

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1313 [NW1543E]

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Mrs P de Lille (ID) to ask the Minister of Finance:

Whether any government departments employ the services of private companies to recalculate value added tax (VAT) payments made by these departments in order to get VAT refunds from the SA Revenue Service (SARS); if not, what is the position in this regard; if so, (a) which companies, (b) how much was each company paid by the relevant government departments and (c) what percentage of the claim did they receive from each department?

NW1543E

REPLY:

Any taxpaying entity has the right to obtain from a practitioner of choice assistance with accounting systems, including tax matters. Government departments enjoy the same right.

SARS is aware of a practice whereby some practitioners approach government departments, in particular municipalities, to recalculate their VAT returns for remuneration or a percentage of returns paid by SARS. The organisation however, is not in a position to divulge information regarding specific taxpayers.

SARS conducts refund audits based on risk as a matter of course and issues a revised assessment to a taxpayer where applicable. The organisation has reversed inaccurate VAT refund payments based on the inaccurate recalculation of VAT by service providers.

SARS is monitoring this practice as well as practitioners that offer such services, and will respond if inappropriate activity is suspected.

SARS' compliance strategy furthermore provides for engagement with taxpayer communities and with the practitioners in order to improve services to them as well as their knowledge about tax obligations.