



MEMBER ALERT

TECHNICAL CORNER

27 JANUARY 2021

SAIT receives a variety of queries via its Tax Helpline. In order to assist members, we list here technical challenges reported by members, mainly concerning the filing of tax returns.

Updates indicated in red.

Income Tax Return for Individuals (ITR12)	Issue
CGT – primary residence	<p>The ITR12 currently does not facilitate the declaration of CGT in respect of a primary residence, where a portion of the property was utilised for business purposes:</p> <p>Workaround:</p> <p>The overall capital gain or loss on disposal of the primary residence must be apportioned between its tainted and untainted elements. Two separate Capital Gain Tax (CGT) transactions have to be declared. One, in respect of the tainted (business), and another in respect of the untainted (residence) portion. The primary residence exclusion <u>does not</u> apply in respect of the tainted portion of the property.</p>
Foreign salary income	<p>Missing line item, foreign salary income (source code 4259), in the foreign income container of the ITR12 return.</p> <p>Practitioners are inquiring about the missing line item, foreign salary income (source code 4259), referred to in the 2020 completion guide.</p> <p>SAIT has established that the new income source code only applies from the 2021 year of assessment. It is recommended that the income should be declared as in previous years of assessment.</p> <p>Workaround: For the 2020 year of assessment, the following line item must be used to report non-taxable foreign salary income: “Amounts Received/Accrued Considered Non - Taxable:”</p> <p>The amount must be captured as ‘Other’ and the description field must also be completed. The description may for example be: “Exempt Amount in terms of s10(1)(o).”</p>
Medical aid discrepancies (1)	<p>Medical aid contributions from third-party data are not included in the SMS amount sent to the taxpayer.</p> <p>Workaround: The taxpayer must check the rebate amount and if uncertain about the medical aid contributions as per the certificate they received, they should rather edit the return and include the medical as per the normal return capture process.</p>

Income Tax Return for Individuals (ITR12)	Issue
<p>Medical aid discrepancies (2)</p>	<p>Scenario: a taxpayer with one IRP5 tax certificate with a source code 4493 (employer medical contributions) and two medical certificates. The 4493 amount is incorrectly pre-populated in both medical containers.</p> <p>If the pre-populated amounts are left unchanged, this would imply that the total medical amount (4005) is reduced by double the actual amount of 4493.</p> <p>Refer to the Weekly Tax Practice Highlights, Issue 37.</p> <p>Workaround: If the 4493 amount is duplicated, the taxpayer must delete the amount in the second medical container. It is important that the amount is not reduced to zero, but that the field is cleared.</p>
<p>Travel allowances</p>	<p>Auto assessment returns with travel allowances cannot calculate the allowance without the claim's container being completed. This data is not third-party data and is completed by the taxpayer according to logbook kept or details for company vehicle used.</p> <p>Workaround: If the taxpayer has a travel allowance, they want to claim, the 'auto-assessment' must be rejected by selecting 'edit return' and the return will populate with the defaulted field and the return can be completed as per normal including any travel claims.</p>
<p>Lump sums</p>	<p>When a taxpayer attempts to submit a 2020 ITR12 tax return for individuals and a lump sum accrued to the taxpayer during the year of assessment, the return will be rejected due to a mismatch of information between the IRP5 certificate and the tax directive with an error message containing an error code within 0020 to 0025 range (0020; 0021; 0022; 0023; 0024; 0025).</p> <p>Similarly, an error message with an error code within the 4478 to 4483 range (4478; 4479; 4480; 4481; 4482; 4483) will be presented when a tax calculation is requested.</p> <p>Workaround: Refer to a summary of the error codes issued in respect of lump sums in the Weekly Tax Practice Highlights – Week 31 August – 6 September 2020.</p>
<p>Pre-populating pre-death third party data on post-death records</p>	<p>No third-party data is pre-populated on the pre-death ITR12 return, whilst all the pre-death third party data is pre-populated on the post-death ITR12 return. As a result, the tax affairs of the estate cannot be finalised since the data can be captured on the pre-death ITR12 return, however the pre-death third-party data pre-populated on the post-death return cannot be amended or deleted.</p> <p>Unresolved: This issue has been escalated to SARS and SAIT is awaiting feedback. Members will be informed of any developments in this regard.</p>

Income Tax Return for Individuals (ITR12)	Issue
<p>Duplication of data</p>	<p>Pre- and post-death third party data are duplicated on both pre-and post-death ITR12 income tax returns.</p> <p>Unresolved: This issue has been escalated to SARS and SAIT is awaiting feedback. Members will be informed of any developments in this regard.</p>
<p>Dividends: Pre-populating foreign dividends but not the credits</p>	<p>Foreign interest and dividends are pre-populated on the ITR12, but the related foreign credits are not pre-populated.</p> <p>Workaround: The related foreign credits can be captured manually on the ITR12 return.</p>
<p>Dividends: Pre-populating dual-listed dividends under foreign dividends</p>	<p>Dual-listed dividends are captured under foreign dividends. The taxpayer cannot rectify the return.</p> <p>SARS has been notified. Members will be informed of any feedback received.</p> <p>Workaround: The taxpayer can now edit or delete the pre-populated information.</p>
<p>Interest accrued to individuals that ceased residence during the year of assessment or that accrued to non-residents and are exempt under section 10(1)(h)</p>	<p>Pre-populated local interest that accrued to non-residents but that is exempt in terms of section 10(1)(h) cannot be adjusted following the pre-populated fields are currently locked and cannot be edited or deleted.</p> <p>Workaround: The taxpayer can now edit or delete the pre-populated information and declare it as: “Amounts Considered Non-Taxable: Amounts Received/Accrued earned by a non-resident i.r.o. s10(1)(h)”.</p>
<p>Interest earned in community of property – with death or divorce during the year of assessment</p>	<p>Pre-populated local interest that accrued to a communal estate but that is impacted by death or divorce during the year of assessment, cannot be adjusted because the pre-populated fields are currently locked and cannot be edited or deleted.</p> <p>Workaround: The taxpayer can now edit or delete the pre-populated information and declare the correct interest that accrued in community of property.</p>
<p>More than 10 (ten) sources of local interest during the year of assessment</p>	<p>The ITR12 does not cater for instances where a taxpayer received local interest from more than 10 (ten) institutions during a year of assessment.</p> <p>Workaround: The taxpayer can now edit the 10th field, consolidate the additional amounts, and reflect as one net amount received or accrued from a 10th institution in the ITR12 return.</p>

Income Tax Return for Individuals (ITR12)	Issue
<p>Pre-population of interest in the case of some non-residents</p>	<p>The data cannot be amended or deleted. The interest is exempt in terms of section 10(1)h of the Income Tax Act. The exemption cannot be claimed and the data cannot be amended or deleted.</p> <p>This issue was escalated to SARS and SAIT is awaiting feedback. Members will be informed of any developments in this regard.</p> <p>Workaround: The taxpayer can now edit or delete the pre-populated information and declare it as: <i>“Amounts Considered Non-Taxable: Amounts Received/Accrued earned by a non-resident i.t.o. s10(1)(h)”</i>.</p>
<p>Withdrawals from TFI</p>	<p>Withdrawals from tax-free investments are not disclosed and it is not possible to edit this field in the return (all other information from the certificate has been captured). The field is greyed out and cannot be edited.</p> <p>Unresolved: SARS indicated that they have noted the concern and it has been addressed with Third-Party Data providers. SARS stated further that it will consider enabling the field for edit.</p>
<p>Error message: 'Filing confirmation - Your ITR12 could not be processed. Please consult with a SARS officer.'</p>	<p>This message may appear on the iPad App when the taxpayer has already begun editing the return on another channel, i.e. eFiling or MobiApp or when the auto assessment has been rejected on an iPad.</p> <p>Workaround: When you receive this error, call 0800 00 7277 or make an appointment to see a branch agent.</p>
<p>Error message: Code (0020; 0021; 0022; 0023; 0024; 0025) and a message</p>	<p>When the taxpayer submitted their ITR12 to SARS they were presented with a code (0020; 0021; 0022; 0023; 0024; 0025) and a message. Has the return been received by SARS and can they submit the supporting documents?</p> <p>Workaround: Where a return is rejected, the copy of the return will be saved on eFiling/MobiApp to enable you to edit the return. The return is therefore still outstanding. You will not be able to upload or submit supporting documents to correct the status and should contact the administrator/employer to take the appropriate corrective actions. Only once the mismatch has been remedied will you be able to submit your ITR12.</p>
<p>Error message: Message directing the taxpayer to visit the branch</p>	<p>IRP5/IT3(a) certificate not pre-populated on ITR12 income tax return. When the taxpayer manually captures the detail of the certificate, the error message directs the taxpayer to visit the local SARS branch for assistance.</p> <p>Workaround: The taxpayer must schedule an appointment to seek assistance with the manual capturing of the IRP5/IT3(a) certificate.</p>

Income Tax Return for Companies (ITR14)	Issue
Captured data lost	After completion of the return a calculation was requested. As no calculation was displayed, the return was accessed again. All the captured data was lost. It appears that the pop up message to warn you that you are running out of time was not displayed. To avoid this, captured data was regularly saved.
Customs information	When completing the questions/wizard, the last question on customs information was not displayed. On submission, the capturer was forced to respond to this question.
Income Tax Return for Trusts (ITR12T)	Issue
Returns do not open.	Unresolved: Some ITR12T income tax returns for trusts do not open when captured and saved on the eFiling system. This issue was escalated to the SARS technical team and members will be informed when feedback has been received.
Monthly Employer Declaration (EMP201 return)	Issue
SDL/UIF	Unresolved: SDL/UIF not active on return. LER taxpayer information SDL/UIF active.
Registration of Tax Practitioner	Issue
Foreigners	Unresolved: Foreigners with passport numbers only are not accommodated.
Tax Compliance Status	Issue
Tax Compliance Status	Unresolved: Outcome upon application shows “non-compliant” due to address unknown, although the RAV01 form reflects a valid address.

End.