

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER 266

DATE OF PUBLICATION: 2 NOVEMBER 2010

Dr D T George (DA) to ask the Minister of Finance

- (1) Whether any steps have been taken to resolve the backlog in the payment of value added tax refunds experienced by SA Revenue Service (SARS); if not, why not; if so, what are the (a) expected timeframes and (b) further relevant details;
- (2) whether any immediate relief will be offered to small businesses awaiting receipt of refunds; if not, why not; if so, what are the relevant details?

NO3874E

REPLY:

- (1) As was explained in PQ2561, Value-Added Tax (VAT) refunds outside the prescribed 21 days comprises approximately 1% of all VAT refund payments to vendors during the 2010 financial year. In addition, it was explained that the primary reason for holding back refunds was to fulfil SARS's responsibility to verify the accuracy and validity of these VAT refunds. Where this process cannot be concluded within the 21 day time period, the key reason for this is a delay in obtaining the correct data from taxpayers i.e. where the VAT vendor has failed to provide the information requested by SARS within the required timeframe. As such, there is no significant "backlog" in VAT refunds as a result of SARS inefficiency.

It should be noted that any vendor concerned with the delay in obtaining a refund can contact their local SARS branch or contact centre to ask for information regarding the refund. Further, any taxpayer who has exhausted those processes has recourse via the SARS Service Monitoring Office where they believe SARS has not met its service obligations. Any instance of a delay as a result of SARS inefficiency which is brought to the attention of SARS or the SSMO is investigated and corrective action taken where required.

It should further be noted that, as was highlighted in the previous question, VAT is on the agenda for Modernisation which will result in all VAT processes being further streamlined and enhanced which should result in an improvement in turnaround times where taxpayers provide the requested information electronically.

- (2) Given the above, there is no requirement to provide specific relief for small businesses awaiting refunds.