

2008

Update on Income Tax Returns and Assessment Process

Pretoria , 23 January 2008 - The South African Revenue Service (SARS) has received a record of more than 3 million income tax returns as part of the 2007 Filing Season.

SARS can provide the following figures on the submission process as work in progress:

More than 75% (2.1 million) of returns submitted have been processed through a number of stages

Of the processed returns, more than 1.5 million have been assessed and where applicable, refunds were issued

Refunds to the value of R2.3billion have been issued to 632 000 taxpayers

About 880 000 returns are currently being processed and SARS expects that these will be assessed and finalized before the end of March 2008.

SARS also wants to remind taxpayers with outstanding returns that there are 8 days left during which they can electronically submit returns.

It is encouraging for SARS that more than 400 000 returns were submitted via the electronic filing facility – eFiling. This figure is more than 10 times higher than the number of eFiling users during the previous year of assessment and indicates growing public confidence in the electronic system. In total, more than 1.1 million taxpayers have registered as eFiling users.

In order to use the electronic submission facility – www.sarsefiling.co.za – taxpayers must register as eFiling users before completing and submitting their returns. SARS will not allow further extensions and outstanding tax returns must be submitted by 31 January 2008 to avoid penalties.

It is also important to highlight that a small number of taxpayers have been or will be notified by SARS in writing that they need to re-submit a new tax return or provide further information for their original return to be assessed.

Since the beginning of this month SARS has sent back new, blank income tax returns to some 440 000 taxpayers whose manual returns could not be processed further. About half of this number have been completed, returned to SARS and are being processed.

Introducing the new assessment process and the new income tax return placed new requirements on SARS, taxpayers and tax practitioners. Understandably, with projects of this magnitude and complexity, there are challenges for taxpayers, tax practitioners and our own staff. SARS is confident that these changes have laid a good platform to further simplify and improve the annual filing process.

SARS recognizes that it will take some time to reduce the margin of error in the process and we want to thank taxpayers and tax practitioners for their cooperation and patience.

There are also other factors that may delay the issuing of a refund.

The reasons include:

- Incomplete returns – the return was not signed by the taxpayer; some mandatory fields where information was required were left blank (like personal details)
- Data verification - information provided by the taxpayer on income earned or expenses claimed differs from other sources of information: banks, employer records, etc.
- Outstanding or incorrect banking details - SARS is unable to issue refunds to more than 100 000 taxpayers because of incorrect bank account details. Due to the risk of fraud, affected taxpayers are requested to visit a SARS branch office with their ID to rectify bank details
- Non-compliant taxpayers - if returns or taxes from previous years are outstanding, SARS will not issue a refund until the taxpayer provides outstanding information or settles outstanding tax debts
- Risk rules - a number of returns are being subjected for further audit by SARS after being automatically selected by the risk rules of the new assessment process. In some instances letters were sent to taxpayers requesting further information or supporting documents

It is important that taxpayers who received letters from SARS visit a local branch office for assistance to correctly complete their returns. SARS will not impose penalties for late submission in such instances. Taxpayers should also note that both the SARS national call centre and the eFiling call centre are experiencing extraordinary high volumes of calls on certain days of the week.

However, SARS branch offices are prepared to handle all queries and will as far as possible attempt to deliver first time resolution to most of the outstanding issues. SARS branch offices will also be extending their hours of operation from Monday 28 January 2008.

- From 07:00 to 18:00

- Saturdays from 09:00 to 14:00

Branch offices will have additional service points at the biggest offices while additional resources will be employed at call centres to alleviate current demand.