South African Revenue Service

Strategic Plan
2025/26–2029/30

SOUTH AFRICAN REVENUE SERVICE

Strategic Plan 2025/26–2029/30

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ABBREVIATIONS

▶▶	AGSA:	Auditor-General of South Africa
▶▶	AI:	Artificial Intelligence
▶▶	APP:	Annual Performance Plan
▶▶	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 2019
▶▶	CSS:	Customer Satisfaction Score
▶▶	DEIB:	Diversity, Equity, Inclusion, and Belonging
▶▶	EAF:	Energy Availability Factor
▶▶	ETI:	Employment Tax Incentive
▶▶	GDP:	Gross Domestic Product
▶▶	IMF:	International Monetary Fund
▶▶	KPI:	Key Performance Indicator
▶▶	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
▶▶	PIT:	Personal Income Tax
▶▶	SARB:	South African Reserve Bank
▶▶	SARS:	South African Revenue Service
▶▶	SDGs:	Sustainable Development Goals
▶▶	SO:	Strategic Objective
▶▶	TFI:	Trade Facilitation Index
▶▶	TID:	Technical Indicator Descriptor
▶▶	UN:	United Nations
▶▶	VAT	Value-Added Tax
▶▶	VCI:	Voluntary Tax Compliance Index

Foreword by the Minister of Finance

In the past five years, the South African Revenue Service (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 over the past five years despite the difficult operating environment largely occasioned by the Covid-19 pandemic.

This Strategic Plan has been developed in the context of government's three key priorities. These are to:

(a) Drive inclusive growth and job creation.
(b) Reduce poverty and tackle the high cost of living.
(c) Build a capable, ethical, and developmental state.

Government also remains committed to its obligations under the 2030 United Nations Agenda for Sustainable Development at the heart of which are the 17 Sustainable Development Goals (SDGs). The SDGs are an urgent call to action for South Africa to execute the government's priorities, which align with this global initiative.

SDG 17 supports implementing and revitalising 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 strengthening SARS' capacity. Proper resourcing is a priority in building a capable, ethical, and developmental state, which is indeed SARS' "Higher Purpose".

In this vein, this Strategic Plan directs SARS' continuity in the pursuit of a strategic intent of developing a tax and customs systems 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 the collection of 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 Strategic 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 whilst 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 advance the journey of becoming a smart, modern SARS with unquestionable integrity that can be trusted and admired.

A key plank in 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 less than five seconds, and the average turnaround time for paying refunds from 50 days to less than 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 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 because of digital and AI innovation. Criminal syndicates are also exploiting these technologies. The purpose for building a SMART digital-administration platform — embedded in data science, AI, and other enabling technologies — is to foster trust, promote efficiency, and improve transparency. We intend to do this by revolutionising the way taxpayers, traders, and SARS engage to achieve voluntary compliance. AI will play a crucial role in detecting and responding to issues of compliance, by predicting which sectors or entities are at highest risk of non-compliance. This not only protects the country's revenue, but also builds trust in our tax system.

Building a Smart Digital Tax and Customs Administration Platform requires SARS to:

» Prepare and upskill our staff to coexist with AI.
» Establish a unique-digital-identity system to strengthen the integrity of registers and financial transactions in partnership with Other Government Agencies (OGAs).
» Create a comprehensive taxpayer account and a Single Entity Customer View to balance service and enforcement.
» Modernise the case-management system to embed it in data science and AI.
» Embed an "entity-based compliance model" administration platform, a shift from the current declaration-based compliance.
» Build an instant-payment system to enhance financial inclusion and reduce cash transacting in partnership with the South African Reserve Bank (SARB).
» Modernise Value-Added Tax (VAT) administration, including introducing e-Invoicing.
» Modernise customs and excise administration and upgrade 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 to develop a tax and customs system based on voluntary compliance, which will, in turn:

» Improve voluntary compliance.
» Enhance taxpayer experience.
» Increase employee engagement.
» Streamline internal processes and improve operational efficiency.
» Maximise 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 whole of government.

This transformational Strategic Plan informs the Annual Performance Plan (APP) that SARS will submit for the 2025/26 year and subsequent years covered by the Plan.

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. This Plan is dependent on appropriate funding or investment in SARS. This has been a challenge to date.

This is the last Strategic Plan that I submit as the Commissioner of SARS. 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 I have as Commissioner to diligently 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 Strategic 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 that SARS plans to achieve over the period 2025/26–2029/30.

» Is subject to appropriate funding or investment in SARS.

Schalk Human
Chief Financial Officer

Bridgitte Backman
Deputy Commissioner — Corporate and Enterprise Services

Edward Chr Kieswetter
Commissioner and Accounting Officer

Approved by: Enoch Godongwana
Minister of Finance

PART A: SARS MANDATE

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 a signatory guide SARS in carrying out its mandate. Government's policy direction is outlined, for example, in the National Development Plan (NDP), the Medium-Term Development Plan (MTDP), and other relevant policies. Internationally, SARS takes its cue from, among others, Goal 17.1 of the United Nations SDGs, which calls for the strengthening of domestic resource mobilisation. Goal 17.1 includes offering international support to developing countries to improve domestic capacity for tax and other revenue collection. Goal 17.1 spurs SARS to collect revenue to fund critical government programmes to help attain 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 principle that taxpayers and traders form the core of its work. SARS places the rights of taxpayers and traders at the heart of its operations.

Table 1: Taxpayer Rights and Obligations.

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

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

In SARS' 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' prompting to do so.

SARS' work mainly ensures taxpayer compliance. This Strategic Plan explains how SARS will achieve its mandate for the period 2025/26 to 2029/30. The Plan reflects how SARS deliberately positions itself to "win" the must-win battles, which are to:

1. Broaden the tax base.
2. Improve voluntary compliance and fiscal citizenship.
3. Use resources intelligently to achieve more with less.

4. Maintain partnerships within government and with other stakeholders locally and internationally — the "whole-of-government partnership".
5. Build an organisation with integrity that can be trusted and admired.

SARS recognises that to win these battles, it must earn public trust. Empirical evidence has shown that increased trust leads to increased compliance, which translates to increased revenue. This trust is also critical to foster fiscal citizenry, leading to lower costs of collecting revenue for the fiscus.

Embedded in the concept of 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 the organisation's compliance philosophy are:
1. Strategic Objective 1: Provide clarity and certainty to taxpayers and traders.
2. Strategic Objective 2: Make it easy to fulfil tax obligations.
3. Strategic Objective 3: Detect tax evasion and enforce tax law.

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

Our Compliance philosophy drives our compliance model:

Taxpayer approach towards compliance:

▷ Conscious decision not to comply

▷ Does not want to comply

▷ Willing but not always able to comply

▷ Willing to do whatever is necessary

ENFORCE

HIGH

Most taxpayers are honest and want to comply with the greatest of ease and lowest cost

Make aware   **Make easy**

LOW

SARS approach towards compliance:

▷ Enforce the full extent of the law

▷ Detect and deter non-compliance

▷ Provide assistance to comply

▷ Make it easy to comply

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.

SARS will attune its 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, in cases of non-compliance, to 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 comply, and to respond appropriately if non-compliance persists.

SARS Exists to Serve Its Higher Purpose

SARS exists for CITIZENS: SARS enables government to build a capable state that fosters sustainable economic growth and social development that serves the well-being of all South Africans.

As SARS Leadership, we exist for EMPLOYEES: through their daily work, employees find fulfilment of their professional and personal aspirations.

As SARS Employees, we exist for TAXPAYERS: by providing a seamless, transparent, fair, and professional platform to fulfil their obligations.

PART B: SARS STRATEGIC FOCUS

Vision

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

Mission

SARS mission is to collect tax and customs revenue by fostering a high level of taxpayer compliance, facilitating legitimate trade, and building public confidence in SARS through a strong service ethos and professional integrity.

Values

Appreciating that we pursue a Higher Purpose in the service of South Africans, and having committed to fulfil our mission and mandate, we hold the following values dear:
1. Uncompromising regard for taxpayer confidentiality.
2. Unquestionable integrity, professionalism, and fairness.
3. Exemplary public service.
4. Incontestable insights from data and evidence.

Strategic Intent

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

To support this intent, SARS implements nine Strategic Objectives.

Strategic Objectives

Core Business

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

Enabling

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

Relationships

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

How our Higher Purpose, Mandate, Objectives and Core Value Chain are connected and integrated:

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

SARS VALUE CHAIN
(What we Administer)

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

+

STRATEGIC INTENT
(How we Administer)

Build an Administration
Platform based on
Voluntary Compliance

Underpinned by 9 clear
Strategic Objectives

⟫

SARS MANDATE
(The Impact of our Work)

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

MEANS

END

SARS Employs 12993 people across

9 Geographic Regions,
3 Segments which include:

49 Service Centres

40 Ports of Entry
▷ 8 Sea Ports,
▷ 11 Airports and
▷ 21 Land Borders

Figure 2: Connecting our Higher Purpose to our Mandate.

Business Model

The SARS Business Model is the instrument that enables SARS to use the means at its disposal to achieve its ends.

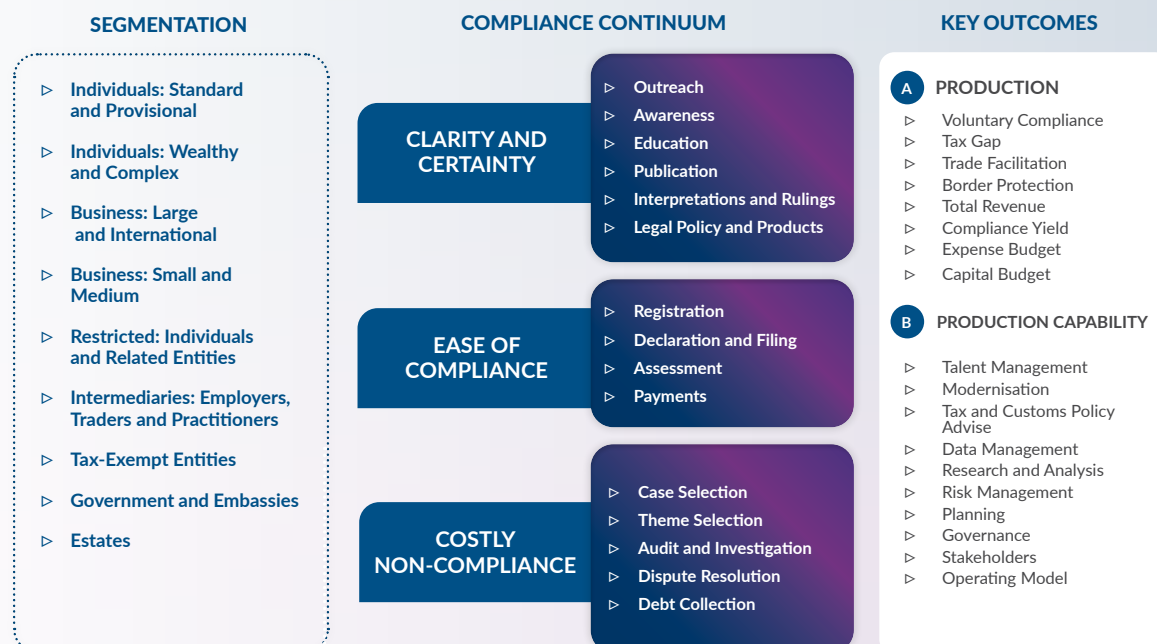**Segmentation is a Key Principle of our Compliance Theory and Model**

SEGMENTATION

▷ **Individuals: Standard and Provisional**

▷ **Individuals: Wealthy and Complex**

▷ **Business: Large and International**

▷ **Business: Small and Medium**

▷ **Restricted: Individuals and Related Entities**

▷ **Intermediaries: Employers, Traders and Practitioners**

▷ **Tax-Exempt Entities**

▷ **Government and Embassies**

▷ **Estates**

COMPLIANCE CONTINUUM

CLARITY AND CERTAINTY
▷ Outreach
▷ Awareness
▷ Education
▷ Publication
▷ Interpretations and Rulings
▷ Legal Policy and Products

EASE OF COMPLIANCE
▷ Registration
▷ Declaration and Filing
▷ Assessment
▷ Payments

COSTLY NON-COMPLIANCE
▷ Case Selection
▷ Theme Selection
▷ Audit and Investigation
▷ Dispute Resolution
▷ Debt Collection

KEY OUTCOMES

A PRODUCTION
▷ Voluntary Compliance
▷ Tax Gap
▷ Trade Facilitation
▷ Border Protection
▷ Total Revenue
▷ Compliance Yield
▷ Expense Budget
▷ Capital Budget

B PRODUCTION CAPABILITY
▷ Talent Management
▷ Modernisation
▷ Tax and Customs Policy Advise
▷ Data Management
▷ Research and Analysis
▷ Risk Management
▷ Planning
▷ Governance
▷ Stakeholders
▷ Operating Model

Figure 3: SARS Business Model.

Situational Analysis

Both external and internal factors present a more challenging operating environment.

External Environment

The assessment of SARS' risks, presented in Part C of this Strategic Plan, reveals that both the external and internal environments are more challenging in comparison to the period covered by the preceding Strategic Plan. Increasingly, the erosion of social cohesion harms compliance as evidenced by illicit trade, transnational crime syndication, and general crime and corruption. These problems contribute to a widening tax gap and discourage voluntary taxpayer compliance. The pressure on revenue collection is 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 Seventh Administration of the South African Government. These priorities are aligned to the goals and objectives of the National Development Plan and Programme of Priorities of the Government of National Unity, and are encapsulated in the Medium-Term Development Plan (MTDP) as:

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

The work of SARS as outlined in this Strategic Plan enables the government to achieve these priorities.

Global Economic Growth

The January 2025 International Monetary Fund World Economic Outlook projects global growth to be 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 US showing robust performance while other regions face challenges. Major concerns include potential intensification of protectionist policies, looser fiscal policy in the US, 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 South Africa's 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 January 2025, SARB reduced the repo rate by 25 basis points, bringing it to 7.50%, bolstered by an inflation rate that slowed to 3% in December 2024, which is below the mid-range of 4.5%. Signs of a growth recovery emerged after weak economic performance through 2023 and the first half of 2024. In the near term, SARB expects output to benefit from a variety of tailwinds, including lower inflation, higher disposable income, and extra spending from pension withdrawals due to the new Two-Pot system. SARB policy 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 930 MW to the grid, with an impressive Energy Availability Factor of 99.95%, and the restoration of Kriel Unit 6, adding 475 MW.

Trade

The inefficiencies at Transnet remain 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 Donald 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 introducing new Digital Service Taxes until a critical mass of countries signs the OECD "Amount A" Multilateral Convention raises concerns for African countries. 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 SARS identified in recent times is the aggressive use of AI, particularly generative AI, by fraudsters. SARS must be exceptionally agile in its response.

Cyber Crime

Cyber insecurity is one of the top-ten risks identified in the World Economic Forum Global Risk Report 2024. Discouragingly, cyber espionage is still one of the risks expected to increase in severity. Cyber security presents opportunities for tax administrations, because well-managed cyber risks and resilience can enhance reputation and reliability.

Internal Environment

SARS Headline Results 2019–2024

Over the past five years, the rebuilding of SARS after state capture has focused on restoring governance, 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 measurable progress and results. However, the journey to becoming a smart, modern SARS with unquestionable integrity that is trusted and admired is a marathon, not a sprint.

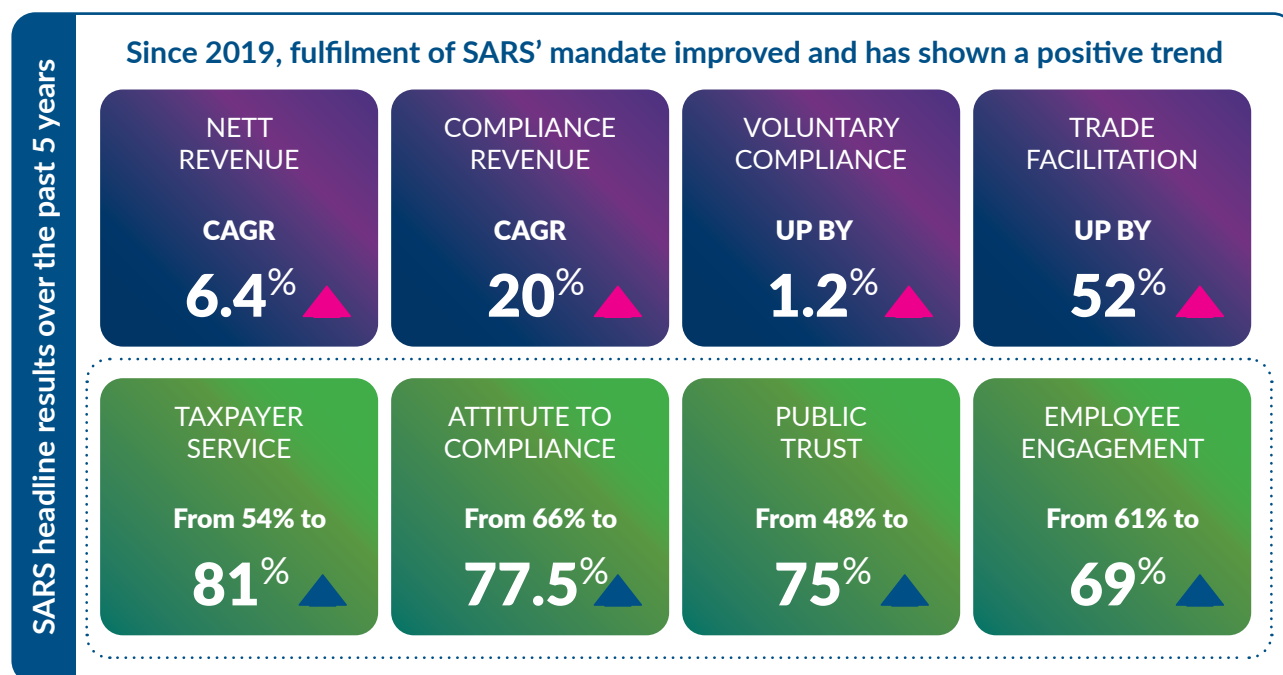Since 2019, the fulfilment of SARS' mandate has improved and shown positive upward trends:

Figure 4: SARS headline results.

During this period, organisational health measures improved:

» Cooperation with OGAs and other stakeholders is healthy as our standing among international peers significantly improved.

» In 2023, 12 805 SARS employees registered an increase in the Employee Engagement Index from 61.6% to 69.4%, despite challenges such as Covid-19 and financial constraints.

» In 2022, SARS was voted the best employer to work for by BCom (Bachelor of Commerce) professionals and, in 2023, it was recognised as the most innovative public-sector organisation as well as the most attractive employer for students of business science.

» The Auditor-General of South Africa (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 R1 billion injection in the 2024 financial year abated the situation, but the need for sustainable funding remains. For example, SARS' caseload has grown by approximately 260% in ten years. Yet, SARS staffing has decreased by approximately 20% and the budget over the same ten-year period has grown by only 3.46%. Funding constraints hamper SARS' ability to make progress on critical work to fulfil its mandate. This includes registering all taxpayers, reducing the tax gap, and combatting syndicated tax crime, which includes illicit financial flows, aggressive tax-planning, and Base Erosion and Profit Shifting (BEPS).

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

What SARS Must 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.
» Optimise 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.
» Ensure that SARS advice results in better outcomes than advice provided by tax professionals.

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

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

The digitalisation of SARS is a necessity. Further digitalisation is needed to optimise operations to enhance the taxpayer experience and drive revenue collection, voluntary compliance, and trade facilitation. 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 using digital technologies to achieve its aspirations.

The Modernisation of SARS
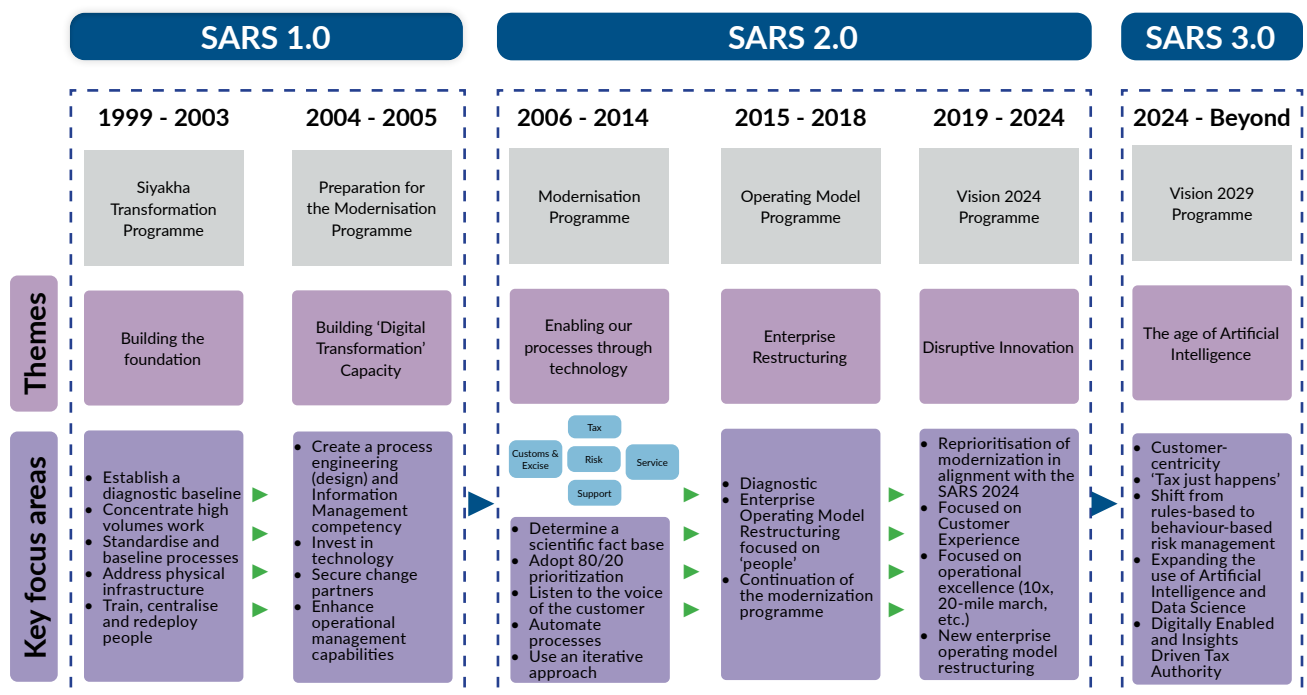
SARS' Journey to Date

Figure 5: Overview of SARS' modernisation.

The modernisation of SARS is not a finite task that can be completed once-off. It should be viewed as an evolution which necessitates the ongoing formulation and review of digital-transformation strategies.

Since 1999, SARS has undertaken two major modernisation efforts, each with distinct 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 rode this wave by focussing on limited digitisation of data, 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 taxpayer experience.

Modernisation 2.0 (2006–present) was triggered by a foundational shift with the introduction of smartphones 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. The depth and scope of data digitalisation increased significantly, transforming a physical taxpayer 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 serving taxpayers in a non-contact and remote world. Since 2022 to the present, SARS has made some progress toward limited AI application and machine learning while preparing for **Modernisation 3.0 (Age of AI)**.
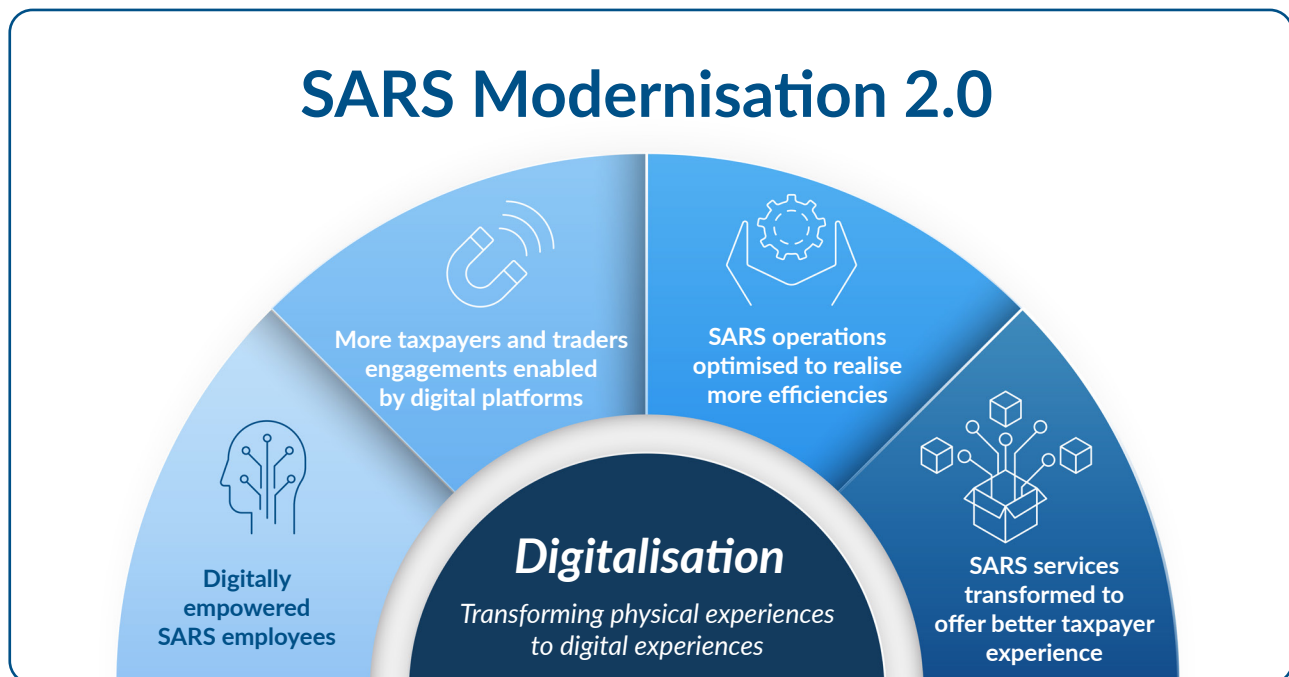
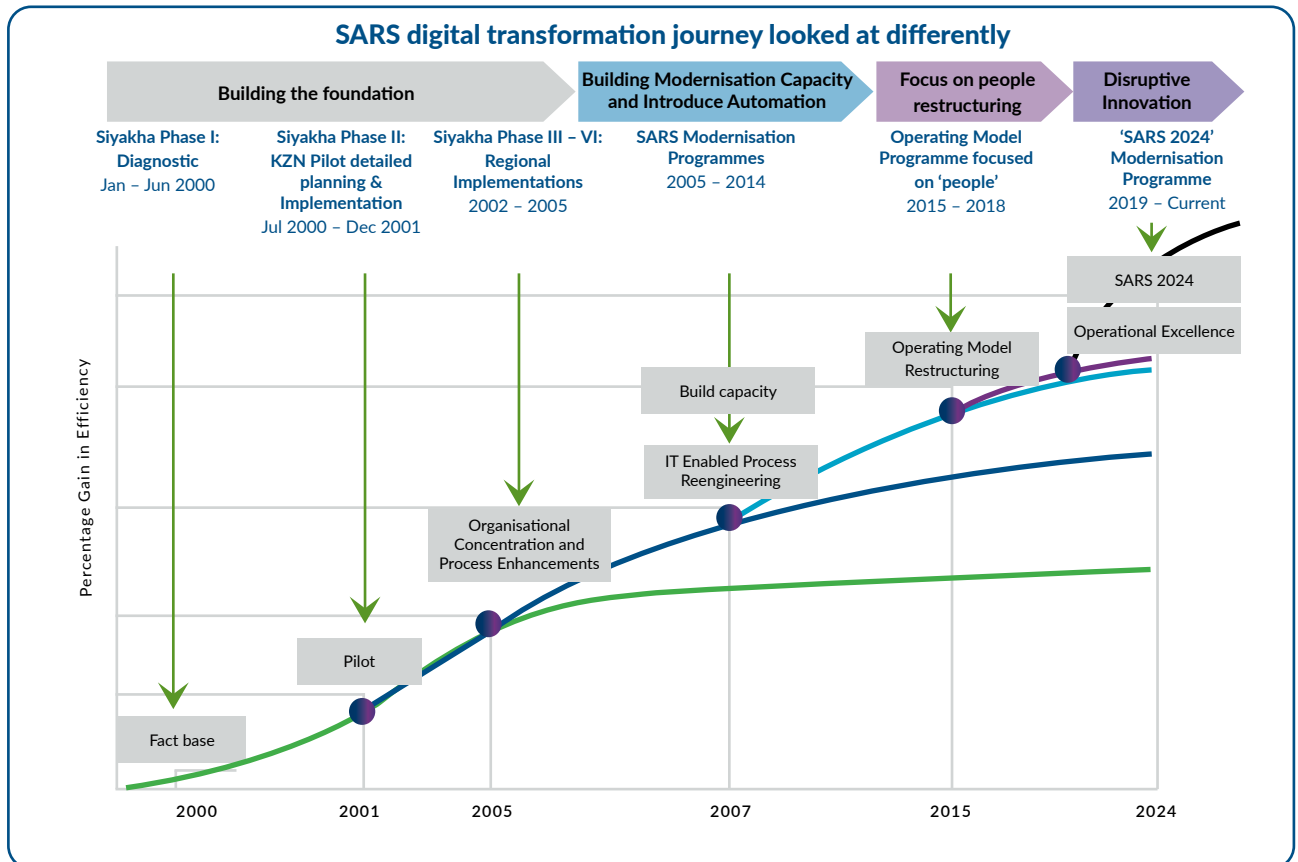

Figure 6: SARS Modernisation 2.0.

SARS digital transformation journey looked at differently

Building the foundation

Building Modernisation Capacity and Introduce Automation

Focus on people restructuring

Disruptive Innovation

Siyakha Phase I: Diagnostic
Jan – Jun 2000

Siyakha Phase II: KZN Pilot detailed planning & Implementation
Jul 2000 – Dec 2001

Siyakha Phase III – VI: Regional Implementations
2002 – 2005

SARS Modernisation Programmes
2005 – 2014

Operating Model Programme focused on 'people'
2015 – 2018

'SARS 2024' Modernisation Programme
2019 – Current

Percentage Gain in Efficiency

SARS 2024

Operational Excellence

Operating Model Restructuring

Build capacity

IT Enabled Process Reengineering

Organisational Concentration and Process Enhancements

Pilot

Fact base

2000   2001   2005   2007   2015   2024

Figure 7: Modernisation journey.

Introducing Modernisation 3.0

Over the next five to ten years, SARS will not only digitise its processes further, but also incorporate AI and data-driven insights into its operations. A technology platform that 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 which harnesses the power of automation, highly skilled personnel, and AI. The use of AI will be ethical and connected to a highly integrated tax and customs ecosystem involving the 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 showing how much the taxpayer must pay, and how the tax due should be paid. In other words, SARS must shift from "doing digital" to being digital.

Secondly, SARS aspires to help modernise the whole of government by collaborating with OGAs to:

» Establish 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 to position SARS as the preferred common disbursement platform.

Modernisation means defining 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, where increasingly 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 and nurture a culture of greater innovation and continuous

learning. On data and technology, we have identified key modernisation initiatives to build a digital tax-administration platform enabled by data, AI, and smart technology.

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 AI in tax administration. Businesses are rapidly evolving, and so are the models to run them. Criminal syndicates are also exploiting new technology.

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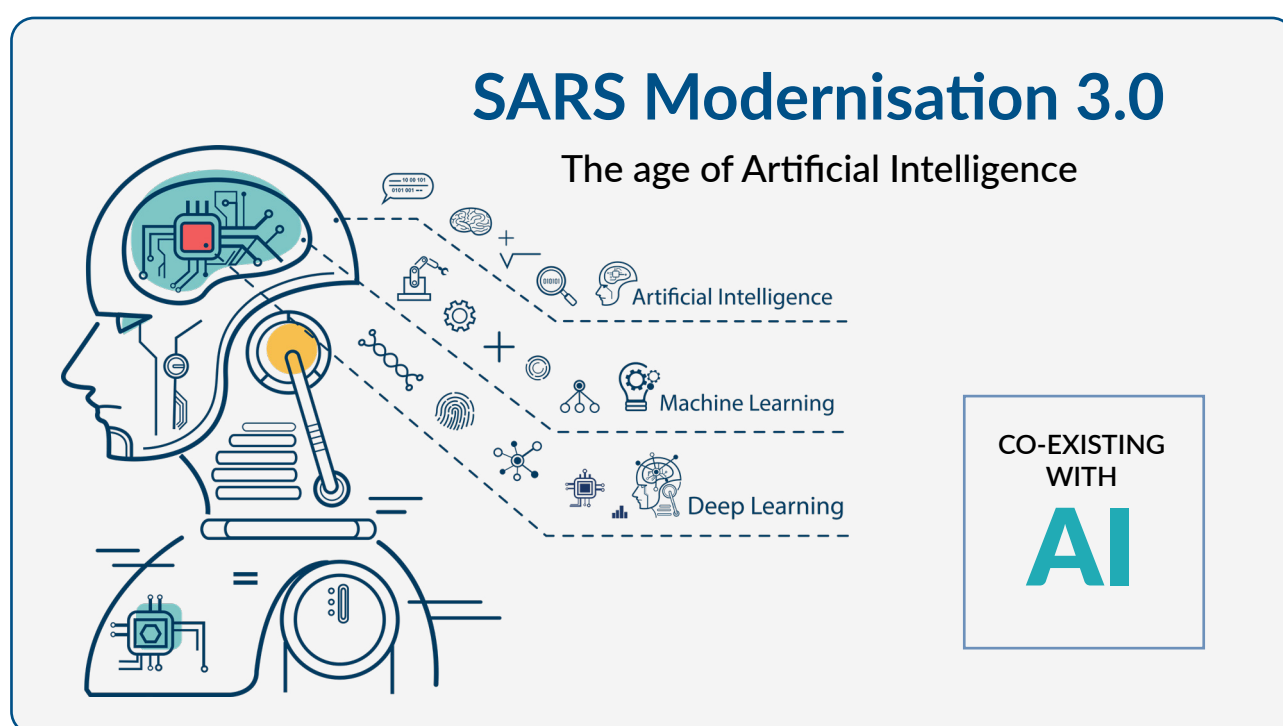

Figure 8: SARS Modernisation 3.0.

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 and 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:

1. Preparing and upskilling staff to co-exist with AI.
2. Unique Digital Identity: strengthening the integrity of registers and financial transactions in partnership with OGAs.
3. Creating a comprehensive taxpayer account (Single Entity Customer View) to balance service and enforcement.
4. Modernisation of the case-management system, which will be embedded in data science and AI.
5. Embedding an "entity-based compliance model" administration platform, improving on the current declaration-based compliance.
6. Building an instant payment system to enhance financial inclusion and reduce cash (partnering with SARB).
7. Modernisation of VAT Administration, including introduction of e-Invoicing.
8. Modernisation of customs and excise administration: accelerate physical and technology infrastructure at ports of entry with OGAs.

The following sections provide an overview of these eight generational initiatives.

1	**Prepare and Upskill 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 human capital management system. SARS aims to transform the organisation and "recode its DNA" by enhancing its corporate-service environment and resolving 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 practice. 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.
2	**Develop 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 tackle these challenges, SARS will collaborate with the Department of Home Affairs, 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, empower individuals and organisations to manage and share their personal information securely, and reduce identity fraud.
3	**Partner 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. Although South Africa has made significant progress in adopting digital payments, certain segments of the economy still rely on cash and are reluctant to adopt digital payments because of high transaction fees, limited payment options, and digital-security concerns. SARS is collaborating with SARB to build an instant-payment system that will enhance economic inclusion and shift society toward 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.
4	**Create 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. This fragmentation leads to poor taxpayer experience and compliance. By consolidating all customer data into a single, comprehensive profile, 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.

5	**Embed the Compliance Model in the Administrative Platform**
	This initiative deals with the challenge of taxpayer non-compliance by applying 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 use; 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.
6	**Modernise VAT systems**
	This initiative aims to enhance the taxpayer experience, facilitate voluntary compliance, and resolve 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 harmonised cross-border trade. This initiative will involve close collaboration with SARB and extensive stakeholder engagement to ensure a smooth rollout over the next five years.
7	**Modernise Case Management**
	The initiative to modernise SARS' Case Management System aims to remove 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.
8	**Modernise Customs & Excise Administration — Work with OGAs to accelerate physical and technology infrastructure at Ports of Entry**
	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 e-commerce, 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 for taxpayers while improving service quality.

Envisaged Future State

The figures that follow illustrate the envisaged future state following Modernisation 3.0. This initiative will benefit taxpayers, traders, employees, government, and citizens.

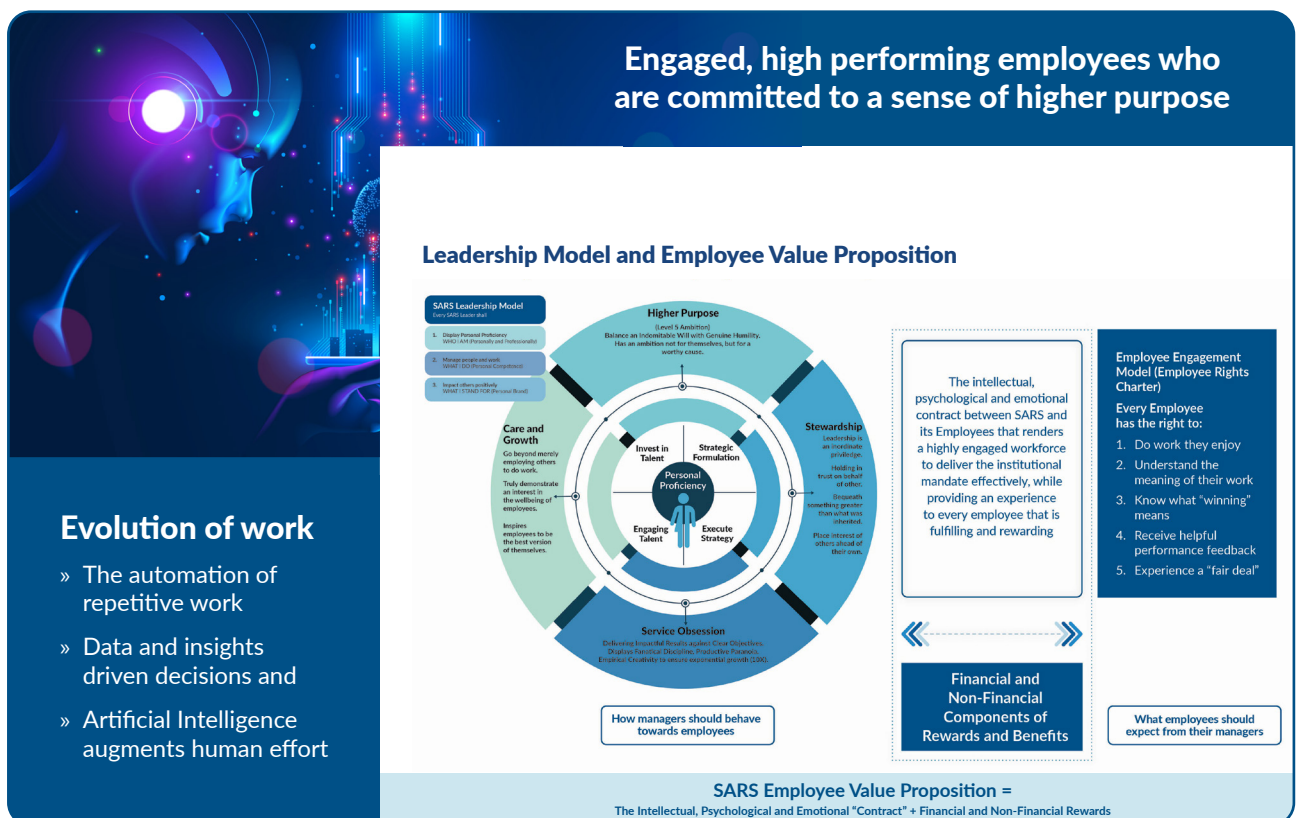*Figure 9: Envisaged experience for taxpayers and traders.*

Figure 10: Envisaged experience for SARS employees.

Figure 11: Envisaged experience for government and citizens.

PART C: MEASURING SARS' PERFORMANCE

Impact Statement

The SARS Strategic Intent is to develop and administer a tax and customs system based on voluntary compliance and, where appropriate, enforce responsibly and decisively.

A smart, digital tax and customs administration built for the future will enable seamless compliance and leads to a happy taxpayer. A balance will be achieved between service and risk, where "tax just happens".

Institutional Performance Information

SARS' Core Outcomes

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

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

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

We refer to these as our Core Outcomes, as detailed below.

Core Outcome 1: Increased Voluntary Compliance

To achieve high levels of voluntary tax compliance, SARS will:
1. Increasingly reward or incentivise good taxpayers for compliance.
2. Simplify laws, policies, and procedures.
3. Educate unaware taxpayers who want to be compliant.
4. Serve willing taxpayers diligently.
5. Reduce the need for service queries and escalations.
6. Prevent disputes rather than resolve them.
7. Differentiate treatment for the most compliant taxpayers.
8. Detect and prosecute non-compliant taxpayers.
9. 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 as to 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; and easy and seamless processes once they enter the tax eco-system.

SARS aims to:
1. Improve its customer satisfaction score.
2. Increase taxpayer-portal usage rate by making it easy and simple to navigate.
3. Improve the real-time Customer Experience Index.

4. Expand online feedback and reviews.
5. Drive Legal Leverage Products to introduce certainty much earlier.
6. Reduce the number of taxpayer complaints.
7. Resolve issues per 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. It aims also to attract experts in data science, AI, and digitalisation. SARS is committed to a cultural transformation that includes:

1. Fostering a culture of collaboration, innovation, continuous improvement, agility, experimentation, and high performance.
2. Developing policies and practices to help SARS transition to an operating model that synthesises people, data science, and enabling technology.
3. Enhancing the Employee Value Proposition programme and rewarding employees based on high performance and the extent to which they embrace data science, AI, and technology.

SARS will seek to:

1. Develop and invest in leaders to lead in a data-driven, technology-enabled environment.
2. Nurture a coaching and mentoring culture to support employees' growth.
3. Embed the Employee Rights Charter.
4. Embed the Leadership Model.
5. Encourage a high-performance culture.
6. Develop a recruitment, retention, and training programme based on the People Capacity Model per job family.
7. Develop and embed the Integrity Programme.

Core Outcome 4: Streamlined Internal Processes and Improved Operational Efficiency

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

SARS will streamline internal processes and improve operational efficiency by:

1. Improving staff productivity ratios.
2. Shifting work from manual processes to automation (including routine tasks).
3. Improving average time to complete key processes (e.g. registration, filing, audits, and refunds).
4. 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, and good governance. It will minimise the incidence of corruption and fraud within and against the organisation.

SARS will seek to:

1. Demonstrate sustainability by providing long-term tax-buoyancy trends.
2. Improve trends in:
   a. Trust of taxpayers and traders.
   b. Employee retention ratio.
   c. Cost-to-revenue ratio (this will initially increase due to investment).
   d. Carbon footprint.
   e. Systems uptime and availability.

SARS will know it is making substantial progress toward achieving its strategic intent and vision when it achieves the following key results against its mandate objectives:

Table 2: Strategic Intent performance measures

Outcome	Key Results	Key Results Indicators	Baselines (2023/24 actual performance)	Five-year Targets (2029/30)
Increased voluntary compliance	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 collected)	100% of net revenue as set by Minister of Finance
	Voluntary tax compliance has increased	Voluntary Compliance Index (VCI) — (%)	63.63%	70.00%
	Trade facilitation has improved	Trade Facilitation Index (TFI) — (%)	71.60%	80.00%

Defining the Nine Strategic Objectives

The nine SARS Strategic Objectives give further expression of the 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 Strategic Intent.

We express each of these nine strategic objectives from two perspectives:
» Desired "user" experience.
» Support of voluntary compliance.

Strategic Objective 1 (SO1): Provide clarity and certainty for taxpayers and traders of their obligations

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

MAKE TAX MATTERS PRIORITY #1
Auto-assessments

Advertisements in various forms of media

SARS At Your Service
FROM 7 JULY 2023

Targeted communication through SMS's

Sub-strategic objectives
» Provide clarity through timely, easily accessible, and understandable guidance to society on tax and customs obligations.

» Achieve greater certainty through the use of leveraged products, rulings, advanced pricing, and co-operative compliance.
» Provide timely notifications and proactive help for taxpayers to find and correct mistakes early.

Strategic Objective 2 (SO2): Make it easy for taxpayers and traders to comply with their obligations

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

Sub-strategic objectives

» Enhance the engagement platform between SARS and taxpayers.

» Expand the number and type of taxpayers for whom tax just happens.
» Empower intermediaries to serve their clients.
» Endeavour to honour all our Service Charter commitments.
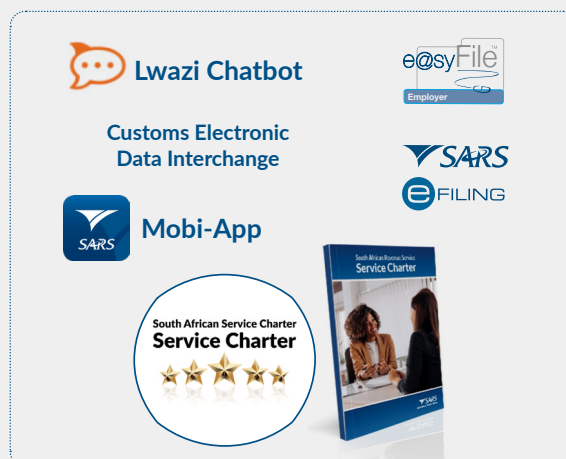
Strategic Objective 3 (SO3): Detect taxpayers and traders who do not comply, making non-compliance hard and costly

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 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 4 (SO4): Develop a high performing, diverse, agile, engaged, and evolved workforce

Our employees consider to be an Employer of Choice and are engaged to deliver the best taxpayer and trader experience characterised by professionalism and actions that are beyond reproach. Tasks have become less administrative, more analytical and service oriented. Our employees easily collaborate to leverage their combined strengths, and we invest in them appropriately and provide them with the right tools for the job. They are able to respond to future demands of the 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 make SARS an employer of choice.
» Transform our workforce diversity, integrity, and professionalism.

Strategic Objective 5 (SO5): Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight, and improve outcomes

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

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.

ARTIFICIAL
INTELLIGENCE
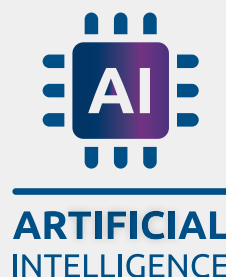
Strategic Objective 6 (SO6): Modernise our systems to provide digital and streamlined online services

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. For our employees, to enable them to deliver world-class and best-in class taxpayer and trader experience and to ensure performance excellence. For our stakeholders, provide access to reports and analysis that enable them to hold us accountable.

Sub-strategic objectives

» Build and enhance our digital tax-administration platform based on data, AI, and other technology.
» Integrate and enable platforms within the broader tax ecosystem.

Strategic Objective 7 (SO7): 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 maximise return without compromising quality and excellence.

Strategic Objective 8 (SO8): 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 the taxpayers and traders, government and the public. We leverage each other's strengths to resolve tax administration challenges and improve voluntary tax compliance. Our interactions and exchanges are formal, professional, and transparent. Intermediaries experience their engagement with us as empowering and enabling, mainly through online digital services.

Sub-strategic objectives

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

Strategic Objective 9 (SO9): 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 always act and do the right thing all the time, we maintain the highest standards of integrity and ethics, we have transparent governance systems and processes, and we have capable and trustworthy leaders. We accept that ultimately, we are accountable to taxpayers, traders, and their representatives, the public and elected public office bearers, whose trust we must earn.

Sub-strategic objectives

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

Measuring the Strategic Objectives

Table 3: Five-year targets for the Strategic Objectives

Outcomes	SO#	Key Results	Key Results Indicators	Baselines (2023/24 actual performance, unless otherwise stated)	Five-year Targets (2029/30)
Enhanced taxpayer experience	SO1	Customer Satisfaction has improved	Customer Satisfaction Score (%)	A new baseline to be established	10.00%-point increase on baseline
	SO2	Service Charter commitments are met	Service Charter Index (%)	81.33%	85.00%
Enhanced employee engagement	SO4	Employee Engagement has improved	Employee Engagement Index (%)	A new baseline to be established	Implementation of 75.00% of Employee Experience interventions
	SO4	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: 84.00%; Gender Equity: 52.37%; Disability Equity: 2.75%
Streamlined internal processes and improved operational efficiencies	SO5	Process Efficiency is improved	Process Efficiency Index (%)	New measure	15.00%-point process improvement on the baseline
	SO7	Unqualified audit opinion received from AGSA on both Own Accounts and Revenue Accounts	Unqualified Audit Opinion from AGSA	Unqualified Audit Opinion	Unqualified Audit Opinion

Outcomes	SO#	Key Results	Key Results Indicators	Baselines (2023/24 actual performance, unless otherwise stated)	Five-year Targets (2029/30)
Maximised long-term sustainability	SO3	Long-term average Tax Buoyancy	5-year average Tax Buoyancy	New Measure	≥1
	SO9	Public Opinion has improved	Public Opinion Index (%)	A new baseline to be established	75.00%

Risks to Performance and Their Mitigations

Table 4: Key risks to performance

#	Risk Description	Risk Implication	Risk Mitigation
1.	Erosion of social cohesion harms compliance. a. Illicit trade b. General crime and corruption c. Cross-border criminal syndication d. Low economic growth e. High unemployment f. 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 an employer of choice by fostering a high-performing, engaged, and evolved workforce through a differentiated employee value proposition (SO4).
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.	» Reimagine SARS as a smart digital tax administration platform, embedded in data science, AI, and other technology (SO5 & 6).
4.	Rapid technological change and AI	SARS is unable technologically to keep up with ecosystem role-players, leading to suboptimal taxpayer and employee experience, and proliferation of cyber-security risks.	
5.	Underfunding of SARS, hindering our legal mandate	SARS is unable to meet its mandate objectives.	» Build a business case for a differentiated funding model for SARS as government's preferred least-cost funder (SO7).

PART D: TECHNICAL INDICATOR DESCRIPTIONS

Indicators for SARS' Strategic Intent

Outcome: Increased voluntary compliance

Printed revenue estimates are met

Indicator title	Net revenue collected as a percentage of estimates as agreed with the Minister of Finance
Definition/purpose	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/collection 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.
Data limitations/assumptions	Revenue estimates are set by the Minister of Finance through the Budget and Medium-Term Budget Policy Statement 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 AGSA 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	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/collection of data	Data is extracted from the 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.
Data limitations/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	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	The survey assesses the overall scores of ten dimensions with two items per TFI, except for Indicator 3 (Appeals procedures) and Indicator 4 (Fees and charges). It employs a five-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. 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, $$FTI\,(k) = \frac{\sum_{i=1}^{n} x_i}{\sum_{i=1}^{n} max(x_i)}$$ Where k=1-10, x_i is the score for item i, max (x_i)= 5 and n = 2 or 3 The overall TFI score is calculated by averaging the scores of the ten TFIs. Thus, $$Overall\,FTI\,score\quad \frac{\sum_{k=1}^{10} TFI\,(k)}{10}$$
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

Indicators for SARS' Strategic Objectives

Outcome: Enhanced taxpayer experience

Customer satisfaction has improved

Indicator title	Customer Satisfaction Score (CSS)
Definition/purpose	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 is 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 & 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. Further detailed calculations are available in the Service Charter methodology and business rules documents.
Data limitations/assumptions	The following Service Charter components are not measured: a. SARS Mandate b. Strategic Objectives c. 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

Outcome: Enhanced employee engagement

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 who are valued and engaged are 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 Index survey is determined 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 or twice in three years for the Index, and annually for the necessary interventions identified in the survey. Quarterly for progress.
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 bands) as a percentage of total employees in those roles (on Grade 6 to 9B). » Disability Equity: total disabled employees 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

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 taxpayer 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 onward: 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	An actual achievement higher than target
Indicator responsibility	Taxpayer Engagement and Operations

Unqualified audit opinion received from AGSA on both Own Accounts and Revenue Accounts

Indicator title	Unqualified Audit Opinion
Definition/purpose	To assess SARS' commitment to maintain and promote good governance in the organisation. It measures compliance levels with all government statutory requirements.
Source/collection of data	AGSA reports
Method of calculation	Not applicable (AGSA decides on scope and methodology)
Data limitations/assumptions	Per AGSA 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	Five-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: » SARS core revenue systems External sources (list not exhaustive): » Statistics South Africa reports » World Bank reports » SARB reports
Method of calculation	Five-year average Tax Buoyancy = The sum of yearly Tax Buoyancy ratios over the past five 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	If final GDP growth rates are unavailable at the time of the AGSA's audit or reporting, the forward-looking GDP growth-rate estimates that Statistics South Africa releases in the first quarter will be used for the most recent year in the five-year cycle. GDP numbers are subject to updates, revisions, and rebasing by Statistics South Africa 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

Public Opinion has improved

Indicator title	Public Opinion Index
Definition/purpose	To gauge the public's perceptions and attitudes 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

Notes