

TAX PRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 08 - 14 February 2024
(Issue 5 -2024)

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TOP STORIES

Highlights from the 2024 State of the Nation Address

President Cyril Ramaphosa delivered the [State of the Nation Address](#) (SONA) on Thursday, 8 February 2024 at 19:00. The address took place before a joint sitting of the two houses of Parliament and was nationally televised.

The President addressed topics relating to the celebration of 30 years of democracy, youth unemployment, the condition of state institutions and renewable energy to name a few in relation to the development of the country in the past years.

Read some of the highlights from the SONA, [here](#).

Deadline for the provisional tax and taxpayers registered for turnover tax approaching

The end of the 2024 year of assessment for individuals and companies with a February year-end is on Thursday, 29 February 2024. As such, the second provisional tax returns, covering the period 1 March 2023 to 29 February 2024, are due. Affected individuals and companies are encouraged to submit their IRP6 returns on or before the due date to avoid penalties and interest.

For individual taxpayers, SAIT has prepared an [advisory](#) on provisional tax: *the requirements and implications*, to assist taxpayers and tax practitioners in the determination of their provisional tax status.

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

CIPC hard-stop functionality for Beneficial Ownership Filing Requirements

On 7 February 2024, the Companies and Intellectual Property Commission (CIPC) published [notice 5 of 2024](#), announcing that as of 1 April 2024, the Commission will be introducing a hard-stop functionality that will prevent entities which have not complied with beneficial ownership filing requirement from completing the process of filing their annual returns. The Commission will also be taking further and necessary enforcement actions with regards to entities which continue to be non-compliant.

All entities on the CIPC registry need to have filed their beneficial ownership information by 24 May 2024 as this will be the anniversary date of publication of the amended Companies Regulations, which made the filing of beneficial ownership information mandatory.

[#StayAbreastOfTheTaxWave](#)

Are you a **tax practitioner** with a passion for writing?

Let's feature your article on the Tax Practice: Weekly Highlights.

Send your article to
taxqueries@thesait.org.za.

Approximately 500 – 600 words

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

SAIT TaxHelpline – SARS operational queries

Issues with the ITR14 return not saving completed data

With many companies with a February year-end rushing to submit the 2023 annual corporate income tax returns (ITR14) by 29 February 2024, many taxpayers and tax practitioners have been left frustrated as the data completed on the ITR14 does not save after completion.

In several cases investigated, the main problem rests on the Balance Sheet tab and persists whether the return is saved, or a calculation is requested.

The matter has been escalated to SARS and feedback will be provided to members as soon as possible.

Deferral payment arrangement not available before the end of the debt 'grace period' (reminder)

Often times, taxpayers who are assessed with a tax debt on assessment are unable to settle the tax debt in a single instalment or even before the payment due date and interest free grace period granted by SARS. Many taxpayers opt to request an instalment payment arrangement which will allow them to settle the debt within an agreed timeframe and allow them to be tax compliant.

Unfortunately, the eFiling system does not allow a taxpayer to request an instalment payment arrangement before the 'interest free grace period' has lapsed. For example, if a return is submitted on 3 November 2023, the payment due date is 1 December 2023 and the interest free grace period is 31 December 2023, the taxpayer will only be able to apply for an instalment payment arrangement on 1 January 2024.

According to the [2023 SARS Service Charter](#), SARS endeavours to finalise the instalment payment arrangement within 21 business days. A secondary challenge that this may caused is that by the time a taxpayer is able to apply for an instalment payment arrangement, the tax compliance status may be reflected as 'non-compliant'.

SAIT will engage SARS on the possibility of enhancing the eFiling system to allow taxpayers to submit requests for an instalment payment arrangement; at the moment a tax debt is reflected on the assessed account. Feedback will be provided to all members as soon as it becomes available.

Supporting documents required to claim the section 6B credit (reminder)

Any medical expenses paid by a taxpayer that was claimed from the medical scheme and reflected on the medical certificate (other than physical impairment or disability expenses) will be reflected under code **4020** on the personal income tax return (ITR12). Even expenses that were claimed from the medical aid scheme, but not paid to the taxpayer will be reflected under this code as long as the expenses qualify as medical expenses.

In addition to the expenses prepopulated in the ITR12, a taxpayer can also claim any qualifying medical expenses paid by that taxpayer that was not claimed from any medical scheme and was therefore not reflected on any medical scheme certificates (other than physical impairment or disability expenses), under code **4034**.

In the event that an assessment is selected for verification, SARS will require documentary evidence to prove (invoices and receipts), any medical expenses claimed in the underlying tax return whether through the pre-population of code 4020 or as a result of additional out-of-pocket expenses claimed by the taxpayer (4034). However, if no additional medical expenses (4034) are claimed, SARS will accept the medical aid certificate as sufficient proof.

This past week, it was brought to SAIT's attention that in addition to invoices and actual receipts, SARS has been requesting the proof of the prescription (including repeat prescriptions) for the qualifying medical expenses.

In terms of Section 22A(6)(n) of the Medicines and Related Substances Act, No. 101 of 1965, a seller of prescription medication is required to retain the valid prescription for no less than five years.

Practically speaking, a taxpayer would therefore be required to request copies of all prescriptions received during the year of assessment from the respective pharmacies and furnish same to SARS. This, in addition to receipts (proofs of payment) and detailed schedule of the additional out-of-pocket expenses.

The current [guide on the determination of medical tax credits](#) does not indicate that copies of prescription are required to claim the additional medical expenses tax credit.

With the 2024 year of assessment for individual taxpayers coming to an end on 29 February 2024, many taxpayers will start putting together their tax packs in anticipation of Filing Season 2024 and these additional documents will be something to consider.

In the interim, SAIT will engage SARS on the rationale behind adding these stringent requirements to the section 6B credit. Members will be provided with feedback as soon as possible.

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. Delay in the finalisation of VAT verifications and subsequent payment of refunds.

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).

Feedback from the RCB/SARS regional and national meetings

The following regional and national meetings have been scheduled:

1. Eastern Cape for 21 February 2024;
2. Gauteng North for 22 February 2024;

3. North West for 26 February 2024;
4. Mpumalanga for 29 February 2024; and
5. Western Cape for 6 March 2024;
6. Free State and Northern Cape for 11 March 2024;
7. Gauteng South for 10 April 2024;
8. Free State and Northern Cape for 10 June 2024;
9. Gauteng South for 17 July 2024;
10. Free State and Northern Cape for 9 September 2024;
11. Free State and Northern Cape for 11 November 2024; and
12. Gauteng South for 13 November 2024.

Other meetings of interest

1. RCB forum meeting scheduled for 5 March 2024;
2. SARS National Operations meeting scheduled for 18 April 2024;
3. RCB forum meeting scheduled for 4 June 2024;
4. SARS National Operations meeting scheduled for 25 July 2024;
5. RCB forum meeting scheduled for 10 September 2024;
6. RCB forum meeting scheduled for 12 November 2024; and
7. 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: February 2024

Month	Tax Type	Date	Notification
February 2024	Employment Taxes	07/02/2024	EMP201 submissions and payments
	Value-Added Tax	23/02/2024	Manual VAT201 submissions and payments
	Value-Added Tax	29/02/2024	Electronic VAT201 submissions and payments
	Income Tax	29/02/2024	Submission of 2023 ITR14 returns for companies with a February year-end
	Income Tax	29/02/2024	2nd provisional (2024) submissions and payments for individuals, trusts and companies with a February year-end
	Income Tax	29/02/2024	2024 closing odometer reading for logbook purposes
	Turnover Tax	29/02/2024	2nd (2024) payments for micro-businesses registered for turnover tax

SAIT member resources

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

Deadline for the provisional tax and taxpayers registered for turnover tax approaching

The end of the 2024 year of assessment for individuals and companies with a February year-end is on Thursday, 29 February 2024. As such, the second provisional tax returns, covering the period 1 March 2023 to 29 February 2024, are due. Affected individuals and companies are encouraged to submit their IRP6 returns on or before the due date to avoid penalties and interest.

For individual taxpayers, SAIT has prepared an [advisory](#) on provisional tax: *the requirements and implications*, to assist taxpayers and tax practitioners in the determination of their provisional tax status.

The 29 February 2024 due date is also relevant for the second turnover tax payment for micro-businesses registered for turnover tax. Taxpayers registered for turnover tax must complete and submit the [TT02 – Payment Advice for Turnover Tax](#) and make the payment at the bank or electronically using internet banking. When payments are made, it is essential that the 'Beneficiary ID' and 'Payment Reference Number' are quoted. The Payment Advice will assist with these and other matters relating to interim payments.

Fixed percentage tax directives for the 2025 year of assessment

1 March 2024 will be the beginning of the 2025 year of assessment and many commission earners, freelancers and personal service companies will need to finalise their fixed percentage tax directives. The fixed percentage directive is issued to commission earners and personal service companies and trusts, instructing tax to be deducted at a pre-determined set rate each month, irrespective of amount earned.

A set fixed percentage will help to 'normalise' tax payments across the full tax period and may alleviate a hefty tax liability at the end of a tax year.

Important to note regarding the fixed percentage tax directive:

- A tax directive is valid only for the tax year or period stated therein.
- Employers may under no circumstances deviate from the instructions of the directive.
- Employers must apply the percentage of employees' tax as indicated in the directive prior to taking into account allowable deductions for employees' tax purposes (e.g. pension, retirement annuity fund contributions, etc.). Where the employer received a directive and the employee's commission income is not more than 50% of the gross remuneration income, the employer can ignore the directive instruction.

SAIT Advisory: Section 93 revision (reminder)

There are various circumstances under which a taxpayer may need to request SARS to reduce an existing assessment.

Section 93 of the Tax Administrations Act, No 28 of 2011 (the TAA) allows a taxpayer to request SARS to amend an assessment without having to follow the formal dispute resolution process under Chapter 9. It offers taxpayers a less formal mechanism to resolve errors and is only applicable in limited circumstances where all the requirements are met.

SAIT has prepared an [advisory](#) to assist taxpayers understand the requirements for a section 93 revision and circumstances where this mechanism may be used.

SARS to commence trade testing of Tax Directives (reminder)

SARS will introduce enhancements to the Tax Directives process as indicated in the [IBIR-006 Tax Directives Interface Specification Version 6.601](#). Trade testing is planned to start on Monday, 12 February 2024 to prepare for the implementation of the software by end of February 2024. In the event that dates are changed, SARS will communicate accordingly.

To participate in the trade test, **please follow these steps to submit test files:**

- **Step 1:** Before testing can commence, you will need to email 10 taxpayer reference numbers to ncts@sars.gov.za to ensure the numbers are active. In the email subject line, use "Tax reference numbers for Trade Testing". A maximum of 10 taxpayer reference numbers will be allowed.
- **Step 2:** You will be notified via the same email address to confirm when testing may commence.

For trade testing queries please email ncts@sars.gov.za.

Provisional Tax: Solar Energy Tax Incentive (reminder)

On 22 February 2023, the Minister of Finance announced the introduction of the solar energy tax incentive scheme, which would be available to individuals for a limited period between 1 March 2023 to 28 February 2024. This incentive scheme was made available to encourage households to invest in clean electricity generation capacity.

With the understanding that PAYE taxpayers would be able to claim the rebate on assessment during 2024 filing season and provisional taxpayers would be able to claim the rebate against provisional and final payments, SAIT wrote to SARS in August 2023 to find out when the 2024 IRP6 return would be updated to allow provisional taxpayers to claim the rebate when calculating the provisional payments. Unfortunately, by the due date of the first provisional payments on 31 August 2023, the IRP6 return had not been updated and individual provisional taxpayers were unable to rebate.

On 26 January 2024, SARS announced that the IRP6 return had officially been updated and individual provisional taxpayers could claim the solar energy tax incentive rebate on the second payment due on 29 February 2024. To this effect, a revised [external guide on Provisional Tax](#) was also published.

According to the guide, the second provisional tax payment would be calculated as follows:

	R
Estimated taxable income for the year of assessment	XXXXXXXX
Normal tax on estimated taxable income	XXXXX
Less: Primary, secondary and tertiary rebates under section 6	(XXX)
Less: Tax credit for medical scheme fees under section 6A	(XXX)
Less: Additional medical expenses tax credit under section 6B	(XXX)
Less: Solar energy tax credit under section 6C Total Tax Payable	(XXX)
Less: Employees' tax deducted from the provisional taxpayer's remuneration during the year	(XXX)
Less: First provisional tax payment (if actually paid)	(XXX)
Less: Foreign tax credits (section 6quat) for the year	(XXX)
SECOND PROVISIONAL TAX PAYMENT	XXXX

This tax credit applies to any natural person who is liable for personal income tax and who invests in qualifying solar photovoltaic panels (solar PV panels).

Under section 6C of the Income Tax Act, No. 58 of 1962 (the Income Tax Act), a natural person may be eligible for the tax credit on the cost that has been actually incurred in respect of the acquisition of **qualifying solar PV panels**. The cost relating to other components of a complete solar energy system such as inverters, batteries and supporting structures **do not** qualify for the tax credit.

Other SARS and related operational publications and announcements

No other SARS and related operational announcements were made for the period 8 – 14 February 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 week 8 – 14 February 2024.

Key tax practitioner news

No new Key tax practitioner news were published for the week 8 – 14 February 2024.

Government & Stakeholder Newsletters

No new Government & Stakeholder Newsletters were published for the week 8 – 14 February 2024.

Other Tax practitioner access and functionality publications and announcements

- **9 February 2024:** SARS announced that the eFiling system would be upgraded on Friday, 9 February 2024 from 18:00 – 20:30. During this time, the digital platforms may have been unavailable.
- **9 February 2024:** SARS released the schedules for the [pop up branches](#) arranged for Gauteng South for February to June 2024.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

Highlights from the 2024 State of the Nation Address

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The President addressed topics relating to the celebration of 30 years of democracy, youth unemployment, the condition of state institutions and renewable energy to name a few in relation to the development of the country in the past years. Below are the highlights from the SONA:

SARS

The President stated that the credibility and efficiency of SARS has been restored and its performance through the appointment of capable leaders with integrity. The President highlighted how SARS has been able to collect R4.8 billion in unpaid taxes.

Renewable Energy

The President highlighted how a clear plan to end load shedding has been implemented through the National Energy Crisis Committee and has brought substantial new power through private investment on to the grid, which is already helping to reduce load shedding. He also touched on the implemented major debt relief package for Eskom.

Solar Incentives

Through tax incentives and financial support, the Government has more than doubled the amount of rooftop solar capacity installed across the country in just the past year and is confident that an end to loadshedding is near.

Furthermore, to ensure that the country never faces a similar crisis again, the Government is reforming SA's energy system to make it more competitive, sustainable and reliable by building new transmission lines and will enable private investment. Last year, the Electricity Regulation Amendment Bill was tabled to support the restructuring of Eskom and establish a competitive electricity market.

National Health Insurance (NHI)

Government is working to improve both the quality of healthcare and equality of access to health care. The National Health Insurance aims to provide free health care at the point of care for all South Africans, whether in public or private health facilities. The NHI shall be implemented incrementally.

Upcoming Budget speech

The Budget Review 2024 will be delivered on 21 February 2024.

The Post-Budget Tax Review – First Impression will paddle through the nuances of tax. How are Government's projections going to affect the taxpayer? What are the foreseen

application barriers and headaches? And what does all this mean for the Tax Practitioner in running their practice?

Register for the free SAIT webinar, [here](#).

LEGISLATIVE INTERPRETATION

Calls for comment submitted

Draft guide on the Solar Energy Tax Credit provided under Section 6C

On 26 January 2024, SARS released the [draft guide for the Solar Energy Tax Credit](#) (draft guide) provided for under section 6C of the Income Tax Act 1962 (the Act) for public comment.

Section 6C of the Act has been introduced to alleviate the pressure on the national grid and to improve energy efficiency in South Africa. Accordingly, the draft guide aims to provide general guidance on the newly introduced Solar Energy Tax Credit. It lists amongst other things, the requirements of section 6C, the persons eligible for the Solar Tax Credit and the validity period for the Solar Energy Tax Credit.

In analysing the draft guide, SAIT Tax Technical team and select members of the Personal and Employment Workgroup highlighted three areas of concern. The first area of concern is the confusion created by the draft guide in relation to when the 'acquisition' of the solar panels needs to have taken place. The second area of concern is an example incorporated in the guide that implies that only 'co-homeowners' and spouses are allowed to split the Solar Energy Tax Credit. Our last concern was in relation to how to satisfy the electrical certificate of compliance requirement where there are multiple acquirers of the solar panels.

The submission was made to SARS on 8 February 2024 and the full submission may be accessed, [here](#).

Legislative interpretation calls for comment

No relevant calls for comment were released for the week 8 – 14 February 2024.

Legislative counsel publications

No new legislative counsel publications were published for the week 8 – 14 February 2024.

Court cases published

On 13 February 2024, SARS published the following Tax Court judgment:

Date of delivery	Case	Applicable legislation
17/01/2024	VAT 22402	Value-Added Tax Act, 1991
Summary: The 'ratio' of goods and services a vendor intends to use for taxable compared to other uses: Whether and how the Head Lease should be factored into the taxpayer's section 17(1) apportionment ratio.		

On 6 February 2024, SARS published the following High Court judgment:

Date of delivery	Case	Applicable legislation
06/02/2024	Pather v CSARS (52782/21)	Tax Administration Act, 2011, Promotion of Administrative Justice Act, 2000
Summary: Reviewing and setting aside of Personal Liability – sections 164, 179 and 183 of Tax Administration Act, 2011 – section 7(2) of Promotion Administrative Justice Act, 2000		

Other SARS publications and announcements

No other SARS and related operational announcements were made for the period 8 – 14 February 2024.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

SARS to host a webinar on Digital Channels

SARS will host a webinar on digital channels which aims to increase the uptake of digital migration and encourage those who are already registered to utilise the channel by providing education to SMMEs on these channels.

Amongst other, the following topics will be cover:

- eFiling for organisations
 - How to register on eFiling
 - How to manage your profile on eFiling
 - Portfolio management
 - Registered representatives
 - Registering/Adding a taxpayer on eFiling
 - Managing groups
 - Activating a SARS-registered representative
 - Inviting a user and delegating rights
 - Tax Compliant Status
- SARS Online Query Services
 - What is SOQS
 - Advantages of SOQS
 - Services on SOQS
- Frequently Asked Questions.

The webinar details are as follows:

Date: Thursday, 15 February 2024
Time: 17:00-19:00
Platform: [YouTube](#)