Personnel Expenses | | 412 310 | 368 194 | 371 478 | 103 078 | 103 078 | 103 078 | 103 078 |
| Goods & Services | | 209 051 | 228 690 | 252 363 | 52 263 | 52 263 | 52 263 | 52 263 |
| Information Technology | | 29 449 | 33 867 | 38 946 | 7 362 | 7 362 | 7 362 | 7 362 |
| Land and Buildings | | 27 753 | 28 037 | 29 742 | 6 938 | 6 938 | 6 938 | 6 938 |
| Audit & Legal Fees | | 7 002 | 7 314 | 7 641 | 1 751 | 1 751 | 1 751 | 1 751 |
| Administration | | 22 136 | 24 781 | 27 919 | 5 534 | 5 534 | 5 534 | 5 534 |
| Other Services | | 122 710 | 134 691 | 148 114 | 30 678 | 30 678 | 30 678 | 30 678 |
| Capex - Business as usual | | - | - | - | - | - | - | - |
| Projects | | - | - | - | - | - | - | - |
| Total | 12286 | 12 535 062 | 11 974 788 | 12 474 723 | 3 133 765 | 3 133 765 | 3 133 765 | 3 133 765 |

Table 4: Expenditure estimates over the medium term

Headcount projection over the medium term

| Employee Group | December 2022 | 2022/23 Projections | 2023/24 Projections | 2024/25 Projections | 2025/26 Projections |
|--|---------------|---------------------|---------------------|---------------------|---------------------|
| Permanent | 12 014 | 12 740 | 13 019 | 13 237 | 13 312 |
| Contract | 8 | 7 | 7 | 7 | 7 |
| Trainees | 249 | 100 | 100 | 0 | 0 |
| Short Term Contract | 15 | 469 | 469 | 469 | 469 |
| Total Headcount Projections | 12 286 | 13 316 | 13 595 | 13 713 | 13 788 |
| * Short term contractors inclusive of Seasonal Workers | | | | | |

Table 5: Headcount projection over the medium term

Risks and mitigation

The leadership of SARS has reviewed its internal and external risk landscape to identify those key risks that have a direct effect on its mandate. These are described in the table below. The SARS strategic intent and nine strategic objectives are the responses to managing and mitigating these risks. The table outlines the key actions that SARS will take to mitigate the risk, moulded along its strategic intent and the nine strategic objectives.

| | Strategic Risks | Impact on SARS operations | Mitigating Strategic Objective (SO) | SARS Mitigation actions |
|----|---|---|--|--|
| 1. | The Prevalence of crime, corruption and other forms of non-compliance in the country caused by: <ul style="list-style-type: none"> Delays in prosecution, prolonged prosecution of perpetrators Lack of trust in the government system Prevalent socio- economic challenges | <ul style="list-style-type: none"> Not collecting all revenue due Drop in compliance levels (across the registration, filing, declaration and payment value chain), not achieving voluntary compliance Reducing facilitation of legitimate trade (as illegitimate trade would increase) SARS employees susceptible to crime and corruption The decline in the reputation and credibility | <ul style="list-style-type: none"> SO3, 8 and 9 | <ul style="list-style-type: none"> Visible and swift enforcement – publication of convictions and convicted (Quarterly report on non-compliance – customs & taxpayer similar to crime / trade stats) Continue to provide clarity and certainty on the consequences of non-compliance (education and awareness) Advocate for financial prudence at relevant government structures (including the Fusion Centre) Intensify and strengthen the implementation of the Anti-corruption programmes Improve quality of data for detection. |

| | Strategic Risks | Impact on SARS operations | Mitigating Strategic Objective (SO) | SARS Mitigation actions |
|----|---|---|---|--|
| 2. | <p>Rapid changes in technology caused by:</p> <ul style="list-style-type: none"> • Changes in taxpayers needs and requirements • Changes in the evolution of technology, including digitalization required to become a more agile organisation | <ul style="list-style-type: none"> • Vulnerable to cybersecurity • Not keeping up to pace with our taxpayers • Capability challenges to adapt to the rapid changes in technology | <ul style="list-style-type: none"> • SO6 | <ul style="list-style-type: none"> • Provide a seamless registration, filing, declaration and payment experience for standard taxpayers and traders, to ensure simplicity and ease of adoption by taxpayers (e.g. Auto Assessment) • Expanding secured digital platforms that host digital offerings and data, which are available 24/7 • Formulate a process and product modernization plan that anchors technological innovation across the value chain • Cost configuration for the purposes of increasing expenditure on the modernization of targeted systems to keep in line with the rapid technological changes • Benchmark the deployment of technological solutions based on the latest market solutions in other peer jurisdiction • Implement technological enhancements scans to identify technological gaps and processes to implement gap closing interventions |

| | Strategic Risks | Impact on SARS operations | Mitigating Strategic Objective (SO) | SARS Mitigation actions |
|----|--|---|---|---|
| 3. | <p>Erosion of the tax base caused by:</p> <ul style="list-style-type: none"> • Lack of trust in government on the use of revenue collected • Perception by taxpayers that SARS is ineffective, inefficient, and does not have adequate capability • Incomplete and inaccurate tax and trade registers • Lack of integration with other government entities or third parties | <ul style="list-style-type: none"> • Missed opportunities to collect revenue from taxpayers that should be registered • Increase of non-compliance by law abiding taxpayers, as no visible efforts by SARS to collect revenue from taxpayers that are deemed not yet registered (e.g. taxi association) | <ul style="list-style-type: none"> • Strategic Intent • SO1-9 | <ul style="list-style-type: none"> • Execution of the Tax gap minimisation programmes, through adopting tax broadening strategies, and developing a full understanding of the economy to improve the tax collections from a wider base of taxpayers • Conduct outreach and education to people (natural and juristic) who are eligible to be registered e.g. identified 26 000 missing global taxpayers – (Registration risk) • Payment non-compliance - Implement the new debt strategy, outreach programmes, improve data analytics to detect fraud risks, and build up transfer pricing skills • Develop a coherent and technology - based enforcement action plan across the SARS value chain • Design a scientific based understanding of the tax gap |

| | Strategic Risks | Impact on SARS operations | Mitigating Strategic Objective (SO) | SARS Mitigation actions |
|----|---|---|---|--|
| 4. | Inability to retain and compete for scarce and specialized skills caused by: <ul style="list-style-type: none"> • Ineffective recruitment processes • Inadequate financial resources • Public Sector environment not appealing to potential candidates. | <ul style="list-style-type: none"> • Delays in achieving SARS vision and objectives • Increase in service inefficiencies | <ul style="list-style-type: none"> • SO4 | <ul style="list-style-type: none"> • Implement the revised Employee Value Proposition • Embed the Employee Rights Charter - clarifying 5 employee rights • Improve the recruitment process • Upskill operational managers • Create meaningful roles and define career progression - commencing with Service Consultants • Facilitate a culture of continuous professional development within the organisation • Institutionalise the retiree coaching and mentoring programme |
| 5. | Insufficient SARS Resources caused by: <ul style="list-style-type: none"> • Rigid government budget allocation • Ineffective capacity and capability • Underfunding of SARS strategic programmes | <ul style="list-style-type: none"> • Delays in achieving the SARS vision and objectives • Low staff morale • System failures (ageing infrastructure) | <ul style="list-style-type: none"> • SO7 | <ul style="list-style-type: none"> • Continue to request the Minister of Finance and the National Treasury to address funding shortfall • Effective and efficient deployment of SARS resources • Procure in line with Government's transformation imperatives • Build capability within SARS to improve efficiencies • Effective implementation of the new EVP • Develop a differentiated hybrid funding model • Explore other revenue streams for SARS |

| | Strategic Risks | Impact on SARS operations | Mitigating Strategic Objective (SO) | SARS Mitigation actions |
|----|--|--|---|--|
| 6. | Weaknesses in Leadership Capability caused by: <ul style="list-style-type: none"> • Resistance to learn and grow • Inadequate Change Management | <ul style="list-style-type: none"> • Unconducive working environment • Sub-optimal strategy execution • Poor quality of engagement with employees | <ul style="list-style-type: none"> • SO4 | <ul style="list-style-type: none"> • Embed the SARS leadership model • Adopt a dedicated mentoring programme for senior leadership • Create a conducive environment for SARS leaders to flourish • Conduct Employee Engagement survey |
| 7. | Unstable and uncertain Economy caused by: <ul style="list-style-type: none"> • External forces – unemployment, geo-political challenges, environmental challenges, socio-economic challenges • Global economic challenges | <ul style="list-style-type: none"> • Threats to SARS' ability to achieve its mandate | <ul style="list-style-type: none"> • SO1-9 | <ul style="list-style-type: none"> • Adopt tax broadening strategies and develop a full understanding of the economy to improve tax collections from a wider base of taxpayers • Implement a revenue recovery programme that is aimed at raising 5-10% of overall revenue from compliance activities • Increase investigative and audit capacity and capability, as a deterrent to possible non-compliant taxpayers • Improve the operationalisation of the SARS Compliance Programme • Active participation in the national fiscal and monetary framework in which SARS participates, to inform reviews and changes in direction |

| | Strategic Risks | Impact on SARS operations | Mitigating Strategic Objective (SO) | SARS Mitigation actions |
|----|--|---|--|---|
| 8. | Erosion of social contract between government and the people of SA caused by: <ul style="list-style-type: none"> • Delays in prosecutions (No deterrence / punishment) • Low enforcement (lawlessness) • Lack of trust and confidence in government • Socio-economic challenges | <ul style="list-style-type: none"> • Inability to collect all revenue due • The decline in compliance levels (registration, filing, declaration, payment) • Compromised voluntary compliance • Damage to SARS' reputation and credibility • Reduction in facilitation of legitimate trade • Demotivated and high staff turnover • Increase in fraud and corruption • Non corruptible employees targeted | <ul style="list-style-type: none"> • SO3, 8 and 9 | <ul style="list-style-type: none"> • SARS must build Public Confidence by: <ol style="list-style-type: none"> i. Acting with visible independence - without fear, favour and prejudice ii. Demonstrating professionalism beyond reproach iii. Showing measurable success on tax non-compliance and crime • SARS must play an Advocacy role by: <ol style="list-style-type: none"> i. Demonstrating exemplary Stewardship within Government ii. Appealing to the rest of Government to demonstrate resource stewardship iii. Work with and through all intermediaries to strengthen the Tax eco-system |

Table 6: Strategic risks and their mitigations

PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

A. Strategic Intent

i. Revenue estimates are met and/or exceeded

| Indicator Title | % Collection of revenue as agreed with the Minister of Finance |
|--------------------------------|--|
| Definition / Purpose | The purpose of this indicator is to track the revenue collected by SARS emanating from tax, customs and excise activities, and is one of the proxies for measuring tax compliance. This indicator considers all debt collected. |
| Source/Collection of data | SARS core systems. |
| Method of calculation | Tax and customs revenue from all types of tax-generating activities net of refunds. |
| Data limitations / assumptions | Targets are set by the Revenue Analysis Working Committee (RAWC), and susceptible to economic performance, as well as a change in tariffs set by the dti in accordance with International Trade Agreements. The numbers reported are preliminary until the AG audit is finalised. |
| Type of indicator | Output |
| Calculation type | Cumulative (Year-to-date) |
| Reporting cycle | Quarterly and Annually |
| Desired performance | An actual achievement higher than target |
| Indicator responsibility | Revenue Management |

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

| Indicator Title | Level of overall tax compliance (%) |
|--------------------------------|---|
| Definition / Purpose | The aim is to have an approved index to measure the level of compliance of the tax base. The index will aggregate the four tax compliance clusters (registration, declaration, filing and payment) to give a composite score. |
| Source/Collection of data | Research work on compliance indexes. Methodology of measuring compliance now in place, has been tested and ready for use. |
| Method of calculation | Compliance index; $= 0.05R + 0.41F + 0.15D + 0.39P$ <p>Where the prefixes represent the percentage weights and R = Registration compliance, D = Declaration compliance, F = Filing compliance and P = Payment compliance. The calculations of the base indicators (registration, filing, declaration, and payment) are in operational documents.</p> <p>Note: The yearly targets are currently determined by simply adding 5 percentage points to the prior year achievement.</p> |
| Data limitations / assumptions | Refer to detailed methodology document. |
| Type of indicator | Output |
| Calculation type | Non-cumulative |
| Reporting cycle | Annually |
| Desired performance | An actual achievement higher than target. |
| Indicator responsibility | Compliance Programme Unit |

iii. Enhanced trade facilitation

| Indicator Title | Trade Facilitation Index (%) |
|--------------------------------|---|
| Definition / Purpose | The aim is to track the extent to which SARS is facilitating trade using a trade index. |
| Source/Collection of data | Customs systems and Internal working documents. |
| Method of calculation | The calculation methodology leading to a baseline determination will be finalised in March 2023 |
| Data limitations / assumptions | Not applicable |
| Type of indicator | Output |
| Calculation type | Qualitative |
| Reporting cycle | Annually |
| Desired performance | An actual achievement higher than target. |
| Indicator responsibility | Customs Border Operations |

B. STRATEGIC OBJECTIVES INDICATORS

STRATEGIC OBJECTIVE 1: PROVIDE CLARITY AND CERTAINTY FOR TAXPAYERS AND TRADERS OF THEIR OBLIGATIONS

1.1 Majority of taxpayers and traders surveyed perceive the guidance SARS provides as clear, unambiguous, and easy to follow.

| Indicator Title | % of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS |
|--------------------------------|--|
| Definition / Purpose | The purpose of this indicator is to gauge taxpayer's satisfaction with the clarity and certainty of guidance offered by SARS as they conduct their tax business. |
| Source/Collection of data | Tax Certainty Survey |
| Method of calculation | <p>The calculation is based on determining the sample proportion of respondents that agree or strongly agree with question statements. If there are N respondents and X of them responded with agree or strongly agree, then the proportion is X/N (X divided by N). The respondents' answers to various questions will be aggregated into either one of the two positions as a final answer, strongly disagree, disagree and neutral will be collectively viewed as a negative answer (Position 1), strongly agree and agree will be collectively viewed as positive answer (Position 2), all respondents with position 2 will be counted in determining X.</p> $\% = \frac{\text{\# of respondents who agree or strongly agree}}{\text{total number of valid responses}} \times 100$ |
| Data limitations / Assumptions | Not enough responses from each stratum. If not large enough, some strata will be combined. |

| | |
|--------------------------|---|
| Type of indicator | Efficiency |
| Calculation type | Non-cumulative |
| Reporting cycle | Annually |
| Desired performance | An actual achievement higher than target. |
| Indicator responsibility | Taxpayer and Trader Education |

1.2 Enrolment of Economic Operators to the AEO Programme

| Indicator Title | Number of AEO accreditations |
|-----------------------------------|--|
| Definition / Purpose | This indicator measures the number of economic operators (AEO-C and AEO-S) that receive accreditation status from the Accreditation Committee, as a result of new applications and renewal applications. |
| Source/Collection of data | Accreditation Committee Register for the period under review |
| Method of calculation | A count of qualifying economic operators that have received accreditation during the reporting period. |
| Data limitations / Assumptions | <ul style="list-style-type: none"> The yearly target is spread over the four quarters. To avoid double counting, the opening cumulative balance will exclude the total renewal cases for the financial year. When a trader is accredited as an AEO-C and subsequently approved as an AEO-S, such a trader will only be counted once using their highest level of accreditation to avoid double counting. Although actual performance is tracked monthly, external reporting will be done quarterly and annually as achievement is cumulative. This is to ensure consistency and accuracy of reporting. |
| Type of indicator | Activity |
| Calculation type | Cumulative(year-end) |
| Reporting cycle | Quarterly and Annually |
| Desired performance | An actual achievement of the target |
| Indicator responsibility | Accreditation & Licensing: Customs Operations |

STRATEGIC OBJECTIVE 2: MAKE IT EASY FOR TAXPAYERS AND TRADERS TO COMPLY WITH THEIR OBLIGATIONS

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

| Indicator Title | % of taxpayers and traders using digital and self-help platforms to interact with SARS |
|---------------------------|--|
| Definition / Purpose | This measures the number of taxpayers and traders who use any of the digital platforms to interact with SARS. It effectively gauges the migration from physical platforms to online platforms. This includes self-service, and excludes assisted utilisation of digital platforms. |
| Source/Collection of data | SARS core systems |

| | |
|--------------------------------|--|
| Method of calculation | <p>% of taxpayers and traders using digital and self-help platforms to interact with SARS =</p> $\frac{\text{\# of unique taxpayers and traders interactions on digital and self-help platforms}}{\text{\# of unique taxpayers and traders on digital and assisted platforms}} \times 100$ <p>Unique taxpayer and trader means a taxpayer or trader distinguishable by their identity, passport, registration number or SARS defined identity, from which an interaction can be detected.</p> <p>Interactions mean transactions and/or enquiries made by taxpayers and traders on SARS' platforms to comply or maintain their tax and customs obligations.</p> <p>Digital platform / self-help platform means a SARS online domain that facilitates interactions between SARS, taxpayers and traders. These are SARS transactional and/or enquiry touchpoints used by taxpayers and traders to interact with SARS without being assisted. An example is the eFiling platform.</p> <p>Assisted platforms mean the SARS transactional and/or enquiry touchpoints used by taxpayers and traders to interact with SARS, where assistance from a SARS official is required to complete the request. An example is transactions or enquiries completed by the SARS Branch or Contact Centre.</p> |
| Data limitations / assumptions | Defined in the business rules document |
| Type of indicator | Output |
| Calculation type | Cumulative (year to date) |
| Reporting cycle | Quarterly and Annually |
| Desired performance | An actual achievement higher than target |
| Indicator responsibility | Technology & Solutions Delivery |

2.2 Standard taxpayers are auto assessed by SARS

| Indicator Title | % of standard taxpayers' returns auto assessed by SARS (individual taxpayers) |
|---------------------------|--|
| Definition / Purpose | The purpose of this measure is to determine the extent to which SARS can use data and information to accurately file and assess tax returns automatically, making it unnecessary for taxpayers and traders to file tax returns themselves. This indicator measures the proportion of tax returns of individual taxpayers that are filed and assessed automatically by SARS. |
| Source/Collection of data | SARS core systems. |
| Method of calculation | <p>% Tax returns auto assessed =</p> $\frac{\text{\# of standard PIT auto-assessed returns accepted}}{\text{\# total of standard PIT returns filed from AA population}}$ <p>Auto-assessed returns accepted include taxpayers who are issued with an auto estimated assessment, and do not file an amended return thereafter, as well as taxpayers who choose to edit the return but make no changes.</p> |

| | |
|--------------------------------|---|
| Data limitations / assumptions | In determining the target AA population, the provisional taxpayers as well as taxpayers for whom SARS does not have 3rd party information e.g. taxpayers who have business income and taxpayers who claimed other expenses such as travel and home office, are excluded. Taxpayers whose status change based on their latest return are excluded at the time of doing the calculation for performance. Detail included in the business rule document. |
| Type of indicator | Output |
| Calculation type | Cumulative (year to date) |
| Reporting cycle | Annually |
| Desired performance | An actual achievement higher than target. |
| Indicator responsibility | Enterprise Data Management |

2.3 A focused compliance programme for the SMME segment is developed and implemented

| Indicator Title | An approved SMME Compliance Programme |
|--------------------------------|---|
| Definition / Purpose | The purpose of this key result (and KPI) is to have a concerted programme in place that will have a two-fold effect, (i) spotlight non-compliant SMMEs on the tax register, and (ii) put in place systems that will make it easy for these identified SMMEs to comply with their tax obligations. |
| Source/Collection of data | SARS core systems for data input, and Research documents for developing the programme |
| Method of calculation | The programme will be developed using available data and external research. |
| Data limitations / assumptions | None |
| Type of indicator | Qualitative |
| Calculation type | Non-cumulative |
| Reporting cycle | Quarterly and Annually |
| Desired performance | Actual performance above set target |
| Indicator responsibility | SMME segment |

STRATEGIC OBJECTIVE 3: DETECT TAXPAYERS AND TRADERS WHO DO NOT COMPLY, AND MAKE NON-COMPLIANCE HARD AND COSTLY

3.1. Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (in line with the coverage model)

| Indicator Title | % of cases successfully prosecuted by the NPA |
|---------------------------|--|
| Definition / Purpose | The purpose of this measure is to track the percentage of cases submitted by SARS that are successfully prosecuted by the NPA. |
| Source/Collection of data | SARS / NPA records |
| Method of calculation | Number of all convictions (found guilty/not guilty) measured as a percentage of total convictions. |

| | |
|------------------------------|---|
| Data limitations/assumptions | Once cases are handed over for prosecution, they are beyond the direct control of SARS. |
| Type of indicator | Output |
| Calculation type | Cumulative (year to date) |
| Reporting cycle | Quarterly and Annually |
| Desired performance | An actual achievement higher than target. |
| Indicator responsibility | Criminal Investigations |

3.2 Increased compliance through the accurate detection of risk

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

STRATEGIC OBJECTIVE 4: DEVELOP A HIGH PERFORMING, DIVERSE, AGILE, ENGAGED AND EVOLVED WORKFORCE

4.1. Improved engagement of SARS employees

| Indicator Title | Employee Engagement Index score achieved based on a survey of employees |
|---------------------------|---|
| Definition / Purpose | The purpose of this measure is to monitor the extent to which employees feel valued and involved in their everyday work, which helps to improve their level of commitment and affiliation to the SARS employer brand. |
| Source/Collection of data | A staff survey through an independent company. The target of "top quartile (top 25%) in market" is defined within the auspices of Schedule 3A entities and other similar government agencies. For the plan, internal working papers will be relevant. |
| Method of calculation | Connexion survey index conducted approximately every 18 months or twice during a 3-year cycle, by an independent company. |

| | |
|--------------------------------|---|
| Data limitations / assumptions | <p>Employees on suspension and those whose access has been revoked on the SARS network are excluded.</p> <p>Employees who have not completed a full month in SARS' employment at the point of survey deployment are excluded.</p> |
| Type of indicator | <p>Survey: Outcome</p> <p>The Plan: Activity</p> |
| Calculation type | Non-cumulative |
| Reporting cycle | Conducted every 18 months or twice in 3 years. Quarterly and Annually reported on. |
| Desired performance | <p>An actual achievement higher than target for survey</p> <p>The Plan: Actual achievement of target</p> |
| Indicator responsibility | Employee Engagement Unit |

4.2 Attainment of Employment Equity Plan targets

| Indicator Title | % attainment of targets as per Employment Equity Plan |
|--------------------------------|--|
| Definition / Purpose | The purpose of this measure is to gauge how adequately SARS is representing the country's demographics in the workforce, and to promote diversity, gender equality, and create opportunities for people with disabilities. |
| Source/Collection of data | SARS SAP system |
| Method of calculation | <ul style="list-style-type: none"> ➤ Racial Equity: Total number of African, Indian and Coloured employees as a percentage of total headcount. ➤ Gender Equity: Total female employees in managerial to executive roles (from Grade 6 to 9B) as a percentage of total employees in those roles (on Grade 6 to 9B). ➤ Disability Equity: Total number of disabled employees (per SARS definition) as a percentage of total headcount. <p>Detailed calculations are contained in the internal business rules document.</p> |
| Data limitations / assumptions | <p>Disability is defined and measured in line with the provisions laid out in the Employment Equity Act.</p> <p>Excluding foreign nationals and OTO employees</p> |
| Type of indicator | Equity |
| Calculation type | Cumulative (year to date) |
| Reporting cycle | Annually |
| Desired performance | An actual achievement higher than target. |
| Indicator responsibility | Employee Relations |

4.5 A SARS Career Progression Framework is developed and implemented

| Indicator Title | The SARS Career Progression Framework is established |
|--------------------------------|---|
| Definition / Purpose | SARS is intentional on the career progression of its staff. This key result will look at the rate at which job families or clusters of job families or employees are converted / migrated into a SARS Career Progression Framework that will be developed for this purpose. |
| Source/Collection of data | Approved Career Progression Framework and HR systems data |
| Method of calculation | In year 1, the target is to develop and institute a SARS Career Progression Framework. In subsequent years, actual achievement will be determined by a count of employees that converted / migrated into each career stream (Service Consultants, Audit and Investigations, Customs and Legal). |
| Data limitations / assumptions | Provided in the business rules document |
| Type of indicator | Output |
| Calculation type | Cumulative (year-to-date) |
| Reporting cycle | Quarterly and annually |
| Desired performance | An actual achievement higher than target |
| Indicator responsibility | Talent & Career Development |

STRATEGIC OBJECTIVE 5: INCREASE AND EXPAND THE USE OF DATA WITHIN A COMPREHENSIVE KNOWLEDGE MANAGEMENT FRAMEWORK TO ENSURE INTEGRITY, DERIVE INSIGHT AND IMPROVE OUTCOMES

5.1 Risk detection, assessment and profiling is largely automated, data-driven and substantively informs case selection for standard matters (manual risk profiling and case selection is only used for complex matters)

| Indicator Title | % Utilisation of data-driven, automated risk assessment for taxpayers and traders |
|---------------------------|---|
| Definition / Purpose | <p>Measures the extent to which cases are automatically selected through the automation of risk detection, data-driven profiling and assessment. The purpose is to ensure that cases are selected automatically, and manual case selection only happens in exceptional cases (e.g. for complex tax matters or taxpayer segments). The following definitions apply to the targets included under this indicator:</p> <p><i>Standard matters:</i> risk assessment emanating from the submission of tax returns and customs declarations. SARS interventions are typically limited to verifications and documentary inspections.</p> <p><i>Complex matters:</i> cover risk detection beyond the scope of information contained in return and declaration submissions. SARS interventions include audits and physical or non-intrusive inspections.</p> |
| Source/Collection of data | SARS core systems |

| | |
|--------------------------------|--|
| Method of calculation | <p>% of Automated, data-driven risk detection cases =</p> $\frac{1. \text{ \# of standard cases selected automatically for the period}}{\text{Total (automatically + manually selected) \# of standard cases selected for audit}} \times 100$ $\frac{2. \text{ \# of complex cases selected through data-driven processes for the period}}{\text{Total (data-driven, automatically + manually selected) \# of complex cases selected for audit}} \times 100$ <p>Further detailed calculations in support of the above are contained in the internal business rules document.</p> |
| Data limitations / assumptions | Contained in the internal business rules document |
| Type of indicator | Output |
| Calculation type | Cumulative (year-to-date) |
| Reporting cycle | Quarterly and Annually |
| Desired performance | An actual achievement higher than target |
| Indicator responsibility | Enterprise Data Management |

5.2. More data sources are utilised to improve service and/or respond to compliance risks

| Indicator Title | A data sourcing plan is developed and implemented |
|--------------------------------|--|
| Definition / Purpose | The purpose of this key result is to establish more data sources into the SARS environment, in keeping with our Strategic Objective 5 – Increasing and Expanding the use of data. |
| Source/Collection of data | SARS Third Party Data Register/ Project implementation reports |
| Method of calculation | In year 1, the target is to develop and institute a data sourcing plan. In subsequent years, the top 5 data sources will be explored to harness and utilise available data in meaningful ways. |
| Data limitations / assumptions | Third Party Data Register methodology defined in business rule document |
| Type of indicator | Output |
| Calculation type | Non-Cumulative |
| Reporting cycle | Annually |
| Desired performance | Achievement higher than target. |
| Indicator responsibility | Enterprise Data Management (Third Party Data) |

STRATEGIC OBJECTIVE 6: MODERNISE OUR SYSTEMS TO PROVIDE DIGITAL AND STREAMLINED ONLINE SERVICES

6.1. Digital platforms availability for taxpayers and traders

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

6.2. Security of taxpayer and trader information and interactions via digital platforms

| Indicator Title | Number of security breaches on digital platforms from known risks |
|---------------------------|---|
| Definition / Purpose | <p>This measures the number of security breaches that occur for all known security risks on SARS' digital platforms. The purpose of this measure is to determine the veracity of the employed digital security risk management practices.</p> <p>Detailed definitions of digital platforms (mission critical), known security risks, security breaches and IT security controls are provided in the internal business rules document.</p> |
| Source/Collection of data | Remedy system reports; Native reports from all 7 technical controls described in Section 2.4 of the internal business rules document; CSOC reports (daily and monthly); IT Contract database. |

| | |
|--------------------------------|--|
| Method of calculation | A simple count of number of breaches for the period. |
| Data limitations / assumptions | Contained in the internal business rules document. |
| Type of indicator | Output |
| Calculation type | Cumulative (year-end) |
| Reporting cycle | Quarterly and Annually |
| Desired performance | No security breaches from known risks |
| Indicator responsibility | Technology & Solutions Delivery |

STRATEGIC OBJECTIVE 7: DEMONSTRATE EFFECTIVE RESOURCE STEWARDSHIP TO ENSURE EFFICIENCY AND EFFECTIVENESS IN THE DELIVERY OF QUALITY OUTCOMES AND PERFORMANCE EXCELLENCE

7.1. A reconfigured SARS' cost structure that aligns with international peers

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

7.2 Unqualified audit opinion received from the Auditor-General on both Own Accounts and Revenue Accounts

| Indicator Title | Unqualified audit opinion |
|--------------------------------|---|
| Definition / Purpose | The purpose of this measure is to assess SARS' commitment to maintain and promote good governance in the organisation. It measures compliance levels with all Government's statutory requirements.. |
| Source/Collection of data | Auditor-General reports |
| Method of calculation | Not Applicable (AG decides on scope and methodology) |
| Data limitations / assumptions | As per AG reports |
| Type of indicator | Governance |
| Calculation type | Non-cumulative |
| Reporting cycle | Annually |
| Desired performance | Unqualified audit report |
| Indicator responsibility | Chief Finance Officer |

7.3. Demonstrate effective resource stewardship through the appropriate spending of the budget allocation received from National Treasury

| Indicator Title | % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury |
|--------------------------------|--|
| Definition / Purpose | This measure seeks to track the variance/deviation between the budget allocation SARS received from National Treasury and the actual expenditure of SARS |
| Source/Collection of data | SARS accounting systems |
| Method of calculation | Actual funds spend (including commitments i.e. capital works orders and or purchase orders) as a percentage of total SARS grant allocation from National Treasury. % Expenditure vs Budget deviation = $\frac{\text{YTD budget allocation (R)} - \text{YTD actual expenditure (R)}(\text{R}) \text{ inclusive of commitments}}{\text{YTD budget allocation (R)}} \times 100$ |
| Data limitations / assumptions | The figures in statutory reports are preliminary until the AG audit is finalised |
| Type of indicator | Efficiency |
| Calculation type | Non-Cumulative |
| Reporting cycle | Annually |
| Desired performance | An actual achievement lower than target |
| Indicator responsibility | Chief Finance Officer |

STRATEGIC OBJECTIVE 8: WORK WITH AND THROUGH STAKEHOLDERS TO IMPROVE THE TAX ECOSYSTEM

8.1 Intermediaries surveyed are satisfied with SARS' cooperation and collaboration

| Indicator Title | % of intermediaries surveyed that are satisfied with SARS' cooperation and collaboration |
|--------------------------------|--|
| Definition / Purpose | The purpose of this measure is to gauge the extent to which intermediaries (including Customs) and tax practitioners are satisfied with SARS' cooperation and collaboration. We seek to ensure that SARS intermediaries and tax practitioners receive timeous empowering and enabling assistance, mainly through on-line digital services. |
| Source/Collection of data | Internal surveys |
| Method of calculation | Survey is conducted in-house twice per annum. Further details of the calculation and other aspects of the survey, e.g. questionnaire, are included in the research papers as part of the operational documents. |
| Data limitations / assumptions | Coverage/sample sizes and response rates |
| Type of indicator | Output |
| Calculation type | Non-cumulative |
| Reporting cycle | Survey is done twice per year and reported on half-yearly and annually |
| Desired performance | An actual achievement higher than target |
| Indicator responsibility | Stakeholder Relations |

8.2. Partnerships with identified government departments to leverage platforms on educational programmes

| Indicator Title | Number of programmes launched with identified government departments |
|--------------------------------|--|
| Definition / Purpose | The purpose of this measure is to track efforts made by SARS in establishing educational programmes with pertinent government departments in pursuit of the continued imperative of educating taxpayers, existing and potential, of their tax and customs obligations. |
| Source/Collection of data | SARS Stakeholder database External inter-governmental engagements |
| Method of calculation | Count of the number of programmes established and launched |
| Data limitations / Assumptions | Only identified government departments will be approached |
| Type of indicator | Output |
| Calculation type | Cumulative (year-to-date) |
| Reporting cycle | Quarterly and Annually |
| Desired performance | An actual achievement higher than target |
| Indicator responsibility | Government Segment |

STRATEGIC OBJECTIVE 9: BUILD PUBLIC TRUST AND CONFIDENCE IN THE TAX ADMINISTRATION SYSTEM

9.1. Public opinion survey results reflect high trust and confidence in SARS

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

9.2. Adherence to Service Charter commitments

| Indicator Title | % Service Charter performance score |
|--------------------------------|---|
| Definition / Purpose | This measure seeks to track how SARS is meeting its commitments in the 2022 Service Charter |
| Source/Collection of data | SARS core systems, Tax Ombud |
| Method of calculation | The score is derived from the categories in the 2022 Service Charter, and weighted to arrive at a composite score. Further detailed calculations are available in the service charter methodology and business rules documents. |
| Data limitations / assumptions | The migration from the old Service Charter to the 2022 Service Charter might compromise data quality due to some manual data processing. Continuous improvements will be implemented during the year. |
| Type of indicator | Output |
| Calculation type | Cumulative (year-to-date) |
| Reporting cycle | Quarterly and Annually |
| Desired performance | An actual achievement higher than target |
| Indicator responsibility | Taxpayer Service Charter Unit |

ANNEXURES

Annexure A: Changes to the 2020/21 – 2024/25 SARS Strategic Plan Key Results, Key Performance Indicators and Targets

The following changes have been made to Key Results, Key Results Indicators and Targets in the current SARS 2020/21 – 2024/25 Strategic Plan, and replace all other changes that were effected in previous years.

| STRATEGIC INTENT: TO DEVELOP AND ADMINISTER A TAX AND CUSTOMS SYSTEM BASED ON VOLUNTARY COMPLIANCE, AND WHERE APPROPRIATE, ENFORCE RESPONSIBLY AND DECISIVELY | | | |
|---|------------------------------------|--|--|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| We have reduced the tax gap significantly – total tax gap as a percentage of total revenue due | Between 10% - 15% (OECD 11% - 13%) | No changes to targets | Key result will be tracked and reported internally |
| Enhanced Trade Facilitation - Trade Facilitation Index (%) | Not Applicable | 2.00% increase on prior year achievement | New Key result |

| STRATEGIC OBJECTIVE 1: PROVIDE CLARITY AND CERTAINTY FOR TAXPAYER AND TRADER OF THEIR OBLIGATIONS | | | |
|--|--|---------------------------------|--|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| The majority of taxpayers, traders and public surveyed perceive the guidance SARS provides as clear, unambiguous and easy to comply with – % of taxpayers and traders that are satisfied with the clarity and certainty of the guidance provided by SARS based on an annual survey (clarity survey) | 80.00% of taxpayers and traders | 79.00% of taxpayers and traders | Target changed from 80.00% to 79.00% |
| There are fewer taxpayers and traders that need SARS to help them resolve their tax and customs queries – reduction in the number of taxpayer and traders requiring to visit a SARS branch office (% of base) | 60.00% reduction in inbound volumes relative to base | No changes to targets | Key result will be tracked and reported internally |

| | | | |
|---|--|-----------------------|--|
| We have a continuous downward trend in overall disputes - % reduction in the number of disputes lodged with SARS | <ul style="list-style-type: none"> Simple taxpayers (PIT) disputes to largely disappear by 2024/25 Provisional taxpayer disputes to significantly decrease by 2024/25 VAT disputes to significantly decrease by 2024/25 | No changes to targets | Key result will be tracked and reported internally |
| Enhanced enrolment of Economic Operators to the AEO Programme - Number of AEO accreditations | Not Applicable | 130 | New Key result |

STRATEGIC OBJECTIVE 2: MAKE IT EASY FOR TAXPAYERS AND TRADERS TO COMPLY WITH THEIR OBLIGATIONS

| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
|---|---|--|--|
| Increase in the number of taxpayers and traders using digital platforms - % of taxpayers and traders using digital platforms to interact with SARS | 85.00% | 95.00 | Target increased from 85.00% to 95.00% |
| All standard taxpayers are auto registered without the need for them to come to SARS - Proportion of standard taxpayers auto-registered | 95.00% auto-registration of taxpayers and traders by SARS | No changes to targets | Key result will be tracked and reported internally |
| Significant improvements in the ease of doing business with SARS - upward movement in the ranking by the World Bank Study | Top quartile ranking in the World Bank Study | No changes to targets | Key result was dropped due to challenges in measurement |
| When taxpayers and traders are satisfied with SARS as evidenced by the Net Easy Score | Net Easy Score of greater than 70.00% | No changes to targets | Key result was dropped in favour of Public Opinion Survey at a strategic level |
| A focused compliance programme for the SMME segment is developed and implemented - An approved SMME Compliance Programme | Not Applicable | Note: Programme to be put in place in 2023/24 | New Key result |

| STRATEGIC OBJECTIVE 3: DETECT TAXPAYERS AND TRADERS WHO DO NOT COMPLY, MAKING NON-COMPLIANCE HARD AND COSTLY | | | |
|---|----------------------------|----------------------------|--|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| SARS interventions achieve intended outcomes - % of interventions that yield the intended results | 90.00% overall success | No changes to targets | Key result will be tracked and reported internally |
| We achieve a high success rate in the number of cases we take to court (via NPA) for prosecution – % success (conviction) rate of cases referred for prosecution | 95.00% | See below | Key result amended as shown below |
| Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (in line with the coverage model) - % of cases successfully prosecuted by the NPA | Not Applicable | 90.00% | Key result will measure SARS' direct efforts |

| STRATEGIC OBJECTIVE 4: DEVELOP A HIGH PERFORMING, DIVERSE, AGILE, ENGAGED AND EVOLVED WORKFORCE | | | |
|---|---|--|---|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| Employee Engagement Index | Top Quartile in market | See below | Key result amended as shown below |
| Improved engagement of SARS employees | Top quartile in the market | Top quartile (top 25%) in the market | Key result was reworded |
| Employer Brand (Employer of Choice Rating) | Top Tercile in the market (top 10 %) | No changes to targets | Key result will be tracked and reported internally |
| Diversity and Employment Equity: <ul style="list-style-type: none"> i. Racial Equity ii. Gender Equity iii. Disability | Racial equity – 84.00% Gender Equity – 53.46% Disability Equity – 4.75% | Racial Equity = 81.96% Gender Equity = 51.82% Disability Equity = 3.39% | Key result reworded as “Attainment of Employment Equity Plan” and targets revised |
| A SARS Career Progression Framework is developed and implemented - The SARS Career Progression Framework is established | Not Applicable | Develop and approve the career progression framework (Service Consultants, Audit & Investigations, Customs and Legal). | New Key result |

| STRATEGIC OBJECTIVE 5: INCREASE AND EXPAND THE USE OF DATA WITHIN A COMPREHENSIVE KNOWLEDGE MANAGEMENT FRAMEWORK TO ENSURE INTEGRITY, DERIVE INSIGHT AND IMPROVE OUTCOMES | | | |
|--|---|--|--|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| Risk detection, assessment and profiling is largely automated and substantively informs case selection for standard matters. Manual risk profiling and case selection is only used for complex matters | 100.00% utilization of automated risk assessment for standard taxpayers and traders; 80.00% utilisation automated risk assessment for complex taxpayers and traders | 100.00% standard 75.00% complex | Target for complex taxpayers revised from 80.00% to 75.00% |
| Accurate and complete register of taxpayers | Register which reliably reflects all taxpayers, their inter-relationships and their respective statuses. 90% accurate tax registers | No changes to targets | Key result will be tracked and reported internally |
| More data sources are utilised to improve our service and/or respond to compliance risks - <i>A data sourcing plan is developed and implemented</i> | Not Applicable | Develop and approve a comprehensive data sourcing plan | New Key result |

| STRATEGIC OBJECTIVE 6: MODERNISE OUR SYSTEMS TO PROVIDE DIGITAL AND STREAMLINED ONLINE SERVICES | | | |
|---|---------------------|-----------------------|--|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| All SARS service offerings are made available digitally - <i>% of SARS taxpayer and trader service offerings made available online</i> | 95.00% | No changes to targets | Key result will be tracked and reported internally |

| STRATEGIC OBJECTIVE 7: DEMONSTRATE EFFECTIVE STEWARDSHIP OF OUR RESOURCES TO ENSURE EFFICIENCY AND EFFECTIVENESS IN THE DELIVERY OF QUALITY OUTCOMES AND PERFORMANCE EXCELLENCE | | | |
|---|---|-----------------------|--|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| Reconfigured cost structure - ICT investment as percentage of total grant | ICT investment of between 13.00% of total grant | 2.00% | Key result reworded as "A reconfigured SARS cost structure to align with international peers" and target revised accordingly |
| Revenue is collected at a level in line with comparable international peers' cost – Cost to Revenue Ratio | 1.00% | No changes to targets | Key result will be tracked and reported internally |
| Demonstrate effective resource stewardship through the appropriate spending of the budget allocation received from National Treasury - % Deviation between SARS' spending for the year and the allocation SARS received from National Treasury | Not Applicable | 5.00% | New Key result |

| STRATEGIC OBJECTIVE 8: WORK WITH AND THROUGH STAKEHOLDERS TO IMPROVE THE TAX ECOSYSTEM | | | |
|--|----------------------|-----------------------|--|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| We have a high number of intermediaries that are satisfied with our cooperation and collaboration – % of our intermediaries that are satisfied with our assistance | 70.00% | 76.00% | Key result reworded as "Intermediaries surveyed are satisfied with SARS' cooperation and collaboration" and target increased |
| Multilateral bodies peer review assessment of our administration and engagements – peer review score based on current multilateral agreements (example, TADAT, WCO, Global Forum on Tax Transparency and EOI, ATAF) | Top quartile ranking | No changes to targets | Key result was split into separate parts and will be tracked and reported internally |
| Partner with identified government departments to leverage educational platforms – Number of programmes launched with identified government departments | Not Applicable | 2 | New Key result |

| STRATEGIC OBJECTIVE 9: BUILD PUBLIC TRUST AND CONFIDENCE IN THE TAX ADMINISTRATION SYSTEM | | | |
|--|--|---------------------|--|
| Key results | Old 2024/25 Targets | New 2024/25 Targets | Comments |
| Public opinion survey results reflect high trust and confidence in SARS | 75.00% | 76.50% | Target increased from 75.00% to 76.50%" |
| Sentiment analysis continuously reflects high trust and confidence in SARS | Top 3 words the public associates with SARS are all positive | Not Applicable | Key result dropped due to measurement challenges |
| Adherence to Service Charter commitments - % <i>Service Charter performance score</i> | Not Applicable | 88.00% | New Key result |

Notes

Notes



Lehae la SARS Building, 299 Bronkhorst Street
Nieuw Muckleneuk, Pretoria
Private Bag X923, Pretoria, 0001
Tel: +27 (12) 422-4000, Fax: +27 (12) 452-9685
www.sars.gov.za