

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER PQ 184 [NW193E]
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184. Mr P F Smith (IFP) to ask the Minister of Finance:

- 1) How are taxi owners assessed for income tax;
- 2) whether he has found that taxi owners are paying their income tax; if not, what steps does he intend to take to remedy the problem; if so, what are the relevant details?

NW193E

Reply

- 1) Taxi owners are assessed for income tax like any other taxpayer – either as a sole proprietor where they operate taxis under their own name or as an incorporated entity if they are registered as such. Further, if a taxi owner employs another person as the driver, they would be liable for employment tax. In any of these cases they must comply with the general rules under tax law. That is, they have to register as taxpayers, submit returns when required to, declare their income and expenses accurately and pay on time.
- 2) While there is no special dispensation for the taxi industry under tax law, the SARS compliance strategy relies on segmenting taxpayers according to the nature of their commercial activity and the potential tax risk they may pose. The SARS Compliance Programme launched in 2012 recognised small businesses whose transactions are based largely on cash as posing a special kind of risk and proposes a tailored approach to them. Generally, compliance levels within cash-based small business are low. The taxi industry is a subset of this segment and its level of compliance is consistent with the rest of the segment. SARS's actions to encourage compliance include enforcement, service

and education. With regards to small business, SARS's focus is primarily on drawing them into the tax fold by improving levels of registration and making them aware of their obligation through educational programmes. Where it is determined that a taxpayer is not compliant, the nature of the action that SARS may undertake depends on and is proportional to the taxpayer's behaviour.