

TAX PRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 19 -25 September 2024
(Issue 36 -2024)

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TOP STORIES

SAIT TaxHelpline scheduled for downtime maintenance

From Friday, 27 September 2024, at 14:00 until Monday, 30 September 2024, at 08:00, the SAIT Tax Helpline will be undergoing scheduled server maintenance. The system upgrades are performed periodically to optimise the TaxHelpline's performance.

For this reason, the SAIT TaxHelpline will be unavailable, and members will be unable to log any new queries on the platform. All existing queries (received prior the scheduled maintenance) will continue to receive the necessary attention.

Third voluntary provisional payments due on Monday, 30 September 2024

Individual provisional taxpayers, trusts and companies with a February year may make their third voluntary provisional payments by Monday, 30 September 2024, to avoid any section 89quat interest associated with the underpayment of the provisional taxes for the 2024 year of assessment. The voluntary provisional payments are calculated as follows:

- The total estimated tax for the full year
- Less The employees tax paid for the full year
- Less Any allowable foreign tax credits for the full year
- Less Any applicable rebates or medical tax credits
- Less The amount paid for the 1st and 2nd provisional tax periods

It is imperative for members to note that any payments made to SARS for the third voluntary provisional tax payment must reflect on SARS' accounts by 30 September 2024 as payments received thereafter will be consider late. As such, members are encouraged to take note of the various banking hours and cut off times.

Trust third-party data submission deadline and challenges

With the submission due date for the third-party data for trusts ending in less than five (5) days, many trustees and tax practitioners find themselves between a rock and a hard place with multiple challenges marring the submission of the IT3(t).

Amongst others, the challenge of registered representatives remains an issue for many trusts. Unlike the income tax, VAT and PAYE tax types where the registered representative for the entity is automatically linked to all the active tax types, the IT3 tax types requires a taxpayer to reconfirm the registered representative specifically for IT3 submission purposes. Unfortunately, many trustees and tax practitioners were unaware of this requirement, and with requests taking 21-business days to finalise, a request at this time may see the trust missing the filing deadline of 30 September 2024.

Read more on these challenges, [here](#).

[#StayAbreastOfTheTaxWave](#)

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Update on the trust third party data submission deadline and challenges

With the submission due date for the third-party data for trusts ending in less than five (5) days, many trustees and tax practitioners remain between a rock and a hard place with the multiple challenges marring the submission of the IT3(t).

Amongst others, the challenge of registered representatives remains an issue for many trusts. Unlike the income tax, VAT and PAYE tax types where the registered representative for the entity is automatically linked to all the active tax types, the IT3 tax types requires a taxpayer to reconfirm the registered representative specifically for IT3 submission purposes. Unfortunately, many trustees and tax practitioners were unaware of this requirement, and with requests taking 21-business days to finalise, a request at this time may see the trust missing the filing deadline of 30 September 2024.

Additionally, due to inconsistencies between the various Masters Offices when issuing trust registration numbers, the SARS core system often does not correctly match the trust registration number and the trust income tax number. As a result, some entities are unable to utilise the SARS Online Query System to register a representative, nor can they book a virtual appointment to update the representatives.

SARS has publicly acknowledged these challenges in various fora, however, there is no clear or common agreement on the way forward to resolve the issues experienced. At the recently held Western Cape regional meeting on 4 September 2024, SARS representatives indicated that the system was being enhanced to correct the mismatch error for trust registration numbers. Unfortunately, as of 25 September 2024, SAIT had not been advised of the successful resolution of this issue.

*Although the official consequences of missing the 30 September 2024 deadline have not been announced by SARS, during the [Tax Practice: On the Move webinar](#) hosted in July 2024, SARS did advise that there were no immediate plans to levy penalties against the late or non-submission of the IT3(t) returns. SAIT will continue to engage with SARS on this regard and provide all urgent feedback to members as and when additional feedback is available.

Reminder that the 2024 Trust Filing Season has opened

The 2024 Trust Filing Season opened on 16 September 2024 and will run until 20 January 2025 for both provisional and non-provisional trusts.

The following enhancements were implemented based on legal and form changes:

- **Urban Development Zone (UDZ):** The tax incentive's sunset date has been extended by two years from 31 March 2023 to 31 March 2025.
- **Loans, advances, or credit granted to trusts by connected persons:** The exclusion for acquiring a primary residence has been clarified, including funding for improvements to the residence. The limitations regarding the land on which the primary residence is located now also apply.
- **Public officer:** A new question has been added to the form wizard to confirm that the person appointed as a trustee has not been disqualified.

- **Donations:** The donations questions have been updated to allow the taxpayer to enter up to 20 number of approved organisations that the trust donates to.
- **Request for Reduced Assessment (RRA02):** A new feature has been introduced to manage requests for reduced assessments for companies under section 93 of the Tax Administration Act (TAA). Taxpayers must complete the RRA02 form, which will generate a case to determine whether they qualify for a reduced assessment.
- **Beneficial ownership:** Clarifications have been added to the beneficial ownership section to assist in the completion of information for unnamed beneficiaries.
- Enhanced deduction for certain machinery, plant, implements, utensils, and articles used in renewable energy production to increase the appeal of the tax incentive by temporarily enhancing the current renewable energy tax incentive in section 12B of the Income Tax Act to encourage greater private investment in renewable energy.

Members can also access these updated guides to assist with the submission of the Trust Income Tax Returns:

- [IT-AE-37-G02 – Step by Step Guide to complete your Trust Return via eFiling – External Guide](#)
- [GEN-GEN-56-G02 – Submit Request for Reduced Assessment RRA02 via eFiling for Company or Trust – External Guide](#)
- [IT-AE-36-G02 – Comprehensive Guide to the Income Tax Return for Trusts – External Guide](#)

Reminder on the status on the two – pot retirement savings withdrawals

On 11 September 2024, SARS published a status update on the two-pot retirement system withdrawals which had been accessed for the first 10 days of September 2024. SARS confirmed that they had received 161 607 tax directive applications of which 98.9% of those applications related to the savings withdrawal benefit from the two-pot retirement system. This would mean that SARS has been receiving an average of over 17 500 tax directive requests per day with a finalisation turnaround time of 48-hours without any human intervention required.

The gross amount of the lumpsums for the applications received in the first 10 days amounted to approximately R4.1 billion with SARS collecting over R6.7 million in revenue per day.

SARS Commissioner, Edward Kieswetter, reminded taxpayers that *“taxpayers who owe SARS money must realise that this tax debt will be added to the tax on withdrawal from the savings benefit. But if there are payment arrangements in place to settle the debt with SARS, this debt will be deducted as per agreement between SARS and the taxpayer. A tax debt that has been deferred will also not be deducted”*.

A tax directive may also be declined if the taxpayer has any outstanding tax returns as SARS considers the overall tax status when approving a tax directive.

SAIT will continue to monitor the reports around the two-pot retirement system and provide updates to all members accordingly.

SAIT TaxHelpline – escalations

As part of our service to members, SAIT escalates appropriate cases within the SARS structures on behalf of members. Members can submit a query via the [TaxHelpline](#) for SAIT to assist with a SARS escalation matter. You can read more on the process and requirements, [here](#).

The most urgent cases escalated this week related to:

1. Delays in the finalisation of 2024 income tax verifications;
2. Delays in the finalisation and payment of refunds;
3. Delays in the finalisation of bank verification cases; and
4. Delays in the finalisation of tax type deregistration requests.

SARS regional and national operational meetings

SAIT and its Regional Representatives attend the SARS/RCB regional meetings on a quarterly basis (qualifying for CPD points)*.

**For effective and meaningful interactions with SARS, Regional Representatives are urged to provide three specific examples of issues and matters that arise. It should be noted that the regional meetings are not platforms to raise individual escalation, but rather to discuss systemic issues affecting the tax practitioner community at large.*

Feedback from the RCB/SARS regional and national meetings

Feedback from the Limpopo regional meeting held on 17 September 2024 can be accessed, [here](#).

Feedback from the following previously held regional meetings may also be accessed:

- [Western Cape](#) held on 4 September 2024;
- [Free State and Northern Cape](#) held on 9 September 2024; and
- [Eastern Cape](#) held on 12 September 2024.

Upcoming RCB/SARS regional and national meetings

The following regional and national meetings have been scheduled:

1. Mpumalanga for 27 September 2024;
2. Free State and Northern Cape for 11 November 2024;
3. Gauteng South for 13 November 2024;
4. eMalahleni, Mpumalanga for 18 November 2024;
5. Gauteng North for 21 November 2024; and
6. KwaZulu-Natal for 25 November 2024.

Other meetings of interest

1. RCB forum meeting scheduled for 12 November 2024; and
2. SARS National Operations meeting scheduled for 21 November 2024.

Members who wish to make themselves available to serve as SAIT Regional Representatives or raise agenda points can send their details (full names, region, and area of speciality) to Lerato Mashigo at taxassist@thesait.org.za.

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: September 2024

Month	Date	Tax Type	Notification
September 2024	01/09/2024	Other	Third-Party Data (IT3) - Start of third-party bi-annual submissions in the LIVE environment
	06/09/2024	Employment Taxes	EMP201 - Submissions and payments
	16/09/2024	Employment Taxes	EMP501 - Start of employer interim reconciliation submissions
	16/09/2024	Income Tax	ITR14 - 2024 ITR14 with the legislative amendments made available.
	16/09/2024	Income Tax	ITR12T - Opening of Trust Filing Season
	25/09/2024	Value-Added Tax	VAT201 - Manual submissions and payments
	30/09/2024	Value-Added Tax	VAT201 - Electronic submissions and payments
	30/09/2024	Income Tax	3rd provisional (2024) payments for individuals, trusts and companies with a February year-end period
	30/09/2024	Other	Third-Party Data (IT3) - End of third-party annual submissions for Trusts

SAIT member resources

- [SAIT Important tax dates calendar](#) – contains important dates from January 2024 to January 2025 (updated).
- [SAIT SARS contact map](#) – links service requirements to SARS channels (unchanged).

Key operational news

Retirement contributions for a year of assessment shorter than 12 months

Section 11F(2)(a) of the Income Tax Act, No. 58 of 1962 was amended with effect from 1 March 2024. Effectively, if a person's year of assessment is shorter than 12 months, the maximum deduction for a retirement-fund contribution cannot be more than the prescribed limit (currently R350 000). This limit applies for the year of assessment within the 12-month period from 1 March of that calendar year to the last day of February in the following year.

For example, Mr Taxpayer ceased to be a tax resident on 31 July 2024. For the 2025 years of assessment, the allowable retirement fund contribution deduction (i.t.o s11F(2)(a)) will be applied as follows:

Period of assessment: 1 March 2024 – 31 July 2024

- This applies to Mr Taxpayer's assessment as a South African tax resident.
- The allowable retirement fund contribution deduction that was utilised for this assessment is R350 000.

Period of assessment: 1 August 2024 – 28 February 2025

- This applies to Mr Taxpayer's assessment as a non-tax resident.

- There will be no retirement fund contribution deduction for this assessment as the allowable amount i.t.o. section 11F(2)(a) was fully utilised in the first period assessment that also falls within the same 12-month period from 1 March of that calendar year to the last day of February in the following year.

For more information on how to complete the return, access the [Comprehensive guide to the ITR12 Income Tax Return for Individuals](#).

Update as SARS unveils the enhanced and revised ITR14

For companies who opted to wait for the latest ITR14 return before submitting the 2024 corporate income tax return, SARS has officially released the return with all the legislative changes. The return, which was released on 16 September 2024 contains the following enhancements:

- **Tax treatment of an asset acquired as government grant in kind:** If a taxpayer acquires an asset as or with a government grant, wear and tear cannot be claimed on the asset. This also means that even if the taxpayer uses the grant to buy another asset that something cannot be depreciated either (for tax purposes).
- **Credit agreements and debtors allowance:** A new field for 'credit agreement and debtors' allowance (lay-by) (s24)' will be added to the ITR14 return. This is an allowance that can be claimed in the current year but it needs to be reversed in the following year.
- **Additional deduction in respect of learnership agreements:** A deduction for learnership agreements can only be allowed if the agreement was entered into before 1 April 2024 and therefore a new validation question will be added to the ITR14 return asking the taxpayer to declare that the agreement was entered into before 1 April 2024.
- **Refinements to the Research and Development Tax Incentive:** Together with the name change to 'Department of Science and Innovation', a new qualification question will be added to the 'tax allowances / limitations' container to allow taxpayers to indicate that their incentive approval was not withdrawn.
- **Expenses incurred in the production of interest:** In terms of s11G, taxpayers must limit interest expenses to non-trading interest income. An adjustment field will be added to the tax computations for all company types, thereby allowing taxpayers to add back non-allowable interest.
- **Enhanced deduction in respect of certain machinery, plant, implements, utensils and articles used in the production of renewable energy:** The ITR14 will be updated to allow taxpayers to claim s12BA allowance. A container will be created for deduction details and qualifying questions. A validation will ensure that the taxpayers claim their 125% deduction.
- **Extension of the UDZ Tax Incentive sunset date:** The UDZ tax incentive sunset date is extended by another period of two years from 31 March 2023 to 31 March 2025.
- **Request for Reduced Assessment (RRA02):** New functionality has been introduced to manage requests for reduced assessments for companies under s93 of the TAA. Taxpayers are required to complete the RRA02 form. A case will then be created to assess whether the taxpayer qualifies for a reduced assessment.

*In addition to the above, the 2024 ITR14 return requires the company to verify the criminal and tax status of the public officer (registered representative). Failure to do so will result in the inability to continue with the submission of the return. The declaration looks as follows:

Maintain Legal Entity Details
✕

Does the company confirm that the person appointed as public officer:

- complies with the requirements to be appointed as public officer as contemplated in section 246 of the Tax Administration Act, 2011;
- has not during the preceding five years been:
 - removed from a profession for serious misconduct;
 - convicted (whether in Public or elsewhere) of -
 - theft, fraud, forgery or uttering a forged document, perjury or an offence under the Prevention of Combating of Corrupt Activities Act, 2004; or
 - any offence involving dishonesty, for which the person has been sentenced to a period of imprisonment exceeding the amount prescribed in the Adjustment of Fines Act, 1991;
 - convicted of a serious tax offence;
- is tax compliance to the extent referred to in section 256(3) of the Tax administration Act, 2011;
- is not ineligible or disqualified from being:
 - a director or prescribed officer of a company as contemplated in section 69 of the Companies Act, 2008;
 - an office bearer in terms of section 25A of the Nonprofit Organisations Act, 1997;
 - or a trustee in terms of section 6 of the Trust Property Control Act, 1988.

A prototype of the ITR14 can also be accessed, [here](#). The following guides were also updated in line with the abovementioned enhancements:

- [GEN-GEN-56-G02 – Submit Request for Reduced Assessment RRA02 via eFiling for Company or Trust – External Guide](#)
- [IT-GEN-04-G01 – How to complete the Income Tax Return ITR14 for Companies – External Guide](#)

Reminder on the opening of the interim employer reconciliation Filing Season

The interim employer reconciliation filing season officially kicked off on Monday, 16 September 2024, for the 2025/01 period covering the 1 March – 31 August 2024 reporting period. Employers may utilise the eFiling or e@syFile systems to submit their interim reconciliations with eFiling being limited to 50 or less employees.

For employers submitting on the e@syFile platform, it is important to note that SARS is in the process of moving to a new platform (Replatform). Therefore, for this submission period, both the BETA Flex and Replatform versions will be available, however, for the 2025/02 submissions only the e@syFile Replatform version should be used.

Access more information on the interim reconciliations, [here](#).

Reminder that medical aid third-party data reporting changes come into effect from 5 October 2024

On 6 September 2024, SARS announced that they would be implementing changes to the medical aid data reporting requirements. SARS has recognised the challenges faced by taxpayers in submitting medical aid data accurately and on time. To simplify this process and reduce the burden on taxpayers, SARS is making changes to the data that is required from medical aid schemes.

Medical aid data changes include:

- Provision of data on disabled principal members and their dependents.
- Data of persons making payment on behalf of principal members.
- Separate non-allowable from the allowable expenses, currently reported as claims not paid or covered by medical schemes on the IT3(f) certificate.

For ease of reference, the changes in the latest [External Medical Scheme Contributions Business Requirement Specification \(BRS\) \(v1.09-2\)](#) are as follows:

- Field 4, file layout version must be 3.
- Updated the medical practitioner HPSCA number fields (**196 and 220**) for the principal member and dependant.
- Updated the end date of disability fields (**195 and 219**) for the principal member and dependant.
- Updated the non-allowable source code (**Appendix A**).
- Updated the Logic validation for third-party payor unique number field (**235**) under the person paying account financial data.

These changes will also allow SARS to reduce audit interventions, enable speedy assessment of tax returns and assist in allocating medical tax credits to the correct taxpayers.

- [IT-ELEC-03-G01 – Guide to complete the company Income Tax return ITR14 eFiling – External Guide](#)

Reminder that SARS announced trust verification enhancements

On 16 September 2024, SARS announced that they are in the process of enhancing the letters that are issued to taxpayers relating to the specific supporting documents that are required when they have been selected for verification.

Specifically refer to the revised estimated assessments:

- If the ITR12T return submitted is routed for verification and there is no response to the request for supporting documents within the required period (after delivery of more than one request for such material), SARS may make a revised estimated assessment in terms of section 95(1)(c) of the TAA. A notice of assessment (ITA34) will be issued to notify the taxpayer of the reduced/additional estimated assessment and the reason for the adjusted assessment.
- The taxpayer will have the option of submitting the outstanding supporting documents to SARS within 40 business days from the date of adjusted assessment under section 95(6) of the TAA. However, the taxpayer may provide SARS with reasonable grounds and request an extension of this period in terms of section 95(7) of the TAA.
 - The taxpayer can submit supporting documents via eFiling, the SARS Online Query System ([online service](#)), or by [booking an appointment](#) at a SARS branch.
 - If the taxpayer does not provide the supporting documents to SARS within the required period, the estimated assessment will become final and not subject to objection or appeal.

Please note that the suspension of payment will be made available later.

Other SARS and related operational publications and announcements

No other SARS and related operational publications and announcements were made for the weeks 19 – 25 September 2024.

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

No new recurring matters have been identified in the queries submitted to SAIT for the weeks of 19 – 25 September 2024.

Key tax practitioner news

Tax practitioner registration and compliance updates

This month's tax practitioner compliance reports looks at some general tax practitioner updates including:

- SARS Readiness Programme and new assessment quizzes;
- eFiling profile hijacking: Updated protocols and guidance;
- SARS tax practitioner deregistrations;
- Compliance requirements for tax practitioners; and
- Annual Compliance Audit.

For in depth discussions on the above, access the [Tax practitioner registration and compliance updates](#).

Government & stakeholder newsletters

On 20 September and 23 September 2024, SARS published issues 56 and 21 of the [Tax Practitioner Connect](#) and [Government Connect](#) newsletters, respectively. The latest editions of the newsletters cover the following topics:

- Interpretation Note 15 (IN15) — Exercise of Discretion to Extend the Period to Lodge an Objection or Appeal;
- Two-pot Retirement and Tax;
- SARS Turnaround Times for Verifications;
- Retirement Contributions;
- Contingency Fees;
- Legal Counsel — Preparation of Legislation — Draft Documents for Public Comment; and
- SARS Online Query System (SOQS).

Other tax practitioner access and functionality publications and announcements

No other SARS and related operational publications and announcements were made for the weeks 19 – 25 September 2024.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

Legislation

No legislative updates were made during the week of 19 – 25 September 2024.

LEGISLATIVE INTERPRETATION

Submissions to SARS and current calls for comment

Submitted calls for comment

No calls for comments were submitted to SARS during the week of 19 – 25 September 2024. Legislative interpretation calls for comment

SARS has issued a call for comment pertaining to the following;

- [Draft Guide](#) – Mineral and Petroleum Resources Royalty Act.
- [Draft Interpretation Note](#) – The meaning of reserve fund under section 23(e).

For more information on the calls for comment, click [here](#).

Legislative counsel publications

Table of interest rates

Following the South African Reserve Bank's decision to revise the repo rate downwards by 25 basis points, SARS duly updated the rates at which interest-free or low interest loans are subject to income tax.

Table	Description
Table 1	Interest rates on outstanding taxes and interest rates payable on certain refunds of tax Updated on 11 July 2023
Table 2	Interest rates payable on credit amounts Updated on 11 July 2023
Table 3	Rates at which interest-free or low interest loans are subject to income tax Updated on 25 September 2024 * The South African Reserve Bank changed the 'repo rate' on 20 September 2024, effective 1 October 2024

Reminder on the average exchange rates

On 5 September 2024, SARS published updates to the [average exchange rates](#). The Income Tax Act provides specifically that certain amounts expressed in a foreign currency must be translated into rand by the application of an applicable average exchange rate.

- [Table A](#) – A list of the average exchange rates of selected currencies for a year of assessment as from December 2003.
- [Table B](#) – A list of the monthly average exchange rates to assist a person whose year of assessment is shorter or longer than 12 months.

The next update can be expected in December 2024.

Published court cases

No new court cases were published in the weeks of 19 – 25 September 2024.

Other SARS publications and announcements

No other SARS publications and announcements were published in the weeks of 19 – 25 September 2024.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

No other matters of interest for a tax practice were published in the weeks of 19 – 25 September 2024.