

ISSUE 40

FAIR PLAY

STAKEHOLDER NEWSLETTER OF THE OFFICE OF THE TAX OMBUD



OFFICE OF THE
TAX OMBUD



TAX

Fairness, Accountability, and Transparency in the Digital Era

2025 / 2026

Laying the Foundation
for a Stronger Future



**Building stronger
Tax Ombud institutions
through regional
collaboration**

A Year of Progress, Fairness and Looking Ahead

Welcome to this financial year end edition of our newsletter. We close the year under the theme Fairness, Accountability and Transparency in the Digital Era a fitting reflection of the work, partnerships, and impact delivered by the Office of the Tax Ombud over recent months. We are especially grateful for the contributions from our esteemed stakeholders, whose insightful articles enrich this publication and deepen the conversation around these important principles.

The financial year concluded on a high note, marked by meaningful outreach in Kimberley and surrounding areas. These communities have historically recorded fewer complaints, largely due to limited awareness of the OTO and its services. These engagements reinforced the importance of taking our message directly to taxpayers, ensuring that access to fairness and redress is not constrained by geography or information gaps.

We also had the privilege of hosting a delegation from the Tax Ombudsman Service Tanzania as part of a strategic benchmarking visit. This engagement strengthened regional collaboration, encouraged knowledge sharing, and reaffirmed our shared commitment to improving tax administration and building public trust across borders. As we enter a new financial year on 1 April, we do so with renewed focus and purpose an opportunity to reset, refocus, and continue delivering work that makes a meaningful difference in the lives of taxpayers.

We invite you to enjoy this edition and reflect with us on the journey so far, as we look ahead to the year to come.

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Views and Opinions Disclaimer

The FAIR PLAY team solicits and receives articles from various industry stakeholders and provides a platform for the expression of diverse viewpoints within the tax sphere. Any insights, analyses, opinions, or recommendations contained in such contributions are solely those of the respective authors and do not represent, nor should they be construed as representing, the official position, policy, or views of the Office of the Tax Ombud. The Office of the Tax Ombud disclaims any liability arising from reliance on such content.

Increase in VAT registration thresholds: A welcome relief for small businesses



Yanga Mputa
Tax Ombud

In the 2026 Budget Speech delivered on 25 February 2026, the Minister of Finance, Enoch Godongwana, announced an increase in the VAT registration thresholds, an important development for small businesses. With effect from 1 April 2026, the compulsory VAT registration threshold will increase from R1 million to R2.3 million, while the voluntary registration threshold will increase from R50 000 to R120 000. These changes will ease the administrative and compliance burden on many small businesses.

The OTO has, in its engagements with SARS, raised concerns about errors in compulsory VAT registrations. In some cases, businesses were incorrectly or prematurely registered, creating compliance challenges. The higher thresholds mean that fewer small businesses are likely to be drawn into compulsory VAT registration. This should

reduce the risk of such errors and give businesses more space to focus on their operations and growth.

Small businesses are encouraged to regularly review their turnover to determine whether they meet the updated VAT registration thresholds. Where there is uncertainty about a VAT registration status or where a business believes it has been incorrectly registered, affected taxpayers are encouraged to first engage with SARS. If the matter remains unresolved, a complaint may be lodged with the OTO for assistance.

SARS Collaboration with Banks Regarding Suspicious Tax Refunds

For many taxpayers, receiving a tax refund is a welcome and often much-needed financial boost. However, refund fraud, particularly through e-Filing profile hijacking, has become an increasing concern in recent years.

In the 2026 Budget, government introduced a proposal titled “**Permitting pre- or post-deposit screening of refunds by banks**”. According to this proposal, SARS is working with banks to explore

mechanisms for screening potential refunds before they are deposited into taxpayers’ accounts. This initiative has the potential to benefit taxpayers in two important ways. Firstly, legitimate refunds could be paid out more quickly and on the other hand, fraudulent claims are more effectively identified and stopped. The proposal is welcomed by the OTO, as it reinforces several recommendations previously made in the OTO’s Draft Report on the Systemic Investigation into Alleged e-Filing Profile Hijacking, which was published for public comment on 1 October 2025. In that report, the OTO recommended that SARS collaborate with banks to:

- Flag new accounts receiving refunds, particularly where:
 - The bank account was created within the last 90 days;
 - There is little or no transaction history;
 - There have been recent changes to Companies and Intellectual Property Commission (CIPC) entity details;
 - There are suspicious patterns, such as identical or similar VAT refund amounts across consecutive periods.
- Identify and flag bank accounts previously associated with VAT fraud

schemes, and block or delay refunds to such accounts pending further investigation.

- Strengthen real-time, pre-refund validation processes in collaboration with all banks.
- Revise the Memorandum of Understanding (MoU) with the banking sector to include:
 - Sector-wide minimum compliance standards for bank detail verification;
 - Defined turnaround times for verification requests; and
 - A joint escalation framework for fraud investigations.

The OTO is currently finalising the Draft Report on the Systemic Investigation into Alleged e-Filing Profile Hijacking, taking into account feedback received from stakeholders. The Final Report will be published in due course. As efforts to combat fraud continue, initiatives such as enhanced collaboration between SARS and banks represent an important step towards a more secure and efficient refund process, one that works better for all taxpayers.



Strengthening Regional Cooperation

African Women in Tax Leadership Development

In celebration of International Women’s Month, from 3 to 6 March 2026, members of the OTO women’s management team, together with myself, participated in the African Tax Administration Forum (ATAF) Women in Tax Network Leadership Development Programme for Executive Managers. The programme was held under the theme “**Leading Self, Leading Others, Leading with Impact.**”

This powerful initiative brought together women leaders from across the continent, united by a shared purpose: to strengthen leadership that is courageous, ethical, and transformative. It reaffirmed that effective leadership begins with self-awareness, grows through empowering others, and ultimately drives meaningful impact within our institutions and communities.

Our participation reflects the OTO’s ongoing commitment to nurturing principled leadership, advancing gender equity, and strengthening institutions that serve taxpayers with integrity and excellence.

Tanzania Tax Ombudsman Visit

From 16 to 18 March 2026, we had the honour of hosting a delegation from the Tanzania Tax Ombudsman Service. This engagement was a meaningful reminder of the value of partnership and the strength we gain from learning from one another.

Over the course of three days, we shared experiences and insights on governance, institutional independence, and taxpayer awareness. What stood out most was the openness of the dialogue and the shared commitment to strengthening our respective institutions in service of taxpayers.

The delegation engaged with the SARS Complaints Management Office and Recognised Controlling Bodies, including the South African Institute of Chartered Accountants (SAICA), the South African Institute of Taxation (SAIT), the South African Institute of Professional Accountants (SAIPA), and the Chartered Institute for Business Accountants (CIBA). These interactions highlighted the importance of collaboration across the tax ecosystem, and the critical role that ethics and accountability play in building public trust.

This programme also included engagements with the Office of the Public Protector and the African Tax Administration Forum (ATAF), further emphasising the importance of cooperation among oversight institutions and regional platforms.

Together, these engagements highlight a shared commitment across the continent, i.e.,

to build a fair, transparent, and accountable tax systems that serve our citizens with integrity. It is through these connections, conversations, and collaborations that we continue to learn, grow, and strengthen our collective impact across the continent.

Conclusion

The OTO remains steadfast in its commitment to fairness, accessibility, and service excellence. Through strengthened partnerships, purposeful outreach, and regional collaboration, we continue to build a tax environment where every taxpayer feels informed, supported, and treated impartially. I would also like to extend my sincere appreciation to the dedicated employees of the OTO, whose professionalism, integrity, and commitment to service excellence make this work possible. Their continued efforts in supporting taxpayers and upholding our mandate are the foundation of the OTO’s impact.

FROM THE CHIEF EXECUTIVE OFFICER'S DESK

Laying the Foundation for a Stronger Future



Mmamelao Malakalaka

Acting Chief Executive Officer

As we close the 2025/2026 financial year, we reflect on what has been a defining and foundational period for the Office of the Tax Ombud (OTO). This year marked the first phase in implementing our Strategic Plan 2025–2030, a plan anchored in strengthening fairness, accessibility, and responsiveness within the tax administration system.

This has been a year of laying the groundwork of building systems, testing new approaches, and strengthening partnerships that will shape the future of the OTO.

A key milestone has been the introduction of the Section 18(5) Committee on Compelling Circumstances, established to determine whether compelling circumstances exist in terms of Section 18(5) of the TAA for the OTO to consider a complaint without requiring the taxpayer

to first exhaust the SARS complaints resolution mechanism. The Committee also strengthens governance by providing structured oversight and promoting the consistent, fair, and accountable exercise of discretion in complex matters. This marks an important step in enhancing our ability to respond to complex taxpayer matters in a transparent, effective and fairly manner. In parallel, we have piloted a mediation framework, aimed at enabling more efficient, timely, and equitable resolution of complaints. Together, these initiatives signal a shift toward more agile and taxpayer-centric service delivery.

Our commitment to accessibility has been demonstrated through our outreach and stakeholder engagements. This year, the OTO successfully reached all nine provinces, conducting outreach programmes and stakeholder engagements that brought our services closer to the people we serve. Through these engagements, we strengthened collaboration with stakeholders across the public and private sectors, as well as recognised controlling bodies, expanding both our reach and impact.

We also proudly advanced our “Smart Taxpayers Do the Right Thing” campaign,

reinforcing the importance of voluntary compliance, awareness, and taxpayer responsibility. This campaign has been instrumental in building trust and promoting a culture of fairness within the tax system.

We closed the financial year on a high note through a landmark collaborative outreach initiative with the South African Revenue Service (SARS), held from 5 to 7 March 2026 in Kimberley. Together, the OTO and SARS conducted targeted outreach activities, engaging directly with taxpayers, small businesses, and tax practitioners.

Working alongside SARS, and with the support of partners such as the Civil Society Unmuted Coalition South Africa (CSUCSA), the Small Enterprise Development and Finance Agency (SEFDA), and the Government Communication and Information System (GCIS), the initiative focused on practical taxpayer education and empowerment. Activities included a business breakfast with practitioners and business leaders, a public activation at Diamond Pavilion Mall, and community engagements at the TIhokomela Thusong Centres in Galeshewe.

Most importantly, these outreach efforts created a platform for listening. Direct engagement with communities provided valuable insights into the real challenges taxpayers face. These insights will inform our future initiatives and strengthen our commitment to delivering services that are fair, accessible, and responsive.

None of these achievements would have been possible without the dedication, professionalism, and resilience of OTO staff. It is through their unwavering commitment that the organisation continues to grow from strength to strength. In recognition of this, we proudly hosted our Annual Awards in February 2026, celebrating excellence and the individuals who embody the values of the OTO.

As we move forward into the next phase of our strategic journey, we remain committed to building on this strong foundation enhancing our impact, deepening collaboration, and continuing to champion taxpayer rights.

Together, we are shaping a fairer tax system for all.

Tax Modernisation: Efficiency Is Not Enough

Fairness and Transparency in the Digital Tax Age



Tarryn Atkinson
Chair, SAICA National
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A taxpayer logs onto eFiling, opens a letter from SARS, and reads a decision that will materially affect their cash flow, their business, or their ability to sleep that night. The letter is impeccably formatted. The language is familiar. The reasons are comprehensive, and yet, curiously empty.

Somewhere between “after careful consideration” and “the prejudice to the fiscus outweighs the hardship to the taxpayer”, the taxpayer realises something unsettling: the decision has arrived efficiently and decisively, faster than the coffee it took to submit the application, but without any visible engagement with their specific facts.

This is not a story about bad faith or broken systems. It is a story about a tax administration that is increasingly data driven, automated and effective and the growing discomfort that arises when efficiency begins to outpace judgment.

Welcome to the digital tax age, where decisions are visible everywhere, but the

decision maker is increasingly hard to find. Digitalisation itself is not the problem. Data driven systems are indispensable to modern revenue collection. The risk lies in assuming that efficiency and fairness will always move in the same direction. As SARS gathers and processes ever greater volumes of information, often through automated channels, the need for transparency, human judgment and procedural fairness does not diminish. It becomes more important.

The Expanding Data Net

Modern tax administration is built on data, not in small, carefully curated quantities, but in volumes and varieties that would have been unthinkable a decade ago. SARS now operates in an environment where information is continuously collected, received and analysed, often before a taxpayer has engaged directly with the system.

Some of this information is provided deliberately by taxpayers through returns, disclosures and correspondence. Increasingly however, it arrives indirectly, supplied by employers, financial institutions, medical schemes and other third parties, or exchanged automatically with foreign tax authorities under international transparency frameworks.

From an administrative perspective, this is a powerful development. Third party data improves accuracy, reduces under reporting and enables earlier identification of risk. Few would dispute that a modern revenue authority cannot function effectively without these tools.

The fairness challenge lies not in the existence of this data, but in how it is used. For taxpayers, third party information occupies an uncomfortable space. It is data about them, but not data they control. Errors can and do occur, through misclassification, timing mismatches or simple administrative mistakes, yet once that information feeds into an automated assessment or risk model, the burden of correction often shifts to the taxpayer. Disproving information supplied by another party is rarely straightforward, particularly where the underlying data is not fully visible.

As systems become more data driven, decision making also changes in character. Context can be lost. Individual circumstances risk being treated as anomalies to be resolved, rather than facts to be weighed. The more data rich the system becomes, the greater the temptation to treat consistency as a proxy for substantive fairness.

Transparency is therefore critical. Fairness in a digital tax system is not only about legal authority, which SARS undoubtedly has, subject to the provisions of the Tax Administration Act, but about whether taxpayers can understand what information is being relied upon, and how that information translates into decisions that affect their rights and obligations.

Automation and the Prepared Response

As data volumes increase, automation is the natural response. Systems triage risk, flag anomalies, issue assessments and generate correspondence. For a tax administration operating at scale, this is not only understandable, it is unavoidable.

Automation brings real benefits. It enables consistency, reduces turnaround times and frees up human capacity. In many respects, it improves the taxpayer experience. Faster certainty and fewer backlogs are outcomes most taxpayers would welcome. The difficulty arises when automation begins to shape not only how decisions are processed, but how they are expressed or contextualised.

Taxpayers and practitioners are increasingly familiar with a particular style of response: structured, formally reasoned and recognisably standardised. Phrases recur.



Factors are listed. Conclusions are reached with confidence. What is often missing is any visible engagement with the taxpayer's specific circumstances. The response may be technically complete yet feel disconnected from the facts placed before the decision maker.

Template responses are efficient precisely because they reflect the legal framework within which decisions must be made. But when relied on too heavily, they risk creating the impression, and sometimes the reality, that outcomes are predetermined rather than considered.

This tension is most acute where decisions affect taxpayer rights and cash flow. Requests for reasons, objections and applications for suspension of payment often involve nuanced factual matrices that do not lend themselves easily to standardised assessment. When such requests are met with formulaic reasoning, taxpayers are left uncertain whether their individual facts made any difference at all. Perception matters. Taxpayers are far more likely to accept adverse outcomes when they understand how and why a decision was reached. Where decisions appear automated or opaque, trust begins to erode.

Automation can support fairness. It cannot replace it. Decisions that impact taxpayers' right to substantive fairness and fair administrative action are to be found in the mind of the decision-maker, not the system.

Due Process in a Digital System

South Africa's "pay now, argue later" principle reflects an understandable policy choice: the efficient collection of revenue is essential to the functioning of the state. At the same time, the law recognises that this principle cannot operate without qualification. Taxpayers may request a suspension of payment where an amount is genuinely disputed, and immediate payment would cause undue hardship.

This mechanism is intended as an important safeguard. SARS is required to balance the interests of the fiscus against the unique circumstances of the individual taxpayer. These are inherently fact specific enquiries, designed to ensure that discretion is exercised, not merely applied.

In practice, this balance is increasingly tested. Suspension requests often arise at moments of acute financial pressure, where assessments have been raised and enforcement may follow quickly. In this context, the quality of the decision making process matters as much as the outcome itself.

Where a suspension request is refused, the reasons provided must demonstrate that the relevant factors were genuinely considered. References to "prejudice to the fiscus" or "insufficient hardship" may be legally relevant, but without meaningful engagement with the evidence submitted, they risk sounding conclusory rather than explanatory.

Recent judicial scrutiny has reinforced a simple principle: where discretion is conferred, it must be exercised. Procedural fairness cannot be reduced to a checklist, nor satisfied by reasons that are technically correct but substantively opaque. In a digital system, the risk is not that due process disappears, but that it becomes harder to recognise and interrogate.

Transparency and Trust

Trust is the foundation of any effective tax system. In a digital environment, that trust is built not only through outcomes, but through process. As the tax administration becomes more automated and data driven, taxpayers increasingly judge fairness by whether they can understand how decisions affecting them are made. Transparency is therefore no longer optional. It is not enough to tell taxpayers what a decision is. They need to understand how it was reached,

what information was relied upon, how discretion was exercised, and why their particular circumstances did not justify a different outcome.

This does not require a retreat from digitalisation. Automation brings undeniable benefits in speed, consistency and accuracy, but where decisions have immediate and significant consequences, efficiency cannot replace judgment. Fairness requires visible evidence that decisions are reasoned, responsive and accountable, based on the applicable facts and properly contextualised.

The digital tax age holds enormous promise. But fairness does not emerge automatically from data and systems. It must be deliberately designed into them. A tax system that is trusted is not one that never makes mistakes, but one that explains itself, corrects itself, and treats those subject to it with transparency, dignity and respect. The future of tax may be digital, but trust is still built the old fashioned way.

Navigating VAT/ Customs Compliance and Disputes in the Digital Era

Opportunities, Challenges, and Practical Strategies



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With the advent of the digital era, South Africa is experiencing a profound transformation in tax administration. The digital era is no longer a distant vision, it is the present reality, reshaping the way VAT/ customs compliance and disputes are managed, monitored, and enforced. The South African Revenue Service's (SARS) Strategic Plan for 2025/26–2029/30, coupled with global advances in artificial intelligence (AI) and automation, signals a decisive shift i.e. tax compliance (including VAT/ Customs compliance) is becoming a real-time, data-driven process, demanding new and proactive approaches from taxpayers, advisors and related stakeholders.

The digital transformation of VAT and Customs compliance

SARS' modernisation journey (SARS modernisation 3.0) has entered a new phase anchored in advanced data science, AI, and seamless digital platforms. According to SARS' Strategic Plan

2025/26–2029/30, the forthcoming VAT modernisation project, including the introduction of e-invoicing and the ability to access and use third party information, will assist with monitoring taxpayer compliance and will enable SARS to access transactional data in near real time. This is not just an upgrade of existing systems. It is a fundamental redesign of how taxpayers relook at their controls and processing moving towards automation.

E-invoicing refers to the electronic generation, exchange, and storage of invoices in a standardised digital format, allowing for seamless, real-time transmission of transactional data directly to SARS. This means digital invoices, validated VAT numbers, and automated data flows will be transmitted from business accounting systems to SARS, enabling faster verification cycles, fewer documentation requests, and a more predictable compliance environment for those whose systems are prepared. The implications are significant in that

compliance will be tested at the point of data creation, not just at the return submission stage. Every invoice, credit note, and adjustment must be accurate from the outset, as SARS will have visibility of business activity before VAT returns are even filed. With SARS having access to taxpayer data at a granular level there will be increased scrutiny of the processing of accurate tax (VAT) data by taxpayers. Further, SARS will be able to validate procurement data translating into input tax claims with supplier data and output tax payments, thereby assisting in combatting VAT fraud and addressing the tax compliance gap. This is in support of the findings from the 2025 Tax Transformation Trends analysis conducted by Deloitte (Deloitte Tax Trends Analysis), which indicated that tax authorities globally are increasing their demands for more comprehensive, real-time tax data, which is driving businesses to enhance their data management and compliance processes.

This digital transformation is equally reshaping customs compliance. SARS is leveraging the same advances in data science and AI to modernise its customs and excise administration, with a focus on real-time monitoring of cross-border transactions, automated risk profiling, and enhanced detection of non-compliance (such as the undervaluation of goods) or illicit trade. By integrating digital platforms across both VAT and customs operations, SARS can now verify the accuracy of import and export declarations more efficiently, streamline clearance processes, and reduce opportunities for fraud or misclassification. These enhancements also facilitate better collaboration with other government agencies and international partners, supporting legitimate trade while protecting revenue from duties and borders.

The above approaches are not unique to South Africa. Countries such as Chile have demonstrated how digital VAT monitoring can systematically reduce the tax gap,

using real-time data to close loopholes, reduce non-compliance and build a culture of voluntary compliance without raising tax rates. For South Africa, the goal is clear as outlined in SARS' Strategic Plan 2025/26–2029/30: close the multi-billion Rand tax gap, enhance voluntary compliance, and build a tax system where “tax just happens.”

Challenges in the evolving digital tax landscape

As with any period of transformation, the digital era brings its own set of challenges that taxpayers and practitioners must navigate thoughtfully. The very technologies that promise efficiency and transparency also bring heightened scrutiny and a faster pace of engagement with SARS. Companies/ taxpayers are finding that queries from the revenue authority are becoming more frequent and detailed.

While some organisations have made strides in digital transformation, many still rely on manual processes or fragmented legacy systems that are ill-suited to a real-time, data-driven environment. Spreadsheets, once the mainstay of tax compliance, now reveal their limitations, lacking the controls and audit trails necessary for today's digital demands.

Additionally, in the past, businesses often had the luxury of time to identify and correct errors in their tax data, sometimes even after submitting returns. Going forward, however, with SARS' real-time access to transactional data and automated compliance checks, mistakes will be detected by SARS faster. This leaves

organisations with far less time to address and resolve issues before they attract scrutiny from SARS or penalties, making accuracy and timely remediation more critical than ever.

Moreover, adapting to this new landscape also requires investment in people. According to the Deloitte Tax Trends Analysis, specialist AI and data analytics skills are now among the most needed competencies for tax teams, reflecting the shift towards handling increasingly detailed and complex tax information. Therefore, upskilling existing teams will be essential to keep pace in the era of where there is a demand for skills in AI, data analytics, and digital tax management is growing rapidly.

Opportunities for taxpayers

As e-invoicing and real-time data become embedded in South Africa's tax landscape, a host of new opportunities emerges for those willing to embrace digital transformation. Automation and AI are no longer abstract concepts. Rather, they are practical tools that can transform the way businesses approach VAT/ customs compliance. According to the Deloitte Tax Trends Analysis, leading tax functions are prioritising automation and AI to manage the growing complexity and volume of highly specific tax data, freeing up resources for more strategic activities, including planning for growth or managing risk in a rapidly changing regulatory landscape.

With real-time analytics and integrated data systems, businesses will be able to identify potential compliance gaps or anomalies almost as soon as they arise. This

proactive approach means that queries from SARS can be addressed before they escalate into costly disputes or penalties, ultimately fostering a culture of continuous improvement. Enhanced record-keeping, made possible by automated systems, also ensures that every transaction is traceable and substantiated.

Perhaps most importantly, digital transformation elevates the role of tax within an organisation. No longer relegated to the back office, tax becomes a strategic lever that can drive decision-making and add real value to the business. When tax is integrated into broader business processes and supported by robust technology, organisations are better equipped to navigate complexity, anticipate regulatory changes, and maintain a trusted relationship with SARS and other stakeholders. In this new era, those who are prepared to adapt will find themselves not only compliant, but also more agile and competitive.

Practical strategies for readiness

To succeed in this evolving and complex landscape, with increased engagement between SARS and taxpayers, taxpayers should consider a holistic, strategic approach to adapt to the new demands:

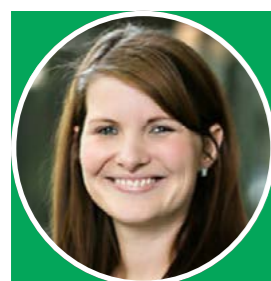
- **Invest in digital and analytical skills** within tax teams to ensure the processing of tax data correctly in the first instance, whilst remaining agile as technology and regulations evolve.
- **Maintain clear, comprehensive documentation** to ensure transactions are underpinned by high-quality, tax-sensitised data and robust internal controls.

- **Foster collaboration between tax, finance, IT and other relevant departments** to ensure that technology investments align with both business and compliance needs.
- **Engage proactively with SARS** during verification processes/ queries and disputes to resolve issues efficiently and demonstrate a commitment to good governance.
- **Partner with experienced tax advisors to access the latest tools, insights, and best practices.** This will assist with empowering organisations to anticipate challenges, respond confidently to SARS' digital initiatives, and safeguard their interests.

Conclusion

SARS' vision is to create a smart, modern tax administration that fosters voluntary compliance, enhances taxpayer experience, and maximises long-term sustainability. For companies/ taxpayers, this means that tax compliance must be embedded in core operations, supported by robust technology, and underpinned by a culture of continuous improvement. By embracing digital transformation and leveraging expert advice, companies/ taxpayers can turn the challenges of the digital era into opportunities for growth, resilience, and long-term success.

The Digital Transformation of Tax Administration



Prof. Carika Keulder
WITS School of Law

The OECD's Tax Administration 3.0: The Digital Transformation of Tax Administration discussion paper envisions digital transformation where taxation processes become integrated into taxpayers' daily lives through compliance-by-design, thereby reducing the compliance burden for taxpayers and the cost for revenue authorities to administer the processes. Taxpayers would be able to access their tax information in real time through digital platforms, providing convenience and fostering tax certainty. SARS also recognises the advantages of technology in tax administration, as can be seen from its investment in modernising its systems and its strategic objectives.

Despite the potential benefits of technological advancements in tax administration, the 2020 case of [Nederlands Juristen Comité voor de Mensenrechten et al. v. The Netherlands](#) serves as a cautionary tale. The dispute concerned the Dutch System Risk Indication (SyRI), an algorithmic tool used by the tax administration to identify individuals at increased risk of

welfare fraud. SyRI was deployed exclusively in neighbourhoods characterised by poverty, unemployment, crime and high welfare dependence — areas that also had a high concentration of foreign residents. The Court of The Hague prohibited the use of SyRI on the basis that it lacked adequate safeguards and failed to respect the rights to privacy and non-discrimination. The court also highlighted the importance of tax administration acting in a transparent and accountable manner.

In the South African context, when SARS collects, stores and use information on the e-Filing platform, the Protection of Personal Information Act 4 of 2013 (POPIA) stipulates that it must “secure the integrity and confidentiality of personal information in its possession or under its control by taking appropriate, reasonable technical and organisational measures to prevent”... “unlawful access to” personal information. To achieve this SARS must take reasonable steps to identify reasonably foreseeable internal and external risks to the personal information it holds or controls, implement appropriate safeguards to address these risks, regularly assess the effectiveness of those safeguards, and continuously update them as new risks or weaknesses arise. The ongoing e-Filing profile hacking does prompt the question as to whether SARS has in fact the appropriate safeguards in place. Apart from the fact that a failure to have

these safeguards in place would be contrary POPIA, which is legislation specifically enacted to give effect the constitutional right of privacy, it could also negatively impact on taxpayers' trust and confidence in SARS.

Indeed, an important measure for fostering trust and confidence lies in SARS adhering to legislation, as required by the rule of law. Moreover, when SARS complies with legislation, it fulfils its constitutional mandate in terms of section 195 of the Constitution of the Republic of South Africa, 1996 (Constitution) to act in a transparent and accountable manner. Unfortunately, cases such as [SIP Project Managers \(Pty\) Ltd v CSARS 82 SATC 306 \(29 April 2020\)](#) and [WPD Fleetmas CC v CSARS \(case no 31339 2020 \(19-08-2020\) \(GNP\)](#) illustrate deficiencies in this regard. In both matters, the taxpayers did not receive the final letter of demand on their e-Filing profile; such notice required as per section 179(5) of the Tax Administration Act (TAA), due to system glitches. However, instead of SARS investigating the issue upon being alerted by the taxpayers and withdrawing the defective third-party appointment notices, the taxpayers were compelled to institute legal proceedings to have the appointments declared invalid. The legal costs incurred by these respective taxpayers in pursuing these proceedings, together with the public funds used to cover SARS's litigation costs, do little

to instil trust and confidence in SARS.

In the wake of state capture at SARS, it is essential that the institution actively works to restore public trust. The legislative framework with which SARS must comply should therefore remain central both before the implementation of new technological systems and throughout their ongoing use. Furthermore, SARS must remain responsive to problems that may arise, such as system glitches resulting in required notices not being served or the unauthorised access to taxpayer information by hackers.

While the use of technology should by no means be discouraged, it is crucial that SARS remains accountable for its duty to administer the tax Acts effectively and efficiently. In this regard, technology should function as a tool to support SARS's mandate and should never result in the institution becoming a faceless entity.



DIGITAL TRANSFORMATION IN CROSS-BORDER TAX: Ensuring Fairness and Transparency



Azwinndini Manenzhe

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Cross-border tax has long been characterised by technical complexity and jurisdictional fragmentation. The digital era has fundamentally reshaped this landscape by introducing both heightened compliance challenges and unprecedented opportunities. As tax authorities across the world have modernised their tax administration processes and information flows have accelerated, concepts such as fairness, accountability and transparency are no longer abstract principles; they are operational essentials that serve as the foundation on how taxpayers, advisers and fiduciaries engage across borders¹.

From a South African perspective, this transformation is particularly evident in the manner in which the South African Revenue Service (“SARS”) has made use of enhanced analytics, automated risk profiling and the systematic use of third party data². SARS

is now positioned to review cross-border arrangements on a continuous and proactive basis rather than through periodic or reactive audits. This has made it clear that data-driven compliance is no longer a future aspiration but a present-day reality.

SARS has further confirmed its increasing use of artificial intelligence and machine-learning tools to identify discrepancies, offshore income flows and prioritise audit risk. These tools enable SARS to cross-reference disclosures against multiple third-party datasets (including the Automatic Exchange of Information (“AEOI”), which further includes the Common Reporting Standards (“CRS”) and the Foreign Account Tax Compliance Act (“FATCA”)) with increasingly automated matching and risk scoring.

Fairness in an Environment of Uneven Digital Maturity

A fundamental challenge often faced with digitalised tax administration by various tax authorities lies in maintaining fairness amid uneven levels of digital readiness across taxpayers and institutions³. Multinationals often operate sophisticated compliance

infrastructures supported by real-time reporting and integrated data systems, while smaller cross-border investors, family offices and trusts frequently rely on manual, fragmented or legacy manual processes.

This disparity is further illustrated within South Africa’s broader regulatory ecosystem. For example, the Office of the Master of the High Court is progressing with the digitisation of its administration process through active online systems, though manual legacy constraints persist in trust registrations, recording trust deed amendments, and updating trustee information⁴. These legacy constraints often contribute to administrative backlogs and create practical difficulties for fiduciaries attempting to maintain accurate and current records, amidst heightened compliance expectations from SARS⁵.

This imbalance, particularly in South Africa between the Master of the High Court’s digitalisation progress and SARS’s digital readiness raises a fundamental fairness question: can uniform compliance obligations

be reasonably imposed on taxpayers and fiduciaries operating with materially different technological capabilities? In practice, tax advisers and fiduciaries increasingly act as intermediaries bridging the gap between complex digital reporting obligations and the realities faced by clients, while ensuring that structures remain legally sound and defensible under regulatory scrutiny by both the Master of the High Court and SARS.

In the South African context, this is particularly acute for offshore trusts, outbound investments and individuals holding foreign assets. Many taxpayers underestimate the extent to which information is exchanged between tax authorities under the international standards for AEOI, which include both FATCA and the CRS frameworks⁶.

The Foreign Account Tax Compliance Act and Its Application in the Digital Era

FATCA, introduced by the United States (“US”) in 2010 to boost tax compliance among US citizens with foreign assets, relies on model intergovernmental agreements

1 SARS (2026). FATCA and CRS. <https://www.sars.gov.za/businesses-and-employers/third-party-data/fatca-and-crs/>.

2 SARS (2021). SARS uncovers non-compliance through data-driven risk detection. <https://www.sars.gov.za/media-release/sars-uncovers-non-compliance-through-data-driven-risk-detection/>

3 Bassey, E. Mulligan, E. Ojo, A. (2022). A conceptual framework for digital tax administration - A

systematic review. Government Information Quarterly. Volume 39, Issue 4.

4 Department of Justice and Constitutional Development (2026). ICMS Web Portal and Online Systems. <https://justice.gov.za/master/icms.html>

5 The Daily Maverick (2025). Master of the High Court digitisation plan shows progress, but hurdles remain. <https://www.dailymaverick.co.za/article/2025-08-18-master-of-high-court-digitisation-shows-promise-but-hurdles-remain/>

6 SARS (2026). FATCA and CRS. <https://www.sars.gov.za/businesses-and-employers/third-party-data/fatca-and-crs/>



(“IGA”) that require foreign financial institutions to identify US account holders and report relevant information to local tax authorities, which in turn share it with the Internal Revenue Service.

South Africa has signed an IGA with the US, the US and SA IGA obliges SA financial institutions to report US-reportable accounts to SARS, with exchanges taking place since 2015. In the digital era FATCA depends on secure electronic data transfers to enhance cross-border transparency while safeguarding data protection⁷.

The Common Reporting Standard and Its Application in the Digital Era

CRS, developed by the Organisation for Economic Co-operation and Development in response to G20 calls for greater transparency, is implemented by participating jurisdictions including South Africa. Under CRS, participating jurisdictions collect financial information from local financial institutions and exchange it with other jurisdictions on an annual basis.

In the digital era, CRS operates as a powerful transparency mechanism. Information relating to offshore bank accounts, investment portfolios, and certain other

information is exchanged electronically, allowing tax authorities such as SARS to verify whether foreign income and assets have been properly disclosed. Importantly, CRS reduces SARS’ reliance on voluntary disclosure with systematic, technology-enabled transparency.

For South African taxpayers, CRS means that offshore arrangements, whether held personally or through trusts or companies are no longer opaque. Digital data matching allows SARS to reconcile CRS information with local tax returns, increasing the likelihood that omissions or inconsistencies will be detected without necessarily having direct engagement from the taxpayer.

Accountability Beyond Complex Compliance

Digitalisation has redefined accountability in cross-border tax. Compliance is no longer a reactive, deadline-driven exercise; it is an ongoing obligation requiring sustained alignment between legal form, economic substance, the identification of beneficial ownership, determining effective control and reported data by institutions. For advisers, accountability often extends beyond the implementation of the advice itself.

Transparency in the Digital Era

Transparency is a cornerstone of taxpayer confidence in the digital era. Transparency serves as an anchor for digital transformation, promoting accountability and trust between tax authorities and taxpayers while supporting effective compliance.

SARS leadership has emphasised transparency as a central pillar of modern tax administration. Under the leadership of Commissioner Edward Kieswetter, SARS has prioritised data integrity, voluntary compliance and trust-based engagement, while reinforcing its enforcement capability through technology and analytics⁸. The message to taxpayers is clear: transparency and cooperation reduce risk, while opacity invites greater scrutiny.

For South African taxpayers with international footprints, transparency does not preclude legitimate tax planning. Structures should be commercially rational, internally coherent and supported by accurate, accessible, and verifiable data. When effectively leveraged, technology enables this transparency through consolidated reporting platforms, secure digital record-keeping and improved governance over cross-border arrangements.

Key Takeaway

Digital transformation and third-party reporting (including AEOI: FATCA and CRS) have increased transparency in cross-border tax and enabled more automated risk detection. For taxpayers, advisers and fiduciaries, the practical implication is that governance, documentation, underlying transactions and entity classifications matter more than ever, especially where reporting cycles (such as CRS’s annual exchanges) and local administrative capacity differ across institutions.

⁷ Ibid.

⁸ SARS (2023). Digitalisation of Tax Administrations and contemporary issues. <https://www.sars.gov.za/latest-news/digitalisation-of-tax-administrations-and-contemporary-issues/>

TAXPAYER TAT: What the test case interlocutory judgment means for ETI disputes



Joon Chong
Partner,
Webber Wentzel

The Tax Court has refused SARS's application to amend its rule 31 statement in the ETI test case that will determine the outcome of ETI disputes faced by over 400 employers. The judgment raises questions about who bears the cost when SARS causes delays.

The test case

SARS began issuing additional assessments against employers claiming the employment tax incentive (ETI) in alleged abusive schemes around July 2021. The volume of disputes led SARS to designate Taxpayer TAT (IT 46233) as a test case under section 106(6) of the Tax Administration Act (TAA). 408 other taxpayers agreed to stay their disputes and be bound by the outcome of the test case.

The appellant in the test case, a tyre manufacturer, had implemented a skills development initiative. Individuals on limited duration contracts attended classes and completed assignments at a college. The employer arranged for the individuals to provide services to a third party to gain work experience. Remuneration was paid to the college by the employer for the training of these individuals.

SARS disallowed the ETI claims on the basis that the individuals did not “work” for the appellant and were not “remunerated” by the appellant as required by the ETI Act.

The amendment that failed

In February 2025, SARS sought to amend its rule 31 statement to introduce new legal arguments. SARS proposed to interpret “work” with reference to the Occupational Health and Safety Act (OHSA). SARS also sought to argue that payment of tuition to the college did not constitute “remuneration”.

Judge Mali refused the amendment in the interlocutory judgement handed down on 14 October 2025. The court held that the SARS proposed amendments constituted a novation of SARS's case – precisely what rule 31(3) of the Tax Court Rules prohibits.

It is submitted that the reasoning in the judgment is sound. The ETI Act is transformation legislation designed to incentivise employment of young work seekers. The OHSA is health and safety legislation concerned with protecting persons against workplace hazards. The policy rationale, protected interests, and regulatory context of these statutes are entirely distinct. To import OHSA's definition of “work” into the ETI Act would overlay the incentive with occupational health concepts the Legislature never contemplated.





When the Legislature wished to clarify ETI requirements, it did so expressly through amendments to the ETI Act in 2018 and 2022 and not by incorporation of definitions from unrelated statutes.

The court further emphasised the test case dimension. The 408 bound employers had agreed to be bound based on the originally pleaded case. They had not been given notice of the new statutory provisions. The court stated it would be “*fundamentally unfair, not in the interest of administration of justice and potentially unconstitutional*” to bind those taxpayers to an outcome based on grounds they had no opportunity to address.

The court further noted that a lot of time was lost due to SARS’ tardiness and ordered SARS to pay costs on scale C, B, and A for three counsel.

The delay problem

The test case was initially set down for May 2024 but did not proceed due to delays by SARS. The rescheduled April 2025 hearing dates were used for the interlocutory application hearing rather than on the merits.

If SARS appeals the interlocutory judgment, further delays will follow. The hearing on the merits can only occur after the interlocutory dispute is finalised and the process for the hearing on the merits can begin. This

means that hearing on the merits could only occur perhaps in 2027 (if SARS appeals). This would then be six years after the first additional assessments on the alleged schemes were issued by SARS around July 2021.

Interest accrues under section 187 of the TAA from the effective date until the debt is fully paid. For PAYE, the effective date is the 7th of the month following the month when remuneration was paid. Employers in stayed disputes continue to accrue interest liability even though SARS caused the delays.

Section 187(6) limits SARS’s discretion to remit interest to circumstances involving disaster, civil disturbance, serious illness, or matters beyond the taxpayer’s control. Whether SARS’s delays or systemic backlogs qualify as circumstances beyond the taxpayer’s control remains untested.

The human cost

The financial impact of the ETI disputes has been severe. Many employers now face mounting tax debts comprising disallowed ETI claims, 10% penalties, and years of accumulated interest. Some face exposures threatening the going concern of their businesses.

There are employers who participated in these schemes in good faith, often to support B-BBEE purposes and to contribute to policy

initiatives to reduce youth unemployment. The President’s YES Initiative itself supported placements at host employers where sponsoring employers could not generate sufficient positions internally.

SARS has always accepted these individuals as “employees” for UIF contributions and skills development levies. It has not accepted them as “employees” for ETI purposes in these ETI disputes.

These employers relied on service providers who marketed compliant structures which was supported by tax opinions. In many instances, those service providers failed to implement their legal obligations under service agreements. The employers now bear the full weight of disallowed claims with limited recourse against the service providers.

There also appears to be an interpretation shift since 2016 when SARS accepted that labour brokers could claim ETI even though the individuals worked at the premises of clients and not “directly” for the labour broker.

The pending test case also means that SARS’s position for settlement is very limited, leaving employers unable to finalise or progress their disputes independently.

Administrative justice and achievement of policy

Section 195 of the Constitution requires public administration to be accountable, efficient, and development oriented. The Promotion of Administrative Justice Act gives effect to the right to administrative action that is lawful, reasonable, and procedurally fair.

Where dispute resolution is delayed for years through no fault of the taxpayer and interest accumulates throughout, questions arise whether these imperatives are being met. The Tax Ombud’s findings on systemic non-compliance with dispute resolution timeframes add weight to these concerns.

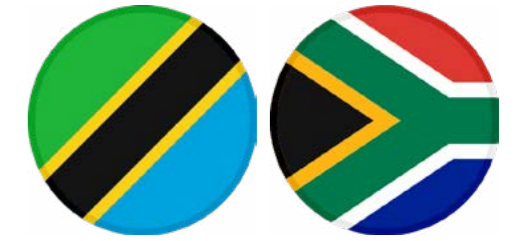
Good faith employers are entitled to expect that if they are ultimately found non-compliant, the consequences will be proportionate to their culpability – not inflated by years of interest arising from an overburdened system they did not create and delays caused by SARS.

This prolonged uncertainty and continued accrual of interest liabilities is incompatible with the constitutional imperatives of accountable and efficient public administration.

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Building stronger Tax Ombud institutions through regional collaboration



The OTO recently hosted a delegation from the Tax Ombudsman Service Tanzania (TOST) for a strategic benchmarking engagement, reinforcing regional cooperation in promoting fair and accountable tax administration. The three day programme provided valuable insights into OTO's operational model, governance frameworks, stakeholder engagement, and taxpayer awareness initiatives.

The visit also included engagements with SARS, the Office of the Public Protector, ATAF, and Recognised Controlling Bodies, reflecting a shared commitment to strengthening tax justice and public trust across the region. Concluding the engagement, TOST described OTO as a continental reference point for emerging Ombud institutions and reaffirmed the value of continued collaboration.

▲ Delegations from the Tax Ombudsman Service Tanzania, OTO management, and members of the Recognised Controlling Bodies.

Highlights from the visit of the Tax Ombudsman Service Tanzania



Ms Yanga Mputa, Tax Ombud of South Africa, with Mr Erastus Viecent Mtui, Tax Ombud of Tanzania.



The delegations from OTO and TOST at the Office of the Public Protector.



The Tanzanian delegation visiting the ATAF offices.

OUTREACH IN KIMBERLEY

Bringing Taxpayer Support Closer to Communities

From 5 to 7 March, the Office of the Tax Ombud (OTO) spent time on the ground in Kimberley, connecting directly with taxpayers and businesses across the city. For many residents, this marked their first opportunity to engage face to face with the OTO and learn about the support available when tax challenges arise. Historically, the province has recorded fewer complaints, not because issues do not exist, but largely due to limited awareness of the OTO's services. This outreach sought to address that gap by meeting communities where they are and making information more accessible. oversight institutions across Africa.

Working alongside SARS, and with the support of Civil Society Unmuted Coalition South Africa (CSUCSA), the Small Enterprise Development and Finance Agency (SEDA), and other partners, the outreach focused on empowering taxpayers with practical, relevant information.

Taxpayers welcomed the opportunity to ask questions, share concerns, and gain a clearer understanding of their rights and available options. Throughout the engagements, there was a strong sense of curiosity, openness, and collaboration from the Kimberley community.

The outreach commenced with a business breakfast, which brought together tax practitioners and business leaders for open discussions on common challenges,

compliance requirements, and dispute resolution mechanisms. The session created a safe space for dialogue and contributed to building trust between public institutions and the business community.

Community engagement continued with a vibrant activation at the Diamond Pavilion Mall, where the team interacted with members of the public throughout the day. Shoppers stopped to ask questions, seek clarity on tax matters, and learn about the complaints process as well as how to comply with SARS requirements. These one on one interactions reinforced the importance of accessible, human centred taxpayer support.

To ensure the outreach extended beyond the city centre, the OTO partnered with the Government Communication and Information System (GCIS) to engage residents through Thokomelo Thusong Centres in Galeshewe. This collaboration enabled the team to reach underserved communities, ensuring that critical information was shared with individuals who may not otherwise have access to it.

Above all, the outreach was about listening. Through direct engagement with taxpayers, the team gained valuable insights into the real challenges people face and the support they require. The feedback gathered will inform future outreach initiatives and further strengthen the OTO's commitment to fairness, accessibility, and responsive service.

Highlights from the Business breakfast





Stakeholders shared the following feedback:

“My colleague and I had never heard of the Office of the Tax Ombud before today. I know many colleagues at my workplace who are experiencing tax challenges and are not receiving assistance from SARS. I will share the pamphlets with them so they can get in touch with your office. The information shared during the session has been extremely helpful. I will also provide feedback to my manager at the Municipality, who insisted we attend the session, about the services offered by the OTO.”

Keorapatse, Francis Baard District Municipality

“I was pleased to learn about the valuable information and services offered by the Office of the Tax Ombud, which I believe would greatly benefit the National Lottery Commission. This session was truly an eye opener, and it would be worthwhile to explore opportunities for collaboration with the OTO. It is important for our stakeholders to know that the OTO is available should they encounter any challenges with SARS.”

Tshepo Setsetse, National Lottery Commission

Diamond Pavilion Mall Activation



Taxpayers welcomed the initiative and shared the following feedback:

“Upon my arrival, the staff welcomed me warmly, verified my identification, and guided me through the entire process. The service was well organised, and I quickly felt at ease as they assisted me in completing my tax return in person, answering my questions and ensuring that I understood each step. When I needed further clarification, the agent took the time to explain everything clearly and even assisted me with printing a statement. Thank you, SARS.”

Thelma L., Taxpayer

“The SARS official immediately put me at ease. She assisted me in setting up a payment plan and explained everything clearly. This took a great deal of stress off my shoulders, and I walked away knowing exactly what I needed to do.”

Basil T., Businessman

“I found the experience highly efficient. The staff were professional and friendly throughout, assisting me with a client matter. The issue was resolved very quickly, and I am extremely satisfied with the service.”

Anika W., Tax Practitioner

“Now that I am aware of the services offered by the Office of the Tax Ombud, we will make use of these services when our clients experience issues with SARS that are not being resolved or are taking too long to finalise. I am glad I visited the mall today otherwise I would have missed this opportunity.”

**Nadio Bower,
Senior Accountant at Risen Advisory**

“I have had a tax complaint with SARS for a very long time that could not be resolved. I am looking forward to a favourable outcome, as I have struggled a lot with this matter.”

Kurt, Taxpayer





OTO engages entrepreneurs at the 2026 Proudly South African Buy Local Summit & Expo



The Office of the Tax Ombud (OTO) participated in the 2026 Proudly South African Buy Local Summit & Expo, held on 16 and 17 March 2026 at the Sandton Convention Centre. Team OTO exhibited alongside key public and private sector stakeholders, providing direct access to information and support for entrepreneurs and members of the public.

The Summit presented an important platform for OTO to engage directly with entrepreneurs, small business owners, and the broader public. Through these interactions, OTO raised awareness of its free, independent, and impartial

services, which are aimed at resolving tax-related complaints involving the South African Revenue Service (SARS).

Entrepreneurs welcomed the presence of both SARS and the OTO, expressing appreciation for having accessible support, accountability mechanisms, and protection within the tax system. The engagement reinforced OTO's commitment to supporting local businesses by promoting fairness, transparency, and confidence in tax administration.

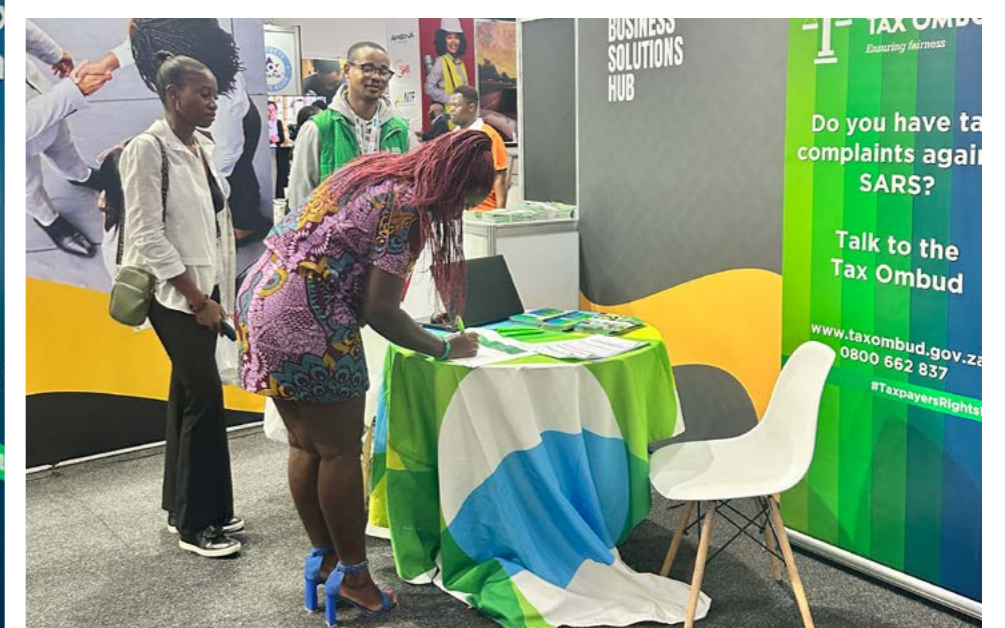
Entrepreneurs' perspectives on the presence of OTO and SARS

Entrepreneurs at the Proudly South African Buy Local Summit expressed appreciation for the presence of the OTO and the SARS, noting the value of direct access to guidance and support.

Below are comments from entrepreneurs:

"We are excited, as South African youth, to see the Office of the Tax Ombud here at the Proudly South African Buy Local Summit, because entrepreneurs need awareness and a better understanding of the free services offered to support the day-to-day running of their businesses."

"I am happy to see SARS and the Tax Ombud here. Thank you for taking care of us as entrepreneurs. We now know where to turn when we feel we are treated unfairly by SARS."





OTO, Deloitte & SARS Collaboration: Navigating VAT & Customs Compliance and Disputes

The OTO joined Deloitte Africa and the South African Revenue Service (SARS) on 22 January 2026 at the Deloitte Offices in Midrand for a high-level panel discussion on navigating VAT and customs compliance and managing tax disputes.

The session provided valuable insights into current challenges and practical approaches within the tax environment and underscored the importance of collaboration among key stakeholders.

The discussion was expertly facilitated by Ms Jadyne Devnarin, Senior Associate Director and Co Lead for Tax Dispute Resolution at Deloitte Africa, whose guidance ensured a robust and engaging exchange of perspectives

The panel discussion featured a distinguished group of experts, including Bernard Mofokeng, Senior Associate Director, Tax Dispute Resolution Co-Lead Deloitte; Patria Jones, Lead: Customs Product and Manager Processes, South African Revenue Services (SARS); Fundiswa Ngqeleni, Senior Manager: Operations; Steverus Smuts, Partner, Indirect Tax (VAT) Africa Tax & Legal, Deloitte Africa, and Caroline Rheeder, Associate Director, Indirect Tax (Customs) Africa Tax & Legal.

Together, the panellists unpacked the increasing complexity of South Africa's tax environment. With regulatory requirements evolving at pace, businesses face increasing pressure to remain compliant while effectively mitigating tax-related risks. The discussion emphasised that navigating VAT, customs regulations, and disputes with SARS requires both deep technical expertise and strategic foresight.

Representing the OTO during the panel discussion, Fundiswa Ngqeleni, Senior Manager: Operations, reminded stakeholders that compliance extends beyond an administrative obligation and it is a strategic advantage. She emphasised that when tax is treated as a core organisational function, businesses are better positioned to anticipate challenges, minimise disputes, and build a strong and sustainable compliance foundation. "When tax is treated as a core function, organisations stay ahead of disputes and build a solid compliance foundation," she noted.

The seminar served as an important platform for collaboration, knowledge-sharing, and strengthening partnerships aimed at helping taxpayers and businesses navigate an increasingly demanding compliance landscape.

Most Common Queries at the OTO: What Taxpayers Need to Know

Every year, the OTO receives thousands of complaints from taxpayers experiencing challenges with the SARS. While each case is unique, certain issues arise repeatedly. Understanding these common concerns can help taxpayers navigate the system more effectively and know when to seek assistance.

Below are some of the most frequent queries received by the OTO, along with practical examples:

1. Duplicate Tax Numbers

One of the most common issues is the creation of more than one tax reference number for a single taxpayer. This often happens when a taxpayer registers more than once, sometimes unknowingly through an employer or tax practitioner.

Example:

A taxpayer changes jobs and their new employer registers them for tax again. As a result, SARS creates a second tax number. This leads to confusion, because the taxpayer's records are split across two profiles.

What to do:

Taxpayers should request SARS to merge the duplicate profiles. If delays or complications arise, the OTO can intervene to ensure the matter is resolved fairly and efficiently.

2. Delays in Paying Refunds

Refund delays remain one of the most frustrating experiences for taxpayers, especially when funds are needed urgently.

Example:

A taxpayer submits their return and is due a refund. However, SARS flags the return for verification. Weeks or months pass without resolution, leaving the taxpayer without clarity on when payment will be made.

What to do:

While verification is a necessary control, it should not result in unreasonable delays. Taxpayers should ensure all requested documents are submitted promptly. If delays persist beyond normal timeframes, the OTO can assist in following up and resolving the matter. If delays or complications arise, the OTO can intervene to ensure the matter is resolved fairly and efficiently.

3. Third Party Appointment by SARS

In some cases, SARS may appoint a third party (such as a bank or employer) to collect outstanding tax debt on its behalf. This can come as a shock to taxpayers, particularly if they were unaware of the debt or in the process of resolving it.

Example:

A taxpayer notices that funds have been deducted directly from their bank account without prior warning. Upon inquiry, they discover that SARS issued a third-party appointment to recover outstanding taxes.

What to do:

SARS is required to follow due process before issuing such appointments. If a taxpayer believes the process was not followed correctly, or if they were not given an opportunity to make arrangements, the OTO can investigate the matter.

4. Delays in Finalising Fraud Cases

Fraud-related cases, including those linked to identity theft and hijacked profiles are increasing and take time to resolve, because they are complex leaving taxpayers in a state of uncertainty.

Example:

A taxpayer reports fraudulent activity on their profile, but months pass without finalisation. As a result, they are unable to submit accurate returns or receive legitimate refunds.

What to do:

While investigations must be thorough, they should not be unreasonably delayed. The OTO can assist in ensuring that cases are actively progressed and that taxpayers are kept informed.

When Should You Approach the OTO?

The OTO is here to ensure that taxpayers are treated fairly. However, taxpayers must first attempt to resolve their complaints directly with SARS.

You may approach the OTO if:

- You have exhausted SARS's complaint resolution mechanisms, and
- You are experiencing delays, administrative issues, or unfair treatment.



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