Dear Sirs

WRITE OFF OF SMALL AND LONG OUTSTANDING AMOUNTS OF VAT AND PAYE

SAICA has over the past years on numerous occasions raised the issue that taxpayers receive notices of amounts outstanding in respect of VAT and PAYE. These notices when received are many years later, in some cases over 10 years. In most cases, this is the first notification the taxpayer received that the SARS system is reflecting that an amount is owed to SARS. On application for tax clearance certificates, taxpayers are advised that amounts of VAT and PAYE are owed to SARS. This is usually the first notification that the Taxpayer receives in respect of this. SAICA has previously arranged with SARS that if this amount is less than R2500, this will not prevent tax clearances being issued.

Tax legislation only requires taxpayers to maintain documentation for a period of 5 years and hence when these amounts date back to periods longer than 5 years, the taxpayer has no documentary proof of timeous payments. In many cases when taxpayers are advised that these amounts are outstanding, the taxpayer makes these payments in order to obtain the requisite tax clearance certificate. This does not assist SARS in that there is still a substantial amount reflected in SARS’ suspense account

In light of the above, SAICA recommends that amounts below, say R2500, be written off by SARS and further, where amounts are older than 3 or 5 years, these too be written off. We feel that SARS needs to take some responsibility for the fact that these amounts have not been followed up by SARS for these periods.
Please do not hesitate to contact me should you require further information.

Yours faithfully

M Hassan CA(SA)

**PROJECT DIRECTOR: TAX**

*The South African Institute of Chartered Accountants*