

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER PQ1890 (NW2128E)**  
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**Dr P J Rabie (DA) to ask the Minister of Finance:**

What (a) are the reasons that pay-as-you-earn (PAYE), Unemployment Insurance Fund (UIF) and value-added tax (VAT) returns can no longer be processed by using various printed forms and that only e-filing will be accepted from July 2011 and (b) impact will this change have on small businesses that do not have access to internet or e-mail?

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**REPLY**

(A) In line with international practice, SARS has for a number of years been encouraging the use of electronic channels for the submission of various returns by both corporate and individual taxpayers. Such electronic interaction via the internet provides significant benefits to taxpayers in the form of convenience, security, speed and cost savings. At the same time, it also has considerable benefits for SARS including enhanced efficiency and effectiveness and cost reduction.

(B) In anticipation of the switch to eFiling, a legislative amendment was passed by Parliament in 2005 in terms of which the Commissioner is empowered to determine the manner in which returns and payments must be submitted. Following a number of years of voluntary adoption by corporate taxpayers of the free eFiling service, during which time more than 82 percent adopted this method of interaction, the time was ripe to make use of this provision. Late last year and earlier this year the Commissioner issued notices in the Government Gazette making it mandatory for large taxpayers to use eFiling for PAYE and VAT submissions where PAYE payments exceeded R10 million per annum and where turnover exceeded R30 million per annum respectively.

Currently, 75 percent of PAYE submissions and 93 percent of VAT submissions are received electronically.

(C) SARS is very aware of the requirements of small business, and the fact that in some instances they may not have access to the Internet or e mail. For this reason the thresholds for compulsory electronic submission were set at significantly high levels (R10 million in PAYE payments per annum and R30 million in turnover for VAT).

Registered employers and VAT vendors whose payments and/or turnover are below these thresholds are still allowed to submit PAYE and VAT returns manually (i.e. on printed forms via the post or at a SARS branch).

These printed returns are posted to the vendors and employers at their request which can be made via the SARS Contact Centre (0800 00 7277) or at a SARS branch. The requirement to request such returns is in line with improvements to the income tax, PAYE and VAT processes which have seen significant reduction in cost and environmental impact associated with the automatic issue of printed returns which are never submitted.