

# TAX PRACTICE

## WEEKLY HIGHLIGHTS

WEEK OF 07 - 13 November 2024  
(Issue 43 -2024)

### TABLE OF CONTENTS

#### PART A: COMPLIANCE & SARS OPERATIONS 2

##### SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT 2

SAIT TaxHelpline – escalations 3

SARS regional and national operational meetings 3

Upcoming RCB/SARS regional and national meetings 3

##### DAILY COMPLIANCE AND ADMINISTRATION 4

Due dates for reporting and payments: October 2024 4

SAIT member resources 4

Key Operational News 4

Other SARS and related operational publications and announcements 5

##### TAX PRACTITIONER MANAGEMENT 6

SAIT TaxHelpline - Tax practitioner access and functionality (eFiling) 6

Key tax practitioner news 6

Other tax practitioner access and functionality publications and announcements 6

#### PART B – LEGISLATION & POLICY 7

##### LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY 7

Tax policy & international agreements 7

National Legislation 7

##### LEGISLATION INTERPRETATION 7

Submissions to SARS and current calls for comment 8

Legislative counsel publications 8

Other SARS publications and announcements 8

##### OTHER MATTERS OF INTEREST FOR A TAX PRACTICE 8

### TOP STORY

#### SARS hosts webinar to boost trusts tax compliance

SARS will be hosting a webinar on trusts and tax compliance to help trust taxpayers fulfil their tax obligations and remain tax compliant. This is in line with the organisation's strategic objectives of providing clarity and certainty and making it easy for taxpayers to comply with their tax obligations.

The webinar will include relevant compliance information, as well as discussions on various topics in the trust tax environment.

With the webinar, the SARS Trust Unit aims to:

- Explain the different types of trusts;
- Convey the compliance requirements across the trust value chain, namely, registration, filing, declaration, payment and consequences of non-compliance; and
- Educate trust taxpayers about trusts' obligations.

The webinar details are as follows:

- **Date:** Thursday, 14 November 2024
- **Time:** 17:00 – 19:00
- **YouTube link:** <https://youtube.com/live/3C13JlrRpjs?feature=share>

[#StayAbreastOfTheTaxWave](#)

# PART A: COMPLIANCE & SARS OPERATIONS

## SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

### Update on challenges with the SARS Contact Centre

Tax practitioners are always required to utilise a specific queue when contacting SARS, and this is achieved by selecting '1' when prompted to do so. Once this selection is made, the tax practitioners PR-number and ID number must be provided to authenticate the tax practitioner.

In June 2024, the authentication was limited to an ID number and excluded all tax practitioners registered with a passport number. As a result, a tax practitioner with a passport number would be connected with SARS' normal queue and the consultants are unable to assist as they do not have the functionality to assist tax practitioners, resulting in tax practitioners needing to redial and rejoin the call queue.

\*Following additional testing of the call back function over the past week, SAIT and several other members were able to successfully request a call-back from the SARS tax practitioner queue. We will continue to monitor the situation and provide feedback should any challenges be identified

### Update on the immense delays experienced with the finalisation of banking detail verification cases

With Filing Season 2024 officially closed for non-provisional taxpayers, many taxpayers are still without their personal income tax refunds despite the 72-hour turnaround promise. Many of these taxpayers have historically received refunds in the same bank accounts that are reflected as 'valid' on the Registration, Amendments and Verification (RAV01) form. Whilst the details have not changed, taxpayers are also often required to submit supporting documents for the verification of banking details to validate the correctness of the information reflected on SARS' systems before the refund is processed.

Although the official cause of these bank verification cases is largely unknown, the hypothesis, based on previous years of assessments, is that when the banking details reflected on the RAV01 form differ from those completed on the ITR12 or reflected on the reconciled IRP5 certificate, SARS' risk algorithms flag this as a potential risk, requiring the taxpayer to verify the correct banking details.

SAIT has received many complaints regarding refunds paid into the bank account reflected on the ITR12 return in lieu of the bank account reflected on the RAV01 form, causing immense frustration for taxpayers as these monies are often not recovered and paid into the other bank account.

The turnaround time for the finalisation of the banking verification case is 21 business days, however, over the past two months, SAIT has received numerous reports of cases pending since July 2024. Although all these cases are escalated to their relevant regions to be expedited, SAIT will also be engaging the National Stakeholder Engagement team on this matter as these cases are spread across the country.

\*During the recently held KwaZulu-Natal regional RCB meeting on 11 November 2024, SARS advised that bank verification cases are centralised nationally, and a resource capacity issue is the main cause of the delays. All the SARS regions were requested to allocate resources to the centralised bank verification pool to expedite these cases.

The SARS Head Office was also requested to decentralise the bank verification cases to the respective regions and review the issuing of weekly refund notices via email and SMS while the cases are pending finalisation. SARS confirmed that some of these changes are scheduled for implementation on 6 December 2024.

## 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;
4. Delays in the finalisation of tax type deregistrations; and
5. Delays in the finalisation of registered representative cases.

## 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 following regional stakeholder engagements may be accessed:

1. [KwaZulu-Natal](#) regional RCB meeting held on 11 November 2024; and
2. [Free State and Northern Cape](#) regional meeting held 11 November 2024;

Feedback from the Gauteng South regional meeting held on 13 November 2024 will be available in issue 44 of the Tax Practice: Weekly Highlights.

## Upcoming RCB/SARS regional and national meetings

The following regional and national meetings have been scheduled:

1. Gqeberha and Kariega, Eastern Cape for 14 November 2024;
2. North West for 18 November 2024;
3. Western Cape for 20 November 2024;
4. Gauteng North for 21 November 2024;
5. KwaZulu-Natal for 25 November 2024;
6. eMalahleni, Mpumalanga for 2 December 2024; and
7. Western Cape for 5 March 2025.

### Other meetings of interest

1. SARS National Operations meeting scheduled for 28 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](mailto:taxassist@thesait.org.za).

## DAILY COMPLIANCE AND ADMINISTRATION

### Due dates for reporting and payments: November 2024

Month	Date	Tax Type	Notification
November 2024	07/11/2024	Employment Taxes	<b>EMP201</b> - Submissions and payments
	25/11/2024	Value-Added Tax	<b>VAT201</b> - Manual submissions and payments
	29/11/2024	Value-Added Tax	<b>VAT201</b> - Electronic submissions and payments

### SAIT member resources

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

### Key operational news

#### Reminder that SARS implemented biometrics for eFiling registrations

On 1 November 2024, SARS announced that they had introduced biometric technology to protect taxpayer information and to guard against profile hijacking and identity fraud. Biometric facial-recognition authentication will be introduced for all individuals who register for eFiling using a valid South African ID.

Biometric identification applies to the eFiling website, SARS MobiApp, and SARS Self Service Kiosks.

- The system will provide instructions, such as the background setting, removal of head gear and glasses, facial position, and distance from the camera as well as online guidance to help users capture clear photos for authentication.
- The photos will be matched in real-time against the applicable reference data (e.g. SARS and the Department of Home Affairs [DHA] records). The system will immediately provide the outcome of the biometric authentication.

Individuals using the eFiling website or SARS MobiApp to register will require a device with a camera, such as a desktop webcam, laptop camera, or smartphone camera.

The usual eFiling registration, authentication, and manual verification process will still apply to non-South African citizens.

For more information, read [here](#).

#### Reminder on the deadline for beneficial ownership update with the Master's Office

The implementation of the amendments to the Trust Property Control Act, 1988, came into effect on 1 April 2023. The Amendment Act seek to address the shortcomings in beneficial ownership transparency in South Africa's regulatory framework. South Africa, as a member

of the Financial Action Task Force (FATF), is obliged to ensure that its regulatory environment is geared towards international standards in anti-money laundering and combating the financing of terrorism.

According to the Amendment Act, a trustee commits an offence if they fail to disclose to an accountable institution that they engage with in the capacity of a trustee, that the relevant transaction or business relationship relates to trust property.

As such, the deadline for the filing of the beneficial ownership to register with the Master of the High Court is **15 November 2024**.

The trustee also commits an offence if they fail to record the details of an accountable institution as prescribed in regulation 3B; if they fail to establish and record the beneficial ownership information of a trust prescribed in regulation 3C and when they fail to keep an up to date record of the beneficial ownership information prescribed in regulation 3C or fails to lodge a register of the beneficial ownership information prescribed in regulation 3C with the Master of the High Court.

It was previously noted that there was a low level of compliance with these provisions by trustees, particularly the lodging of the beneficial ownership information with the Master of the High Court. This low level of compliance would have a significant impact on South Africa exiting the grey-list by the January 2025 deadline. All trustees are reminded that the law is already in operation and remains applicable together with the penalties for non-compliance.

The Minister of Justice and Constitutional Development made regulations that were published in the [Government Gazette No. 48351](#) on 31 March 2023 in order to facilitate the implementation of the Amendment Act. Prior to these amendments, the Trust Property Control Act, 1988, did not provide for reporting on beneficial ownership and hence had no prescribed penalties for non-compliance.

## Reminder that SARS released the updated Donations Tax Declaration Form

On 1 November 2024, SARS released the updated [Donations Tax Guide](#) which contains details of the latest version of the Donations Tax Declaration Form (IT144). The purpose of the guide is to assist with the completion of the IT144 form.

Amongst others, the updated guide covers the following areas:

- Disposal by companies at the instance of any person;
- Donations by spouses married in community of property;
- Deemed disposal of property under a donation;
- Donations Tax Liability; and
- Loan or credit advanced to a trust by a connected person.

For more information, members are encouraged to access the [guide](#).

## Other SARS and related operational publications and announcements

No other SARS and related operational publications and announcements were made for the week 7 – 13 November 2024

## TAX PRACTITIONER MANAGEMENT

### SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

No recurring tax practitioner access and functionality issues were identified via the TaxHelpline during the week of 7 – 13 November 2024.

### Key tax practitioner news

#### Reminder on the highlights from the OTO 2023/24 Annual Report launch

On 6 November 2024, the Office of the Tax Ombud released its 2023/24 annual report highlighting the OTO's performance, achievements and challenges over the 2023/24 fiscal year.

The annual report covered the following highlights:

1. The OTO received a total of 4 618 complaints between 1 April 2023 and 31 March 2024;
2. SARS accepted and implemented 99.77% of the OTO's recommendations;
3. The top 10 refunds facilitated by the OTO amounts to a gross amount of R179 184 944.78 with the top refund being a VAT refund of R44 247 407.33;
4. The number of contacts made with stakeholders increased from 15 020 in 2022/23 to 17 014 in 2023/24;
5. Most complaints received by the OTO related to outstanding compliance audits and dispute resolution cases; and
6. Majority of the complaints were lodged by taxpayers with 76.03% of the complaints coming from taxpayers and 23.97% coming from taxpayer representatives.

Members who wish to access the annual report may click, [here](#).

### Government & stakeholder newsletters

On 1 November 2024, SARS published issue 6 of the [Tax Exempt Institutions Connect newsletter](#). The October 2024 edition of the newsletter covers the following topics:

- Third-Party data submissions;
- FATF updates;
- Amended NPO Act;
- Sectoral Risk Assessment;
- Voluntary Disclosure Programme; and
- PAYE Bi-Annual Filing Season.

### Other tax practitioner access and functionality publications and announcements

- **8 November 2024:** SARS announced that it would be performing planned upgrades to the eFiling platform on Friday, 8 November 2024, at 18:00 to 20:00. During that time, the digital platform may have been unavailable.

# PART B – LEGISLATION & POLICY

## LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

### Tax policy & international agreements

#### National Legislation

#### Publication of National Legislation

On 7 November 2024, SARS published the [Memorandum on the Objects of the Tax Administration Laws Amendment Bill, 2024](#).

The Memorandum on the Objects of the Tax Administration Laws Amendment Bill, 2024 has been extracted from the Tax Administration Laws Amendment Bill that was introduced by the Minister of Finance in the National Assembly on 30 October 2024.

The purpose of the Memorandum on the Objects of the [Tax Administration Laws Amendment Bill, 2024](#) is to amend and clarify the rationale regarding the amendments of the following Acts:

- Income Tax Act, 1962;
- Customs and Excise Act, 1964;
- Value-Added Tax Act, 1991;
- Tax Administration Act, 2011; and the
- Tax Administration Laws Amendment Act, 2022.

#### Reminder on being part of the tax legislative framework review

As we look ahead to the 2025 Budget Review, taxpayers and tax practitioners have a unique opportunity to influence the tax legislative design. Per standard practice, National Treasury is inviting submissions for technical tax proposals focused on current issues such as unintended anomalies, revenue leakages, and other necessary adjustments to the existing tax legislative framework.

This is a key opportunity for members to address significant technical challenges and contribute to shaping important policy decisions. Submissions are due by 25 November 2024. The virtual workshops are planned for early December 2024, to discuss these proposals. Now is the time to engage and help steer the future of tax policy.

Members who wish to submit commentary may email [ksesana@thesait.org.za](mailto:ksesana@thesait.org.za) by no later than 20 November 2024. National Treasury's invitation may be accessed, [here](#).

## LEGISLATIVE INTERPRETATION

### Submissions to SARS and current calls for comment

SAIT submitted commentary to SARS regarding the draft interpretation note concerning the meaning of 'similar finance charges' under section 24J of the Act. The essence of our submission expresses concerns that the current interpretation – as contained in the draft interpretation note - may not align with the legislative intent or the practical application of section 24J.

The primary purpose of section 24J is to determine the existence of an instrument rather than the nature of the interest incurred. The section deems the issuer to have incurred interest, simplifying the process by focusing on the instrument's existence. The definition of interest is intended to confirm the presence of an instrument, not to assess deductibility. As such, all amounts payable under the terms of the instrument are considered interest. The accrual amount, which is critical for calculating interest for tax purposes, is determined by the yield to maturity, ensuring that the calculation of interest is comprehensive and includes all finance charges.

Our submission questions whether the current interpretation by SARS aligns with the legislative intent. Essentially, all fees payable under the instrument, including raising fees and similar charges, should be included in the yield to maturity calculation. However, the current SARS interpretation seems to attempt to classify these fees separately, which could lead to inconsistent and inaccurate interest calculations.

Our submission, further outlines substantiation in terms of legal jurisprudence that reinforces the position that all finance charges payable under the instrument should be treated as interest for tax purposes.

Our submission discussed the above and provided recommendations that SARS adopt a holistic approach and revise the draft interpretation note to ensure that all finance charges payable under the terms of an instrument are included in the interest calculation and to avoid the unnecessary separation of fees. This, in our view, will provide clarity and accuracy in the application of section 24J, aligning with both the legislative framework and the practical needs of financial transactions.

Members are encouraged to full submission, [here](#).

## Legislative interpretation calls for comment

As a reminder, SARS has issued calls for comment pertaining to the following:

- [Draft Interpretation Note](#) – Diminution in the value of closing stock.
- [Invitation to submit technical Annexure C tax proposals for the 2025 Budget](#).

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

## Legislative counsel publications

No other legislative counsel publications were released during the week of 7 – 13 November 2024.

## Published court cases

No court cases relevant to this publication were published during the week of 7 – 13 November 2024.

## Other SARS publications and announcements

## OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

## Call for participation in the in the Urban Development Zone tax incentive survey

National Treasury has announced the extension of the [Urban Development Zone](#) (UDZ) tax



incentive sunset date to 31 March 2025. This extension is part of a broader effort to review the incentive and assess its effectiveness through public consultation.

Originally introduced in 2004 under section 13quat of the Act, the UDZ tax incentive was designed to combat urban decay by encouraging property development in designated inner-city areas. Since its inception, the incentive has led to R2.7 billion in tax revenue foregone between 2012 and 2022. The government is now evaluating whether the incentive has successfully met its objectives.

As part of this review, National Treasury is conducting an online survey to gather feedback from stakeholders, including investors and municipalities, to assess the incentive's performance. The survey results will inform decisions on the future of the UDZ incentive with any updates expected in the 2025 Budget.

Stakeholders are encouraged to participate in the survey, which will help determine whether the current policy remains effective or requires adjustments. The deadline for completing the survey is 29 November 2024. To access the survey, click on [UDZ Tax Incentive Review Survey](#).

Technical inquiries may be directed to [TaxIncentiveReviews@treasury.gov.za](mailto:TaxIncentiveReviews@treasury.gov.za)