Dear Sir

PAPERLESS INVOICES IN TERMS OF SECTION 73A AND 73B OF THE INCOME TAX ACT No. 58 OF 1962 (‘the Act’)

We set out below the SAICA National Tax Committee’s comments in relation to paperless invoices in terms of section 73A and 73B of the Act.

Legal nature of problem

Sections 73A and 73B of the Act require that a person retains all relevant records to support income tax or capital gains tax information, respectively, for a period of at least five years.

‘Records’ are defined to include inter alia invoices and ‘any electronic representation of information in any form’.

It is required that ‘The records contemplated in subsection 1 must be retained in such form, including any electronic form, as may be prescribed by the Commissioner’.

Guidance on the form of the records has not been issued for many years, and previous guidance sanctioned the retention of such records in the form of microfiche. We are not aware of any guidance that has been issued since.

With the advent of the electronic age, many businesses retain their records only in electronic format. This supports a recent submission from the VAT sub-committee of SAICA, which requests that it be approved that only electronic invoices need to be issued for the purposes of section 20 of the VAT Act as well.

Clearly there is an environmental advantage to this proposal.
It is clear that SARS advocates the use of electronic completion and retention of documentation, since it actively promotes the use of its e-filing system and e-payments, urging taxpayers that they don’t need paper tax returns to be submitted or retained.

Therefore, taxpayers are keen for confirmation that the retention of invoices in electronic format is acceptable to the SARS Commissioner.

**Submission Request**

SAICA hereby requests that the SARS Commissioner issues a Ruling confirming that invoices may be stored in electronic format, for the purposes of sections 73A and 73B of the Act.

Please do not hesitate to contact us, should you have any questions regarding the above.

Yours faithfully

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