

# NATIONAL ASSEMBLY

## QUESTION FOR WRITTEN REPLY

### QUESTION NUMBER 60

**DATE OF PUBLICATION: 3 FEBRUARY 2006**

#### **DR P W A MULDER (FF PLUS) TO ASK THE MINISTER OF FINANCE:**

- (1) Whether, in respect of personal travel benefits, the Deputy President as public office bearer pays tax on the same conditions as government officials; if not, why not; if so,
- (2) whether the State has made provision for the subtraction of current employees' tax (PAYE) in respect of travel costs for holiday purposes of R400 000 from the income of the Deputy President during December 2005 and (b) such PAYE was paid in to the State; if not, why not; if so, what amount was (i) provided and (ii) paid in? **N79E**

#### **REPLY:**

- (1) The income tax treatment of the President and Deputy President (before 1994 the State President and the Vice State President) has developed over the years. Before 1994 the remuneration of the then State President was exempt from tax in terms of section 10(1)(c)(i) of the Income Tax Act. This exemption section was amended over the years as follows:
  - ⇒ In 1981 section 10(1)(c)(i) was amended in terms of section 8(1)(a) of Act 96 of 1981 to extent this exemption to the then Vice President.
  - ⇒ In 1984 section 10(1)(c)(i) was amended by section 10(1)(b) of Act 121 of 1984 to withdraw the exempt status of both the State President and the Vice State President.
  - ⇒ In 1985 section 10(1)(c)(i) was amended in terms of section 6(1)(a) of Act 96 of 1985 to reverse the 1984 withdrawal in respect of the then State President, which effectively meant that the exemption continued in respect of the State President, but not in respect of the Vice State President.
  - ⇒ In 1994 section 10(1)(c)(i) was deleted in terms of section 9(1)(a) of Act 21 of 1994, which removed the exemption of the President in totality.
  - ⇒ In summary, prior to 1994 and for a period up to 1985 respectively the persons holding the Office of State President or Vice State President did not pay any income tax on remuneration. The

Income Tax Act was amended in 1994 to ensure that the President and Deputy President/s pay income tax on remuneration. This amendment was approved by the new government of President Mandela to ensure that the tax laws apply equally to all South African residents.

The income tax treatment in respect of pensions payable to the President and Deputy President (before 1994 the State President and the Vice State President) also underwent significant changes in 1994. Before 1994 the pension payable to any person who held the office of State President or Vice State President was exempt from tax in terms of section 10(1)(c)(ii) of the Income Tax Act. In 1994 section 10(1)(c)(ii) was amended by section 9(1)(b) of Act 21 of 1994 to withdraw this exemption. Thus, since 1994, any pension payable to either the President or the Deputy President or their surviving spouses is fully taxable. The withdrawal was approved by Parliament subject to existing rights, which means that, even today, the pension payable to a pre-1994 State President and Vice State President or surviving spouse is exempt from tax.

There are differences in the tax treatment of, for example, members of the National Assembly, a permanent delegate to the National Council of Provinces, a member of an Executive Council and a member of a provincial legislature on the one hand and government officials on the other. For example, a member of the National Assembly receives an allowance of R40, 000 per year against which deductions such as hospitality expenses, secretarial services, stationary, telephone calls and travelling can be set off in determining their taxable income. Government officials (and all other employees for that matter) are not permitted to claim these expenses.

These differences in tax treatment are derived from the unique nature of the responsibilities of a Public Office Bearer. As the President stated in his response to the debate on the State of the Nation address: *“The security arrangements in place since 1994 and before provide that both the President and the Deputy President are provided with security on a 24-hour basis. Among other things, this means that when they travel by road, they do so in transport provided, managed and run by the South African Police Service. When they travel by air, unless circumstances make this impossible, they travel in planes provided, managed and flown by the South African Air Force. These transport arrangements, which are an integral part of the security system decided exclusively by the state security services, and not the President or the Deputy President, apply regardless of their destinations and the purpose of their travel.”* And also *“I am certain that now and again the Deputy President will have to take a break from work and rest wherever she may choose. Unless the security arrangements are changed, leaving her unprotected because she is on holiday, it will remain the responsibility of the South African Police Service and the South African Air Force to transport her to her holiday destination.”*

Based on these requirements and reasons it is not the practice of the South African Revenue Service to tax either the President or the Deputy President on the value of the protection services, which include the use of South African Air Force transport.

- (2) For these reasons, the Presidency is or was under no obligation to withhold employees' tax from the value of such services rendered to the President or the Deputy President.

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 102**

**DATE OF PUBLICATION: 10 FEBRUARY 2006**

**MR W D SPIES (FF PLUS) TO ASK THE MINISTER OF FINANCE:**

- (1) Whether the requirement that passengers on their return to South Africa from overseas have to complete a tax return form is also applicable to passengers who are traveling by (a) private or (b) military aeroplane; if not, why not; if so,
- (2) whether the Deputy President and each of her fellow passengers on their return from the United Arab Emirates completed customs tax return forms in which they declared what items they bought on their travels to the UAE; if not, why not; if so, what amount was (a) declared with regard to purchases and (b) levied for customs tax? ***N110E***

**REPLY:**

- (1) SARS has jurisdiction over travellers and their goods entering or exiting the Republic at airports designated as customs airports in terms of Customs legislation. All international travellers aboard any aircraft that land at any designated airports are obliged to complete customs declaration forms.
  - (a) If a passenger enters SA by way of a private plane landing at a NON – designated airport, such passenger also has an obligation to declare his or her goods on a prescribed form at a controller's office. Such office will be the office situated closest to such airport.
  - (b) The same applies to passengers arriving on a military flight from outside the Republic.
- (2) SARS has a legal obligation not to disclose tax and customs affairs of individuals and therefore we cannot divulge this information.

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 602**

**DATE OF PUBLICATION: 9 JUNE 2006**

**DUE TO APRLIAMENT: 23 JUNE 2006**

**MR W D SPIES (FF PLUS) TO ASK THE MINISTER OF FINANCE:**

- (1) Whether, with the introduction of its e-filing initiative, the SA Revenue Service considered making this service available in all 11 official languages; if not, why not; if so,
- (2) whether a proper cost estimation was done in this regard; if not, why not; if so, what was the estimated cost? *N730E*

**REPLY:**

- (1) SARS is mindful of its Constitutional responsibilities with regard to the use of official languages. At present SARS only provides the E Filing Service in one of the official languages. We have this year embarked on providing for the electronic submission of certain income tax returns in respect of salary earners. There are various risks associated with the introduction of any new system and it was decided that SARS would mitigate these risks by only providing the service in one official language.

Once the system has been stabilized, consideration will be given to the possible extension of this service to other types of returns as well as extending the language offering to other official languages depending on:

- Client needs
- Systems risks relating to providing such a service, and
- Costs

- (2) Cost estimations will be done after the conclusion of the current filing season, and depending on the needs of the clients utilizing the E Filing service.

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 779**

**DATE OF PUBLICATION: 4 AUGUST 2006**

**DUE TO PARLIAMENT: 18 AUGUST 2006**

**MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:**

(a) What is the tax liability of the late Brett Kebble to the South African Revenue Services (SARS), (b) over what period of time was the liability accumulated, (c) when was the last assessment done by SARS of such liability and (d) what efforts were made by SARS to recover such liabilities?

*N968E*

**REPLY:**

Section 4 of the Income Tax Act No. 58 of 1962 precludes SARS from communicating any information of taxpayers to any person other than the taxpayer.

The following information became known in the public domain via SARS' claim submitted to the Master of the High Court in Cape Town on the 10<sup>th</sup> February 2006. The response to the question will therefore be limited to the information in that document.

The total tax liability (including interest and penalties) of the late Brett Kebble to the South African Revenue Services (SARS) amounted to R183,600,483.19. The breakdown is available in the aforesaid claim and covers the tax periods from 1996 – 2006.

In order to recover the above amount and address other issues, various actions were taken by SARS over a period of time including criminal investigations. The last assessment was issued when SARS submitted its claim.

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Tax Type	Tax Year	Date Received (First submission)	SARS actions
Income Tax	1994	10 October 95	A final demand was issued on the 29 <sup>th</sup> June 1995 for Mr Kebble to submit his 1994 tax return. This tax return was submitted on the 10 <sup>th</sup> October 1995. He paid provisional tax of R26 756.49 on the 1st February 2005 in respect of this tax year. Original returns were sent back to the taxpayer and he was requested to resubmit as the returns were in a form or condition that do not permit any serious assessment. On the 9 <sup>th</sup> November 2000 SARS delivered a summons to Mr Kebble for failure to resubmit his tax returns from 1994. On the 21 <sup>st</sup> December 2000 he resubmitted his tax returns for tax years 1994.
	1995	30 October 98	Mr. Kebble submitted his tax returns for the tax years 1995 and 1996 on the 30 <sup>th</sup> October 1998 and his 1997 tax returns on the 29 <sup>th</sup> July 1999. He submitted his tax returns for the tax year 1998 on the 26 <sup>th</sup> January 2000 and the 1999 and 2000 returns on the 23 <sup>rd</sup> October 2000. Original returns were sent back to the taxpayer and he was requested to resubmit because the returns were in a form or condition that do not permit any serious assessment. On the 9 <sup>th</sup> November 2000 SARS delivered a summons to Mr Kebble for failure to resubmit his tax returns from 1994 to 2000. On the 21 <sup>st</sup> December 2000 he resubmitted his tax returns for the tax years 1994 to 1999. Mr Kebble was given an opportunity to resubmit his tax returns for the 2000 tax year in April 2001. A warrant for his arrest was issued due to his failure to appear in court on the 27 <sup>th</sup> November 2000. The warrant of arrest was withdrawn and the trial was remanded to the 31 <sup>st</sup> January 2001 to provide Mr Kebble with an opportunity to obtain his IRP5s and the 2000 tax return.
	1996	30 October 98	
	1997	29 July 1999	
	1998	26 January 2000	
	1999	23 October 2000	
	2000	23 October 2000	
	2001	20 July 04	Mr Kebble failed to submit his tax return for the 2001 tax year, and a final demand for the submission of the return was issued on the 25 <sup>th</sup> January 2002. SARS then issued another summons against Mr Kebble on the 6 <sup>th</sup> September 2002. The trial was set for the 8 <sup>th</sup> October 2002. Mr Kebble then paid an admission of guilt fine and submitted the return on the

			20 <sup>th</sup> July 2004.
	2002	30 July 04	Mr Kebble failed to submit his tax returns for the tax year 2002 and a final demand for the submission of the return was issued on the 5 <sup>th</sup> November 2002. Mr Kebble submitted his 2002 tax return on the 30 <sup>th</sup> July 2004. He then resubmitted his tax return on the 24 <sup>th</sup> December 2004.
	2003	10 August 04	A final demand for the submission of Mr Kebble's 2003 tax return was issued on the 5 <sup>th</sup> February 2004. Mr Kebble submitted this return on the 10 <sup>th</sup> August 2004 and he then resubmitted it on the 17 <sup>th</sup> March 2005.
	2004	Still Outstanding	A final demand for the submission of the 2004 tax return was issued on the 12 <sup>th</sup> February 2005. The tax return for 2004 has not been submitted by Mr. Kebble. This return is still incomplete; therefore the audits entailed contacting third parties to provide information to enable SARS to issue an assessment.
	2005	Still Outstanding	The tax return for 2005 has not been submitted by Mr. Kebble. This return is still incomplete; an assessment was issued based on information provided by third parties.
VAT	1999 – 2005	Not registered and submitted	<p>Mr. Kebble was initially not registered for VAT and fraudulently used another taxpayer's vat number to collect taxes for himself. SARS issued VAT assessments for the periods April 1998 to August 2005. The auditors and investigators conducted further audits and a criminal investigation of VAT fraud was completed against Mr Kebble. The said docket was forwarded to SAPS/Serious Economic Offences Unit on the 25<sup>th</sup> May 2005. The case was registered by SAPS and a CAS number 360/06/2005 was allocated.</p> <p>During September 2005 Mr. Viljoen (Mr Kebble's former tax advisor) informed SARS that Mr. Kebble was experiencing financial difficulties due to the JCI saga and that he was in the process of selling some assets in an attempt to raise R4 million as an initial payment of his VAT liability. However, to date, no payments have been received by SARS in respect of the VAT liability of Mr Kebble.</p>

PAYE	2002 – 2006		<p>It has been established during the course of the audit and confirmed through third party confirmation that Mr. Keble employed certain individuals, but failed to deduct the necessary employees' tax for the 2002 to 2006 tax periods. It is submitted that the productive capacity of the individuals was at the disposal of RB Keble and that the individuals were therefore his "employees" as defined in paragraph 1 of the Fourth Schedule of the Income Tax Act. This was confirmed during interviews with some of the employees. Employees' tax was paid by Mr Keble to SARS in respect of the 2004, 2005 and 2006 years of assessment after SARS' intervention. These amounts have been offset against the employees' tax liability assessed.</p>
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**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 896**

**DATE OF PUBLICATION: 11 AUGUST 2006**

**DUE TO PARLIAMENT: 24 AUGUST 2006**

**DR S M VAN DYK (DA) TO ASK THE MINISTER OF FINANCE:**

- (1) Whether, in the light of the recent inquiry by the Financial Services Board into pension fund administrators who negotiate better interest rates by way of bulking without passing the benefits on to the pension funds, a certain company (name furnished) will be reimbursed by the SA Revenue Service in respect of the taxation of R380 million's worth of hidden profits and which is to be paid back to 1 700 retirement funds; if not, why not; if so, what will be the monetary value thereof;
- (2) whether the retirement funds will be taxed on these profit reimbursements; if not, why not; if so, at what rate, taking into account the fluctuation of taxation rates on retirement funds? *N1120E*

**REPLY:**

- (1) Section 4 of the Income Tax Act No. 58 of 1962 precludes SARS from communicating any information of taxpayers to any person other than the taxpayer.

As a matter of principle income tax is levied on income that was beneficially received by a taxpayer or that accrued to the taxpayer by way of unconditional entitlement during a year of assessment. Whether a taxpayer received an amount for own benefit or whether income accrued is typically determined by reference to consented rights and obligations. If it is assumed that the particular administrator was taxed on this income, a request for a reduced assessment must be considered in view of factors like the date of the original assessments, the legal arguments in relation to accrual and receipt, and legal arguments in relation to whether or not the amounts payable to the pension funds will qualify for deduction in the determination of taxable income.

- (2) Subject to certain exclusions relating to assets underwriting pensioner benefits, a retirement fund is taxed on the gross interest, net rental and non-exempt foreign dividends received by or accrued to the fund during the year of assessment. Thus, if the "profit distribution" is in the form of interest, rental or foreign dividends, the distribution will be taxed in the year of assessment in which it accrues to or is received by the fund at the rate applicable to that year of assessment.
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**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 929**

**DATE OF PUBLICATION: 11 AUGUST 2006**

**DUE TO PARLIAMENT: 24 AUGUST 2006**

**MR W D SPIES (FF PLUS) TO ASK THE MINISTER OF FINANCE:**

Whether the interest and certain other revenue of the State's pension fund, the funds of which are invested by the Public Investment Corporation (PIC), are also subject to the 9% taxation rate in respect of similar revenue in private pension funds; if not, why not?  
*N1165E*

**REPLY:**

Section 4 of the Income Tax Act No. 58 of 1962 precludes SARS from communicating any information of taxpayers to any person other than the taxpayer.

However generally in terms of the Tax on Retirement Funds Act (No. 38 of 1996) a retirement fund includes any "pension fund," "provident fund" and "retirement annuity fund" as defined in section 1 of the Income Tax Act (Nr. 58 of 1962). This effect of this is that the Government Employees' Pension Fund (the "State's pension fund" referred to in the question) is also subject to the Tax on Retirement Funds Act. Subject to certain investment ratio criteria and exclusions relating to assets underwriting pensioner benefits, the gross interest, net rental and non-exempt foreign dividends received by or accrued to such a pension fund, provident fund or retirement annuity fund during the year of assessment is taxable in the year of assessment in which it accrues to or is received by the fund.

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 1077**

**DATE OF PUBLICATION: 1 SEPTEMBER 2006**

**MS M SMUTS (DA) TO ASK THE MINISTER OF FINANCE**

Whether gift parcels sent to South Africans from abroad are subject to customs or other duties payable by the receiver; if so, what do the relevant regulations determine as the value above which duties are payable? **N1398E**

**REPLY:**

Schedule No. 4 to the Customs and Excise Act, 1964, provides for general rebates of customs duties.

Rebate item 412.10 of this schedule provides for a rebate of the duty on-

- (a) *bona fide* unsolicited gifts;
- (b) of not more than two parcels per person per calendar year;
- (c) which value per parcel does not exceed R 400; and
- (d) consigned by natural persons abroad to natural persons in the Republic.

It is important to note that the rebate item does not apply to wine, spirits and manufactured tobacco, such as cigarettes and cigars.

Schedule 1 to the Value-Added Tax Act, 1991, provides for a VAT exemption on certain goods imported into the Republic. Item no. 412.10 of this schedule provides for a VAT exemption in respect of goods described in rebate item 412.10.

If the gift parcel exceeds R 400, then duty and VAT become payable on the total value of the gift parcel and not only on that portion of the value that exceeded R400.

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1133**

**DATE OF PUBLICATION: 8 SEPTEMBER 2006**

**DUE TO PARLIAMENT: 21 SEPTEMBER 2006**

**ADV H C SCHMIDT (DA) TO ASK THE MINISTER OF FINANCE:**

- (1) Whether he and/or his department will consider allowing maintenance claims, granted by order of the courts, to be lodged at the SA Revenue Services (SARS) against taxpayers to whom tax returns are payable; if not, why not; if so,
- (2) whether he and/or his department will consider amendments to the legislation or prescriptions applicable to the SARS in this regard; if not, why not; if so, what are the relevant details? ***N1483E***

**REPLY:**

- (1) The Minister and/or his department will regrettably not consider allowing maintenance claims, granted by order of the courts, to be lodged at the SA Revenue Services against taxpayers to whom "tax returns" (which we interpret to mean refunds) are payable:

The reasons are as follows:

- In many instances there is no guarantee that there would in fact be a refund due to the taxpayer which would enable a claim to be paid.
  - In terms of the proposal difficulties could arise should the refund be reclaimed by SARS at a later date due to an audit having been conducted on the taxpayer.
  - These, amongst other factors, would add considerably to the current workload of SARS as well as to the complexity of the systems which would have to be put in place to manage and monitor such claims.
- (2) It follows that the amendment of tax legislation in this respect is not under consideration.
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**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 1252**

**DATE OF PUBLICATION: 22 SEPTEMBER 2006**

**MR L W GREYLING (ID) TO ASK THE MINISTER OF FINANCE:**

- (1) Whether he has been informed about any companies or individuals that are using trade fairs in South Africa as an opportunity to sell imported goods without having to pay import duty or taxes; if so,
- (2) whether he intends taking any action against such companies or individuals; if not, what is the position in this regard; if so, what action;
- (3) whether he will institute an investigation into this practice in order to ensure that preventative action is taken to avoid further financial losses to the fiscus and local manufacturing companies; if not, why not; if so, what are the relevant details?

***N1519E***

**REPLY:**

- (1) As a result of the secrecy provision contained in the Income Tax, Vat and Customs Acts, I cannot be informed about specific individuals and companies. This would be a violation of law. The SARS however is aware and actively engaged in investigating the Tax and Customs abuses prevalent in this area. One of our findings does not support the conclusion that no import duty is paid. The goods enter the country duty paid. We are currently pursuing whether the values declared are indeed correct. Expert evidence suggests that the declared values are too low.
  - (2) SARS has already commenced with investigations. The organiser of the fairs has been identified. Also identified are the companies that are being used and the local organizers. They are now the subject of investigation. The modus operandi of the organizer has been documented and engagements between SARS, Home Affairs and DTI in order to pursue joint action, are continuing. Initial contact between SARS, Home Affairs and DTI on this issue was made at a local level 2 years ago.
  - (3) As indicated above, investigations have commenced and all necessary steps will be taken.
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**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 1257**

**DATE OF PUBLICATION: 22 SEPTEMBER 2006**

**MR A HARDING (ID) TO ASK THE MINISTER OF FINANCE:**

- (1) Under what circumstances does the SA Revenue Service (SARS) permit the importation of goods for resale by foreign nationals that participate in the Eastern Trade Fairs in KwaZulu-Natal;
- (2) whether these foreign nationals (a) pay the same duties and value added tax (VAT) as local businessmen, (b) can claim back their VAT when they leave and (c) have to be registered as required of local traders; if not, why not; if so, what are the relevant details in each case;
- (3) whether the SARS has taken any steps to ensure that these foreign traders comply with all the necessary requirements; if not, why not; if so, what steps?  
*N1660E*

**REPLY:**

- (1) Based on our analysis, the goods entering South Africa are imported duty paid. This means that they are declared and duties are paid on the declared value. Although the Customs Act makes provision for the importation of goods to be imported under rebate item 480.10 of Schedule No. 4 of the Customs and Excise Act, 91 of 1964, this is not used. Once imported duty paid they can then be resold.
- (2)
  - (a) Duties and VAT are payable in terms of the said Act on all goods imported into the Republic subject to certain rebates and exemptions. Goods imported for sale at trade fairs are therefore taxable in terms of the rate of duty applicable including VAT. Read in conjunction with our reply to question one above, it needs noting that investigations are underway with regard to attempting to ascertain whether the goods imported are indeed declared at their correct value. An incorrect value declaration will impact both the Customs Duties payable as well as the Vat.
  - (b) The organizer who imports the entire, consolidated consignment, and who originally paid the duty and Vat at the time of import, can claim the Vat back provided he is registered as a Vat vendor.
  - (c) Section 23(1) of the VAT Act 89 of 1991, as amended, prescribes the value of supply excluding VAT of R300 000.00, for non-payment of VAT. The aforementioned is the threshold requirement of

registration as a VAT Vender. Company registration is not mandatory especially as the independent stall holders are short term visitors and are therefore not registered for income tax either. However the organizers of the trade fairs are currently under investigation.

- (3) Steps already taken to ensure compliance of goods imported by foreign traders in terms of Customs Legislation include, but are not limited to, stop and search to identify goods in relation to invoiced shipments; detain imported goods in terms of Section 59A of said Act; instigate valuation investigation on imported goods with low/suspicious values; seize and destroy detained goods imported in terms of Section 43 of said Act. Further steps involve joint action by SARS, DTI and Home Affairs to deal with the issuing of work permits for the Indian traders and setting up a regime for the operation of a trade fair.

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 1258**

**DATE OF PUBLICATION: 22 SEPTEMBER 2006**

**MR A HARDING (ID) TO ASK THE MINISTER OF FINANCE:**

- (1) (a) How does the SA Revenue Service (SARS) ensure that traders of foreign nationality that participate in the Eastern Trade Fairs in KwaZulu-Natal comply with tax duties when these traders operate on a cash basis with no receipts issued and  
(b) what measures of protection are in place to protect local traders that also participate;
- (2) whether the same rules and regulations apply to foreign and local traders; if not, why not; if so, what are the relevant details;
- (3) whether these foreign traders are required to have a valid work permit in order to (a) participate in the trade fairs and (b) man small vendor stalls; if not, why not; if so, what are the relevant details;
- (4) whether foreign traders can apply for a special visa that will allow them to trade and repatriate funds back to their countries; if not, how are they allowed to repatriate these profits; if so,
- (5) whether there are any regulatory requirements by the SA Reserve Bank that foreign traders need to adhere to; if not, why not; if so, what are the relevant details?

**N1661E**

**REPLY:**

- (1) (a) Investigations are underway against the organisers of the trade fairs where the bulk of the profit from these ventures is made. In addition, SARS does conduct spot checks at such trade fairs. Proof of duties having been paid is also requested.  
  
(b) The participation of local traders in such fairs would be on a voluntary basis. Investigations have shown that almost all the stall holders at such fairs are foreigners. Local retailers sell the same type of goods but operate in a different market. By this is meant that the quality of the goods at the trade fairs is generally not comparable with the local retail items available.
- (2) The same rules and regulations apply to foreigners as well as local traders insofar, that the goods are subject to Customs duties and VAT and taxed at time of clearance. As far as the traders are concerned, the

source based methodology applies and income generated in South Africa can be taxed here.

- (3) The traders are required to have a valid business permit to be physically present and trade at the stalls. Our investigations into past fairs revealed that they have had permits. SARS is currently engaged with Home Affairs to address this concern.
- (4) Importers of goods for trade purposes are required to be registered with SARS (Customs) within the confines of Section 59A of the Customs and Excise Act No. 91 of 1964, as amended. SARS is closely monitoring this. In addition, we are engaged with Home Affairs with respect to the issue of visa's.
- (5) SARS is in the process of setting up a joint team with the SA Reserve Bank as well as the Finance Intelligence Centre in order to determine how income generated by the trade fairs is repatriated. This would also allow SARS to more effectively assess the income from the trade fairs.

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER 1764**

**DATE OF PUBLICATION: 17 NOVEMBER 2006**

**DUE TO PARLIAMENT: 30 NOVEMBER 2006**

**MR L B LABUSCHAGNE (DA) TO ASK THE MINISTER OF FINANCE:**

- (1) Whether the posts (a) highly skilled production levels 6-8, (b) highly skilled supervision levels 9-12 and (c) senior managers levels 13-16 in the SA Revenue Services are filled with qualified persons; if not, why not; if so, what are the relevant details;
- (2) (a) what is the current vacancy rate of the said staff, (b) what has been the vacancy rate for (i) 2005 and (ii) 2006, (c) what steps are being taken to fill these posts and (d) what is the diversity composition of the officials?

**N2335E**

**REPLY:**

- (1) SARS is separate from the Public Service and operates in terms of the SARS Act no 34 of 1997.

The composition of levels in SARS differs from the levels referred to above as SARS uses the Haygroup System. It is however possible to draw a comparison between the SARS levels and the levels enquired about in terms of responsibilities, output and complexity. The table below reflects the levels in SARS and all the information requested are provided in terms of the SARS hierarchy of levels.

SARS Grade/Level	Government level equivalents
04A, 04B, 05A, 05B (Higher Operations)	6 – 8 (Highly skilled production)
06 (Supervisory/Specialist)	9 – 12 (Highly skilled supervision)
07, 08, 09, 10 (Senior Management)	13 – 16 (Senior Management)

The table below reflects the information requested regarding the level of “qualified persons”. The information reflects the Qualifications, average length of service as well as the average age of our SARS Employees on the Higher Operational, Supervisory and Senior Management levels.

Level	Doc torate	Masters Degree	Chartered Account tant	Honours Degree	Degree	Higher Dipl/BTECH	Dipl	Senior Cert	Less than Snr Cert	Grand Total
Higher Operations	0	15	7	21	758	39	995	5615	69	7519
Supervisory/ Specialist	0	31	22	17	345	22	221	719	2	1379
Senior Management	2	67	6	9	185	5	82	274	0	630
<b>Grand Total</b>	<b>2</b>	<b>113</b>	<b>35</b>	<b>47</b>	<b>1288</b>	<b>66</b>	<b>1298</b>	<b>6608</b>	<b>71</b>	<b>9528</b>

Level	Average No of Yrs of Service	Average Age
Higher Operations	10	35
Supervisory/Specialist	10	37
Senior Management	12	42

**Notes:**

- On the Higher Operations level 99.08% of employees have a Senior Certificate or a higher qualification.
- On the Supervisory/Specialist level 99.85% of employees have a Senior Certificate or a higher qualification.
- On Senior Management level 100% of employees have a Senior Certificate or a higher qualification.

It is clear from the above information that the employees on the above levels are suitably qualified and experienced.

**Comments:**

- A Human Capital Plan is in the process of being designed and implemented.
- The above plan would indicate the critical capabilities needed for SARS. These capabilities would not necessarily translate into formal technical qualifications.
- There is a constant need to train and upgrade technical skills.
- There is also strong competition for skills (e.g. auditing skills) within a limited market.

- (2) Information regarding the vacancy rate (Q 2a and 2b) as well as the diversity composition of the officials (Q 2d) are reflected in the tables below.

Level	No of Employees		% Positions Vacant	
	2005/6	2006/7 (Oct 06)	2005/6	2006/7 (Oct 06)
Higher Operations	7267	7519	14.31%	1.96%
Supervisory	1368	1379	2.91%	0.39%
Senior Management	638	630	1.06%	0.37%
<b>Grand Total</b>	<b>9273</b>	<b>9528</b>		

Level	Employment Equity											
	Black				White				Female			
	2005/6		2006/7 (Oct 06)		2005/6		2006/7 (Oct 06)		2005/6		2006/7 (Oct 06)	
	No	%	No	%	No	%	No	%	No	%	No	%
Higher Operations	4237	58%	4520	60%	3030	42%	2999	40%	4805	66%	4969	66%
Supervisory	746	55%	759	55%	622	45%	620	45%	591	43%	607	44%
Senior Management	323	51%	318	50%	315	49%	312	50%	206	32%	214	34%
<b>Grand Total</b>	<b>5306</b>		<b>5597</b>		<b>3967</b>		<b>3931</b>		<b>5602</b>		<b>5790</b>	

**Note:**

- It is clear from the information above that the percentage of vacancies especially on the Higher Operations level has significantly decreased from last year to now.

The steps (process) to fill posts (Q 2c) are inline with SARS Governance procedure and processes to fill existing vacancies and/or create new positions. Preference is given to the filling/creation of mission critical positions and positions with the biggest impact on customer service. A strategic Human Capital planning framework which categorises all jobs in SARS into different Human Capital Investment categories i.e. Growth Investment, Accelerated Investment, Balanced Investment, etc will also guide all recruitment decisions going forward.

The average time to fill a vacancy in SARS is currently 120 days. The objective going forward is to shorten the time-span to 60-90 days.

We are currently in a transitional period, whereby operations are currently manual and paper-based. In future planning processes includes automation/digital images. Once automation/digital process has been implemented this will impact on staff numbers and job allocations. People will be reassigned.