

RFP 19/2020: PROVISION OF MEDIA BULK BUYING, MEDIA PLANNING AND RELATED SERVICES FOR SARS

Filing Season 2021 Hypothetical Brief

EXECUTIVE SUMMARY

1. BACKGROUND

Income Tax is levied on taxable income received by or accrued to, or in favour of any person (which includes individuals, companies and trusts). It is the national government's main source of income and is imposed by the Income Tax Act No. 58 of 1962. The majority of the individual taxpayer taxes are collected through third parties including employers. To ensure a seamless and taxpayer friendly experience, the South African Revenue Service (SARS) largely depends on the utilisation of third party data.

In pursuit of building a modern smart organisation, data dependency will continue to increase. Therefore, ensuring a seamless interaction between SARS and third Parties is critical. The era of digital and big data now offers an opportunity for governments to increase revenue collection without necessarily increasing taxes and the cost of compliance. However, to achieve this, voluntary compliance and co-operation are imperative. SARS must continue with efforts in line with its strategic objectives to reduce the perception of compliance as burdensome, costly, and stressful.

Employers are probably the largest external stakeholder integrated with SARS for purposes of administering tax on behalf of the institution. Their compliance levels have a far more reaching effect on the government's ability to deliver on its mandate. With PAYE filing compliance at just under 53% and payment at about 85%, this remains an area of concern as employers collect the biggest portion of individual tax. It is very clear that the concept of voluntary compliance is not entrenched within employers' administrative activities. The term "voluntary" with "tax law obligations" may sound like an oxymoron. This is because the law obligates a taxpayer, and therefore, they do not have a choice to 'volunteer'. SARS's understanding and use of the term 'voluntary' is in the spirit of a taxpayer co-operation enabled by processes and systems that make it easy and seamless to comply.

SARS has the vision to build a modern, smart organisation by 2024; this will elevate the taxpayer experience by making it easy to comply through various interventions such as real-time usage of available data to reduce the taxpayer's administrative burden. For Personal Income Tax (PIT), this means reducing the need for taxpayers to file, and therefore integrate the concept of 'filing season' into standard operations as business as usual.

2. CONTEXT

The 2020 Filing Season took place during the unusual events related to COVID-19. The general approach in how we have had to service taxpayers had to change and change quickly. SARS has had to re-align its processes and way of working at a much faster pace than in previous years. To this end, various teams worked tirelessly to make it easy, convenient and seamless for taxpayers to interact with SARS. Many of the services extended to the digital channels were previously offered exclusively through the SARS branches. For those taxpayers who felt they still needed assistance through a person, SARS offered them an opportunity to resolve queries through telephonic engagement or video conference to limit physical interaction. Taxpayers could also book an appointment for assistance through telephonic or video conferencing channels. This enabled SARS to plan resources while taxpayers could prepare (i.e. gather the required information) before the engagement.

Year on year, the number of taxpayers assisted at the SARS branches (face to face) has significantly reduced. Return processing at the branch reduced from just over 1 million taxpayers to just under 250k. The number of PIT registrations performed at the branch also dropped to insignificant numbers compared to 2019 wherein on average, branches used to see just under 100k taxpayers per month to current volumes below 1k. Digital subscription continues to increase with over 90% of returns to date filed through SARS digital platforms. This provides SARS with an opportunity to carry the momentum beyond these services.

"The work of creating an enabling environment to ensure our product and processes work effectively, expanding the use of data and artificial intelligence, and increasing the online digital offerings remains the focus going into 2021 in alignment with SARS' strategic intent" (E Kieswetter; SARS Internal Communication; October 2020).

2.1 The concept of a "filing season"

Historically, SARS visibly differentiated between the PAYE filing season (reconciliation) and the PIT filing season. In 2020, SARS started with a journey to integrate logical activities into phases to make up a filing season. This is in large part of the process to move the traditional filing season activities to become part of the standard operations business as usual. The emphasis on integrating third

party filing activities with individual filing returns also serves as a reminder to parties involved in the process of each other's responsibility and dependency to one another. For example, without a successful employers and other third parties' data filing, individuals cannot experience a seamless, fair, and easy return filing.

The 2021 filing season will follow a similar approach with much more focus and emphasis on the first phase of assisting third parties (including employers) for their year-end filing. As part of the journey to entrench filing season into business as usual, engagement with employers by SARS will have to start early

in the year. SARS intends to put punitive measures to make it hard and costly for those who continue to be non-compliant and ignore all efforts and assistance by SARS to be compliant.

The main challenges for this Filing Season is for employers to improve their compliance on the annual reconciliation (EMP 201), Pay-as-You-Earn (PAYE) filing as well as make accurate payments on time. This enables a smooth and pleasant experience for their employees who are the majority of the individual filers for the Personal Income Tax.

3. Communication Objectives:

The overarching communication objectives are to:

- Drive compliance and education with a view to creating clarity and certainty of tax responsibilities;
- Make it easy and simple for the taxpayers and third party agents to comply; and
- Promote SARS's service offering that enables voluntary compliance.

3.1 Marketing Communication strategy

Encouraging voluntary compliance through creating clarity and certainty about tax responsibilities for employers and other third party agents will be the thrust of our strategy. The indicated taxpayers and agents must understand the significance of their contribution to the whole tax ecosystem. In addition, what is the impact of their compliance or lack thereof and what is expected of them. In turn, what they can expect from SARS will be clarified. The role of employers and other third party agents is critical in the collection of revenue in order for the Government to fulfil its programmes.

The functional methods of interaction with SARS are to be expressed through education and compliance messages. The creative platform to be employed will be "Your Tax Matters" hence it is important for you to do your part and we are available to assist you at your convenience. The overall

value proposition of the campaign will be to position SARS as a person who is service-orientated, approachable, accessible, helpful and efficient.

3.1.1 Filing Cycle

- Filing season opens 01 March 2021 and ends 28 January 2022.
 - 1 April 2021 – 31 May 2021 focus on the filing of employers and 3rd Party Data providers including PAYE Submissions
 - 1 July 2021 – 23 November 2021 individual filing
 - 1 July 2021 – 28 January 2022 Individual Provisional taxpayers on eFiling
 - 1 July – 28 January period for auto-assessed taxpayers to accept the auto assessment via eFiling

4. Media Placement brief:

While storytelling media will be used to “pull” audiences into an emotive campaign, information-driven media will be used to “push” functional attributes and useful information. Develop an integrated media placement strategy for the 2021 Filing Season, which embraces various media platforms.

You are required to show insight, work within the budget, provide a rationale for your proposed strategy and propose a media placement budget for phase 1 of the 2021 Filing Season, which commences on 1 April 2021 and concludes on 31 May 2021.

Marketing priorities:

Marketing priority	What	Message
Create clarity and certainty on tax responsibilities	Encourage voluntary compliance	Take your next step. Employers submit your annual PAYE recon to SARS and IRP5s to your employees and help us build a capable democratic state for the wellbeing of all South Africans. Make the required payments on time.
Create clarity and certainty on tax responsibilities	Encourage voluntary compliance	Third party agents get your tax matters in order by submitting the required accurate data on time.

Make it easy and simple for third party agents (including employers) to comply	Increase education and information on service offering	These are the convenient and simple ways to get your tax matters in order.
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To note:

- ✓ SARS does not require creative designs for adverts.
- ✓ You are required to work within a R15 000 000.00 budget.
- ✓ Explanations behind media placement platform suggestions are required.
- ✓ You are free to suggest any media platforms (including new platforms).