

Sars curbing non-compliance, staff corruption

The South African Revenue Service's (Sars) efforts to root out tax evasion and corruption within its ranks is beginning to bear fruit, says Sars commissioner, Edward Kieswetter, at the launch of 2021 tax season.



Source: ©Paulus Rusyanto 123rf.com

He said the revenue collector was making steady progress in improving its capability to detect and respond to non-compliance. Interventions last year saw Sars detect fraudulent attempts to obtain refunds.

“It was R57bn of all taxes and R5bn for individual income taxes, we were able to prevent. We caution taxpayers who falsely understate or overstate expenses to defraud the system. Sars will with increasing vigour impose penalties as well as potential criminal prosecution where this is relevant.”

Last year, Sars detected more than 26,000 individuals who have had economic activity in excess of R1m but were not registered for tax.

He said these cases were currently being raised with employers. “We have raised this previously as a country. Employers collect from employees and then fail to hand this money over to Sars.”

He warned that this was criminality as employers are by law appointed as agents of the work done by Sars.

The revenue collector is collaborating with the National Prosecuting Authority (NPA) in a joint project to address the deliberate non-compliance of such employers and commence a process of calling them to book via prosecutions.

Internal corruption

Over the past year, he said, Sars has accelerated efforts to deal with internal corruption, saying part of its vision was to be an organisation with “unquestionable integrity that can be trusted and admired”.

“We cannot tolerate any of our staff members who do not honour this and who seek to collude with taxpayers and defraud the fiscus.”

He revealed that since 2020, the revenue collector had completed 553 internal corruption cases, leading to 51 resignations, 55 dismissals and 10 criminal convictions of Sars staff.

Data usage

The use of data was fast becoming an “indispensable asset”.

“We continue to expand our datasets while enhancing our capability to employ data science as a formal discipline to extract value from structured and unstructured data. In the past we have further developed our competency in developing machine learning algorithms and artificial intelligence to augment human effort,” says Kieswetter.

He said this had enabled the organisation to provide the auto assessment functionality and the ability to detect the non-compliance.

“Work will continue to gain momentum and we will continue to make strides in this regard,” he said.

The revenue collector will during this year’s tax season continue to implement its strategic plan focused on the approach of voluntary compliance.

“This approach is based on our belief that most taxpayers simply want to fulfill their tax obligation with the least effort and cost and we honour this. Our commitment to render the essential service, whilst minimised, is a high priority and remains such throughout the design of the tax filing season.”

Sars will only provide assistance at its branches once physical visits resume – a date yet to be determined – on an appointment basis.

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