

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER: 161 [NO2363E]
DATE OF PUBLICATION: 15 OCTOBER 2019

★161. Mr D T George (DA) to ask the Minister of Finance:

Whether, with reference to the findings of the Commission of Inquiry into Tax Administration and Governance by the SA Revenue Service (Sars), dated 11 December 2018, the capacity of Sars to investigate tax non-compliance has been restored; if not, why not; if so, what are the relevant details?

NO2363E

REPLY:

In respect of investigative capacity SARS is in the process of restoring the capability to tackle transactions and entities involved in the illicit economy; appropriate cases have been allocated to the unit which is functioning.

The working relationship between SARS and the NPA has improved and a MOU has been signed between the National Director of Public Prosecutions and the Commissioner. There is an appreciation that the NPA and SAPS must improve the quality of cases through closer collaboration so that our resources are focused on winnable and impactful cases. We also recognise that we can benefit from high-end training and through candid and professional communication.

The process of restoring tax compliance goes beyond the capacity to investigate tax non-compliance and some of the initiatives currently being undertaken by SARS are:

- The process of re-establishing the Compliance Unit to measure compliance levels, and to advise on SARS risk strategy
- The LBC has been re-established and is in the process of being formalised to focus on larger taxpayers. One aspect of the engagement with this category of taxpayers will occur when non-compliance occurs.

- SARS litigation capacity is being honed to support all divisions through proactive and strategic litigation initiatives
- SARS identification of risk has been elevated in priority, and the risk factors have been expanded to include external factors – SARS recognises that more work must be done

SARS will further strengthen its effective usage of available technology by utilising third party data as a tool to support the detection of non-compliant behaviour. Once the process design and application has been effectively formulated SARS would need to ensure that the required resources are deployed to sustain the effectiveness of the process.

The development of a more compliant tax base is a process which requires the improvement to many processes and factors in SARS, which the Commissioner is acutely aware of and is determined to achieve.

SARS has made strides in restoring the capabilities to support tax compliance but to restore the full capacity and capability of resources including staff and technology will require continuous efforts over a number of years.