Ref#: 192657

Call for comment

23 January 2007

South African Revenue Service
Private Bag X923
PRETORIA
0001

By e-mail: skruger@sars.gov.za

Dear Madam

CALL FOR COMMENT: 2007 TAX RETURNS

We refer to your call for comment regarding the above-mentioned. Set out below please find SAICA’s comments, which have been provided by members of our National Tax Committee.

Further to the comments provided in our submission dated 16 January 2007, we provide the following additional comments on the 2007 company returns (IT 14).

- Control totals should be included that are automatically calculated for the Balance Sheet; Income Statement and Tax Computation sections;
- A section should be provided to allow for the input of assessed losses brought forward;
- A section should be provided to allow for the input of any capital gains tax losses brought forward from the prior year;
- A section should be provided to allow for the input of provisional tax payments made;
- A section should be provided to allow for the input of the final tax liability;
- A defined list of items should be provided that can/must be included in the line items reflected in the Balance Sheet; Income Statement and Tax Computation sections.

The South African Revenue Service ("SARS") did not communicate clearly to the public that they were not going to issue 2007 corporate income tax returns to taxpayers, but that such returns should instead be downloaded from the SARS’ website. This caused confusion for some taxpayers as they were waiting for their Form IT14’s through the post as in the past. We recommend that SARS communicate clearly to the public the way that SARS intend to
We are of the opinion that a more accurate assessment of the success or not of the 2007 corporate income tax returns will only be able to be determined once assessments for 2007 have been issued by SARS, to see how the data is captured from the return to the assessment. This would for example include the correct capturing of section 6 quat credits etc. We therefore recommend that a similar survey is done 6 months from now as we will then be in a better position to comment on the 2007 income tax return and assessment process.

We have noted conflicting information regarding Large Business Centre ("LBC") taxpayers. SARS has verbally confirmed that these taxpayers have to file their 2007 income tax returns with annual financial statements as well as supporting schedules. We have not received any formal confirmation from SARS in this regard. The only written notice that we have received from SARS is that the form (IT14’s) should be filed with SARS without financial statements and supporting schedules (the supporting schedules should be prepared by the taxpayers, but should be retained for a period of 5 years). It would be appreciated if SARS could clarify this matter by issuing a written statement in this regard.

The brochure to the return states that all required information is to be retained by taxpayers. We have however noted that taxpayers are unsure about the extent of information to be retained due to the limited questions in the 2007 form (IT14). We further recommend that SARS must elaborate in the brochure exactly what information they require, as some of the descriptions are very vague.

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