

Sars prepares to clamp down on undisclosed trust distributions

The South African Revenue Service (Sars) is set to reinforce third-party reporting on trust distributions, and aims to hold to task individuals and companies not meeting their legal requirements.



Source: [Pexels](#)

Sars has conducted a detailed current state analysis of tax compliance by trusts and their beneficiaries to determine whether all trusts and their beneficiaries are registered with Sars for tax purposes.

Furthermore, Sars aims to determine whether all trusts and their beneficiaries have filed their annual income tax returns, and, if so, whether such returns fully and accurately reflect their actual tax status and whether their payment obligations have been fully met.

Through data collation, Sars has identified a significant number of beneficiaries of trusts who have received distributions but have not submitted income tax returns in line with their legal obligation as per the annual public notice under section 25 of the Tax Administration Act 23 of 2011.

These beneficiaries consist of companies, individuals and trusts who are under obligation to submit their outstanding income tax returns immediately.

"Failure to remedy this non-compliance, Sars will invoke the provisions of the law which may include actions such as raising estimated assessments, imposition of interest and penalties as well as civil and criminal sanctions," a media spokesperson said.

In line with its strategic objectives of providing clarity and certainty to enable taxpayers to comply with their legal obligations as required by law, an interim online registration platform (SOQS) is available to assist and enable trusts to register with Sars. This platform can be accessed by means of the following hyperlink: SARS Online Query (2.0.0.0 (Prod)).

Sars commissioner Edward Kieswetter said: "Sars will invoke all measures provided for in legislation if trusts' taxpayers and their beneficiaries intentionally negate their legal obligations. However, trust taxpayers and their beneficiaries may still regularise their tax affairs by making use of the Sars voluntary disclosure program (VDP) which is available and accessible on the e-filing platform."

For more, visit: <https://www.bizcommunity.com>