06 April 2020

Hon Minister Ebrahim Patel
THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION
77 Meintjies Road
Sunnyside
Pretoria
Gauteng
0001

Dear Honorable Minister

SECTION 12I PROGRESS REPORT – PROCESSING AND APPROVAL TIME

Progress reports in the prescribed format must, in terms of section 12I (11) of the Income Tax Act, be submitted within 12 months after the financial year covered by the report and must be submitted annually thereafter until the end of the compliance period as prescribe in the 12I regulations.

The South African Institute of Tax Professionals (SAIT) is a regulated controlling body in terms of the Tax Administration Act. We have over 8000 members. We have members that offer advisory and compliance services to companies on the wide range of government programmes, including those offered by the DTIC

During the financial year 2019/2020 applicants have been experiencing slow processing and approval of progress reports submitted to the department. Most applicants have been in contact with the department and have been informed that there is a backlog in progress reports and efforts have been made to clear the backlog.

Applicants understood and appreciated the feedback they received from the department, but the biggest concern was more for those applicants that have already claimed the allowance in their tax returns and therefore have a tax risk which needs to be managed.

For some applicants their final progress report has not been approved by the DTI. The tax risk for such applicants remains and the concern relates to the fact that if the applicants do not comply with requirements of S12I of the Income Tax Act. The allowances claimed are significant and thereby the tax risk is also seen as significant where the DTIC has not finally approved the progress reports.
The COVID19 pandemic has created a truly unprecedented situation which has now created another layer of concern and uncertainty for most applicants. Applicants concerns relates to certainty on business continuity, retrenchments, etc. These factors also increase the concern of business that have already claimed the allowance and have submitted final progress report.

We hereby request that the department priorities processing and approval of progress reports.

Yours sincerely

Keith Engel
CEO