Dear Mark

RE: REQUESTING A REVIEW OF THE DATES PERTAINING TO FILING SEASON 2020

Background

SARS Commissioner Edward Kieswetter announced the broad outline of SARS’ Filing Season 2020 during a media outreach on Tuesday, 5 May 2020. Although there have been some discussion and speculation regarding the submission and deadline dates, the following have been settled:

- **1 September to 16 November 2020:** Taxpayers who file online
- **1 September to 22 October 2020:** Taxpayers who cannot file electronically can do so at a SARS branch by appointment
- **1 September 2020 to 31 January 2021:** Provisional taxpayers who file online

From SAIT’s side, we recognise that revenue authorities internationally have shifted their efforts from post-filing assessment to pre-filing verification through the implementation of risk mitigation channels (such as the pre-reconciliation and calculations built into the IRP5 reconciliations). We appreciate SARS’ drive towards dynamically limiting the risk and additional cost stemming from accepting uncorroborated third-party financial and biographical information from taxpayers.
In Filing Season 2020, SARS continues the journey started with the launching of e@syFileTM on 16 October 2008. For this Filing Season, SARS has created a paradigm wherein the initial and primary focus is on ensuring that third parties have correctly and timeously submitted their data. It is our understanding that this primary focus has been the driving factor in the structuring of the Filing Season submission and deadline dates.

Concerns raised

In as much as SAIT is fully in support of SARS’ continued efforts at optimising revenue collection, we request that it be recognised that this paradigm shift in Filing Season 2020 requires tax practitioners and taxpayers to enter into change management process. In short, taxpayers and specifically tax practitioners have to actively shift their efforts from preparing tax returns to pre-emptive confirmation (i.e. confirming that third-party data has been correctly submitted to SARS). Moreover, since the timelines have shifted (refer to the discussion hereunder), the standard processes followed by the majority of tax practitioners preparing personal income tax returns will be severely impacted.

SAIT’s membership has accordingly raised the following concerns in respect of the timelines allowed for the submission of non-provisional personal income tax returns:

- **A shortened Filing Season**: Tax practitioners are concerned that they will not be able to submit the returns required during the time period allowed. For the 2019 Filing Season, an extended period from 1 July 2019 to 4 December 2019 was afforded. In 2020, Filing Season is essentially halved (the time period drops from 5 months to 2½ months). It is appreciated that the auto-assessment process will streamline the assessment process for many of SARS’ clients. However, tax practitioners typically deal with more the complex returns that require a lot of time input. On average, around 74% of the individual tax returns that our members prepare are not suitable for auto-assessment (refer to the statistics hereunder).

- **Time needed for change management**: Ordinarily when changes are made, additional time is required for users to accommodate and acclimatise to new processes. Primarily because it is inevitable with new systems/procedures, that time is lost due to technical and communication challenges. There are multiple new processes at play here: SARS’ paradigm shift and the introduction of auto-assessments; new third party data sources that are being used to populate tax returns; and the effect of COVID-19 on tax practitioners and SARS alike. In any instance where the third party data verification process runs over into the second phase deadline of August 2020, the time pressure on tax practitioners will only increase.
The collision course of processes and returns: The quieter month of July and the first two weeks of August were historically available to tax practitioners to push through the processes related to the filing of non-provisional tax returns. Essentially the new phased approach takes this month and a half away and launches the filing phase during the September month, which is the deadline month for third provisional tax payments. Most tax practitioners dealing with individual taxpayers, dedicate August and September to dealing with provisional filing obligations.

Survey result

Based on the unsolicited concerns raised by members, we chose to canvas our members regarding Filing Season 2020 to assess the whether the concerns were widespread. We received 1,761 responses in 24 hours. The results are as follows:

Q1: Are you aware that SARS will issue a significant number of prepopulated and auto-assessed tax returns to individual taxpayers during August 2020?
A1: 76.55% of the respondents answered “yes”.

Q2: Are you aware that individual taxpayers who have not received an auto-assessment, or who have not accepted the outcome of an auto-assessment, will only be able to start filing their tax returns from 1 September 2020?
A2: 75.71% of the respondents answered “yes”.

Q3: An auto-assessment can only take place if there are no mismatches between SARS’ data (third party financial and biographical) and the taxpayer’s data, and where there is no outstanding information, e.g. travel claims, tax deductions, claiming tax credits, etc. Based on this explanation, what percentage of individual taxpayers that you represent can realistically be auto-assessed?
A3: On average, only 26% of the individual taxpayers that the respondents represent can realistically be auto-assessed.

Q4: By what date will you be ready to submit tax returns in respect of individual taxpayers?
A4: 62.02% of the respondents would be ready to submit tax returns from 1 July 2020 onwards.
Q5: Are you in favour of or against the 1 September 2020 submission date?

A5: 74.10% of the respondents are against the 1 September 2020 submission date.

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<td>Very much in favour</td>
<td>3.58%</td>
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<td>Against</td>
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Request

In light of the concerns raised, SAIT requests that SARS reconsider the deadlines for Filing Season 2020. We specifically request SARS to:

- Allow the submission of non-provisional personal income tax returns via eFiling from 15 July 2020, and
- Provide an extension for the 2020 Filing Season, allowing submission of non-provisional personal income tax returns into December 2020.

We appreciate SARS’ consideration in this regard.

Yours sincerely,

Keith Engel
SAIT CEO