



ANNUAL PERFORMANCE PLAN 2025/26

SOUTH AFRICAN REVENUE SERVICE

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South African Revenue Service

SOUTH AFRICAN REVENUE SERVICE

Annual Performance Plan 2025/26

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ABBREVIATIONS

▶▶	AGSA:	Auditor-General of South Africa
▶▶	AI:	Artificial Intelligence
▶▶	APA:	Advance Pricing Agreements
▶▶	APP:	Annual Performance Plan
▶▶	BCom:	Bachelor of Commerce Degree
▶▶	BEPS:	Base Erosion and Profit Shifting
▶▶	CAGR	Compound Annual Growth Rate
▶▶	CEMIS:	Compliance Evaluation Monitoring Information System
▶▶	CFO:	Chief Financial Officer
▶▶	CIT:	Corporate Income Tax
▶▶	Covid-19:	Coronavirus Disease 19
▶▶	CSS:	Customer Satisfaction Score
▶▶	DEIB:	Diversity, Equity, Inclusion and Belonging
▶▶	DNA:	Deoxyribonucleic Acid
▶▶	ETI:	Employment Tax Incentive
▶▶	GDP:	Gross Domestic Product
▶▶	HCM:	Human Capital Management
▶▶	IMF:	International Monetary Fund
▶▶	KPI:	Key Performance Indicator
▶▶	MLC:	Multilateral Convention

▶▶	MTBPS:	Medium-Term Budget Policy Statement
▶▶	MTDP:	Medium-Term Development Plan
▶▶	MTEF:	Medium-Term Expenditure Framework
▶▶	NDP:	National Development Plan
▶▶	OGAs:	Other Government Agencies
▶▶	PAYE:	Pay-As-You-Earn
▶▶	PCCM:	People Capability and Career Management
▶▶	PFMA:	Public Finance Management Act, 1999
▶▶	PIT:	Personal Income Tax
▶▶	SARB:	South African Reserve Bank
▶▶	SARS:	South African Revenue Service
▶▶	SDGs:	Sustainable Development Goals
▶▶	SO:	Strategic Objective
▶▶	StatsSA:	Statistics South Africa
▶▶	TFI:	Trade Facilitation Index
▶▶	TID:	Technical Indicator Descriptor
▶▶	UN:	United Nations
▶▶	USA:	United States of America
▶▶	VAT:	Value Added Tax
▶▶	VCI:	Voluntary Tax Compliance Index



FOREWORD

FROM THE MINISTER OF FINANCE

In the past five years, the SARS has worked to rebuild institutional capacity to achieve a smart and modern tax administration that has unquestionable integrity and is trusted and admired. The execution of the previous Strategic Plan has produced significant and commendable results despite the difficult operating environment largely occasioned by the COVID-19 pandemic.

As government we remain committed to our obligations under the 2030 United Nations Agenda for Sustainable Development at the heart of which are the 17 Sustainable Development Goals (SDG), which are an urgent call for action by South Africa in a global partnership to execute, amongst others, government's key priorities.

SDG 17 relates to strengthening the means of implementation and revitalisation of the global partnership for sustainable development. Target 17.1 requires South Africa to mobilise resources to improve domestic revenue collection and strengthen domestic resource mobilisation, including offering international support to developing countries, to improve domestic capacity for tax and other revenue collection.

Target 17.1 not only places SARS at the centre of domestic resource mobilisation, but also calls for the strengthening of SARS' capacity through proper resourcing as part of the key priority of building a

capable, ethical and developmental state, which is indeed SARS's higher purpose.

In this vein, this Annual Performance Plan as an annual breakdown of the new Strategic Plan, will ensure SARS' continuity in the pursuit of a strategic intent of developing a tax and customs systems that is based on voluntary compliance, which is anchored on clear strategic objectives. It introduces efforts to future proof the tax administration by leveraging big data and smart technologies to achieve the SARS legal mandate which includes collecting all revenue, enhancing compliance and facilitating legitimate trade.

SARS is crucial in the provision of funds that will enable the attainment of the SDGs. The global and domestic environment will provide key challenges over the period covering this Annual Performance Plan. Nonetheless, SARS has demonstrated resilience and sustainable innovation.

I commend SARS for the strategic efforts that are aimed to help build a capable state that can meet its obligations to its citizenry. I commend SARS for maintaining continuity while taking progressive steps towards a future that infuses data, people and technology to enhance revenue outcomes, taxpayer compliance and trade facilitation.

Enoch Godongwana
Minister of Finance



MESSAGE

FROM THE COMMISSIONER

BUILDING A SMART DIGITAL TAX AND CUSTOMS ADMINISTRATION FOR THE FUTURE

Imagine it is 2030, you wake up to “TAX JUST HAPPENS”!

The period between now and 2030 is going to be exciting as we exponentially progress the journey of a SMART Modern SARS with unquestionable Integrity that can be Trusted and Admired.

A key plank in the SARS Modernisation 2.0 (Digital Transformation) has been the transformation of physical experiences such as the submission of tax returns and supporting documents into online digital experiences. This journey has enabled SARS to reduce, for example, the average turnaround time of an assessment from 180 days to under 5 seconds, and the average turnaround time for the payment of refunds from 50 days to under 72 hours. The next phase of modernisation needs to draw on the exponential advances in emerging disruptive technologies.

The next phase of transformation is beyond traditional digitalisation of physical experiences. SARS Modernisation 3.0 requires us to build an intelligent tax and customs administration platform and broader tax ecosystem that depends on and embeds advanced data science and Artificial Intelligence (AI), while augmenting the work of our employees with insights from data. We are thus building on our existing work to harness the transformative power of people, data science, technology and AI in tax administration.

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

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

- » Preparing and upskilling our staff to co-exist in the Age of AI.
- » Creating a unique digital identity to strengthen the integrity of registers and financial transactions in partnership with Other Government Agencies (OGAs).
- » Creating a comprehensive taxpayer account, a single entity customer view to enable a better balance between service and enforcement.
- » Modernising the case management system that is embedded in data science and AI.

- » Embedding an “entity-based compliance” model administration platform, a shift from the current declaration-based compliance.
- » Building an instant payment system to enhance financial inclusion and reduce cash transactions (in partnership with SARB).
- » Modernising VAT administration, including introduction of e-Invoicing.
- » Modernising Customs and Excise administration and accelerating physical and technology infrastructure at ports of entry with OGAs.

The digital tax administration platform will be intelligent, data-driven and technology-enabled. This will support our strategic intent of developing a tax and customs system based on voluntary compliance, which, in turn:

- » Improves voluntary compliance.
- » Enhances taxpayer experience.
- » Enhances employee engagement.
- » Streamlines internal processes and improves operational efficiencies.
- » Maximises long term sustainability.

SARS aspires to redefine the landscape of tax administration, where tax eventually just happens in South Africa. For SARS to achieve this, it must work in partnership with the whole of society and the whole of government.

We value the support of the respective Parliamentary Committees, to whom we account, as well as the trust placed in us by the Minister of Finance, under whose policy guidelines we work. We appreciate our colleagues in National Treasury with whom we work to ensure a credible National Tax Revenue Fund that funds the programmes undertaken by government.

I am very privileged to have been part of setting the foundational direction for the next five to ten years. I will dedicate the remaining time that I have as Commissioner to continue laying the foundation for SARS Modernisation 3.0 (Age of AI).



Edward Chr Kieswetter
SARS Commissioner

OFFICIAL SIGN-OFF

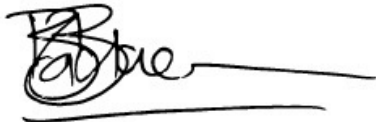
It is hereby certified that this Annual Performance Plan:

- » Was developed by the management of SARS, under the guidance of Minister Enoch Godongwana.
- » Takes into account all relevant policies, legislation and other mandates for which SARS is responsible.
- » Accurately reflects the impact and outcomes and outputs which SARS plans to achieve over the period 2025/26.
- » Is subject to appropriate funding or investment in SARS.



Schalk Human:

Chief Financial Officer



Bridgitte Backman:

Deputy Commissioner - Corporate and Enterprise Services



Edward Kieswetter:

SARS Commissioner



Approved by:

Enoch Godongwana:

Minister of Finance

PART A: THE MANDATE OF SARS

Legislation

The SARS Act, 1997, enables SARS to:

- » Collect all revenue due
- » Ensure optimal compliance with Tax and Customs legislation
- » Provide a Customs service that optimises revenue collection, protects borders, and facilitates legitimate trade.

The primary legislation that SARS administers includes:

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

Government Policies

Various government policies and international instruments to which South Africa is signatory, direct or influence how SARS must carry out its mandate. Government's policy direction is outlined, for example, in the NDP, the Medium-Term Strategic Framework and other relevant policies. Internationally, SARS takes its cue, amongst others, from Goal 17.1 of the UN SDGs, which calls for the strengthening of domestic resource mobilisation,

including international support to developing countries, to improve domestic capacity for tax and other revenue collection. This enables SARS to collect revenue to fund critical government programmes in support of the implementation of the SDGs. SARS will also continue to promote and facilitate legitimate trade through the country's borders to help grow the economy and protect it from harmful illicit trade.

How SARS Fulfils its Mandate

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

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

Table 1: Taxpayer rights and obligations

SARS' Compliance Theory and Philosophy

SARS' operating philosophy encourages voluntary taxpayer compliance as embodied in the SARS Compliance Theory and Philosophy.

In our context, compliance refers to the degree to which taxpayers and traders fulfil their tax obligations (registration, filing, declaration, and payment) when and as required. This includes making requisite disclosures and payments fully and honestly. Voluntary compliance refers to society's fulfilment of its obligations without SARS's prompting to do so.

Our work mainly ensures taxpayer compliance. This APP explains how SARS will achieve its mandate for the period 2025/26. The Plan reflects how SARS deliberately positions itself to "win".

SARS must-win battles remain, and these are to:

- » Broaden the tax base.
- » Improve voluntary compliance and fiscal citizenship.
- » Use our resources intelligently to achieve more with less.
- » Maintain partnerships within government and with other stakeholders locally and internationally - "whole of government partnership".
- » Build an organisation with integrity that can be trusted and admired.

SARS recognises that to win these battles, the public trust must be earned. Such trust is critical to fostering fiscal citizenry, leading to lower revenue

collection costs and more revenue collected for the fiscus.

Embedded in voluntary compliance is the belief that most taxpayers and traders are honest and will strive to promote a culture that recognises compliance as a positive social contribution. Taxpayers' behaviour ranges from willing and intentional compliance to non-compliance, largely due to a lack of knowledge of their obligations or lack of 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, with some even breaking the law.

SARS believes that most taxpayers will always do the right thing, whereas a minority will fall short of compliance. Most taxpayers are between these extremes: they will do the right thing if the circumstances are right for them but will choose not to comply if they believe they can evade their obligations. SARS will move as many taxpayers and traders as possible up the continuum toward voluntary compliance.

SARS' core strategic objectives that directly support its compliance philosophy are:

- » Strategic Objective 1: providing clarity and certainty to taxpayers and traders.
- » Strategic Objective 2: making it easy to fulfil tax obligations.
- » Strategic Objective 3: detecting tax evasion and enforcing tax law.

These are enabled and supported by the remaining six strategic objectives.

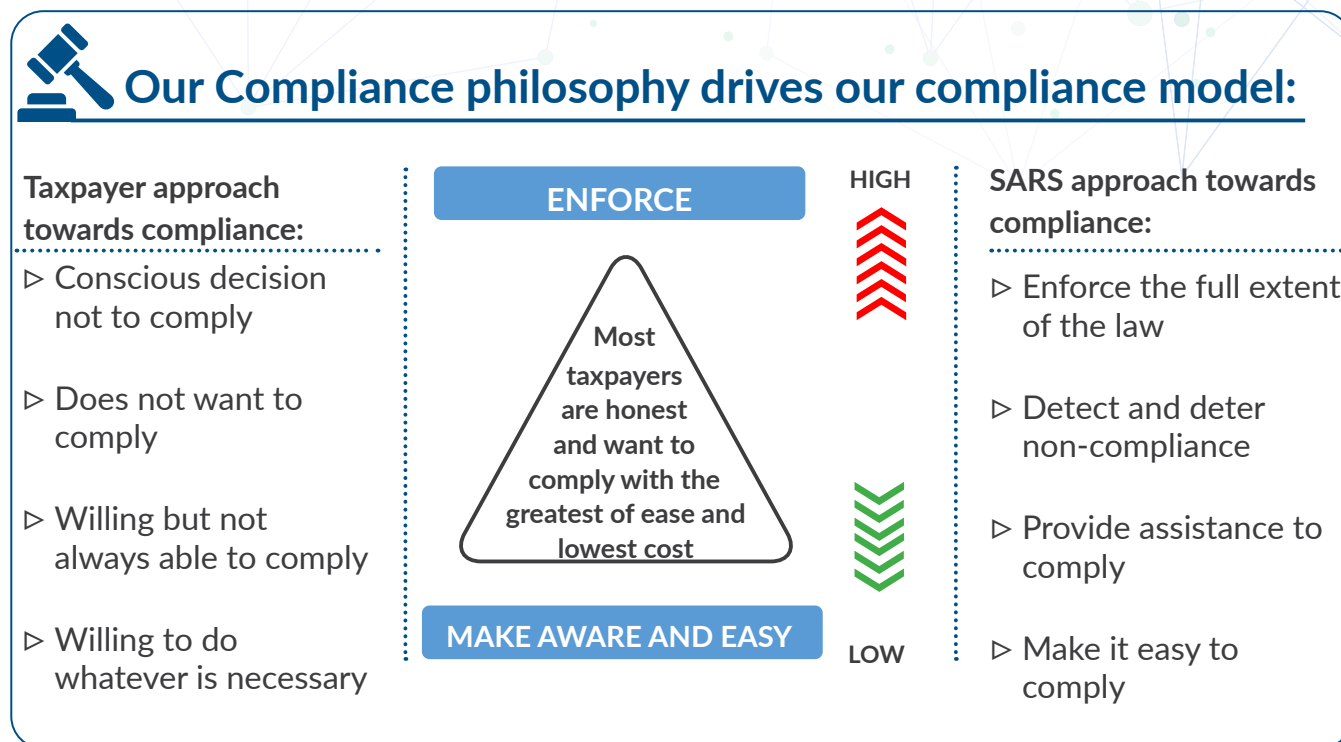


Figure 1: The SARS compliance model.

To achieve high levels of voluntary compliance, SARS must:

Provide Clarity and Certainty

Empirical evidence has shown that taxpayers and traders who understand their rights and obligations are more likely to fulfil their tax obligations without coercion. SARS will endeavour to administer tax and customs laws that taxpayers can understand and apply to the greatest extent possible. We will provide taxpayers with easy access to information and help them understand it. We will also make taxpayers certain of their obligations and encourage consistency through prompt rulings, interpretation notes, and explanatory guidelines. We use products such as advance-pricing agreements and advance rulings to serve the appropriate tax segments.

We will attune our education and awareness campaigns to the needs and behaviour of groups of taxpayers and traders based on insights from data analytics. We will pay particular attention to our

work with and through intermediaries, opinion-makers, influencers, professional bodies, and other stakeholders to provide clarity and certainty to taxpayers and traders.

Make It Easy

Providing an easily accessible, professional, and efficient service promotes voluntary compliance and remains a key focus area for SARS. Our service must assist taxpayers and traders so that meeting their obligations is easy, cost-effective, and convenient. As we enable taxpayers to enjoy equitable access to all our service channels, we will encourage more taxpayers and traders to use our online self-service channels. We will deliver seamless services to all through these online channels and our branch network. Where appropriate, we will use trusted and certified intermediaries to help taxpayers and traders to meet their obligations easily.

Detect and Respond to Non-compliance

Our enforcement approach aims to ensure compliance, and where this fails, we promote fairness in applying tax and customs law. Our enforcement actions will be proportional to the level of non-compliance detected, moving through a continuum of “soft” enforcement for lesser acts of non-compliance and for first offenders to “hard” enforcement for deliberate non-compliance

(intentional tax evasion and multiple offenders). We are expanding our database, networks, intelligence, skills, and systems to detect and investigate non-

compliance early and promptly alert non-compliant taxpayers and traders. Our response includes giving non-compliant taxpayers and traders a reasonable time and clear guidance to correct and respond appropriately if non-compliance persists.

SARS exists to serve the HIGHER PURPOSE

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



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



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



PART B: SARS STRATEGIC FOCUS

SARS Vision

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

SARS Values

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

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



SARS Mission

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

SARS Strategic Intent

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

To support this intent, we implement nine Strategic Objectives.

SARS Strategic Objectives

Core Business

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

Enabling

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

Relationships

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

Figure 2 - SARS Strategic Objectives (refer to Part C for descriptions)

How our higher purpose, mandate, objectives are connected and integrated:

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

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

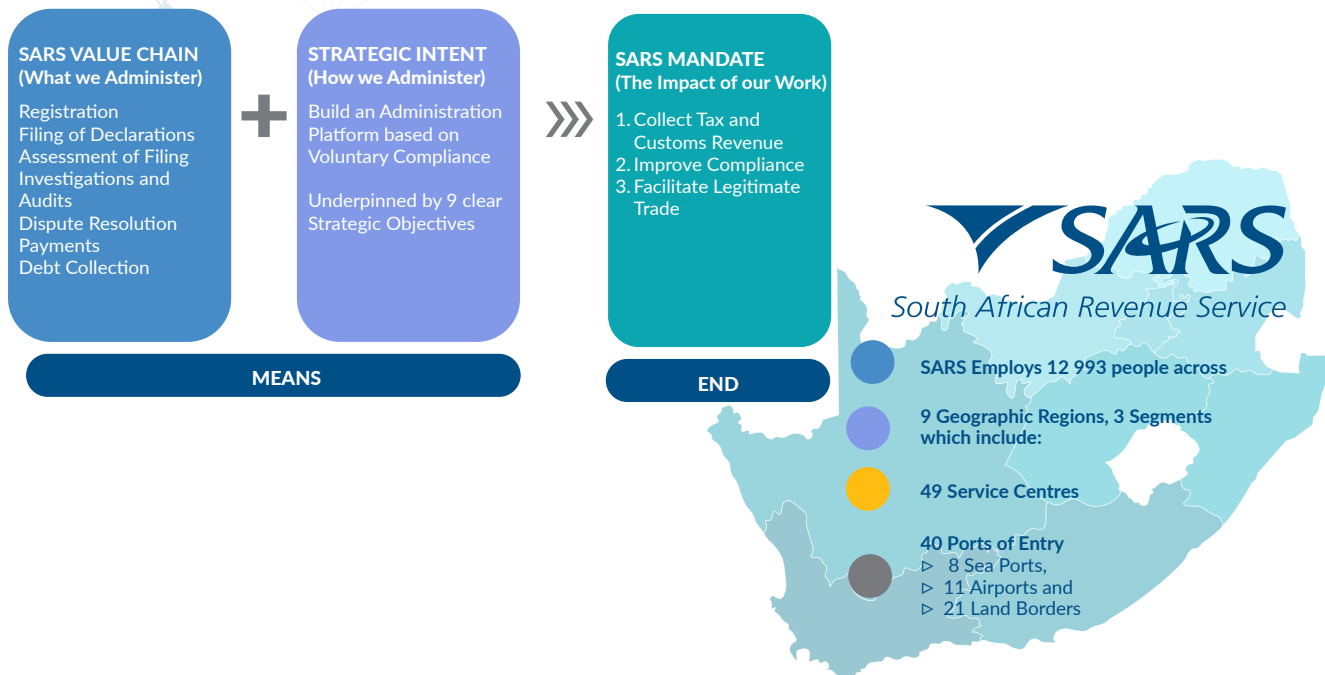


Figure 3 - Connecting our Higher Purpose to our Mandate

SARS Business Model

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

Segmentation is a Key Principle of our Compliance Theory and Model

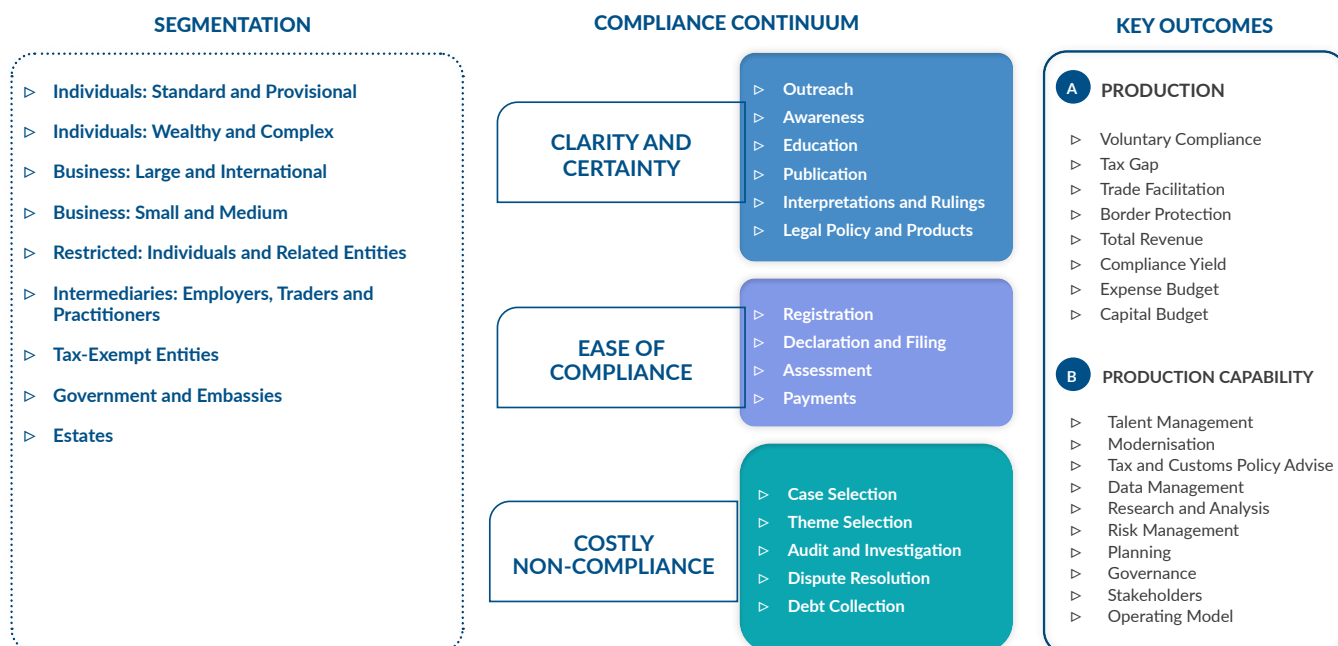


Figure 4 - The SARS Business Model

Situational Analysis

Overall, both external and internal factors present a more challenging operating environment.

External Environment

The assessment of SARS' risks, as included in Part C, reveals that overall, both the external and internal environments are more challenging compared to the period covered by the preceding Strategic Plan. The erosion of social cohesion increasingly impacts compliance negatively as evidenced by illicit trade, transnational crime syndication and general crime and corruption which contribute to widening the tax gap and discouraging voluntary taxpayer compliance. The pressure on revenue collection is further exacerbated by low economic growth, high unemployment and the dire need for funds to eradicate poverty and inequality.

Government policy

In July 2024, following the Opening of Parliament, the President announced and confirmed the Strategic Priorities for the 7th Administration of the South African Government. These priorities are aligned with the goals and objectives of the NDP and Programme of Priorities of the Government of National Unity, and are encapsulated in the MTDP as:

- » Strategic Priority 1: Inclusive growth and job creation
- » Strategic Priority 2: Reduce Poverty and tackle the high cost of living
- » Strategic Priority 3: A capable, ethical and developmental state

The work of SARS as outlined in this APP is designed to enable the realisation of these priorities.

Global economic growth

The January 2025 IMF World Economic Outlook forecast a global growth projection of 3.3% for both 2025 and 2026, a drop from the historical average

of 3.7% (2000-19). The forecast reveals divergent economic paths, with the USA showing robust performance while other regions face challenges. Major concerns include potential intensification of protectionist policies, looser fiscal policy in the USA, and geopolitical tensions affecting trade routes and commodity prices. China, a major trading partner of South Africa, shows a growth forecast that is marginally revised upward to 4.6% for 2025.

Unemployment

Despite a decline in unemployment rate by 1.4 percentage points to 32.1% in Q3-2024, the weak labour market and high structural unemployment rate do not bode well for employment taxes.

Inflation

Inflation generally remains below the mid-point target of the SARB. In November 2024, the Reserve Bank reduced the repo rate by 25 basis points, bringing it to 7.75% bolstered by signs of a growth recovery, after a weak economic performance through 2023 and the first half of 2024. In the near term, the Reserve Bank expects output to benefit from a variety of tailwinds, including lower inflation, higher disposable income, and extra spending from pension withdrawals via the new Two-Pot Retirement System. The Reserve Bank policy path will likely remain flexible driven by moderating inflation, although upside risks are on the rise. The high interest rate remains an impediment to economic growth.

Electricity

Electricity supply has stabilised, with Eskom marking 300 load-shedding free days on 20 January 2025. Key operational successes include the return of Koeberg Unit 2, which is contributing up to 930MW to the grid with an impressive EAF of 99.95%, and the restoration of Kriel Unit 6, adding 475MW.

Trade

The inefficiency at Transnet remains a key risk for exports, coupled with uncertain global demand. Trade is influenced by economic globalisation. Cross-border transactions play a pivotal role in economic growth, facilitating international trade, commerce and financial transactions. Economic Globalisation comes with risks such as inflation and supply chain insecurity. SARS will continue exploring flexible tax policies to support economic stability and growth.

Currency

The rand closed at R18.18/\$ in December 2024. The re-election of Mr Trump as the US President saw a depreciation of just over 3% against the dollar. The rand, however, has been riding on an improved domestic economic outlook amid positive developments that have reduced South Africa's political risk and provided a more solid foundation for growth. Global risks to the currency include the geopolitical tensions that may arise following the outcome of elections in several countries.

Digital services

The Inclusive Framework's decision to postpone the introduction of new Digital Service Taxes until a critical mass of countries signs the Amount Multilateral Convention raises concerns for African countries, including South Africa. To tax digital firms effectively and capture revenue from the growing digital economy, SARS must explore alternative

solutions in the meantime.

One of the pivotal trends that SARS identified in recent times is the aggressive use of AI, particularly Gen AI, by fraudsters. The need for SARS to be exceptionally agile in its responses can never be overemphasised.

Cyber crime

Cyber insecurity is one of the top 10 risks identified in the WEF Global Risk Report 2024. Discouragingly, cyber espionage is still one of the risks that is expected to increase in severity. Cyber security presents opportunities for tax administrations as well managed cyber risks and resilience can enhance reputation and reliability.

Internal Environment

SARS Headline Results from 2019 to 2024

Over the past 5 years, focused attention has been on rebuilding SARS post state capture, to restore governance and integrity, institutional capability and the overall performance of the organisational mandate to collect revenue, improve compliance and facilitate legitimate trade.

SARS is encouraged by the measured progress and results. However, the journey to becoming a SMART, Modern SARS with unquestionable integrity that is trusted and admired is a marathon.

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

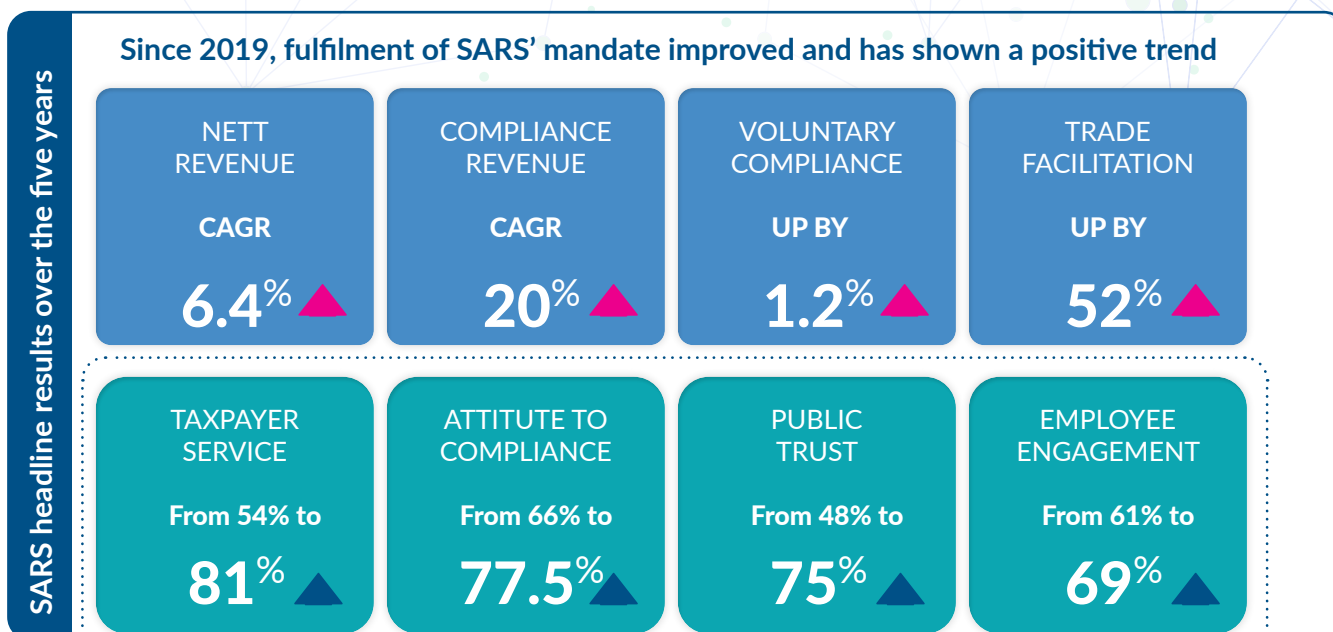


Figure 5 - SARS headline results

Furthermore, organisational health measures during this period improved:

- » Working well with government agencies and broad stakeholders as our standing amongst international peers significantly improved.
- » These results were made possible by the committed 12 805 SARS employees, bolstered by an increase in the employee engagement index from 61.6% to 69.4% in 2023, despite challenges such as Covid-19 and financial constraints.
- » In 2022, SARS was voted the best employer to work for by BCom professionals, and in 2023, it was recognised as the most innovative public sector organisation as well as the most attractive employer for business students.
- » The AGSA's clean audit reports for 2023 and 2024 are proofs of SARS' effective resource stewardship.

Notwithstanding the progress, SARS still experiences stiff competition for scarce critical skills and funding constraints. The once-off R1billion injection in the 2024 financial year abated the situation but the need for sustainable funding remains. By way of illustration, SARS' caseload has grown by about 260% in 10 years. Yet SARS staffing has decreased by about 20% and the budget over the same 10-year period has only grown by 3.46%. Funding constraints hamper SARS' ability to make progress on critical work to fulfil its mandate. This includes critical work such as registering all taxpayers, reducing the tax gap and combatting syndicated tax crime, including illicit financial flows, aggressive tax planning and BEPS.

As one of the critical organs of state, SARS requires a consistent, sustainable, and predictable funding formula that enables the correct determination of levels of funding for business-as-usual which also provides certainty for the multi-year modernisation programme.

What SARS needs to do

Notwithstanding progress made, key work is required to enhance efficiency and effectiveness of operational case management, integrate research, knowledge management, education and communication into the SARS value chain; leverage products such as rulings, advanced pricing and cooperative compliance to support the strategic intent; incentivise voluntary compliance better, simplifying laws, policies, and practices; educate unaware and innocent taxpayers; prevent disputes in preference to resolving them; and ensure that SARS' advice results in better outcomes than advice provided by tax professionals.

Significant work is also required to make it easy for taxpayers to meet their obligations. We must achieve a seamless or simpler experience for more taxpayers, serve the willing better, reduce the need for service queries, seriously differentiate treatment for the most compliant and step up facilitation of traders and travellers.

SARS also needs to increase its detection capability across the compliance continuum value chain and ensure that taxpayers face the consequences of non-compliance and criminality.

To ensure that we optimise operations in pursuit of enhanced customer experience that drives revenue collection, voluntary compliance and trade facilitation, the digitalisation of SARS is no longer a choice, but a necessity. The digitalisation of economies has been moving at an ever-increasing pace, bringing fundamental changes to business dynamics and societal norms. As a core government business, tax administration is not immune from the impact of such transformation. Technological advancement has indeed been causing dynamic and drastic changes in the tax ecosystem across the globe. With this development, SARS cannot fall behind in the leveraging of digital technologies to achieve its aspirations.

The modernisation of SARS

SARS' journey to date

Overview of SARS' digital transformation journey: 1999 - current

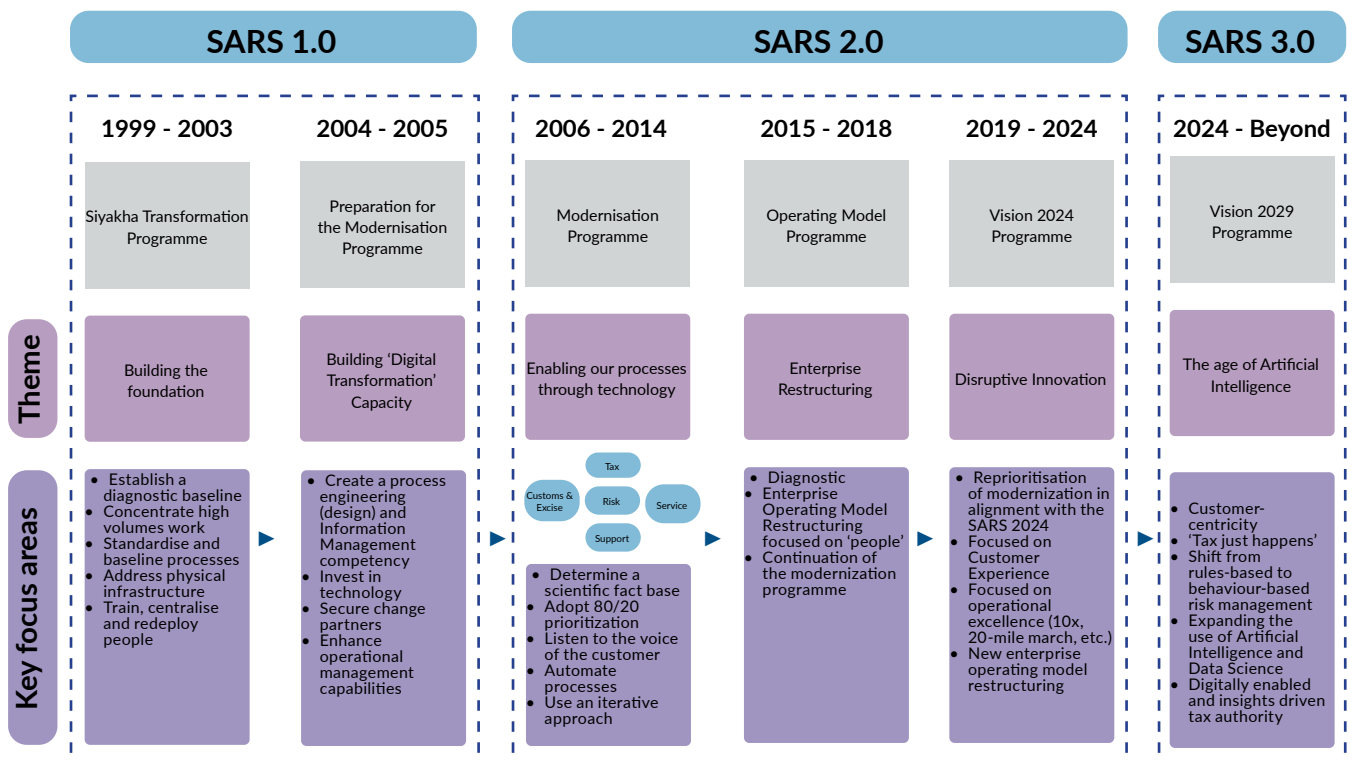


Figure 6 - Overview of SARS' modernisation journey

The modernisation of SARS is not a finite task that can be completed once-off. It should be viewed as a continuous process of evolution and improvement, necessitating the ongoing formulation and review of digital transformation strategies to guide the successful implementation of digital transformation projects.

Since 1999, SARS has undertaken two major modernisation efforts each with distinct constituent phases. **Modernisation 1.0** (Siyakha - "We are building": 1999 – 2005) occurred during the internet era which markedly stepped up the shift from a siloed world into a global one. Connection, data sharing, and access to public data through the internet created a more ubiquitous playing field. SARS piggybacked on this wave focusing on limited digitisation of data and limited digitalisation culminating in the preparation for **Modernisation 2.0** (Digital Transformation). This enabled organisational and process reforms to improve

manual efficiencies in pursuit of a better customer experience.

Modernisation 2.0 (2006 – current) was triggered by a foundational shift with the introduction of the iPhone and the transition to mobile. This opened a world of possibilities, a new business model and the introduction of new social and mobile channels, which drove another spike in SARS' digital transformation. Digitisation of data and the depth and scope of digitalisation increased significantly transforming a physical customer experience to an early digital experience. The period 2020-2022 marked the post-pandemic era during which SARS had to accelerate various digital innovations to rethink how they served their customers in a non-contact and remote world. From 2022 to date, SARS has made some progress towards limited AI application and machine learning while preparing for **Modernisation 3.0 (Age of AI)**.

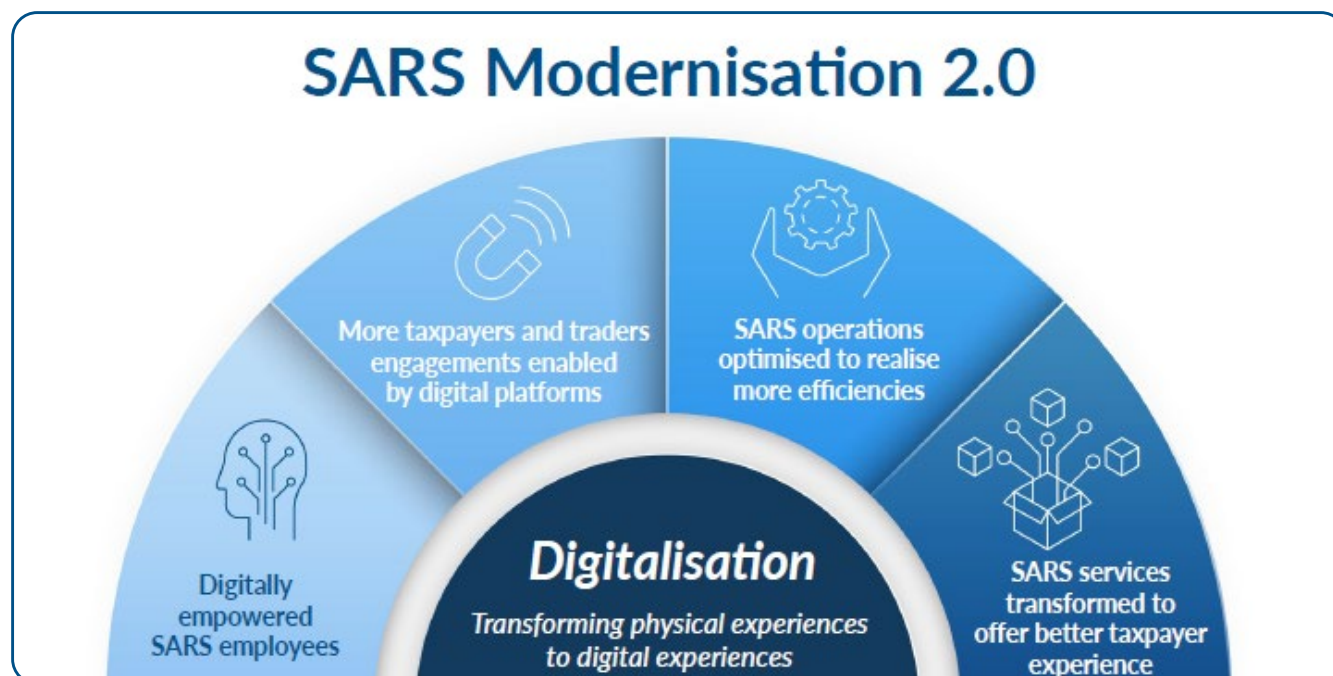


Figure 7: Modernisation 2.0

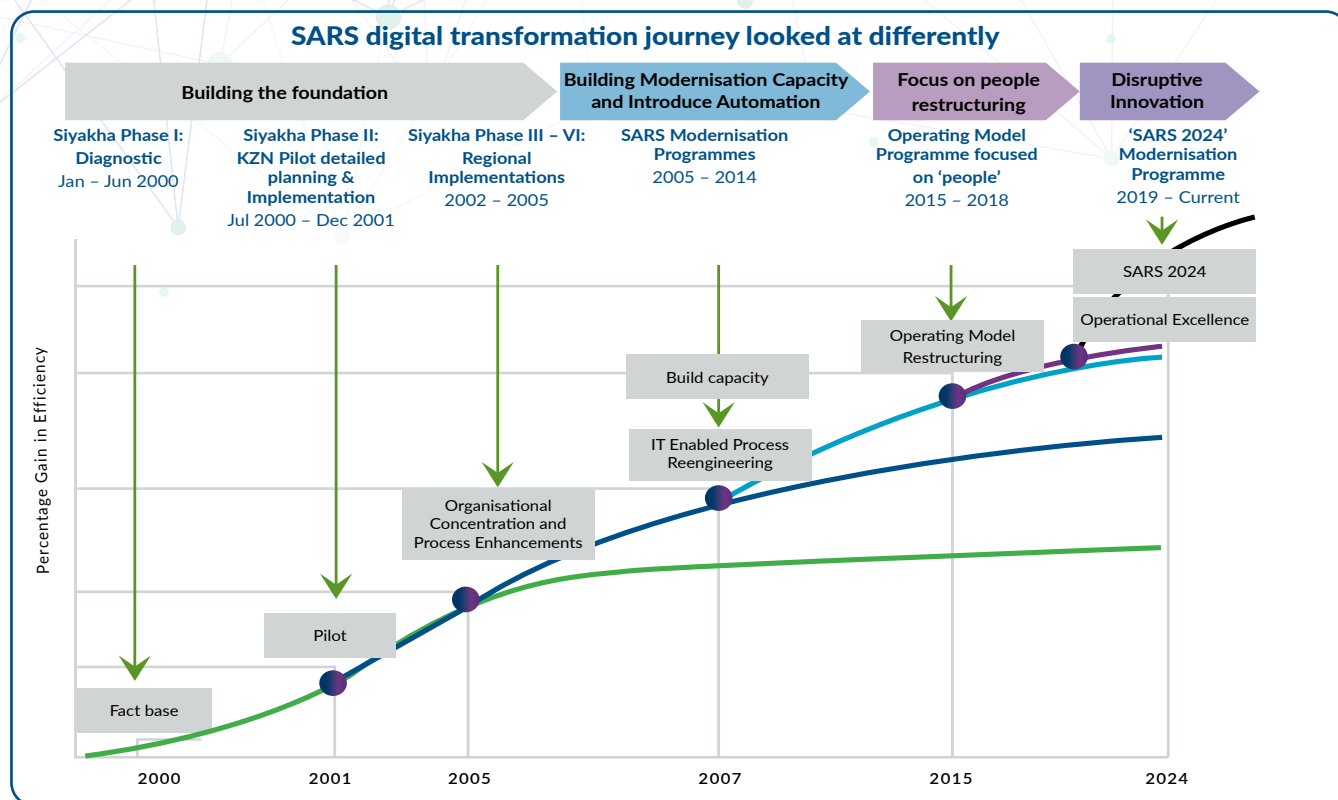


Figure 8: Modernisation journey

Introducing Modernisation 3.0

Over the next 5 to 10 years, SARS is embarking on a journey that shifts it from digitising its processes to incorporating AI and data-driven insights into its operations. A technology platform that completely transforms the way in which SARS works and interacts with taxpayers, traders and intermediaries will be the conduit through which this will be achieved.

Firstly, SARS aspires to position itself as a digitally enabled and insights driven tax authority and that harnesses the power of automation, highly skilled personnel, experts and AI. The use of AI will be ethical and connected to a highly integrated tax and customs ecosystem comprising whole-of-society and whole-of-government. The AI platform will run complex algorithms, which are the tax and customs laws, and delivers an output for each taxpayer of how much they must pay, and how they need to pay it. In other words, SARS must shift from doing digital to being digital.

Secondly, SARS aspires to leverage the opportunities to support modernisation of the whole of

government through collaborative initiatives with relevant agencies to implement a unique digital identity for individuals and entities; ensure data integrity by capturing data once, through a common portal with the necessary segregation, based on the mandates of agencies; introduce a common payment platform with e-invoicing and position SARS as the preferred common disbursement platform.

This will focus on addressing specifically how the enabling environment, as identified in our strategic objectives, must change. From a people perspective, we must intensify the investment in leadership development and skills development. We also need to adapt to the future world of work, in which routine tasks can be automated, and the work of our employees is augmented with insights from data and AI. We must further embed our Higher Purpose ethos and nurture a culture of greater

innovation and continuous learning. On data and technology, we have identified several key modernisation initiatives towards building a digital tax administration platform based on data and AI, enabled by smart technologies.

The next five years are truly going to be exciting, as we build on a strong foundation to harness the transformative power of people, data science and technology, including AI in tax administration. Businesses are rapidly evolving, and so are the models to run them, due to digital and AI innovations. Criminal syndicates are also exploiting these technologies.

The purpose of building a SMART digital administration platform, embedded in data science, AI and enabling technologies, is to foster trust, promote efficiency, and ensure transparency. The intent is to revolutionise the way taxpayers, traders and SARS engage to achieve voluntary compliance. Furthermore, AI also plays a crucial role in detecting and responding to issues of compliance, by predicting which sectors or entities are at the highest risk of non-compliance. This not only protects the country's revenue but also builds trust in our tax system.

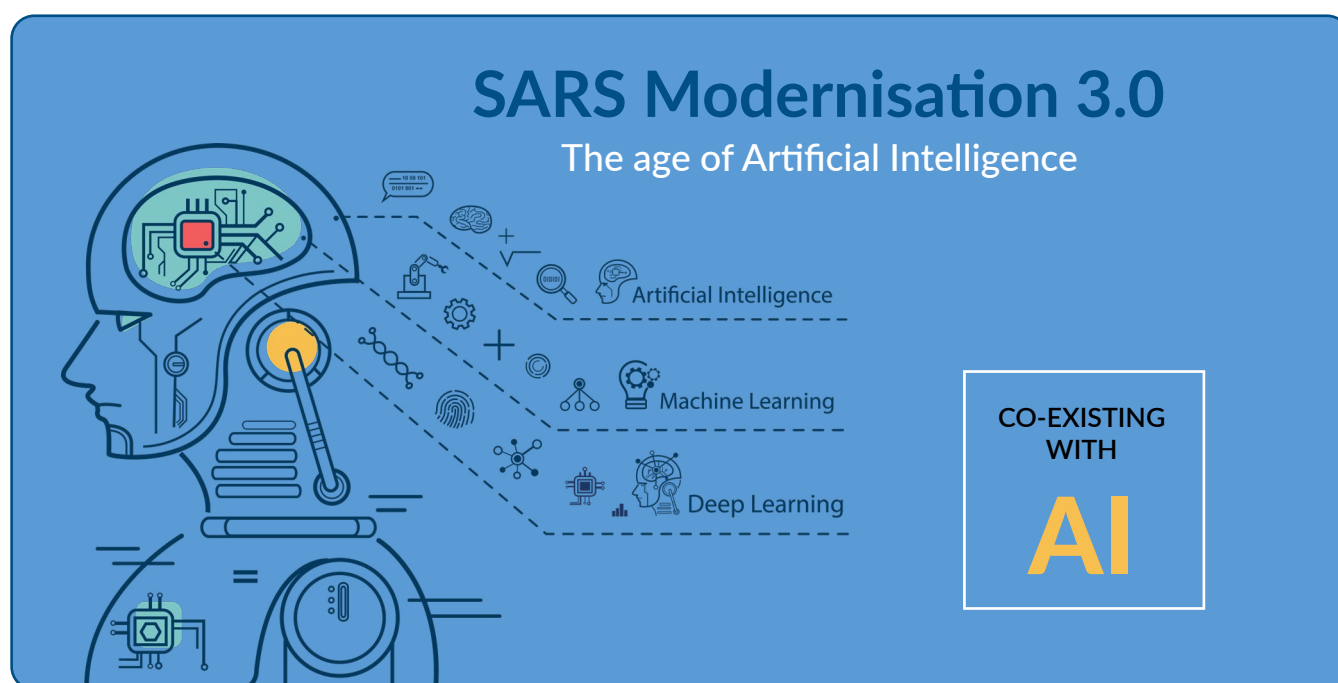


Figure 9: Modernisation 3.0

The tenets of SARS Modernisation 3.0

While reflecting on its progress to date and the challenges that remain, SARS has embarked on a comprehensive and ambitious modernisation programme, beginning in 2024, running to 2029 and beyond depending on the availability of funding. This programme comprises eight generational initiatives that will develop a legacy for years to come. These initiatives are:

- » Preparing and upskilling our staff to co-exist in the Age of AI.
- » Creating a unique digital identity to strengthen the integrity of registers and financial
- » transactions in partnership with OGAs.
- » Creating a comprehensive taxpayer account, a single entity customer view to enable a better balance between service and enforcement.
- » Modernising the case management system that is embedded in data science and AI.
- » Embedding an “entity-based compliance” model administration platform, a shift from the current declaration-based compliance.
- » Building an instant payment system to enhance financial inclusion and reduce cash transactions (in partnership with SARB).

- » Modernising VAT administration, including introduction of e-Invoicing.
- » Modernising Customs and Excise administration and accelerating physical and technology infrastructure at ports of entry with OGAs. The sections below provide an overview of these eight generational initiatives.

Preparing and upskilling staff to co-exist in the Age of AI

SARS falls short in several areas of its corporate-service practices, hindering delivery of an employee-centric workplace and world-class HCM system. SARS aims to transform the organisation and “recode its DNA” by enhancing its corporate-service environment and addressing various challenges such as sub-optimal employee engagement, leadership quality, and funding models. The project involves a data-driven approach to diagnose the current situation and design solutions that align with best practices. Key focus areas include strengthening leadership, implementing career-progression models, defining organisational culture, preparing the workforce for future skill requirements, and integrating enabling technology solutions. The goal is to create a positive employee experience, which in turn, is expected to enhance taxpayer and trader interactions, leading to increased satisfaction and voluntary compliance.

Developing a unique digital identity for every taxpayer and trader in partnership with OGAs

As the South African economy rapidly digitises, SARS and other organisations face challenges in verifying customer identities and protecting personal information, leading to a lack of trust in the broader ecosystem between those who issue the identity, those to whom the identity belongs, and those who rely on or must verify the identity provided as proof. To address these challenges, SARS will collaborate with DHA, the SARB, and other trusted stakeholders to develop a national digital identity ecosystem. By creating a robust, user-friendly digital-identity ecosystem and a unique digital identity for every taxpayer and trader in South Africa this initiative will enhance regulatory compliance and empower individuals and

organisations to manage and share their personal information securely and reduce identity fraud.

Partnering with SARB to build an instant payment system

Digital payments play a crucial role in economic digital transformation, stimulating economic activity, facilitating trade, and creating opportunities for innovation. While South Africa has made significant progress in the adoption of digital payments, certain segments of the economy still rely heavily on cash and are reluctant to adopt digital payments due to high transaction fees, limited payment options, and digital-security concerns. SARS is collaborating with SARB to address these challenges by building an instant payment system that will enhance economic inclusion and shift society towards a cash-smart economy. This digital payment system will enable seamless reconciliation between national payment transactional data and SARS’ VAT modernisation solution, ultimately offering more secure payment methods, an intuitive e-commerce experience, and instant payment processing.

Creating a single customer view

Currently, data for taxpayers is fragmented and spread across multiple systems in SARS, which impairs SARS’ ability to understand and engage taxpayers effectively, leading to poor taxpayer experience and compliance. By consolidating all customer data into a single, comprehensive profile, the single customer view will enhance taxpayers’ experience, improve operational efficiency, and increase compliance. This integrated approach will enable a deeper understanding of individual preferences and behaviour, allowing for more accurate and timely responses to taxpayer needs, ultimately fostering a sense of being understood and valued.

Embedding the compliance model in the administrative platform

This initiative aims to address the challenges of taxpayer non-compliance by leveraging sophisticated risk models powered by machine

learning and AI. SARS has developed an entity-scoring model to provide an in-depth perspective on compliance, behaviour, and risk. The project focuses on optimising data usage, enhancing compliance verification, and modernising systems to improve efficiency and reduce backlogs. By fostering a culture of voluntary compliance and using advanced data analysis techniques, SARS aims to create a fair and efficient tax system that builds trust and cooperation between taxpayers and authorities.

Modernising VAT

This initiative aims to enhance the taxpayer experience, facilitate voluntary compliance, and address significant administrative inefficiencies and lost revenue by leveraging the transformative potential of a globally recognised VAT modernisation approach. The current VAT system imposes a substantial burden on vendors, making it susceptible to fraud and non-compliance. By adopting a best-practice model, SARS seeks to enhance the taxpayer experience through automated tax data submission, pre-filled VAT returns, and harmonized cross-border trade. This initiative will involve close collaboration with the SARB and extensive stakeholder engagement to ensure a smooth rollout over the next five years.

Modernising case management

The aim of modernising SARS' Case Management System is to address the limitations of the current fragmented and outdated technology landscape, which hinders operational efficiency and user

experience. By embedding modern technologies such as AI and data science, SARS plans to shift from a reactive model to a proactive, taxpayer-centric approach, enhancing voluntary compliance through personalised interactions, full case transparency, and faster services. This strategic, phased approach will involve assessing the current state, defining business requirements, identifying future capabilities, designing an implementation roadmap, developing the solution, and continuously improving it. The goal is to create an intelligent, data-driven platform that supports proactive risk management and delivers a seamless digital experience for taxpayers and internal users.

Modernisation of Customs and Excise administration – Accelerate physical and technology infrastructure at ports of entry (with OGA)

This initiative aims to resolve inefficiencies in cross-border processes and improve service delivery to traders. It involves enhancing predictive risk analytics, redesigning cross-border eCommerce, and continuing the smart-border roll-out. The project also includes improving customs connectivity among stakeholders and implementing Single Window functionality to make the value chain more visible. For Excise, the initiative will introduce a new approach to registration and licensing, transitioning from manual periodic return submissions to automatically populated transaction-based returns. This modernisation effort is aligned with SARS' strategic objectives and focuses on reducing the administrative burden on taxpayers, while improving service quality.

Envisaged future state

The envisaged future state post Modernisation 3.0, for taxpayers and traders, employees, government, and citizens, enabled by the stepped-up modernisation programme is depicted in the following figures.



Figure 10: Envisaged Experience for Taxpayers and Traders

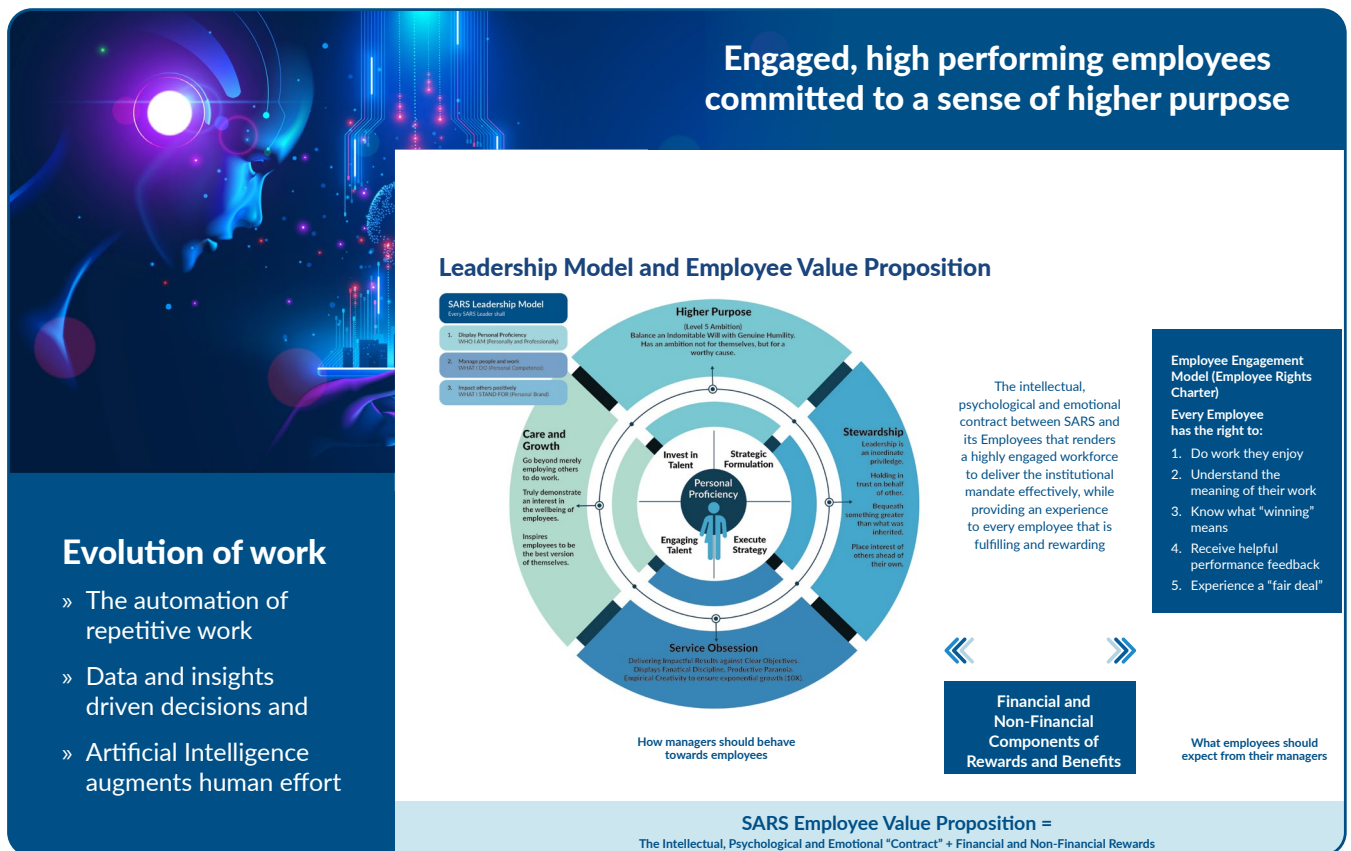


Figure 11: Envisaged Experience for SARS Employees

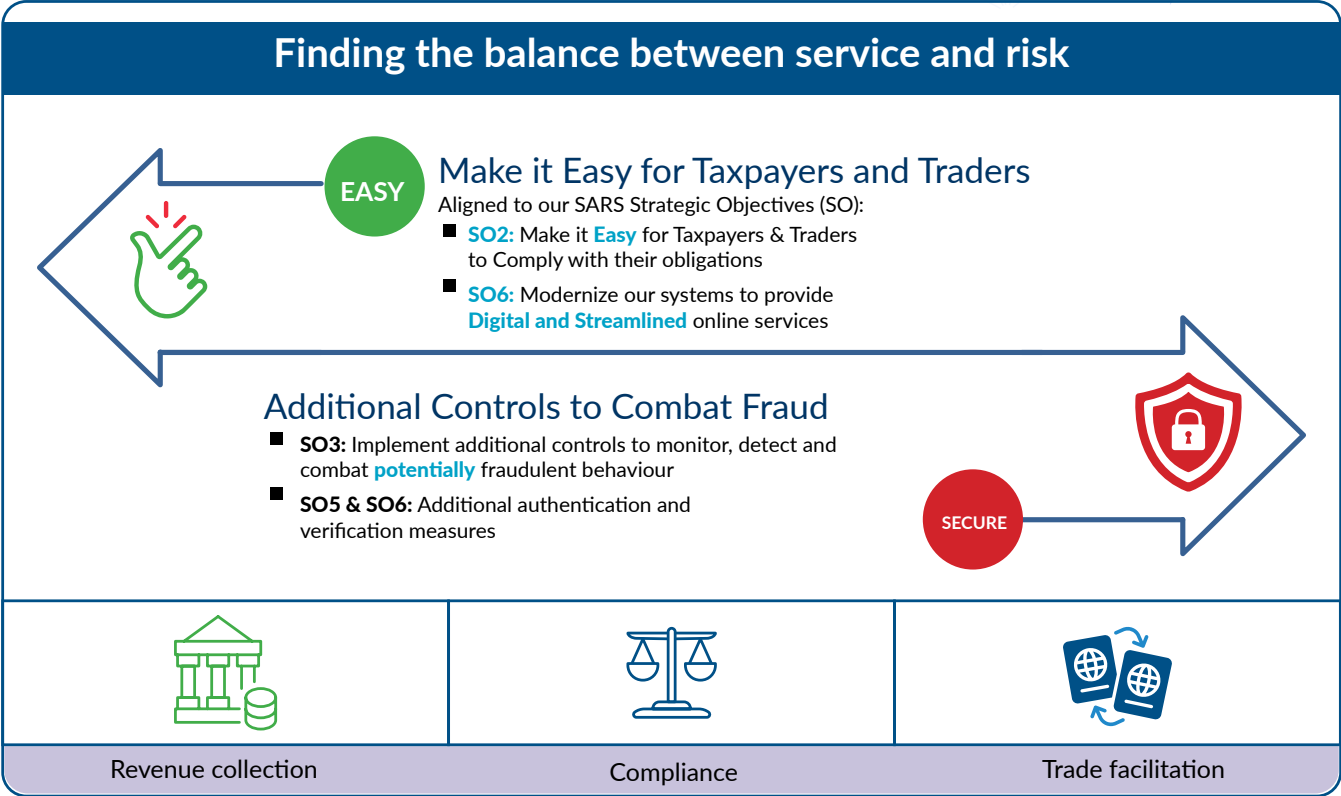


Figure 12: Envisaged Experience for Government and Citizens

PART C: MEASURING SARS' PERFORMANCE

Institutional performance information

SARS Core Outcomes

The SARS legal mandate to collect revenue, improve compliance, and facilitate legitimate trade makes up SARS' "mandate objectives". The **Strategic Intent of voluntary compliance** describes, at a high level, how SARS intends to deliver its mandate objectives. Behavioural insights inform that voluntary compliance will be achieved when taxpayers are clear about their obligations, find it easy to fulfil them, and know that there is a credible threat of detection should they not comply.

The digital tax administration platform will be intelligent, data-driven and technology enabled. This will support our strategic intent of developing a tax and customs system based on voluntary compliance, which, in turn:

- » Improves voluntary compliance.
- » Enhances taxpayer experience.
- » Enhances employee engagement.
- » Streamlines internal processes and improves operational efficiencies.
- » Maximises long term sustainability.

The core outcomes are described below:

Core Outcome 1: Increased Voluntary Compliance

To achieve high levels of voluntary tax compliance, SARS will:

- » Increasingly reward or incentivise good taxpayers for compliance.
- » Simplify laws, policies and procedures.
- » Educate unaware taxpayers who want to be compliant.
- » Serve willing taxpayers diligently.
- » Reduce the need for service queries and escalations.
- » Prevent disputes rather than resolve them.

- » Differentiate treatment for the most compliant taxpayers.
- » Detect and prosecute non-compliant taxpayers.
- » Provide the best advice that will result in a better outcome for both the taxpayer and SARS.

Core Outcome 2: Enhanced Taxpayer Experience

SARS seeks to provide the taxpayers with clarity and certainty regarding what their tax obligations are through clear communication via our different channels; advanced pricing agreements; helpful webinars on complex tax matters; outreach programmes to educate new taxpayers of their obligations; as well as an easy and seamless process once they enter the tax eco-system.

SARS will seek to:

- » Improve the customer satisfaction score (CSS).
- » Increase the usage rate of the taxpayer portal by making it easy and simple to navigate.
- » Improve the real time Customer Experience Index.
- » Expand online feedback and reviews.
- » Actively drive legal leverage products to introduce certainty much earlier.
- » Reduce the number of taxpayer complaints.
- » Resolve issues relating to the Service Charter turn-around times.

Core Outcome 3: Enhanced Employee Engagement

SARS seeks to develop its workforce to remain relevant to the future world of work. In addition, it aims to accelerate the attraction of skills in data science, AI and digitalisation. SARS is committed to a cultural transformation that includes, but not limited to:

- » Fostering a culture of collaboration, innovation, continuous improvement, agility, experimentation and high performance.
- » Developing policies and practices in support of transitioning to a operating model that synthesises people, data science and enabling technology.
- » Enhancing the EVP programme and reward employees based on high performance and the extent to which they embrace data science, AI and technology.

SARS will seek to:

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

Core Outcome 4: Streamlined Internal Processes and Improved Operational Efficiency

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

SARS will streamline internal processes and improve operational efficiency by:

- » Improving staff productivity ratios.
- » Effectively shifting work from manual processes to automation (including routine tasks).

- » Improving average time to complete key processes (e.g. registration, filing, audits, and refunds).
- » Continuing to improve administrative processes.

Core Outcome 5: Maximised Long-Term Sustainability

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

SARS will seek to:

- » Demonstrate long-term sustainability by providing long-term tax buoyancy trends.
- » Improve trends in:
 - » Trust of taxpayers and traders.
 - » Employee retention ratio.
 - » Cost to revenue ratio (this will initially increase due to investment).
 - » Carbon footprint, and
 - » Maintaining systems uptime and availability.

Defining the Nine Strategic Objectives

The nine SARS Strategic Objectives give a further expression of the SARS Strategic Intent and Core Outcomes. They guide how our five-year Strategic Plan, and each successive Annual Performance Plan are framed. We use our resources to give effect to this Intent.

We express each of these nine strategic objectives from two perspectives:

- » Desired "user" experience.
- » Support of voluntary compliance

STRATEGIC OBJECTIVE 01

Provide clarity and certainty for taxpayer and trader of their obligations

The overall taxpayer and trader experience is empowering and enabling. Taxpayers and traders proactively receive clarity guidance, and where required, have easily accessible additional customized support. Certain segments of taxpayers and traders may also access leverage products such as APAs, advance rulings (inclusive of VAT rulings and binding general rulings) and co-operative compliance programmes.

Sub-strategic objectives

- » Provide clarity through timely, easily accessible and understandable guidance to society on their tax and customs obligations.
- » Achieve greater certainty by using leveraged products, rulings, advanced pricing and co-operative compliance efforts.
- » Provide timely notifications and proactive help for taxpayers to find and correct mistakes early.

STRATEGIC OBJECTIVE 02

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

Engagements with taxpayers and traders in the fulfilment of their obligations will be mainly on-line, intuitive and self-managed, with minimal face-to-face visits. For standard taxpayers (largely non-provisional taxpayers), the fulfilment of their registration, filing, declaration and payment obligations will be seamless. Exceptions will be resolved with ease and minimal intervention. Complex taxpayers (largely provisional taxpayers - individuals and entities), and their intermediaries, will experience engagements customised to their specific needs. Increasingly, trusted intermediaries will be empowered and enabled as authorised agents acting on our behalf.

Sub-strategic objectives

- » Enhance the engagement platform between SARS and taxpayers.
- » Expand the universe of taxpayers for whom tax just happens.
- » Empower intermediaries to serve their clients
- » Endeavour to honour all our Service Charter commitments.

STRATEGIC OBJECTIVE 03

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

Taxpayers and traders who negligently, deliberately, aggressively, or criminally stay out of the tax system or do not comply, will be detected immediately when non-compliance occurs. They will experience a response that is appropriate to the nature and degree of their non-compliance, which progressively, may include friendly reminders to more intrusive and 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.

Sub-strategic objectives

- » Segment our tax base according to sector, size and compliance behaviour.
- » Improve our capacity and capability to detect non-compliance.
- » Improve our capacity and capability to respond to non-compliance.

STRATEGIC OBJECTIVE 04**Develop a high performing, diverse, agile, engaged and evolved workforce**

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

Sub-strategic objectives

- » Strengthen the leadership system.
- » Develop employees for the future world of work.
- » Strengthen employee engagement to be an Employer of Choice.
- » Transform our workforce diversity, integrity and professionalism.

STRATEGIC OBJECTIVE 05**Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes**

By expanding the use of data, data analytics and artificial intelligence, we create the capability to understand the compliance behaviour of taxpayers and traders to provide clarity and certainty where it is needed, simple, easy and seamless service that fosters voluntary compliance, and timely/early detection of risks, trends and instances of non-compliance that enable us to enforce responsibly. We have incorporated data into a comprehensive system of knowledge management. The composite effect of the expanded and increased use of data must substantively support our strategic intent of voluntary compliance.

Sub-strategic objectives

- » Expand and enrich our data sources.
- » Deploy data science and AI to increase the use of data.
- » Ensure data governance and ethical use of AI

STRATEGIC OBJECTIVE 06**Modernise our systems to provide digital and streamlined online services**

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

Sub-strategic objectives

- » Build and enhance our digital tax administration platform based on data, AI while enabled by smart technologies.
- » Integrate and enable platforms with the broader ecosystem.

STRATEGIC OBJECTIVE 07

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

We steward the limited resources entrusted to us in a manner that creates value to achieve quality outcomes and performance excellence. The way we organise ourselves reflects agility and responsiveness to deliver the best experience for all our constituencies. We demonstrate a high work ethic, strive for performance excellence and achieve the most with the least effort and cost, and best-in-class innovations that enable us to achieve our strategic intent.

Sub-strategic objectives

- » Improve accountability and governance mechanisms across the organisation.
- » Carry out resource allocation with a clear “cost-benefit” philosophy, to ensure that we maximise return without comprising on quality and excellence.

STRATEGIC OBJECTIVE 08

Work with and through stakeholders to improve the tax ecosystem

We have effective and beneficial partnerships with all stakeholders in the tax ecosystem that deliver maximum benefits for taxpayers and traders, government and the public. We leverage each other's strengths to resolve tax administration challenges and improve voluntary tax compliance. Our interactions and exchanges are formal, professional, and transparent. Intermediaries experience their engagement with us as empowering and enabling, mainly through online digital services.

Sub-strategic objectives

- » Leverage existing and new stakeholder relationships with all intermediaries, viz domestic, regional and international.
- » Establish effective engagement frameworks

STRATEGIC OBJECTIVE 09

Build public trust and confidence in the tax administration system

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

Sub-strategic objectives

- » Enhance engagement with society.
- » Promote public trust and confidence

Performance Measures

Outcomes	SOs	Key Results/ Outputs	Key Result/ Output Indicators	Baselines	Current and MTEF Targets			
					2025/ 26	2026/ 27	2027/ 28	2028/ 29
Increased Voluntary Compliance	Strategic Intent	Printed revenue estimates are met	Net revenue collected as a percentage of estimates as agreed with the Minister of Finance	100.55% Of revised estimate (R1 740.9 Billion)	100.00% Of net revenue as set by Minister of Finance	100.00% Of net revenue as set by Minister of Finance	100.00% Of net revenue as set by Minister of Finance	100.00% Of net revenue as set by Minister of Finance
		Voluntary tax compliance has increased	Voluntary Compliance Index (%)	63.63%	64.00%	65.00%	66.00%	67.00%
		Trade facilitation has improved	Trade Facilitation Index (%)	71.60%	72.00%	74.00%	76.00%	78.00%
Enhanced Taxpayer Experience	SO 1	Customer satisfaction is improved	Customer Satisfaction Score (%)	New measure	Establish a new baseline	2.50%-point increase on baseline	2.50%-Point increase on prior year achievement	2.50%-Point increase on prior year achievement
	SO 2	Service charter commitments are met	Service charter index (%)	81.33%	82.00%	82.50%	83.00%	83.50%
	SO 8	Intermediary Satisfaction has improved	Intermediary Satisfaction Index	New measure	Establish the baseline	2.50%-point increase on baseline	2.50%-Point increase on prior year achievement	2.50%-Point increase on prior year achievement
Enhanced employee engagement	SO 4	Employee engagement has improved	Employee Engagement Index	A new baseline to be established	Implement 20.00% of interventions in the Employee Engagement Action Plan	65.00%	Implement 50.00% of interventions in the Employee Engagement Action Plan	65.00%
	SO 4	Attainment of targets in line with the Employment Equity Plan	Employment Equity Plan scores (%)	Racial Equity = 81.56% Gender Equity= 50.75% Disability Equity = 2.21%	Racial Equity = 82.50% Gender Equity = 51.40% Disability Equity = 2.40%	Racial Equity = 83.00% Gender Equity = 51.80% Disability Equity= 2.55%	Racial Equity = 83.50% Gender Equity = 52.10% Disability Equity = 2.65%	Racial Equity = 84.00% Gender Equity = 52.37% Disability Equity= 2.75%
	SO 4	Improved integrity	% improvement on Integrity Index	New measure	Integrity Promotion Plan approved and baseline established	2.00%-point increase on prior year achievement	2.00%-point increase on prior year achievement	Zero tolerance on identified integrity breaches
	SO 4	Employees for the future world of work developed	People Capability and Career Management Frameworks developed and approved	6/25 job families PCCM developed	Design and develop 6 PCCM Frameworks	Design and develop 6 PCCM Frameworks	N/A	N/A
			PCCM Frameworks implemented	New measure	3x level 1 (Customs, Audit, Debt and Investigations) 2x level 2 (Customs and Customer Service)	8x level 1 (ITX3 (IT: Development PLAN IT: Operations RUN & SUPPORT IT: Technology BUILD), HR, Design engineering, Data analytics, legal, admin support) 3x Level 2 and 3 (Audit, debt and investigation) 2 X Level 3 (Customs and Customer Service)	12x level 1 8x Level 2 and 3	N/A
	SO 4	The leadership system is strengthened	% of Leadership Strengthening Programme implemented	New measure	Achieve 80.00% of Annual Implementation Plan	Achieve 80.00% of Annual Implementation Plan	Achieve 80.00% of Annual Implementation Plan	Achieve 80.00% of Annual Implementation Plan
	SO 4	The leadership system is strengthened	% of Leadership Strengthening Programme implemented	New measure	Achieve 80.00% of Annual Implementation Plan	Achieve 80.00% of Annual Implementation Plan	Achieve 80.00% of Annual Implementation Plan	Achieve 80.00% of Annual Implementation Plan
Streamlined Internal Processes And Improved Operational Efficiencies	SO 5	Process efficiency is improved	Process Efficiency Index	New measure	Develop a benchmarked Process Efficiency Index and establish baseline	3.00% improvement in Process Efficiency Index	3.00% improvement in Process Efficiency Index	3.00% improvement in Process Efficiency Index
	SO 5	3rd party data submission compliance is improved	% of submission compliance achieved for 3rd Party Data Sources	New measure	90.00%	90.00%	90.00%	90.00%
	SO 7	Unqualified audit opinion received from the Auditor- General on both Own Accounts and Revenue Accounts	Unqualified audit opinion from the AG	Unqualified Audit Opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion
Maximised Long-Term Sustainability	SO 3	Long-term average Tax Buoyancy	5-year average Tax Buoyancy	New measure	≥1.00	≥1.00	≥1.00	≥1.00
	SO 6	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%
	SO 6	Security of taxpayer and trader information and interactions via digital platforms	Number of information security breaches on digital platforms from known risks	Nil	Nil	Nil	Nil	Nil
	SO 8	Stakeholder engagements are enhanced	% implementation of Stakeholder Framework as per Annual Workplan	New measure	Framework and implementation plan developed and approved	50.00% implementation of framework/plan	75.00% Implementation of Framework/Plan	100.00% Implementation of Framework/Plan
	SO 9	Public opinion has improved	Public Opinion Index	A new baseline to be established	75.00%	75.00%	75.00%	75.00%

Table 2: MTEF annual measures and targets

2025/26 Annual and Quarterly targets

Key Result / Output Indicators	Annual targets	Q1	Q2	Q3	Q4
Net Revenue collected as a percentage of estimates as agreed with the Minister of Finance	100.00% of net revenue as set by Minister of Finance	100.00% of Q1 net revenue	100.00% of YTD Q2 net revenue	100.00% of YTD Q3 net revenue	100.00% of net revenue
Voluntary Compliance Index	64.00%	N/A	N/A	N/A	64.00%
Trade Facilitation Index	72.00%	Achieve milestones as per Project Plan	Achieve milestones as per Project Plan	Achieve milestones as per Project Plan	72.00%
Customer Satisfaction Score (%)	Establish the baseline	Achieve milestones as per Project Plan	Achieve milestones as per Project Plan	Achieve milestones as per Project Plan	Baseline established
Service Charter Index	82.00%	Achieve milestones as per the Project Plan	Achieve milestones as per the Project Plan	Achieve milestones as per the Project Plan	82.00%
Intermediary Satisfaction Index	Establish the baseline	80.00% Achieve milestones as per Project Plan	80.00% Achieve milestones as per Project Plan	80.00% Achieve milestones as per Project Plan	Baseline established
Employee Engagement Index	Implement 20.00% of interventions in the Employee engagement Action Plan	Share results of the Employee Engagement Survey and identify employee experience interventions to be implemented	Fully scope employee experience interventions and obtain Commissioner's approval	10.00% employee experience interventions implemented	20.00% (YTD) employee experience interventions implemented
Employment Equity Plan scores (%)	Racial Equity = 82.50% Gender Equity = 51.40% Disability Equity = 2.40%	N/A	N/A	N/A	Racial Equity = 82.50% Gender Equity = 51.40% Disability Equity = 2.40%
% improvement on Integrity Index	Integrity Promotion Plan approved and baseline established	Baseline tool developed and approved.	Significant portion of targeted staff trained on integrity and ethics interventions	Baseline established and analysed to inform improvement plan	Improvement Plan approved
PCCM Frameworks developed and approved	Design and develop 6 PCCM Frameworks	1 PCCM Framework	2 PCCM Frameworks	2 PCCM Frameworks	1 PCCM Framework
PCCM Frameworks implemented	3x level 1 (Customs, Audit, Debt and Investigations) 2x level 2 (Customs and Customer Services)	3x Learning path signed off (level 1)	Curriculum design approved (level 1) Curriculum design approved (level 2)	Assessments implemented (level 1) Assessments implemented (level 2)	3x level 1 (Customs, Audit, Debt and Investigations) done 2x level 2 (Customs and Customer Services) done
% of Leadership strengthening Programme implemented	Achieve 80.00% of Annual Implementation Plan	Develop integrated plan for Women-in-Leadership (WIL), Junior Board (JB), leadership model embedding, mentorship, programmes, Diversity, Equity, Inclusion and Belonging (DEIB)	Half year milestones of Integrated Implementation Plan achieved.	N/A	Achieve 80.00% of Annual Implementation Plan
Process Efficiency Index	Develop a benchmarked Process Efficiency Index and establish baseline	Benchmark and define a Composite Process Efficiency Index	Stress test the efficacy of the Process Efficiency Index measure	Adoption by EXCO and baseline established	An Improvement Plan developed, and targets set
% of submission compliance achieved for 3rd Party Data Sources	90.00%	N/A	N/A	N/A	90.00%
Unqualified audit opinion from the AG	Unqualified audit opinion	N/A	N/A	N/A	Unqualified audit opinion
5-year average Tax Buoyancy	≥1.00	N/A	N/A	N/A	≥1.00
% of planned capacity to be available for mission critical systems	99.00%	99.00%	99.00%	99.00%	99.00%
Number of information security breaches on digital platforms from known risks	Nil	Nil	Nil	Nil	Nil
% implementation of Stakeholder Framework as per Annual Workplan	Framework and Implementation Plan developed and approved	Research and benchmarks on stakeholder Frameworks	Build a SARS Stakeholder framework	Approval of Framework Identification of implementation gaps	Implementation Plan developed and approved
Public Opinion Index	75.00%	N/A	N/A	N/A	75.00%

Table 3: 2025/26 quarterly targets

Resource considerations

Expenditure estimates and SARS' commitment to a modernised future

In today's rapidly evolving digital landscape, seamless online transactions have become essential for economic participation. People across South Africa and the globe demand the ability to conduct business effortlessly from any device and location. To meet this demand and future-proof SARS, the entity has prioritised modernisation to deliver services that align with the evolving needs of citizens and support economic growth.

During the 2025 MTEF submission, SARS requested an additional R13.6 billion over the medium term. However, the preliminary allocation indicates an additional allocation of only R3.5 billion. As a result,

SARS has had to reduce its spending requirements to fit within the allocated funding, in compliance with the PFMA.

This underfunding will impact SARS' ability to fully implement key modernisation initiatives and could delay the progression of essential digital infrastructure, AI integration, and capacity-building projects. Although efforts will continue within the constraints of the available funding, the reduced allocation may limit the entity's capacity to enhance operational efficiency and expand its services, ultimately affecting its ability to close the tax gap and improve compliance.

Objectives	Full Time Equivalents	MTEF PERIOD			2025/26 (R'000)			
		Budget 2025/26	Budget 2026/27	Budget 2027/28	Q1	Q2	Q3	Q4
Provide Clarity & Certainty of tax obligations	111	193,703	200,801	208,441	48,426	48,426	48,426	48,426
Personnel Expenditure		146,635	153,172	159,280	36,659	36,659	36,659	36,659
Information and Communication		15,266	16,756	18,461	3,817	3,817	3,817	3,817
Physical Facilities		10,538	11,410	12,476	2,634	2,634	2,634	2,634
Other Cost: Related to Revenue Collection		11,652	11,269	11,479	2,913	2,913	2,913	2,913
Other Cost: Statutory		3,632	3,797	3,968	908	908	908	908
Other Variable Support		2,840	2,645	2,776	710	710	710	710
Capex- Business as usual		3,140	1,752	-	785	785	785	785
Projects								
Make it Easy for Taxpayers & Traders to Comply & fulfill their obligations	5,379	4,373,728	4,567,645	4,754,529	1,093,432	1,093,432	1,093,432	1,093,432
Personnel Expenditure		2,872,637	3,003,663	3,140,849	718,159	718,159	718,159	718,159
Information and Communication		710,424	779,144	858,917	177,606	177,606	177,606	177,606
Physical Facilities		485,462	527,215	579,866	121,366	121,366	121,366	121,366
Other Cost: Related to Revenue Collection		61,989	75,845	73,503	15,497	15,497	15,497	15,497
Other Cost: Statutory		36,065	37,735	39,360	9,016	9,016	9,016	9,016
Other Variable Support		54,970	59,140	62,035	13,743	13,743	13,743	13,743
Capex- Business as usual		152,181	84,902	-	38,045	38,045	38,045	38,045
Projects				-	-	-	-	-
Detect Tax payer sand Traders who do not comply and make non-compliance hard and costly	4,217	4,719,841	4,895,032	5,121,282	1,179,960	1,179,960	1,179,960	1,179,960
Personnel Expenditure		3,188,000	3,334,338	3,491,511	797,000	797,000	797,000	797,000
Information and Communication		555,253	609,673	671,435	138,813	138,813	138,813	138,813
Physical Facilities		364,926	396,132	435,579	91,231	91,231	91,231	91,231
Other Cost: Related to Revenue Collection		416,640	416,950	447,849	104,160	104,160	104,160	104,160
Other Cost: Statutory		27,489	28,731	30,118	6,872	6,872	6,872	6,872
Other Variable Support		48,228	42,647	44,790	12,057	12,057	12,057	12,057
Capex- Business as usual		119,306	66,561	-	29,827	29,827	29,827	29,827
Projects			-	-	-	-	-	-
Develop a high performing, diverse, agile and engaged work force towards high value knowledge and service work	655	788,556	827,821	859,336	197,139	197,139	197,139	197,139
Personnel Expenditure		510,477	532,911	552,727	127,619	127,619	127,619	127,619
Information and Communication		104,093	114,417	125,942	26,023	26,023	26,023	26,023
Physical Facilities		66,718	72,414	79,558	16,679	16,679	16,679	16,679
Other Cost: Related to Revenue Collection		20,855	22,337	23,120	5,214	5,214	5,214	5,214
Other Cost: Statutory		5,506	5,752	6,010	1,376	1,376	1,376	1,376
Other Variable Support		62,377	69,651	71,979	15,594	15,594	15,594	15,594
Capex- Business as usual		18,531	10,339	-	4,633	4,633	4,633	4,633
Projects			-	-	-	-	-	-
Expand and Increase the use of DATA to improve integrity, derive insight & improve outcomes	671	993,565	1,039,420	1,081,832	248,391	248,391	248,391	248,391
Personnel Expenditure		729,197	761,746	792,546	182,299	182,299	182,299	182,299
Information and Communication		148,469	164,833	180,098	37,117	37,117	37,117	37,117
Physical Facilities		61,012	66,313	72,822	15,253	15,253	15,253	15,253
Other Cost: Related to Revenue Collection		8,391	9,237	9,016	2,098	2,098	2,098	2,098
Other Cost: Statutory		4,530	4,733	4,945	1,133	1,133	1,133	1,133
Other Variable Support		17,795	18,307	19,206	4,449	4,449	4,449	4,449
Capex- Business as usual		18,984	10,591	-	4,746	4,746	4,746	4,746
Projects		5,187	3,660	3,198	1,297	1,297	1,297	1,297
Modernize our systems to provide digital & streamlined services	514	861,110	860,979	885,695	215,277	215,277	215,277	215,277
Personnel Expenditure		520,392	544,095	568,871	130,098	130,098	130,098	130,098
Information and Communication		136,672	152,484	166,186	34,168	34,168	34,168	34,168
Physical Facilities		45,193	49,108	54,068	11,298	11,298	11,298	11,298
Other Cost: Related to Revenue Collection		7,114	7,320	7,377	1,779	1,779	1,779	1,779
Other Cost: Statutory		3,381	3,532	3,690	845	845	845	845
Other Variable Support		8,158	7,659	8,032	2,040	2,040	2,040	2,040
Capex- Business as usual		14,542	8,113	-	3,635	3,635	3,635	3,635
Projects		125,657	88,668	77,470	31,414	31,414	31,414	31,414
Drive greater resource stewardship to ensure the efficient use of resources, and deliver quality outcomes & performance excellence	1,170	1,448,086	1,475,165	1,517,376	362,021	362,021	362,021	362,021
Personnel Expenditure		895,354	936,398	981,609	223,838	223,838	223,838	223,838
Information and Communication		172,761	189,966	208,923	43,190	43,190	43,190	43,190
Physical Facilities		127,514	136,647	146,412	31,879	31,879	31,879	31,879
Other Cost: Related to Revenue Collection		22,675	32,819	28,905	5,669	5,669	5,669	5,669
Other Cost: Statutory		7,971	8,327	8,700	1,993	1,993	1,993	1,993
Other Variable Support		49,918	54,604	57,259	12,480	12,480	12,480	12,480
Capex- Business as usual		33,101	18,467	-	8,275	8,275	8,275	8,275
Projects		138,792	97,937	85,568	34,698	34,698	34,698	34,698
Work with, and through Stakeholders to improve the tax system	69	122,595	122,601	125,313	30,649	30,649	30,649	30,649
Personnel Expenditure		72,444	75,657	78,587	18,111	18,111	18,111	18,111
Information and Communication		9,699	10,660	11,734	2,425	2,425	2,425	2,425
Physical Facilities		8,194	8,717	9,206	2,048	2,048	2,048	2,048
Other Cost: Related to Revenue Collection		9,095	8,826	8,988	2,274	2,274	2,274	2,274
Other Cost: Statutory		3,299	3,448	3,604	825	825	825	825
Other Variable Support		4,116	4,468	4,689	1,029	1,029	1,029	1,029
Capex- Business as usual		1,952	1,089	-	488	488	488	488
Projects		13,796	9,735	8,506	3,449	3,449	3,449	3,449
Build public trust and confidence in the tax administration system	207	385,238	400,155	414,752	96,309	96,309	96,309	96,309
Personnel Expenditure		257,230	268,638	279,039	64,308	64,308	64,308	64,308
Information and Communication		34,439	37,850	41,665	8,610	8,610	8,610	8,610
Physical Facilities		29,093	30,953	32,689	7,273	7,273	7,273	7,273
Other Cost: Related to Revenue Collection		32,292	31,338	31,914	8,073	8,073	8,073	8,073
Other Cost: Statutory		11,712	12,244	12,797	2,928	2,928	2,928	2,928
Other Variable Support		14,615	15,864	16,648	3,654	3,654	3,654	3,654
Capex- Business as usual		5,856	3,267	-	1,464	1,464	1,464	1,464
Projects		-	-	-	-	-	-	-
Total	12,993	13,886,421	14,389,617	14,968,556	3,471,605	3,471,605	3,471,605	3,471,605

Table 4: Expenditure estimates

Headcount projection over the medium term

Employee Group	Dec 2024	2025/26	2026/27	2027/28
Permanent	12016	12016	14147	14 261
Contact	32	29	29	29
Trainees	69	100	100	
Short-term Contact workers	876			
	12 993	14 217	14 276	14 290

Table 5: Headcount Projection

Risks to performance and their mitigations

#	Risk Descriptions	Risk Implications	Risk Mitigations
1.	Erosion of social cohesion impacts compliance Illicit trade » General crime and corruption » Cross border criminal syndication » Low economic growth » High unemployment » Poverty and inequality	Inability to meet our strategic intent of voluntary compliance ultimately affecting our mandate objectives	» Detect and appropriately respond to all forms of non-compliance (SO3) » Build public trust and confidence in the tax administration (SO9) » Position SARS as the employer of choice by ensuring a high performing, engaged and evolved workforce through a differentiated employee value proposition (SO4) » Reimagine SARS as a smart digital tax administration platform, embedded in data science, artificial intelligence and enabled by smart technologies (SO5 & 6) » Build a business case for a differentiated funding model for SARS as government's preferred least cost funder (SO7).
2.	Growing tax gap	Limited ability to collect all revenues that are due and improve compliance	
3.	Competition for scarce critical skills	Inability to attract and retain high end skills	
4.	Rapid technological change and artificial intelligence	SARS is unable to technologically keep up with ecosystem role players leading to suboptimal customer and employee experience and proliferation of cyber security risks.	
5.	SARS underfunded - impacting on our legal mandate	SARS is unable to fully meet its mandate objectives	

Table 6: Key risks to performance

PART D: TECHNICAL INDICATOR DESCRIPTIONS (TID)

Outcome: Increased voluntary compliance

Printed revenue estimates are met

Indicator title	Revenue collected as a percentage of estimates as agreed with the Minister of Finance
Definition/purpose	This indicator serves to track the revenue collected by SARS from tax, customs and excise activities. The indicator is one of the proxies for measuring tax compliance and considers all debt collected.
Source of data	SARS core systems.
Method of calculation	Tax and customs revenue from all types of tax-generating activities net of refunds divided by the relevant net revenue estimate x 100.
Assumptions	Revenue estimates are set by the Minister of Finance through the Budget and MTBPS and are susceptible to economic performance and change in tariffs set by the Department of Trade, Industry and Competition in accordance with International Trade Agreements. The numbers reported are preliminary until the Auditor-General 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

Voluntary tax compliance has increased

Indicator title	Voluntary Compliance Index (VCI)
Definition/purpose	This indicator measures the level of compliance of the tax register. The index will aggregate the four tax-compliance clusters (registration, declaration, filing, and payment) to give a composite score.
Source of data	Data is extracted from Compliance Evaluation Monitoring Information System (CEMIS).
Method of calculation	Compliance index = $0.05R + 0.41F + 0.15D + 0.39P$ Where the prefixes represent the percentage weights; R = Registration Compliance (5%), D = Declaration compliance (15%), F = Filing compliance (41%) and P = Payment compliance (39%). The calculations of the base indicators (registration, filing, declaration, and payment) are contained in operational documents.
Assumptions	Refer to operational documents.
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Enterprise Compliance Unit

Trade facilitation has improved

Indicator Title	Trade Facilitation Index (TFI)
Definition / Purpose	This indicator tracks the extent to which SARS is facilitating trade.
Source/Collection of data	World Trade Agreements SARS Customs systems Internal working documents.
Method of calculation	<p>The survey assesses the overall scores of 10 dimensions with 2 items per TFI, except for Indicator 3 (Appeals procedures) and Indicator 4 (Fees and charges). It employs a 5-point Likert scale, from 1 (strongly disagree) to 5 (strongly agree), with a "Not Applicable" option for traders not exposed to certain elements of the trade facilitation process.</p> <p>The maximum score any item could achieve is a 5. Therefore, the score for each TFI was calculated by summing the scores for each item and dividing that by the sum of the maximum score for each item. Thus,</p> $TFI(k) = \frac{\sum_{i=1}^n x_i}{\sum_{i=1}^n \max(x_i)}$ <p>Where k=1-10, x_i is the score for item i, $\max(x_i) = 5$ and n = 2 or 3</p> <p>The overall TFI score is calculated by averaging the scores of the ten TFIs. Thus,</p> $Overall\ TFI\ score = \frac{\sum_{k=1}^{10} TFI(k)}{10}$
Data limitations / assumptions	Refer to operational documents
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually & quarterly
Desired performance	An actual achievement higher than target.
Indicator responsibility	Customs Border Operations

Outcome: Enhanced taxpayer experience

Customer satisfaction has improved

Indicator Title	Customer Satisfaction Score (CSS)
Definition / Purpose	This indicator seeks to gauge the experience of taxpayers and traders after interacting with SARS.
Source/Collection of data	Ongoing survey results are collated and analysed by SARS.
Method of calculation	Weighted average of the survey results based on scoring allocated to each question on the questionnaire x number of respondents.
Data limitations / assumptions	Coverage/sample sizes and response rates.
Type of indicator	Efficiency
Calculation type	Non-cumulative
Reporting cycle	Annually & quarterly
Desired performance	An actual achievement higher than target.
Indicator responsibility	Taxpayer and Trader Education

Service charter commitments are met

Indicator Title	Service Charter Index
Definition / Purpose	To track how SARS is meeting its commitments in the published Service Charter.
Source/Collection of data	SARS core systems, Tax Ombud
Method of calculation	The score is derived from the categories in the published Service Charter and weighted to arrive at a composite score.
Data limitations / assumptions	The below Service Charter components are not measured: <ol style="list-style-type: none"> SARS Mandate Strategic Objectives Taxpayer rights and obligations
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Taxpayer Service Charter Unit

Intermediary satisfaction has improved

Indicator Title	Intermediary Satisfaction Index
Definition / Purpose	This indicator seeks to gauge the experience of intermediaries after interacting with SARS.
Source/Collection of data	External sourcing of data. Analysis is done by SARS
Method of calculation	Weighted average of the survey results based on scoring allocated to each question on the questionnaire x number of respondents.
Data limitations / assumptions	Coverage/sample sizes and response rates.
Type of indicator	Efficiency
Calculation type	Non-cumulative
Reporting cycle	Annually & quarterly
Desired performance	An actual achievement higher than target.
Indicator responsibility	Taxpayer and Trader Education and Stakeholder Relations

Outcome: Enhanced employee experience

Employee engagement has improved

Indicator Title	Employee Engagement Index
Definition / Purpose	To monitor the extent to which employees feel valued and involved in their everyday work. Staff that is valued and engaged is more committed and better affiliated to the SARS employer brand.
Source/Collection of data	A staff survey carried out by an independent company
Method of calculation	The Employee Engagement survey is undertaken every 18 months or twice during a three-year cycle.
Data limitations / assumptions	Suspended employees and those whose access have been revoked on the SARS network are excluded. Employees who have not completed a full month in SARS' employment by the time of the survey deployment are excluded.
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Every 18 months / twice in three years (index) Quarterly and annually for mitigating interventions
Desired performance	An actual achievement higher than target.
Indicator responsibility	Employee Engagement Unit

Attainment of targets in line with the Employment Equity Plan

Indicator Title	Employment Equity Plan scores
Definition / Purpose	To gauge how adequately SARS is reflecting 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	Racial Equity: Total African, Indian, and Coloured employees as a percentage of total headcount. Gender Equity: Total female employees in managerial to executive roles (from Junior Management to –Executive Level bands) as a percentage of total employees in those roles (on Grade 6 to 9B). Disability Equity: Total disabled employees (per SARS' definition) as a percentage of total headcount. Detailed calculations are contained in operational documents.
Data limitations / assumptions	Disability is defined and measured in line with the provisions laid out in the Employment Equity Act. Excludes foreign nationals and Office of the Tax Ombud employees.
Type of indicator	Equity
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Employee Relations

Improved integrity

Indicator Title	% improvement on Integrity Index
Definition / Purpose	To gauge the extent to which SARS is promoting integrity behaviour amongst its staff and underpin the ethos of zero tolerance to unethical conduct, fraudulent and corrupt activities
Source/Collection of data	SARS governance and anti-corruption systems
Method of calculation	<p>% point increase =</p> <p>Integrity index for current year less Integrity index in prior period. The Integrity Index is calculated with the following formula:</p> <p>Integrity Index = $0.25A + 0.45C + 0.30P$, where</p> <p>The numerical values represent dimension weights,</p> <p>A = Authenticity (25% weight),</p> <p>C = Competencies of integrity (45% weight); and</p> <p>P = Pillars of integrity (30% weight).</p> <p>The dimensional scores used in the formula (of Authenticity, Competencies of integrity, and Pillars of integrity) are expressed as percentages.</p>
Data limitations / assumptions	Refer to operational documents.
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually & quarterly
Desired performance	An actual achievement higher than target.
Indicator responsibility	Anti-Corruption and Integrity Unit

Employees for the future world of work are developed

Indicator Title	PCCM Frameworks developed and approved
Definition / Purpose	To define the functional activities per People Capability and Career Management (PCCM) level, assigning technical and behavioural competencies and assigning four components of competence.
Source/Collection of data	Approved PCCM framework and HR systems data
Method of calculation	Count of number of job families where PCCM frameworks were completed as per target
Data limitations / assumptions	None
Type of indicator	Quantitative
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Capacity Building and Transformation

Indicator Title	PCCM Frameworks implemented
Definition / Purpose	Curriculum is designed, developed, assessments completed, and staff have written the knowledge and summative assessments.
Source/Collection of data	HR learning systems data
Method of calculation	Count the number of training programmes implemented as per target
Data limitations / assumptions	None
Type of indicator	Quantitative
Calculation type	Non-cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Capacity Building and Transformation

The leadership system is strengthened

Indicator Title	% of leadership strengthening programme implemented
Definition / Purpose	SARS is intentional about strengthening its leadership bench. The leadership development programme will be the main conduit through which the embedding will be carried out.
Source/Collection of data	The SARS leadership programme
Method of calculation	Number of milestones achieved to date as a percentage of the total number of milestones or targets on the programme.
Data limitations / assumptions	None
Type of indicator	Quantitative
Calculation type	Non-cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Talent Management & Career Development

Outcome: Streamlined internal processes and improved operational efficiency

Process efficiency has improved

Indicator Title	Process Efficiency Index
Definition / Purpose	Process efficiency is a key component in process modelling. Simply defined, efficiency is the ratio of outputs to inputs, or how well a process uses its resources to achieve its goals. In SARS context, process efficiency seeks to measure how well the processes employed by SARS are yielding desired results in meeting stakeholder and customer needs.
Source/Collection of data	SARS core systems Research documents for developing the measure Approved annual process improvement plan
Method of calculation	Year 1: Calculation not applicable. Target is to develop a baseline. Year 2 onwards: Calculation basis to be determined once a baseline is established.
Data limitations / assumptions	To be ascertained when baseline has been established.
Type of indicator	Efficiency
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Achievement of the set target
Indicator responsibility	Process, Design and Engineering

3rd-party data submission compliance is improved

Indicator Title	% of submission compliance achieved for 3rd Party Data Sources
Definition / Purpose	This measure seeks to ensure the achievement of submission compliance to increase, expand and institutionalise the use of data for data-driven risk detection, enablement of new tool sets such as graph database technologies and an end-to-end analytics platform that enables a more automated, less labor-intensive creation of ML models, encompassing deep learning and seamless integration with Large Language models.
Source/Collection of data	External Data Providers
Method of calculation	Submission compliance is calculated, monitored and managed through the "Daily Submissions Barometer and Variance Reports".
Data limitations / assumptions	Submissions are ringfenced to approved and registered third-party data providers, obligated to report financial information to SARS in accordance with the Tax Administration Act 2011 (TAA).
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Enterprise Data Management

Unqualified audit opinion received from the Auditor-General (AG) on both Own Accounts and Revenue Accounts

Indicator Title	Unqualified Audit Opinion from the AG
Definition / Purpose	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 (Auditor-General decides on scope and methodology)
Data limitations / assumptions	Per Auditor-General reports
Type of indicator	Governance
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Unqualified audit report
Indicator responsibility	CFO

Outcome: Maximised long-term sustainability

Long-term average Tax Buoyancy

Indicator Title	5-year average Tax Buoyancy
Definition / Purpose	Tax buoyancy measures the responsiveness of growth in tax revenue to the growth in the economy, as measured by its Gross Domestic Product (GDP) for a specific year. It measures how sensitive the tax system is to fluctuations in economic activity. An achievement of one or greater is desirable.
Source/Collection of data	Internal Sources: <ul style="list-style-type: none"> SARS core revenue systems External sources (list not exhaustive): Statistics South Africa (Stats SA) reports World Bank reports South African Reserve Bank (SARB) reports
Method of calculation	5-year average tax buoyancy = The sum of yearly tax buoyancy ratios over the past 5 years divided by 5. Wherein the yearly tax buoyancy ratio is determined as follows; $\frac{\% \text{ change in gross tax revenue collected for the reporting year}}{\% \text{ change in GDP for the same period}} \times 100$
Data limitations / assumptions	In the event of unavailability of final GDP growth rates at the time of the AGSA's audit and/or reporting, the forward-looking GDP growth rate estimates that StatsSA releases in the 1st quarter will be used for the most recent year in the 5-year cycle. GDP numbers are subject to updates, revisions and rebasing by Stats SA as explained on the National Accounts
Type of indicator	Efficiency
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Revenue Management

Digital platforms availability for taxpayers and traders

Indicator title	% of planned capacity to be available for mission critical systems
Definition/purpose	To monitor the availability of digital platforms (e-channels) for e-Filing, business-to-business gateway, Declaration Processing Systems, Cargo Processing Systems, and Customs Electronic Data Interchange. This measure gauges the availability of SARS' digital platforms, which enable taxpayers and traders to transact optimally and to submit returns to honour their commitments.
Source 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>Actual hours in a specific month - Unplanned Downtime or Outage</p> <p>% Availability of mission critical systems =</p> <p>(Uptime of mission critical system)/(Uptime of mission critical system + Downtime of mission critical systems) x 100</p> <p>Further detailed calculations are available in the internal business rules document.</p>
Data limitation/assumptions	Contained in the internal business rules document
Type of indicator	Output
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Technology & Solutions Delivery

Security of taxpayer and trader information and interactions via digital platforms

Indicator title	Number of information security breaches on digital platforms from known risks
Definition/purpose	<p>Measures the number of security breaches that occur for all known security risks on SARS' digital platforms. Determines 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 of data	Remedy system reports; native reports from all seven technical controls described in Section 2.4 of the internal business rules document; Cyber Security Operations Centre reports (daily and monthly); IT contract database.
Method of calculation	A count of number of breaches for the period
Data limitation/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

Stakeholder engagements are enhanced

Indicator title	% implementation of Stakeholder Framework as per Annual Workplan
Definition/purpose	This indicator seeks to establish the rate of implementation of the stakeholder framework, which enables improvement of the tax and customs ecosystem (information exchanges, capability etc. as per SARS strategy).
Source of data	Year 1: Research documents, stakeholder framework, implementation plan, Year 2 onwards: implementation plan, any processes, reports, guides supporting the implementation deliverables
Method of calculation	Year 1: No calculation required for developing the framework. Year 2 onwards: $\frac{\text{\# of implemented deliverables}}{\text{Total \# of planned deliverables}} \times 100$
Data limitation/assumptions	Limitations and relevance of global/domestic standards. Leadership commitment, implementation resources
Type of indicator	Activity
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	Target achievement
Indicator responsibility	Corporate & professional Bodies and Stakeholder Liaison

Public Opinion has improved

Indicator Title	Public Opinion Index
Definition / Purpose	To gauge the public's perceptions and attitudes toward tax compliance. This will help SARS to understand the public's attitude toward tax compliance, and to obtain feedback to enable SARS to track and monitor tax compliance over time.
Source/Collection of data	External survey
Method of calculation	Weighted average of the survey results based on scoring allocated to each question on the questionnaire x number of respondents.
Data limitations / assumptions	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