

TAX SEASON 2018
MEDIA BRIEFING ON 04 JUNE 2018

STATEMENT BY ACTING COMMISSIONER, MARK KINGON

Media Colleagues,
Members of SARS Executive Committee,
SARS colleagues

We have been hard at work taking stock of how we can be more efficient and improve service to taxpayers. This requires that we make better use of our resources and technology, while factoring in feedback from taxpayers on what their pain-points are.

Our main objective is to make tax compliance a simple and routine experience for the taxpayer. This is a work in progress, and we will be refining our initiatives with every tax season, over the next two years, taking on board the lessons learned.

One of the key mechanisms to assist taxpayers to file simply and conveniently is eFiling. It is a channel anyone with internet access can use – anywhere, anytime, and is available 24/7.

We give our commitment to provide effective, professional, transparent and fair services to all taxpayers.

In assessing our operations and taxpayer trends, we analysed data on the volumes at branches, the reason for the taxpayer's visit, as well as who was filing a tax return and which filing channel they were using.

Our findings show that:

- Too many people who are not required to file, due to them earning a single source of income from one employer of up to R350 000, are going to a branch. During the 2016 tax season, 1,8 million people who did not need to submit a tax return did so, while in the 2017 tax season, 1,6 million people who did not need to submit a return did so.
- A large number of returns are being filed for prior years. A total of 1 million outstanding returns for prior years was submitted during the 2016 tax season and in the 2017 tax season, 733 000 returns were submitted for prior years. While taxpayers' desire to bring their tax affairs up to date is welcomed, this makes processing returns for the current year of assessment more challenging. We would like to move towards clearing the backlog and encourage taxpayers to be informed about their tax obligations and file their returns on time.

- A number of registered eFilers are filing at our branches, which is not necessary. In 2016, a total of 935 269 registered eFilers who were able to eFile used branches to file, while in 2017, a total of 868 562 registered eFilers did so.
- Tax Practitioners, whose primary filing channel is eFiling, are using branches to file taxpayers' returns. During 2016, a total of 132 000 returns were submitted by tax practitioners at SARS branches, while in the 2017 tax season, 120 000 were.
- Some prospective employers and employment agencies request job seekers to first register for a taxpayer reference number before they can be employed. This results in an unnecessary inflow of traffic at our branches. A job seeker does not need to visit us to obtain a taxpayer reference number. We provide employers with e@syFile – a simple eFiling platform tailored for the employer's needs, which they can use to register employees for income tax.
- Approximately 65% of all individual non-provisional taxpayer returns are filed in the first three months of the tax season after which submissions decline, followed by a spike again towards the end of tax season.

Tax Season 2018 Initiatives

We have identified the following initiatives to support our approach.

A shorter filing season

- Tax Season 2018 will be shortened by three weeks, running from 1 July to 31 October 2018
- This impacts all individual non-provisional taxpayers
- This deadline also applies to provisional taxpayers who opt to file at a branch.
- Provisional taxpayers who use eFiling have until 31 January 2019 to file.
- The deadline for manual submissions is 21 September.

Rationale:

- A shorter filing season allows additional time for SARS, taxpayers and the tax fraternity to deal with return verifications before most taxpayers go on the December holiday break. Often there are delays with taxpayers having to respond to our queries and requests over the holiday break.
- The quiet period after the first three months of tax season has now been removed resulting in efficient use of our resources.

Public Engagement:

- A draft Public Notice was issued on 9 May to this effect.
- We engaged tax practitioner bodies on the shorter deadline and cited reasons which were deliberated and later accepted.

- The comment period closed on 23 May, with a dozen comments received. Several comments cited increased workload for tax practitioners while other comments proposed bringing forward the opening of tax season to match the earlier close.
- As mentioned, this is a work in progress and we will refine these enhancements every year, considering the feedback we received from our stakeholders.

Other initiatives:

- We have sent personalised and direct communication to taxpayers who may not have to submit a return, based on information submitted during tax season 2017, setting out their specific tax obligations.
- A taxpayer does not need to submit a return if ALL the following criteria apply:
 - The taxpayer's total employment income / salary for the year of assessment (01 March 2017 to 28 February 2018) before tax was no more than R350 000
 - Employment income / salary for the year of assessment was received from one employer
 - The taxpayer has no other form of income (e.g. car allowance, company car fringe benefit, business income, taxable interest or rental income or income from another job)
 - The taxpayer does not want to claim for any additional allowable tax related deductions or rebates (e.g. medical expenses, retirement annuity contributions, travel expenses, etc.).
- Verification letters will be more specific in terms of the supporting documents that we require from taxpayers who may have been flagged for a specific risk. This will assist the taxpayer to respond timeously and accurately.
- Taxpayers will be encouraged to file via eFiling on their own. We will support eFilers with the Help-You-eFile service which connects the taxpayer to one of our tax agents in real time via the contact centre while both are online. The taxpayer is then assisted each step of the way.
- Tax returns for the current year of assessment will take priority over outstanding returns filed for prior years. Unfortunately, experience has shown that the submission of prior year returns poses a risk to taxpayers that are taken in by scammers and other tax fraud that we have detected.
- Where an assessment on one return may reflect a refund due, there may be instances where prior returns may reflect that the taxpayer needs to make a payment. These amounts will be offset against each other and the taxpayer will be notified of the outcome.
- SARS is continuing to refine its risk engine to specifically limit repeat audit cases where no risk was found in previous years.

- This year SARS is running a pilot in the background to auto assess taxpayers with a view in future years of issuing assessments to taxpayers who need not submit returns
- While not directly linked to the filing season for individuals, we are seeking to reduce the burden of filing other returns by this year not requiring tax returns for companies that are dormant and have no assets.
- Tax practitioners will be requested to strictly use eFiling for submitting taxpayer returns and avoid doing so at a branch.
- Administrative penalties for late submissions will be imposed, as they have been in previous years.

IT and systems readiness

We have increased the testing phases of our systems to ensure smooth running when Tax Season opens on 1 July.

Taxpayer rights and obligations

In turn, taxpayers have the obligation to us to file using accurate and honest information. We commit to treating your tax affairs with confidentiality and fairness.

Our social contract with taxpayers is captured in our Service Charter which has been finalised and informs taxpayers of our service levels. We have engaged the Tax Ombud, tax practitioner bodies and other stakeholders on its contents and will use it to ensure a mutual relationship of accountability, trust, respect and fairness between SARS and the taxpayer. While we had promised that this would be released some time ago, we have had further input into the charter that we believe will strengthen it. We have socialised the charter internally and I intend to release it shortly.*

Thank you

*Note that Acting Commissioner, Mark Kingon, indicated in the media briefing that the Service Charter would be available on 01 July 2018.