

## AN IMPORTANT MESSAGE FROM SARS

Tax Season 2008 was a bold and ambitious plan to radically improve the South African income tax system both for taxpayers and for SARS. A crucial role was given to employers who must provide accurate and complete information in time in order for the whole process to work effectively.

The first part of Tax Season 2008, from 1 July to 29 August, was for employers to submit their PAYE declarations and employee tax certificates (like an IRP5) to SARS to verify the tax deducted from employees and paid over to SARS during the 2008 tax year. The second part, starting on 1 September, is when individual taxpayers must complete and submit their income tax returns. The linking of these two processes will allow SARS to use information supplied by employers to "pre-populate" or fill in the income tax returns of taxpayers. This will place us among the leading countries in the world!

However, pre-populating employees' income tax returns requires three key things:

- Accurate information about the tax and deductions of employees
- Up-to-date personal information on certificates so we can match them to taxpayers
- The provision of this information before taxpayers request their returns

We appreciate that this new process has also required great change for businesses, taxpayers, tax practitioners and our own staff! With the end of the Tax Season for Employers on Friday, SARS would like to report back to our stakeholders on progress.

### SO HOW DID THE TAX SEASON FOR EMPLOYERS GO?

#### A record number of submissions!

By the end of Friday's deadline, more than 130 000 employers had complied and submitted more than 10 million employee tax certificates! To put this in perspective, that is 20% more in two months than we received during the whole of 2007! Especially encouraging has been the adoption of the free e@syFile software with over 80% of submissions being electronically submitted!

This reflects a new level of compliance and partnership between SARS and employers and we are very grateful for the tremendous support we have received from businesses, payroll companies and practitioners for our first PAYE tax season!

A special word of thanks to our colleagues in government – the largest employer in South Africa – who have met their obligations on time to allow over 1.1 million public servants to enjoy the benefits of pre-population!

#### The challenge of meeting the deadline

The new process and software introduced this year has required substantial change for businesses, payroll administrators and practitioners (and ourselves)! Businesses have gone to great lengths to comply and many, smaller businesses especially, have struggled to meet their obligations on time.

As a result a number of businesses, some business organisations and tax practitioners who want to comply have asked for more time.

**We have therefore decided to extend the deadline for submission of PAYE reconciliation declarations (EMP501) and employee tax certificates by two weeks to Friday 12 September 2008.**

#### The challenge of providing accurate information

A second challenge faced by both businesses and SARS is accuracy of information.

Some tax certificates we have received do not contain a tax reference number or have a different ID number or name to those on our records. Others show no records at all.

Before we can fill in your tax return we need to be 100% confident that the information is correct!

**We are working with employers, the Department of Home Affairs and other sources to clean-up the data but this process will take time.**

### SO WHAT DOES THIS MEAN FOR INDIVIDUALS?

#### Request your manual customised return from tomorrow

The first step in the process for taxpayers this year is to request a "customised" return which only contains those income and deduction sections relevant to their tax affairs. From tomorrow (1 September) taxpayers choosing to file a manual (paper) return will be able to request their returns by:

- Posting back the Income Tax Return Request (ITRR) form mailed to taxpayers last week
- Calling our new toll-free call centre number 0800 00 SARS (7277) where you can follow the voice prompts in six official languages (Afrikaans, English, isiZulu, Setswana, Tshivenda and Xitsonga)

#### Request returns electronically from 15 September

The extension to employers and the information verification is impacting on our ability to provide pre-populated returns electronically over the next two weeks.

**This means taxpayers will only be able to request and submit their returns via eFiling and SARS branches from 15 September 2008. (But remember you get until 23 January 2009 to submit your returns if you eFile!)**

#### Receiving your return

Once we have received your request for a return, SARS will check whether we have accurate tax certificate information to pre-populate on your return.

1. Where we do, you will receive a return containing your tax certificate information via mail (manual option) or instantly via eFiling (after 15 September).
2. Where your employer has not yet provided your certificate, you can:
  - A. Wait for your employer: Check with your HR division about when they submit your certificate. If they still haven't submitted by 1 November, visit SARS to discuss your situation.
  - B. Complete a blank return via eFiling or at a branch: You can submit a blank return but remember that without a tax certificate from your employer, SARS will need to check your certificate. So you will need to bring your supporting documents – and the processing of your return could be delayed.
3. Where we are unable to match a tax certificate to you with 100% accuracy, you can:
  - A. Visit a branch with your supporting documents and we will correct it on our system
  - B. Contact the SARS Call Centre on 0800 00 SARS with your IRP5/IT3(a) at hand and we will correct it

## TOGETHER, MAKING A DIFFERENCE

We will go the extra mile to help employers, taxpayers and practitioners to meet their obligations and overcome the challenges that the changes introduced this year have presented to all of us. While the changes have required adaptation, the feedback received from employers has been very encouraging and we know we are on the right track! It will take a few years to get into a smooth rhythm of linking employers' and employees' tax seasons. Other countries such as New Zealand, Sweden and Chile, in whose steps we are following, took 3 to 5 years to get it 100% right! But the rewards are worth it: a simpler, better income tax system for generations to come.

In your copy of this newspaper, you will find a guide to the six simple steps to meeting your income tax obligations this year. Please read it and make sure you know what you need to do this year to work together with SARS to make a difference in our country.