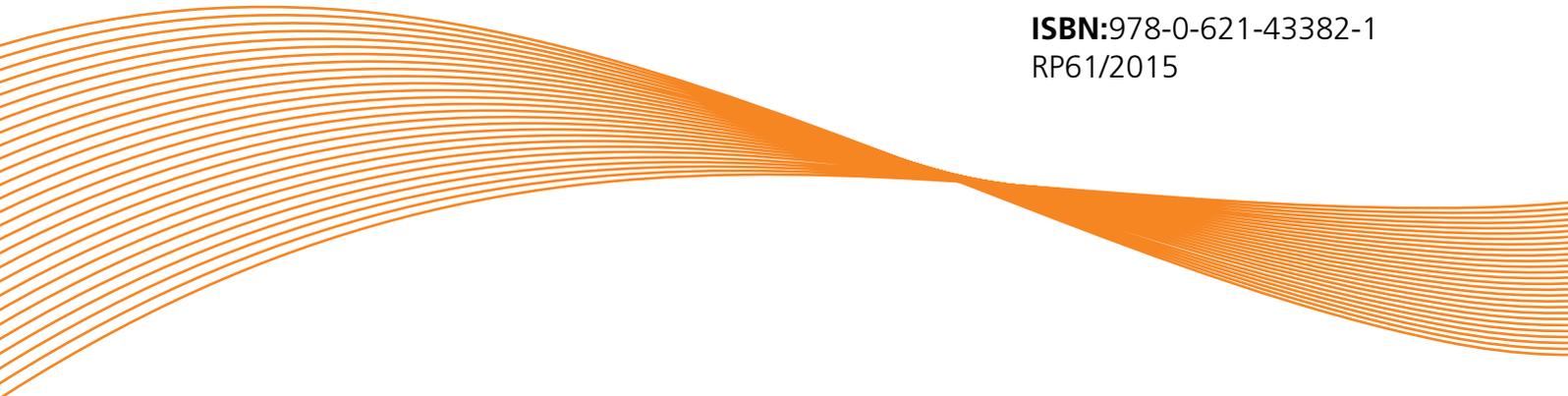


Annual Performance Plan 2015 - 2016

*South
African
Revenue
Service*

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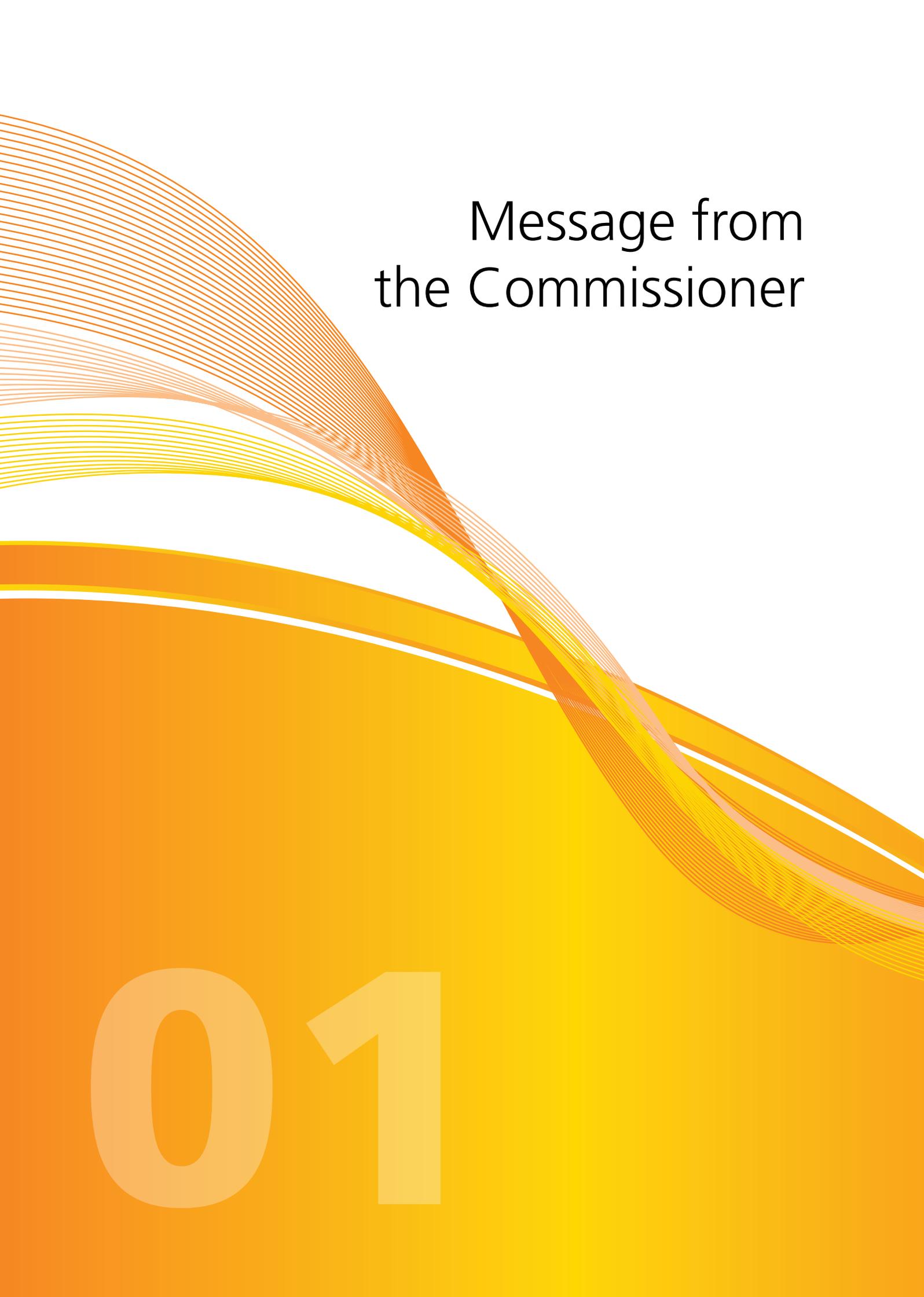


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Abbreviations

AEO	Accredited Economic Operator
AEOI	Automatic Exchange of Information
APP	Annual Performance Plan
ATP	Automated Transaction Processing
BAU	Business As Usual
BCOCC	Border Control Operational Coordinating Committee
BEPS	Base Erosion and Profit Shifting
BLNS	Botswana, Lesotho, Namibia and Swaziland
BMA	Border Management Agency
CBCU	Customs Border Control Unit
CIPC	Companies and Intellectual Property Commission
DHA	Department of Home Affairs
DPW	Department of Public Works
DTA	Double Taxation Agreement
ETI	Employment Tax Incentive
ENE	Estimate of National Expenditure
FATCA	Foreign Account Tax Compliance Act
G20	Group of 20 countries
GRAP	Generally Recognised Accounting Practice
HNWIs	High Net Worth Individuals
ICBS	Interfront Customs Business Solution
IMF	International Monetary Fund
IRS	Internal Revenue Service
ITAC	International Trade Administration Commission
IVR	Interactive Voice Response
MAAA	Mutual Administrative Assistance Agreement
MNEs	Multinational Enterprises
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NPA	National Prosecuting Authority
OECD	Organisation for Economic Cooperation and Development
ORTIA	Oliver Reginald Tambo International Airport
OSBP	One Stop Border Post
PAYE	Pay As You Earn
PPS	Passenger Processing System
PTP	Preferred Trader Programme
SACU	Southern African Customs Union
SARS	South African Revenue Service
SMMEs	Small, Medium and Micro Enterprises
SONA	State of the Nation Address
TADAT	Tax Administration Diagnostic Assessment Tool
TCC	Tax Clearance Certificate
TCS	Tax Compliance Status
The dti	Department of Trade and Industry
VAT	Value-Added Tax
VDP	Voluntary Disclosure Programme
WCO	World Customs Organisation
WTO	World Trade Organisation

The image features a white background with a large, abstract graphic on the left side. This graphic consists of multiple layers of wavy, curved lines in shades of orange and yellow, creating a sense of depth and movement. The lines flow from the top left towards the bottom right. In the upper right quadrant, the text "Message from the Commissioner" is written in a clean, black, sans-serif font. At the bottom of the page, the number "01" is displayed in a large, bold, light orange font, set against a solid orange background that occupies the lower portion of the image.

Message from the Commissioner

01

01 | Message from the Commissioner

This Annual Performance Plan (APP) sets out SARS' delivery program for the 2015/16 fiscal period to meet the strategic outcomes and objectives set out in the 2015/16 – 2019/20 SARS Strategic Plan. It continues to build on the work carried out by SARS from previous plans.

Our activities for the 2015/16 fiscal period will see SARS continue to respond to the wider government priorities. We will continue to streamline our customs systems, processes and procedures to facilitate legitimate trade and travel, and to combat illicit trade activities. We will respond to the government's plans to develop the small business segment by increasing our support to small businesses to help them meet their tax obligations better. During this fiscal period, we will continue to establish "small business desks" at our branch offices. We will also maintain our collaborations with other government departments to enhance our taxpayer compliance efforts, and to help improve service delivery across the whole of government.



During the 2014/15 fiscal period, we started a review of our operating model to help us determine how best to deliver on our mandate. This is an important initiative to enable us to deliver on the outcomes and objectives in the SARS Strategic Plan document. The program consists of our modernisation programme review, information communication technology (ICT) strategy review and people strategy review. During the 2015/16 fiscal period we will develop a plan that will identify the organisational capabilities that we need to change, and this plan will be presented to the Minister of Finance. We will also begin implementation of projects to be delivered across affected areas in the organisation.

Taxpayers expect improved service from SARS. We will continue to invest our resources and efforts in improvements that assist taxpayers to comply. We will amongst other things partner with the Department of Home Affairs (DHA) through the Thusong Centres to increase our outreach and accessibility.

It is becoming extremely challenging to meet our revenue collection targets in the current global and local economic environment. Our task of collecting revenue is also made difficult by those taxpayers that employ sophisticated schemes to evade their taxes. We will continue to place focus on the seven focus/priority areas of our Compliance Programme. We will pay particular attention to the compliance of High net-Worth Individuals (HNWIs). We will participate in exchange of information platforms and multi-country efforts to track down taxpayers who evade their obligations to pay the correct taxes.

SARS employees are the cornerstone of all our efforts. We cannot tackle the above without investing in our own human resource capability and capacity. During the 2014/15 fiscal period, we welcomed over 300 graduates trainees into SARS employment to build capacity for the future. In this fiscal period, we will develop a new SARS "people strategy", implement a new talent management model, review the SARS remuneration and reward framework, and implement a succession planning process.

A handwritten signature in black ink, appearing to read 'Tom Meyane', written over a white background.

Tom Meyane
SARS Commissioner



Official Sign-off

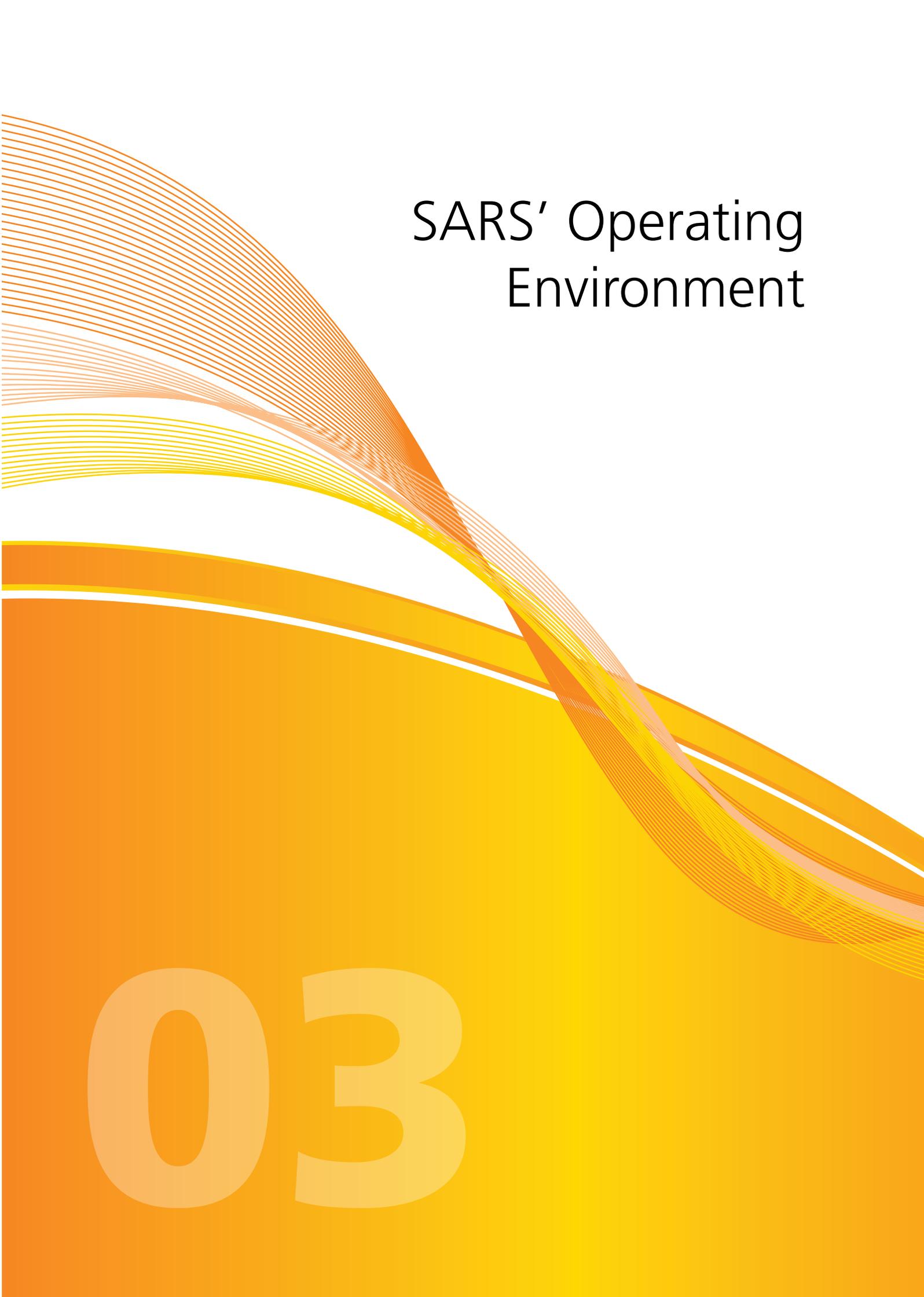
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02 | Official sign – off

It is hereby certified that this Annual Performance Plan was developed by the Executive Committee of the South African Revenue Service and takes into account all relevant policies, legislation and other mandates for which we are responsible. This Plan accurately reflects the strategic outcome oriented goals and objectives which SARS will endeavour to achieve over the period.



Tom Moyane
SARS Commissioner



SARS' Operating Environment

03

03 | SARS' Operating Environment

National Policy Direction

The National Development Plan (NDP) 2030 remains the primary policy framework for government and all its related entities. In his February 2015 State of the Nation Address (SONA), President Zuma shared the government's nine strategic priorities to be pursued this year to ignite growth and create jobs through its plans to "unlock the potential of small, medium and micro enterprises (SMMEs), cooperatives, township and rural enterprises". Government plans to set aside 30% of appropriate categories of state procurement for purchasing from SMMEs, cooperatives, and from township and rural enterprises. The direction and outcomes pursued by the South African government in the NDP 2030 affect how SARS carries out its mandate. As one of the critical organs of state, we will continue to effectively and efficiently carry out our mandate to collect the revenue required by government to fund critical government programmes. We will diligently play our role to facilitate legitimate trade and travel through the country's borders to help grow the economy and protect it from illicit trade activities.

We will support critical government efforts to increase employment opportunities, improve conditions for small businesses and help improve government performance across the whole of government. Recently we have been tasked with the implementation of important policy initiatives such as the Employment Tax Incentive Scheme (ETI) and Tax Exempt Savings Account. These will be administered through the tax system. It is certainly a testament to our capability that government entrusts us with the implementation of these important policy initiatives. However, we are mindful that these additional responsibilities may begin to strain our already limited leadership and technical capability and may affect delivery on our core tax and customs mandate.

We acknowledge in this plan that our efforts to carry out the SARS mandate, and to contribute to critical government programmes will not be successful if we work in isolation from our key government partners. The work of the following government departments and entities affect our mandate directly: DHA, Companies and Intellectual Property Commission (CIPC), Department of Trade and Industry (The dti), National Treasury, Department of Justice and Constitutional Development, National Prosecuting Authority (NPA) and the Office of the Tax Ombud. These departments and entities are important to the overall effectiveness of SARS operations. Together with these departments and agencies, we will be able to ensure our records are accurate, implement government policy initiatives and achieve effective prosecution of serious tax and customs offenders. SARS will continue to work with these and other government departments and agencies on many fronts, to improve the overall efficiency and effectiveness of government and promote a whole of government view of its value chain. We also acknowledge that we all operate under increasing fiscal and resource constraints, and this could affect the progress of our collaborative efforts.

SARS' bilateral, regional and multilateral priorities are informed by South Africa's overall foreign policy objectives as espoused by the Department of International Relations and Cooperation. SARS' international engagements in the area of tax and customs administration contribute to the achievement of the following national objectives:

- Participate in the Global System of Governance (WCO, WTO, United Nations - UN, G20)
- Enhanced African Agenda and Sustainable Development (African Union and African Tax Administration Forum - ATAF)
- Strengthen Regional Political and Economic Integration (WCO, ESA, SACU, Southern African Development Community - SADC)
- Strengthen South-South Relations (IBSA, BRICS, CATA)
- Strengthen Relations with Strategic Formations of the North (OECD)

Economic developments

Global growth is expected to rise moderately to 3.5 percent in 2015, and 3.7 percent in 2016. High-income countries are likely to see growth of 2.4 percent in both 2015 and 2016, up from 1.8 percent in 2014, on the back of gradually recovering labour markets, ebbing fiscal consolidation, and still-low financing costs. In developing countries, growth is projected to decline from 4.4 percent in 2014 to 4.3 percent in 2015 and marginally grow to 4.7 percent in 2016. Lower oil prices could boost global growth even higher than the forecasts, but this boost is likely to be offset by negative factors such as investment weaknesses as adjustment to diminished expectations about medium-term growth continues in many advanced and developing economies.

Sub-Saharan Africa's growth slowed down to 4.8 percent in 2014, compared with 5.2 percent in 2013. However the region is projected to pick up moderately to 4.9 percent in 2015 and 5.2 in 2016, lifted by infrastructure investment, increased agriculture production, and buoyant services. The projected rebound in growth is weaker or delayed as the impact of lower oil and other commodity prices on the terms of trade and real incomes is now projected to take a heavier toll on medium-term growth.

South Africa is expected to experience steady but slow economic growth due to the current sluggish global economic growth which negatively affects exports. However the lower oil prices as well as growing regional trade with other sub-Saharan countries will continue to benefit the country. Improving labour relations will allow for a resumption of investment in the gold and platinum mining sectors, gradually improving net exports to help mitigate the drag from policy tightening. Infrastructure bottlenecks, especially in the energy sector, will progressively be alleviated in order to address challenges caused by this sector on other sectors of the economy. South Africa's Gross Domestic Product growth declined to 1.4 percent in 2014. However the economy is expected to grow by 2.0 percent in 2015 and 2.4 percent in 2016.

The prevailing negative domestic and global economic environment will continue to put our compliance and revenue targets at risk as businesses and individual taxpayers try to manage their cash-flows by under-declaring and/or failing to pay the amounts owed to SARS. Similar to the rest of government, we will continue to carry out our mandate under very tight fiscal conditions. We will therefore manage our resources more prudently to build resilience into SARS systems and processes to mitigate the adverse consequences of such an environment on taxpayer compliance and revenue collection.

Developments in the global tax and customs environment

Tax developments

SARS is conscious of prevailing global tax concerns, many of which also affect South Africa's tax environment. According to a recent Organisation for Economic Cooperation and Development (OECD) report (Addressing Base Erosion and Profit Shifting: 2013), multinational corporations continue to use sophisticated schemes (cross-border structures, intragroup transactions, hybrid mismatches etc.) to exploit gaps and mismatches in local tax legislation and double taxation agreements (DTAs) to avoid or significantly minimise their tax obligations in countries where they operate and make profits.

In this regard, the Group of Twenty (G20) countries committed themselves to the automatic exchange of information (AEOI) between their tax authorities as the new global standard, and to work with the OECD

to develop a multilateral model to make it easier for governments to find and punish tax evaders. On tax avoidance, they agreed to support the OECD's work to tackle base erosion and profit shifting (BEPS). They also agreed to support developing countries to collect the taxes due to them, with access to the global tax information they need. We are seeing many developments on this front. South Africa is working with the United States government through the Foreign Account Tax Compliance Act (FATCA) to implement the AEOI programme between the two countries in September 2015. A group of more than 50 countries, referred to as the "early adopters group", which includes South Africa, intends to implement automatic exchange of information by 2017.

We will continue to support and participate in many other multi-country initiatives, including regional initiatives with our neighbouring countries, for the automatic exchange of information to counter the negative consequences of this threat to the South African fiscus. We will invest a significant portion of our resources to develop the skills and capability to identify and deal with tax avoidance and evasion schemes employed by multinational enterprises (MNEs) and wealthy individuals.

Customs developments

At the Ninth World Trade Organisation (WTO) Ministerial Conference, held in Bali, Indonesia, in December 2013, ministers representing the various member countries adopted the "Bali Package", a series of decisions to streamline and open up trade. We take note of this very important development, and we have begun our work to fully understand the implications of this development on our customs processes, procedures and protocols, and once it is ready for implementation we will integrate it into our customs processes and procedures.

The internet has become an important tool for customs administrations globally, and some World Customs Organisation (WCO) member states already use this tool as a means of gathering customs-related information in their domestic economies. In December 2014, the WCO decided to establish a tool called "Iris" to collect all customs related information globally, and house it in one location. We will, if necessary, amend our systems in order to take advantage of this development.

Closer to our borders we are witnessing increased cooperation between SARS and various customs jurisdictions on issues of joint customs control, streamlined border processes and risk management to reduce delays (for legitimate traders and travellers), and improve the efficiency of trade in the region. The creation of a "One-Stop Border Post" (OSBP) between South Africa and Mozambique took a big step forward in 2014 when both governments agreed on operational implementation. We are now in the process of publishing the OSBP bilateral legal framework between the two countries. We are also working with the Zimbabwe Revenue Authority to finalise the adoption of the Mutual Administrative Assistance Agreement (MAAA) which will lay the foundation to create a legal framework for the establishment of an OSBP between South Africa and Zimbabwe. SARS is also in engagement with the Southern African Customs Union (SACU) member countries on cross border data exchange, which will drive data exchange regionally. SARS will also enhance its relationship with SACU and other neighbouring states aimed at improving trade facilitation and combating illicit trade.

In July 2014, the Customs Control Act, 2014, and the Customs Duty Act, 2014, were promulgated into law, to replace the provisions of the current Customs and Excise Act, 1964, relating to customs control of all means of transport, goods and persons entering or leaving South Africa. The new Acts are intended to improve customs control over the movement of goods and people. We will continue our preparations during 2015 to ensure effective implementation of the new Acts by aligning our systems and processes to this legislation.

During 2014, the International Monetary Fund (IMF) undertook a pilot tax administration diagnostic assessment of the performance of SARS tax administration and four other countries (Norwegian Tax Administration, Australian Tax Administration, Zambian Revenue Authority and Her Majesty's Revenue and Customs in the United Kingdom). The aim of the assessment was to benchmark SARS' administration with best practice in revenue and tax administration internationally. Many countries use the IMF's Tax Administration Diagnostic Assessment Tool (TADAT) to inform their reform priorities, and to highlight their reform achievements. Although the assessment did not provide an overall score for SARS' performance, it highlighted many strong areas in our administration and some weaknesses. We appreciate TADAT's acknowledgement of SARS' efforts to improve its tax administration over the years. SARS is a transparent and accountable organisation with independent oversight and sound governance structures. We will continue to promote voluntary compliance amongst all taxpayers through continued improvements to our systems, processes, products and people.

Risks facing SARS

Risks facing SARS stem from its exposure to the local and global economic climate, the compliance behaviour of taxpayers in response to this climate, and some risks from SARS' own operations. SARS introduced several measures to mitigate these risks and continues to monitor their impact on its performance.

STRATEGIC RISKS FACING SARS	
The risks we need to manage	How we will manage these risks
<p>Revenue collection pressure</p> <p>The prevailing global and local economic uncertainties place increasing pressure on SARS's ability to collect revenue. Ongoing electricity supply constraints, labour disputes, and service delivery protests domestically add to this already challenging economic environment.</p>	<ul style="list-style-type: none"> • Continue to expand our footprint through physical infrastructure, mobile tax units and mobile registration kits • Increase compliance activities through increased and targeted audit and enforcement activities, as well as enhanced debt management • Increase the use of administrative penalties
<p>The threat of the illicit economy and illicit financial flows</p> <p>The illicit economy, especially illicit cigarettes and tobacco, continues to be a serious threat to South Africa's economic growth, legitimate formal businesses, financial activity and the potential growth of the tax base from which SARS collects revenue.</p>	<ul style="list-style-type: none"> • Continue to target the entire supply chain of illicit cigarette and tobacco trade, through better control of our warehouses, modernisation of our excise systems to improve risk detection, and increase our collaboration with key stakeholders • Engage with other state enforcement agencies e.g. SSA, SAPS etc to agree on MOUs for establishment of dedicated resources for fighting illicit trade • Enhance inter-agency co-operation in fighting tax and other financial crimes • Build capacity by continuing to participate in the International Academy on criminal tax investigations • Increase enforcement and compliance focus on high risk goods such as tobacco and its products as well as clothing and textile products and other high risk commodities should form the cornerstone of control measures. This should include increased inspections and audits of bonded warehouses as well as improved monitoring and accounting of all export acquittals
<p>Unfavourable public perception of poor state delivery and corruption</p> <p>Research and empirical evidence show that taxpayer's attitude towards compliance and their willingness to comply is influenced by how they perceive taxes to be utilised. Concerns about corruption in the public sector, poor service delivery and the quality of service delivery remain an issue. This has the potential to affect SARS's ability to achieve compliance due to loss of public confidence in government.</p>	<ul style="list-style-type: none"> • Continue to collaborate with a broad range of key stakeholders and government partners to develop and implement platforms to improve efficiency and effectiveness of operations across the whole of government • Continue with education and outreach programmes to build a culture of fiscal citizenship
<p>Complex schemes used by large businesses to evade and avoid tax</p> <p>SARS has detected an evolution from businesses, especially multinational enterprises, whereby they utilise domestic and international loopholes to evade tax and impermissibly avoid, take advantage of cross-border structuring and transfer pricing manipulations.</p>	<ul style="list-style-type: none"> • Address the skills gap of auditors dealing with large business taxpayers by ensuring that they are equipped to engage and deal with the complexities of this segment and facilitate quicker resolution of issues • Work with other government agencies to identify cross-border risks • Setting up a specialist unit to proactively deal with BEPS and Transfer pricing
<p>Low compliance of High Net-Worth Individuals (HNWIs)</p> <p>A significant number of HNWI do not timeously pay the correct amount of taxes due to non-declaration of income sources, overstating expenses and splitting of income through trusts.</p>	<ul style="list-style-type: none"> • Develop capability to effectively tackle HNWIs in terms of increasing capacity developing core expertise especially in dealing with trusts and re-defining taxpayers in this segment

STRATEGIC RISKS FACING SARS	
The risks we need to manage	How we will manage these risks
<p>Value-Added Tax (VAT) refund fraud</p> <p>The SARS VAT systems and processes continue to be placed under pressure as businesses respond to the slow economic recovery and the impact on their businesses. There is thus an increased chance of tax fraud, especially VAT fraud whereby businesses will be over-claiming inputs and expenses or under-declaring and/or non-declaring outputs and income to protect their profits Invalid refunds and identity fraud.</p>	<ul style="list-style-type: none"> Enhance our risk engines to ensure only legitimate refunds are processed and increase audit coverage for effective detection and deterrence Increase enforcement activities to address fraudulent claims Improve the registration process, especially for VAT to ensure accurate taxpayer accounts, including bank account details
<p>Significant debt book</p> <p>Growth of the debt book is mainly due to less than optimal management of taxpayers' accounts in SARS, taxpayer errors and the impact of the slow economic recovery on taxpayers' ability and willingness to pay tax. While part of the growth is attributable to the slow economic recovery, manual paper-based processes pose challenges to the integrity of taxpayer accounts and thus the accuracy of the debt book.</p>	<ul style="list-style-type: none"> Modernise debt systems and ensure accurate capturing of taxpayer accounts on SARS systems Responsive follow up on our debt book and clean-up of the debt book Increase capacity and capability for dealing with the debt book
<p>Succession risk</p> <p>Delivery of the SARS strategy is heavily contingent on the continuity and stability of organisational leadership. Addressing the leadership challenge will therefore require a carefully planned transition through the identification of potential successors and ensuring an adequate grooming and handover process. SARS also faces a big challenge of the employment equity imbalance in its leadership, which poses a threat in terms of government's employment equity objectives.</p>	<ul style="list-style-type: none"> Implement a representative skills pipeline for critical roles for development of employees Implement the SARS succession plan
<p>Commercial fraud on Imports</p> <p>The incidents of imports under declarations not only create a leakage in potential Customs duties and VAT, but also lead to risk of illicit capital flow, foreign exchange transgressions and occurrence of tax havens. We have noted an increase in the abuse of rules of origin, valuation regime and tariff classification.</p>	<ul style="list-style-type: none"> Invest in building a stronger and sophisticated transfer pricing, valuation and rules of origin capability Participate in the trade and international Customs bodies and initiatives with other countries
<p>Threat of global terrorism</p> <p>Terrorist organisations use global trade supply chains as their financing mechanism, and South Africa may be seen as the weak link or the springboard of global terrorism through weakened Customs and tax controls.</p>	<ul style="list-style-type: none"> SARS' participation in both domestic and global anti-terrorism bodies such as the Financial Action Task Force will assist SARS in the identification, mitigation and sharing information on potential terrorism threats through the trade supply chain networks
<p>Excise duty risk</p> <p>Increased incidents of excise fraud and smuggling of excisable goods such as fuel and cigarettes undermine SARS' efforts to improve compliance and ensure a level field for all taxpayers.</p>	<ul style="list-style-type: none"> Development of specific excise risk rules in the SARS risk engines Creation of specialised excise capacity within Customs regime Increased targeted audits and inspections at the Excise manufacturing points and at ports of entry

Table 1: Strategic Risks facing SARS

SARS' Resource Plan

04

04 | SARS' Resource Plan

Expenditure estimates over the medium-term

SARS' projected revenue and expenditure for 2015/16 to 2017/18 is presented on Table 2 below:

Expenditure Estimates (Rm)	2015/16	2016/17	2017/18
National Treasury Grant	9 434 439	10 433 547	11 415 611
Interest income	40 000	30 000	30 000
Other Income	320 308	323 511	326 747
Roll-over funding	1 314 040	471 014	148 251
Total Funds Available	11 108 787	11 258 072	11 920 609
Funding Allocation			
Baseline Expenditure (BAU)	9 754 465	10 534 822	11 377 608
Modernisation	500 000	500 000	468 000
Acquisition of new offices	250 000	-	-
Other initiatives	58 308	-	-
Footprint Expansion	75 000	75 000	75 000
Total Allocation (Budget)	10 637 773	11 109 822	11 920 608

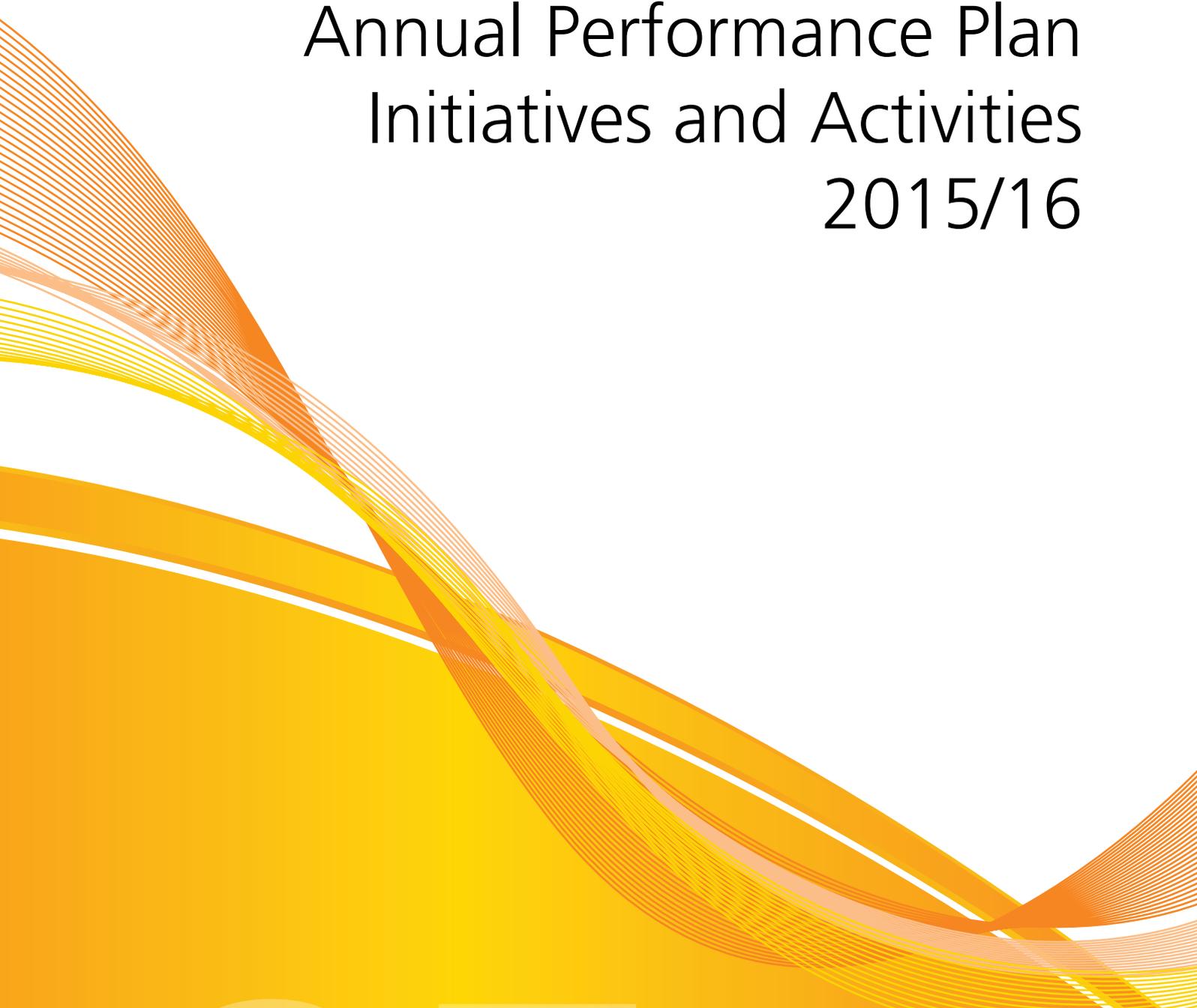
Table 2: SARS' expenditure estimates

Projected Human Resource capacity

SARS' projected headcount for 2015/16 to 2017/18 is presented in Table 3 below:

	2014/15 (Actual)	2015/16	2016/17	2017/18
Permanent employees	13 650	13 350	13 150	13 300
Temporary employees	406	425	50	50
Graduate trainees	434	421	400	350
Total Headcount	14 490	14 196	13 600	13 700
% net growth (total head count)		-2.03%	-4.20%	0.74%

Table 3: SARS' projected headcount



Annual Performance Plan Initiatives and Activities 2015/16

05

05 | Annual Performance Plan Initiatives and Activities 2015/16

Core Outcome 1: Increased customs compliance

SARS seeks to further government's aim of growing the economy and creating employment through effective and efficient trade and travel facilitation, and effectively combating illicit trade activities. Our objectives and initiatives support these aims and seek to:

- Streamline trade facilitation and promote efficient trade to promote the economic competitiveness of the country.
- Deliver an efficient and streamlined passenger travel facilitation process to support the country's travel and tourism sector.
- Protect the country and its citizens by disrupting organised crime and reducing the illicit economy.
- Effectively and efficiently collect the customs revenue required to fund government programmes.
- Facilitate a more effective coordination of border activities with other border management agencies to build effective and efficient border control.
- Provide input to trade agreements and deliver the customs aspects of those agreements.
- Develop partnerships with all supply chain stakeholders and facilitate legitimate trade, while combating illicit trade.

Priority objectives and initiatives for 2015/16 to accomplish this outcome:

Implement the Customs Control and Customs Duty Acts, 2014. The Customs Control and Customs Duty Acts, 2014 replace the provisions of the Customs and Excise Act, 1964, relating to customs control of all means of transport, goods and persons entering or leaving the Republic. Implementation of the Customs Control and Customs Duty Acts, 2014 will begin in the 2015/16 financial year.

Continue to implement the Preferred Trader Programme (PTP) to cover both customs and excise traders. The Preferred Trader Programme holds many benefits for traders including faster passage and reduced likelihood of inspection of their goods through customs. SARS will develop the current Preferred Trader scheme as an Authorised Economic Operator (AEO) Programme. We will continue developing the SARS suite of AEO audit documents to prepare for augmenting the existing PTP with WCO's SAFE framework of standards in order to facilitate South Africa's exports into the global market. Our PTP and AEO programmes will be aligned to the recently enacted Customs Control Act, 2014. 30 importers and exporters have been approved through our Customs processes and are deemed to have met the preferred trader criteria in terms of section 64 (E) of the Customs and Excise Act, 1964. During the 2015/16 fiscal period we will accredit these traders with the SARS preferred trader status. We will also continue leading the development of a SACU legal framework as well as multilateral legislation which will provide mutual recognition for the SACU members' PTP.

The Excise PTP will be advanced through publishing a set of specific Preferred Trader Excise Policies and Audit documents. Although a pilot for the Programme was carried out during 2014/15, a roll-out will not be implemented further to the other Excise clients, for at least the next financial period. Excise will during 2015/16 focus on capacity and training, to equip employees with the necessary skills and capacity to deal with the volumes and complexities within the Excise environment.

Improve management of bonded warehouses. SARS has identified the need for warehouse capacity in some of the regions. We will therefore engage the Department of Public Works and local municipalities to establish additional bonded warehouses and relocate others where necessary. During 2015/16 we will introduce:

- A mobile security system.
- An off-site tracking and management system. Both these systems aim to reduce the risk associated with goods which are left with shipping companies for a considerably lengthy period.
- A case management system supported by barcode technology which will be used to manage inventory at our warehouses. This system will use barcoding technology for tracking goods entering or leaving our warehouses.

Expand the Customs inspections workflow to include the Customs Border Control Unit (CBCU) activities. We want to incorporate all SARS intervention activities, for example, the dog unit, the water wing, the scanner unit, etc. We will ensure that these activities are further integrated into the case management platform.

Continue to adopt a whole of government view approach at our ports of entry to achieve value chain efficiencies. SARS fully supports the creation of the Border Management Agency (BMA). Implementation of this initiative is yet to be finalised, however SARS will continue working with the Department of Home Affairs, appointed as the lead agency, to relocate the Border Control Operational Coordinating Committee (BCOCC) capability to the soon-to-be established Border Management Agency.

We will continue with the implementation of the SARS Model Port Pilot Project, which aims to provide seamless, efficient services and improve the lives of our employees at the ports of entry. The Model begun with the pilot of the three biggest ports of entry, Beit Bridge for land modality, Durban Harbour for sea modality and Oliver Reginald Tambo International Airport (ORTIA) for air modality. The land port pilot at Beit Bridge is complete and during 2015/16 we will continue with implementation at the Durban Harbour and ORTIA.

Continue to strengthen its risk management capabilities in customs. We want to increase security of trade at our ports of entry to facilitate efficient trade and safe travel; protect the economy; and prevent revenue leakages. During the 2015/16 fiscal period, SARS will:

- Increase the number of detector dogs and handlers, as well as their training at all of our major ports of entry.
- Continue to deploy additional cargo/container/baggage scanners at our key ports of entry. By 31 March 2016, SARS will have deployed a cargo scanner to Beit Bridge port of entry. We also plan to procure additional baggage scanners and iPads for our inspectors at the borders.
- In partnership with our stakeholders, we will align and standardise our services in our three Mail Centers (Cape Town, Durban and ORTIA).
- Continue to make improvements to the Passenger Processing System (PPS) to allow for the automated risk management of travellers. This will simplify traveller processing through user-friendly interfaces and enhance traveller data management, especially for frequent travellers.

Continue to facilitate effective coordination of border activities and links with other jurisdictions, exchange information and facilitate regional trade. Constitutional requirement by both governments for the creation of a "One-Stop Border Post" between South Africa and Mozambique have been met. The next step is for these requirements to be gazette into laws in both countries to provide the appropriate legal framework. Standard Operating Procedure governing this border post is yet to be concluded.

The two governments are also currently in the process to design an IT interface to exchange data on a real-time basis in order to provide a common platform for officers on either side of the border post.

On the Zimbabwe – South Africa OSBP, we will continue to seek finalisation of the Mutual Administrative Assistance Agreement with the Zimbabwean Revenue Authority. SARS will also implement the Beit Bridge Efficiency Management System governance and management structures. We will also participate in the North-South Corridor sub-working groups. We have also begun engagements with Department of Public Works (DPW) regarding the infrastructure requirements at Beit Bridge for the implement of an OSBP.

During 2015/16 we will continue with the Swaziland pilot of the SACU/Mozambique IT Connectivity initiative. The roll-out to all the other SACU countries will only take place once the Swaziland pilot is complete. We are also waiting for feedback from Mozambique on the external stakeholder communication plan.

SARS will improve the capturing and analysis of trade statistics. The new Integrated Customs Management Systems substantially improved the quality of our service and trade data at our borders. During 2015/16 we will continue to improve our capturing and analysis of trade statistics which now includes the Botswana, Lesotho, Namibia and Swaziland (BLNS).

Core Outcome 2: Increased tax compliance

SARS seeks to increase voluntary compliance across a broader taxpayer base. In this regard, SARS wants taxpayers to calculate their tax liabilities correctly, file their returns on time, declare to SARS what their true income is, and pay what is due. SARS will realise these compliance objectives through better understanding of taxpayer circumstances, needs, attitudes, abilities and behaviours. We will use our understanding of the different taxpayers to inform and focus our efforts on where we can have the biggest effect on compliance. This means that we will create a good balance between education, service and enforcement interventions. We will make it easier for taxpayers to meet their compliance obligations by continuously simplifying the process of filing tax returns, making service channels more efficient and streamlining our internal processes. For those taxpayers that choose not to comply we will invest in effective deterrence measures.

Priority objectives and initiatives for 2015/16 to accomplish this outcome:

Conduct targeted compliance interventions in high-risk areas under the SARS Compliance Programme.

- **For Large Businesses**, SARS will seek to build a better understanding and management of the relationship between SARS and large business taxpayers, through open and transparent interactions to manage compliance risks associated with this segment, especially issues relating to BEPS and transfer pricing. During the 2015/16 fiscal period, we will:
 - Build our audit capacity and skills to ensure that employees dealing with large business taxpayers are equipped to engage and deal with the complexities of this segment and facilitate quicker resolution of issues.
 - Continue to participate in a mining study with the World Bank to create an audit guide book that will assist auditors to identify and audit transfer pricing in the mining sector.
 - Continue to improve relationships between SARS and large business taxpayers through the cooperative compliance approach. This approach seeks to improve transparency, improve governance and improve relationship.
 - Continue to recruit highly skilled auditors and finance specialists to identify and close existing loopholes in our processes.

- **High Net-Worth Individual (HNWI) taxpayers and their related trusts:** A number of High-Net-Worth Individuals choose to remain under the SARS radar and continue to either under-declare, not file or underpay/not pay their fair share of taxes. We will continue to build and improve our database for HNWIs, to bring those that are still outside into the tax net. The modernisation of our systems, specifically the trust system will improve our efforts in dealing with and addressing the risks posed by this segment. We will also deploy more audit resources to tackle tax avoidance and evasion by wealthy individuals with complex tax arrangements such as trusts and offshore accounts.
- **For Small Business taxpayers,** SARS seeks to put in place a range of interventions to support the vast majority of small businesses that are willing to comply by making it easier for them to understand and fulfil their obligations. SARS will:

 - Better support and service small business taxpayers through continued establishment of small business desks within our Branch Operations framework to champion and coordinate SARS' efforts to make it easier for small businesses to meet their obligations. This will provide a tailored and differentiated service to the small business taxpayer segment.
 - Promote turnover tax amongst small businesses.
 - Continue to target and tailor education and support for this segment through our mobile registration teams and education workshops.
 - Tailor our call centre capability to include a dedicated queue in the Interactive Voice Response (IVR) which will be aligned to small business specific processes.
 - Together with CIPC we will improve our service delivery to small businesses, through the combination of the single registration platform, the turnover tax solution and biometrics.
- **For Tax Practitioners and Trade Intermediaries,** SARS will continue to work with tax practitioners and their recognised controlling bodies and associations to improve compliance in this segment. We now have a dedicated team which will deal with filing non-compliance in this segment. This team will continue with their work during this fiscal period to improve filing compliance in this segment. SARS will also:

 - Continue to implement the provisions of the law relating to the regulation of tax practitioners. We will facilitate registration of qualifying tax practitioners and controlling bodies and deregistration of non-qualifying tax practitioners and controlling bodies.
 - Continue to strengthen enforcement interventions through increased audits and investigations.
 - Continue to work with tax practitioner bodies to encourage reporting of unethical behaviour to SARS and the relevant associations.
- **Illicit cigarettes:** Trade in illicit cigarettes and tobacco has become a serious concern, not only in South Africa but globally and is depriving the country of the much needed funds to finance the country's developmental objectives. SARS will continue to target the entire supply chain of illicit cigarette and tobacco trade, through better control of our warehouses, modernisation of our excise systems which will increase our risk detection capabilities and increased collaborations with key stakeholders, not only for punitive measures but also to exchange information on cigarette trade as well as latest trends and techniques in smuggling. We will also continue with integrated audits on taxpayers in the tobacco industry, which is across all tax types to ensure their compliance.

- **The Construction Industry:** The construction companies' tender collusion that was discovered by the Competition Commission in 2013 heightened our concerns with regards to this industry. In our collaboration with third parties we discovered 627 companies which qualified, but did not register for both VAT and Pay as you earn (PAYE) with SARS. We have also noted the decline in filing compliance in this industry on almost all core taxes. We will continue our focus in this industry, in particular those companies that receive government tenders. The new Tax Clearance Certificate (TCC) and single registration processes will go a long way in improving compliance in this segment.
- **For Clothing and Textile industry,** SARS will continue with audits and inspections in order to address non-compliance in this sector. We will focus mainly on intra-firm trade which creates opportunities for undervaluation. We will also continue to make use of the reference-pricing list for imported clothing and textiles. SARS will also form part of the Textile Compliance Centre, which will be funded by The dti.

Understand risk posed by the cash economy. During the 2015/16, SARS will start a process to understand the risk posed by the cash economy to the fiscus. This exercise will include benchmarking with other countries, and exploring the options that have worked in other countries. This process will assist in minimising the erosion of the South African economy and tax base, and will lead to increased revenue collection and compliance. This process will include development of internal skills to focus on the cash economy.

Reduce the level of debt due by taxpayers. During the 2015/16 fiscal period, we will:

- Seek to improve and maximise process efficiency through automation, improved workflow management and real-time processing of transactions.
- Continue to increase the productivity and competency of staff members through better training interventions, work allocation and performance management.
- Improve our methods of analysing taxpayer and trader data and behaviour to develop better compliance interventions and debt management strategies.
- Integrate SARS systems and processes with external parties including other government departments that form a critical dependency in our collection cycle.
- Effectively manage third-party appointments to collect debt on SARS' behalf.
- Establish debt counters in our branch offices.
- Continue to fully utilise all litigation tools at SARS' disposal.

Strengthen SARS' risk management in Pay As You Earn and VAT. SARS will continue to refine and improve the risk detection capabilities of all its core tax systems to better identify and manage risks of non-compliance. During 2015/16 The VAT and PAYE core systems will be replaced by the automated transaction processing (ATP) system. This will enable returns from both these taxes to be processed under one system. As part of the project to ensure that SARS complies with the Generally Recognised Accounting Practice, accounts management for these products will be incorporated in the SAP consolidated account management system.

Continue to work with other tax jurisdictions and countries on global tax compliance and enforcement issues to protect the erosion of South Africa's tax base. We will continue to provide assistance to the South African government to increase effectiveness of treaties and agreements with other countries, tax jurisdictions and international organisations. In June 2015 Financial Institutions will begin to submit information to SARS as part of the FATCA agreement we have with the United States of America. SARS and the Internal Revenue Service (IRS) will also begin their reciprocal exchange of information in 2015. We will continue with our participation in the OECD's BEPS initiatives to secure South Africa's tax base. We will also participate in the "Early Adopters Group" pilot for the MAAA on automatic exchange of tax information, as part of efforts to address offshore tax evasion.

Core Outcome 3: Increased ease and fairness of doing business with SARS

SARS seeks to make it as straightforward as possible for taxpayers to register, file their returns, calculate their tax liability and pay the correct taxes and duties due. We want to reduce the cost of compliance for taxpayers by simplifying our processes and requirements to improve the accuracy of taxpayer information and by being easily accessible to taxpayers when they want to contact us.

We will continue our progress towards cheaper and more convenient service channels for taxpayers, particularly with simplified online and mobile channels, to make SARS services and products easily accessible to taxpayers and potential taxpayers. This will reduce the need for them to visit a SARS branch and will give them more control over their tax affairs. Taxpayers will be able to meet their obligations at their convenience and at their leisure. We will however continue to provide support, education and assistance to those taxpayers that need help, through our call centres and proactive and visible engagements via our mobile tax units (MTUs) and field tax officers.

We will also reach out to young, newly employed individuals and newly established businesses to form a relationship with them before their obligations to register/file/pay taxes commence. We will increase our education, outreach and engagements with key stakeholders (tax practitioner bodies, schools, universities, government departments, business forums etc.) to promote tax compliance. And as part of our efforts to be more accessible, we will explore further collaborations with other government departments and private institutions to co-locate our offices on their premises or as part of a shared infrastructure.

Priority objectives and initiatives for 2015/16 to accomplish this outcome:

Deliver an integrated complaints management process for taxpayers. We will establish an integrated complaints management system responsible for tracking, escalating and resolving taxpayer's queries and complaints. During 2015/16 we will implement this system and process by introducing an automated workflow management system, which will also be linked to the Office of the Tax Ombud, to provide them with the necessary information regarding taxpayer's queries and complaints.

Deliver an improved Dispute Resolution Management process. During 2015/16 SARS will modernise the objections and appeals systems and align the e-Filing capability to the core system in order for effective and efficient management of the dispute process.

Continue to expand SARS' footprint to a much wider taxpayer base. Our long-term goal is to bring SARS services, processes and products to where taxpayers conduct their business. We will achieve this through a combination of physical footprint expansion and increased mobility and accessibility via online electronic channels. By 31st March 2016, we will have built one additional branch, with another four in the pipeline. We now have 15 mobile tax units in our branch portfolio, which for the medium term are sufficient to expand SARS services and products to reach a much broader taxpayer base in those areas where our physical presence is limited. To further expand SARS services, we will partner with the DHA through the Thusong Centres country-wide for co-locations, establish kiosks at selected malls and pilot a "one-stop shop". SARS will also open new Tax Practitioner's units/offices in selected metropolitan areas.

Over the years e-Filing has grown, with majority of taxpayers now utilising this channel (54.5 percent in 2014). However, branches also remain popular as evidenced by the 45.4 percent usage of this channel in 2014. Due to the high set up cost of new physical infrastructure, ongoing efforts are directed in improving productivity and quality of our existing infrastructure.

Deliver an improved Tax Clearance Certificates (TCC) process and system. SARS has begun its implementation of the new online TCC process. The objective is for the new system and process to provide taxpayers with the ability to apply and get their tax compliance status (TCS) on-line. Third-parties wishing to confirm the tax compliance status of a taxpayer they are doing business with will also have access to the online facility available to them (which will be provided by the taxpayer) to check and confirm the compliance status of their business partners. The introduction of this solution enables taxpayers to manage their tax affairs more effectively and assist SARS to improve the efficiency of its administration of tax clearance requests (800 000 a year), raise service levels and compliance levels as well as deter fraud. Efficiency will be aided by the ability to refer to the consolidated view of an entity and to resolve any open and unallocated payments to taxpayer accounts.

Continue with SARS' education and outreach strategy for creating fiscal citizenship amongst all South Africans. The concept of fiscal citizenship includes building a relationship with all South Africans to educate them on the importance of their tax contribution and making the means of filing a tax return accessible to all. We will continue to promote the principle of "right from the start" which we use to broaden the tax base, by ensuring that all young and newly employed South Africans are registered even before their tax obligations come into effect. We will finalise our proposal to the Department of Basic Education for tax education to be included into school curriculum and also create a new tax education website. We will continue with our outreach and education campaigns at airports, shopping centres and malls, and other public meeting places in an effort to bring services to the people of South Africa.

During 2015/16, we will submit to the Minister of Arts and Culture our draft Language Policy which will provide a framework for SARS to introduce additional languages (from the eleven official languages) in its communication with government and other marketing and advertising communication with taxpayers and the South African public as a whole.

Continue to improve our accessibility and performance of taxpayer service channels. We will continue to make enhancements to our systems in order to improve the quality of services offered by our contact centres. We will also continue, with our "go green" initiative whereby our branch offices will have dedicated printing facilities and we will send electronic outcomes to taxpayers instead of manual printed ones. All our branches will also have scanning facilities.

We want to manage effectively and efficiently the volume of calls into our Contact Centres, especially during peak times. We will therefore enhance our IVR system with the introductions of a "call-back" facility, such that a taxpayer waiting for a contact centre agent to answer their call can have an option to request an agent to call them back.

Implement a single registration process and system to facilitate the move to a consolidated view of a taxpayer's tax affairs with SARS and reduce unnecessary administrative burden. The single registration process is critical for SARS and will form the basis for the delivery of other capabilities such as the tax compliance status system and an improved debt management process. SARS will continue to work with the DHA and CIPC to implement phase one of the single registration process. This phase will form the basis

for the creation of a single profile for taxpayers and will include information about the core taxes and customs products they are registered for. This will consolidate the registration of taxpayers for their tax and customs products under one single entity. This implementation will also afford taxpayers the ability to register and interact with SARS via our branch office network and e@syFile channels in real-time. Subsequent interactions by taxpayers via our online channels (e-Filing) will also be greatly enhanced. This initiative will greatly improve the quality of information SARS holds about each taxpayer, and will facilitate improved and tailored service offering. The accurate identification of taxpayers will assist with the speedy processing of incoming payments as well as refunds due. Debt equalisation will become much easier to administer as the entire taxpayer portfolio view as well as payment history will be readily accessible to the debt collection department.

SARS will modernise its estates and deregistration processes. SARS in some areas is still confronted with high volumes of manual processes, particularly in the areas of deregistration of taxpayers and assessment of estates. In 2015/16 we aim to design and modernise these processes, which are likely to rely on direct interfaces with DHA, CIPC and the Master of the High Court. We will ensure that deactivation and removal from our tax register, of inactive taxpayers and collection of their debt is dealt with timeously.

Core Outcome 4: Increased cost effectiveness, internal efficiencies and institutional respectability

SARS seeks to maximise its performance through prudent and ethical management of its resources. In this regard, we will:

- Identify, recruit and retain the right people (diverse, engaged and highly skilled) to maintain excellence in our operations and to enable implementation of future strategies. We want our employees to be highly skilled at addressing and resolving taxpayer queries and disciplined in maintaining organisational processes. We will build and maintain a work environment that supports employee growth and development by providing employees with the skills and tools they need to perform their jobs. We will have a significant majority of our employees dealing with and assisting taxpayers on a day-to-day basis in facilitating compliance.
- Practice prudent financial management to ensure that SARS divisions use resources efficiently and operate with fiscal responsibility and discipline. We will monitor our spending (look for savings and eliminate waste) to meet National Treasury budget conditions and requirements.
- Continue to review our operating model to eliminate duplication in our functions and to achieve efficiency improvements. We will design and build business processes and systems that are modern and efficient. We will continue to automate routine and high volume processes and functions to release resources for use in our compliance or taxpayer and trader facing roles.
- Continue to build a working environment that is performance and result driven, adheres to good governance and is guided by an explicit ethics/values/integrity framework throughout all its actions and interactions. We will improve our internal systems of accounting and the way we report our performance to comply with GRAP. We will continue to implement and streamline our governance processes to increase transparency and accountability in our key decision making processes and structures.
- Continue to promote a collaborative approach in and out of SARS to achieve value chain efficiencies throughout our operations and throughout government.

Priority objectives and initiatives for 2015/16 to accomplish this outcome:

Continue to advance a whole of government view approach to achieve efficiencies and effectiveness by collaborating with a broad range of stakeholders (and other government departments) to advance SARS' compliance efforts and to improve government performance and coordination. By the 31st March 2016, SARS will have collaborated with a broad range of key stakeholders and government partners to achieve greater operational efficiencies and effectiveness of systems and processes. In particular we will continue our work with the DHA, CIPC, Master's Office and the Office of Tax Ombud to develop and implement platforms to improve efficiency and effectiveness of operations across the whole of government.

Continue with the migration of SARS' accounting practices to the Generally Recognised Accounting Practice (GRAP) by 31st March 2018. The objective of this initiative is to implement the Standards of GRAP incrementally over a three year period as prescribed in Directive 6 on Transitional Provisions which commenced 1 April 2012. During 2015/16, SARS will continue to finalise the migration of the Customs, Excise and Transfer Duty products and undertake preparations and further migration of the accounting process and systems for the PAYE and VAT products.

Implement systems and processes which will increase self-service internally and automate high-cost support services. During 2015/16 SARS will;

- Continue with the automation and integration of the 80/20 activities performed by SARS management in Human Resource and Finance processes. The aim is to move from using paper to electronic processing of many routine transactions in our support functions. SARS will be able to increase internal organisational accessibility, efficiency and responsiveness.
- Replace the current budgeting and planning tool used for key processes like the Medium Term Expenditure Framework (MTEF), Estimate of National Expenditure (ENE) and the annual budget cycle, with a new Business Planning and Consolidation tool. This new tool will be less costly to SARS since it will not require external consultants for routine enhancements, this will be done by internal SARS employees.
- Continue to enhance and improve the SARS job profiling system and processes to ensure that jobs are correctly defined to describe the required outputs.
- Implement an integrated SAP compensation module in order to minimise the proliferation of stand-alone solutions.
- Implement the digitisation of employee files to improve the security and confidentiality of employee information.

Improve governance in the generation, selection and execution of cases to improve transparency about SARS's decision-making processes. During the 2015/16 fiscal period, we will finalise the case generation, selection and execution governance framework which will, amongst other things, seek to establish clear lines of responsibility and outline clear case selection criteria as well as the interface with other law enforcement agencies. We will publish (internally) policies and procedures to guide and inform employees on the selection process.

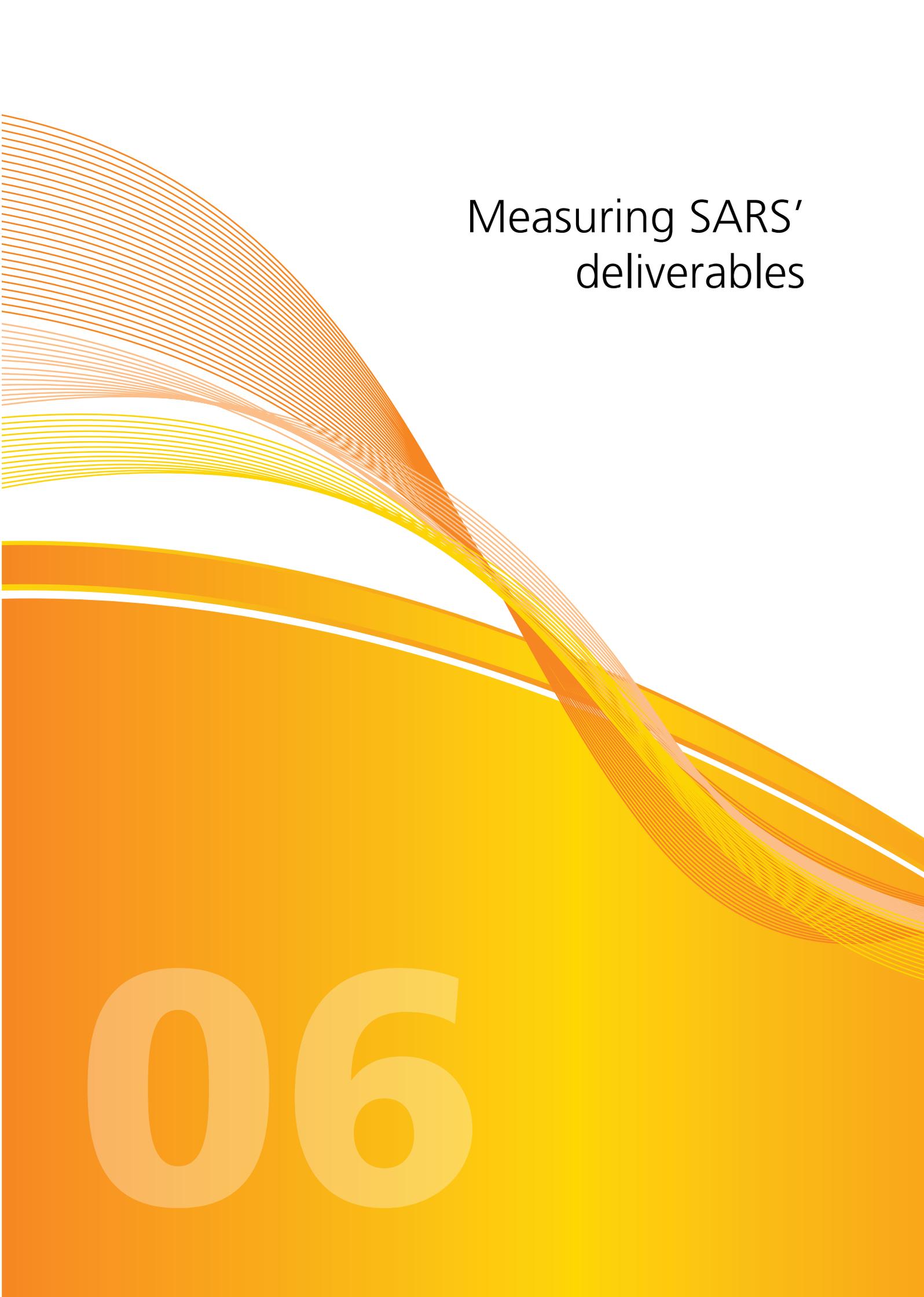
Deliver and implement a revised Code of Ethics and Conduct. During 2015/16, SARS will implement the new SARS ethics and values framework. We will embark on a campaign to institutionalise the new SARS Code of Ethics and Conduct as well as the new SARS Values to all the stakeholders (Minister, employees, unions etc.). We will publish guidelines and facilitate training workshops for staff to ensure successful implementation.

Build and maintain a work environment that supports employee growth and development by providing employees with the skills and tools they need to perform their jobs. We want our employees to be highly skilled at addressing and resolving taxpayer queries. We also want the majority of our employees to be handling or dealing with taxpayers. By 31 March 2016, we will have implemented the new Talent Management Model to address employee development, succession and training. In particular the new HR framework will provide a strategy to identify, attract and retain the right people for SARS. Initiatives under this will include a review of the SARS remuneration and reward framework; a new process to better manage succession in the organisation; development of workforce plan; and review of recruitment practices to align with future business and operating model.

Continue to fight fraud and corruption to minimise revenue leakages and protect the integrity of our systems and processes. Criminals and a very small number of criminal elements within our employee ranks continue to test and threaten the integrity of our processes and systems. We face many attempts by criminal syndicates to steal money from the fiscus through unscrupulous activities. During the 2015/16 fiscal period, we will implement a new process to improve refund processing (refunds engine), which will reduce the amount of fraudulent refunds claimed by taxpayers and criminals. The suspicious activity reporting system, which allows both members of the public and employees to inform SARS of any tax and customs non-compliance by individuals or entities, will continue to form part of our Criminal Investigation workflows. The SARS Voluntary Disclosure Programme (VDP) will continue to be available to taxpayers who wish to disclose previously undisclosed income.

We will continue with our outreach and education initiatives to educate and deter those taxpayers/public/employees presently committing tax and customs fraud or corruption or contemplating to do so. We will also increase the number of investigations, audits and criminal prosecution of serious tax and customs fraud and corruption related offences. We will continue collaborations with other key stakeholders involved in anti-corruption activities and strengthen our capabilities to recover monies stolen by criminals. We will therefore strengthen our physical and information security systems to improve control and protection of taxpayer information.

Deliver a refined operating model to eliminate duplication and improve efficiencies and effectiveness of our business practices. By 31st March 2016, SARS will have finalised its review of the SARS operating model. We will use this opportunity to identify areas where we need to build capacity and areas where we need to move capacity to compliance enhancing activities.



Measuring SARS'
deliverables

06

06 | Measuring SARS' deliverables

Aligning our performance with the government-wide performance measurement framework

We seek to align SARS' performance management and reporting processes with the South African government's outcome-based approach to measuring and assessing the performance of government entities. The SARS Strategic Plan 2015/16 – 2019/20 provides the basis for the organisation's outcomes-based performance management and planning processes. This Strategic Plan describes our long-term objectives and actions that describe the measurable outcomes we seek to achieve over the next five years. From the Strategic Plan, we develop our annual business plans, annual budgets and annual performance measures which are presented in this SARS 2015/16 Annual Performance Plan. We report on the performance of SARS in the Annual Report and we use this performance information to track our progress towards achieving the long-term goals as set out in the Strategic Plan.

In developing and setting out our performance measures, we continue to look for new ways to better reflect and report our performance in a more meaningful way. We rely on accurate data, including efficient and effective systems of gathering and analysing data. In this regard, we have updated some of our strategic outcome measures to reflect appropriate targets and baselines for this planning period. This also reflects our measured approach to how we are transitioning the organisation to the desired end state which is ultimately outcomes based performance measurement and reporting. We also continue to focus on creating the fewest and most meaningful set of strategic outcome measures that we can use as a tool to better measure and report our performance.

2015/16 SARS APP strategic measures for each core outcome

Increased Customs Compliance: SARS seeks to further government's aim of growing the economy and creating employment through effective and efficient trade and travel facilitation and effectively combating illicit trade activities.

2015/16 Strategic Measures:

Strategic Outcome	Measures	Baseline	Annual Targets 2015/16	Quarterly targets			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Increased Customs compliance	Customs revenue collected (R billion)	Actual collections for 2014/15	As per agreed target with Minister of Finance	As per agreed target with Minister of Finance	As per agreed target with Minister of Finance	As per agreed target with Minister of Finance	As per agreed target with Minister of Finance
	% of trade that has been audited with a view to obtaining Preferred Trader status	24.30	25.00	25.00	25.00	25.00	25.00
	% Of cargo declarations targeted	12.77	11.00	11.00	11.00	11.00	11.00
	% Increase in electronic manifest submissions	0.52	1.00	Annual target			
	Interfront Governance-Unqualified audit report	Unqualified Audit report	Unqualified Audit Report	Annual target			

Baselines are Third Quarter Year-To-Date actuals, unless otherwise stated.

Increased Tax Compliance: SARS seeks to increase voluntary compliance across a broader taxpayer base. In this regard, SARS wants taxpayers to: calculate their tax liabilities correctly, file their returns on time, declare their accurate income and duly pay what is due.

2015/16 Strategic Measures:

Strategic Outcome	Measures	Baseline	Annual Targets 2015/16	Quarterly targets			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Increased Tax compliance	Total revenue (excluding Customs revenue) collected (R billion)	Actual collections for 2014/15	As per agreed target with Minister of Finance	As per agreed target with Minister of Finance	As per agreed target with Minister of Finance	As per agreed target with Minister of Finance	As per agreed target with Minister of Finance
	Debt Book as a % of tax revenue	10.79	8.00	8.75	8.50	8.25	8.00
	% PIT filing compliance	94.49	92.00	n/a	60.00	90.00	92.00
	% Audit coverage of registered taxpayers (PIT, CIT, VAT/Excise and PAYE)	8.92	11.50	2.88	5.75	8.63	11.50
	% In-depth audit coverage of registered taxpayers (PIT, CIT, VAT/Excise & PAYE)	0.06*	0.075	0.019	0.038	0.056	0.075

Baselines are Third Quarter YTD actuals, unless otherwise stated.

*This baseline is the Third Quarter actual. Measure is calculated cumulatively

Increased ease and fairness of doing business with SARS: SARS seeks to make it as straightforward as possible for taxpayers and traders to register, file their returns, calculate their tax liability and pay the correct taxes and duties due. We want to reduce costs of compliance for taxpayers and traders by simplifying processes and requirements to improve our data accuracy and by being easily accessible to taxpayers and traders when they want to contact us.

2015/16 Strategic Measures:

Strategic Outcome	Measures	Baseline	Annual Targets 2015/16	Quarterly targets			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Increased ease and fairness of doing business with SARS	% Uptake in electronic filing, declaration and payment submissions for all tax products	98.34	98.00	98.00	98.00	98.00	98.00
	% Uptake in electronic customs bills/ declarations (EDI)	99.99	99.99	99.99	99.99	99.99	99.99
	Average processing turnaround time for PIT returns (working days)	0.02 days (29 minutes)	30 minutes	30 minutes	30 minutes	30 minutes	30 minutes
	Average processing turnaround time for CIT returns (working days)	0.28 days	Less than 1 day	Less than 1 day	Less than 1 day	Less than 1 day	Less than 1 day
	Average processing turnaround time for VAT refunds (working days)	33.70	21.00	21.00	21.00	21.00	21.00
	% VAT refunds processed within 14 days	70.90	74.00	74.00	74.00	74.00	74.00

Baselines are Third Quarter YTD actuals, unless otherwise stated

Increased cost effectiveness, internal efficiencies and institutional respectability: SARS seeks to maximise its performance through prudent and ethical management of its resources, modernised systems, good governance, as well as to minimise the incidence of corruption and fraud within and against the organisation.

2015/16 Strategic Measures:

Strategic Outcome	Measures	Baseline	Annual Targets 2015/16	Quarterly targets			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Increased cost effectiveness, internal efficiency and institutional respectability	Employee Engagement (%)	64.09**	64.50	Annual Target			
	Leadership Effectiveness Index (%)	85.27**	87.70	Annual Target			
	Employment Equity: Demographics (%)	71.50	72.00	72.00	72.00	72.00	72.00
	Employment Equity: Gender on management level (%)	47.00	47.20	47.05	47.10	47.15	47.20
	Employment Equity: Disability (%)	2.02	2.06	2.02	2.04	2.06	2.06
	Treasury allocation to revenue percentage	0.97**	Between 1 and 1.2	Annual Target			
	Unqualified report by Auditor-General	Unqualified report**	Unqualified report	Annual Target			

Baselines are Third Quarter YTD actuals, unless otherwise stated.

** As reported in the 2013/14 Annual Report

Annexures: Materiality and Significant Framework

07

07 | Annexures: Materiality and Significant Framework

ANNEXURE A: MATERIALITY FRAMEWORK

MATERIALITY FRAMEWORK: OWN ACCOUNTS		
Section 55(2)(b) PFMA - The annual report and financial statements must include particulars of-		
PFMA Subsections	Qualitative	Quantitative
a) Any material losses through criminal conduct	Consolidated losses attributable to criminal conduct relating to own accounts.	100% of the monetary value of identified criminal cases during the financial year
b) Any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year	Consolidated irregular expenditure and fruitless and wasteful expenditure.	100% of the monetary value of irregular expenditure and fruitless and wasteful expenditure.
c) Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure	Disciplinary steps taken and/or criminal charges laid as a result of material losses through criminal conduct.	100% : Number of: <ul style="list-style-type: none"> disciplinary cases opened disciplinary cases concluded criminal cases opened criminal cases concluded during the financial year
d) Any losses recovered or written off	Losses written off or recovered as a result of criminal conduct.	100% of the monetary value of losses written off or recovered during the financial year

ANNEXURE B: SIGNIFICANT FRAMEWORK

SIGNIFICANT FRAMEWORK		
Section 54(2) PFMA - Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars to its executive authority for approval of the transactions:		
PFMA Subsection	Qualitative	Quantitative
a) Establishment or participation in the establishment of a company;	All transactions or actions entered in relation to section 54(2)(a) to (c) of the PFMA.	100%- as it is not normal business of SARS
b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;		
c) Acquisition or disposal of a significant shareholding in a company;		
a) Acquisition or disposal of a significant asset;	Any acquisition or disposal in relation to section 54(d) of the PFMA.	<ul style="list-style-type: none"> Acquisition of a single tangible or intangible asset to the value of 15% of the cost of the total fixed assets for the financial year prior to the year in which the acquisition takes place. Disposal of tangible assets individually or cumulatively to the value of 10% or more of the cost price of total tangible assets for the financial year prior to the year in which the disposal takes place. Scrapping of intangible assets, individually or cumulatively to the value of 10% or more of the cost price of total intangible assets for the financial year prior to the year in which the scrapping took place.
e) Commencement or cessation of a significant business activity; and	Any commencement or cessation of business activity outside of SARS' core business in relation to section 54(2)(e) of the PFMA.	100%- as it is not normal business of SARS
f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	Any change in nature or extent of interest in relation to section 54(2)(f).	100%- as it is not normal business of SARS

