

TAX PRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 28 Nov - 04 Dec 2024
(Issue 46 -2024)

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TOP STORIES

National Treasury and SARS convene Annexure C workshops to clarify and prioritise technical proposals for the 2025 Budget Review

As part of ongoing efforts to engage with stakeholders and ensure comprehensive review of the proposals submitted for consideration in the 2025 Budget Review, National Treasury and SARS convened virtual workshops on 3 and 4 December 2024. The purpose of these workshops was to clarify issues raised in the technical proposals submitted, assist in the prioritisation process, and gather further insights from participants.

The workshops serve as a critical platform for taxpayers, tax practitioners, and members of the public who have submitted proposals to engage directly with National Treasury and SARS. Following these engagements, National Treasury and SARS will work together to prepare recommendations for the Minister of Finance regarding the possible inclusion of the proposals in Annexure C of the 2025 Budget Review.

Stakeholders are reminded that consideration of these proposals does not guarantee that the proposal will be included in the final 2025 Budget Review. The decision to include any proposal is at the sole discretion of the Minister of Finance, and no further correspondence will be entered into regarding the Minister's decision on the submissions received.

Members are encouraged to keep an eye out for the 2025 Budget Review to gain insights of whether their proposals were in fact considered.

SAIT TaxHelpline holiday closure

For the festive season, the SAIT TaxHelpline will be closed from 13 December 2024 at 14:00 and will reopen on 13 January 2025 at 08:00.

During this time, the system will not be accessible to members and consultants will be unavailable to assist with technical queries. All queries received before the closure date will receive the necessary attention.

[#StayAbreastOfTheTaxWave](#)

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Bank verifications delays and system upgrades

SAIT has received several complaints regarding the delay in the finalisation of bank verification cases. SAIT has also noted 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 three 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 also engaged the National Stakeholder Engagement team on this matter as these cases are spread across the country.

During the eMalahleni stakeholder engagement held on 2 December 2024, SARS officials advised that due to the immediate risk associated with the change of banking details and refunds being paid into incorrect bank accounts causing a revenue loss to SARS and unsuspecting taxpayers, it was decided to identify possible verification methods to eliminate fraud and streamline the process.

SARS further advised on the main reasons the bank verification cases fail, which include:

- Supporting documents (selfie in many instances) are not clear;
- Outstanding supporting documents;
- Account type incorrect;
- More than one account on taxpayer's eFiling profile;
- Information (initials, names, etc.) submitted differs from the bank's information;
- Residential address does not match;
- ID number and photo do not match with those of Department of Home Affairs; and
- Minors without a registered representative.

Various regions, including KwaZulu-Natal, Limpopo and Mpumalanga have indicated that the majority of the delay may be attributed to human resource constraints as limited resources are allocated to bank verifications.

System enhancements are set to be rolled out this weekend to resolve the issue of generic refund status correspondence being issued when the SARS case has not yet been finalised.

The SAIT Technical team will continue to monitor these cases and provide feedback on the progress thereon in due course.

SARS to enforce two-factor authentication for eFiling login

To safeguard taxpayers' information and prevent malicious attacks on SARS data, SARS has initiated various approaches to combat fraudulent activities. One such measure is the two-factor authentication method, which adds an extra layer of security by requiring users to input two different authentication methods to login to eFiling.

The first layer of authentication requires users to enter their username and password. Once validated as correct, the second layer requires users to input a one-time-pin (OTP) sent to

their preferred security contact details. Upon successful validation of the OTP, as correct, users are granted access to their eFiling profile.

The enhancements to the two-factor authentication method includes the following:

- Enforcing two-factor authentication on all Individual profiles; and
- Confirming and updating of the security contact details.

Read, [here](#), for more information.

Reminder on the inability to 'submit' returns on the tax practitioner profile

Over the past week, SAIT has received several queries regarding some tax practitioners' inability to submit a tax return after completing all the relevant information. This occurs despite the tax practitioner having been registered as tax practitioners and having the ability to submit the returns just a few weeks ago.

Upon further investigation, it was determined that the tax practitioner status had sporadically 'unconfirmed', thus removing the practitioner's ability to submit returns. These sporadic changes would often occur after a weekend system enhancement and would not affect all tax practitioner involved.

To remedy this, a tax practitioner must reconfirm their tax practitioner status by following these prompts:

1. Organisation
2. Activate registered representative
3. Activate tax practitioner
4. Agree
5. Confirm my practitioner status

Once done the status will change to 'confirmed' and the tax practitioner should be able to submit tax returns again. Should you still struggle with the submission of a return, feel free to log a technical query via the SAIT [TaxHelpline](#) and our specialists will assist.

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 stakeholder meetings can be accessed:

1. [Mbombela, Mpumalanga](#) held on 27 November 2024; and
2. [eMalahleni, Mpumalanga](#) held on 2 December 2024.

Feedback from the Limpopo regional meeting held on 3 December 2024 will be made available in issue 47 of the Tax Practice: Weekly Highlights.

Upcoming RCB/SARS regional and national meetings

The following regional and national meetings have been scheduled:

1. Eastern Cape for 6 December 2024; and
2. Mpumalanga for 12 December 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: December 2024

Month	Date	Tax Type	Notification
December 2024	06/12/2024	Employment Taxes	EMP201 - Submissions and payments
	25/12/2024	Value-Added Tax	VAT201 - Manual submissions and payments
	31/12/2024	Value-Added Tax	VAT201 - 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

SARS releases the guide to complete a Tax Exemption Application

On 2 December 2024, SARS released a guide and annexures to assist organisations applying for Income Tax Exemption with the completion of the EII form. The guide and annexures provide the requirements for the completion of the EII form and the required supporting documents per category.

To qualify for Income Tax Exemption, the applicable entities are required to register for Income Tax and submit the Application for Exemption from Income Tax (EII) form. Applying entities are required to complete the form with the applicable organisation's information and provide the required supporting documents.

For more information, access the following documents:

- [GEN-AE-01-G01 – How to Complete the EII Application Form – External Guide](#)
- [EII – Application for Exemption from Income Tax – External Form](#)

SARS publishes the latest e@syFile™ Replatform release notes

On 3 December 2024, SARS published version 8.0.0 256 of the e@syFile Replatform release notes. The latest version provides details on the following changes:

- Adjustment to notification centre content to allow multiple instances of EMP501 letter; and
- Correction to pre-submission validation for 3622/3672, 3817/3867 to align with SARS PAYE BRS.

It is important for employers and tax practitioners to remember that only the Replatform will be available for the 2025/02 reconciliation submissions. It is therefore imperative that they familiarise themselves with the changes to ensure that the final reconciliations are done correctly.

Other SARS and related operational publications and announcements

No other SARS and related operational publications and announcements were made for the week of 28 November – 4 December 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 28 November – 4 December 2024.

Key tax practitioner news

No other tax practitioner news were published during the week of 28 November – 4 December 2024.

Government & stakeholder newsletters

Reminder that SARS published the latest Tax Practitioner and Government Connect newsletters

On 20 November 2024, SARS published issues 58 and issue 24 of the [Tax Practitioner Connect](#) and [Government Connect](#) newsletters. The November 2024 editions of the newsletters cover the following topics:

- Release of new RCB and tax practitioner guides;
- Tax practitioners to correct their RCB information on the Registration Amendments and Verification form (RAV01);

- Tax practitioners are urged to use the tax practitioner's profile when assisting clients;
- SARS is keeping your eFiling and tax information safe with biometrics;
- Tax Exempt Institutions Connect Issue 6 (October 2024);
- Donations Tax Declaration Form;
- Updating of trust registration number; and
- Binding Ruling 74–VAT treatment of certain supplies of goods and services made by a municipality to a national or provincial government department.

Other tax practitioner access and functionality publications and announcements

No other tax practitioner access and functionality announcements were made during the week of 28 November – 4 December 2024.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

National Legislation

Reminder on shaping the future of tax policy: SAIT submits comprehensive tax proposals for the 2025 Budget

As part of the 2025 Budget Review process, taxpayers and tax practitioners had a unique opportunity to influence the tax legislative framework. National Treasury invited submissions for technical tax proposals, focusing on addressing current challenges such as unintended anomalies, revenue leakages, and necessary adjustments to the existing tax laws.

This was a critical opportunity for members to highlight significant technical issues and contribute to shaping key policy decisions. On 25 November 2024, the SAIT Tax Technical workgroups submitted comprehensive tax proposals to National Treasury and SARS. The full submissions may be accessed below:

1. [International Tax](#)
2. [Business Tax Incentives and Grants](#)
3. [Value-added Tax](#)
4. [Tax Administration and Dispute Management](#)
5. [Wealth Family Business Tax](#)
6. [Customs and Excise](#)
7. [Personal Employment Taxes](#)
8. [Corporate Tax](#)

Members are encouraged to review the submissions that were expertly crafted for further insight.

Reminder concerning tax review on collective investment schemes: A critical consultation opportunity for members

National Treasury has launched a review of the income tax treatment of collective investment schemes (CIS), marking a pivotal moment for the sector. This review, first announced in the 2020 Budget, stems from concerns raised in the 2018 Taxation Laws Amendment Bill regarding the classification of amounts received by CIS portfolios as either revenue or capital. The aim is to clarify tax implications, potentially reshaping the sector's financial landscape.

Following public consultations, proposed amendments were withdrawn to allow further discussions with industry stakeholders to ensure a balanced approach. Now, National Treasury is inviting public input on draft proposals under section 25BA of the Income Tax Act, 1962, which could redefine the tax treatment for CIS. Stakeholders have until 13 December 2024 to submit written comments to CIS-Tax@treasury.gov.za.

The discussion document outlines two key proposals:

1. **Adopting a full flow-through system:** This proposal advocates for attributing all returns directly to unit holders, as though they had earned them personally. The goal is to treat CISs as fully transparent for tax purposes, bringing the tax treatment in line with global standards; and

2. **Implementing a safe harbour rule:** This proposal suggests a turnover-based threshold where CIS portfolios with trading activity below a certain level would have all gains classified as capital in nature. Portfolios exceeding this threshold would follow the current rules with gains classified according to specific circumstances

This review is critical for the future of collective investment schemes, and the final policy adjustments could be unveiled in the 2025 Budget. Do not miss your chance to shape the conversation.

LEGISLATIVE INTERPRETATION

Submissions made to SARS and current calls for comment

Reminder on the submission made to SARS regarding the draft interpretation note on the diminution in the value of closing stock

Upon review of the draft interpretation note by the SAIT Tax Technical team, we are in agreement with the technical content of the draft, as it appears to be accurate and well-founded, and we have no further comments on the substantive aspects.

Our revisions primarily focus on citation and grammatical improvements. Specifically, we recommend aligning the citation format with standard practice and streamlining footnotes for consistency. Additionally, we suggest simplifying repeated references to legal cases in footnotes to avoid redundancy.

The remaining revisions pertain to minor grammatical adjustments aimed at improving clarity and readability.

Members may access the submission, [here](#). Furthermore, members are welcome to contact taxassist@thesait.org.za to request sight of same.

Legislative interpretation calls for comment

SARS has issued calls for comment pertaining to the following:

- [Tax discussion documents for public comment](#)

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

Legislative counsel publications

Reminder: Tables of interest rates

Following the recently announced change in the repo rate that was made by the South African Reserve Bank on 21 November 2024, the following tables were duly updated to account for this change.

Table	Description
Table 1	Interest rates on outstanding taxes and interest rates payable on certain refunds of tax
Table 2	Interest rates payable on credit amounts
Table 3	Rates at which interest-free or low interest loans are subject to income tax

The amendments were made on 22 November 2024 and will be effective 1 December 2024.

Reminder: SARS publishes a Guide on the Allowances and Deductions Relating to Assets Used in the Generation of Electricity from Specified Sources of Renewable Energy

This [guide](#) outlines the tax incentives available for generating electricity from specified renewable energy sources as set out under section 12B(1)(h) and (i) of the Act. It also covers the enhanced deduction available under section 12BA, along with the deduction under section 12U. The latter applies to expenses incurred in the construction of roads, fences, and supporting structures, as well as the costs associated with improvements to these assets, provided that they are used in the generation of electricity from qualifying renewable energy sources.

This guide specifically considers *inter alia* the:

- Qualifying criteria contained in section 12B, 12BA and 12U;
- Calculation of the cost of the renewable energy asset;
- Prohibitions of deductions; and
- Requirements specific to section 12B.

In studying and applying the guidance contained herein, members are reminded that this guide is not an 'official publication' as defined in section 1 of the TAA) nor is it a binding general ruling (BGR) under section 89 thereof.

Reminder on the publication of Binding Class Ruling 091

SARS has recently issued BCR 091, which addresses the income tax and securities transfer tax consequences for employer companies and their employees participating in proposed share incentive schemes. This ruling provides clarity on the tax treatment of listed shares awarded under these schemes, ensuring compliance and understanding for all parties involved.

The ruling contained herein interprets and applies several sections of the Act, such as section 8C, 11(a) and section 23(g). This is coupled with considering the interpretation of the definition of 'transfer' as contained in section 1 of the Securities Transfer Tax Act.

The class members and parties involved in this proposed transaction include *inter alia*:

- **The applicant:** A resident wholly-owned subsidiary of Company A
- **Company A:** A resident company listed on the JSE and the holding company of the Employer companies.
- **Employer companies:** The Applicant and the other operating companies within the Company A group of companies that employ the eligible employees who will participate in the proposed employee share incentive schemes.
- **Participants:** The eligible employees of the employer companies that will participate in the proposed share incentive schemes.
- **Trust A:** A trust approved as a public benefit organisation under section 30(3) of the Act established to carry out public benefit activities on behalf of the group.

Members are encouraged to study [BCR091](#) for full detail pertaining to the proposed transaction and the full Ruling.

Reminder on the publication of Binding Private Ruling 413

SARS has published a detailed [Binding Private Ruling 413](#) that pertains to the application of the proviso to section 8EA(3) of the Act.

In summary, the lengthy and detailed ruling, presupposed upon the plethora of parties to the proposed transaction, determines that the proviso to section 8EA(3) will apply where equity shares in an operating company acquired by a person through the direct or direct application of preference share funding are no longer directly or indirectly held by that person.

Members are encouraged to study [BPR 413](#) for further and full detail.

Published court cases

No new court cases were published in the week of 28 November to 4 December 2024.

Other SARS publications and announcements

No other legislative publications or announcements were made by SARS during the week of 21 – 27 November 2024.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

Invitation to participate in the renewable energy tax incentive review online survey

In the 2023 Budget Review, National Treasury introduced two key tax incentives to encourage investment in renewable energy as part of efforts to address South Africa's ongoing energy crisis. These initiatives include the solar energy tax credit (Section 6C of the Income Tax Act) for individuals who installed rooftop solar panels between 1 March 2023 and 29 February 2024, and the enhanced deduction for renewable energy (Section 12BA of the Income Tax Act) aimed at businesses that brought renewable energy assets into use between 1 March 2023 and 28 February 2025.

The solar energy tax credit is a targeted effort to drive private investment in clean energy by reducing the financial burden on individuals, while the enhanced deduction seeks to boost corporate investment in renewable energy systems. These initiatives are designed to alleviate pressure on the national grid by incentivising clean energy generation. Both incentives, however, have defined sunset dates, with the solar energy credit expiring on 1 March 2024 and the enhanced deduction for renewable energy concluding on 28 February 2025.

As part of the process to evaluate the success and impact of these incentives, National Treasury is inviting all stakeholders to participate in an online survey. The aim is to gather data that will help assess how well these incentives are achieving their intended goals and provide valuable insights for shaping future tax policy. The survey offers an opportunity for beneficiaries, as well as other interested parties, to share their experiences and feedback on the renewable energy tax measures.

The survey will remain open until 31 January 2025.

To take part, please access the survey, [Renewable Energy Tax Incentive Review Survey](#).