

SARS NATIONAL OPERATIONAL STAKEHOLDER FORUM

NOTICE IS HEREBY GIVEN OF THE SARS NATIONAL OPERATIONAL STAKEHOLDER FORUM TO BE HELD

ON 8 JULY 2014 FROM 10:00 TO 13:00 AT BOARDROOM 3, LE HAE LA SARS

MINUTES OF MEETING

ITEM	DETAILS	RESPONSIBLE
1.	WELCOME AND APOLOGIES	
2.	CONFIRMATION OF AGENDA	Chairperson
3.	CONFIRMATION OF PREVIOUS MINUTES	All
	3.1 Minutes of the previous minutes held on the 11 March 2014.	
4.	MATTERS ARISING FROM PREVIOUS MINUTES	
	<p>4.1 Senior SARS Officials list is still not available – <i>SARS has a list of designations that is waiting final approval and signature before it can be made public.</i></p> <p>4.2 Appointments at SARS Branches – <i>Length of time for appointments varies per branch but the waiting period is not short enough for tax practitioners. SARS noted this but stated that they do have capacity constraints and said that practitioners are using the appointments to do things that can be done electronically. Practitioners are urged to not use the branches as post boxes (branches are not allowed to receive registered mail – postal addresses of SARS should be used – SARS to provide this detail). PCC mail boxes should be used as the channel for document delivery as these email addresses are dedicated to tax practitioners and a case number is immediately assigned. However, concern was raised about the fact that only 2MB of data can be submitted at once and that is why the branches are used for this. SARS said the 4 scanning centres should be used for this purpose. Branches are now first establishing what the nature of the query is and then allocating a time limit for the meeting. Tax practitioners are also urged to cancel appointments when they cannot make it. It was decided that if no cancellation was made for an appointment (without valid reasons) and this occurs three times, then no further appointments can be made by that tax practitioner.</i></p> <p><i>A request was made to make the appointment facility available on the website in all regions like is currently done in Pretoria. SARS responded and said that that is their aim.</i></p> <p>4.3 Emailing facilities</p> <p>SARS committed previously to investigate and provide feedback on the effectiveness and efficiency of the e-mailing facilities available to the tax practitioners. SARS further to clarify issues that cannot be dealt with via the pcc e-mail addresses and for which tax practitioners would need to physically go into a branch office.</p> <p><i>Dedicated persons allocated to the PCC mailboxes and responses should be received within the 21 days – the responses and quality of these responses are being monitored by SARS. Branches are to be used for very technical issues or for verification purposes but it appears that the call centre have to deal with questions like – where can I get the statements of accounts (it is on e-filing) and what are the tax numbers of (should have this information available on e-filing). Another issue is TCCs that have been declined</i></p>	

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	<p><i>because of differences in the names of the entities. Tax practitioners can change this information on the RAV01 form.</i></p> <p>4.4 E-filing timeouts - SARS to respond The eFiling system is still timing out. The system gives the following message “you have been logged out due to inactivity”; work done gets lost when this happens. A time-out message was proposed previously – if SARS could provide an update on the proposal made. <i>SARS will investigate this as it thought the matter was resolved, but will look into the RAV01 form specifically.</i></p> <p>4.5 Notifications from SARS - SARS to respond</p> <ul style="list-style-type: none"> • SARS is raising additional assessments without notifying the tax practitioners. <i>SARS responded that this is not correct and shouldn't be happening.</i> • Requests for updating/verifying banking details for taxpayers are not received by the taxpayer and/or the tax practitioners. Most taxpayers only find out that there is need to verify their banking details after they've phoned the call centre due to their refunds not being released. <i>This is being looked into and should not be happening.</i> • Request for Corrections and NOO1 are not available on e-filing for trusts. <i>SARS is working on this as a matter of priority.</i> • SARS notifications not always sent to tax practitioners. The letter of findings is posted to the taxpayer and not available on e-filing. <i>SARS urged practitioners to check that the emails are not lying under their junk mail, but will be investigating this as various tests have been done and the emails should be going out.</i> • The administrative penalty statement of account is not always available on e-filing. <i>This is on the modernisation priority list.</i> <p><i>It is proposed that all notifications from SARS should be made available on the e-filing profile being the primary communication platform between SARS and the taxpayer and/or tax practitioner.</i></p> <p>4.6 Trust Returns on E-filing – New returns are applicable and it will be a lot more onerous to fill in these returns going forward, eg. all the beneficiaries details need to be listed etc.</p> <p>4.7 Developments on easy file – SARS constantly improving capabilities, but tax practitioners would really like the functionality back to be able to work offline and then submit online.</p>	
5	NEW AGENDA ITEMS	
	<p>5.1 Provisional Tax – Taxable Income understated Penalties are imposed despite using the basic amount on the 2nd payment return. Penalties should not be imposed when the basic amount is used. <i>The 14 day rule should be considered as a possible explanation for this as well as the R1million rule. Examples are required by SARS if these rules are not applicable.</i></p> <p>5.2 SARS is no longer displaying a basic amount on these forms. This amount is based on the latest year assessed plus an escalation of 8% per annum. This is required in terms of the 4th Schedule to the Act. We feel that this is placing too much of a responsibility on the practitioner and taxpayer. Why did SARS delete a line from the program that calculates this amount? The line would extract the relative data from SARS' records and apply the formula. <i>This was a pre 1 July problem and should be sorted out now, but the names not prepopulating on the forms is something that SARS is following up on and awaiting feedback from the development team.</i></p>	SAICA

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	<p>5.3 Single Registration – Linking of existing VAT and PAYE registration numbers Presently most of the existing client's VAT & PAYE registration numbers are not automatically linked to their profiles under "Maintain SARS Registered Details" on eFiling. You presently have to physically go into a SARS branch to have the client's profile updated/linked to their existing VAT & PAYE numbers. This in turn is holding up TCC being issued by SARS. The request is that a function be made available on eFiling for tax practitioners to have the ability to link these VAT & PAYE registration numbers. <i>The risk is large in these scenarios but the link should be available if the primary tax (IT) is already under the practitioners' profile.</i></p> <p>5.4 SARS should consider implementing a system where all tax numbers for a particular entity to be the same with just a different prefix for each of the different tax types, e.g. Income tax 912345678 VAT 412345678 PAYE 712345678 etc <i>SARS will not be doing this it already has a system in place to link the various taxes to a taxpayer.</i></p> <p>5.5 Compensation Commissioner "COID" payments to be included in the EMP201 monthly returns like with the UIF payments <i>As COID payments are based on values that are substantially different to that used by PAYE, SDL and UIF, it is difficult to link them to these other taxes, but SARS is having ongoing discussions with Compensation Commissioner.</i></p> <p>5.6 OLD returns outstanding preventing TCCs from being issued – SARS to guide <i>SARS states that the onus is on the taxpayer to prove amount/return is not outstanding, but realises that this is difficult with these old returns as the documents are no longer available. SARS is considering allowing an affidavit to this effect where the person states that they have filed the returns (or were not required to file the returns) or were not liable to tax in those years.</i></p> <p>5.7 RCBs reported as not sharing information from SARS with their members. <i>RCB's responded and said they send regular emails & updates from SARS to their members as soon as they receive the information from SARS, but it has been found that the tax practitioners do not always read their mails. SAIT even does monthly webinars on the SARS operational issues to further enhance the communication on these matters.</i></p> <p>5.7 Tax practitioners encouraged to follow the remedy processes within SARS before escalating matters to the Tax Ombudsman. <i>Noted.</i></p> <p>5.9 PAYE Journals Tax practitioners unable to trace all the journal entries captured on the EMP statement of accounts of their clients <i>SARS would like examples of this.</i></p> <p>5.10 Information required for new income tax registration Propose an amendment to the IT77C form for income tax registration, to include banking details and verification as a prerequisite. <i>SARS to take this up as it should be linked with a RAV01 but will get back to us on this issue.</i></p> <p>5.11 SARS Guides SAIT proposed that the following guides be made available to the RCB's (for the distribution to its members) and on the SARS website in order to address the following operational issues.</p> <ul style="list-style-type: none"> • Change of ID number in special circumstances • Process and procedures for the de-registration for PAYE and VAT • Process and procedures if the registration of VAT is backdated by SARS • How to remove a client from the tax practitioner e-filing profile if such a request has been made • Suspension of payment procedures and/or explanatory notices on the interpretation of section 164(3) as mentioned in the previous minutes • Procedure to follow for the reversal of the incorrect administrative penalties automatically 	

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	<p>calculated by the system for tax payers earning below the tax threshold.</p> <ul style="list-style-type: none"> • Procedure to follow when an administrative penalty is automatically calculated by the systems for tax payers earning below the tax threshold. <p><i>This request will be sent to the communications team for inclusion in their strategy. SARS requested any further issues that might need clarification to be sent through to them.</i></p> <p>5.12 Printing of returns on eFiling</p> <p>Previously the tax practitioners were able to print returns in order to obtain their client's signature for administrative purposes before filing on eFiling. Currently the return must be filed first before it can be re-opened for printing and signature.</p> <p><i>This capability should still be there for all returns but the wizard must first be completed in full before the return can be printed. The query related to the DTO2 form and SARS said they would test this to see if this is also the case for this return as tests were only done on the IT returns.</i></p> <p>5.13 Request for supporting documents</p> <p>SARS should implement a system whereby when the return is e-filed and supporting documents are required, a notification should immediately be issued requesting supporting documents, as is done when annual financial statements are requested. Alternatively, taxpayers should have the ability to upload documents when the return is submitted.</p> <p><i>This appears to be an old issue as the request should be received within a few minutes after submitting.</i></p> <p>5.14 Bank account verification</p> <p>SARS is increasingly requesting all taxpayers to verify bank account details. This is creating practical difficulties as follows:</p> <ul style="list-style-type: none"> • Individuals – it is SARS's policy for taxpayers to personally go to the relevant branch to change bank account details. Alternative arrangements need to be made for non-residents and pensioners who cannot go into a SARS office. <i>Not true for all taxpayers. Furthermore, non-AVS (automatic verification services) banks will have problems with this, so big 4 banks are fine as well as Capitec, but Investec will be available later in the year (probably Sept).</i> • In the past, SARS has refunded amounts due to a wife, married in community of property, who has signing powers on the account, into the husband's bank account. SARS now regards this as a third party account. In one example, the taxpayer is a non-resident and SARS is refusing to deposit the refund into the husband's account. The only way to resolve this is for a manual cheque to be issued, which is a laborious, time-consuming task. Alternatives need to be introduced to address this. <i>This will be regarded as a third party account and must be paid into wife's account as validation takes place on the ID number.</i> • SARS will not refund amounts into a Nedbank Corporate Saver call account. This in turn has resulted in a request for a manual cheque to be issued. This matter is unresolved for more than two years. <i>Details to be sent to SARS.</i> <p>5.15 E-toll invoices</p> <p>The Tax Invoices issued by E-Toll/SANRAL appear to be invalid as they fail to comply with the provisions of the VAT Act in that, on the Tax Invoice, charges are raised for the usage of a number of Toll Gantries, for example 5 Gantries at R2.00 each, with a total cost of R10.00 with R1.40 VAT levied thereon. The Tax Invoice does not indicate the names of the Gantries. This detailed information is only made available on a Transaction form on request. This means that a Vendor may claim Input VAT, but as he is unable to identify the time and place of service he is unable to recover Output Tax from his clients/customers. This results in the toll fees becoming an additional (irrecoverable) tax cost.</p> <p><i>SARS feels it is a legitimate tax invoice.</i></p> <p>5.16 eFiling</p> <ul style="list-style-type: none"> • There are errors in the processing of IRP5/IT3(a) certificates, for example when information is saved and the printed certificate does not include the saved information. • <i>More details needed from SAICA.</i> • Functionality should be introduced allowing Tax Practitioners to print lists of all clients linked to their name as well as to remove clients from the Tax Practitioners profile • <i>On SARS modernization agenda & a priority issue.</i> • <i>Moving of profiles was raised as a concern as various tax practitioners are getting requests for</i> 	

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	<p><i>their client's to be removed from their profiles, but when their clients are contacted to ask if they made this request it is established that they did not make the request...</i></p> <ul style="list-style-type: none"> • <i>Furthermore, if this request is denied or not actioned, the person requesting the transfer can override this denial etc and the client is transferred. In some instances, when a request to transfer a client to a tax practitioners profile was requested it was declined with no reason being provided.</i> <p>5.17 SARS Branch issues</p> <ul style="list-style-type: none"> • Polokwane Branch <ul style="list-style-type: none"> ○ Refusing to collect registered mail – mail is being returned ○ Not recording mail and losing mail ○ Courier items not accepted without a Name and room number, but Tax Practitioners are not allowed to phone or ask who the person is to whom the items must be delivered. ○ SARS to follow up, but noted that this is a core branch. • Mobile offices – <i>can now be tracked on the website, 12 units available, but 3 are undergoing an upgrade.</i> ○ Advertising services which they don't provide – SARS to follow up but should be able to do changes in bank details & TCCs. ○ Request for offices in De Aar - <i>not feasible</i> <p>5.18 Single registration and other registration issues</p> <ul style="list-style-type: none"> • Tax practitioners have been advised by SARS that FICA information, client documents, powers of attorney and multiple other documents need to be presented at a SARS branch office when registering clients. Some tax practitioners have large client bases. As an example, one tax practitioner has over 1 200 taxpayer clients. The nearest branch office is over 100 km away. The tax practitioner is only allowed to deal with 3 matters per visit and with 1 200 clients, that amounts to 400 visits. At 3 hours per visit including travel, its 1 200 hours, with travel being around 50 000 km. The new requirement is sometimes impractical and we request alternative arrangements be made in this regard. • <i>Only new clients need to go into a branch, otherwise all registrations should be able to be done on e-filing if the primary product (IT) is there.</i> • Issues were experienced during VAT registration for a CC purchasing a going concern from an individual. The Tax Practitioner had to engage with SARS countless times and each time was advised that some documentation/information was outstanding or the transaction was 'invalid'. For example, one of the arguments was that one may not sell a going concern from an individual to a CC, this can only be done between two CCs or a Company and a CC. In addition, a SARS representative stated that one may not sell a going concern between parties with similar names, even though each has their own separate registration/ID numbers. SARS also insisted on invoices making up R1 million even though the financial statements of the selling party reflected turnover in excess of the threshold. • <i>Individual issue not dealt with at this forum.</i> <p>5.19 Attitude towards Taxpayers and representatives not conducive to building a working relationship</p> <p>As an example, at an ADR meeting, the ADR representative made derogatory comments about the Tax Practitioner in front of the client and the ADR representative further contended that the proof presented was forged. In this instance, proof was provided of SARS receiving IRP6's (years ago before e-Filing) from the courier and which were stamped and signed. <i>SARS requested details as this should not be happening.</i></p> <p>5.20 Changing details</p> <p>Conversion of a CC to a company results in a name and number change. This is a challenge to change with SARS, as SARS treats it as a new registration which makes it close to impossible to resolve. <i>SARS recognises that this is a problem (as for instance assessed losses c/f will be affected), as SARS has to register a new taxpayer as a key indicator has changed. SARS will be setting up a meeting with CIPRO in this regard</i></p> <p>5.21 Error on IRP6 2015-01</p> <p>SARS has already made the 1st period estimate forms available on eFiling and the form has an</p>	

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	<p>error with regard to MTCs (medical tax credits). This was also an issue when MTCs first replaced capped amounts. SARS's IRP6(1) form makes no provision for taxpayers to claim these MTCs and this issue needs to be resolved asap. <i>This was an issue before 1 July 2014, but has since been resolved.</i></p> <p>5.22 VDP In the last month, the VDP unit has been issuing requests for supporting documents and giving applicants 3 days to respond or their applications may be withdrawn. This time period is inadequate and we request that taxpayers/practitioners are given a reasonable amount of time within which to provide the documentation required. <i>VDP1 applications are almost all done and just waiting for signatures. It is in these cases that the notice for information was short as the returns and information should have been obtained in the last 2 years.</i> <i>VDP2 applications have a bit of a back log but this will be reduced around about Oct/Nov to approximately 25-30 day turnaround. SARS has stated that if the taxpayers have applied and received a number they should then submit their returns and any penalties and interest that were levied will be reversed when the VDP agreement is concluded.</i></p> <p>5.23 Call Centre The Call Centre is the main means of communication with SARS. It appears to no longer be effective, but is merely a way of confirming that one has contacted SARS with a problem and a call reference number is proof of the call. Some specific issues are:</p> <ul style="list-style-type: none"> • Cases are escalated numerous times as problems being reported are not resolved. All contact details are requested by the consultant and often nobody from SARS calls back offering any assistance. • Untrained staff answering the calls – both at the call centre or TPU. Many of the consultants don't know how to access different screens or the different accounts and are therefore sometimes unable provide an adequate answer. As a result, tax practitioners are provided with inconsistent answers to queries (for example, one may call 3 times, ask the same question and get 3 different answers). In addition advice is provided by the TPU regarding a process to be followed. Once the process is agreed upon and adhered to and documentation is collated and submitted, on dealing with another SARS representative, Tax Practitioners are referred to a different process, resulting in duplication of efforts. • <i>SARS is busy upskilling its staff to improve services.</i> <p>5.24 Powers of attorney</p> <ul style="list-style-type: none"> • Is SARS's power of attorney the only acceptable one or may an alternative be used and will the branches be aware that they must accept this? <i>Alternatives are allowed as long as they contain what is in the SARS POA. It was stated that different branches treat these POA's differently. SARS will again communicate the policy to all regions and again refers tax practitioners to the POAs that are necessary when coming into a branch office.</i> • Lifespan of power of attorney – SARS's policy is that an updated power of attorney is required every two years; however, this is not a legal position. <i>The law states that a POA is valid until withdrawn.</i> <p>5.25 VAT interviews on general public queue – no specific comments made</p> <p>5.26 Penalties and interest raised on VAT audits before letter of findings received. SARS to investigate.</p> <p>5.27 Multiple VAT numbers for multiple divisions – the challenges experienced when applying for tax clearances. SARS will check across the entity for compliance. Further concerns raised when trying to get a TCC for a JV partnership.</p> <p>5.28 Status of RCB - Temporary/ Permanent</p> <p>5.29 The problem relates to Clients that are S.A Residents, living in S.A and are receiving a pension after they retired. Part of their service with the company was in South Africa and part outside South Africa. They continued to contribute to the company pension fund whilst they</p>	

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	<p>were working abroad. Their pension paid after retirement has always been split as non-taxable for the period of service abroad, and taxable for the portion of the pension that was deemed to be proportional to the time spent in SA. These pensioners are now getting letters from the pension administrators, so far Alexander Forbes and Momentum stating that the whole pension is now taxable and that any directive received in the past stating that part of the pension was not taxable as a result of offshore service is invalid. SARS to please confirm changes to the income tax act if any.</p> <p><i>SARS stipulated that their interpretation has not changed and that the source rules are not applicable to residents and that the fund must be a foreign fund to qualify for the s10(10)(gC) exemption.</i></p> <p>5.30 IT21(a) TCC for emigration – this form contains the wrong references (still to the ITA not to the TAA). <i>This will be rectified once this process is automated with the single registration process as currently it is a manual process.</i></p> <p>5.31 Reasons for assessments not adequate – <i>It was reported to SARS that when reasons for an assessment are requested, the taxpayers receive a letter stating that they must object. Furthermore, if no objection is lodged within the time period from the date of assessment, the systems says it is an invalid objection, but actually the time period should only run from the date that the reasons were received. The reason for requesting reasons is because the assessment does not make it clear in certain circumstances what specific income/deductions are taxed/disallowed if only partly taxed/disallowed. SARS to take this up with the legal and systems divisions.</i></p> <p>5.31 Search box on tax practitioner profile – this does no longer contain a drop down list of all of the tax practitioner’s clients (if > 50 clients). <i>SARS to investigate.</i></p> <p>5.32 Persons with old ID numbers – <i>SARS requests these individual tax practitioners to register a new profile with the new ID number (as the ID number is the key identifier thus necessitating this new profile having to be created)</i></p>			
6	GENERAL			
7	CLOSURE	Chairperson		