

STRATEGIC PLAN

End-Term Report

2020–2025
(1 April 2020–31 March 2025)



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Message from the Minister of Finance



We are committed to investing and strengthening SARS as a modern administration capable of executing its mandate effectively and efficiently.



SARS, as a revenue authority, oversees the efficient and effective administration of all revenue due. It ensures optimal compliance with tax and customs legislation and facilitates legitimate trade, which enables the South African government to build a capable state that fosters sustainable economic growth and social development, serving the wellbeing of all South Africans.

The Ministry of Finance supports SARS in achieving its vision to build **a smart, modern SARS with unquestionable integrity that is trusted and admired**. This future-ready SARS takes advantage of modern technology, improving efficiency and compliance through integrated and forward-thinking approaches.

Domestic Resource Mobilisation (DRM)

The United Nations' 2030 Sustainable Development Goal 17.1 emphasises the importance of domestic resource mobilisation to enhance capacity for tax and other revenue collection; facilitate legitimate trade; and ensure voluntary compliance with tax laws and regulations.

Aligning with the UN 2030 Sustainable Development Goals, the National Treasury allocated an additional R1 billion to SARS in 2023/24 to advance an autonomous and independent SARS through improved debt collection and enforcement in the age of artificial intelligence. This initiative helps enable SARS to use modern technology, data science, machine learning, advanced analysis, and

skilled personnel to collect all revenue due to the fiscus, reducing government's dependencies on external donors and creditors. In essence, domestic resource mobilisation strengthens the contract between the state and its people, which is the foundation of a vibrant and inclusive democracy.

National, Regional, and International Collaboration

Modernisation is a strategic priority for SARS to improve its operations and align with governmental and societal goals. This process involved collaboration at a national level with entities such as the Department of Home Affairs and South African Reserve Bank. Regionally, SARS collaborates with the World Customs Organisation in the Eastern and Southern Africa region, while it also cooperates internationally.

Involvement of the whole of society and the whole of government is required to improve voluntary compliance and increase revenue collection. Through its collaboration, SARS is helping to modernise the whole of the South African government. The goal is to implement a unique digital identity for individuals and entities to enhance the integrity of financial transactions. This initiative seeks to ensure data integrity by capturing information once through a common portal, with necessary segregation based on agency mandates. Additionally, SARS plans to introduce a unified payment platform and position itself as the preferred common disbursement platform, replacing the current disparate and inefficient government payment systems.

Economic Overview and Revenue Collection

International trade is critical for economic growth. Trading relations are increasingly intertwined with geopolitical tensions, causing fragmentation in the global economy with low commodity demand and prices, which harms local economic growth. South Africa faced weak economic growth, as its trading partners in the Euro Zone and China struggled. On the local front, the negative economic factors included logistical constraints; moderate to high interest rates; weak consumer spending; high unemployment rates; and adverse weather conditions damaging the agricultural sector. The deployment of digital technology and artificial intelligence poses both opportunity and risk, while corruption and sophisticated financial crimes continue to threaten tax revenue and customs duties.

Over 30 years, since 1994, SARS as the South African tax and customs administration has collected R23.3 trillion in net revenue. Revenue collections have soared from R114 billion in 1995, at a compounded annual growth rate (CAGR) of 9.8% and an average tax-to-GDP ratio of 22.3%. Revenue collections contribute to more than 90% of government's consolidated budget, proving that tax is pivotal for developing a capable state that serves the needs of all its citizens.

Over the five years covered in SARS' 2020–2025 Strategic Plan, the net revenue estimates amount to R8.029 trillion, of which SARS collected R8.096 trillion. This is an average achievement of 100.84% over five years, with a CAGR of 6.5%. This period encompasses two years of extensive lockdown, global uncertainty, and low economic growth. Assessing its performance per year, SARS achieved its target for four of the five years within this strategic period.

Conclusion

I commend SARS' leadership and employees for their dedication in a challenging economic environment. Their commitment to SARS' mandate and exceeding revenue targets demonstrates its effectiveness and progress toward becoming a smart, modern tax administration. All the while, SARS is consistently improving capabilities, public confidence, trust, and integrity.

I extend my sincere appreciation to all taxpayers, traders, and intermediaries who have voluntarily complied with their tax obligations and contributed to the common good of our nation. Your cooperation and support have enabled us to improve the tax ecosystem and strive toward a more prosperous and inclusive future for all South Africans.



Mr Enoch Godongwana, MP
MINISTER OF FINANCE
29 September 2025

Accounting Authority Statement



The story of SARS is a story about hope: everything we do is about having a transformational impact on the well-being of the lives of people – especially the most vulnerable among us.

– Commissioner Ed Kieswetter

An Evolving Operating Environment

As we reflect on our journey through the pages of SARS' Strategic Plan End-Term Report 2020–2025, we are reminded of the dynamic and often challenging landscape in which we operate. Over the past five years, the global environment has been shaped by rising geopolitical tensions, persistent policy uncertainty, subdued international trade, and sluggish real GDP growth. Although medium-term forecasts suggest relative stability in the global economy and trade, this period has also been defined by rapid disruption; accelerated technological change; deepening digital transformation; the growing influence of artificial intelligence; shifting international tax norms; and mounting fiscal pressures.

In this context, the imperative of Domestic Resource Mobilisation (DRM) has come into sharper focus. DRM remains the most effective, lowest-cost, and sovereign means through which countries can fund their national development priorities. For South Africa, strengthening DRM is not merely a fiscal necessity – it is a moral and developmental imperative. It enables the state to close the tax gap, reduce revenue leakages, restore equity in public finance, and build public trust. Developing a tax and customs system based on voluntary compliance is essential to achieve this strategic imperative. By improving tax-policy design and transforming tax administrations such as SARS, we create a virtuous cycle that underpins sustainable development, attracts investment, and renews the social contract. A future-ready, smart, modern SARS must therefore continue to pursue integrated policy and administrative reforms that boost compliance, enhance efficiency, and reinforce our commitment to shared prosperity and implementing the Sustainable Development Goals.

The past five years have been defining for SARS. Throughout this period, the organisation has remained steadfast in delivering its mandate – working harder and smarter to collect revenue, facilitate legitimate trade, and improve compliance. These efforts have been critical in bolstering the economic and social wellbeing of all South Africans, reinforcing the foundations of public trust, and advancing the broader project of nation building.

Rebuilding SARS – Laying the Foundation for a Smart, Modern Administration

The rebuilding of SARS has meant restoring institutional integrity, strengthening capability, and renewing public trust. This critical period laid the groundwork for the transformation of SARS into a smart, modern administration defined by integrity, trusted by its employees, admired by the public, and capable of executing its mandate in an increasingly complex and dynamic environment.

The journey was intentional and uncompromising, rooted in the need to restore the resilience and credibility necessary to fulfill our constitutional mandate. This was not merely a recovery effort; it was about building a robust platform for long-term transformation to better support DRM and fund government programmes. SARS had to re-establish itself as a high-performing institution, one that consistently improves tax compliance and collects the revenue to realise the aspirations of all South Africans.

Following a breakdown in governance and institutional integrity from 2014 to 2018, we acted with resolve to restore SARS into an organisation of uncompromising ethical standards. This transformation began at the top — with a renewed focus on steward leadership, good governance, and integrity. We invested in institutional capacity, resumed modernisation initiatives, and worked to improve the overall health and performance of the organisation. We knew that restoring public trust was sacrosanct. Without it, we could not fulfil our mission: to collect revenue efficiently, improve voluntary compliance, and facilitate legitimate trade. Through this deliberate journey of rebuilding, SARS has repositioned itself as a smart, modern institution that responds to the demands of the digital era, committed to safeguarding South Africa's fiscal sovereignty and development.

In response to the profound failures uncovered during the period of institutional compromise, the President appointed the Nugent Commission of Inquiry in 2018 to investigate the breakdown at SARS. The Commission's findings exposed severe governance failures, procedural violations, and the misuse of public institutions for private gain. SARS has since acted decisively to implement the Commission's recommendations, restoring credibility, strengthening governance, and rebuilding operational effectiveness. This included the appointment of ethical and capable leadership, legal action to recover misappropriated funds, and the re-establishment of key organisational structures such as the Large Business and High Wealth Individuals segments. Procurement and supply-chain processes have been significantly enhanced, and compliance with governance frameworks has been restored. A comprehensive reparations process was also undertaken to support employees harmed during this period, including a pastoral and listening campaign; the reinstatement of affected individuals; closure of unfair disciplinary actions; and remedial support such as counselling, postgraduate study, and coverage of legal and medical costs. SARS provided formal advice to the Minister of Finance on future governance arrangements for SARS to ensure enduring institutional integrity.

SARS' renewal has also meant reconceptualising SARS' transformation. The organisation is driving its tough, often disruptive, but ultimately inspiring modernisation effort to build a digitised, future-fit SARS. This modern organisation works with the whole of government and whole of society to achieve a future in which "tax just happens". Through this values-driven and purpose-led turnaround, SARS has restored its institutional integrity and repositioned itself as a trusted, capable, and admired organisation that serves South Africa with professionalism.

Reflecting on the Past Five Years in Review: Fulfilling SARS' Mandate

Delivering consistent results requires more than strategy or structure — it demands grit, discipline, and an unwavering commitment to excellence. It means showing up every day with purpose, doing every task no matter how small with accuracy, care, and integrity. There is no silver bullet or single defining moment; progress is forged in the crucible of daily effort, through millions of actions carried out with focus and resolve. That is what builds momentum. That is what delivers social benefit.

And that is how we continue to transform SARS into a high-performing, trusted institution that is ready to serve — *SARS at your service.*

While we continue to review and refine policies, invest in data science and technology, and assign people to meaningful work, we are deeply aware that the true foundation of a resilient and future-fit organisation lies in the culture, integrity, and values we embed and protect. At the heart of SARS is a belief that we rise or fall by the strength of our character, the courage of our leadership, and the calibre of our people. That is our DNA, and it sets the tone for how we serve.

Our commitment to building a smart, modern SARS is beginning to bear fruit. Our achievements have come despite an increasingly complex operating environment, marked by persistent economic pressures, the proliferation of tax and customs crime, and significant budgetary constraints. Each incremental gain reaffirms the soundness and sustainability of our reconstruction and deepens our conviction in the direction we have taken.

Since 2020, the fulfilment of SARS' mandate has improved and shown positive upward trends:

- » Gross Revenue Collection grew by a CAGR of 7%.
- » Refunds Disbursed grew by a CAGR 9%.
- » Net Revenue Collections grew by a CAGR of 7%.
- » Compliance Revenue grew by a CAGR of 19%.
- » Trade Facilitation grew by a CAGR of 9%.
- » Tax Buoyancy over this period remained positive (mostly above unity).
- » Through our artificial intelligence (AI) fraud-risk detection and verification work, we have prevented the outflow of over R417 billion in impermissible refunds.

Furthermore, organisational health measures during this period improved:

- » Public Trust increased from 48% in 2019 to 75% in 2025.
- » Attitude toward compliance improved from 66% in 2019 to 77% in 2025.
- » Employee Engagement rose from 61% in 2019 to 71% in 2025 despite challenges such as COVID-19 and financial and budgetary constraints.
- » SARS has been recognised as the best employer to work for by BCom students and business professionals (2022, 2023).
- » Winning the BCX Innovation Award in Digital Transformation (2023).
- » Winning the Microsoft South Africa Hackathon for Agentification (2025).
- » The Auditor-General SA reports for the periods 2020/21 to 2024/25 were unqualified with no material findings (clean audits) and prove SARS' effective resource stewardship.

To drive implementation and execution of its strategy, SARS adopted the Objectives and Key Results (OKR) methodology, a disciplined goal-setting framework that aligns strategic intent with measurable outcomes. Over the past five years, SARS consistently delivered on the majority of its Annual Performance Plan (APP) key results. In the 2024/25 cycle, SARS delivered its strongest performance yet, meeting 86% of APP key results. For its strategic-plan key results covered in this report, SARS achieved an 86% success rate — demonstrating tangible progress in delivering its mandate.

At SARS, our people are our most valuable resource, the foundation on which we build our organisational success and achieve our Higher Purpose. We are developing a high-performing, diverse, agile, and engaged workforce capable of adapting to the dynamic needs of our operating environment. Employees no longer merely process tasks; they now apply deeper analytical thinking, collaborate with ease, and deliver service marked by professionalism and integrity. To this end, we have made strong progress in embedding the SARS Leadership Model, which defines the responsibilities of leaders to demonstrate personal proficiency; manage people and work effectively; and positively influence others. This has strengthened our leadership pipeline and enabled us to live out the values enshrined in the Employee Rights Charter and our evolving Employee Value Proposition (EVP). The EVP pilot was evaluated, refined, and enhanced based on initial insights. We continue to develop a career-development framework for core SARS job families, with implementation already under way in Taxpayer Service and Customs. Initiatives like the SARS Junior Board, Women in Leadership, SARS Has Talent, and inclusive practices for employees with disabilities, further embed diversity and belonging. With these efforts, SARS continues to nurture a future-ready workforce, one that is engaged, empowered, and committed to serving all South Africans.

These results represent the efforts of more than 13 000 SARS employees, which translates into over 32 million service interactions and compliance interventions at our service centres, over the phone, and through our digital self-service platforms. Our engagements involve resolving taxpayer and trader service queries; making calls to taxpayers; verifying declarations; conducting investigations and audits; following up on outstanding undisputed debt; and seeking to resolve disputed assessment outcomes, to name a few.

South Africa has no choice other than investing in and stepping up SARS' pace of modernisation. Unless we do so seriously while agilely adapting to change, we will fall behind in implementing our legal mandate and mobilising resources. We cannot do our work in the digital economy without the appropriate investment in people, data science, and enabling technologies such as AI and our digital platform.

Fostering Collaboration to Improve the Tax and Customs Ecosystem

SARS collaborates with domestic and international stakeholders to improve tax and customs outcomes and foster voluntary compliance. By integrating people, data, technology, and enabling legislation, SARS delivers strong law enforcement through a whole-of-government framework.

Our partnerships span a wide range of strategic agencies, including the National Prosecuting Authority (NPA), South African Police Service (SAPS), South African Reserve Bank (SARB), Special Investigating Unit (SIU), Department of Home Affairs (DHA), and the Border Management Authority (BMA). These collaborations enable information sharing, joint operations, and systemic responses to financial and economic crime.

SARS also plays a key role in advancing South Africa's Financial Action Task Force (FATF) commitments. As a main contributor to the national response to the FATF Mutual Evaluation, SARS has implemented enhanced traveller and beneficial-ownership-reporting systems. These upgrades strengthen our country's anti-money-laundering and counter-terrorist-financing framework. These efforts support the broader national strategy to exit greylisting and restore South Africa's international standing.

SARS plays a leading role in multilateral organisations such as the World Customs Organisation (WCO), in which South Africa holds executive leadership roles; the Organisation for Economic Cooperation and Development (OECD); Forum on Tax Administration (FTA); African Tax Administration Forum (ATAF); and the OECD Global Forum, to name a few. These engagements prioritise action, service, and enforcement, ensuring value for money and direct return on investment to our various business areas, operations, and interests. Moreover, participation and interventions contribute to the building of smart, modern tax and customs administrations — domestically, regionally, and globally.

Building the Smart Digital Tax and Customs Administration Platform — Future of tax Administration (2025–2030)

The next five years are going to be exciting. We are building on the existing work to harness the transformative power of technology, data science, and AI in tax administration. Business and business models are rapidly evolving owing to digital and AI innovations. Criminal syndicates are also exploiting these technologies. The purpose for building a smart, digital administration platform, embedded in data science, AI, and enabling technologies, is to foster trust, promote efficiency, and create transparency. We intend to do this by revolutionising the way taxpayers, traders, and SARS engage with each other to achieve voluntary compliance. AI also plays a crucial role in detecting and responding to non-compliance, by predicting which sectors or entities are at the highest risk of non-compliance. This not only protects the country's revenue, but also builds trust in our tax system.

Building a smart, digital tax and customs administration platform requires SARS to:

1. Prepare and upskill our staff to coexist with AI.
2. Establish a “unique digital identity” system to link persons and financial transactions.
3. Create a comprehensive taxpayer account (Single Taxpayer Entity View).
4. Modernise the case-management system; embed it in data science and AI.
5. Embed an “entity-based compliance” model administration platform.
6. Collaborate to build an instant-payment system (partnering with SARB).
7. Modernise VAT administration, including introduction of e-Invoicing.
8. Modernise SARS Customs and Excise administration (with other government agencies).

As a technology company wholly owned by SARS, InterFront supports SARS' modernisation. Originally focused on customs systems, the company has now expanded its capabilities to include tax. It manages key digital platforms such as SARS eFiling, MobiApp, and e@syFile. With a growing portfolio of projects, InterFront is increasingly collaborating with other government agencies to unlock cross-departmental synergies and protect the revenue base. Over the next five years, SARS will strengthen InterFront's capacity to drive digital transformation innovation and build a resilient, future-ready administration.

Together we will redefine the landscape of tax and customs administration so that, with the least effort and manual intervention, "tax just happens" in South Africa!

Thank you for Supporting the SARS Rebuilding Journey (2020–2025)

The story of SARS is ultimately a story of hope — of transforming lives by strengthening the capacity of the state to serve, especially, the most vulnerable among us. As South Africa marks more than 30 years of democracy, we honour that legacy by deepening our contribution to DRM in support of a capable, ethical, and developmental state.

I extend sincere thanks to President Matamela Cyril Ramaphosa, Minister of Finance Mr Enoch Godongwana, Deputy Minister Dr David Maseko, Deputy Minister Ashor Sarupen, Director-General Dr Duncan Pieterse, and colleagues at National Treasury and Parliament. I am equally grateful to our domestic and international partners, intermediaries, and our partners across all spheres of government.

To the more than 13 000 SARS employees and the leadership team — thank you for your unwavering commitment to our Higher Purpose. Your resilience, dedication, and pursuit of excellence continue to drive SARS forward in fulfilling its mandate.

With the continued support of all South Africans, we will progress to the next period of SARS' transformation — the Digital Transformation era. SARS remains resolute in building a smart, modern organisation anchored in integrity and worthy of public trust and admiration.

Thank you to all voluntarily compliant taxpayers and traders for enabling these positive outcomes achieved by SARS. SARS appreciates you! #YourTaxMatters!

Together, we are SARS — and together, we are building a transformational organisation that is delivering value to every citizen of our country.



Edward Chr Kieswetter
SARS COMMISSIONER
31 July 2025

Part A

SARS' Mandate

SARS Derives its Mandate from the SARS Act, 1997

To make provision for the efficient and effective administration of the revenue collecting system of South Africa.

SARS was established in terms of the South African Revenue Service Act, 1997, (SARS Act) as an organ of state within the public administration, but as an institution outside the public service. It is listed as a National Public Entity in schedule 3A of the PFMA. In terms of the SARS Act, the Commissioner for SARS is the Chief Executive Officer and Accounting Authority of SARS.

The following Acts are examples of the primary legislation SARS administers:

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

Our Mandate remains to:

- » Collect all revenues due
- » Ensure optimal compliance with tax and customs legislation
- » Provide a customs service to optimise revenue collection, border protection and facilitate legitimate trade

SARS exists to serve the **HIGHER PURPOSE** of enabling Government to build a capable state that fosters **sustainable economic growth** and **social development** that serves the wellbeing of all South Africans

How SARS Fulfils its Mandate

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

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



Institutional Policies and Strategies Governing the Five-year Planning Period

Various government policies and international instruments to which South Africa is signatory, direct or influence how SARS must carry out its mandate. Government's policy direction is outlined, for example, in the NDP, the Medium-Term Strategic Framework and other policies. Internationally, SARS takes its cue, from Goal 17.1 of the UN SDGs, among other instruments, which calls for the strengthening of domestic resource mobilisation, including international support to developing countries, to improve domestic capacity for tax and other revenue collection. Domestic policy and international standards enable SARS to collect revenue to fund critical government programmes to help implement 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.

Strategy over the Five-year Planning Period – SARS exists to Serve the HIGHER PURPOSE

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

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

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



SARS' Nine Strategic Objectives

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 clear guidance and, where required, have easily accessible additional customised support. Certain segments of taxpayers and traders may also gain access to leveraged products such as advance pricing agreements, advance rulings (including VAT rulings and Binding General Rulings), and cooperative compliance programmes.

SO 1

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

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

SO 2

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. 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 costs for non-compliance will be high and severe.

SO 3

Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce

SARS' employees consider the organisation 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, and more analytical and service oriented. SARS' employees easily collaborate to take advantage of their combined strengths, and SARS equips them with the right tools for the job. They can easily respond to future workplace demands, and the changing needs of taxpayers and traders.

SO 4

Increase and expand the use of DATA

By expanding and increasing the use of data, data analytics, and artificial intelligence, SARS can understand the compliance behaviour of taxpayers and traders. SARS will apply this data to provide clarity, certainty, and seamless service that fosters voluntary compliance. The organisation's knowledge-management framework enables it to detect and resolve risks, trends, and instances of non-compliance promptly. The composite effect of the expanded and increased use of data must substantively support SARS' strategic intent of voluntary compliance.

SO 5

Modernise our systems to provide DIGITAL and STREAMLINED online services

SARS' digital platforms will provide reliable and secure services to all its constituencies. Taxpayers and traders can meet their obligations simply, easily, anywhere. SARS' employees are empowered to deliver a world-class and best-in-class taxpayer and trader experience. To its stakeholders, SARS provides reports and analysis that enable them to hold the organisation accountable.

SO 6

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

SARS stewards the limited resources entrusted to it to create value, achieve high-quality outcomes, and excellent performance. The way SARS organises itself reflects agility and responsiveness to deliver the best experience for all its constituencies. SARS demonstrates a strong work ethic and achieves the most with the least effort and cost. It implements best-in-class innovations that enable SARS to achieve its strategic intent.

SO 7

Work with and through STAKEHOLDERS to improve the tax ecosystem

SARS has effective and beneficial partnerships with all stakeholders in the tax ecosystem, benefiting taxpayers, government, and the public. SARS uses the strength of its relationships to resolve tax-administration challenges and improve voluntary tax compliance. SARS' interactions and exchanges are formal, professional, and transparent. Intermediaries experience their engagement with SARS as empowering.

SO 8

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. The public believes that SARS will always do the right thing; maintain the highest standards of integrity and ethics; have transparent governance systems and processes; and have capable and trustworthy leaders. SARS accepts that it is ultimately accountable to taxpayers, traders, their representatives, the general public, as well as elected public office bearers, whose trust SARS must earn.

SO 9

Part B

SARS' Strategic Focus

SARS Vision

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

SARS Mission

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

SARS Values

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

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

SARS Strategic Intent

To give effect to our mandate, our strategic intent is to develop and administer a tax and customs system decisively.

To support this intent, we implement nine Strategic Objectives.



Part C

Measuring SARS' Performance

Impact Statement

In reflecting its privileged work, SARS is mindful to ensure that this work enables government to build a capable state, foster sustainable economic growth, and enable social development that serves the wellbeing of all South Africans. This is the Higher Purpose which SARS serves.

The legal mandate of SARS is clearly set out in law: to collect tax revenues; ensure a culture of taxpayer compliance; and facilitate trade across South Africa's borders. However, how effectively SARS delivers this mandate depends on a few other factors. In this Strategic Plan, which covers the five years from 2020–2025, SARS details how it planned to approach its work, as well as the key results for which it ought to be held accountable.

The Strategic Statement 2020–2025 is an aspiration to build **“a smart modern SARS, with unquestionable integrity, trusted and admired”**. It sets out a clear Strategic Intent “to follow the internationally recognised approach of voluntary compliance” and further translates this intent into nine clear strategic objectives.

SARS lays out a set of strategic objectives, including the strategic intent, each with clear key results against which progress can be measured, and accountability maintained.

The Strategic Plan informed the five Annual Performance Plans for the financial years 2020/21–2024/25 covered by the Plan, with some deliverables spilling into successive years.

Economic Overview

Global Economic Environment

Over the past five years, the global economy faced unprecedented turbulence, beginning with the initial optimism in early 2020, when growth was projected to rebound modestly from 2.9% in 2019 to 3.3% in 2020, and 3.4% in 2021. However, the onset of the COVID-19 pandemic reversed expectations, plunging the global economy into a historic recession. By April 2020, lockdowns and containment measures triggered a sharp contraction, with global GDP shrinking by 3.0%, later revised to -3.3%. Activity declined more severely than during the 2008/09 financial crisis, particularly harming low-income households and informal workers. In 2021, aided by policy support and vaccine rollouts, global growth rebounded sharply to 6%, though it remained below pre-pandemic potential due to scarring effects and persistent output gaps.

Inflation in 2020 and 2021 remained subdued because of weak demand and low commodity prices, with central banks maintaining accommodative stances.

As the global recovery progressed into 2022, new challenges emerged. Russia's invasion of Ukraine in February 2022 triggered a global energy and food crisis, sharply increasing inflationary pressures. Global inflation rose to 6.5% in 2023, with advanced economies averaging 4.4% and emerging markets reaching 8.1%. Simultaneously, growth forecasts were revised downward, with global growth slowing to 2.7% in 2023. These developments prompted synchronised monetary tightening by central banks. Further geopolitical tensions, particularly in the Middle East in late 2023, created additional headwinds. Nevertheless, by 2024, the global economy demonstrated resilience, maintaining steady growth at 3.3%, with regional divergences evident. Inflation eased, especially in advanced economies, due to declining energy prices and tighter policy, setting the stage for more stable investment conditions. Growth was projected to remain around 3.2% to 3.3% into 2025, though risks related to geopolitical instability and climate shocks remained.

Domestic Economic Environment

In the past five years, South Africa's economy has faced significant challenges, including the COVID-19 pandemic, energy crises, and political uncertainty. Despite these hurdles, there have been efforts to stabilise and reform the economy. Economic growth has been modest, with notable fluctuations. Over the past five years (2020–2024), South Africa's economy has experienced a turbulent path marked by pandemic-induced contraction, slow recovery, and persistent structural challenges. Following a severe GDP decline of 6.2% in 2020 due to the COVID-19 pandemic-induced lockdowns, the economy rebounded in 2021 with 5.0% growth. This rebound was driven by strong performance in sectors such as mining, manufacturing, and finance. The government's fiscal deficit widened owing to increased spending to mitigate the effects of the pandemic and social unrest. Public debt levels rose, raising concerns about fiscal sustainability. In 2020, the government ramped up borrowing to fund COVID-19 relief measures, pushing gross debt from around 62% of GDP in 2019 to over 70% by 2021. By 2024, gross government debt had reached approximately 76% of GDP, raising concerns about fiscal sustainability and crowding out public investment.

However, momentum faded in subsequent years, with growth slowing to 1.9% in 2022, a slowdown from the 5.0% growth in 2021. This deceleration was influenced by global economic uncertainties and domestic challenges, including energy-supply constraints. During 2022, South Africa's economy showed signs of recovery but continued to grapple with deep-seated challenges. Removing structural constraints such as unemployment, inflation, and energy supply remains critical for achieving sustainable and inclusive growth. Real GDP growth slowed at 0.7% in 2023 and 0.6% in 2024. The deceleration was attributed to persistent electricity shortages, transport-sector constraints, and lower international prices for key exports like gold and platinum group metals. Key constraints included persistent load shedding, deteriorating infrastructure, weak investment, and subdued business confidence.

Deeply rooted fundamental problems along with external shocks have contributed to South Africa's persistent high unemployment and high inflation from 2020 to 2024. The unemployment rate remained stubbornly high, averaging more than 30%, with youth unemployment exceeding 50%, largely due to weak economic growth, skills mismatches, and a rigid labour market. Although there were marginal improvements between 2023 and 2024, unemployment remained a major socioeconomic challenge. Inflation, meanwhile, remained within the South African Reserve Bank's target range early in the period, but surged in 2022, due to global supply-chain disruptions and the Russia–Ukraine war, peaking above 7.0%. Inflation gradually eased to below 5.0% by 2024 as energy and food prices stabilised. However, the combination of high unemployment and inflation often termed "stagflation", has constrained household consumption and limited the government's policy space, underlining the urgent need for structural reforms to stimulate inclusive economic growth.

Over the past five years, South Africa's trade performance has been shaped by global commodity-price fluctuations, supply-chain disruptions, and domestic logistical constraints. South Africa maintained a trade surplus for much of the period, largely driven by strong exports of minerals such as gold, platinum, coal, and iron ore, especially during the global commodity boom in 2021 and early 2022. However, trade volumes came under pressure in subsequent years (2023–2024) due to weakening global demand, falling commodity prices, and inefficiencies at ports and rail networks. While China, the European Union (EU), and the United States (US) remained key trading partners, trade-diversification efforts were limited, and regional integration within Africa progressed slowly. Regarding imports, South Africa remained reliant on fuel, machinery, and manufactured goods, exposing it to currency volatility and external shocks. Overall, trade has been a vital source of foreign exchange and fiscal support, but its full potential remains constrained by infrastructure bottlenecks and a lack of industrial competitiveness.

Because of decreased foreign demand, South Africa's economy has been struggling with declining commodity export prices, which has affected CIT Provisional tax collections. The volatility of commodity prices had a substantial effect on tax revenues, especially net trade duties, and on enterprises and trading markets.

Tax Policy

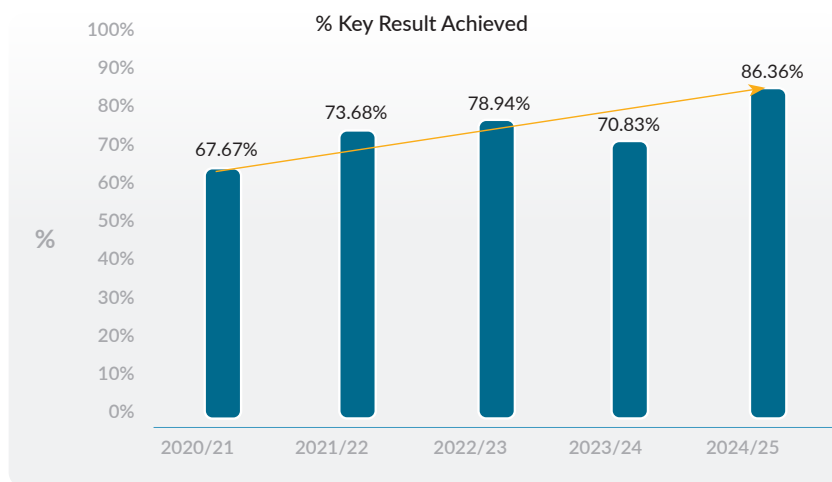
In the past five years, South Africa's tax policy has shifted in response to challenges such as the COVID-19 pandemic, a weak economic recovery, high inflation, energy constraints, and rising fiscal pressure. Each year's proposals reflected changing priorities, starting with relief and support and gradually moving toward structural reform and revenue generation.

- » Budget 2020 tax policy focused on economic recovery and tax relief. Personal Income Tax (PIT) brackets were adjusted above inflation to ease pressure on households, while moderate increases in fuel levies and excise duties contributed to revenue. New environmental taxes, such as a carbon levy, were also introduced. As the pandemic worsened, government announced R26 billion in tax relief.
- » Budget 2021 continued to offer relief to taxpayers, adjusting PIT brackets for inflation, with modest increases in fuel and excise taxes. The emphasis was on maintaining progressivity and avoiding additional tax burden.
- » Budget 2022 policy proposals aimed to support youth employment and align corporate taxation with global standards. The Corporate Income Tax (CIT) rate was reduced from 28% to 27%, with revenue loss offset by the restriction on taxable losses brought forward and additional interest-deduction limitations.
- » Budget 2023 focused on policy measures to protect the tax base and promote reforms that seek to improve equity, efficiency, certainty, and simplicity while maintaining fiscal stability. It included R13 billion in tax relief, including incentives for renewable-energy investments, no adjustment to fuel levies, inflation-adjusted PIT brackets, and excise duties.
- » With fiscal pressures mounting and economic growth remaining weak, the 2024 Budget marked a shift toward revenue generation. PIT brackets, rebates, and medical tax-credits were not adjusted for inflation, raising an estimated R18 billion through fiscal drag. Fuel levies were again left unchanged to shield consumers from high inflation and fuel prices.

Progress on the Achievement of Outcomes — SARS' Performance over the Five-year Strategic Period

SARS has Substantially met or Exceeded its Performance Targets

While reflecting on its privileged work, the SARS is mindful that its mission is to enable government to build a capable state, one that advances sustainable economic growth and social development that serves the wellbeing of all South Africans. This is the true reason for SARS' existence and the Higher Purpose it serves. The legal mandate of SARS is clearly set out in law: to collect tax, ensure a culture of taxpayer compliance, and facilitate trade across South Africa's borders. The Strategic Statement 2020–2025 presents an inspirational vision to build “a smart modern SARS, with unquestionable integrity, trusted and admired”. It sets out a clear Strategic Intent “to follow the internationally recognised approach of Voluntary Compliance” and further translates this intent into nine clear Strategic Objectives (SO).



The nine objectives are accompanied by clear key results against which progress can be measured, and accountability maintained. The emphasis of SARS' strategy is on developing and administering a tax and customs system underpinned by voluntary compliance and, where appropriate, responsible and decisive enforcement. In working to achieve its strategy, SARS implemented the Objectives and Key Results (OKR) methodology. This goal-setting framework helps organisations establish “objectives” and measurable “key results” that support the achievement of each objective. The key results underpinning the Strategic Intent and the nine Strategic Objectives are evolving. This means that SARS updates its indicators, targets, and technical indicator descriptions to support the performance-information process. This adaptable OKR is based on SARS' principle of continuous learning in a changing environment.

Strategic Objectives 1–3 are crucial to SARS' mandate, also considering that these three Strategic Objectives use more than 60% of the Estimates of National Expenditure (ENE):

- » Strategic Objective 1: provide clarity and certainty of tax obligations.
- » Strategic Objective 2: make it easy for taxpayers and traders to comply and fulfil their obligations.
- » Strategic Objective 3: detect taxpayers and traders who do not comply, making non-compliance hard and costly.

The bedrock of voluntary compliance is an efficient, capable, and disciplined tax administration that adheres to the highest standards of integrity and governance, which is covered in Objectives 4–7:

- » Strategic Objective 4: develop a high-performing, diverse, agile, engaged, and evolved workforce.
- » Strategic Objective 5: increase and expand the use of data within a comprehensive knowledge-management framework to ensure integrity, derive insight, and improve outcomes.
- » Strategic Objective 6: modernise our systems to provide digital and streamlined online services.
- » Strategic Objective 7: demonstrate effective resource stewardship to ensure efficiency and effectiveness in delivering high-quality outcomes and performance excellence.

All of these must happen amid developing and maintaining relationships and public trust, represented by Objectives 8 and 9:

- » Strategic Objective 8: work with and through stakeholders to improve the tax ecosystem.
- » Strategic Objective 9: build public trust and confidence in the tax administration system.

The data used to compile this report includes the four published Annual Reports for SARS (2020/21–2023/24) and the draft 2024/25 Annual Performance Report submitted to the Auditor General South Africa (AGSA) on 31 July 2025.

Measures were chosen because they support the Strategic Intent, but had to mature and be refined to keep SARS adaptable. The desired culture requires an environment that allows for clear learning, and continuously improving outcomes, while adhering to SARS's strategic intent and rigorous risk management.

The 2021/22 Annual Performance Report was prepared under a unique set of circumstances. That year, an initial Annual Performance Plan was approved (Original APP), followed by a revised in-year APP (Revised APP) for the 2021/22 FY that was re-tabled in Parliament. This revision emanated from the outcomes and lessons from the Audit of Predetermined Objectives for the 2020/21 FY.

This revised 2021/22 APP reduced and consolidated the number of key result indicators, from 34 to 19, to make the indicators more meaningful and relevant as strategic measures for SARS' environment. Specific enhancements were also made to the Technical Indicator Descriptions. The evolution of the key results underpinning SARS' Strategic Intent and the nine SARS Objectives align its measurement criteria with its leadership model.

Financial year	Number of performance measures	Performance targets achieved	% Achievement
2020/21	34	23	67.67%
2021/22	19	14	73.68%
2022/23	19	15	78.94%
2023/24	24	17	70.83%
2024/25	22	19	86.36%

Overall performance achievements against the 2022/23 APP key indicators were very positive under difficult socio-economic circumstances. Of the 19 indicators, SARS achieved the targets on 15, while marginally under performing on four. Likewise, the 2023/24 FY key results were positive despite socio-economic difficulties. Of the 24 key results, SARS achieved the targets in 17 key results, whereas seven key results were not achieved because of reasons such as funding constraints. SARS performed exceptionally in 2024/25, achieving 19 of the 22 key results. The three key results not achieved were trade facilitation; the clarity and certainty survey; and two employment-equity targets which were marginally missed.

Strategic Intent: To develop and administer a tax and customs system based on voluntary compliance, and where appropriate enforce responsibly and decisively

SARS' mandate is to collect all revenue due; ensure optimal compliance with tax and customs legislation; and provide a customs service to protect South Africa's borders and to facilitate legitimate trade. To give effect to its mandate, SARS' Strategic Intent is to develop a tax and customs system based on voluntary compliance.

SARS will achieve voluntary compliance when everyone is aware of their tax obligations (clarity and certainty); it is reasonably easy and affordable to meet these obligations (ease of compliance); and there is credible threat of detection and consequences for those who do not comply (detection and costly non-compliance). To deliver these outcomes, SARS must build administrative and institutional capability that has integrity and serves the public beyond reproach.

Over the past five years, SARS has consistently met or surpassed the revised revenue estimates set by the Minister of Finance, except for the 2022/23 financial year, when the target was missed by a narrow 0.3%. This strong performance reflects SARS' ongoing commitment to enhancing voluntary compliance. Multiple initiatives were implemented during this period to monitor progress against its Strategic Intent, including metrics such as revenue collection; development of a credible Voluntary Compliance Index (VCI) methodology; improved trade facilitation as measured by trade volumes and the Trade Facilitation Index (TFI); as well as studies on the tax gap and cost of compliance. The printed revenue estimates, VCI, and TFI have become the mainstay key performance indicators for assessing how successful SARS was in delivering its Strategic Intent. Notably, the VCI increased from 62.89% in 2021/22 to 66.87% by the end of 2024/25. Similarly, the TFI rose from 52.80% in 2022/23 to 71.60% in 2023/24, closing at 72.40% in 2024/25, which is the end of the five-year planning cycle under review.

The Tax Gap

Why Estimating the Tax Gap Matters

For any tax administration, estimating the tax gap is a strategic imperative. The tax gap is the difference between the total taxes due and the amount actually collected, serving as a critical diagnostic tool. It is actually the difference between theoretical tax liability (amount due under current laws) and actual revenue collected. The tax gap represents revenue loss from non-compliance, evasion, and structural inefficiencies. It helps revenue authorities assess the effectiveness of tax policies, identify areas of non-compliance, and allocate resources more efficiently. The tax gap is typically divided into two components:

- » Compliance Gap: the portion of the tax gap resulting from taxpayers' failure to meet their obligations through evasion, avoidance, or errors.
- » Policy Gap: The portion attributable to structural issues in the tax system, such as exemptions, deductions, and preferential rates that reduce potential revenue.

Failure to measure the gap risks systemic revenue erosion, undermines fiscal planning, and emboldens illicit economies. Thus, failing to estimate the tax gap exposes governments to several risks, such as:

- » Revenue Shortfalls: without accurate data, governments may overestimate available funds, leading to budget deficits. Unaddressed gaps could reach R1 trillion by 2030 (per current trajectory).
- » Misallocation of Resources: inadequate targeting of enforcement and compliance efforts.
- » Erosion of Trust: perceived unfairness when compliant taxpayers bear a disproportionate burden. Public perception of ineffective enforcement fuels evasion.

For SARS, estimating the tax gap has become a cornerstone of its strategic planning. It enables SARS to:

- » Prioritise enforcement actions.
- » Design targeted compliance programmes.
- » Inform fiscal policy and budget planning.
- » Enhance transparency and accountability.

Historical Evolution of SARS Tax Gap Estimation

SARS began formal tax-gap estimation in the early 2000s. The first significant public estimate emerged in the early 2002, placing the gap at approximately R90 billion. This figure marked a turning point, highlighting the scale of non-compliance and the need for systemic reform. SARS has built internal competency and capability to estimate the tax gap through an internal resource-mobilisation project. This project was made easy through benchmarking and collaboration with multi-national and multi-lateral organisations such as the IMF and UNU-WIDER.

Over the years, SARS has refined its methodologies, incorporating data analytics, third-party data matching, and behavioural insights. By 2022, SARS estimated the tax gap to be approximately R497 billion, reflecting improved detection capabilities and a broader understanding of taxpayer behaviour. However, the recent 2025 reconciliations and public statements by SARS suggest the gap could be as high as R800 billion. This figure includes unpaid tax debts, overdue returns, and uncollected tax inventory, indicating that nearly 32% of potential tax revenue goes unpaid annually. Methodology disparities explain the gaps. In this case, SARS' early studies excluded customs and the illicit economy, and relied on declared data, meaning that the true extent of revenue leakage was understated.

The growing tax gap underscores the urgency for SARS to:

- » Expand its enforcement capacity.
- » Invest in digital infrastructure.
- » Strengthen taxpayer education.
- » Collaborate with other government entities to combat illicit financial flows.

As South Africa grapples with fiscal constraints, closing even a portion of the tax gap could unlock substantial resources for infrastructure, healthcare, education, and social development. SARS has evolved from fragmented estimates (R90 billion in 2001) to an estimate of R800 billion calculated by a sophisticated hybrid model in 2025. Aligning with global best practices, notably expanding coverage to customs and illicit flows and applying digital tools, will transform the tax gap from a diagnostic metric into a strategic weapon for fiscal recovery.

Without accurate tax gap measurement, we fly blind into fiscal storms.



Strategic Intent: Collecting Customs and Tax Revenue Due

SARS aims to create a conducive tax ecosystem where most of the tax revenue is efficiently and easily received from voluntarily compliant taxpayers and traders. SARS aims to educate as well as to make it easy and simple for taxpayers and traders to fulfill their tax obligations.

SARS also recognises the need to augment received revenue with compliance revenue collected by deploying commensurate enforcement interventions to make it hard and costly for wilfully non-compliant taxpayers and traders.

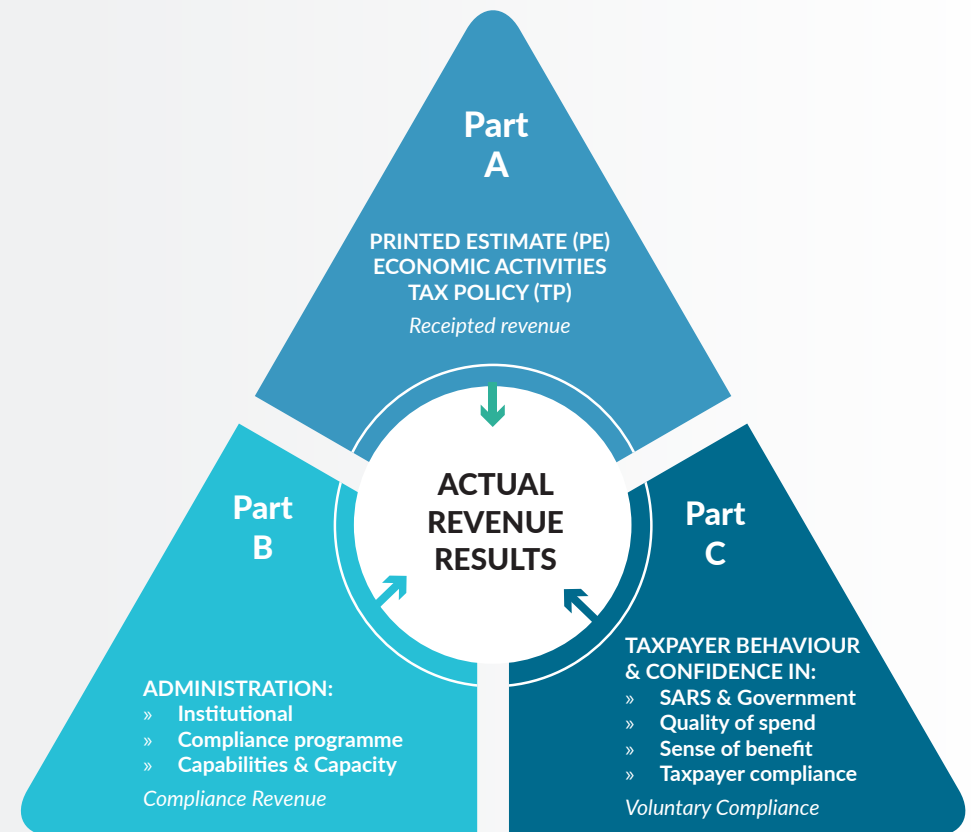
SARS Revenue Management System

Revenue collection is mainly the result of three interrelated factors, as depicted in the diagram:

Part A: The state of the economy sets the tone for the general collection climate, as well as the tax and customs policy framework e.g. tax rates for specific tax types, customs duties for specific products, rebates, and relief measures.

Part B: Efficacy of tax administration, which represents institutional integrity and ability to efficiently collect optimal revenues due to the state.

Part C: Public confidence and trust in government and SARS particularly regarding collections and spending which influences voluntary compliance behaviour of taxpayers and traders.



Printed revenue estimates are met and/or exceeded

– % collection of revenue as agreed with the Minister of Finance

SARS overperformed on four of the five FYs' Revised Estimate targets as set by the Minister of Finance. The target for 2022/23 was marginally missed.

The revised revenue estimates as set by the Minister of Finance increased from R1 212.2 billion in 2020/21 to R1 846.3 billion in 2024/25. This is a growth of R634.1 billion, or 34.34% over the five-year period. Net revenue estimates amount to R8 029.2 billion over the five years, of which SARS collected R8 096.3 billion. This is an average achievement of 100.84% over five years with a Compound Annual Growth Rate (CAGR) of 6.5% over five years. This period encompasses two years of extensive lockdown, global uncertainty, and low economic growth. Assessing its performance per year, SARS achieved its target for four of the five years within this strategic period. In terms of gross collections, a total growth of 48.5% was realised over the five years. Refunds paid also grew by 48.8% over five years from R300.6 billion in 2020/21 to R447.3 billion in 2024/25.

PIT, VAT, and CIT remain the largest sources of tax revenue and compose approximately 80% of the total tax revenue collections. The relative contribution of CIT increased from 16.4% in the 2020/21 FY to 17.4% in 2024/25, while PIT decreased from 39.1% to 39.5% for the same period. VAT decreased from 26.5% in 2020/21, to 24.7% in the 2024/25 FY.

Over the past five years, the tax-to-GDP ratio has increased steadily from 22.3% in 2020/21, to 25% in 2024/25, reaching a peak of 25.1% in 2022/23.

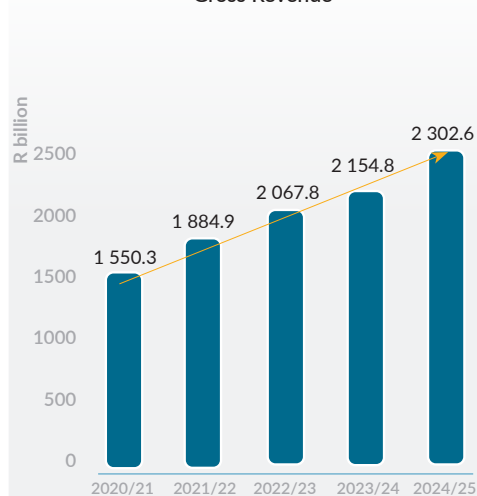
For the 2020/21 FY revenue collections of R1 249.71 billion recorded a surplus of R37.50 billion against the Revised Estimate (RE). Seven of the 12 months recorded a contraction against the Prior Year (PY). These months coincided with hard lockdown restrictions. For the 2021/22 FY, SARS collected a net revenue amounting to R1 563.75 billion, with gross receipts of R1 884.89 billion, offset by refund payments worth R321.14 billion. The RE was exceeded by R16.68 billion (1.1%), while year-on-year growth of R314.04 billion (25.1%) was realised compared to the 2020/21 FY, and R207.99 billion (15.3%) compared to the 2019/20 FY (prior to COVID). For 2022/23, net revenue collections for the financial year yielded R1 686.70 billion, which is a deficit of R5.48 billion (0.3%) against the RE of R1 692.18 billion, while growing year-on-year by R122.94 billion (7.9%). The gross revenue collections of R2 067.80 billion fell short of the RE by R3.21 billion and grew year-on-year by R182.90 billion (9.7%). The refund payments for the financial year of R381.10 billion increased by R59.96 billion (18.7%) when compared to the prior year (PY).

For the 2023/24 FY, net revenue collected amounted to R1 740.9 billion, from R2 154.8 billion in gross revenue collections and R413.9 billion in refund payments. 2023/24 FY yielded an overall surplus of R9.5 billion (0.5%) against the RE of R1 731.4 billion, while posting a year-on-year growth of

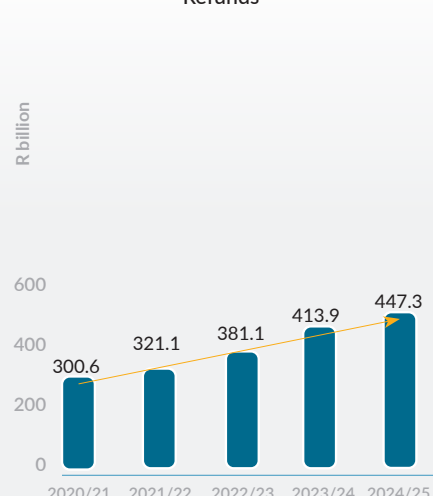
R54.2 billion (3.2%). This was largely driven by gross collections being almost in line with RE and growing year-on-year by R87.0 billion (4.2%). Refund payments were R9.2 billion (2.2%) lower than the estimate and grew against the prior year by R32.8 billion (8.6%). For 2024/25, the net revenue collected amounted to R1 855.3 billion, from R2 302.6 billion in gross revenue collections and R447.3 billion in refund payments. The overall surplus was R8.9 billion (0.5%) against the RE of R1 846.3 billion, posting a year-on-year (Y/Y) growth of R114.4 billion (6.6%).

Net Revenue Collections and Analysis per Tax Type

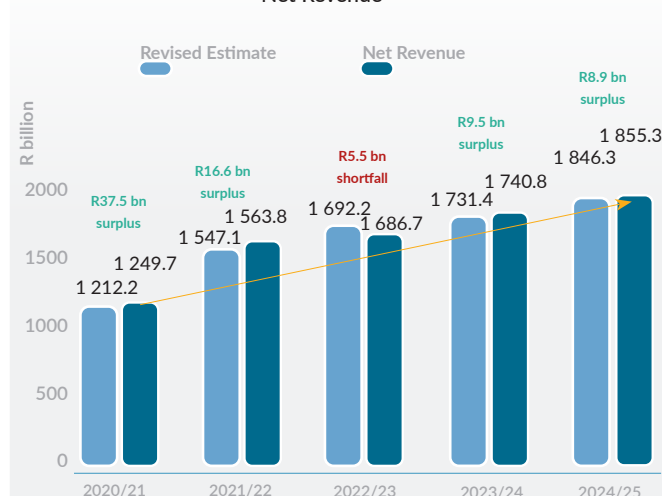
Gross Revenue



Refunds



Net Revenue



PIT Collections: over the last five fiscal years (2020/21 to 2024/25), PIT Net averaged 37.4% of SARS' annual tax revenue, with PAYE being the largest contributor at 36.8%. PAYE collected by SARS grew at a CAGR of 9.6%, increasing from R489.8 billion in 2020/21 FY to R707.2 billion in the 2024/25 FY. During the observation period, the 2021/22 FY recorded the highest Y/Y growth rate at 12.2%, whereas the 2020/21 FY experienced a Y/Y contraction of -5.5%. The contraction in 2020/21 was largely due to the impact of COVID-19 restrictions, whereas the growth in 2021/22 reflected the recovery from a lower base. The sectoral analysis revealed that the Wholesale sector had the highest CAGR at 12.3%, whereas the Community sector had the lowest CAGR at 7.9%. In 2024/25, PAYE collections from two-pot withdrawals added R12.9 billion to PAYE collections and stop-orders (IT88L) contributed R1.1 billion to PIT assessment tax collections.

CIT Collections: over the past five fiscal years (2020/21 to 2024/25), **Net CIT collections** have contributed, on average, 18.7% to SARS' national annual collections. Net CIT collected by SARS grew at a CAGR of 12.1%, increasing from R204.4 billion in the 2020/21 FY to R323.4 billion in the 2024/25 FY. During the observation period, the 2021/22 FY recorded the highest Y/Y growth rate at 58.3%, while the 2020/21 FY experienced a Y/Y contraction of -4.9%. The contraction in 2020/21 was largely due to the impact of COVID-19 restrictions, whereas the growth in 2021/22 reflected the recovery from a lower base.

Domestic VAT: over the past five fiscal years (2020/21 to 2024/25), **Domestic VAT** collections contributed an average of 29.9% to SARS' total annual collections. Domestic VAT collected by SARS grew at a CAGR of 9.3%, increasing from R392.9 billion in the 2020/21 FY to R561.4 billion in the 2024/25 FY. During the observation period, the 2021/22 FY recorded the highest Y/Y growth rate at 14.2%, while the 2020/21 FY experienced a Y/Y contraction of -1.6%. The contraction in 2020/21 was largely due to the impact of COVID-19 restrictions, whereas the growth in 2021/22 reflected the recovery from a lower base. The sectoral analysis in terms of Domestic VAT revealed that the Electricity sector had the highest CAGR at 20.8%, whereas the Mining sector was the only sector with a negative CAGR at -0.5%.

VAT Refunds: during the 2020/21 to 2024/25 fiscal years, **VAT Refunds** contributed an average of 81.7% to SARS' annual total refunds paid. VAT refunds grew from R228.2 billion in the 2020/21 FY to R365.5 billion in the 2024/25 FY, reflecting a CAGR of 12.5%. The 2020/21 FY experienced a Y/Y decline of -1.9%, while the 2022/23 FY saw the highest Y/Y growth at 21.6%, driven by increased refund claims from the Mining sector. Over the observation period for VAT refunds, the Electricity sector recorded the highest CAGR at 28.5%, whereas the Construction sector had the lowest CAGR at 7.5%.

Specific Excise: over the past five fiscal years, **Specific Excise** tax collections have shown an upward trend, with notable fluctuations in certain categories. Collections increased significantly in 2021/22, driven by higher-than-expected payments from the categories of Beer, Revenue from Neighbouring Countries, and Wine. The following year, 2022/23, saw a slight dip below the RE, but overall collections were still higher than in the previous year, thanks to growth in Spirits, Beer, Cigarettes, and Wine. In 2023/24, collections from Cigarettes and Spirits were lower than expected because

of illicit trade and a shift in consumer behaviour. However, Beer collections remained strong. By 2024/25, Specific Excise collections reached R59.7 billion, driven by surpluses in Beer, Spirits, and Revenue from Neighbouring Countries, despite contractions in Cigarettes and Petroleum Products.

Dividends Tax/Secondary Tax on Companies (DT/STC): from 2020/21 FY to 2024/25 FY, **DT/STC Collections** have contributed, on average, 2.2% to SARS' national annual collections. Dividends tax collected by SARS grew at a CAGR of 14.7%, increasing from R24.8 billion in 2020/21 FY to R43.0 billion in 2024/25 FY. During the observation period, 2021/22 FY recorded the highest Y/Y growth rate at 34.6%, while the 2020/21 FY experienced a Y/Y contraction of 11.0%. The contraction in 2020/21 was largely due to the impact of COVID-19 restrictions, whereas the growth in 2021/22 FY reflected the recovery from a lower base. DT/STC collections of R42.9 billion were received for 2024/25 FY. This performance was influenced by a one-time payment of R5.6 billion from a mining company over its major restructuring during this period, which is unlikely to occur again. The sectoral analysis for DT/STC showed that the Electricity sector had the highest CAGR at 19.9% from 2020/21 to 2024/25, followed by the Transport sector at 16.7%.

CIT Provisional Tax: from 2020/21 FY to 2024/25, **CIT Provisional Tax** collections (the main component of Net CIT collections) have contributed, on average, 18.6% to SARS' national annual collections during the period under review. CIT Provisional Tax collected by SARS grew at a CAGR of 11.6%, increasing from R208.7 billion in 2020/21 FY to R323.4 billion in 2024/25 FY. During the observation period, the 2021/22 FY recorded the highest Y/Y growth rate at 52.7%, while the 2020/21 FY experienced a Y/Y contraction of -4.0%. The contraction in 2020/21 was largely due to the impact of COVID-19 restrictions, whereas the growth in 2021/22 reflected the recovery from a lower base and was also mainly driven by the robust increase in commodity prices, which caused a significant growth in the Mining sector. For CIT Provisional tax, the sectoral analysis showed that the Electricity sector had the highest CAGR at 43.0% from 2020/21 to 2024/25, whereas the Mining sector was the only sector with a negative CAGR at -7.6%.

Customs Collections: over the past five years 2020/21 FY to 2024/25 FY, **Customs Collections**, predominantly made up of Import VAT and Customs Duties, have together contributed on average 18.3% to SARS' national annual collections, with 14.2% from Import VAT and 4.0% from Customs Duties. Customs revenue collected by SARS grew at a CAGR of 12.4%, increasing from R213.9 billion in the 2020/21 FY to R341.6 billion in the 2024/25 FY. Customs collections during the first fiscal year of this period registered an overall 9.5% Y/Y contraction, which was a result of imports into RSA being heavily curtailed by the impact of COVID-19 on global trade. This was followed by noteworthy recoveries in the two successive fiscal years, each recording growth rates exceeding 20.0%. Collections in the last two fiscal years steadied to record modest growth rates of 2.4% and 0.8%, respectively.

Customs Duties: over the past five years, 2020/21 FY to 2024/25 FY, **Customs Duties** collections have contributed, on average, 4.0% to SARS' national annual collections. Customs Duties collected by SARS grew at a CAGR of 12.9%, increasing from R47.3 billion in the 2020/21 FY to R76.7 billion in the 2024/25 FY. The imported commodities which consistently underpinned this performance

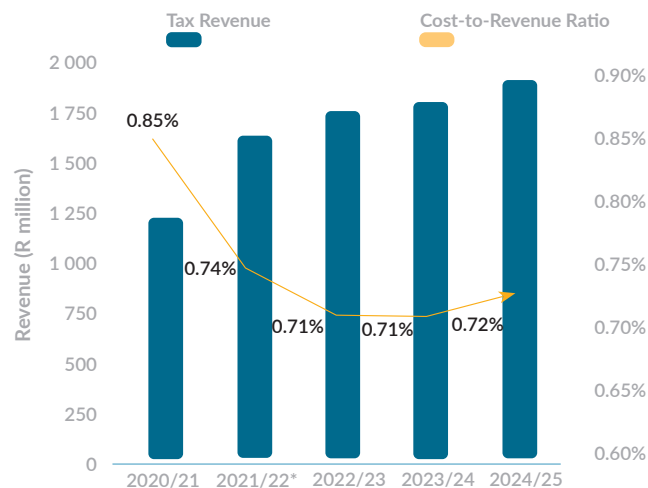
were vehicles; electrical machinery; clothing; tobacco products; footwear; and beverages. Together, these items make up an average 66.0% share of the Customs Duties collections over this period.

Import VAT: from 2020/21 FY to 2024/25 FY, **Import VAT** collections have contributed on average 14.2% to SARS' national annual collections. Import VAT collected by SARS grew at a CAGR of 12.0%, increasing from R166.5 billion in the 2020/21 FY to R261.9 billion in the 2024/25 FY. The imported commodities which consistently underpinned this performance were machinery; electrical machinery; vehicles; original equipment components; mineral fuels; and articles of plastic. Combined, these items make up an average 53.0% share of Import VAT collections over this period.

Net Fuel Levy: over the last five fiscal years (2020/21 to 2024/25), **Net Fuel Levy** averaged 5.3% of SARS' annual tax revenue. Net Fuel Levy collected by SARS grew at a CAGR of 3.3%, increasing from R75.5 billion in the 2020/21 FY to R85.9 billion in the 2024/25 FY. During the observation period, the 2021/22 FY recorded the highest Y/Y growth rate at 17.7%, while the 2020/21 FY experienced a Y/Y contraction of -5.8%. The contraction in 2020/21 was largely due to the impact of COVID-19 restrictions, whereas the growth in 2021/22 reflected the recovery from a lower base. The last fuel levy increase occurred in 2021/22 and has affected growth over the past five years.

Cost-to-Revenue Performance

For 2024/25 the cost-to-revenue was 0.72% (0.71% PY) and remained below the 1.00% benchmark for developing economies over the past five years. SARS' cost-to-tax-revenue ratio does not account for collections of non-tax revenue on behalf of other institutions. Such revenue includes MPRR collections and UIF contributions, as well as RAF levies. If these amounts were included in the revenue collections, then the cost-to-tax-revenue ratio would have been even lower at 0.69%, which is the same as in the PY.

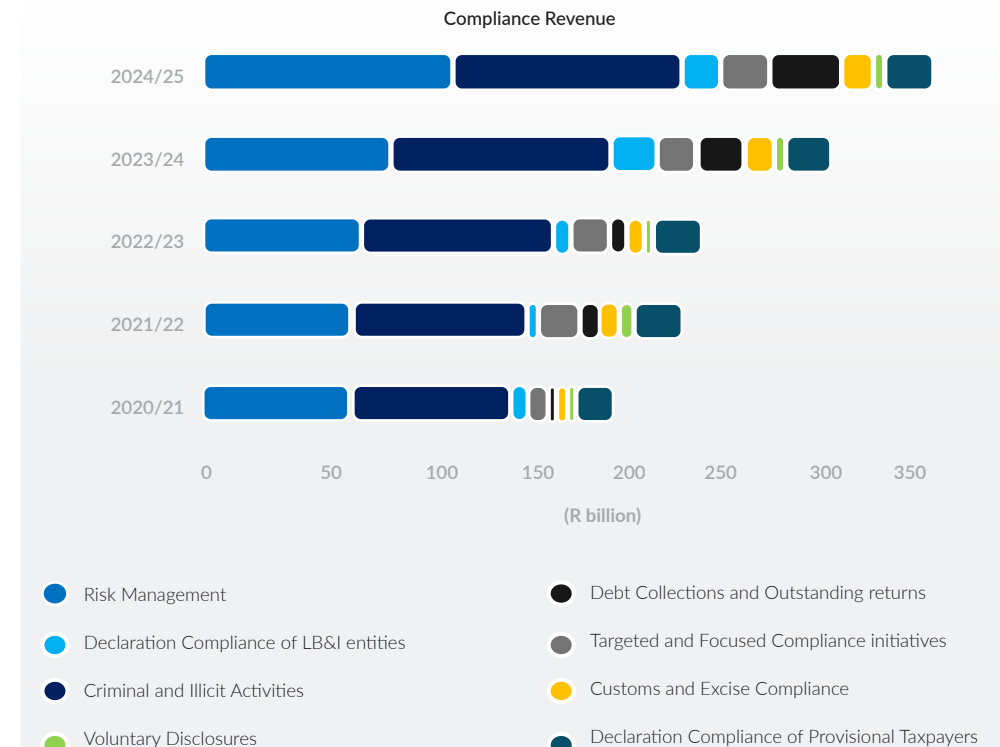


Tax Rates

During the past six-year period, maximum marginal tax rates remained unchanged across most tax types. The exception was PIT and Dividends Tax. The highest marginal tax rate for PIT increased from 41% to 45% effective 1 March 2017. From 22 February 2017, the dividends tax rate increased from 15% to 20%. The standard VAT rate increased from 14% to 15%, effective 1 April 2018. The most recent change in the tax rate is the reduction in CIT from 28% to 27% from 31 March 2023.

Compliance Revenue

SARS' effort to close the tax gap, is encapsulated in the measurement of compliance revenue among other outcome measurements. Compliance revenue is a result of identifiable compliance activities to improve compliance culture and trust in the tax ecosystem. These efforts are underpinned by the SARS Compliance Programme and Strategic Intent to develop and administer a tax and customs system of voluntary compliance and to enforce decisively and responsibly where appropriate.

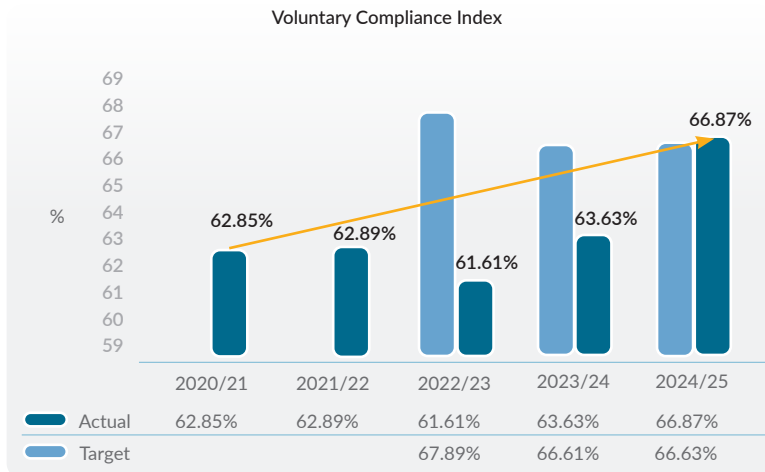


Initiative	2020/21	2021/22	2022/23	2023/24	2024/25
	R billion	R billion	R billion	R billion	R billion
Risk Management	61.3	61.6	65.6	78.1	103.8
Debt Collections and Outstanding Returns	66.2	72.4	80.5	91.3	95.0
Declaration Compliance of LB&I Entities	6.8	4.6	6.1	19.1	16.2
Targeted and Focused Compliance Initiatives	9.6	17.7	16.4	16.8	20.3
Criminal and Illicit Activities	1.9	8.2	6.7	20.1	30.0
Customs and Excise Compliance	3.9	8.2	7.8	12.2	13.4
Voluntary Disclosures	4.6	5.9	3.7	3.6	5.0
Declaration Compliance of Provisional Taxpayers	16.2	19.6	20.7	19.3	20.3
Total	170.6	198.0	207.5	260.5	304.0

STRATEGIC INTENT: Voluntary Compliance

Voluntary compliance has increased as measured by a credible voluntary compliance index

— level of overall tax compliance (%)

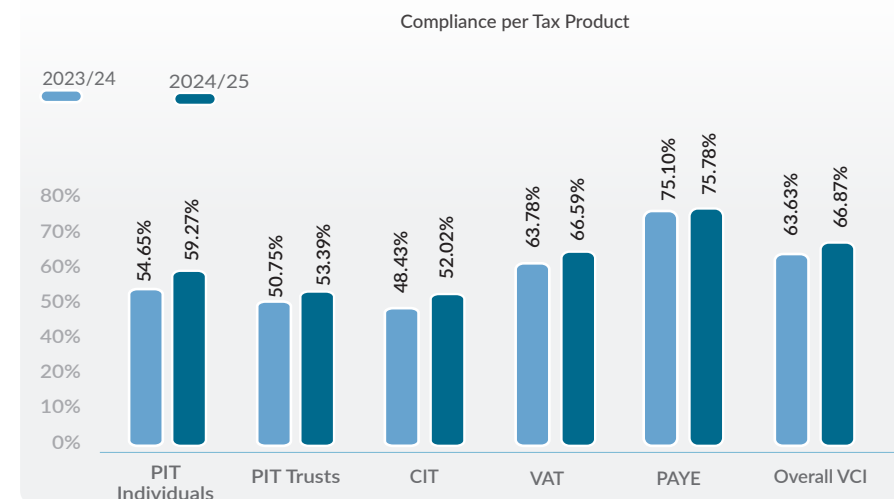
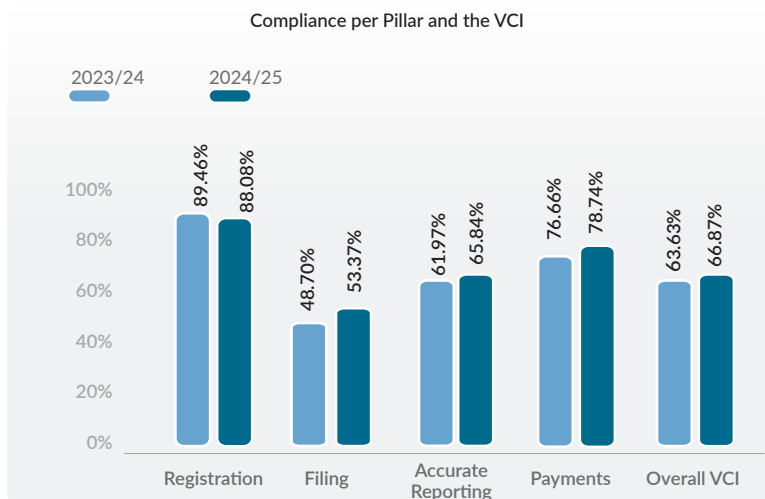


Voluntary compliance is essential to upholding a fair and effective tax system, reflecting society's commitment to civic responsibility and economic integrity. During the review periods, the decline in voluntary compliance, as measured by a credible VCI, was stabilised in 2022/23 and subsequently improved by 5.26 percentage points to end of March 2024/25.

SARS has embraced the philosophy of voluntary compliance whereby taxpayers and traders fulfil their obligations with minimal prompting. Voluntary compliance refers to the extent to which taxpayers and traders meet their tax obligations: registering, filing, reporting (declaring), and paying accurately and on time, as required by legislation. SARS' primary task is to optimise taxpayer and trader compliance according to its legislative mandate.

To measure the level of voluntary compliance within the tax base, SARS has developed and implemented the VCI. The VCI aggregates the four pillars of tax compliance — registration, filing, reporting (declaration), and payment — providing a compliance score for each main tax product and a composite score for all main tax products.

PAYE has the highest VCI at 75.78%, with VAT at 66.59%, PIT Individuals at 59.27%, PIT Trusts at 53.39%, and CIT at 52.02%. Although filing compliance has improved, overall compliance remains low, particularly in accurate reporting. Payment compliance is improving, despite low filing and reporting compliance.



Voluntary Compliance Index Methodology

The Voluntary Compliance Index methodology, developed and implemented in 2014, was reviewed in 2021/22. For the period under review the VCI experienced a decline, between 2020/21 and 2021/22 which subsequently stabilised in 2022/23. From 2022/23 to 2024/25, the VCI improved by 5.26 percentage points; specifically, it increased by 2.02 percentage points from 2022/23 and 2023/24, and further by 3.24 percentage points between 2023/24 and 2024/25. The notable improvements in the VCI from 2022/23 can be attributed to three primary factors:

1. The “Event”, which pertains to register clean-up exercises.
2. Legislative changes/amendments (e.g. Auto Assessment).
3. Taxpayer compliance behaviour changes.

SARS’ proactive engagement with taxpayers who previously filed and paid late has resulted in more timely responses. This included follow-ups with non-filing and non-paying taxpayers whose behaviour changed from non-compliant to compliant. Concurrently, tools to monitor taxpayer behaviour patterns have been developed and deployed, facilitating earlier engagements with partially compliant and non-compliant taxpayers.

Improved performance from 2022/23: the improved VCI performance over the last five years can be attributed to enhanced filing, reporting/declaration, and payment compliance levels across major tax types, signalling a positive trend in compliance culture:

- » Filing compliance improved significantly by 5.63 percentage points (47.74% to 53.37%) over the past five years. Filing compliance improved in respect of all tax types: PIT Individuals improved by 12.65 percentage points (54.88% to 67.53%); Trusts by 9.43 percentage points (18.29% to 27.72%); CIT by 8.48 percentage points (17.13% to 25.61%); VAT by 2.88 percentage points (49.43% to 52.31%); and PAYE by 4.54 percentage points (54.98% to 59.52%).
- » Reporting/declaration compliance improved significantly, increasing by 10.55 percentage points (from 55.29% to 65.84%). The improved reporting compliance was mainly due to improved levels in PIT Individuals (+14.89 percentage points), CIT (+1.98 percentage points), and PAYE (+0.79 percentage points). The reporting compliance of VAT declined by 5.67 percentage points and PIT trusts by 0.26 percentage points.

- » For payment compliance, the positive variance of 0.90 percentage points (from 77.84% to 78.74%) was due to taxpayers who exhibited significantly better payment behaviour in indirect taxes and CIT. The payment compliance level of PIT Individuals decreased by 2.80 percentage points from 47.11% to 44.31%. The compliance behaviour of PIT Individuals remains considerably lower than in other tax products. This behaviour can likely be attributed to economic hardship, as individuals struggle to meet their debt obligations amid rising living costs. The payment compliance of PIT Trusts declined by 0.33 percentage points from 68.26% to 67.94%. CIT payment compliance improved by 5.13 percentage points (61.59% to 66.72%); VAT by 1.71 percentage points (84.38% to 86.10%); and PAYE payment compliance improved by 2.11 percentage points, 85.45% to 87.56%.

Underperformance prior to 2023/24: underperformance in the overall VCI prior to 2023/24 was mostly attributable to the low filing compliance in CIT, PIT Individuals, Trusts, and VAT. The causes of low filing compliance in PIT, CIT, and Trusts were the integrity of the register; the extremely poor filing behaviour of new entities; and the large number of entities that were not required to file whose status SARS changed to “required to file” in the last quarter of 2022/23.

From 2022/23 to 2024/25, the VCI improved by 5.26 percentage points.

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STRATEGIC INTENT: Trade Facilitation

Trade facilitation, which is part of SARS' mandate, encompasses the processes that streamline cross-border transactions, ensuring the smooth flow of legitimate trade, while minimising unnecessary delays. Regulatory border agencies play a pivotal role in enforcing compliance through various laws and safety requirements. By doing so, they safeguard the country, its industries, and citizens from harm caused by illicit movement of goods and people across borders.

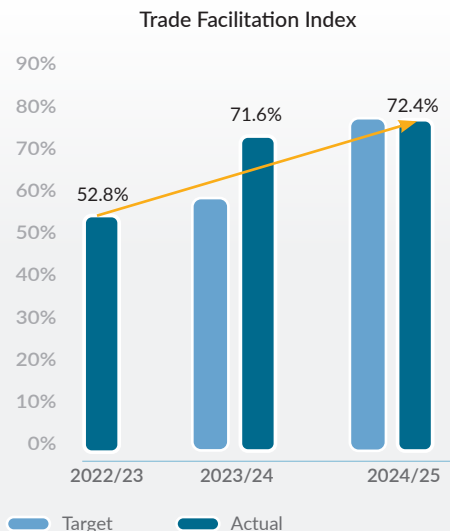
Progressive Trade Facilitation

Following a positive start to the goods trade in 2025, many trade-reliant developing countries face mounting challenges from reduced exports, lower commodity prices, tighter financial conditions, and elevated debt burdens. The US' proposed higher tariffs are likely to strain global supply chains, drive up production costs, and delay critical investment decisions, further weakening global trade growth. As a small, open, and mining commodities exporting economy, South Africa's trade will likely be harmed by these developments. For the 12 months ending 31 March, trade flows decreased by 1.8% year-on-year compared to the corresponding period in 2024, from R3.97 trillion to R3.89 trillion, driven by declines in both exports (-0.4%) and imports (-3.3%). The decrease in exports was primarily due to lower shipments of coal, iron ore, vehicles (passenger and goods), and platinum group metals. By contrast, the decrease in imports can be attributed to reduced imports of refined petroleum, original equipment components, and renewable-energy products.



Enhance Trade Facilitation

— Develop and approve a trade facilitation index



To measure trade facilitation, SARS undertook a benchmark study to design a credible Trade Facilitation Index (TFI). A Trade Facilitation Agreement (TFA) was developed by the World Trade Organisation (WTO) to improve trade efficiency worldwide, encourage economic growth, and take advantage of new technologies.

Over the past five years, SARS made significant progress in trade facilitation, as evidenced by the TFI scores. The TFI score of 72.40% for the 2024/25 fiscal year represents an improvement over the previous year's score of 71.60%, although it falls short of the aspirational goal of 76.60%. Key factors contributing to the positive variance include high performance in automation, document formalities, and information availability. Efforts to enhance consultation methods and information availability have also shown progress. However, there are areas that

require improvement, such as governance and impartiality, and the effectiveness of electronic data-exchange. The study highlights the need for better communication, training, and transparency to further improve efficiency and stakeholder satisfaction. Despite the challenges, SARS' commitment to enhancing trade facilitation has led to consistent progress, with the TFI score remaining higher than the Sub-Saharan African average, but still below the OECD global average.

Strategic Objective 1: Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations

Taxpayer Experience Statement: the overall taxpayer and trader experience is empowering and enabling. Taxpayers and traders proactively receive clear guidance and, where required, have easily accessible additional customised support. Certain segments of taxpayers and traders may also gain access to leverage products such as advance pricing agreements, advance rulings (including VAT rulings and binding general rulings), and cooperative compliance programmes.

SARS endeavours to administer tax and customs laws that are clear, easily understood, and applied by taxpayers and traders to the greatest extent possible. SARS believes that taxpayers and traders who are aware, clear, and certain of their rights and obligations are more likely to comply voluntarily.

SARS provided easy-to-understand and easy-to-access guidance to taxpayers and traders through, for example, prompt rulings, interpretation notes, and explanatory guidelines.

Some of the mechanisms and instruments used to offer clarity are:

- » Segments to tailor engagements, e.g. HWI Unit, LB&I, and SMME.
- » Multimedia advertisements.
- » YouTube videos on product use.
- » Risk-specific letters when taxpayers are alerted of a verification.
- » Outreach and education campaigns.
- » Increased number of targeted communications through various channels and social media.

Throughout the five financial years, SARS has been dedicated to enhancing clarity and certainty for taxpayers. Key initiatives contributing to this objective include the Clarity and Certainty Survey; educational programmes; the Advanced Tax Rulings; legislative framework updates; and the Voluntary Disclosure Programme (VDP). These efforts are building public trust and confidence in the tax administration.

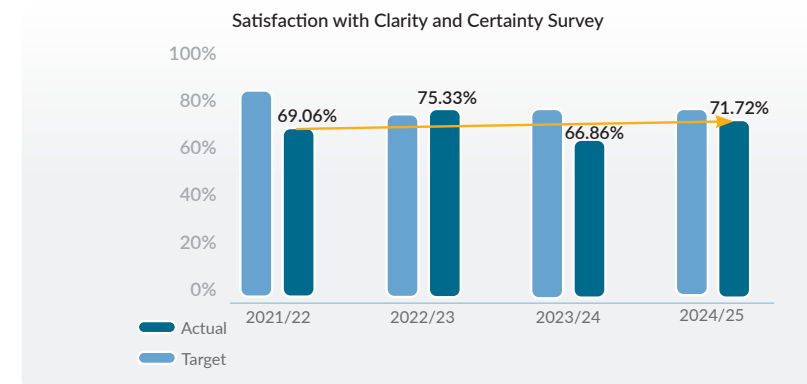
The majority of taxpayers, traders, and public surveyed perceive the guidance SARS provides as clear, unambiguous, and easy to comply with
 – % of taxpayers and traders that are satisfied with the clarity and certainty of the guidance provided by SARS based on an annual survey (clarity survey)

This indicator gauges taxpayers' satisfaction with the clarity and certainty of guidance offered by SARS as they conduct their tax business. Held annually since 2020, the clarity survey establishes the percentage of taxpayers and traders who are satisfied with the clarity and certainty of guidance provided by SARS. The study adopted a mixed (quantitative and qualitative) approach, with emphasis on the quantitative method. A sample of potential participants was selected from the SARS taxpayer register comprising individual taxpayers, companies, and traders.

In the 2021/22 FY, the actual percentage of people who were satisfied with the clarity and certainty SARS provides was 69.06%. In the first three years of the survey, each segment of taxpayer has generally shown a steady increase in clarity and certainty to 75.33% in 2022/23. This study identified the attitude of taxpayers, companies, and traders toward the guidance they receive from SARS, and whether the experience was empowering. The feedback suggests that broadly, taxpayers and traders were satisfied with the guidance provided, and at a general level, taxpayers and traders understood what is required of them to comply with their tax obligations. The results indicate pockets of regional differences in understanding the role of SARS in society, and that taxpayers want greater convenience in interacting with the revenue authority. Nevertheless, taxpayers found PIT/PAYE taxes easier to understand and interact with compared to VAT. Taxpayers and traders generally found VAT to be complex and trade and customs guidance less accessible. The results also showed inconsistencies and lack of standardisation in the information provided, which creates hurdles for taxpayers and traders to fulfil their obligations. In 2023/24, SARS' methodology and survey instruments were improved to provide more specific information. This intervention resulted in a slight decline in satisfaction to

66.86%. Refining its approach in the following year, SARS improved its score in 2024/25 to 71.72%. Although the guides and guidelines are effective in clarifying the processes to those who engage with them, a notable portion of the population does not use these resources. With the result still being short of the five-year target of 77%, the survey results depicted gaps in the provision of clarity and certainty of obligations, particularly in respect of guides and guidelines.

Planned mitigation actions to resolve these challenges include simplifying internal processes; investing in digital solutions; boosting staff capacity during peak periods; implementing standardised educational programmes; enhancing communication channels; and establishing robust feedback mechanisms. Each of these initiatives directly contributes to improving taxpayer satisfaction and confidence in the guidance SARS provides.



Expanded enrolment of economic operators to the AEO Programme

– Number of AEO accreditations

Traders' participation in the AEO Programme is voluntary. The programme seeks to increase compliance, safety, and the security of the international-trade supply chain. For 2020/21 FY and 2021/22 FY, this indicator measured the percentage of active economic operators who signed on to the AEO Programme. All economic operators who participate by submitting applications and ultimately receiving an Accreditation Status are regarded as uptake into the AEO programme. For 2023/24 and 2024/25, this measure recorded the number of economic operators that received accreditation status from SARS, including new and renewal applications.

The AEO Programme offers benefits that facilitate trade. The AEO Programme aligns with the World Customs Organisation's SAFE Framework of Standards and the World Trade Organisation's Trade Facilitation Agreement. SARS' active marketing of the programme to traders, coupled with word of mouth (i.e. positive experiences shared by Accredited Traders on various platforms), contributed to the number of applications received. Secondly, the accreditation of clients who have already completed the Compliance Improvement Programme also contributed to the increased uptake into the programme.

During the 2023/24 FY, 190 clients were conferred AEO status. The AEO register reflected a year-on-year growth of 91%, bringing the number of accredited clients in the register from the prior year's 159 to 304. During the 2024/25 FY, 378 clients were accredited, bringing the total to 651 – an increase of 114% from the previous year. This performance is attributed to the new AEO model and engagement strategy, which were implemented to eliminate inefficiencies and improve performance. This growth reflects the programme's maturity, automation, mutual-recognition benefits, and effective marketing. SARS has achieved its targets for this measure consistently.

During the 2024/25 FY, 378 clients were accredited, bringing the total to 651 – an increase of 114% from the previous year.

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Strategic Objective 2: Make it EASY for taxpayers and traders to comply with their obligations

Taxpayer Experience Statement: engagements with taxpayers and traders to fulfil 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 SARS' behalf.

SARS recognises that providing an easily accessible, professional, and efficient service promotes voluntary compliance. Its service must enable taxpayers and traders, throughout their lifecycle, to meet their obligations in a fair, easy, cost-effective, and convenient manner. SARS endeavours to provide taxpayers and traders equitable access to service channels, and a seamless service throughout registration, filing, declaration, payment, and deregistration, using mainly its online self-service digital channels.

SARS reviewed its service offerings through consultation across the enterprise. The process began with an initial analysis of available service offerings, segmented into online versus manual. Since the COVID-19 pandemic, more people opted to register and file returns via the online channels: eFiling and the MobiApp. For the 2020/21 FY, of all taxpayer and trader interactions, 86.31% unique taxpayers and traders used SARS' digital platforms, which increased to 92.27% in 2024/25.

Every year, SARS embarks on Filing Season when taxpayers are encouraged to file their tax declaration in line with their obligations. The 2024 campaign was again very successful, building on prior years. Filing Season 2024 saw the gathering of nearly 160 million third-party data records, which are the building block for Filing Season's downstream processes. In processing this volume of data, AI and

machine learning enabled SARS to pre-populate more tax returns; improve the integrity of taxpayer declarations; and simplify the taxpayer experience of a larger number of taxpayers, thanks to Auto Assessment.

The COVID-19 pandemic necessitated that the way SARS conducts business be fundamentally altered. SARS focussed on enhancing digital platforms to empower taxpayers to easily comply with their tax obligations, limiting the need for walk-ins at branches. The enhancement and development of channels reduced traffic in SARS branches. Taxpayers traditionally visited branches to obtain tax directives and reference numbers; confirm banking details; register for VAT and PIT; or submit supporting documents. Capabilities were added to the digital channels so that taxpayers could access and conclude these functions remotely and easily.

The number of taxpayers visiting branch offices in 2021/22 decreased from 6.5 million in the 2019/20 FY, to 1.2 million taxpayers in the 2021/22 FY. This translates into 5.3 million fewer taxpayers visiting a branch office per year versus the number before COVID-19. This is a decrease of 81.5%. Visits to branch offices have since normalised to 2.5 million in the 2024/25 FY.

SARS will continue to resolve the high call-abandonment rate, which drives taxpayers to visit SARS branches to resolve their queries. Furthermore, a segment of taxpayers prefers to resolve their queries face-to-face. This is an area in which SARS can improve resource scheduling and taxpayer education.

Mitigating actions to improve performance on this indicator include an improved predictive scheduling approach to meet taxpayer demand and more education and awareness on the use of digital channels. SARS will continue to invest in automation to simplify taxpayer queries and increase first-time resolution.

SARS is currently accessible through a variety of channels:

- » SARS Branch Offices
- » Contact Centres
- » eFiling
- » SMS
- » WhatsApp
- » USSD
- » MobiApp
- » SARS Online Query System
- » Self Service Terminals (Kiosks)
- » Lwazi Chatbot
- » E-mail channels
- » SARS Website

SARS Online Query System



Submissions increased with



> 1 000%

479k
In 2020/21

>5 million
In 2024/25

Active from April 2020

Auto Assessments



Auto Assessments increased by 525%



<800k
In 2020/21

>5 million
In 2024/25

Active from July 2020

Self Service Terminals



Interactions increased by



428%

132k
In 2021/22

>697k
In 2024/25

Active from October 2021

USSD Channel



>28 million Interactions during 2024/25



Active from 15 March 2023

Branch Offices



In branch volume decreased by



>48%

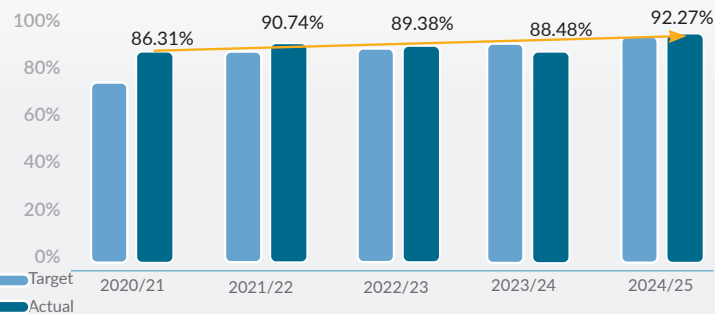
5 million
In 2019/20

2.6 million
In 2024/25

Increased number of taxpayers and traders using digital platform

– % of taxpayers and traders using digital platforms to interact with SARS

Uptake of digital channels



This indicator computes the number of taxpayers and traders who use any of the digital platforms to interact with SARS. It effectively gauges the migration from physical platforms to digital platforms. This includes self-service and excludes assisted use of digital platforms.

SARS reviewed its service offerings by consulting across the enterprise value chain. This began with an initial analysis of available service offerings, segmented into online versus manual. With the pandemic in 2020–2022, more people opted to register and file returns via the online channels, eFiling, and MobiApp.

For the 2020/21 FY, out of all taxpayer and trader interactions, 86.31% unique taxpayers and traders used SARS' digital platforms. SARS used unique taxpayers and traders in the calculation to prevent double counting, because a single taxpayer or trader may have had more than one interaction with SARS. 90.74% of taxpayers and traders used digital platforms to interact with SARS.

The following contributed to the uptake of digital channels:

- » 24/7 availability of digital self-service channels.
- » Digital-channel awareness campaigns via taxpayer education

and contact centre agents.

- » Educational material published on the SARS website and social media.
- » A branch-appointment process implemented because of COVID-19 restrictions and thereafter.

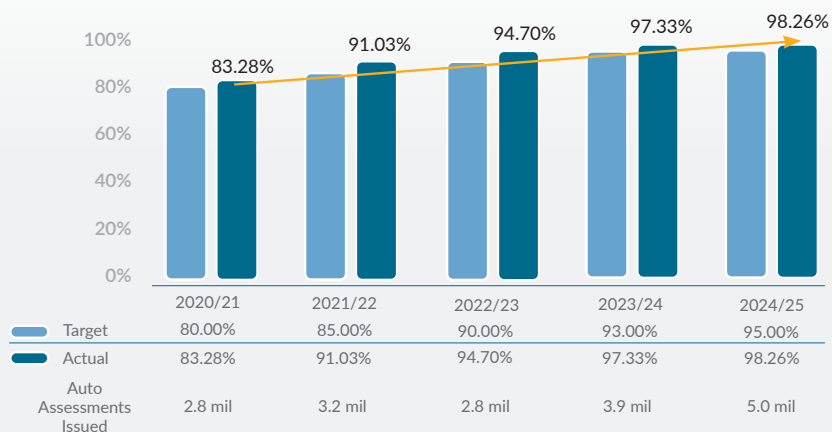
For the 2021/22–2024/25 FY, taxpayers' use of SARS' digital channels was approximately 90%. The improvement in performance was achieved through concerted efforts to implement suitable platforms and to educate taxpayers on their use and advantages. In 2024/25, digital usage was concentrated on the eFiling platform at 60.25% of total interactions. PIT and PAYE products showed the most uptake at 12 million and 5 million interactions, respectively.

The 3.6 million interactions at branch offices instead of digital platforms present an opportunity to improve taxpayer education and digital channels. These efforts aim to simplify compliance to reduce effort and cost. SARS consistently performed well on this key result.

Standard taxpayers are auto-assessed by SARS

– % of standard taxpayer returns auto assessed by SARS (individual taxpayers)

Auto Assessment Accepted



This measure is to determine the extent to which SARS can use data and information to accurately file and assess tax returns automatically, making it unnecessary for taxpayers and traders to file tax returns themselves. This indicator measures the proportion of tax returns of standard individual taxpayers that are filed and assessed automatically by SARS. This includes taxpayers who qualify for Auto Assessments. These taxpayers are issued with assessments based on an estimate using data held by SARS, and do not need to file an amended return thereafter.

In line with SARS' strategic objectives to improve taxpayer experience and service delivery, enabled by the increased and expanded use of data and technology, SARS piloted the automatic assessment of tax returns in the 2019 Filing Season in the 2020/21 FY. The population of taxpayers who were auto-assessed in the 2020 filing season (2021/22 FY) was significantly expanded to just more than 3.6 million. These taxpayers are referred to as "standard taxpayers", and are loosely defined as "largely non provisional taxpayers" in the APP. This category typically includes taxpayers in formal employment, where SARS has all relevant third-party data at its disposal to auto-assess them.

SARS managed to increase the number of taxpayers auto-assessed from 2.8 million in 2020/21 to 5.0 million in 2024/25, making PIT return filing a seamless experience for standard taxpayers.

In the 2020/21 FY, 2 863 311 were auto-assessed by SARS, as no changes were made to the assessment presented to them. During the 2021/22 FY, 3.16 million taxpayers received Auto Assessments. SARS applied Auto Assessments to 97.18% (3.07 million) of this population, of which 91.03% (2.80 million) was accepted by taxpayers. Improvements resulted from enhanced rules and criteria for identifying taxpayers for Auto Assessment, based on the previous year's findings. SARS continued to include more taxpayers in the Auto Assessment process, including habitual branch filers, who would probably have visited a SARS branch during the third wave of COVID-19. For 2022/23, 2 629 991 (94.70%) of the 2 777 256 standard taxpayers accepted the Auto Assessment as correctly simulated/issued, while only 5.30% edited their assessments. The achievement of 94.70% was an improvement and a result of the enhanced rules and selection criteria applied, which made the identified population more accurate. In the 2023 Filing Season (2023/24), a notable increase of

31.29% was observed in the Auto Assessment of standard taxpayers, with 3.86 million individuals processed. The 97.33% acceptance rate underscores the effectiveness of the Auto Assessment system and indicates a favourable response from taxpayers to the process. In the 2024 Filing Season (2024/25 FY), a further increase of 30.05% was observed in the Auto Assessment of standard taxpayers, with 5.02 million individuals processed in 2024/25, compared to the previous year's 3.86 million. The 98.26% acceptance rate shows that SARS' refinements in data analysis and the selection were crucial in achieving this positive outcome. By improving the methods for identifying eligible standard taxpayers, SARS is enhancing the efficiency and accuracy of tax-assessment procedures and making it easy and simple for taxpayers to comply with their obligations.

SARS achieved its targets for this measure consistently.

A focused SMME Compliance Programme implemented

– % implementation of focused SMME Compliance Programme initiatives on the pilot population

SMMEs play a critical role in the South African economy as they contribute greatly toward the country's GDP. SMMEs account for most businesses in South Africa and are key in job creation. However, SMMEs face challenges in complying with their tax obligations, which leads to significant revenue loss. To resolve this issue, SARS' SMME Compliance Programme aims to reduce SMMEs' administrative burden while maximising revenue collection.

In 2020/21, SARS drafted a discussion paper on proposals to enhance its SMME service offering and SMME compliance. The research and data analysis revealed an inaccurate SMME register; lack of awareness and education; inadequate service delivery and support; and wilful non-compliance.

Initiatives part of the SMME Compliance Programme were to:

- » Create and maintain an accurate SMME register.
- » Expand and improve SMMEs' knowledge and awareness through tailored educational initiatives.
- » Improve SMMEs' customer experience by offering differentiated services.
- » Improve SMMEs' compliance by implementing improved detection and compliance mechanisms.

In 2023/24, the SMME Compliance Programme was finalised and approved and is being implemented. In 2024/25, SARS began to implement the programme to simplify SMMEs' interaction with SARS. This programme will also ensure that SARS' systems enable the organisation to correctly identify and remedy non-compliant behaviour among SMMEs proactively and systematically.

SMMEs play a critical role in the South African economy as they contribute greatly toward the country's GDP.

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Strategic Objective 3: DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY

Taxpayer Experience Statement: 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.

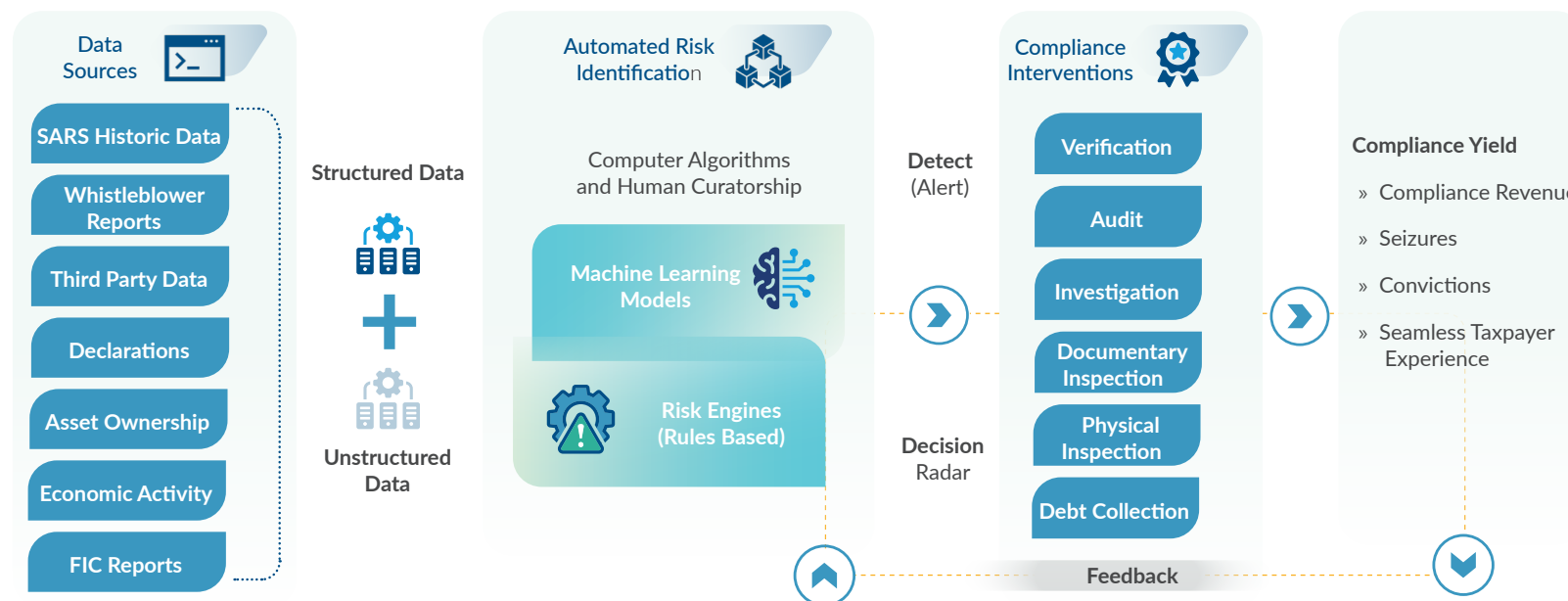
The aim of SARS' enforcement activities is to promote fairness and deter non-compliance with tax and customs laws by creating an environment where a taxpayer's and trader's compliance is consistently monitored. SARS' actions will be proportional to the level of non-compliance detected, moving through a continuum of "soft" to "hard" enforcement. SARS is building sufficient capabilities and resources (data, intelligence, skills, people, and systems) to detect and investigate non-compliance early, and aims to communicate promptly with taxpayers and traders when non-compliance is detected. SARS does give non-compliant taxpayers and traders reasonable time and clear guidance

to respond and correct non-compliance. When this fails, SARS uses the appropriate enforcement tools to respond. SARS has focused on increasing compliance through the accurate detection of risk.

SARS sought to achieve the target of 95% accuracy for all automated risk-detection cases for the last five years. Continuous feedback is improving risk identification. The effectiveness of SARS' fraud-detection measures ensures compliance and safeguards tax revenue. For the 2021/22 FY, SARS achieved a 98.48% accuracy rate in the detection of risk based on an analysis of completed audit cases. This increased to 99.84% in 2024/25. In terms of criminal tax cases referred to the NPA and their prosecution, the success rate was very satisfactory at more than 95% for all five years under review.

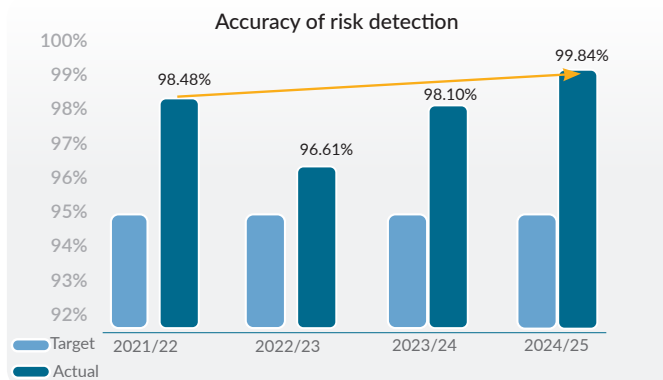
SARS' enforcement capabilities and actions are critical to deter non-compliance and criminal activities which contravene customs laws.

Data-driven Compliance Risk Detection



Increase compliance through the accurate detection of risk

— % Risk detection rate



This indicator tracks SARS' ability to accurately detect risk. In the 2020/21 reporting period, SARS approved its revised methodology and described its data-driven risk-detection framework. Following the achievement of these milestones, in the 2021/22 FY SARS focussed on achieving 95% accuracy in its data-driven automated risk-detection.

The risk-engine team monitored risk-rule performance, and used the feedback from escalations to improve the rules to eliminate false positives. A risk-validity rate of 96.61% was attained for the 2022/23 FY. The accuracy rate continued to improve in 2023/24 to 98.10% and 99.84% in 2024/25.

All detected risks were followed through to the completion of the tax verification or audit cases generated. Where the initial assessment was left unadjusted, such cases were sampled for quality review and the outcomes were fed back into the risk engine for improvement. This feedback loop improved in the accuracy of risk-detection. Advanced analytical tools and methodologies also significantly improved the accuracy of risk identification. This demonstrates SARS' commitment to maintaining a robust and effective risk-assessment process, delivering on high standards of accuracy and reliability.

Collapsed illicit schemes

— Number of significant schemes collapsed

SARS is targeting illicit financial flows, which pose a significant threat to South Africa's economic stability and development. These flows include practices such as tax evasion, trade mis-invoicing, and money laundering. SARS is committed to combating illicit financial flows through vigorous enforcement and strategic collaboration with other government agencies.

Over the past five years, SARS has completed important groundwork to strengthen its capability to detect, investigate, and disrupt illicit economic activities. Notable achievements include the establishment of the Syndicated Tax and Customs Crimes (STCC) division, which resulted in significant revenue recoveries and the referral of numerous criminal cases to the National Prosecuting Authority.

SARS has also disrupted specific illicit industries dealing in gold, fuel, and smuggled alcohol (ethanol). Enforcement included search and seizures, preservation applications, repatriation of foreign assets, tax inquiries, and civil action. These cases take multiple years to conclude and are therefore a very positive outcome for years of hard work.

SARS collapsed four illicit schemes in 2024/25 FY:

Illicit Fuel and Petroleum Industry (two schemes):

- » Nature of schemes: SARS identified various bespoke schemes, tailored for a specific taxpayer, which involved two oil majors selling fuel to local entities (non-Long Drain Field Test) without including duties and levies, under the pretence that the fuel is meant for export.
- » Impact of collapsing the schemes: two oil majors stopped selling the fuel to local entities illegally. SARS has collected R763.7 million and received a settlement proposal for further payment of R1.6 billion from one oil major; collected R1.1 billion from the other; and signed a settlement agreement on 11 March 2025.

Illicit Fuel — Adulteration (one scheme):

- » Nature of scheme: adulteration/blending of paraffin into diesel to inflate volumes and reduce retail pricing. This illegal practice harmed the fuel sector and caused a R3 billion loss to the fiscus. Beside the damage to the fiscus, the addition of paraffin to diesel produces an inferior quality product that can damage vehicles, reduce their efficiency, and increase the emissions of harmful pollutants. Impact of collapsing the scheme: SARS detained the assets, equipment, trucks, and products at the depots. The depots were closed and stopped operating because of SARS' intervention. Prejudice across the current investigations into both tax and customs contraventions is estimated at R350 million. Fuel products under detention were around 700 000 litres of diesel, paraffin, and petrol. A criminal case was referred to the Randfontein Police Station. Thus far, two arrests were made by SAPS, and four arrests were made in relation to contravention of the Immigration Act. In addition, the Fire Department has also issued a "close certificate".

VAT Fraud and Illicit Gold Trade Scheme (one scheme):

- » Nature of scheme: VAT is a critical revenue stream for the South African government. VAT relies on self-assessment by businesses to charge, collect, and remit taxes. However, the illicit gold trade has exploited weaknesses in the VAT system, particularly through fraudulent claims on second-hand gold transactions.
- » Impact of collapsing the scheme: tax assessments issued exceed R45 billion, with further claims under review. For the financial year under review: R2 billion in taxes was recovered; R1.9 billion in VAT refunds were halted; and R2.2 billion in fraudulent claims were prevented. In total, R6.1 billion in revenue was recovered. An out-of-court settlement was reached with the main perpetrator of the scheme. VAT refunds at a major gold refinery were reduced from R278 million for tax periods from 2017–2020, and to R44 million for the tax period 2020–2023 following enforcement.
- » Strategic impact: SARS' actions have significantly disrupted illicit networks: key money-laundering facilitators have exited the industry; banking institutions have severed ties with implicated players; and major role-players have ceased operations or fled South Africa.

Strategic Objective 4: Develop a HIGH-performing, DIVERSE, AGILE, ENGAGED, and EVOLVED workforce

Employer Statement: SARS' employees consider the organisation to be an employer of choice and are engaged to deliver the best taxpayer and trader experience, characterised by professionalism and actions beyond reproach. Tasks have become less administrative, and more analytical and service oriented. Employees easily collaborate to leverage their combined strengths. SARS invests in them appropriately and provides them with the right tools for the job. Employees can respond to future demands of the work environment and changing needs of taxpayers and traders with ease.

At the heart of SARS' "People Philosophy" is the recognition that SARS serves the public through the organisation's role in the country's fiscal management. SARS also serves individual members of the public through day-to-day interactions at branches and contact centres. SARS employees should be highly skilled in answering taxpayers' and traders' queries.

SARS' approach to its employees is to develop an engaged workforce with the requisite competences, capabilities, and attributes to deliver its mandate. The objective also promotes an ethos conducive to SARS' Higher Purpose and its desired culture. A leadership system with integrity and capable leaders across all levels in the organisation are essential in the conceptualisation, design, and delivery of appropriate people-policies and practices.

SARS will remain a workplace where employees can express their aspirations and values. SARS has and will continue to expand and maintain a working environment that supports employees' growth and development.

When managers embrace and exhibit the desired behaviours, they are more likely to inspire their employees. Specifically, every manager must ensure that the five Employee Rights are experienced by every employee. Employees have a right to:

1. Enjoy their work.
2. Understand the meaning of their work.
3. Know what winning means.
4. Receive performance feedback.
5. Experience a fair deal.

The Association of Certified Fraud Examiners of South Africa (ACFE SA) recognised SARS as the winner of the Public Sector Corporate Company Award for 2021, for the investment SARS made in its Capability Development in Fraud Examination and Management.

Every year, university students vote for their ideal employers in the country's largest, most comprehensive and independent career survey — the Universum Talent Survey. SARS ranked as #1 among Business/Commerce students for more than one year. Similarly, young professionals vote for their ideal employers, in which SARS has been listed as Top of Industry for Accountancy by Business/Commerce professionals.

SARS has been rebuilding its organisational capability and restoring institutional integrity. Integral to this drive, and in a major shift from the previous three years, the recruitment of a skilled and capable workforce received substantial impetus in 2023/24, mainly because of:

- » Allocation of additional funding by National Treasury to SARS to recruit critical, scarce, and future-oriented skills.
- » Identification of the skills SARS requires to run the organisation effectively and efficiently today and into the future.
- » The decision to allow for the backfilling of critical skills that became vacant owing to business-as-usual attrition

SARS continues to regard skills-development the bedrock of organisational performance and employee engagement. SARS undertook various initiatives to develop employees to meet the changing demands in core, enabling, and support roles, as guided by employees' Personal Development Plans and Business Prioritisation. While dealing with the challenges and constraints associated with COVID-19, SARS continued to deploy blended-learning modes in which virtual learning becomes a dominant feature.

The SARS Leadership Model was designed over 15 months by the Senior Executive Leadership ("Top 70") clearly to depict the core role of every SARS Manager/Leader, as well as the desired behavioural attributes. SARS continued to socialise the Leadership Model beyond the Top 70 to the broader leadership. The Leadership Model outlines how SARS recruits new managers, as well as the deployment, development, and performance management of current managers.

Improve the engagement of employees

– Employee Engagement Index score achieved based on survey of employees

This indicator monitors the extent to which employees feel valued and involved in their everyday work, which helps to improve their level of commitment and affiliation to the SARS employer brand. For the current year, the plan to assess and consequently improve employee engagement is relevant.

The intention to conduct the 2021 survey was to establish a new baseline for employee engagement. Given the extent of change in the organisation over the previous three years, the 2017 data were outdated and of limited value. Furthermore, the aim was to understand if SARS was making progress toward achieving its nine strategic objectives; whether employees understand Vision 2025; and if employees identify with the new values aligned with the latter two points. Part of the transformation at SARS has been to launch the Employee Rights Charter and Steward Leadership, and it was also necessary to measure the employees' perceptions of these.

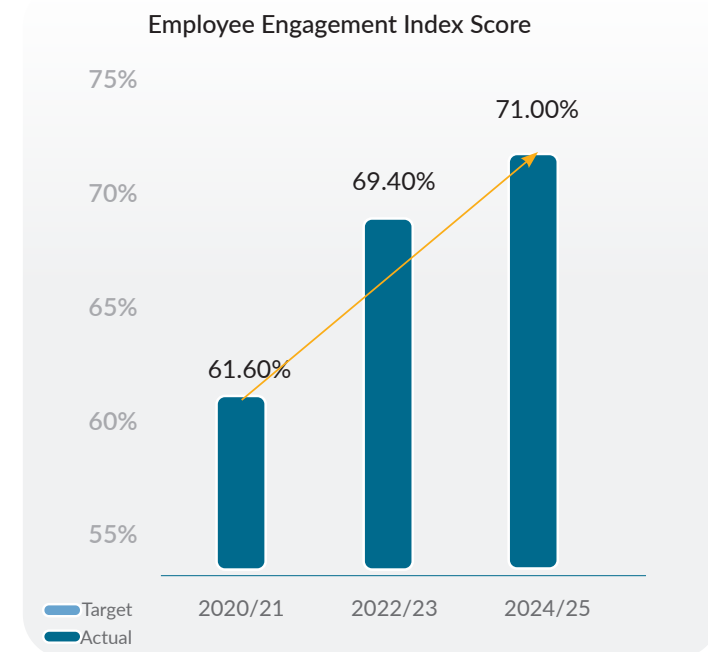
The participation level for the survey was 76%, which by world standards is excellent. The level of participation itself shows that employees are engaged and want their voices to be heard. The results of the SARS Connexion Survey 2021 was a 61.6% Employee Engagement Index (EEI) score. Further details of the report indicated that six out of ten SARS employees are positively engaged, meaning they are fully motivated to go above the call of duty, and are valuable employees to the business, which explains some positive effect on morale and performance.

The independent Employee Engagement survey, conducted during 2022/23, reported a pleasing result. Whereas globally, in Africa, as well as South Africa, a decline was reported from 2019 (pre-COVID) to 2021, SARS saw a significant improvement from 61.6% (2021) to 69.4%. The 2022/23 Employee Engagement survey results yielded high-priority areas that require an action plan to resolve weaknesses and improve the total employee experience.

This key result was monitored quarterly during the 2023/24 FY, with the following milestones to be achieved:

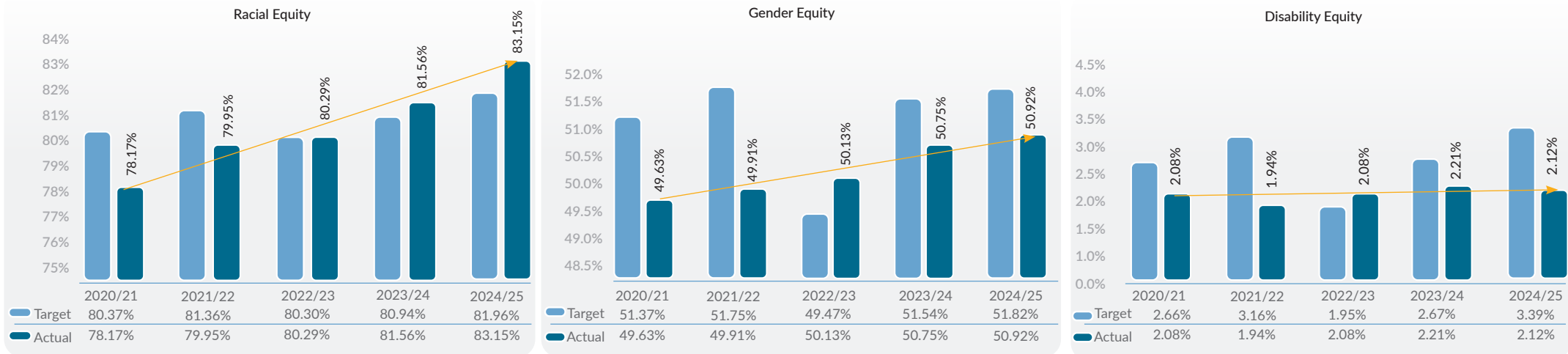
- » Share results of the Employee Engagement survey.
- » Draft a plan of action to address Employee Engagement priorities.
- » Implement initiatives per Employee Engagement improvement plan.

During 2024/25, SARS aimed to improve its Employee Engagement Score to enhance workforce morale, productivity, and operational efficiency, achieving a place in the top quartile of comparable public-sector organisations, both globally and locally. In 2024/25, SARS achieved an EEI score of 71.0%, achieving a top 10% place in the market (the market comprises RSA institutions and government-comparable sectors). This reflects an improvement from previous years. The comparison of key engagement factors between 2022/23 and 2024/25 indicates progress in several areas, while also identifying aspects that require improvement to sustain the upward trajectory. Key barriers to employee engagement were in the categories of Leadership and Team Effectiveness; Reward and Recognition Framework; Remuneration; Career Development and Mobility Pathways; Integrity Assurance; and Work-Life Integration and Employee Well-being. By lowering these barriers, SARS can sustain its high EEI and elevate driver scores, fostering a resilient and engaged workforce aligned with its strategic objectives.



Diversity and Employment Equity: Racial Equity; Gender Equity and Disability

– % Attainment of targets as per Employment Equity Plan



This indicator gauges how adequately SARS is representing the country's demographics in the workforce, promoting gender equality, and creating opportunities for people with disabilities.

Limited recruitment opportunities made the achievement of SARS' equity ratio against its targets challenging. SARS is making slow but sustainable progress in transforming its workforce profile to reflect the demographics of the country. The attrition over recent years proved not to change the employment-equity profile of the organisation significantly from the previous reporting period. This stability is because of attrition and was not more prominent in specific groups than in others. However, the insourcing of 723 cleaning services employees during the 2020/21 FY contributed to the overall improved representation experienced in the black, and in particular, African designated group.

- » Black representation improved from 78.17% in 2020/21 to 83.15% by 31 March 2025 (+4.98 percentage points).
- » Gender representation at management levels improved from 49.63% in 2020/21 to 50.92% by 31 March 2025 (+1.29 percentage points).
- » Disability representation declined from 2.08% in 2020/21 to 2.12% by 31 March 2025 (+0.04 percentage points).

SARS continues to optimise its recruitment to close the Employment Equity Plan gaps sustainably.

SARS is making slow but sustainable progress in transforming its workforce profile to reflect the demographics of the country.

People Capability and Career Management (PCCM) framework progressively implemented

– % implementation of prioritised job families

During 2023/24 FY, SARS prioritised the career progression of its workforce. To facilitate the progression of its employees, SARS has developed a Career Progression Framework to provide opportunities for every employee, with guided support and proven competence, to progress and, ultimately, reach mastery.

The five-level career ladder covers the following competency categories:

- » Level 1: Beginner
- » Level 2: Intermediate
- » Level 3: Proficient (Generalist)
- » Level 4: Advanced
- » Level 5: Mastery (Specialist)

This key result measures the extent to which employees within different jobs or groups of jobs move through their respective Career Progression Frameworks, implemented in phases. The initial focus of the SARS Career Programme was for employees within the prioritised five job families, namely, Service Consultants; Customs and Excise; Audit; Investigations; and Legal.

Substantive progress has been made in achieving the annual target. The Career Progression Framework for six job families (Service Consultants; Customs and Excise; Audit; Investigations; Litigation; and Debt Management) has been approved, and employees are being supported to adjust to the change. Development of training programmes is under way.

In addition to the above, the Customs Cadet Programme was launched. Cohorts 1 and 2, previously internal cleaners, graduated on 8 March 2024. Twenty-nine new graduates were hired and started the 12-month Cadet Programme in November 2023. Thirty-eight cadets were placed at Land Borders, and 15 graduates joined Customs Audit in August 2023, after completing the 24-month Cadet Programme. This indicates a structured approach to talent development and integration.

In 2024/25 SARS measured the rate at which job families, clusters of job families or employees are converted or migrated into one of the SARS People Capability and Career Management (PCCM) frameworks.

The seven approved prioritised job families for 2024/25 FY were Leveraged Legal Products; IT Development Plan; IT Operations Run and Support; IT Technology Build; Data Analytics; Engineering Design; and Human Resources. Measured against the project milestones to develop and approve these PCCM frameworks, SARS achieved an average of 90% progress for these prioritised job families.

The Career Progression Framework for six job families has been approved.

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 and increasing the use of data, data analytics and artificial intelligence, SARS creates the capability to understand the compliance behaviour of taxpayers and traders. It can provide clarity and certainty, plus an easy and seamless service that fosters voluntary compliance. Data analysis enables early detection of risks, trends, and instances of non-compliance, leading to swift and responsible enforcement. SARS has incorporated data into a comprehensive system of knowledge management. The composite effect of the expanded and increased use of data must substantively support SARS' strategic intent of voluntary compliance.

This journey is incremental, and every year SARS will add new data sources to enable its work, as well as to improve the integrity of its data. SARS already processes a vast amount of data to enable its work in the context of its nine strategic objectives. As examples:

- » The prefilling of tax returns as well as the automatic assessment of more than 5 million taxpayers, based on third-party data.
- » Data enabled SARS to detect risk and respond to instances of non-compliance.

During the 2020/21 FY, SARS reviewed its methodology to detect risk and select cases for instances where non-compliance was detected. Secondly, SARS implemented several machine-learning models that leverage multiple asset and income-stream data sources to detect non-compliance, as well as under-declaration of tax liability. Thirdly, thematic input was also considered to adequately reflect the effect of policy changes and relevant emerging dynamics in its risk-detection process. Examples of this included the abuse of donations in the context of COVID-19 relief measures; fraud resulting from PPE-tender contract awards; as well as the flow of digital money. Finally, a more rigorous feedback loop was introduced to minimise false positives and to prioritise the most prominent risks.

These achievements have been made possible through the wider use of available third-party data to identify and create cases, rather than the manual review of different sources of information. Continuous review and enhancement of SARS' use of all available data in automated processes is yielding the desired results across all tax products. Through the improved availability and use of data, potential cases are identified, which are then reviewed and selected for relevant intervention.

The Data Governance Framework was implemented successfully by means of the Data Governance Policy, which was compiled, approved, published, and implemented. SARS works with sensitive information, which is an asset to the organisation. SARS is the custodian of this information, and the Data Governance Policy, effective September 2021, guides SARS employees on how to perform their duties while being mindful of the data and information at their disposal. In 2023/24, SARS developed and implemented a data-sourcing plan. Although the use of data continues to play a pertinent role at SARS, sourcing initiatives remained project-driven, and the capacity assigned to co-ordinate the sourcing of data was severely constrained for many years. In its Annual Performance

Plan for 2023/24, SARS elevated its commitment to a more coordinated data-sourcing approach, aligned and in support of the strategic intent of voluntary compliance.

During the 2021/22 financial year, SARS launched its state-of-the-art facility to host the SARS Bridge, from where all operational activities are scheduled and orchestrated in near real time. The Bridge is one of the most active users of the EDM self-service products and uses the SARS Automated Enterprise Capacity Management products to inform the Enterprise Production Schedule, which helps schedule operational activities. Other information sources that enable the Bridge to derive insights and prioritise work include actual production throughput, specific escalations, complaints, as well as sentiment-analysis reports.

Substantial progress has been made in SARS' journey to achieve an accurate and complete tax register. The following key deliverables were achieved:

- » An updated online reporting solution that segments the register into the new operational units was developed and deployed to all the regional directors and segment leaders.
- » The CIT register was verified and aligned with the CIPC register to identify companies that have deregistered with CIPC. SARS enhanced its rules to facilitate automated register clean-up and expanded the scope of these rules from 22 to 35.

These results led to the identification of records for deregistration, improving the integrity of SARS' registers. A systemic approach will be followed in future to run this automated clean-up process quarterly and duly consider the integrity and alignment of the various physical technology platforms that together represent the "taxpayer register". SARS continues to work with stakeholders and data sharing partners, which includes local and international organisations in both private- and public sectors, to improve and expand the sharing of data.

Over the past two decades, SARS has embraced the strategic positioning and use of data as part of its modernisation. SARS also continuously adopted international best practices and data use initiatives, such as being an early adopter of the OECD's Automatic Exchange of Information initiative, and World Custom Organisation data model.

Risk detection, assessment, and profiling are largely automated and substantively inform case selection for standard matters. Manual risk profiling and case selection is used only for complex matters

– % utilisation of automated risk assessment for taxpayers and traders

This indicator measures the extent to which SARS uses automated, data-driven methods — rather than manual processes — to detect risk and select cases for intervention. The goal is for all standard cases to be selected automatically and for complex cases to follow suit where possible, with manual selection used only for exceptional or intricate tax matters.

Over the strategic period, SARS made significant progress in institutionalising the automated selection of cases through machine learning, advanced analytics, and expanded third-party data. The four-year trend shows consistent achievement of 100% automation for standard cases, and a steady year-on-year improvement for complex matters, surpassing the five-year target of 75% automation for complex case selection.

During the 2020/21 FY, SARS reviewed its methodology to detect risk and select cases in instances where non-compliance was detected. Firstly, the methodology was premised on the increased and expanded use of data and technology to improve SARS' capability to detect and identify non-compliance and abuse of the tax system. SARS has significantly expanded the scope of detection, beyond data obtained through declarations, as well as the traditional third-party data received, which enabled the pre-filing of PIT returns and Auto Assessments. Examples of such data sources include historic data on compliance behaviour, as well as data regarding financial flows and assets held locally and abroad.

Secondly, SARS implemented several machine-learning models using multiple asset and income-stream data sources to detect non-compliance, as well as under-declaration of tax liability.

Thirdly, thematic input is also considered to reflect the impact of policy changes and emerging dynamics in its risk-detection process. Examples of this included abuse of donations in the context of COVID-19 relief measures; fraud resulting from PPE-tender contract awards; and the flow of digital

money. A more rigorous feedback loop was introduced to minimise false positives and target the most prominent risks.

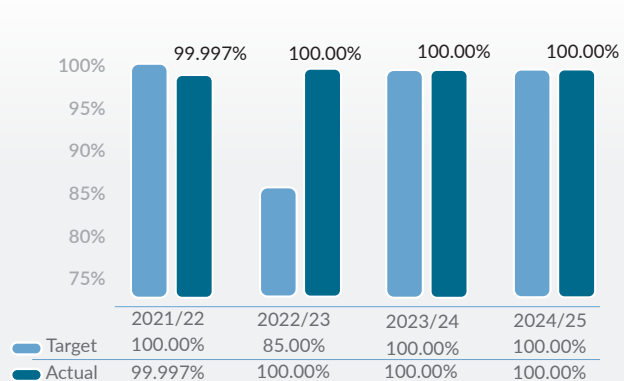
The following definitions apply to the targets included under this indicator:

- » Standard matters: risk assessment emanating from the submission of tax returns and customs declarations.
- » Complex matters: cover risk detection beyond the scope of information contained in returns and declarations submission.

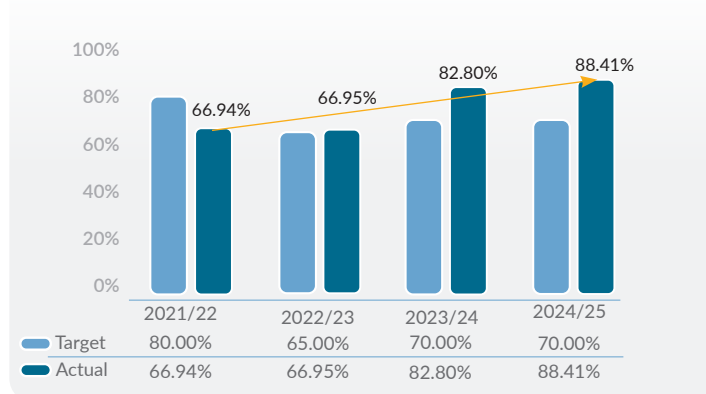
By using the data from various domestic and international sources as input into machine-learning models, risk profiling, and case selection, SARS could observe several positive trends. Examples of domestic third-party sources include banks; retirement funds; medical schemes; properties deeds office; the companies register; national register of motor vehicles; the National Treasury Central Supplier Database; as well as the national population register. International data sources include the automatic exchange of information on South Africans with offshore financial assets from about 100 foreign jurisdictions, as well as several mutual administrative agreements with sister organisations.

SARS has exceeded its five-year targets for this indicator. From 2021/22 to 2024/25, the automation rate for standard cases consistently achieved 100%. The rate for complex cases improved steadily from 66.9% in 2021/22 to 88.4% in 2024/25. This performance reflects the successful operationalisation of SARS' digital and data strategies, which aim to reduce manual work, increase objectivity, and improve risk-targeting efficiency. The sustained upward trend confirms that SARS has transitioned from a largely manual to a predominantly automated risk assessment environment. This has enabled faster, more consistent, and more transparent case selection while freeing up resources for high-risk, complex investigations.

Data-driven Identification of Audit Cases – Standard Taxpayer and Traders



Data-driven Identification of Audit Cases – Complex Taxpayer and Traders



Strategic Objective 6: Modernise our systems to provide DIGITAL and STREAMLINED online services

SARS is committed to providing reliable and secure digital services to all its constituents. SARS strives to create an environment where taxpayers and traders, practitioners, and travellers can meet their obligations with ease and, when possible, with seamless integration to deliver a world-class experience. This commitment to excellence extends to SARS' stakeholders, for whom SARS provides access to reports and analysis that promote transparency and accountability. SARS' digital platforms provide reliable and secure services to taxpayers, traders, and employers, enabling them to meet their obligations simply and easily from anywhere. They also enable the employees to deliver world-class and best-in-class taxpayer and trader experience together with performance excellence.

SARS is committed to modernising its systems to provide digital and streamlined online services. This strategic objective aims to enhance the efficiency and effectiveness of SARS operations by taking advantage of advanced technology. By transitioning to digital platforms, SARS seeks to improve taxpayer experience, reduce administrative burden, and ensure seamless access to services. Modernisation will enable better data management, increased transparency, and enhanced

compliance, ultimately contributing to a more robust and responsive tax administration.

SARS has made significant strides in achieving its Annual Performance Plan targets, reflecting a sustained focus on operational excellence, system resilience, and security.

Engagements to identify all service offerings segmented between online and manual services were completed with product and segment owners in the 2020/21 FY. By 31 March 2022, 247 out of the 320 services identified, equating to 77.19%, were offered online by SARS.

SARS reported that more than 99.50% of planned capacity was available for mission-critical systems in all five years, with minimal unplanned down time. Mission-critical systems encompass those digital platforms used by taxpayers and traders to fulfil their tax and customs obligations. Such activities can be filing of declarations, making payments, and submitting supporting documents. SARS also recorded zero security breaches from known risks for all five financial years.

Security of taxpayer and trader information and interactions via digital platforms

— Number of security breaches on digital platforms from known risk

SARS IT Security Operations infrastructure continued to provide robust protection through its systems, people, and processes. Cybersecurity trends indicate that attackers have shifted focus from direct corporate attacks to indirect means to access valuable information. Further strengthening these defences are initiatives that prevent SARS data loss through email, USBs, and other means.

It is still imperative that SARS employees remain responsible for protecting SARS information assets. Users who comprehend their obligations to protect SARS data on mobile devices, personal laptops, and removable memory devices strengthen such efforts. SARS regularly administers online awareness campaigns on information security for all employees.

Technology and Security

The IT security of SARS remains a top priority in the face of sophisticated and financially driven cyber threats that attempt to exploit any vulnerabilities in the organisation's public-facing digital platforms. SARS guards against attacks that could lead to data theft and manipulation, disruption of business-critical services, reputational damage, and undermining of public confidence in SARS and its systems. SARS continues to upgrade its security infrastructure, including firewalls for digital platform hosting;

identity and access management environments; email infrastructure; and the Security Incident and Event Management system. Mechanisms deployed to mitigate security risks included Distributed Denial of Service (DDoS) protection, anti-spam and anti-phishing measures, Advanced Threat Protection (ATP) in email and web services, and Endpoint Protection capabilities.

Service Modernisation

SARS' technology delivery supported its strategic outcomes, enhancing service, modernisation, compliance enforcement, and data-driven decision-making. The SARS website served more than 13 million users just for the 2024/25 FY, recording more than 67 million page views. Additionally, the introduction of WhatsApp for taxpayers facilitated over 1 million interactions, while the SARS AI Assistant, launched in November 2024, answered over 805 000 taxpayer queries with a 99.83% confidence rate.

Strategic Objective 7: Demonstrate EFFECTIVE STEWARDSHIP of our resources to ensure EFFICIENCY and EFFECTIVENESS in the delivery of high-quality outcomes and performance excellence

SARS stewards the limited resources entrusted to it in a manner that creates value to achieve high-quality outcomes and performance excellence. The way SARS organises itself reflects agility and responsiveness to deliver the best experience for all of its constituencies. SARS demonstrates a strong work ethic, strives to achieve the most with the least effort and cost, and delivers best-in-class innovations that enable it to achieve its strategic intent.

Over the past five years, SARS has applied a cost-benefit-driven approach to managing limited resources, prioritising investment in people and digital capability while reducing legacy costs. Funding was directed toward attracting and retaining scarce skills in data science, auditing, legal, and ICT — critical areas in modern tax and customs administration. However, ongoing funding constraints and a persistent war for skills with banks and large corporates continue to challenge talent retention, particularly in technical roles. Despite headcount pressures, SARS protected key compliance and digital functions to maintain capability. In response to post-COVID structural shifts, SARS consolidated office space, renegotiated leases, and reduced facilities costs, realising more than R300 million in cumulative savings. These savings were redirected to ICT modernisation, which received consistent investment from 2020/21 to 2024/25. This enabled the rollout of secure platforms, AI-driven analytics, and improved self-service tools. These upgrades support stronger enforcement, enhanced compliance, and a better taxpayer experience within constrained fiscal ceilings.

ICT funding allocation is a focus area for additional investment to align SARS with international peers. Since the 2020/21 FY, SARS has increased its investment in ICT to enable a smart, modern SARS with unquestionable integrity that is trusted and admired. This determination is aligned to the OECD benchmark for ICT budget of 10% and 25% of the total budget. SARS' five-year target for this was 15% of the total grant received.

Over the past five years, SARS has delivered consistent improvements in mandate execution despite constrained and declining real-term funding. Digitisation and operational optimisation enabled a seamless experience for nearly 4 million individual taxpayers by 2025.

The number of Authorised Economic Operator (AEO) licensees increased to 370, strengthening trade facilitation and compliance. SARS was recognised as the most innovative public institution in digitisation and named top employer among South African BCom professionals. Legal enforcement remained robust, with an 86% litigation success rate, reinforcing SARS' legal credibility.

Between 2021 and 2025, the Syndicated Tax and Customs Crime Division raised R78 billion in assessments and secured R37 billion in revenue. Over the same period, SARS prevented R370 billion in impermissible refunds, protecting the national fiscus. These outcomes, achieved

within strict budget ceilings, culminated in a clean 2024 audit outcome, affirming SARS' commitment to accountability, operational excellence, and value for money.

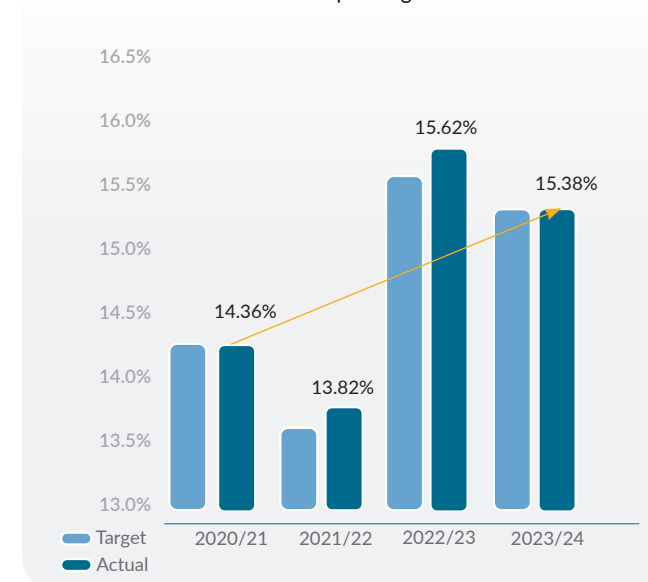
Revenue Initiatives — Conditional Grant (R1 billion)

In November 2023, the Minister of Finance allocated a R1 billion grant to SARS to enhance its revenue mobilisation capacity, focusing on tax verification, debt reduction, and tax-base expansion.

This investment supported the onboarding of 1 073 additional personnel. By 31 March 2025, SARS had collected R35.1 billion, with Debt Management contributing R29 billion at a cost of R259.4 million, yielding a return of R111.80 per R1 spent (ROI: 11 180%). The broader programme finalised over 1 million cases, achieving an overall ROI of 4 702% and a cost-to-revenue ratio of 2.13%.

To date, R746.3 million of the grant has been used, with R253.7 million earmarked for 2025/26 to complete remaining cases and scale up enforcement. These exceptional results underscore the high returns from investing in SARS' capability and reinforce the case for shifting from a traditional expenditure-control model to a performance-based investment funding approach. Sustaining this model is key to maximising SARS' long-term revenue contribution to the fiscus.

% ICT Spending



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

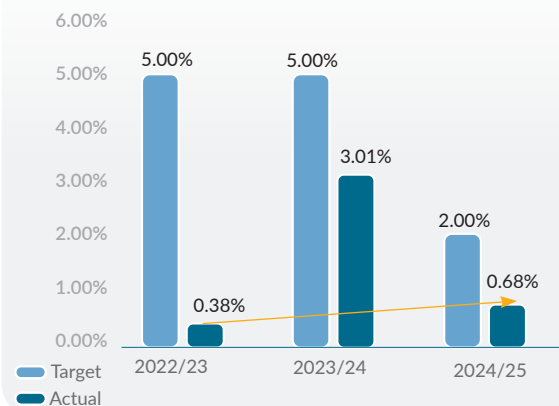
– Unqualified audit opinion from the AG

This key result assesses SARS' commitment to maintain and promote good governance in the organisation. It measures compliance levels with all of government's statutory requirements. SARS obtained unqualified audit reports with findings from the AG for the 2020/21 and 2021/22 FYs, and clean audit reports (unqualified with no findings affecting the audit report) for 2022/23, 2023/24, and 2024/25 FYs.

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

– deviation between SARS' spending for the year and the allocation SARS received from National Treasury

% Deviation Between Spending and Allocation



This measure tracks the deviation between the budget allocation SARS received from National Treasury and the actual expenditure of SARS.

Actual Expenditure	2022/23	2023/24	2024/25
	R million	R million	R million
Operational Expenditure	11 372	12 198	12 617
Capital Expenditure (net of discount)	777	429	340
Projects	353	223	218
Revenue Recovery Fund	n/a	n/a	801
Total Expenditure	12 503	12 851	13 975
Numerator (budget allocation less actual expenditure)	47	399	95
Denominator (budget allocation)	12 550	13 250	14 071
% Deviation	0.38%	3.01%	0.68%

The below actions were implemented to meet the target:

- » Integrate zero-based approach into daily operations by reimagining the cost base, challenging and stress-testing expenditures to prioritise the right cost drivers/activities. With this approach, SARS generates the optimal return on investment or benefit.
- » Carve out efficiencies and reappropriate and unlock funds to reinvest in growth that is aligned to SARS' business priorities.
- » Identify high-priority interventions to support SARS' strategy.

SARS spent 99.32% of the allocation received from the National Treasury in 2024/25.

Strategic Objective 8: Work with and through STAKEHOLDERS to improve the TAX ECOSYSTEM

SARS aims to have effective and beneficial partnerships with all stakeholders in the tax ecosystem. These relationships deliver maximum benefits for taxpayers and traders, government, and the public. SARS strives to have interactions and exchanges that are formal, professional, and transparent. Intermediaries experience their engagement with SARS as empowering and enabling mainly through online digital services.

Revenue agencies around the world face the challenge of improving and diversifying pathways to revenue collection. In South Africa, these challenges include deliberate non-compliance; illicit trade and financial flows; and base erosion and profit shifting, which deny the country the income due to it. In addition, harsh economic conditions, together with taxpayers' desire to withhold taxes, are likely to add to the challenges SARS will face in the years ahead.

To this end, a SARS annual stakeholder-engagement programme and calendar of events were developed and implemented to build effective and beneficial relationships, as well as to promote fiscal citizenship. SARS hosted regular strategic and operational engagements (at national and regional level) that seek to improve tax and customs compliance, enhance service delivery, and promote tax morality. SARS has used the official inter-governmental relations framework to prepare a “whole of government” collaborative response and initiatives, especially those related to enforcement, and to use government resources optimally. Participation in these forums spurs collaboration with critical government stakeholders. SARS formulated its Enterprise Stakeholder Management Policy, which sets parameters for stakeholder relationships and establishes management responsibility to build these relationships. This policy aims to make SARS' stakeholder engagements effective, beneficial, and lawful.

SARS is committed to fostering effective and beneficial partnerships within the tax ecosystem to enhance organisational performance. SARS adheres to a stakeholder-inclusive and shared-value approach, balancing the needs, interests, and expectations of its stakeholders by maintaining vital partnerships with government entities and both local and international stakeholders.

SARS' engagement principles are designed to advance its mandate by:

- » Balancing the needs, interests, and expectations of stakeholders.
- » Demonstrating accountability through high performance.
- » Recognising the collective contribution and collaboration from stakeholders as critical for sustainable performance.
- » Embedding stakeholder management in the culture and core functions of SARS.
- » Establishing mutual trust-based relationships for all stakeholder engagements.
- » Maintaining stakeholder engagement as an ongoing process.



The majority of intermediaries are satisfied with SARS' cooperation and collaboration

– % of intermediaries that are satisfied with SARS' cooperation and collaboration

It is a strategic imperative that SARS' intermediaries experience timeous, empowering, and enabling assistance to fulfill their tax and customs obligations.

This indicator gauges the extent to which intermediaries (including Customs) and tax practitioners are satisfied with SARS' cooperation and collaboration. SARS seeks to give its intermediaries and tax practitioners timeous, empowering, and enabling assistance mainly through online digital services. For 2020/21 to 2023/24, SARS conducted a survey to measure the effectiveness and satisfaction of stakeholder engagements; effectiveness of the current communication method; effectiveness of the query management; feedback process; and satisfaction with the cooperation and collaboration from SARS.

In the 2021/22 FY, SARS surveyed stakeholders' satisfaction with:

- » Stakeholder engagements through virtual platforms.
- » Suitability of agendas for various meetings.
- » Effectiveness of the Head Office Stakeholder Relations Unit's communication.
- » Head Office Stakeholder Relations Unit's escalation management and feedback process.
- » Head Office Stakeholder Relations Unit's relationship management (Associations only).

The following two questions were posed and used to determine the result:

- » Indicate your overall level of satisfaction with the meeting proceedings and outcome of the meetings.
- » In your opinion, do you find the current communication method (emails) used to distribute invitations to attend the Head Office Stakeholder Relations Unit's engagement sessions effective

SARS made a concerted effort to proactively engage intermediaries and maintained an approach that was receptive to feedback and escalation of issues. SARS achieved 93.75% in the 2020/21 survey; 82.86% in 2021/22; 90.32% of respondents were "satisfied" or "very satisfied" with SARS' cooperation and collaboration in 2022/23; and 82.86% in 2023/24.

In 2024/25, SARS focused on setting the direction of how stakeholder relationships should be approached and conducted and formulated its Enterprise Stakeholder Management Policy. This policy sets parameters for stakeholder relationships and establishes management responsibility to build these relationships.

Develop trust-based relations with law-enforcement agencies, FIC, and SARB

– % of implementation of the action plan developed through self-assessment of the OECD/SARS Trust Maturity Mode

In 2024/25, this key result tracked the extent to which SARS is establishing trust-based collaborative relations with the whole of government to ensure sustained optimal information exchange to support voluntary tax. SARS measured this result by implementing an approved action plan to create the Trust Barometer, which measures four levels of trust: Emerging, Progressing, Established, and Aspirational. SARS and law-enforcement agencies have piloted the barometer and achieved an aggregated level 2 result of "Progressing".

SARS planned to deliver 50% of the three-year plan in 2024/25; 75% in year two; and 100% in year three. In 2024/25 (year one), SARS completed 69.12% of the total three-year plan and will continue to pursue the multi-year plan.

SARS is establishing trust-based collaborative relations with the whole of government to ensure sustained optimal information exchange to support voluntary tax.

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Strategic Objective 9: Build PUBLIC TRUST and CONFIDENCE in the tax administration system

The public should be confident that SARS' stewardship of the country's tax system is professional, unbiased, and fair; that it maintains the highest standards of integrity and ethics; has transparent governance systems and processes; and has capable and trustworthy leaders. SARS accepts that ultimately, it is accountable to taxpayers, traders, and their representatives; the general public; as well as elected public office bearers, whose trust must be earned.

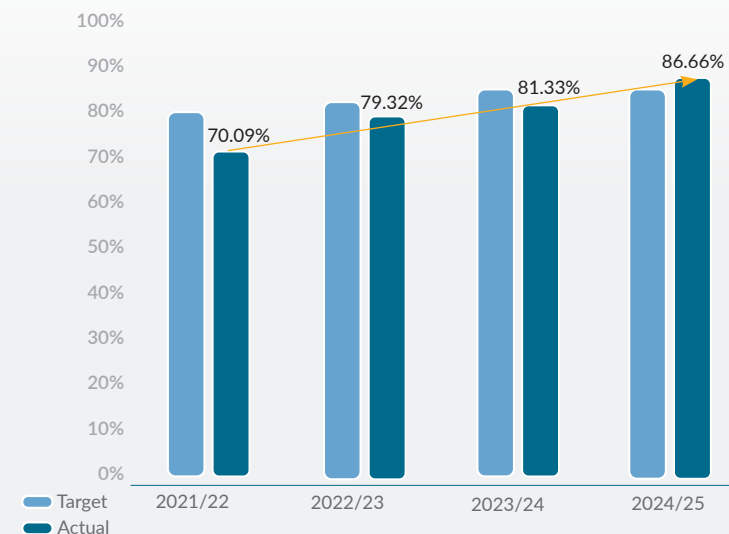
The Service Charter performance score showed consistent improvement over the past five years, from 70.09% in 2020/21 to 86.66% in 2024/25. SARS reviewed some metrics upward depending on improvement of efficiency and effectiveness. SARS amplified some metrics to demonstrate that SARS lives by its promises. These changes were implemented from 1 July 2023 in the following categories: correspondences; registrations; returns; verifications; audit; refunds; payments; customs disputes; Voluntary Disclosure Programme (VDP); and Complaints Management Office.

Adherence to Service Charter commitments

– % Service Charter performance score

This indicator assesses how SARS is meeting its Service Charter commitments of the updated 2022 Service Charter. In 2022/23, adherence to the Service Charter Index performance of 79.32% was 2.68% below the annual performance target. In 2023/24, there was an improvement of 2.00 percentage points compared to the previous year, despite falling short of the target by 3.67 percentage points. The unsatisfactory performance in committed service levels in the Service Charter owed to eBooking; customs complex registrations; customs declarations with inspections; verifications; suspensions of payments; challenged tax-clearance status; reasons for assessments in terms of Tax Administration Act, 2011 (Act 28 of 2011) complaints; and Office of the Tax Ombud escalations. In 2024/25 adherence to the Service Charter Performance Index for 2024/25 FY closed at 86.66%, which was 1.66 percentage points above the Annual Performance Plan target of 85%. Although Service Charter performance had an upward trend versus the previous financial year, it is of concern that the number of complaints received increased from 143 415 in 2023/24 to 145 347 cases in 2024/25. This increase might be attributed to outreach done by the Office of the Tax Ombud, and the publicity of a Tax Ombud survey on potential investigation into cases of tax-profile hijacking. It is pleasing that amid these challenges, SARS resolved 83.11% of complaints within the 21-business-days turnaround time, which is 3.68 percentage points above the 2023/24 FY rate of 79.43%. For cases escalated to the Tax Ombud, the resolution rate within the turnaround time was 46.66%, improving by 12.57 percentage points versus the 2023/24 FY score of 34.09%. SARS prioritised inventory management after internal audits were conducted in almost all regions.

Service Charter Performance Score



Public opinion survey results reflect high trust and confidence in SARS

— % score per public opinion survey

This indicator gauges the public's perceptions and attitudes toward tax compliance. This will help SARS to understand taxpayers and obtain feedback to enable SARS to track and monitor tax compliance.

In its effort to improve voluntary compliance, SARS seeks to understand tax compliance from taxpayers' and traders' perspective. This is done through the Public Opinion survey, among other instruments. To lend credibility to the study, the survey is undertaken by an external service provider appointed by SARS.

To meet Strategic Objective 9, SARS undertook the Public Opinion Survey to determine public opinion on tax compliance. The Public Opinion Survey is the voice of taxpayers and traders. SARS gauged public opinion on the following drivers of tax compliance: tax morality; operational efficiency; accessibility; trustworthiness; tax diligence; fiscal citizenship; fiscal responsibility; followership; stewardship; socio-economic factors; and affinity. SARS also used the data collected to develop the Attitude to Tax Compliance Index (or Public Opinion Score).

For the 2020/21 financial year, SARS achieved the Attitude to Tax Compliance Index of 74.5% against the 70.00% target. The Public Opinion Score of 71.80% were recorded in 2021/22 and the underperformance was due to external drivers (factors) such as tax morality, tax diligence, fiscal citizenship, fiscal responsibility, followership, stewardship, and rationale (socio-economic). The external drivers' index dropped from 75.8% in 2020/21 to 70.0% in 2021/22, whereas the internal drivers' index increased from 72.7% in 2020/21 to 74.6% in 2021/22. Although these external drivers affect tax compliance, they are beyond the influence and control of SARS. Improvements in the performance of internal drivers such as operational efficiency, accessibility, affinity, and trustworthiness have been observed in 2021/22.

The highlight of the study is that SARS yields the most influence in improving tax compliance SARS must focus on what it can do to improve voluntary compliance and influence public opinion on tax compliance. An enterprise-wide action plan was developed to respond to the recommendations and findings of the Public Opinion Survey.

The performance of 76.50% on the 2022/23 Public Opinion Survey was a significant improvement and was mainly driven by improvements in SARS operational efficiency, accessibility, and trustworthiness. A Public Opinion Score of 77.53% was achieved for 2023/24, which was a 1.03 percentage point improvement and 1.53 percentage points above the 76.00% target for 2023/24. In 2024/25, SARS achieved 77.09% in the survey, surpassing the target of 76.50% by 0.59 percentage points.

Key findings from the survey results indicate a positive trajectory in several key areas:

- » **Overall compliance score:** 77.09%, surpassing the target of 76.50% by 0.59 percentage points.
- » **Positive trends:** notable improvements in accessibility, fiscal responsibility, and tax diligence.
- » **Rising trust:** trust in SARS has consistently increased over the past four years.
- » **Tax Diligence:** improved from 88.24% to 90.42% (+2.18 percentage points).

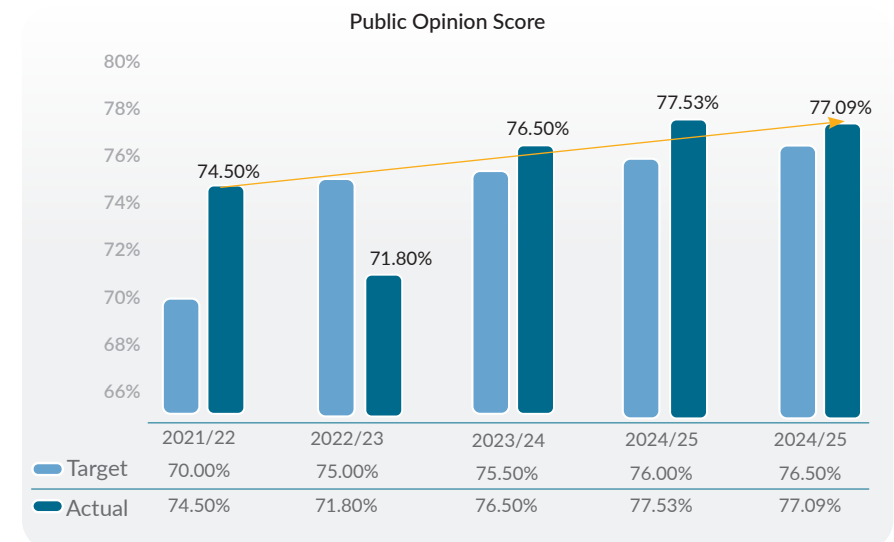


Table of Outcomes, Indicators, and Targets

Outcome	Outcome Indicator	Baseline	2024/25 Target	Actual Achievement by 31 March 2025	Reasons for Deviations	Corrective Actions to be Taken in the Next Planning Cycle
Strategic Intent	Printed revenue estimates are met and/or exceeded – % collection of revenue as agreed with the Minister of Finance	R1 355.77 billion (2019/20)	100% collection of revenue as agreed with the Minister R1 846.34 billion	100.48% R1 855.27 billion	N/A	N/A
	Voluntary compliance has increased as measured by a credible voluntary compliance index (VCI) – Level of overall tax compliance (%)	62.89% (2022/23)	66.63% (63.63% + 3 pp)	66.87% (63.63% + 3.24 pp)	N/A	N/A
	Enhanced Trade Facilitation – Develop and approve a trade facilitation index	52.80% (2022/23)	5 percentage points increase on prior year's achievement 76.6%	0.80 percentage points increase on prior year's achievement 72.40%	Improvements were realised in certain areas of trade facilitation. However, “automation” and “consultations” need attention. The reduction in perception of “automation” indicates a need for further enhancements to maintain trader satisfaction.	An analysis of the survey results emphasised the need for better communication, training, and transparency across various customs and trade processes to improve efficiency and stakeholder satisfaction.
SO 1	The majority of taxpayers, traders, and public surveyed perceive the guidance SARS provides as clear, unambiguous and easy to comply with – % of taxpayers and traders that are satisfied with the clarity and certainty of the guidance provided by SARS based on an annual survey (clarity survey)	69.06% (2021/22)	77.00%	71.72%	Survey results depicted gaps in the provision of clarity and certainty of obligations, particularly in respect of guides and guidelines. Although the guides and guidelines are effective in clarifying the processes to those who engage with them, a notable portion of the population does not use these resources.	An analysis of the survey results emphasised the need for better communication, training, and transparency across various customs and trade processes to improve efficiency and stakeholder satisfaction.
	Expanded enrolment of economic operators to the AEO Programme – Number of AEO accreditations	190 (2023/24)	130	378	N/A	N/A
SO 2	Standard taxpayers are auto assessed by SARS – % of standard taxpayer returns auto assessed by SARS (individual taxpayers)	83.28% (2020/21)	95.00%	98.26%	N/A	N/A
	Increased number of taxpayers and traders using digital platforms – % of taxpayers and traders using digital platforms to interact with SARS	75.00% (2019/20)	91.00%	92.27%	N/A	N/A

Outcome	Outcome Indicator	Baseline	2024/25 Target	Actual Achievement by 31 March 2025	Reasons for Deviations	Corrective Actions to be Taken in the Next Planning Cycle
SO 3	A focused compliance programme for the SMME segment is developed and implemented – An approved SMME Compliance Programme	New measure	80.00% completion of the pilot and impact assessment on improvement of SMMEs' customer experience and facilitation of seamless compliance	100.00% completion of the pilot and impact assessment on improvement of SMMEs' customer experience and facilitation of seamless compliance	N/A	N/A
	Increase compliance through the accurate detection of risk – % Risk detection rate	98.48% (2021/22)	95.00%	99.84%	N/A	N/A
	Collapsed illicit schemes - Number of significant schemes collapsed	1 scheme (2021/22)	3	4	N/A	N/A
SO 4	Improve the engagement of employees – Employee Engagement Index	61.6 % (2020/21)	Achieve a top 15% place in the market (the market Comprises of RSA institutions and government comparable sectors)	Achieved a top 10% place in the market (the market comprises of RSA institutions and government-comparable sectors)	N/A	N/A
	Attainment of Employment Equity Plan targets – % Attainment of targets as per Employment Equity Plan Racial Equity Gender Equity Disability	Racial equity – 76.31% Gender – 49.14% Disability – 2.16% (2019/20)	Racial Equity = 81.96% Gender Equity = 51.82% Disability Equity = 3.39%	Racial Equity: 83.15% Gender Equity: 50.92% Disability Equity: 2.12%	In balancing the need to promote from within while also bringing in new talent, some of the equity goals of this key result were missed. Recruitment opportunities, which are crucial for achieving Employment Equity targets, were limited owing to constrained financial resources.	SARS continues to optimise its recruitment to close the Employment Equity Plan gaps sustainably.
	A SARS Career Progression Framework is developed and implemented – The SARS Career Progression Framework is established	New measure	Achieved 90% implementation of prioritised job families	Achieve 90% implementation of prioritised job families	N/A	N/A
SO 5	Risk detection, assessment and profiling is largely automated and substantively informs case selection for standard matters. Manual risk profiling and case selection is only used for complex matters – % utilisation of automated risk assessment for taxpayers and traders	Standard: 99.997% Complex: 66.94% (2021/22)	100.00% Standard 70.00% Complex	100.00% Standard 88.41% Complex	N/A	N/A

Outcome	Outcome Indicator	Baseline	2024/25 Target	Actual Achievement by 31 March 2025	Reasons for Deviations	Corrective Actions to be Taken in the Next Planning Cycle
SO 6	Security of taxpayer and trader information and interactions via digital platforms – Number of security breaches on digital platforms from known risks	Nil	Nil	Nil	N/A	N/A
SO 7	Unqualified audit opinion received from Auditor-General (AG) on both opinion Own Accounts and Revenue Accounts – Unqualified audit opinion from the AG	Unqualified audit report with findings (2020/21)	Unqualified audit opinion	Unqualified audit with no material findings on all accounts (clean audit)	N/A	N/A
	Demonstrate effective stewardship through the appropriate spending of the budget allocation received from National Treasury – Deviation between SARS' spending for the year and the allocation received from National Treasury	0.38% (2022/23)	2.00%	0.68%	N/A	N/A
SO 8	Effective stakeholder engagements are established and improved – stakeholder engagement effectiveness index for 2025	93.75% (2021/22)	Formulate a new Enterprise Stakeholder Management Policy	A new approved Enterprise Stakeholder Management Policy was formulated	N/A	N/A
	Develop trust-based relations with law-enforcement agencies, FIC and SARB – % of implementation of the action plan developed through self-assessment of the OECD/SARS Trust Maturity Model in 2025	New measure	2024/25: Achieve 50% of Action Plan (multiyear)	Achieve 69.12% of action plan (multiyear)	N/A	N/A
SO 9	Public opinion survey results reflect high trust and confidence in SARS – % score per public opinion survey	67.00%	76.50%	77.09%	N/A	N/A
	Adherence to Service Charter commitments – % Service charter performance score	70.09% (2021/22)	85.00%	86.66%	N/A	N/A

Nugent Commission of Inquiry: Restoring SARS' Integrity and Governance

In May 2018, the President launched the Nugent Commission of Inquiry to investigate governance and tax-administration failures at SARS during its "capture" from 2014 to 2018. Chaired by Retired Supreme Court of Appeal Judge Robert Nugent, with Michael Katz, Advocate Mabongi Masilo, and Vuyo Kahla, the Commission released an interim report in October 2018 and a final report on 14 December 2018. Presented to the Standing Committee on Finance in February 2019 and discussed in September 2019, the reports exposed systemic governance lapses and irregular practices at SARS.

Key Findings and Recommendations

The Commission uncovered a profound failure of integrity, driven by process violations and misuse of service providers to advance private interests. It issued 16 recommendations, with 27 sub-recommendations, of which 17 were assigned to SARS and ten to the Finance Ministry. These focused on strengthening governance, recruitment, and accountability to restore SARS' credibility as a revenue agency.

SARS' Progress on Recommendations

SARS has substantively implemented its recommendations, with notable actions including:

1. **Strengthened Leadership:** SARS recruited senior ICT and data-management officials, including a Deputy Commissioner for Enterprise Strategy and Modernisation and a Chief Technology and Innovation Officer.
2. **Legal Accountability:** SARS issued letters of demand to Gartner and Grant Thornton to recover funds paid during the capture. It referred Bain & Company's irregular procurement to the National Prosecuting Authority, with Bain challenging its ten-year supplier restriction by NT. Litigation is ongoing, with all parties awaiting a hearing date.
3. **Civil Litigation:** SARS is pursuing former employees who misused public funds, with legal proceedings advancing to a judicial pre-trial on 21 July 2025.
4. **Enhanced Controls:** SARS is collaborating with Internal Audit and NT's Office of the Chief Procurement Officer to strengthen supply-chain-management processes.
5. **Governance Compliance:** problems such as unapproved management appointments under the SARS Act were resolved with the Minister of Finance.
6. **Organisational Arrangements:** proven organisational arrangements such as re-establishing the Large & International Business and High Wealth Segments, as well as a division to deal with Syndicated Tax and Customs Crime.

Reparations Process

In 2022/23, SARS completed a reparations process for employees harmed by the capture, as recommended by the commission. Commissioner Kieswetter, appointed in May 2019, found the situation worse than reported and introduced measures to stabilise SARS, including:

1. A pastoral and listening campaign to support staff.
2. Reinstating or re-employing affected employees in meaningful roles.
3. Reviewing and closing unwarranted disciplinary actions.
4. Offering remedial support, such as counselling, postgraduate study assistance, secondments, and covering legal and medical costs.

SARS is engaging its insurer to recover reparation costs, despite an initial claim rejection, and is in sensitive discussions with enablers of the capture to recover additional expenses.

Commissioner Kieswetter has also provided the Minister of Finance with advice on the future governance arrangements of SARS.

SARS' Turnaround Success

SARS has made remarkable strides since the Commission:

- » Staff morale has soared from the low 40s to the high 70s, as shown in engagement surveys.
- » Public trust has reached 80% from 48% according to independent surveys.
- » SARS has regained international recognition, with its leadership taking on global roles.
- » The organisation has consistently met or exceeded revenue targets annually.

Through decisive action, SARS is rebuilding its integrity, restoring public confidence, and strengthening its role as a vital national institution.

Part D

Official sign-off by the Executives

Commissioner for SARS



Edward Chr Kieswetter
SARS COMMISSIONER

Approved by Minister of Finance



Mr Enoch Godongwana, MP
MINISTER OF FINANCE