

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 76 [NW80E]

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76. Mr R A Lees (DA) to ask the Minister of Finance:

What are the details of all value-added tax refunds claimed by (a) taxpayers and (b) vendors as at the last day of every month from 31 March 2019 to 31 December 2021 that had not been refunded to taxpayers and vendors as at the last day of every month from 31 March 2019 to 31 December 2021? NW80E

REPLY

The South African Revenue Service, in processing all refunds, will always seek to balance the protection of the fiscus from illegitimate refund claims and the optimal processing of all those refunds that are legitimate. This balance is further enhanced when considering that more than R50bn in illegitimate refunds are prevented from flowing out of the fiscus every year.

SARS has for the period ending 31 December 2021 paid R193bn in refunds of which 72% (R138bn) was paid within 21 days. It is worth noting that almost 80% of all refund claims are paid without audit or verification thus confirming our compliance theory that most taxpayers are honest and want to meet their tax obligations fully. The remaining 20% is the combination of those taxpayers who make genuine errors as well as those who unfortunately seek to defraud the fiscus. It must be noted that the law does not prescribe a minimum period for the completion of an audit or verification, therefore rendering the notion of overdue refunds a misnomer in law. However, SARS has committed to various turnaround times in its service charter in line with the desire to provide superior service to taxpayers.

The following table reflects the number of VAT credit returns submitted since March 2019 with total value and a column indicating credit balance in relation to those submissions. Some of the credits submitted will be outstanding and are reflected in the rolling credit balance. As can be generally noted on the percentage unpaid refunds, the amounts yet to be paid for these periods are much less than the original submission.

It must be noted that the unpaid refunds column is inclusive of all statuses i.e. cases where supporting documents have been requested and vendors have not submitted to date. Such vendors are categorized as Continuous Noncompliant (CNC). To date, SARS has over R11.5bn CNC cases for VAT which largely cannot be processed until the taxpayer responds to the SARS query.

TaxType	Return Count	Month Return	Return Amount	Current Balance	% Unpaid Refunds
VAT	47100	Apr-19	R -20 786 520 125.37	R -84 452 345.54	0.41%
VAT	54976	May-19	R -20 190 545 412.18	R -91 942 626.10	0.46%
VAT	47187	Jun-19	R -21 011 346 526.54	R -98 081 383.73	0.47%
VAT	55841	Jul-19	R -33 569 677 786.68	R -142 799 122.05	0.43%
VAT	48717	Aug-19	R -32 456 524 513.59	R -127 325 527.46	0.39%
VAT	59102	Sep-19	R -24 349 602 732.18	R -138 214 974.16	0.57%
VAT	53633	Oct-19	R -24 695 527 318.10	R -149 633 617.55	0.61%
VAT	60419	Nov-19	R -24 556 849 611.07	R -239 095 249.17	0.97%
VAT	47870	Dec-19	R -24 040 631 968.79	R -147 306 068.65	0.61%
VAT	56962	Jan-20	R -23 425 535 954.51	R -152 945 013.88	0.65%
VAT	52324	Feb-20	R -22 518 083 874.67	R -214 383 489.60	0.95%
VAT	65133	Mar-20	R -22 392 605 236.03	R -190 972 581.24	0.85%
VAT	51084	Apr-20	R -25 053 398 051.68	R -288 062 298.44	1.15%
VAT	71529	May-20	R -23 750 898 135.16	R -304 297 607.08	1.28%
VAT	66535	Jun-20	R -20 437 064 352.35	R -670 779 701.11	3.28%
VAT	70987	Jul-20	R -20 400 410 206.85	R -426 196 162.27	2.09%
VAT	58929	Aug-20	R -21 450 933 539.68	R -452 721 474.43	2.11%
VAT	69204	Sep-20	R -21 240 465 703.59	R -552 326 514.64	2.60%
VAT	58682	Oct-20	R -22 613 305 441.95	R -464 889 625.42	2.06%
VAT	63225	Nov-20	R -21 859 045 013.29	R -477 529 047.67	2.18%
VAT	54365	Dec-20	R -19 470 378 249.09	R -454 497 763.44	2.33%
VAT	62662	Jan-21	R -23 810 085 586.53	R -722 713 755.00	3.04%
VAT	59599	Feb-21	R -22 440 391 181.87	R -758 807 480.49	3.38%
VAT	75387	Mar-21	R -27 572 433 478.34	R -2 358 584 620.67	8.55%
VAT	58663	Apr-21	R -25 358 420 188.95	R -1 228 393 209.09	4.84%
VAT	67072	May-21	R -25 598 996 077.93	R -1 872 110 055.21	7.31%
VAT	67441	Jun-21	R -23 246 154 765.64	R -1 780 058 223.32	7.66%
VAT	82526	Jul-21	R -25 965 449 418.81	R -3 150 203 328.76	12.13%
VAT	63018	Aug-21	R -25 787 952 838.76	R -2 175 851 527.92	8.44%
VAT	73052	Sep-21	R -26 611 309 217.37	R -3 512 670 043.70	13.20%
VAT	61266	Oct-21	R -27 461 466 291.15	R -3 676 654 327.48	13.39%
VAT	65939	Nov-21	R -26 415 478 321.71	R -4 519 456 833.74	17.11%
VAT	53358	Dec-21	R -24 849 013 410.50	R -3 963 780 618.59	15.95%

As can be noted on the table, there is an increase in value of unpaid refunds from March 2021 onwards as reflected in the current balance per month which is in line with the increased number of return submissions and values coupled with an increased focus on the risk mitigation against refunds fraud (this focus in risk mitigation has resulted in R59 billion revenue protection across all tax refunds in current fiscal year). This is to ensure that SARS maintains the balance of protecting the fiscus from illegitimate refund claims whilst processing legitimate refunds. It must be noted as well that there are challenges experienced in matching the available capacity and the generated case load as the risk system responds to compliance risks that are inherent in the filed returns.

SARS at any given time will have amounts outstanding on refunds for a number of reasons including the following:

1. Audit within 21 days amounting to R8.5 billion,
2. Audit above 21 days amounting to R20.6 billion,
3. Continues Non-Compliant (CNC) amounting to R9.1 billion, *
4. Suspected fraud amounting to R0.369 billion,
5. Outstanding Returns amounting to R1.8 billion, and
6. Invalid Banking details amounting to R0.5 billion.

* CNC includes cases where SARS is awaiting taxpayer response on long outstanding documents having granted in excess of 35 days for taxpayer to respond.