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Budget 2021/2022

Rebuilding SARS

It was announced in the 2021/2022 Budget that an additional spending allocation of R3 billion will be provided to SARS to:

- modernise its technology infrastructure and systems;
- improve the use of data analytics and artificial intelligence capabilities; and
- participate meaningfully in global tax compliance initiatives.

The rationale provided is that a digitalised SARS will lower costs of compliance, simplify tax administration, and improve tax collections.

This will further expand the measures already aimed at improving the efficiency of SARS. To date, 14 of the 27 recommendations to address governance failures at SARS by the Commission of Inquiry into Tax Administration and Governance by SARS (the Nugent Commission), have already been implemented, including the re-establishment of the SARS Large Business Centre and units focussing on litigation, compliance and integrity.

The inter-agency working group (SARS, the Reserve Bank and the Financial Intelligence Centre) have over the past year completed 117 investigations, yielding revenue of R2.7 billion for the fiscus. In addition, customs and excise operations are reducing illicit cross-border movement of goods which led to 3,393 seizures valued at R1.5 billion for the fiscal year ended January 2021.

In keeping with the momentum of the above, the Budget 2021/2022 indicates that SARS will focus on consolidating wealth data for taxpayers through third party information. In line with these proposals, the Minister also indicated that there will be additional focus placed on wealthy taxpayers

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with complex financial arrangements. Several of these taxpayers have already been identified by SARS and engagements with these individuals will start during April 2021.

Any taxpayers with undisclosed offshore assets should see the above announcement as a possible final window of opportunity to proceed with a voluntary disclosure programme application as soon as possible to avoid significant penalties.

Contact your PKF firm for more information and assistance in relation to voluntary disclosure applications and the regularisation of unauthorised assets.

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