

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 91

DATE OF PUBLICATION: 18 FEBRUARY 2005

DUE FOR SUBMISSION TO PARLIAMENT: 3 MARCH 2005

DR P J RABIE (DA) TO ASK THE MINISTER OF FINANCE:

(a) How many South Africans paid direct tax in the 2003-04 financial year, (b) what is the estimated number of South Africans who qualify for direct taxation but do not pay tax because of the tax gap and (c) what is the estimated amount lost by the fiscus in the past financial year owing to the tax gap? **N136E**

REPLY:

(a) The table below indicates the number of taxpayers registered and the actual collections per each of the direct tax types during two financial years:

Direct Tax	Notes	Taxpayers registered and tax collected			
		2003-04		2002-03	
		Number	R Bn	Number	R Bn
Taxes on income and profits					
Income Tax					
Individuals		4,280,129	99.220	3,885,090	94,924
Companies		1,283,155	61,712	1,221,422	56,327
Secondary Tax on Companies		1,283,155	6,133	1,221,422	6,326
Tax on retirement funds	*	19 000	4,898	*19 000	6,990
Taxes on payroll and workforce					
Skills development levy	**	274,764	3,896	252,589	3,352
Taxes on property					
Donations tax		N/A	0.017	N/A	0.018
Estate duty		N/A	0.417	N/A	0.433
Total			176.293		168.370

Notes

* This is an estimate of the number of entities registered for Tax on Retirement Funds.

** The number reflected here represents the number of employers registered for the payment of employees' tax. A number of these entities are not registered for SDL as they are exempt from the payment thereof.

- (b) The March 2004 Labour Force Survey (LFS) indicates that there were approximately 16.6 million economically active persons in South Africa, of which 12 million were employed and 4.6 million unemployed. Of the 12 million, 7.8 million were employed in the formal sector with the balance employed in commercial agriculture, subsistence or small scale agriculture, the informal sector or as domestic workers. The majority of this non formal group will not be liable for income tax as they would be earning less than the tax threshold.

At the end of January 2005 there were 4.6 million individuals registered for income tax, which is an increase of approximately 0.7 million (18%) since 1 April 2003. Some of the contributors to the increase in the register were the compliance campaigns launched by SARS, the tax amnesty and the growth in employment. The disparity between the cases on register and the 12.0 million is indicative of the number of individuals employed who are earning less than the SITE threshold and those that are not registered for income tax. The number of individuals that qualify for direct taxation but does not pay has reduced, however, the number cannot be quantified.

- (c) Although the tax gap as indicated in (b) above has reduced, the amount lost from those not registered cannot be quantified.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 63

DATE OF PUBLICATION

11 FEBRUARY 2005

DUE FOR SUBMISSION TO PARLIAMENT

24 FEBRUARY 2005

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

- (1) Whether with reference to his 2004 Budget Speech in which he announced that a working group would be established to review the regulatory burden for small businesses, such a working group has been established; if not, why not; if so, (a) when was it established and (b) who are the members of the group;
- (2) whether the group has reached any findings; if not, when is it anticipated that such findings will be (a) reached, and (b) made available to Parliament; if so, what are the relevant details? **N104E**

REPLY:

- (1) (a) Yes. A working group was established to review the administrative aspects of small business interactions with SARS and thus the compliance burden on small businesses in this regard. The first meeting of the working group was held on 10 March 2004.
- (b) The working group consists of members of SARS, the National Treasury, industry representatives (including SMME bodies), representatives of the accounting fraternity (including smaller accounting firms, and more specifically black accountants), academics from various universities, and representatives from other Government departments (including the Departments of Trade and Industry),
- (2) Together with the work done in the working group, SARS has held extensive workshops and consulted widely with various stakeholders, from Government and industry. Valuable inputs were received from all these stakeholders and SARS compiled a list of issues that ranged from those that related directly to tax administration and policy, to issues arising from other Government departments' regulatory practices. These issues have informed the tax proposals made with respect to small business in this year's Budget and will inform the structural changes that are anticipated over the next three years.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 293

DATE OF PUBLICATION: 4 MARCH 2005

DUE FOR SUBMISSION TO PARLIAMENT: 17 MARCH 2005

MR M STEPHENS (UDM) TO ASK THE MINISTER OF FINANCE:

What was the amount in Rands of personal income tax (a) collected and (b) budgeted for in the (i) 1995-96, (ii) 1996-97, (iii) 1997-98, (iv) 1998-99, (v) 1999-2000, (vi) 2000-01, (vii) 2001-02, (viii) 2002-03 and (ix) 2003-04 tax years?

N428E

REPLY:

The amount of personal income tax collected and budgeted for the periods in question are set out in the table below:

		(a)	(b)
Tax year		Collected	Budgeted
		R'000	R'000
(i)	1995/96	51,179,289	49,755,000
(ii)	1996/97	59,519,831	57,975,000
(iii)	1997/98	68,342,382	65,019,000
(iv)	1998/99	77,733,900	71,800,000
(v)	1999/00	85,883,787	82,650,000
(vi)	2000/01	86,477,998	87,820,000
(vii)	2001/02	90,389,505	90,122,000
(viii)	2002/03	94,336,679	89,982,000
(ix)	2003/04	98,495,129	96,714,000

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QUESTION NUMBER 294

DATE OF PUBLICATION: 4 MARCH 2005

DUE FOR SUBMISSION TO PARLIAMENT: 17 MARCH 2005

MR M STEPHENS (UDM) TO ASK THE MINISTER OF FINANCE:

What was the amount in Rands of company income tax, excluding secondary tax on companies, (a) collected and (b) budgeted for in the (i) 1995-96, (ii) 1996-97, (iii) 1997-98, (iv) 1998-99, (v) 1999-2000, (vi) 2000-01, (vii) 2001-02, (viii) 2002-03 and (ix) 2003-04 tax years?

N429E

REPLY:

The amount of personal company income tax, excluding secondary tax on companies collected and budgeted for the periods in question are set out in the table below:

		(a)	(b)
Tax year		Collected	Budgeted
		R'000	R'000
(i)	1995/96	15,667,453	15,608,000
(ii)	1996/97	18,834,255	18,604,000
(iii)	1997/98	21,378,257	23,254,000
(iv)	1998/99	22,522,700	22,550,000
(v)	1999/00	20,972,000	21,575,700
(vi)	2000/01	29,491,826	24,582,500
(vii)	2001/02	42,354,472	29,960,000
(viii)	2002/03	55,745,054	50,858,000
(ix)	2003/04	60,880,802	65,820,000

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QUESTION NUMBER 295

DATE OF PUBLICATION: 4 MARCH 2005

DUE FOR SUBMISSION TO PARLIAMENT: 17 MARCH 2005

MR M STEPHENS (UDM) TO ASK THE MINISTER OF FINANCE:

What was the (a) amount in Rands of value-added tax (VAT) collected and (b) percentage of VAT collected in relation to overall revenue in the (i) 1995-96, (ii) 1996-97, (iii) 1997-98, (iv) 1998-99, (v) 1999-2000, (vi) 2000-01, (vii) 2001-02, (viii) 2002-03 and (ix) 2003-04 tax years?

N430E

REPLY:

The amount in Rands of value-added tax (VAT) collected and percentage of VAT collected in relation to overall tax revenue for the periods in question are set out in the table below:

(a)		(b)	
Tax year	Collected	Total Tax Revenue	VAT as percentage of tax revenue
	R'000	R'000	
(i) 1995/96	32,768,180	127,277,962	25.75%
(ii) 1996/97	35,902,887	147,332,339	24.37%
(iii) 1997/98	40,095,641	165,327,440	24.25%
(iv) 1998/99	43,985,450	184,844,500	23.80%
(v) 1999/00	48,376,840	201,386,050	24.02%
(vi) 2000/01	54,455,193	220,334,146	24.71%
(vii) 2001/02	61,056,610	252,298,310	24.20%
(viii) 2002/03	70,149,851	282,209,654	24.86%
(ix) 2003/04	80,681,756	302,507,509	26.67%

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 376

**POSED TO THE MINISTER OF TRADE AND INDUSTRY
18 MARCH 2005**

**TRANSFERRED TO THE MINISTER OF FINANCE
15 APRIL 2005**

PROF B TUROK (ANC) TO ASK THE MINISTER OF FINANCE:

Whether his department distinguishes the import of goods classified as luxury goods from other types of imported goods; if so, (a) what items are classified as luxury goods and (b) what portion of the total number of imports consists of luxury goods?

N542E

REPLY:

- (a) No official definition of luxury goods exists, however in broad, the goods listed in Schedule 1 Part 2B in the Customs and Excise Tariff is often referred to as luxury or non-essential goods. This is however not an all inclusive list as the term "luxury goods" is open to interpretation. The list of imported goods is attached for your information
- (b) The portion of imports that consists of luxury goods are set out in the table below:

Calendar year	Total imports (R millions)	Value of luxury goods imported (R millions)	% Growth in luxury goods imported	Value of luxury Items imported as a % of total imports
2003	257,304.8	24,746.8	0.30%	9.62%
2004	305,089.3	33,710.7	36.22%	11.05%

Goods listed in Schedule 1 Part 2B in the Customs and Excise Tariff

1. Essential oils (terpeneless or not), including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpenic by-products of the deterpenation of essential oils; aqueous distillates and aqueous solutions of essential oils
2. Perfumes and toilet waters (excluding pastes and intermediate products not put up for sale by retail)
3. Beauty or make-up preparations and preparations for the care of the skin (excluding medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations
4. Fireworks, signalling flares, rain rockets, fog signals and other pyrotechnic articles
5. Articles of apparel, clothing accessories and other articles of fur skin
6. Artificial fur and articles thereof
7. Air conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated
8. Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading 84.15
9. Dish washing machines; machinery for cleaning or drying bottles or other containers; machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers; machinery for capsuling bottles, jars, tubes and similar containers; other packing or wrapping machinery (including heat-shrink wrapping machinery); machinery for aerating beverages
10. Automatic goods-vending machines (for example, postage stamp, cigarette, food or beverage machines), including money-changing machines (excluding parts thereof)
11. Electrical apparatus for line telephony or line telegraphy, including line telephone sets with cordless handsets and telecommunication apparatus for carrier-current line systems or for digital line systems; videophones

12. Microphones and stands therefore; loudspeakers, whether or not mounted in their enclosures; headphones and earphones whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers; audio-frequency electric amplifiers; electric sound amplifier sets
13. Turntables (record-decks), record-players, cassette-players and other sound reproducing apparatus, not incorporating a sound recording device (excluding telephone answering machines)
14. Magnetic tape recorders and other sound recording apparatus, whether or not incorporating a sound reproducing device (excluding telephone answering machines, cinematographic sound recording apparatus, tape duplicators and dubbing machines)
15. Video recording or reproducing apparatus, whether or not incorporating a video tuner
16. Transmission apparatus for radio-telephony, radio-telegraphy or radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras; still image video cameras and other video camera recorders; digital cameras
17. Reception apparatus for radio-telephony, radio-telegraphy or radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock
18. Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus; video monitors and video projectors
19. Tractors (excluding tractors of heading 87.09)
20. Motor vehicles for the transport of ten or more persons, including the driver (excluding such vehicles of a value for AD VALOREM excise duty purposes of less than R130 000 or vehicles for the transport of 15 or more persons, including the driver)
21. Motor cars and other motor vehicles principally designed for the transport of persons (excluding those of heading 87.02), including station wagons and racing cars (excluding hearses and ambulances)
22. Motor vehicles for the transport of goods of a vehicle mass not exceeding 1 600 kg without rear body or 2 000 kg with rear body or of a G.V.M. not exceeding 3 500 kg (excluding motor vehicles of subheading 8704.10, off-the-road logging trucks and shuttle cars)

and low construction flame proof vehicles for use in underground mines)

23. Chassis fitted with engines, for the motor vehicles of headings 87.01 to 87.05 (excluding those for motor vehicles of subheading 8704.10) of a vehicle mass not exceeding 1 600 kg or of a G.V.M. not exceeding 3 500 kg
24. Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars
25. Yachts and other vessels for pleasure or sports; rowing boats and canoes
26. Lenses, prisms, mirrors and other optical elements, of any material, mounted, being parts of or fittings for instruments or apparatus (excluding such elements of glass not optically worked)
27. Spectacles, goggles and the like, corrective, protective or other
28. Binoculars, monoculars, other optical telescopes, and mountings therefor; other astronomical instruments and mountings therefor (but excluding instruments for radio-astronomy)
29. Photographic (excluding cinematographic) cameras; photographic flashlight apparatus and flashbulbs (excluding discharge lamps of heading 85.39)
30. Cinematographic cameras and projectors, whether or not incorporating sound recording or reproducing apparatus
31. Image projectors (excluding cinematographic); photographic (excluding cinematographic) enlargers and reducers
32. Revolvers and pistols (excluding those of heading 93.03 or 93.04), being firearms (excluding target shooting pistols of 5,6 mm calibre)
33. Other firearms and similar devices which operate by the firing of an explosive charge (for example, sporting shotguns and rifles, muzzle-loading firearms, Very pistols and other devices designed to project only signal flares, pistols and revolvers for firing blank ammunition, captive-bolt humane killers, line-throwing guns)
34. Other arms (for example, spring, air or gas guns and pistols, truncheons), (excluding those of heading 93.07)
35. Articles for funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment

36. Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table-tennis) or outdoor games, not specified or included elsewhere in this Chapter; swimming pools and paddling pools.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 735

DATE OF PUBLICATION: 27 MAY 2005

DUE FOR SUBMISSION TO PARLIAMENT: 9 JUNE 2005

MR Y WANG (ID) TO ASK THE MINISTER OF FINANCE:

In respect of (a) 2003 and (b) 2004, (i) how many evasion cases involving companies were investigated, (ii) what was the total monetary value successfully recovered from these companies as a result of these investigations, (iii) what was the total monetary value of all claims and (iv) (aa) how many cases failed to be prosecuted and (bb) what was the total monetary value thereof?

N984E

REPLY:

SARS conducts ongoing audits of various taxpayers. The following number of cases were audited:

- (a) In the 2002/3 Financial Year: 135 535 cases were audited. R5 256 m was collected in respect of these cases.
- (b) In the 2003/4 Financial Year: 58 054 cases were audited. R 5 927 m was collected in respect of these cases. The decline in the number of cases between these financial years was as a result of a refocus of the SARS resources as well as improved screening of cases audited.

All tax evasion matters where intent to defraud is identified within the SARS processes are referred to the Criminal Investigations component of SARS. These cases come from both the audit processes reflected above as well as direct information received by SARS. These evasion cases are generally prosecuted in terms of common law or the provisions of section 104 of the Income Tax Act or such similar provisions in the other legislation administered by SARS.

Please note that these figures are given in respect of all entities (companies and individuals) which were investigated for evasion.

- (i) In the 2002/3 financial year, 332 cases were investigated, finalized and handed over to the National Prosecution Authority (NPA) of which 64 cases were successfully prosecuted. The balance of the cases is in the prosecution process at the NPA.

In the 2003/4 financial year, 697 cases were investigated, finalized and handed over to the NPA of which 120 cases were successfully prosecuted. The balance of the cases is in the prosecution process at the NPA.

(ii) & (iii)

These amounts have not been recorded for the 2002/3 and 2003/4 financial years, however in 2004/5 financial year, 894 cases were finalized while 265 cases were prosecuted. The total value collected amounted to R25 970 251.

(iv) (aa) & (bb)

In the period above 4 cases were unsuccessfully prosecuted. The balance of the cases is in the prosecution process at the NPA.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 940

DATE OF PUBLICATION: 10 JUNE 2005

MR J P I BLANCHÉ (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Whether the SA Revenue Service office in Boksburg will be closed or any of its service sections be transferred to a neighbouring town and/or city in the near future; if so, (a) what sections will be transferred and (b) for what reasons;
- (2) whether, should these services be transferred, any consideration has been given to the inconvenience and cost to the clients who will have to travel to other towns to sort out tax problems; if not, why not;
- (3) what compensation will be given to staff who will have to travel to neighbouring towns to do their daily work?

N1295E

REPLY:

- (1) The SARS have been implementing a business change program called SIYAKHA over the past few years. The program aims to improve and rationalize SARS operations. In addition, better service is being provided by introducing Call Centres, E-Filing and better trained staff at our branches. At the same time, an efficient "back office" operation is being created in various parts of the country. This program has already been implemented in Kwa-Zulu Natal and the Western Cape, and is currently being implemented in Gauteng, and other parts of the country. The offices of Boksburg and Benoni are merging into one dedicated service centre, which will be located at the current Benoni premises, and will be called the Near East Rand Branch Office.

This office is designed to cater for all taxpayers services and has a staff component of 38 SARS employees.

- (2) Yes, taxpayer's convenience has been a primary consideration in our planning, and therefore Benoni, an area in close proximity to Boksburg, will remain open. In addition to this, there are new initiatives that are being introduced to make communication with SARS simpler and more effective, examples of which are:
- A free E-Filing service, which caters for VAT, PAYE, Tax Directives, Clearances and certain Income Tax Returns.
 - Two National Call Centres with over 600 seats, which will be incrementally enhanced with the capability to resolve most taxpayer's issues.
 - SARS Outreach Centres are being implemented as a means to keep the public informed on all matters concerning tax. There is particular emphasis on education and the provision of a more immediate service to the Small Business communities. This protocol has already been implemented in KZN and the Western Cape.
- (3) In drafting the new business model for SARS, a comprehensive compensation plan has been agreed with staff, labour, management and all other stakeholders for staff members who have to travel more than 25 kms from their current to new work location. The detail of this compensation model is contained in the Siyakha People Placement Protocol to which all staff have access.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 1045
DATE OF PUBLICATION: 24 JUNE 2005

MS S C VOS (IFP) TO ASK THE MINISTER OF FINANCE:

Why are subscription copies of international publications delayed and held up at customs?
N1401E

REPLY:

This question is of a very general nature. International publications are processed in large numbers by customs daily. There is no evidence of any generalized delays. The customs clearing procedure with regard to the importation of any goods into the country is as follow:

Goods arrive in the Republic by one of the following modes of transports: Air, Sea, Road, Rail or Post. In order for Customs to safeguard any revenue due to the State and to ensure compliance with national legislation, the importer must declare to Customs what he/she has brought into the country and also the mode of transport utilised. Goods not declared or cleared within the period of time may be removed and detained in a State Warehouse or any place appointed by the Commissioner.

The importer or his/her appointed agent is required to complete the relevant clearing documents. The clearance process includes accepting and checking the goods declaration against the documents produced, examination of the goods, if so required, and the assessment and collection of the customs duty and VAT. Customs may require additional information and may also request samples if there is doubt on the tariff classification.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 1119
DATE OF PUBLICATION: 24 JUNE 2005

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

Whether the National Treasury, in light of the information presented to the Portfolio Committee on Finance by the Commissioner of the National Revenue Service in April 2005, namely that it is estimated that South Africa loses about R30 billion per annum in taxes not collected, has introduced measures or is planning to introduce measures to resolve the problem; if not, what is the estimated amount in taxes not collected that will be lost in the next financial year; if so, what measures?

N1475E

REPLY:

The tax gap is an international phenomenon, and is not unique to the South African experience. Typically, the tax gap is constituted of a range of contributing factors, which include non-registration, non-filing, filing incorrectly and non-payment.

When considering the extent of the tax gap, a number of factors should be taken into account:

- The tax gap is a common reality in all countries, including the most developed countries.
- It is exceedingly difficult to accurately estimate the size of the gap, with various proponents for different models. At best, one can approximate the size of the gap.
- There is general consensus among both international revenue authorities and leading academics on the subject that the tax gap will never be completely eradicated.
- What is more, the manifestation of the tax gap differs between different sectors and segments in the market.

SARS has, and continues to develop compliance plans, which address the tax gap.

Our various projects and initiatives, which are currently underway, all contribute to reducing and managing the tax gap more pro-actively.

1. The Business Intelligence Unit has embarked on an exercise to develop an annual risk assessment, which will focus predominantly on external risk to SARS.
2. In the current business plan for the Enforcement division 2005-2006, programs include specific activities that will aim at measuring and assessing the compliance levels in SA during and after the campaigns.
3. The compliance strategy will form part of the Compliance Risk Assessment. A draft compliance strategy has been developed, that attempts to take account of the current compliance climate and the manifestations of non-compliance and seeks to direct enforcement actions accordingly.
4. The following campaigns have been rolled out since April 2005:
 - Confectionary: 16 Companies were selected for investigations and 7 of the audits have been completed, totalling assessments raised to the amount of approximately R52 million.
 - Cellular telephones: The campaign conducted at JIA has been temporarily suspended as the traffic of cell phones through this airport has decrease dramatically. It will however be re-introduced in July 2005.
 - Clothing, Footwear and Textiles: 40 Cases have been allocated to the regions.
 - Tobacco: Work on these campaigns has started and will be rolled-out during the 2nd quarter.

In addition to the above, leakages in revenue arise through internal inefficiencies. Therefore there is a need for continuous improvements of the business processes, improvements in the knowledge and skills of the staff.

We are confident that the range of solutions, which SARS is in the process of implementing in respect of non-registration, non-filing, filing incorrectly and non-payment, will enable us to reduce and pro-actively manage the tax gap, within the constraints posed by the cost of compliance, and the availability of resources.