



MEMBER ALERT

20 September 2016

Update: SARS Special Stoppers

Dear Valued Members

We note that the issue of refunds remains of great concern to you and your clients (see also the SAIT Member Alert 1 September 2016). We are sending this alert to, once again, inform you that you are not alone in your concerns. The issue of refunds is a widespread issue based on the myriad of complaints we are receiving daily (and further based on our discussions with other key recognised controlling bodies). The most urgent concerns relate to ITR12's, with VAT refunds being an ongoing issue.

In a nutshell, the main problem is the required verification of details for ITR12 returns. Setting aside the various rumours giving rise to the problem, taxpayers are being required to re-verify pre-existing details that have long existed on the system. This verification must be performed directly by the taxpayer, with tax practitioners being forced to the side-lines. Verification must often be repeated while refunds remain continually stuck in the system. Provided below are some samples of the ongoing scenarios.

- Taxpayers with returns assessed without verification have been known to have their refunds reversed a few days later and their verification indicator changed to "required".
- After a finalisation letter is issued, a refund should ordinarily be paid to a taxpayer with valid banking details within +/- 1 week. The reality differs. After waiting some time (duration differs), the taxpayer/practitioner will query the refund with SARS, only to be told that a "Special Stopper" has been placed on the refund. This stopper is said exist because of high fraud risk, meaning that the taxpayer needs to visit his or her local SARS office with supporting documents. The practitioner may not come to the SARS office on the taxpayer's behalf.
- After visiting a SARS branch with the requested documents, taxpayers are finding that their refunds are *still* not being paid out. They follow up with SARS or their practitioner – only to be told that they need to visit a branch with proof of their banking details. Many of these taxpayers have used the same bank account for many years and their details have remained untouched (and are reflecting as VALID on the SARS system).
- We have received reports that even after visiting the SARS branch with supporting documents *and* banking details, SARS then advises the taxpayer that further problem exists so the taxpayer will need to revisit the branch.

We also note that certain taxpayers are having increasing frustrations in obtaining VAT refunds. A greater percentage of businesses are finding that their refunds are being stopped

until further information is provided to SARS. The same information often has to be provided multiple times. If the information is deemed sufficient, different information requests follow. The net result is a continual drain on tax practitioners feeding the SARS computer system while taxpayer frustration grows as cash-flows become disrupted.

We are engaging with the other recognised controlling bodies and SARS at the highest possible levels. We understand that this matter must be resolved urgently. In the interim, we advise our members to log their complaints with the SARS Complaints Management Office (0860 12 12 16) and to move onto the Tax Ombud once that remedy has been exhausted.

Kind regards,

Technical Department