

SARS GETS TOUGH

New staff, new technology and an aggressive new attitude; there's never been a worse time to dodge the Taxman.

Delinquent taxpayers beware. The South African Revenue Service (SARS) has become much more aggressive about tracking down tax evaders and making them cough up what they owe - plus hefty penalties. At the same time, the Taxman has hundreds of new collectors on his payroll and the latest technology at his fingertips, which means it's becoming increasingly difficult to dodge his attentions.

For Yasmeen Suliman, associate director of tax with audit firm KPMG, the message is clear: "Attempting to wriggle out of your tax commitments has never been advisable. But now is a particularly bad time to try your luck."

Unfortunately that's just what increasing numbers of business owners and individuals seem to be doing as the effects of the global economic downturn continue to hit South Africans in the pocket.

It became clear that South Africa was no exception when he revealed that SARS had collected R598.5bn, or R26.8bn less than it had the previous year. Even more serious for SARS was that this amount was R60.8bn less than it had initially planned to collect.

Suliman said that SARS, anticipating just such a drop-off, had started last August to beef up its collection capability, and hiring new staff was one strategy it pursued.

"SARS has been focused on recruiting professionals to fill gaps created by attrition, as well as increase its staff complement. It also has a graduate training programme where approximately 200 graduate trainees are recruited for the Enforcement Centres alone each year," she said.

Another weapon in SARS' armoury is technology. It has spent millions on merging its separate systems to make it easier to call up all the relevant information on a taxpayer through a single access point. Its Business Intelligence Unit (BIU) can now use a taxpayer's ID number to see what taxes they're registered for, their taxable income history, the number of properties and cars they own, memberships and directorships in closed corporations, companies held by them and any trusts linked to them.

"This makes the profiling of delinquent taxpayers much easier," Suliman said.

The introduction of e-filing and third party verification of information has freed up SARS resources to concentrate on compliance and enforcement instead of data capturing, and has also resulted in greater accuracy of returns and income declared. And separate filing seasons for individuals and employers has speeded up tax collections.

New laws have been introduced to strengthen SARS' hand in enforcing compliance. These include monthly penalties for taxpayers with many returns outstanding and new rules for the remission of interest when VAT is paid late, which mean it is much harder to convince SARS to waive the interest levied.

There are now clearer guidelines on when, and at what level, penalties and additional tax will be levied, and stricter penalties for employers who don't deduct the correct amount of PAYE, and who do not reconcile and submit their PAYE reconciliations on time.

If this wasn't enough bad news for tax dodgers, SARS is now acting more aggressively than even to identify and prosecute delinquent taxpayers.

"The BIU is focusing more on high net worth individuals. They can often be identified through the media if they have a high public profile, through assets like expensive properties or cars, or through being reported by a suspicious colleague or family member," said Suliman.

Random audits, a clampdown on VAT registrations, the use of third parties like banks as agents to collect taxes due, and an increased appetite to take non payers to court are all examples of this new-found aggressiveness.

(extract from article by Yasmeen Suliman of KPMG)