



ANNUAL PERFORMANCE PLAN

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Abbreviations

AGSA	Auditor-General of South Africa
AI	Artificial Intelligence
APP	Annual Performance Plan
ATAF	African Tax Administration Forum
BMA	Border Management Authority
BRICS	Brazil, Russia, India, China and South Africa
CATA	Commonwealth Association of Tax Administrators
CIPC	Companies and Intellectual Property Commission
DHA	Department of Home Affairs
DTI	Department of Trade and Industry
EPMO	Enterprise Project Management Office
FATF	Financial Action Task Force
GDP	Gross Domestic Product
IBSA	India-Brazil-South Africa Forum
MTDP	Medium Term Development Plan
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NPA	National Prosecution Authority
OECD	Organisation for Economic Cooperation and Development
PCCM	People Capability and Career Management
PIT	Personal Income Tax
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARB	South African Reserve Bank
SARS	South African Revenue Service
Stats-SA	Statistics South Africa
TFI	Trade Facilitation Index
TID	Technical Indicator Descriptor
UN	United Nations
VAT	Value Added Tax
WCO	World Customs Organisation
WTO	World Trade Organisation



FOREWORD

FROM THE MINISTER OF FINANCE

The South African Revenue Service (SARS) plays a critical role in safeguarding the nation's fiscal health. Its mandate to collect taxes and facilitate legitimate trade is central to enabling government to deliver on its developmental priorities. Through SARS' revenue collection efforts, our government was able to provide much-needed relief to millions of South Africans and businesses over the years.

Our country continues to navigate an uncertain future resulting from continued and rising geopolitical tensions, while recovering from the brutal global Covid-19 pandemic. We are also grappling with the scourge of illicit economic activities, with an estimated cost to the economy of R700 billion (10% of Gross Domestic Product - GDP) annually. Illicit trade alone costs the fiscus over R100 billion each year. These figures are not abstract, they represent stolen futures, diverted resources, and broken public trust. We must therefore, all unite around efforts to defeat this scourge. Addressing these challenges require coordinated efforts across government agencies, including SARS.

SARS faces the difficult task of collecting the revenue required and ensuring taxpayers and traders comply with the law whilst facing trying and difficult social and economic conditions. I am encouraged, however, by the approach adopted as part of SARS' strategy and plans which aims to balance taxpayer experience with decisive action against non-compliance, thereby fostering a trusted and modern revenue service.

I extend my appreciation to Commissioner Kieswetter as he prepares to conclude his term and pay tribute to his years of service and his contribution to shape the future of SARS. I would like to thank the SARS leadership team and the rest of the SARS employees for their continued dedication to fulfilling the SARS mandate and serving the higher purpose, particularly during some of the most difficult and emotionally trying periods in recent times.

SARS remains a pillar of fiscal strength and a key enabler of South Africa's commitments under the United Nations Sustainable Development Goals. Continued innovation and investment in technology will ensure SARS meets its mandate and supports national development. Whilst much has been achieved, much remains to be done. SARS will, in the coming year, continue its efforts to rebuild and ensure a sustainable system of voluntary compliance in an empathetic way.

I am confident that SARS will continue to deliver on its mandate with integrity and professionalism, and I look forward to the achievements ahead. As the Minister of Finance, it is my pleasure to present SARS' Annual Performance Plan 2026/2027. I look forward to what will be accomplished for the South African community, taxpayers and traders.


Enoch Godongwana
Minister of Finance



MESSAGE FROM THE COMMISSIONER

SARS is continuing its transformation into a smart, modern tax and customs administration with unquestionable integrity, trusted and admired by all. This effort is built on integrity, professionalism, and public trust. With the foundation for Vision 2030 firmly established and early milestones achieved, we enter the 2026/27 financial year focused on deepening our impact. Our commitment to our Higher Purpose remains clear: to enable government to build a capable state that supports inclusive growth and social development. The progress made over the past six years reflects not only our strategic intent but also the dedication of our people and the strength of our partnerships.

Our mandate to collect all revenue due and facilitate legitimate trade remains central to supporting South Africa's fiscal sustainability and developmental priorities. However, we operate in a complex and challenging environment marked by low economic growth, high unemployment, rising inequality, and increasing demands on public services. Illicit financial flows, aggressive tax avoidance, and transnational criminal networks continue to undermine revenue collection and public trust.

Commissions of inquiry, including the recent Madlanga Commission, along with media investigations, have exposed serious governance failures across parts of the public sector. These revelations underscore the importance of institutional integrity and the urgent need for reform. At SARS, we remain steadfast in our commitment to clean governance. We are responding decisively leveraging data science, artificial intelligence, and strategic partnerships to detect and deter non-compliance. Our approach is focused, deliberate, and rooted in our responsibility to serve the public with integrity and professionalism.

The 2026/27 Annual Performance Plan outlines SARS' continued commitment to delivering on its mandate with integrity, professionalism, and purpose. Despite a demanding operating environment, SARS has made significant progress. We exceeded revenue targets, strengthened voluntary compliance, and improved service delivery. The Voluntary Compliance Index rose to 66.87%, and the Service Charter Index reached 86.66%. These results reflect the impact of our modernisation efforts, automating taxpayer services, building a single customer view, and applying advanced analytics and artificial intelligence. They also speak to the dedication of our employees. While we remain mindful of funding constraints and the competition for critical skills, we will continue to advance our work across all nine strategic objectives with focus and resolve.

Preparing for the future

SARS is entering a new phase of its transformation, one that redefines how we serve taxpayers and traders. We are building an intelligent, digital administration platform that integrates data science and artificial intelligence to strengthen compliance, improve efficiency, and ensure transparency.

This platform will enable secure access through a unique digital identity, giving taxpayers and their representatives a consolidated view of their tax accounts. It will support intuitive, self-managed interactions and equip SARS employees with the same tools to resolve matters quickly and accurately.

We are working with the South African Reserve Bank to introduce an instant payment system that improves reconciliation and promotes financial inclusion. Our case management system is being redesigned to automate routine tasks and apply real-time risk profiling, embedded within an entity-based compliance model.

Modernising VAT administration and upgrading customs and excise infrastructure at ports of entry are key priorities. These initiatives will reduce administrative burdens, support legitimate trade, and improve service delivery. This is not just a technology upgrade, it is a shift in how SARS fulfils its mandate. We are building a future-ready administration that is responsive, resilient, and focused on delivering public value. In the future, taxpayers and their authorised representatives will access the SARS Digital Administration Platform using a unique digital identity. Authentication will rely on biometric and two-factor methods to enhance transaction integrity and ensure data accuracy. Once verified, users will have a consolidated view of their tax accounts across all registered products, enabling them to manage their obligations, update information, and track compliance with greater ease.

These initiatives reflect SARS' commitment to building a capable, responsive, and technology-enabled administration. We will continue to work with government departments and private sector partners to accelerate implementation and deliver on our mandate.

As SARS is continuing its transformation journey, our focus is shifting toward a set of strategic programmes that will define how we operate, engage, and deliver public value in the years ahead. These eight generational programmes are not isolated initiatives, they represent a coherent and integrated approach to building a modern, responsive, and technology-enabled tax and customs administration.

These programmes will shape our systems, our people, and our service ethos. They are designed to strengthen compliance, improve taxpayer experience, and ensure that SARS remains a trusted institution in support of national development.

The eight transformational programmes are:

1. Prepare and upskill our staff to coexist with Artificial Intelligence (AI)

- » Aimed at transforming SARS employee community: competent steward leadership and a workforce ready for an Agentic AI future, within a culture of professionalism and integrity beyond reproach.

2. Establish a unique digital identity system

- » Strengthening the integrity of taxpayer and trader identity verification by collaborating with the Department of Home Affairs, SARB, and other stakeholders to reduce identity fraud.

3. Create a comprehensive taxpayer account (single taxpayer entity view)

- » Consolidating taxpayer data into a single view to ensure a seamless service experience, whilst managing risks to the fiscus.

4. Modernising the case management system

- » Incorporating AI and data science to enhance operational efficiency, enabling effective case management and compliance tracking.

5. Embed an “entity-based compliance” model

- » Transitioning from a declaration-based compliance approach to an entity-based model, using advanced analytics to and AI to profile taxpayers and traders for compliance risk and enhance case selection.

6. Build an instant payment system (in partnership with South African Reserve Bank - SARB)

- » Establishing a national instant payment system to facilitate seamless transactions, reducing reliance on cash and improving financial inclusion.

7. Modernise VAT administration

- » Automating VAT administration to reduce administrative burden, enhance service and improve compliance.

8. Modernise Customs and Excise administration

- » Enhancing physical and technological infrastructure at ports of entry to streamline trade processes, improve risk analytics, and reduce inefficiencies.

South Africa’s recent removal from the Financial Action Task Force (FATF) grey list is a positive development. It affirms the country’s progress in strengthening its financial integrity framework and enhances our standing in global markets. While the benefits may not be immediate, this milestone supports investor confidence and reinforces our commitment to transparency and accountability.

In closing, I wish to express my sincere appreciation to the National Treasury for its continued support, and to our stakeholders, partners, and employees for their unwavering commitment and contributions. Your collaboration and dedication are instrumental in shaping a modern SARS that serves the nation with excellence.

**Edward Chr Kieswetter**

SARS Commissioner

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan (APP):

- » 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 2026/27.
- » Is subject to appropriate funding or investment in SARS.



Schalk Human:

Chief Financial Officer



Moyahabo Rampedi:

Head - Enterprise Planning and Reporting



Edward Kieswetter:

SARS Commissioner



Approved by:

Enoch Godongwana:

Minister of Finance

PART | A

THE SARS MANDATE

PART A: THE SARS MANDATE

Legislative and Policy Mandates

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 our borders, and facilitate 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.

Central to achieving our legislative mandate is the appreciation that, as SARS, we exist to serve a **“Higher Purpose”**, to **“enable the government to build a capable state that fosters sustainable economic growth and social development in the interest and well-being of all South Africans”**.

This higher purpose goes beyond just collecting taxes. It’s a reflection on SARS’ commitment to nation-building, social justice, economic development and accountability.

Institutional Policies and Strategies

The National Development Plan (NDP) 2030 continues to shape Government’s policy framework and policy directions. In line with government priorities outlined in the 2024-2029 Medium Term Development Plan (MTDP), SARS will continue to diligently carry out its mandate to collect the revenue required to fund these critical government programmes. We will continue to promote and facilitate legitimate trade through the country’s borders, to help grow the economy and protect it from harmful and illicit trade activities.

We acknowledge, in this plan, that our efforts to carry out the SARS mandate will not be successful if we work in isolation from other key government agencies. A whole of government approach therefore becomes critical in dealing with the scourge of crime and corruption in the country. The work of the following government agencies is therefore important and affect our mandate directly: Department of Home Affairs (DHA), Companies Intellectual Property Commission (CIPC), Department of Trade and Industry (DTI), National Treasury, Department of Justice and Constitutional Development, National Prosecuting Authority (NPA), the Office of the Tax Ombud and the South African Reserve Bank. These departments are important to the overall effectiveness of our operations and our efforts to achieve our modernise initiatives.

We will continue to work with these and other government departments and agencies on many fronts, to improve the overall efficiency and effectiveness of government and promote a whole of government view of its value chain. We also acknowledge that we all operate under increasing resource constraints and that this could affect the progress of our collaborative efforts.

Our international engagements in Tax and Customs administration contribute to the achievement of the following national objectives:

- » Global participation in World Customs Organisation (WCO), World Trade Organisation (WTO), United Nations (UN), G20.
- » Participation in the enhancement of the African Agenda and Sustainable Development in the African Union, and African Tax Administration Forum (ATAF).
- » Participation in strengthening the regional political and economic integration, through WCO ESA, Southern African Customs Union (SACU), Southern African Development Community (SADC).
- » Strengthening the South-South Relations through Indian-Brazil-South Africa Forum (IBSA), Brazil, Russia, Indian China South African (BRICS), Commonwealth Association of Tax Administrators (CATA).
- » Strengthening relations with strategic formations of the North through Organisation for Economic Cooperation and Development (OECD).

How SARS Fulfils its Mandate

We fulfil our 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

In our context, Compliance refers to the degree to which taxpayers and traders fulfill their tax obligations in line with relevant legislation administered by SARS, namely registration, filing, declaration, payment.

Our aim is to always engage with society in a way that earns public confidence and trust, while fostering a willingness to fulfill obligations voluntarily. **Voluntary Compliance** thus refers to society fulfilling their obligations with minimal prompting by SARS. We achieve this when we believe that most taxpayers and traders are honest and simply want to fulfil their obligations with the least amount of effort and cost. We therefore, strive to promote a culture where compliance is viewed as a positive social contribution.

We are mindful that the behaviour of taxpayers and traders may range from willing and intentional compliance to non-compliance largely because of a lack of knowledge or means. We are also aware that some taxpayers and traders consciously choose not to comply and will engage in aggressive planning or even criminal behaviour.

SARS is of the view that at the extremes, a certain number of people will always do the right thing, whilst a certain number will always do the wrong thing. Most people fit between these two extremes, in that they will do the right thing if the circumstances are right for them, but will choose not to comply if they believe they would get away without consequence. SARS will, therefore, seek to move as many taxpayers and traders as possible, up the continuum to be more willing to comply voluntarily.

We will achieve voluntary compliance when everyone is aware of their tax obligations (**clarity and certainty**), it is reasonably easy and less costly to meet these obligations (**ease of compliance**), and when there's a credible threat of detection and consequences for those who do not to comply with their obligations (**detection and costly non-compliance**). To deliver this, we need to build **administrative and institutional capability** that has integrity and serves the public beyond reproach.

Clarity and Certainty

Taxpayers and traders that are aware, clear and certain of their rights and obligations are more likely to comply voluntarily. To the greatest extent possible we endeavour to administer tax and customs laws in a manner that is sufficiently simple, clear and easily understood and applied by taxpayers and traders. We will provide easy to understand and easy to access clarity and guidance to taxpayers and traders, and provide certainty and consistency through prompt rulings, interpretation notes and explanatory guidelines. We will provide leveraged products such as advance pricing agreements and advance rulings to certain segments of taxpayers and traders. We will use the facilities and institutions available to us and the rest of the State to educate taxpayers and traders about their rights and obligations. Educational and awareness initiatives will be attuned to the needs and behaviours of groups of taxpayers and traders based on observations and insights drawn from data. We will pay particular attention to the work we do with and through intermediaries, opinion-makers, influencers, professional bodies and other stakeholders to provide clarity and certainty for taxpayers and traders.

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

Ease of Compliance

We recognise that providing an easily accessible, professional and efficient service promotes voluntary compliance. Our service must enable taxpayers and traders, throughout their life-cycle, to meet their obligations in as fair, easy, cost effective and convenient manner possible. We will provide equitable access to seamless services from registration, filing, declaration, payment and deregistration of taxpayers and traders, using mainly our online self-service channels. Service offerings will be attuned to the needs and behaviours of taxpayers and traders, and where appropriate we will use intermediaries (accredited and certified) to provide services that enable taxpayers and traders to meet their obligations with least effort and cost.

Detection and Costly Non-compliance

The aim of our enforcement activities is to promote fairness and deter non-compliance with tax and customs laws, by creating an environment where a taxpayer and trader's compliance is consistently

monitored. Our actions will be proportional to the level of non-compliance behaviour detected, moving through a continuum of “soft” enforcement to “hard” enforcement. We will build sufficient capabilities and resources (data, intelligence, skills, people, systems) to detect and investigate non-compliance early and communicate promptly with taxpayers and traders when non-compliance is detected. We will give non-compliant taxpayers and traders reasonable time and clear guidance to respond and correct non-compliance, and when this fails, we will have sufficient tools to respond.

We will embark on enforcement campaigns, where we have detected widespread non-compliance in particular forms of economic activity. We will use our Compliance Programme, with all the themes, core tax types, sectors and/or areas we choose to focus on, to leverage our resources and to create clarity, certainty and transparency for taxpayers and traders, as a tool to communicate to taxpayers and traders our observations regarding their compliance behaviours and how we plan to address them.

Institutional Integrity and Capability (effective administration)

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

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

With regards to our interactions with taxpayers and traders, we will do everything permissible, in a fair and courteous manner, to enable them to meet their obligations with ease. We will ensure that adequate measures are taken to ensure efficiency and fairness of our actions, in recognition of the potentially intrusive nature of our enforcement actions. We will ensure that we manage exceptions in a transparent and fair manner.

To live up to our constitutional obligations and our legal mandate, we seek to maximize our performance through prudent and ethical management and deployment of our resources to deliver quality and measurable outcomes. At the heart of our People Philosophy is the recognition that we serve the public collectively through the role we play in the country’s fiscal management and serve the public individually through the day-to-day interactions that we have with them.

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

SARS exists to serve the HIGHER PURPOSE

As SARS, we exist for CITIZENS: Enabling 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 the professional and personal aspirations.

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

Our Strategy over the Five Years

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

The Nine Strategic Objectives:

Strategic Objective 1: 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 Advance Pricing Agreements, advance rulings (inclusive of VAT rulings and binding general rulings) and cooperative compliance programmes.



Strategic Objective 2: Make It Easy For Taxpayers And Traders To Comply With Their Obligations

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



Strategic Objective 3: 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.



Strategic Objective 4: 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.



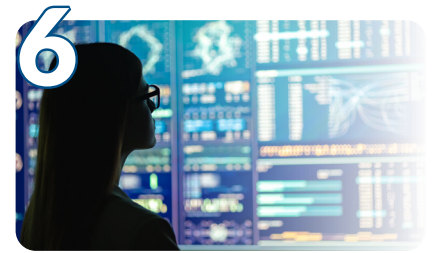
Strategic Objective 5: Increase And Expand The Use Of Data Within A Comprehensive Knowledge Management Framework To Ensure Integrity, Derive Insight And Improve Outcomes

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



Strategic Objective 6: Modernise Our Systems To Provide Digital And Streamlined Online Services

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



Strategic Objective 7: 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.



Strategic Objective 8: Work With And Through Stakeholders To Improve The Tax Ecosystem

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



Strategic Objective 9: 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.



We will continue to deliver on these nine strategic objectives by identifying key result and the associated indicators and measurable targets for each.

SARS Core Outcomes

To further guide the development and implementation of an intelligent data driven, technology enabled tax administration and give effect to our vision of a “smart modern SARS, with unquestionable integrity, trusted and admired” and the drive to deliver on our strategic objectives, we established the six core outcomes described below.

Core Outcome 1: Increased Voluntary Compliance

- » Ensuring more taxpayers comply willingly through clarity, ease of use, and a strong enforcement presence.

Core Outcome 2: Enhanced Taxpayer Experience

- » Improving interactions with taxpayers through digital solutions and better service delivery.

Core Outcome 3: Enhanced Employee Engagement

- » Strengthening internal workforce capabilities and engagement to improve service efficiency.

Core Outcome 4: Streamlined Internal Processes

- » Modernising and automating SARS systems for operational efficiency.

Core Outcome 5: Improved Operational Efficiency

- » Using data-driven insights, AI, and automation to reduce inefficiencies in tax collection and compliance enforcement.

Core Outcome 6: Maximised Long-Term Sustainability

- » Ensuring SARS' financial and operational sustainability to support national economic growth.

PART | B

SARS STRATEGIC FOCUS

PART B: SARS STRATEGIC FOCUS

Situational Analysis

The environment, both external and internal, in which SARS operates continue to be more challenging.

External Environment

SARS operates within a dynamic and challenging external environment that significantly influences its capacity to fulfil its mandate. A comprehensive external environmental analysis reveals several key factors shaping the operating landscape.

Low economic growth, poverty and high unemployment

Continued low economic growth in South Africa, coupled with widespread poverty and high unemployment, especially among the youth, constrain revenue collection, limit growth of the tax base, and amplify fiscal pressures. This challenging environment not only demands that SARS innovate in revenue mobilisation and increase compliance levels amid limited economic expansion but also requires a sensitive approach that acknowledges the socio-economic realities facing many citizens, as increasing demands on public resources must be balanced with its revenue collection responsibilities.

Trade tensions, illicit financial flows, tax evasion and tax avoidance schemes

Rising trade tensions, both globally and regionally, can significantly undermine legitimate trade flows, complicate customs operations, and impact revenue collection from import and export duties. At the same time, transnational illicit financial flows erode the tax base, undermine government revenues and create opportunities for illicit actors to exploit regulatory gaps. This requires SARS to strengthen its detection and enforcement capabilities to combat money laundering, smuggling, and other illegal cross-border financial activities. In this environment, SARS remains agile in facilitating lawful trade while protecting the economy from illicit activities and adapting to shifting trade patterns.

In addition, complex and evolving tax evasion and avoidance schemes (Base Erosion and Profit Shifting, and trade mispricing) continue to pose challenges to SARS compliance efforts. To address these challenges will require SARS to invest in advanced analytics, intelligence gathering, and international cooperation to effectively counteract these threats and ensure compliance, thereby safeguarding South Africa's fiscal integrity.

Rapidly changing technology and growing use of AI

Technological advancements and the adoption of artificial intelligence are transforming tax administration and compliance monitoring. SARS must continue to modernise its systems, leveraging new technologies to enhance service delivery, risk detection, and operational efficiency.

High and growing government debt and corruption

South Africa's high and growing government debt further highlights the critical importance of robust revenue collection. As government debt increases, SARS faces mounting pressure to optimise its operations and ensure efficient tax administration to support fiscal sustainability and maintain the delivery of essential public services. Compounding these fiscal pressures, corruption in government continues to pose a significant threat to public trust and threaten tax moral.

Internal Environment

Consistent over achievement of revenue targets

Over years, SARS has consistently met its revenue targets, with continuous increase in compliance revenue collection, which is consistent with our heightened enforcement efforts.

Improving and growing voluntary compliance

This positive performance trend is reflected in the Voluntary Compliance Index (VCI), which has risen from 62.75% to 66.87% between 2020/21 and 2024/25. While efforts to boost overall compliance are in place, we continue to face considerable challenges in terms of on-time returns submission and tax payment.

Improved service offerings to taxpayers and traders

On a more encouraging note, our initiatives to facilitate trade have yielded substantial results. The trade facilitation index is increasing. There has also been ongoing advancement in service delivery to taxpayers, as demonstrated by the Service Charter Index, which rose from 54.88% to 85.28% between 2020/21 and 2024/25. Notwithstanding this achievement, SARS recognises that focused attention remains necessary for specific service charter pillars, especially on challenges pertaining to the resolution of complaints submitted to the Office of the Tax Ombuds.

SARS remains an employer of choice

Employee engagement within SARS has similarly shown notable progress. The engagement score increased from 61.6% in 2020/21 to 71.0% in 2024/25, exceeding both global and African averages, which stand at 65.0% and 61.2%, respectively. This advancement is testament to SARS being recognised as the most admired employer among young professionals.

Continuing funding challenges

We recognise that all sectors of the economy are facing a difficult fiscal environment, with increasingly limited funding allocation. However, addressing shortages in scarce and critical skills remains a strategic priority and will continue to affect our ability to fully deliver on the SARS mandate.

The Modernisation of SARS

SARS Modernisation Experience Statement

SARS is modernising its **Tax Administration Platform** into an **intelligent digital system embedded with data science and artificial intelligence**. This transformation will foster trust, promote efficiency, and ensure transparency. To enhance service while managing risks, the platform will revolutionise taxpayer and trader interactions with SARS, **driving voluntary compliance**.

In future, taxpayers and their nominated representatives will receive a **unique digital identity**, for secure access to the SARS Digital Administration Platform. Authentication will primarily use biometric and two-factor methods, to strengthen transaction integrity, improve data accuracy, and maintain a single version of the truth. Once verified, users will gain **a comprehensive view of their tax account** across registered products. This will allow for intuitive, self-reliant actions like updating demographic details, checking compliance status, querying accounts, and fulfilling obligations.

To boost taxpayer service, **skilled and professional SARS employees will be empowered** with the same comprehensive account views, to resolve or advance outstanding matters efficiently. SARS will leverage the South African Reserve Bank's initiative for **a cost-effective instant payment system**, aiming to increase financial inclusion, reduce cash circulation, and enhance the national payment system's integrity. At the core is **an intelligent case management system** that supports voluntary compliance, through automating routine tasks, harnessing big data, deploying Agentic AI, and improving taxpayer service and productivity. This includes shifting from declaration-based to real-time risk profiling and case selection, embedded in **an entity-based compliance model within the digital platform**.

The phase for **modernising VAT administration** will focus on connecting SARS across the value chain to every point of sale, with the goal of eventual auto-assessment, similar to that of Personal Income Tax (PIT). This phase will also include minor taxes. SARS will also partner with the Border Management Authority (BMA) to **modernise Customs and Excise**, upgrading both physical and technology infrastructure toward a "no-stop" experience at Ports of Entry. Overall, SARS will collaborate with other government partners to adopt a **"whole of government"** approach and **leverage private sector partnerships** to support, supplement, and accelerate implementation.

These modernisation programmes, together with other strategic interventions, are pivotal in ensuring the ongoing fulfilment of our mandate. The table in Part C below expands on upcoming focus areas, grouped per Core Outcomes.

PART | C

MEASURING SARS' PERFORMANCE

PART C: MEASURING SARS' PERFORMANCE

Institutional Performance Information

OUTCOME 1: INCREASED VOLUNTARY COMPLIANCE							
SOs	Key Results	Key Result Indicators	Baselines (2024/25 performance, unless stated otherwise)	Current and MTEF Targets			
				2026/27	2027/28	2028/29	2029/30
Strategic Intent	Printed revenue estimates are met	Net Revenue collected as a percentage of estimates as agreed with the Minister of Finance	100.48%	100.00%	100.00%	100.00%	100.00%
	Voluntary tax compliance has increased	Voluntary Compliance Index	66.87%	67.00%	68.00%	69.00%	70.00%
	Trade facilitation has improved	Trade Facilitation Index	72.40%	74.00%	76.00%	78.00%	80.00%
	Long-term average Tax Buoyancy	5-year average Tax Buoyancy	2025/26 performance	≥1.00	≥1.00	≥1.00	≥1.00
Strategic Objective 3	Targeted interventions for illicit economic activities	% of milestone achieved	New measure	Illicit Economy Strategic Plan developed and approved	100.00% of milestones achieved (in line with the Illicit Economy Strategic Plan)	100.00% of milestones achieved (in line with the Illicit Economy Strategic Plan)	100.00% of milestones achieved (in line with the Illicit Economy Strategic Plan)
OUTCOME 2: ENHANCED TAXPAYER EXPERIENCE							
SOs	Key Results	Key Result Indicators	Baselines (2024/25 performance, unless stated otherwise)	Current and MTEF Targets			
				2026/27	2027/28	2028/29	2029/30
Strategic Objective 2	Service Charter commitments are met	Service Charter Index	86.66%	89.00%	90.00%	90.00%	90.00%
OUTCOME 3: ENHANCED EMPLOYEE ENGAGEMENT							
SOs	Key Results	Key Result Indicators	Baselines (2024/25 performance, unless stated otherwise)	Current and MTEF Targets			
				2026/27	2027/28	2028/29	2029/30
Strategic Objective 4	Employee engagement has improved	Employee Engagement Index	71.00%	70.00%	Implement 100.00% of Employee Engagement interventions identified	70.00%	Implement 100.00% of Employee Engagement interventions identified
	Attainment of targets in line with the Employment Equity Plan	Employment Equity Plan scores (%)	Racial Equity = 83.15% Gender Equity = 50.92% Disability Equity = 2.55%	Racial Equity = 83.50% Gender Equity = 52.10% Disability Equity = 2.12%	Racial Equity = 83.50% Gender Equity = 52.10% Disability Equity = 2.65%	Racial Equity = 84.00% Gender Equity = 52.37% Disability Equity = 2.75%	Racial Equity = 84.00% Gender Equity = 52.37% Disability Equity = 2.75%
	The leadership system is strengthened	% Improvement in Leadership Evaluation Index (LEI)	86.77%	87.07%	87.37%	87.67%	87.97%

OUTCOME 4: STREAMLINED INTERNAL PROCESSES							
SOs	Key Results	Key Result Indicators	Baselines (2024/25 performance, unless stated otherwise)	Current and MTEF Targets			
				2026/27	2027/28	2028/29	2029/30
Strategic Objective 5	Process efficiency is improved	% of activities migrated into case management system	43.00% of processes migrated and modernised	48.00%	52.00%	56.00%	60.00%
OUTCOME 5: IMPROVED OPERATIONAL EFFICIENCY							
SOs	Key Results	Key Result Indicators	Baselines (2024/25 performance, unless stated otherwise)	Current and MTEF Targets			
				2026/27	2027/28	2028/29	2029/30
Strategic Objective 7	Unqualified audit opinion received from the Auditor- General on both Own Accounts and Revenue Accounts	Unqualified audit opinion with no materials findings from the AG	Clean audit opinion	Unqualified audit opinion with no materials findings	Unqualified audit opinion with no materials findings	Unqualified audit opinion with no materials findings	Unqualified audit opinion with no materials findings
OUTCOME 6: MAXIMISED LONG-TERM SUSTAINABILITY							
SOs	Key Results	Key Result Indicators	Baselines (2024/25 performance, unless stated otherwise)	Current and MTEF Targets			
				2026/27	2027/28	2028/29	2029/30
Strategic Objective 6	Digital platforms availability for taxpayers and traders	% of planned capacity to be available for mission critical systems	99.95%	99.00%	99.00%	99.00%	99.00%
	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
Strategic Objective 8	Collaborative engagements with key stakeholder groups are maintained and enhanced	Number of engagements with key Stakeholder groups	New Measure	12	12	12	12

Table 3: Annual measures and MTEF targets

MODERNISATION PROGRAMME							
SOs	Key Results	Key Result Indicators	Baselines (2024/25 performance, unless stated otherwise)	Current and MTEF Targets			
				2026/27	2027/28	2028/29	2029/30
Strategic Objective 6	Foundational and core modernisation initiatives are implemented	% of milestones delivered per approved modernisation delivery plan	New Measure	90.00%	90.00%	90.00%	90.00%

Table 4: Modernisation Building Blocks- Annual measures and MTEF targets

2026/27 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%	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	67.00%	N/A	N/A	N/A	67.00%
Trade Facilitation Index	74.00%	N/A	N/A	N/A	74.00%
5-year average Tax Buoyancy	≥1.00	N/A	N/A	N/A	≥1.00
% of milestone achieved	Illicit Economy Strategic Plan developed and approved	N/A	N/A	N/A	Illicit Economy Strategic Plan developed and approved
Service Charter Index	89.00%	89.00%	89.00%	89.00%	89.00%
Employee Engagement Index	70.00% score	Research and review the EE methodology.	Draft a project plan for the next survey and obtain approval.	Planning and Customisation for the next Survey Achieve 90% for Planning of Survey	70.00% score
Employment Equity Plan scores	Racial Equity = 83.50% Gender Equity = 52.10% Disability Equity = 2.12%	N/A	N/A	N/A	Racial Equity = 83.50% Gender Equity = 52.10% Disability Equity = 2.12%
% Improvement in Leadership Evaluation Index (LEI)	87.07%	Generate individual reports and circulate previous year's organisational LEI 360 report	Improve the LEI process methodology. Implementation plan developed.	Test and implement system improvements. Compile communication plan	87.07% LEI Score
% of activities migrated into case management system	48.00%	N/A	N/A	N/A	48.00%
Unqualified audit opinion from the AG	Unqualified audit opinion with no material findings	N/A	N/A	N/A	Unqualified audit opinion with no material findings
% 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
Number of engagements with key Stakeholder groups	12	3	3	3	3

Table 5: 2026/27 quarterly targets

2026/27 Annual and Quarterly targets for the Modernisation Programme

Key Result / Output Indicators	Annual targets	Q1	Q2	Q3	Q4
% of milestones delivered per approved modernisation delivery plan	90.00%	20.00%	40.00%	70.00%	90.00%

Table 6: 2026/27 quarterly targets

Resource Considerations

Expenditure estimates over the medium term

During the 2026 MTEF process, SARS submitted a request for a baseline correction in response to the persistent structural underfunding that had built up across successive budget cycles. This request follows years of constrained allocations that resulted in reduced staffing levels, loss of scarce technical skills, and limited ICT investment. Despite the urgent need to restore funding to reflect SARS' actual cost drivers, particularly personnel, ICT, real estate, and utilities, the preliminary allocation for 2026/27 introduces further reductions of R76.6 million, with an additional R157.3 million cut in 2027/28.

This underfunding will impact SARS' ability to fully implement key modernisation and enforcement initiatives, slow down progress on critical digital infrastructure, analytics and AI capability, and frontline capacity needed for combating illicit economic activities. Ultimately, this will affect SARS' capacity to improve administrative efficiency, reduce the tax gap, address tax and customs cross border crime, and secure much needed revenue to support Government's fiscal and developmental objectives.

CORE OUTCOMES

R'000

Strategic Outcomes (R)	Full Time Equivalents	Budget 2026/27	Budget 2027/28	Budget 2028/29	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Increased Voluntary Compliance	275	475 193	487 940	504 341	118 798	118 798	118 798	118 798
Personnel Expenditure		327 909	335 486	345 278	736 798	736 798	736 798	736 798
Information and Communication		42 249	44 747	47 465	175 359	175 359	175 359	175 359
Physical Facilities		34 924	37 435	39 941	117 256	117 256	117 256	117 256
Other Cost:Related to Revenue Collection		40 438	39 030	39 370	15 618	15 618	15 618	15 618
Other Cost: Statutory		12 746	13 165	13 573	7 897	7 897	7 897	7 897
Other Variable Support		16 926	18 077	18 715	12 809	12 809	12 809	12 809
Capex - Business as usual		-	-	-	-	-	-	-
Projects		-	-	-	-	-	-	-
Enhance Taxpayer Experience	5 852	4 631 636	4 812 531	5 027 550	1 157 909	1 157 909	1 157 909	1 157 909
Personnel Expenditure		3 168 088	3 244 974	3 360 663	792 022	792 022	792 022	792 022
Information and Communication		725 639	766 943	814 680	181 410	181 410	181 410	181 410
Physical Facilities		486 780	532 390	591 141	121 695	121 695	121 695	121 695
Other Cost:Related to Revenue Collection		82 990	95 788	92 915	20 748	20 748	20 748	20 748
Other Cost: Statutory		37 541	38 802	39 939	9 385	9 385	9 385	9 385
Other Variable Support		57 584	60 621	62 733	14 396	14 396	14 396	14 396
Capex - Business as usual		-	-	-	-	-	-	-
Projects		73 013	73 013	65 478	18 253	18 253	18 253	18 253
Enhanced Employee Engagement	776	855 229	889 742	924 105	213 807	213 807	213 807	213 807
Personnel Expenditure		577 987	591 115	607 469	144 497	144 497	144 497	144 497
Information and Communication		113 424	120 143	127 433	28 356	28 356	28 356	28 356
Physical Facilities		71 137	77 787	86 339	17 784	17 784	17 784	17 784
Other Cost:Related to Revenue Collection		23 196	24 709	25 332	5 799	5 799	5 799	5 799
Other Cost: Statutory		5 322	5 493	5 662	1 330	1 330	1 330	1 330
Other Variable Support		64 163	70 495	71 869	16 041	16 041	16 041	16 041
Capex - Business as usual		-	-	-	-	-	-	-
Projects		-	-	-	-	-	-	-
Streamlined Internal Processes	1 007	1 458 162	1 504 988	1 536 289	364 541	364 541	364 541	364 541
Personnel Expenditure		946 258	968 640	1 000 237	278 869	278 869	278 869	278 869
Information and Communication		183 253	195 656	206 284	62 319	62 319	62 319	62 319
Physical Facilities		86 218	93 975	103 437	28 773	28 773	28 773	28 773
Other Cost:Related to Revenue Collection		13 557	16 651	15 385	7 603	7 603	7 603	7 603
Other Cost: Statutory		5 503	5 679	5 854	2 076	2 076	2 076	2 076
Other Variable Support		26 982	27 996	28 970	17 955	17 955	17 955	17 955
Capex - Business as usual		-	-	-	-	-	-	-
Projects		196 391	196 391	176 122	166 253	166 253	166 253	166 253
Improved Operational Efficiency	897	1 555 564	1 598 865	1 583 443	388 891	388 891	388 891	388 891
Personnel Expenditure		705 649	722 987	750 939	360 282	360 282	360 282	360 282
Information and Communication		131 033	138 846	147 146	68 787	68 787	68 787	68 787
Physical Facilities		94 637	102 173	110 600	38 147	38 147	38 147	38 147
Other Cost:Related to Revenue Collection		17 555	25 270	22 046	6 467	6 467	6 467	6 467
Other Cost: Statutory		5 363	5 535	5 705	2 316	2 316	2 316	2 316
Other Variable Support		35 742	38 469	39 795	13 012	13 012	13 012	13 012
Capex - Business as usual		-	-	-	-	-	-	-
Projects		565 585	565 585	507 211	148 259	148 259	148 259	148 259
Maximised Long-Term Sustainability	5 571	6 384 822	6 558 888	6 766 594	1 596 206	1 596 206	1 596 206	1 596 206
Personnel Expenditure		4 031 401	4 130 118	4 282 061	1 007 850	1 007 850	1 007 850	1 007 850
Information and Communication		711 575	755 270	799 891	177 894	177 894	177 894	177 894
Physical Facilities		420 252	459 054	508 742	105 063	105 063	105 063	105 063
Other Cost:Related to Revenue Collection		454 477	451 598	478 294	113 619	113 619	113 619	113 619
Other Cost: Statutory		36 753	37 953	39 207	9 188	9 188	9 188	9 188
Other Variable Support		65 354	59 884	62 023	16 339	16 339	16 339	16 339
Capex - Business as usual		-	-	-	-	-	-	-
Projects		665 011	665 011	596 375	166 253	166 253	166 253	166 253
Total	14 378	15 360 607	15 852 953	16 342 321	3 840 152	3 840 152	3 840 152	3 840 152

Table 7: Expenditure estimates over the medium term

Headcount Projection Over the Medium Term

Employment Type	As at Dec 2025	2026/27	2027/28	2028/29
Permanent	11,852	13,519	13,565	13,584
Contract	0	35	35	35
Graduates/Internships	247	400	400	400
Short Term Contractors	2,279	1,100	1,100	1,100
Grand Total	14,378	15,054	15,100	15,119

Table 8: Headcount Projection

Risks to Performance and their Mitigations

#	Risk Descriptions	Risk Implications	Risk Mitigations
1.	Erosion of social cohesion impacts compliance <ol style="list-style-type: none"> 1. Illicit trade 2. General crime and corruption 3. Cross border criminal syndication 4. Low economic growth 5. High unemployment 6. Poverty and inequality 	Inability to meet our strategic intent of voluntary compliance ultimately affecting our mandate objectives	<ul style="list-style-type: none"> » 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)
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	<ul style="list-style-type: none"> » Reimagine SARS as a smart digital tax administration platform, embedded in data science, artificial intelligence and enabled by smart technologies (SO5 and 6)
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	<ul style="list-style-type: none"> » Build a business case for a differentiated funding model for SARS as government's preferred least cost funder (SO7).

Table 9: Key risks to performance

PART | **D**

TECHNICAL INDICATOR
DESCRIPTIONS (TID)

PART D: TECHNICAL INDICATOR DESCRIPTIONS (TID)

Outcome 1: 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 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 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.
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	To 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
Desired performance	An actual achievement higher than target.
Indicator responsibility	Customs Border Operations

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 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	<p>Internal Sources: SARS core revenue systems</p> <p>External sources (list not exhaustive):</p> <ul style="list-style-type: none"> » Statistics South Africa (Stats SA) reports » World Bank reports » South African Reserve Bank reports
Method of calculation	<p>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:</p> $\frac{\% \text{ change in gross tax revenue collected for the reporting year}}{\% \text{ change in GDP for the same period}} \times 100$
Data limitations / assumptions	<p>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.</p> <p>GDP numbers are subject to updates, revisions and rebasing by Stats SA as explained on the National Accounts</p>
Type of indicator	Efficiency
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement is higher than target.
Indicator responsibility	Revenue Management

Targeted interventions for Illicit economic activities

Indicator title	% of milestone achieved
Definition/purpose	To implement enforcement interventions which will diminish growing threat of the illicit economy (In line with the illicit economy strategic plan)
Source of data	SARS systems and reports
Method of calculation	(Number of milestone achieved / Total number of identified milestones) X100
Data limitations / assumptions	none
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
Desired performance	Actual achievement met
Indicator responsibility	STCC and CI

Outcome 2: Enhanced Taxpayer Experience

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 weighed to arrive at a composite score.
Data limitations /assumptions	The Service Charter components below are not measured: <ul style="list-style-type: none"> » SARS Mandate » Strategic Objectives » Taxpayer rights and obligations
Type of indicator	Output
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Taxpayer Service Charter Unit

Outcome 3: 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 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	<ul style="list-style-type: none"> » 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

The leadership system is strengthened

Indicator Title	% Improvement in Leadership Evaluation Index (LEI)
Definition / Purpose	Captures perceived effectiveness on LEI 360 dimensions used at SARS (e.g., Level 5 Leadership, Care & Growth, OKR Leadership, 10X Leadership) aligned to model behaviours
Source/Collection of data	LEI 360 platform
Method of calculation	LEI 360 results
Data limitations /assumptions	Same rater mix and scale year-on-year; dimensions scoped consistently; response rates adequate for reliability.
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Quarterly and annually
Desired performance	Met and/or exceeded target
Indicator responsibility	Learning and Development

Outcome 4: Streamlined Internal Processes

Process efficiency has improved

Indicator Title	% of activities migrated into Case Management System
Definition/purpose	To assess the migration of identified activities across portfolio, assessment and accounts maintenance that are migrated into the case management system (CMS) to enhance visibility thereby enabling optimisation of those activities and the overall process.
Source/Collection of data	PowerBI / SARS system
Method of calculation	$(\text{Number of identified activities moved to CMS} / \text{Total number of identified activities}) \times 100$
Data limitations /assumptions	The identified and signed off activities that are executed outside the CMS
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Achievement of the set target
Indicator responsibility	Process, Design and Engineering

Outcome 5: Improved Operational Efficiency

Unqualified audit opinion received from the Auditor-General (AG) on both own accounts and revenue accounts

Indicator Title	Unqualified Audit Opinion with no material findings 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 with no material findings from AGSA
Indicator responsibility	Chief Finance Officer

Outcome 6: Maximised Long-Term Sustainability

Digital platforms available 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 targeted e-Filing, business-to-business gateway, Declaration Processing Systems (DPS), Cargo Processing Systems (CPS), and Customs Electronic Data Interchange. This measure gauges the availability of SARS' digital platforms, which enable taxpayers and traders to transact and 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>$(\text{Uptime of mission critical system}) / (\text{Uptime of mission critical system} + \text{Downtime of mission critical systems}) \times 100$</p> <p>The following variables are used as part of the final calculation for % Availability of Mission Critical System:</p> <p>A = Actual hours in a month based on the number of days in a particular month multiplied by 24 hours.</p> <p>B = Communicated planned maintenance hours are the number of hours per month that have been pre-planned, approved. Planned maintenance is not regarded as an outage and will not contribute towards downtime hours.</p> <p>C = Unplanned Downtime or Outages is complete system failure where the entire e-channels become unavailable, and no transactions are executed in the systems.</p> <p>D = Uptime of mission critical systems is targeted hourly capacity per month minus total downtime or outage</p> <p>E = % Monthly Availability of mission critical systems is equal to Uptime of mission critical system divided by Uptime of mission critical system + Downtime of mission critical systems multiplied by 100</p> <p>F = % Quarterly Average of Availability of mission critical systems</p>
Data limitation/assumptions	Taxpayer and trader transactional data at user level measuring end-to-end user experience
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 Modernisation and Development

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. The measure 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	<p>Remedy system reports; native reports from all seven technical controls that include the Cyber Security Operations Centre (CSOC), Distributed Denial of Service (DDOS) Protection, Perimeter Firewalls, Network Intrusion Protection, Email Security Gateway, Symantec Endpoint Protection and Vulnerability scans, CSOC reports (monthly; IT contract database.</p>
Method of calculation	A count of number of breaches on mission critical systems from known risks 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 Modernisation and Development

Collaborative engagements with key stakeholders maintained and enhanced

Indicator title	Number of engagements with key Stakeholder groups
Definition/purpose	This indicator tracks engagements with key stakeholders in both Government, Corporate and Professional bodies (in line with SLAs and MOUs, where these are not in place yet, they will be established).
Source of data	Approved stakeholder engagement framework Approved stakeholder engagement workplan Stakeholder mapping documents
Method of calculation	Count number of engagements
Data limitation/assumptions	N/A
Type of indicator	Activity
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	Target achievement
Indicator responsibility	Corporate and Professional Stakeholder Unit, and Liaison Office

Modernisation programme

Foundational and core modernisation initiatives are implemented

Indicator title	% of milestones delivered per approved Modernisation Delivery Plan
Definition/purpose	To ensure that the funded modernisation programme is delivered in line with signed off commitments thereby moving towards the achievement of the modernisation experience statement as articulated in the modernisation whitepaper
Source of data	SARS Enterprise Project Management Office (EPMO)
Method of calculation	$(\text{Achieved modernisation delivery plan milestones} / \text{Total number of modernisation delivery plan milestones}) \times 100$
Data limitation/assumptions	A few external factors including supply chain management may hamper the delivery of milestones of the identified and approved modernisation plan.
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	Portfolio Management: Modernisation

ANNEXURES TO THE ANNUAL PERFORMANCE PLAN

Annexure A: Amendments to the Strategic Plan

Movement of key results

The following key result has been moved from core outcome 6: Maximised long-term sustainability and under Strategic Objective 3, to core outcome 1: Increased voluntary compliance. This key result was recategorised as it relates to the core of our administration, which is compliance, and not SARS' operational sustainability.

ORIGINAL

Outcome 6: Maximised Long-Term Sustainability

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 3	Long-term average Tax Buoyancy	5-year average Tax Buoyancy	New Measure	≥1.00

CHANGE

Outcome 1: Increased Voluntary Compliance

Outcome	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
Strategic Intent	Long-term average Tax Buoyancy	5-year average Tax Buoyancy	New Measure	≥1.00

Separation of outcome 4 and rewording of the audit key result

1. Core outcomes four and five were initially consolidated to "Streamlined internal processes and improved operational efficiencies". It is however determined that focus and initiatives for the two core outcomes are not the same, therefore they have been separated to "Streamlined internal processes" and "improved operational efficiencies".
2. The wording on key result indicator for Unqualified audit opinion was amended to read "Unqualified audit opinion **with no materials findings** from the AG".

ORIGINAL

Outcome 4: Streamlined Internal Processes and Improved Operational Efficiency

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 5	Process efficiency is improved	Process Efficiency index	New Measure	15.00% points improvement on the baseline
SO: 7	Unqualified audit opinion received from the Auditor-General on both Own Accounts and Revenue Accounts	Unqualified audit opinion with no materials findings from the AG	Unqualified audit opinion	Unqualified audit opinion with no material findings

CHANGE

Outcome 4: Streamlined Internal Processes

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 5	Process efficiency is improved	Process Efficiency index	New Measure	15.00% points improvement on the baseline

Outcome 5: Improved Operational Efficiency

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 7	Unqualified audit opinion received from the Auditor-General on both Own Accounts and Revenue Accounts	Unqualified audit opinion with no materials findings from the AG	Unqualified audit opinion	Unqualified audit opinion with no material findings

Amendment of targets for specified key results

Targets for the following key results have been amended

1. Service Charter: our baseline performance is already above the fifth-year target. We have therefore amended the target upwards.
2. Employee Engagement Index: Plans developed for implementation to address challenges identified from the latest Employee Engagement Survey will be fully implemented.

ORIGINAL

Outcome 2: Enhanced Taxpayer Experience

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 2	Service Charter commitments are met	Service Charter Index	81.33%	85.00%

Outcome 3: Enhanced Employee Engagement

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 4	Employee engagement has improved	Employee Engagement Index	New baseline to be established	Implementation of 75.00% of Employee Experience interventions

CHANGE

Outcome 2: Enhanced Taxpayer Experience

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 2	Service Charter commitments are met	Service Charter Index	81.33%	90.00%

Outcome 3: Enhanced Employee Engagement

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 4	Employee engagement has improved	Employee Engagement Index	New baseline to be established	Implementation of 100.00% of Employee Experience interventions

Adding a key result

1. To address the gap in Strategic Objective 3, left by the shifting of the Buoyance key result, a new key result will be added to the current Strategic Plan.

CHANGE**Outcome 1: Increased Voluntary Compliance**

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 3	Targeted interventions for Illicit economic activities	% of milestones achieved	New Measure	100.00% of milestones achieved (in line with the Illicit Economy Strategic Plan)

2. There was no indicator to measure progress on the modernisation initiative, therefore a key result and indicator for the eight generational projects will be added to the Strategic Plan.

CHANGE**Outcome 4: Streamlined Internal Processes**

Strategic Objective	Key Result	Key Result Indicator	Baseline (2024/25 actual performance)	Five-year target (2029/30)
SO: 6	Foundation and core modernisation initiatives are implemented	% of milestones delivered per approved Modernisation Delivery Plan	New measure	90.00%



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