

2022/23 ANNUAL PERFORMANCE PLAN

South African Revenue Service

RP80/2022

ISBN: 978-0-621-50161-2

Abbreviations

AEO:	Authorised Economic Operator
AI:	Artificial Intelligence
APA:	Advance Pricing Agreements
APP:	Annual Performance Plan
ATAF:	African Tax Administration Forum
CEMIS:	Compliance Evaluation Monitoring Information System
CFO:	Chief Financial Officer
CIPC:	Companies and Intellectual Property Commission
CIT:	Corporate Income Tax
COGTA:	Cooperative Governance and Traditional Affairs
DTC:	Davis Tax Committee
ENE:	Estimates of National Expenditure
EOI:	Exchange of Information
FATF:	Financial Action Task Force
FIC:	Financial Intelligence Centre
FOSAD:	Forum of South Africa Directors-General
FTA:	Free Trade Agreement
GBV:	Gender-Based Violence
ICT:	Information Communications Technology
KM:	Knowledge Management
KPI:	Key Performance Indicator
MTBPS:	Medium-Term Budget Policy Statement
MTEF:	Medium-Term Expenditure Framework
MTSF:	Medium-Term Strategic Framework
NATJOINTS:	National Joint Operational and Intelligence Structure
NCCC:	National Coronavirus Command Council
NDP:	National Development Plan
NES:	Net Easy Score
NPA:	National Prosecuting Authority
OECD:	Organisation for Economic Co-operation and Development
PAYE:	Pay-As-You-Earn
PFMA:	Public Finance Management Act
PIT:	Personal Income Tax
PPE:	Personal Protective Equipment
RAWC:	Revenue Analysis Working Committee
SARB:	South African Reserve Bank
SARS:	South African Revenue Service
SMS:	Short Message Service
TADAT:	Tax Administration Diagnostic Assessment Tool
TID:	Technical Indicator Descriptor
VAT:	Value Added Tax
WCO:	World Customs Organisation

ANNUAL PERFORMANCE PLAN

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Minister's Statement



Enoch Godongwana
Minister of Finance

It is almost two years since the National State of Disaster was declared as part of the government's response to the COVID-19 pandemic. Since then, we have witnessed the devastating impact of the pandemic on the lives of millions of South Africans. It has brought to the fore the systemic weaknesses of the economy, and underscored the huge disparities that continue to exist in the country. The pandemic has made it abundantly clear that government, business and society must continue to work together to address entrenched inequalities across the economy and in society.

From the onset of the pandemic, the government placed huge reliance on institutions like SARS to provide and administer economic and other relief measures to minimise the impact of the disruptions caused by the pandemic. Revenue collection efforts have enabled the government to provide much-needed relief to millions of South Africans and businesses. This is a testament to the fact that a well-functioning and effective revenue service is crucial to meeting the fiscal needs, and ensuring the viability of our democracy in the most difficult of times.

Continuing efforts to rebuild SARS and ensure a sustainable system of voluntary tax and customs compliance across South Africa remains crucial, and must be supported by the government, taxpayers and the community at large.

This year, SARS celebrates its silver jubilee, marking the 25th year of its existence. The South African Revenue Service Act of 1997 established SARS as an institution, with the mandate to make provision for the efficient and effective administration of the revenue collecting system of South Africa. SARS exists to serve the higher purpose of enabling the government to build a capable state. It is through this purpose that SARS can contribute to fostering sustainable economic growth and social development for the good of all South Africans.

A handwritten signature in black ink, appearing to read 'Godongwana', with a stylized flourish at the end.

Enoch Godongwana
Minister of Finance

Commissioner's Statement



**Edward Chr
Kieswetter**
SARS Commissioner

We continue our journey of reinventing SARS to be a SMART, modern revenue administration.

COVID-19 has accelerated our journey towards VISION 2024. SARS has been able to deploy new capabilities to enhance taxpayer and trader experience. We are now able to automatically assess individual taxpayers (standard income earners) with relatively simple tax affairs, reducing the need for them to visit SARS branches. Individual taxpayers are able to view and/or edit assessments, and submit their tax returns from wherever they are using eFiling and/or the SARS MobiApp.

We are well aware that public and taxpayer/trader confidence in SARS is still not where we want it to be to sustain the highest levels of voluntary compliance. We are working very hard and intelligently to ensure that trust and credibility is restored in the organisation. There are many areas where SARS continues to fall short with respect to improving taxpayer and trader experience, and we are committed to resolving systematic issues that negatively affect taxpayers and traders across all SARS interactions. If you are an honest and law-abiding citizen, our actions and interactions should not inconvenience you unduly.

Going forward, our focus as a leadership team will be on ensuring that we significantly improve our efforts to create the best taxpayer, trader and stakeholder experience across all SARS interactions, whilst building the internal capabilities and resilience in our operations that will ensure that SARS can respond to all future taxpayer and trader needs.

This year marks a special milestone for SARS. It is our quadranscentennial. The organisation was established 25 years ago, incorporating both tax and customs administration. According to its legislative mandate, SARS must ensure compliance, collect all revenue due, and facilitate legal trade across our borders. In essence, this mandate means that SARS is responsible for providing the resources to government to establish a developmental state capable of improving the lives of all citizens. At SARS, we call this our higher purpose, which means we are not only collecting rands and cents, but touching the lives of all South Africans through the work we do.

In the course of our 25th anniversary celebrations, we will be engaging with all stakeholders (citizens, taxpayers, traders and others), to bring home the message that voluntary compliance is one's contribution to nation building, and that paying our fair share strengthens our democracy.

I wish to thank all SARS employees for their continued diligence and hard work to uphold the SARS mandate and the nine strategic objectives during these unprecedented times. I am grateful to the Minister of Finance and Parliament for their ongoing support to rebuild SARS.

A handwritten signature in black ink, reading "Eden Kieswetter". The signature is fluid and cursive, with a long horizontal stroke at the end.

Edward Chr. Kieswetter
Commissioner and Accounting Officer

Official sign-off

It is hereby certified that this Annual Performance Plan:

- » Was developed by the management of SARS, under the guidance of Minister Enoch Godongwana.
- » Takes into account all relevant policies, legislation and other mandates for which SARS is responsible.
- » Accurately reflects the outcomes and impact which SARS will endeavour to achieve over the period 2022/23.



Yolande van der Merwe
Chief Financial Officer



Katiso Tabe
Executive: Enterprise Strategy and Planning



Edward Chr. Kieswetter
Commissioner and Accounting Officer



Enoch Godongwana
Minister of Finance

PART A: OUR MANDATE

Legislative and policy mandates

In terms of the SARS Act, 1997, SARS is mandated to:

- » collect all revenues due
- » ensure optimal compliance with Tax and Customs legislation
- » provide a Customs service that will optimise revenue collection, protect our borders and facilitate legitimate trade.

The primary legislation that SARS administers include:

- » Income Tax Act, 1962
- » Customs and Excise Act, 1964
- » Value-Added Tax Act, 1991
- » Tax Administration Act, 2011
- » Employment Tax Incentives Act, 2013

How we fulfill our mandate

SARS Compliance Theory and Philosophy

In our context, compliance refers to the degree to which taxpayers and traders fulfill their tax obligations (registration, filing, declaration and payment) accurately and on time, as required by the law.

In the fulfillment of our legislative mandate, the main work of SARS is to ensure taxpayer and trader compliance. This is expressed as the SARS Compliance Programme, which is reviewed annually and forms part of our Annual Performance Plan.

Our aim is to engage with society in a way that earns public confidence and trust, while fostering the principle of fiscal citizenry. Voluntary compliance refers to society fulfilling their obligations without being prompted by SARS to do so. SARS believes that most taxpayers and traders are honest, and will therefore strive to promote a culture where compliance is viewed as a positive social contribution. The behaviour of taxpayers and traders may range from willing and intentional compliance to non-compliance, largely because of a lack of knowledge or means. We are also aware that some taxpayers and traders consciously choose not to comply, and will engage in aggressive tax planning or even criminal behaviour.

SARS is of the view that the majority of taxpayers and traders will always do the right thing, whilst a certain number will always come short. Most taxpayers and traders fit between these two extremes, in that they will do the right thing if the circumstances are right for them, but will choose not to comply if they believe they will get away with it. SARS will, therefore, seek to move as many taxpayers and traders as possible up the continuum, and ensure that they are more willing to comply voluntarily.

Voluntary compliance will be achieved when everyone is aware of their tax obligations (clarity and certainty), it is reasonably easy and less costly to meet these obligations (make it easy), and when there is a credible threat of detection and consequences for those who do not comply with their obligations (detection and enforcement). To achieve this, we need to build administrative and institutional capability that has integrity, and serves the public beyond reproach.

Clarity and certainty

Taxpayers and traders that are aware, clear and certain of their rights and obligations are more likely to comply voluntarily. We will endeavour to administer tax and customs laws that are clear, easily understood and applied by taxpayers and traders to the greatest extent possible. We will provide easy access to information and guidance to taxpayers for better understanding. We will also provide certainty and consistency through prompt rulings, interpretation notes and explanatory guidelines. We will provide leverage products such as advance pricing agreements and advance rulings to certain segments of taxpayers and traders. We will also use other government facilities and institutions to educate taxpayers and traders about their rights and obligations.

Education and awareness campaigns will be attuned to the needs and behaviours of groups of taxpayers and traders, based on observations and insights drawn from data. We will pay particular attention to the work we do with, and through intermediaries, opinion-makers, influencers, professional bodies and other stakeholders to provide clarity and certainty to taxpayers and traders.

We will reach out to future taxpayers and traders by collaborating with the Department of Basic Education and the Department of Higher Education for tax education.

Make it easy

We recognise that providing an easily accessible, professional and efficient service promotes voluntary compliance. Our service must enable taxpayers and traders to meet their obligations in a fair, easy, cost effective and convenient manner possible, most importantly for compliant taxpayers and traders. We will provide equitable access to all service channels, however, we will strive to encourage the majority of taxpayers and traders to use mainly our online self-service channels. Through these online channels and our branches, we will ensure that taxpayers and traders are provided with seamless services from registration, filing, declaration, payment and deregistration. Service offerings will be attuned to the needs and behaviours of groups of taxpayers and traders, and where appropriate, we will use intermediaries (accredited, certified or trusted) to provide services that enable taxpayers and traders to meet their obligations with the least effort and cost.

Detection and enforcement

The aim of our enforcement activities is to promote fairness and deter non-compliance with tax and customs laws, by creating an environment where a taxpayer and trader's compliance is consistently monitored. In carrying out enforcement measures, we will apply a principle of proportionality, which matches the severity of the enforcement action to the nature of non-compliance. Our actions will be proportional to the level of non-compliance detected, moving through a continuum of "soft" enforcement for a lesser degree of non-compliance, first offenders etc. to "hard" enforcement for deliberate non-compliance e.g. deliberate tax avoidance, multiple offenders, and other forms. We will build the necessary capabilities (data, intelligence, skills, people, systems etc) to detect and investigate non-compliance early, and communicate promptly with taxpayers and traders when non-compliance is detected. We will give non-compliant taxpayers and traders reasonable time and clear guidance to respond and correct their non-compliance, and when this fails, we will utilise the tools at our disposal to respond appropriately.

We will embark on enforcement campaigns in areas where we have detected widespread non-compliance to create leverage. We will use our Compliance Programme as a tool to communicate to taxpayers and traders our observations regarding their compliance behaviours, and how we plan to address them.

In time, for the non-compliant taxpayer and traders, the cost of non-compliance must outweigh the benefit of non-compliance.

Institutional integrity and capability (effective administration)

The bedrock of voluntary compliance is an efficient, capable and disciplined administration that adheres to the highest standards of integrity and governance. An effective administration comprises of system integrity, transactional integrity, adequate financial resources, prudent management of resources, and people integrity (adequately skilled and resourced people, who behave professionally and ethically).

Our system integrity will include trustworthy taxpayers and traders' records, a transparent governance system with appropriate checks and balances, and value for money spending. We will expand the use of data and/or data analytics and artificial intelligence to improve the integrity of our records, risk management and to derive critical insights and improve outcomes.

In the course of interacting with taxpayers and traders, we will do everything permissible, in a fair and courteous manner, to enable them to meet their obligations with ease. We will take adequate measures to ensure efficiency and fairness in our actions, unbiased in our dealings with taxpayers and traders, in recognition of the potentially intrusive nature of our enforcement actions. We will manage exceptions in a transparent and fair manner.

To live up to our constitutional obligations and our legal mandate, we seek to maximise performance through prudent and ethical management and deployment of our resources (people, financial, intellectual, manufacturing, social and relational and natural capital) to deliver quality and measurable outcomes. At the heart of our "People Philosophy" is the recognition that we serve the public collectively through the role we play in the country's fiscal management, and serving the public individually through the day-to-day interactions that we have with them.

Section 195 (1) of the Constitution states, amongst other things, that public administration must exhibit "a high standard of professional ethics", must provide services "impartially, fairly, equitably and without bias", must be "accountable" and must be "broadly representative of the South African people". As SARS, our commitment is to abide by these principles.

We want our employees to be highly skilled at addressing and resolving taxpayer and trader queries, and disciplined in maintaining organisational processes. We want SARS to be a great place to work at, where employees can give expression to their aspirations and values. We will build and maintain a working environment that supports employee growth and development, by providing employees with the tools and skills they need to do their jobs, within a context of an evolving environment. We will continue to identify, recruit and upskill the right people to maintain excellence in our operations, drive innovation, and enable implementation of our future strategies.

Institutional policies and strategies over the five year planning period

Policies

The National Development Plan (NDP) 2030, continues to shape government's policy framework. Government's policy direction as outlined in the NDP, the Medium-Term Strategic Framework (MTSF) and other State policies provide the policy framework on how SARS carries out its mandate. As one of the critical organs of State, SARS will continue to diligently carry out its mandate of collecting the revenue required to fund critical government programmes. We will continue to promote and facilitate legitimate trade through the country's borders, to help grow the economy and protect it from harmful illicit trade activities.

Strategy over the five-year planning period

SARS' Higher Purpose

Our work enables government to build a capable state, to foster sustainable economic growth and social development that serves the wellbeing of all South Africans.

Our Strategic Intent

To give effect to our mandate, our strategic intent is **to develop and administer a tax and customs system of voluntary compliance, and where appropriate, enforce responsibly and decisively.**

It is our vision to *build a smart, modern SARS with unquestionable integrity that is trusted and admired.*

Our strategic objectives

In support of our strategic intent and to give effect to our compliance philosophy, we have identified and committed to achieving nine Strategic Objectives to guide and inform our efforts and decisions, and establish where to focus our resources over the course of this planning cycle.

Our nine strategic objectives are:

1.	Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations The overall taxpayer and trader experience is empowering and enabling. Taxpayers and traders proactively receive clarity guidance, and where required, have easily accessible additional customised support. Certain segments of taxpayers and traders may also access leverage products such as advance pricing agreements, advance rulings (inclusive of Value-added Tax - VAT rulings and binding general rulings) and cooperative compliance programmes.
2.	Make it EASY for taxpayers and traders to comply with their obligations Engagements with taxpayers and traders in the fulfillment of their obligations will be mainly online, intuitive and self-managed, with minimal face-to-face visits. For standard taxpayers (largely non-provisional taxpayers), the fulfillment of their registration, filing, declaration and payment obligations will be seamless. Exceptions will be resolved with ease and minimal intervention. Complex taxpayers (largely provisional taxpayers - individuals and entities) as well as their intermediaries, will experience engagements customised to their specific needs. Increasingly, trusted intermediaries will be empowered and enabled as authorised agents acting on our behalf.
3.	DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY Taxpayers and traders who negligently, deliberately, aggressively, or criminally stay out of the tax system or do not comply, will be detected immediately when non-compliance occurs. They will experience a response appropriate to the nature and degree of their non-compliance, which progressively, may include friendly reminders to more intrusive and investigative engagements that enforce compliance. Where necessary, hard enforcement may include court action, asset seizure and criminal prosecution. Non-compliant taxpayers and traders may under certain circumstances be named and shamed. The cost of non-compliance will be high and severe.

4.	<p>Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce</p> <p>Our employees consider us to be an Employer of Choice and are engaged to deliver the best taxpayer and trader experience characterised by professionalism and actions that are beyond reproach. Tasks have become less administrative, more analytical and service oriented. Our employees easily collaborate to leverage their combined strengths, and we invest in them appropriately and provide them with the right tools for the job. They are able to respond to future demands of the work environment and changing needs of taxpayers and traders with ease.</p>
5.	<p>Increase and expand the use of DATA within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes</p> <p>By expanding and increasing the use of data, data analytics and artificial intelligence, we create the capability to understand the compliance behaviour of taxpayers and traders to provide clarity and certainty where it is needed, simple, easy and seamless service that fosters voluntary compliance, and timely/early detection of risks, trends and instances of non-compliance that enable us to enforce responsibly. We have incorporated data into a comprehensive system of knowledge management. The composite effect of the expanded and increased use of data must substantively support our strategic intent of voluntary compliance.</p>
6.	<p>Modernise our systems to provide DIGITAL and STREAMLINED online services</p> <p>Our digital platforms will provide reliable and secure services to all our constituencies. Specifically, to enable taxpayers and traders to meet their obligations simply, easily, and where appropriate seamlessly, anywhere. For our employees to enable them to deliver world-class and best-in class taxpayer and trader experience and to ensure performance excellence. For our stakeholders, provide access to reports and analysis that enable them to hold us accountable.</p>
7.	<p>Demonstrate EFFECTIVE STEWARDSHIP of our resources to ensure EFFICIENCY and EFFECTIVENESS in the delivery of quality outcomes and performance excellence</p> <p>We steward the limited resources entrusted to us in a manner that creates value to achieve quality outcomes and performance excellence. The way we organise ourselves reflects agility and responsiveness to deliver the best experience for all our constituencies. We demonstrate a high work ethic, strive for performance excellence and achieve the most with the least effort and cost, and best-in class innovations that enable us to achieve our strategic intent.</p>
8.	<p>Work with and through STAKEHOLDERS to improve the TAX ECOSYSTEM</p> <p>We have effective and beneficial partnerships with all stakeholders in the tax ecosystem that deliver maximum benefits for the taxpayers and traders, government and the public. We leverage each other's strengths to resolve tax administration challenges and improve voluntary tax compliance. Our interactions and exchanges are formal, professional, and transparent. Intermediaries experience their engagement with us as empowering and enabling, mainly through online digital services.</p>
9.	<p>Build PUBLIC TRUST and CONFIDENCE in the tax administration system</p> <p>The public is confident that our stewardship of the country's tax system is professional, unbiased and fair; we always act and do the right thing all the time; we maintain the highest standards of integrity and ethics; we have transparent governance systems and processes, and we have capable and trustworthy leaders. We accept that ultimately we are accountable to taxpayers, traders, and their representatives, the general public and elected public office bearers, whose trust we must earn.</p>

Table 1: The nine strategic objectives

We will ensure accountability for the delivery of all nine strategic objectives by identifying key results, associated indicators and measurable targets for each. We will track and monitor our performance quarterly and annually.

PART B: OUR STRATEGIC FOCUS

Situational analysis

Key external environmental factors and our approach

Environmental factors	Relevant strategic objective/s (SO)	Our approach
<p>Economy</p> <p>The continuing lacklustre performance in the economy is impacting negatively on tax revenue collection with year-on-year revenue collection targets becoming harder to reach. The continuous spread of the COVID-19 pandemic, together with its associated restrictions and the continual load-shedding, remain major pull-backs to economic growth, and will continue to have adverse effects on the realization of revenue collection targets by SARS.</p> <p>Most countries including South Africa made fiscal policies that prioritised health spending, including vaccine production and distribution infrastructure, personnel, and public health campaigns to boost take-up. Climate change is one of the major factors impacting the world and shaping the future, after pandemics and infectious diseases, according to the megatrend report 2020. It was considered as the number one risk in the years prior to the outbreak of the COVID-19 pandemic in 2019 and remains a risk that will impact the world in the coming five to ten years.</p>	All	<ul style="list-style-type: none"> » Continue our efforts in areas within our control and we have started to address many weaknesses in our administration. Some of these efforts include (but are not limited to); reducing the cost of compliance for taxpayers and traders by making it easy to comply through tax education, providing virtual access platforms and assisting taxpayers 24/7 through e-Filing; continuing to administer COVID-19 relief efforts and tax concessions; increasing our visibility and co-operation with key stakeholders. » The assessment of the Tax Gap is an ongoing process. The Davis Tax Committee (DTC) did some work and SARS has been steadily implementing the recommendations, but new trends have emerged. The ultimate outcome as to whether we are making progress in closing the tax gap is reflected in the revenue collection and the compliance levels. These are specific OKRs in the APP that we track and report on. » Enabling greater integration and co-operation with key stakeholders, including the South African Reserve Bank (SARB), Financial Intelligence Centre (FIC) and Companies and Intellectual Property Commission (CIPC) to tap into third party information. » Leverage the Automatic Exchange of Information (AEOI) as a game changer by accessing critical taxpayer information. » Continue to refine our revenue forecasting models.

Environmental factors	Relevant strategic objective/s (SO)	Our approach
The existential challenge of climate change will similarly complicate the picture. Large numbers of climate migrants will likely fuel more populism, but climate change will also demand unprecedented global co-operation. Fiscal Risks under Fiscal Stress as an emerging risk to the COVID-19 pandemic will likely impact the public finances of countries through increased spending and reduced revenue collection, and through contingent liabilities turning into actual liabilities, putting pressure on tax administrations.	All	<ul style="list-style-type: none"> » Adopt tax broadening strategies through the full understanding of the regional and segment tax gap across tax products, thereby enlisting additional taxpayers to improve the tax collections from a wider base of taxpayers. » Combat illicit economy, which normally finds fertile ground when economic hardship prevails.
Government debt The substantial increase in government debt due to falling revenue collections and the government relief package aimed at addressing the economic impact of COVID-19 has put SARS under immense pressure to collect more revenue from a tax base that is eroded.	All	<ul style="list-style-type: none"> » Identify new revenue opportunities and increase revenue collections. » Employ Artificial Intelligence (AI) to detect non-compliance. » Develop strategies to tackle growing online transactions and e-commerce.

Environmental factors	Relevant strategic objective/s (SO)	Our approach
<p>Public confidence</p> <p>Research shows that taxpayers' attitude towards compliance and their willingness to comply are influenced by how they perceive taxes to be utilised by government.</p> <p>Loss of public confidence due to concerns about corruption in the public sector and poor service delivery has the potential to undermine and make it difficult for SARS to increase voluntary compliance.</p> <p>The poor state of governance at municipal level is contributing to poor service delivery and declining public confidence in government at large.</p>	SO: 8 and 9	<ul style="list-style-type: none"> » Continue to work with all our stakeholders to improve outcomes. » Address aspects that could influence public perception, such as swift responses to recommendations from the report "Commission of Inquiry into Tax administration and Governance by SARS". The implementation of the recommendations continues to assist in addressing governance and leadership lapses previously identified. Addressing concerns raised by the Nugent Commission has helped to stabilise SARS, and has created confidence amongst employees and taxpayers and traders. This can only bode well for our compliance efforts. » Continually demonstrate high intolerance towards corruption by regularly issuing forceful statements against corruption, and report on SARS investigations on people implicated in corrupt activities. » Work closely with local and district municipalities to ensure that they are always tax compliant, and gain insights into the economic activities that are taking place within the municipal boundaries.
<p>Illicit economic activities</p> <p>The illicit economic activities continue to pose a serious threat to South Africa's growth, revenue base, prosperity and stability.</p>	SO: 3 and 5	<ul style="list-style-type: none"> » Expand and improve the use of data, data analytics and artificial intelligence capabilities to enable SARS to detect non-compliance and illicit economic activities that previously went undetected, and enforce accordingly. » Collaborate across the whole of government and with other stakeholders locally and internationally to address illicit trade risks across different sectors. » Build SARS' capacity and capability to respond comprehensively to illicit economic activities.

Environmental factors	Relevant strategic objective/s (SO)	Our approach
<p>Emerging technologies</p> <p>The emergence and evolution of new technologies such as 5G, Block-Chain, Artificial Intelligence, Machine Learning and Cloud Computing, etc. will transform the way we carry out the SARS mandate. Taxpayer and trader interactions will be different and will reduce the compliance burden. We also anticipate a big impact on our employees as current roles will most certainly evolve from largely administrative functions to more analytical work, and this has implications for our staffing model and resource mix.</p>	<p>SO: 4, 5, 6 and 7</p>	<ul style="list-style-type: none"> » Invest in new systems and digital processes to create a seamless taxpayer and trader experience when meeting their obligations. » Build the required new skills (including upskilling of current staff), capability, and capacity to complement the new technological developments, and expedite implementation in line with our vision. » Aggressively encourage taxpayers and traders to use on-line platforms when engaging with SARS. Increase the use of social media and other mediums such as radio and television adverts to show taxpayers how the SARS Short Message Service (SMS) looks like, to mitigate the risk of cyber criminals.
<p>Political environment</p> <p>In 2017 President Cyril Ramaphosa instituted a Commission of Inquiry into Tax Administration and Governance at SARS due to serious governance failures and decline in public confidence in SARS. The Nugent Commission, in its deliberations and final report, highlights the risks that arise and the damage that can be caused if political interference is allowed.</p> <p>Political interference in SARS can seriously undermine public confidence and consequently SARS' efforts to improve voluntary compliance.</p>	<p>SO:9</p>	<ul style="list-style-type: none"> » In carrying out our mandate we will always be factual, objective, and act without fear or favour. It should not matter who is in a position of influence. » Our autonomy and independence should be supported and protected by ensuring that we have the resources to pursue our mandate. » Engage with all sectors of society to listen to their concerns and provide credible responses that engenders trust. » SARS, together with other law enforcement agencies, should increase vigilance at the ports of entry to prevent the illegal entry.

Environmental factors	Relevant strategic objective/s (SO)	Our approach
<p>The revelations at the Commission of Enquiry on State Capture and the corruption revealed by the Special Investigating Unit on COVID-19 related tenders have exacerbated poor public confidence on government, and will negatively impact on tax morale and ultimately tax compliance.</p> <p>The political and economic instability in neighboring countries pose a threat, as many citizens of these countries illegally migrate to South Africa, some of them undocumented.</p>	SO:9	

Environmental factors	Relevant strategic objective/s (SO)	Our approach
<p>Changing Demographics</p> <p>South Africa is a country of young people, as recent statistics released by StatsSA indicate. The same is true for our current individual tax base.</p> <p>The high (and growing) unemployment amongst the youth is a serious threat to the tax base and the overall integrity of the tax system. It has become a serious constraint to revenue growth and will cause further strain on government to increase spending on social benefits.</p> <p>The youth participated in the civil unrest that took place in the month of July in 2021 following the incarceration of the former president Mr Jacob Zuma. Election results from past elections have also shown that the two generations tend to refrain from voting during elections. The continued high rate of unemployment and lack of business opportunities for two generations pose a great risk of future civil unrests, which negatively impact on the investor confidence and tax morale.</p>	SO: 1,2 and 3	<ul style="list-style-type: none"> » Adopt a segmentation approach to take account of all societal segments, but pay particular attention to the demographic structure of our society. This influences how we develop our compliance programme, engage with communities, and how we shape our workforce. » Continue to be a catalyst of change by promoting gender equality in the workplace and promoting zero tolerance against Gender-Based Violence (GBV) in the society, and recruiting women, youth and persons with disabilities.
<p>Social media</p> <p>Social media is pushing many boundaries and has brought about new ways of communicating and interacting between taxpayers and traders, and tax authorities. It can help SARS to learn more about taxpayers and traders, and can be used to improve our services and compliance efforts. It has also brought with it risks such as false/fake news that can quickly spread.</p>	SO 4,5 and 6	<ul style="list-style-type: none"> » Proactively use social media platforms to inform, engage and promote voluntary compliance. » Continue to seek ways to improve the integrity of our systems. » Ongoing drive to share taxpayer and trader updates in relation to operational deliveries informed by the Service Charter.

Table 2: Key external environmental factors

Key internal environmental factors and our approach

Environmental factors	Relevant strategic objective(s)	Our approach
<p>Governance and leadership failures</p> <p>The Commission of Inquiry into Tax Administration and Governance at SARS has been concluded. The findings from the Commission highlighted a “massive” failure in integrity and governance in SARS, which significantly contributed to SARS failing to meet its revenue targets.</p>	SO: 9	<ul style="list-style-type: none"> » Continue to implement recommendations from the Nugent Report. » Continue to rebuild key capabilities that were deliberately hollowed out, and restore internal trust and confidence amongst staff. » The Commissioner will continue to lead efforts to regain public trust and confidence and improve tax morality.
<p>Staff morale</p> <p>SARS experienced a decrease in the levels of employee engagement during 2017. This was likely influenced by the changes that took place as a result of the “new operating model” which, according to Nugent, was driven by a desire to deliberately breakdown the organisational integrity as well as the continuous negative publicity that SARS received over the recent past.</p>	SO: 4	<ul style="list-style-type: none"> » We have already started initiatives to ensure that employees regain their confidence by ensuring that they engage in meaningful work. » Our new employee value proposition will include an evolved job profile that will in the future move people away from doing largely administrative work to more analytical and service roles. » Be transparent regarding issues affecting employees and seek to build consensus with all stakeholders. » Continuously assess competency levels amongst staff and implement targeted development initiatives to build capabilities. » Put more emphasis on equity issues, especially on women, youth and persons with disabilities.

Environmental factors	Relevant strategic objective/s (SO)	Our approach
Evolving modes of work Technological changes and evolving taxpayer and trader needs are influencing the broader world of work, including the structure of the work environment and the way people work. The challenges brought about by the novel COVID-19 have disrupted the traditional way of working.	All	» Our human capability must evolve to complement the increasing levels of automated processing and artificial intelligence enabled by data, super computers and real-time connectivity (Internet of Things). » Continue to arrange for a safe working environment for its employees during the COVID-19 pandemic by advancing strict measures in the work place such as social distancing, the use of Personal Protective Equipment (PPEs) and promotion of remote/virtual working arrangements into the future.

Table 3: Key internal environmental factors

PART C: MEASURING OUR PERFORMANCE

Institutional performance information

STRATEGIC INTENT: TO DEVELOP AND ADMINISTER A TAX AND CUSTOMS SYSTEM BASED ON VOLUNTARY COMPLIANCE, AND WHERE APPROPRIATE, ENFORCE RESPONSIBLY AND DECISIVELY						
Key results	Key result indicators	Baselines	Current & MTEF Targets			
			2022/23	2023/24	2024/25	2025/26
Printed revenue estimates are met and/or exceeded	% collection of revenue as agreed with Minister of Finance	2021/22 collection	100% collection of revenue as agreed with Minister	100% collection of revenue as agreed with Minister	100% collection of revenue as agreed with Minister	100% collection of revenue as agreed with Minister
Overall compliance has increased as measured by a compliance index	Level of overall tax compliance (%)	2021/22 actual performance	5.00% improvement on baseline	5.00% improvement on prior year	5.00% improvement on prior year	5.00% improvement on prior year
Enhanced Trade Facilitation	A trade facilitation index is developed and approved	New measure	A trade facilitation index is developed and approved, baseline determined and future targets set	-	-	-

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Printed revenue estimates are met and/or exceeded	% collection of revenue as agreed with Minister of Finance	100% collection of revenue as agreed with Minister	100% of Q1 target	100% of YTD Q2 target	100% of YTD Q3 target	100% of YTD Q4 target
Overall compliance has increased as measured by a well-defined compliance index	Level of overall tax compliance (%)	5.00% improvement on baseline	-	-	-	5.00% improvement on baseline
Enhanced Trade Facilitation	A trade facilitation index is developed and approved	A trade facilitation index is developed and approved, baseline determined and future targets set	Methodology to conduct the assessment developed	Conduct the first trade facilitation assessment	An enhanced version of the trade facilitation index circulated for inputs and comments	A trade facilitation index is developed and approved, baseline determined and future targets set

STRATEGIC OBJECTIVE 1: PROVIDE CLARITY AND CERTAINTY FOR TAXPAYER AND TRADER OF THEIR OBLIGATIONS

Key results	Key result indicators	Baselines	Current & MTEF targets			
			2022/23	2023/24	2024/25	2025/26
Majority of taxpayers and traders surveyed perceive the guidance SARS provides as clear, unambiguous and easy to follow	% of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS	2021/22 performance	75.00%	80.00%	82.00%	85.00%

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Majority of taxpayers and traders surveyed perceive the guidance SARS provides as clear, unambiguous and easy to follow	% of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS	75.00%	-	-	-	75.00%

STRATEGIC OBJECTIVE 2: MAKE IT EASY FOR TAXPAYERS AND TRADERS TO COMPLY WITH THEIR OBLIGATIONS

Key results	Key result indicators	Baselines	Current and MTEF targets			
			2022/23	2023/24	2024/25	2025/26
Increased number of taxpayers and traders using digital and self-help platforms	% of taxpayers and traders using digital and self-help platforms to interact with SARS	2021/22 performance	88.00%	90.00%	95.00%	95.00%
Standard taxpayers are auto assessed by SARS	% of standard taxpayers' returns auto assessed by SARS (individual taxpayers)	2021/22 performance	90.00%	93.00%	95.00%	95.00%

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Increased number of taxpayers and traders using digital and self-help platforms	% of taxpayers and traders using digital and self-help platforms to interact with SARS	88.00%	-	-	-	88.00%
Standard taxpayers are auto assessed by SARS	% of standard taxpayer's returns auto assessed by SARS (individual taxpayers)	90.00%	-	-	-	90.00%

STRATEGIC OBJECTIVE 3: DETECT TAXPAYERS AND TRADERS WHO DO NOT COMPLY, MAKING NON-COMPLIANCE HARD AND COSTLY

Key results	Key result indicators	Baselines	Current and MTEF targets			
			2022/23	2023/24	2024/25	2025/26
Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (quality of the document)	% of cases SARS referred to the NPA that is accepted for prosecution	2021/22 performance	90.00%	90.00%	95.00%	95.00%
Increase compliance through the accurate detection of risk	Risk detection rate	95.00%	95.00%	95.00%	95.00%	95.00%

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (quality of the document)	% of cases SARS referred to the NPA that is accepted for prosecution	90.00%	-	-	-	90.00%
Increase compliance through the accurate detection of risk	Risk detection rate	95.00%	95.00%	95.00%	95.00%	95.00%

STRATEGIC OBJECTIVE 4: DEVELOP A HIGH PERFORMING, DIVERSE, AGILE, ENGAGED AND EVOLVED WORKFORCE						
Key results	Key result indicators	Baselines	Current and MTEF targets			
			2022/23	2023/24	2024/25	2025/26
Improve the engagement of SARS employees	Employee Engagement Index score achieved based on survey of employees	61.60%	62.00%	Develop plan to address shortcomings identified in last engagement survey	Top quartile in the market	Develop plan to address shortcomings identified in last engagement survey.
Attainment of Employment Equity Plan as approved	% attainment of targets as per approved Employment Equity Plan	2021/22 performance	Racial Equity = 80.30% Gender Equity = 49.47% Disability Equity = 1.95%	Racial Equity = 81.13% Gender Equity = 49.75% Disability Equity = 2.09%	Racial Equity = 81.97% Gender Equity = 50.04% Disability Equity = 2.24%	Racial Equity = 82.80% Gender Equity = 50.32% Disability Equity = 2.38%

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Improve the engagement of SARS employees	Employee Engagement Index score achieved based on survey of employees	62.00%	Engagement survey preparations started	Engagement survey preparations completed	Field work completed	Reporting on the 62.00% target
Attainment of Employment Equity Plan as approved	% attainment of targets as per approved Employment Equity Plan	Racial Equity = 80.30% Gender Equity = 49.47% Disability Equity = 1.95%	-	-	-	Racial Equity = 80.30% Gender Equity = 49.47% Disability Equity = 1.95%

STRATEGIC OBJECTIVE 5: INCREASE AND EXPAND THE USE OF DATA WITHIN A COMPREHENSIVE KNOWLEDGE MANAGEMENT FRAMEWORK TO ENSURE INTEGRITY, DERIVE INSIGHTS AND IMPROVE OUTCOMES

Key results	Key result indicators	Baselines	Current and MTEF targets			
			2022/23	2023/24	2024/25	2025/26
Risk detection, assessment and profiling is largely automated, data-driven and substantively informs case selection for standard matters (manual risk profiling and case selection is only used for complex matters.)	% utilisation of automated risk assessment for taxpayers and traders	2021/22 performance	85.00% standard	90.00% standard	100.00% standard	100.00% standard
			65.00% complex	70.00% complex	75.00% complex	80.00% complex

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Risk detection, assessment and profiling is largely automated, data-driven and substantively informs case selection for standard matters. (Manual risk profiling and case selection is only used for complex matters.)	% utilisation of automated risk assessment for taxpayers and traders	85.00% Standard	85.00% Standard	85.00% Standard	85.00% Standard	85.00% Standard
		65.00% Complex	65.00% Complex	65.00% Complex	65.00% Complex	65.00% Complex

STRATEGIC OBJECTIVE 6: MODERNISE OUR SYSTEMS TO PROVIDE DIGITAL AND STREAMLINED ON-LINE SERVICES

Key results	Key result indicators	Baselines	Current and MTEF targets			
			2022/23	2023/24	2024/25	2025/26
Digital platforms availability for taxpayers and traders	% of planned capacity to be available for mission critical systems	2021/22 performance	99.00%	99.00%	99.00%	99.00%
Security of taxpayer and trader information and interactions via digital platforms	Number of security breaches on digital platforms from known risks	2021/22 performance	Nil	Nil	Nil	Nil

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Digital platforms availability for taxpayers and traders	% of planned capacity to be available for mission critical systems	99.00%	99.00%	99.00%	99.00%	99.00%
Security of taxpayer and trader information and interactions via digital platforms	Number of security breaches on digital platforms from known risks	Nil	Nil	Nil	Nil	Nil

STRATEGIC OBJECTIVE 7: DEMONSTRATE EFFECTIVE STEWARDSHIP OF OUR RESOURCES TO ENSURE EFFICIENCY AND EFFECTIVENESS IN THE DELIVERY OF QUALITY OUTCOMES AND PERFORMANCE EXCELLENCE

Key results	Key result indicators	Baselines	Current and MTEF targets			
			2022/23	2023/24	2024/25	2025/26
Reconfigure SARS' cost structure to align with international peers	Increase ICT investment as % of total allocation	2021/22 performance	2.00%	2.00%	2.00%	2.00%
Unqualified audit opinion received from the Auditor-General	Unqualified audit opinion	Unqualified audit opinion with findings	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion
Demonstrate effective stewardship through the appropriate spending of the budget allocation received from National Treasury	% Deviation between SARS' spending for the year and the allocation SARS received from National Treasury	2021/22 performance	5.00%	5.00%	5.00%	5.00%

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Reconfigure SARS' cost structure to align with international peers	Increase ICT investment as % of total allocation	2.00%	0.25%	0.50%	1.00%	2.00%
Unqualified audit opinion received from the Auditor-General	Unqualified audit opinion	Unqualified audit opinion	-	-	-	Unqualified audit opinion
Demonstrate effective stewardship through the appropriate spending of the budget allocation received from National Treasury	% Deviation between SARS' spending for the year and the allocation SARS received from National Treasury	5.00%	-	-	-	5.00%

STRATEGIC OBJECTIVE 8: WORK WITH AND THROUGH STAKEHOLDERS TO IMPROVE THE TAX ECO-SYSTEM

Key results	Key result indicators	Baselines	Current and MTEF targets			
			2022/23	2023/24	2024/25	2025/26
The majority of intermediaries surveyed are satisfied with SARS' co-operation and collaboration	% of intermediaries surveyed that are satisfied with SARS' co-operation and collaboration	2021/22 performance	65.00%	70.00%	70.00%	72.00%

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
The majority of intermediaries surveyed are satisfied with SARS' co-operation and collaboration	% of intermediaries surveyed that are satisfied with SARS' co-operation and collaboration	65.00%	Start and finalise survey preparations	Start fieldwork	Complete fieldwork	65.00%

STRATEGIC OBJECTIVE 9: BUILD PUBLIC TRUST AND CONFIDENCE IN THE TAX ADMINISTRATION SYSTEM

Key results	Key result indicators	Baselines	Current and MTEF targets			
			2022/23	2023/24	2024/25	2025/26
Public opinion survey results reflect high trust and confidence in SARS	% score per public opinion survey	2021/22 performance	75.50%	76.00%	76.50%	77.50%
Adherence to Service Charter commitments	% Service Charter performance score	2021/22 performance	82.00%	85.00%	88.00%	90.00%

Annual and quarterly targets:

Key results	Key result indicators	Annual targets	Q1	Q2	Q3	Q4
Public opinion survey results reflect high trust and confidence in SARS	% score per public opinion survey	75.50%	Start and finalise survey preparations	Conduct fieldwork	Complete fieldwork	75.50%
Adherence to Service Charter commitments	% Service Charter performance score	82.00%	-	-	-	82.00%

Resource considerations

Expenditure estimates over the medium term

The Estimates of National Expenditure (ENE) is a culmination of engagements during the course of the year intended to formalise the request for medium term funding requirements. As part of the Medium Term Expenditure Framework (MTEF) submission, SARS positioned an additional requirement of R9bn over the medium term against the allocation provided at the time. With the ENE submission, the funding requirements increase to R13bn as a result of the preliminary ENE allocation, as well as the additional R3,5bn over a period of 3 years required for the Beitbridge improvements and conversion to a SMART border.

The three-year receipt of R3bn as part of the 2021 MTEF allocation, is a static R1bn a year, and does not take inflation into consideration on current expenditure or any additional requirements to rebuild SARS and achieve Vision 2024 and beyond. Of the additional R1bn allocated for the 2021/22 financial year, a portion was ring fenced for acquiring critical skills, Information and Communications Technology (ICT) capital refresh and capital projects, in order to accelerate the modernisation programme and enable the Vision 2024 journey.

The Tax Administration 2021 comparative information on OECD and other advanced and emerging economies states that the largest reported component of tax administration operating budgets is staff costs, with salary alone accounting, on average, for 73% of operating budgets annually. This is followed by ICT operating costs at between 10% and 25%. SARS' benchmark reflect that we are in line with Tax Administrations cost allocation globally, where approximately 92% of SARS costs are contractual as follows: salary cost is +/- 70%; ICT operating cost is +/-12% and physical facilities and related costs are +/-10%. This global trend points to an average growth in SARS expenditure from 2021/22 to 2022/23 of approximately 5.76%, whilst the current preliminary allocation is growing at 2.05% for the same period.

The allocation towards critical resources was the first requirement to address the exodus of skills and capacity over the last number of years, and by far, is not addressing the full requirement. Furthermore, the ICT refresh is an attempt to catch up on replacing outdated and unsupported infrastructure and equipment, however, this refresh is not yet moving towards enabling a smart, modern SARS. The SARS rebuilding programme is a multi-year process framed by a clear Strategic Intent. We have articulated a vision of the kind of institution SARS has to be if it is to fulfil its mandate effectively and efficiently as required by the SARS Act of 1997. SARS remains underfunded to give full effect to its mandate, given the growing demand for additional revenues by Government, and this places further strain on the country's fiscal integrity.

	Full Time Equivalents 2021/22	Budget 2022/23 R'000	Budget 2023/24 R'000	Budget 2024/25 R'000	Quarter 1 R'000	Quarter 2 R'000	Quarter 3 R'000	Quarter 4 R'000
Strategic Objectives								
Provide Clarity & Certainty of tax obligations	485	554 310	556 956	526 356	138 577	138 577	138 577	138 577
Personnel Expenses		425 469	423 435	377 281	106 367	106 367	106 367	106 367
Goods & Services		120 947	133 522	149 075	30 237	30 237	30 237	30 237
Information Technology		27 907	32 651	38 855	6 977	6 977	6 977	6 977
Land and Buildings		33 940	35 998	38 245	8 485	8 485	8 485	8 485
Audit & Legal Fees		13 646	14 253	14 893	3 411	3 411	3 411	3 411
Administration		36 360	40 587	45 939	9 090	9 090	9 090	9 090
Other Services		9 094	10 032	11 143	2 274	2 274	2 274	2 274
Capex - Business as usual		7 893	-	-	1 973	1 973	1 973	1 973
Projects		-	-	-	-	-	-	-
Make it Easy for Taxpayers & Traders to Comply & fulfill their obligations	4875	4 168 233	4 176 248	3 962 613	1 042 058	1 042 058	1 042 058	1 042 058
Personnel Expenses		3 114 612	3 099 718	2 761 855	778 653	778 653	778 653	778 653
Goods & Services		975 716	1 076 531	1 200 758	243 929	243 929	243 929	243 929
Information Technology		272 540	318 872	379 458	68 135	68 135	68 135	68 135
Land and Buildings		340 060	360 677	383 190	85 015	85 015	85 015	85 015
Audit & Legal Fees		98 659	103 049	107 676	24 665	24 665	24 665	24 665
Administration		167 677	187 172	211 854	41 919	41 919	41 919	41 919
Other Services		96 779	106 761	118 581	24 195	24 195	24 195	24 195
Capex - Business as usual		77 905	-	-	19 476	19 476	19 476	19 476
Projects		-	-	-	-	-	-	-
Detect Taxpayers and Traders who do not comply, and make non-compliance hard and costly	3230	3 154 402	3 171 847	3 017 938	788 600	788 600	788 600	788 600
Personnel Expenses		2 333 885	2 322 724	2 069 552	583 471	583 471	583 471	583 471
Goods & Services		768 839	849 123	948 386	192 210	192 210	192 210	192 210
Information Technology		177 708	207 919	247 423	44 427	44 427	44 427	44 427
Land and Buildings		234 775	249 009	264 552	58 694	58 694	58 694	58 694
Audit & Legal Fees		66 336	69 288	72 399	16 584	16 584	16 584	16 584
Administration		226 740	253 102	286 478	56 685	56 685	56 685	56 685
Other Services		63 280	69 806	77 534	15 820	15 820	15 820	15 820
Capex - Business as usual		51 678	-	-	12 919	12 919	12 919	12 919
Projects		-	-	-	-	-	-	-
Develop a high performing, diverse, agile and engaged workforce towards high value knowledge and service work	521	534 650	536 935	507 552	133 662	133 662	133 662	133 662
Personnel Expenses		410 408	408 445	363 925	102 602	102 602	102 602	102 602
Goods & Services		116 256	128 490	143 626	29 064	29 064	29 064	29 064
Information Technology		28 192	32 985	39 252	7 048	7 048	7 048	7 048
Land and Buildings		34 337	36 419	38 692	8 584	8 584	8 584	8 584
Audit & Legal Fees		10 359	10 820	11 306	2 590	2 590	2 590	2 590
Administration		32 457	36 231	41 008	8 114	8 114	8 114	8 114
Other Services		10 911	12 036	13 368	2 728	2 728	2 728	2 728
Capex - Business as usual		7 986	-	-	1 997	1 997	1 997	1 997
Projects		-	-	-	-	-	-	-
Expand and Increase the use of DATA to improve integrity, derive insight & improve outcomes	519	642 752	646 559	610 020	160 688	160 688	160 688	160 688
Personnel Expenses		505 980	503 560	448 673	126 495	126 495	126 495	126 495
Goods & Services		128 335	142 999	161 347	32 084	32 084	32 084	32 084
Information Technology		48 387	56 613	67 370	12 097	12 097	12 097	12 097
Land and Buildings		36 605	38 824	41 248	9 151	9 151	9 151	9 151
Audit & Legal Fees		9 653	10 082	10 535	2 413	2 413	2 413	2 413
Administration		23 974	26 761	30 290	5 993	5 993	5 993	5 993
Other Services		9 716	10 718	11 905	2 429	2 429	2 429	2 429
Capex - Business as usual		8 437	-	-	2 109	2 109	2 109	2 109
Projects		-	-	-	-	-	-	-
Modernize our systems to provide digital & streamlined services	619	896 730	938 764	954 717	224 183	224 183	224 183	224 183
Personnel Expenses		483 070	480 760	428 358	120 768	120 768	120 768	120 768
Goods & Services		404 073	458 003	526 358	101 018	101 018	101 018	101 018
Information Technology		213 142	249 376	296 757	53 285	53 285	53 285	53 285
Land and Buildings		42 067	44 617	47 402	10 517	10 517	10 517	10 517
Audit & Legal Fees		10 978	11 466	11 981	2 744	2 744	2 744	2 744
Administration		33 248	37 113	42 007	8 312	8 312	8 312	8 312
Other Services		104 639	115 431	128 211	26 160	26 160	26 160	26 160
Capex - Business as usual		9 587	-	-	2 397	2 397	2 397	2 397
Projects		-	-	-	-	-	-	-
Drive greater resource stewardship to ensure the efficient use of resources, and deliver quality outcomes & performance excellence	1657	1 256 999	1 273 918	1 239 211	314 250	314 250	314 250	314 250
Personnel Expenses		811 482	807 601	719 574	202 870	202 870	202 870	202 870
Goods & Services		423 035	466 317	519 637	105 759	105 759	105 759	105 759
Information Technology		78 265	91 570	108 969	19 566	19 566	19 566	19 566
Land and Buildings		139 323	147 769	156 993	34 831	34 831	34 831	34 831
Audit & Legal Fees		25 964	27 120	28 337	6 491	6 491	6 491	6 491
Administration		141 998	158 508	179 410	35 500	35 500	35 500	35 500
Other Services		37 484	41 350	45 928	9 371	9 371	9 371	9 371
Capex - Business as usual		22 483	-	-	5 621	5 621	5 621	5 621
Projects		-	-	-	-	-	-	-
Work with, and through Stakeholders to improve the tax system	70	124 460	124 465	115 698	31 115	31 115	31 115	31 115
Personnel Expenses		103 619	103 123	91 883	25 905	25 905	25 905	25 905
Goods & Services		19 334	21 341	23 815	4 834	4 834	4 834	4 834
Information Technology		5 155	6 031	7 177	1 289	1 289	1 289	1 289
Land and Buildings		6 581	6 980	7 415	1 645	1 645	1 645	1 645
Audit & Legal Fees		1 724	1 801	1 882	431	431	431	431
Administration		3 731	4 165	4 714	933	933	933	933
Other Services		2 144	2 365	2 627	536	536	536	536
Capex - Business as usual		1 507	-	-	377	377	377	377
Projects		-	-	-	-	-	-	-
Build public trust and confidence in the tax administration system	380	584 405	592 359	566 178	146 101	146 101	146 101	146 101
Personnel Expenses		423 421	421 396	375 465	105 855	105 855	105 855	105 855
Goods & Services		154 707	170 962	190 713	38 677	38 677	38 677	38 677
Information Technology		24 619	28 804	34 277	6 155	6 155	6 155	6 155
Land and Buildings		27 396	29 057	30 871	6 849	6 849	6 849	6 849
Audit & Legal Fees		7 334	7 660	8 004	1 833	1 833	1 833	1 833
Administration		18 907	21 105	23 888	4 727	4 727	4 727	4 727
Other Services		76 451	84 335	93 673	19 113	19 113	19 113	19 113
Capex - Business as usual		6 277	-	-	1 569	1 569	1 569	1 569
Projects		-	-	-	-	-	-	-
Total	12356	11 916 941	12 018 052	11 500 282	2 979 235	2 979 235	2 979 235	2 979 235

Table 4: Expenditure estimates over the medium term

Headcount projection over the medium term

Employee Group	December 2021	2022/23 Projections	2023/24 Projections	2024/25 Projections
Permanent	12 215	12 336	12 636	12 936
Contract	4	4	4	4
Trainees	131	200	200	200
Short Term Contract	6	6	6	6
Total Headcount Projections	12 356	12 546	12 846	13 146

*Seasonal Workers (484) - appointed in January 2022

Table 5: Headcount projection over the medium term

Risks and mitigation

In line with the dynamic changes brought about by the SARS 2024 Vision, and the development of the nine strategic objectives, the Commissioner and leadership at SARS have reviewed the internal and external risk landscape to identify strategic risks. The strategic risks, as described in the table below, were identified against the core mandate of SARS: to Collect Revenue that is due, Improve Compliance, and Facilitate Legitimate Trade. The SARS strategic intent and nine strategic objectives are the responses to managing and mitigating these nine strategic risks. In the table below, the strategic objectives, and corresponding strategic key actions have been identified as responses to mitigate the relevant risk.

Strategic Risks identified against the Core Mandate of SARS: Collect Revenue and Improve Compliance and Facilitate Legitimate Trade			
RISK CATEGORY	RISK NAME AND DESCRIPTION	STRATEGIC OBJECTIVES THAT ADDRESS THE RISK	STRATEGIC PLAN 2020/21 – 2024/25 - ALIGNED MITIGATION ACTIONS
INTERNAL RISK	1. Taxpayers are unclear and uncertain	1. Provide clarity and certainty for taxpayers and traders of their obligations	Conduct regular research to gauge taxpayer, trader perceptions of clarity and certainty of tax laws to inform us of their needs.
			Develop a comprehensive taxpayer and trader engagement programme as part of our Compliance Programme.
			Provide clarity of legal obligations, to ensure consistency of legal obligations as well as certainty and predictability, through campaigns, engagements, education, awareness, advance rulings, advance pricing agreements, interpretations notes, and explanatory guidelines.
			Provide information to taxpayers and traders that is easily accessible through our digital platforms and channels.
			Expand our footprint by using facilities and institutions available to us through the rest of the State and private sector partners/stakeholders.
			Influence tax policy to improve clarity and certainty in legislative drafting, and to ensure consistency in interpretation and application.
			Partner with the Department of Education to provide financial and fiscal education to the SA community.

Strategic Risks identified against the Core Mandate of SARS: Collect Revenue and Improve Compliance and Facilitate Legitimate Trade			
RISK CATEGORY	RISK NAME AND DESCRIPTION	STRATEGIC OBJECTIVES THAT ADDRESS THE RISK	STRATEGIC PLAN 2020/21 – 2024/25 - ALIGNED MITIGATION ACTIONS
INTERNAL RISK	<p>2. Taxpayer compliance burden becomes too high</p> <p>The administrative burden of paying taxes, contributions by taxpayers and interacting with SARS could be deemed as costly, time-consuming and difficult.</p> <p>With the emergence and evolution of new technologies such as 5G, Block-Chain, Artificial Intelligence and Cloud Computing, the way we carry out the SARS mandate to improve compliance will be transformed. Taxpayer and trader interactions will be different, and that will reduce the compliance burden.</p>	2. Make it easy for taxpayers and traders to comply with their obligations.	Provide a seamless registration, filing, declaration and payment experience for standard taxpayers and traders.
			Provide services that are accessible, simple and easy for complex taxpayers and traders to fulfill their obligations.
			Provide a seamless omni-channel experience through our various service offerings.
			Provide an intuitive service aligned to the needs and behaviours of taxpayers and traders.
			Provide a single view of taxpayers and traders.
			Engage with intermediaries and service providers who are certified and accredited.
		6. Modernise our systems to provide digital and streamlined online services.	Build digital platforms that host data, and enables us to provide taxpayer and trader experiences that are seamless, secure and available everywhere 24/7.
			Build technology platforms and systems that allow us to host, and ensure data integrity and data management to respond to all our needs.
			Deploy technology that allows us to be good stewards of our people and resources, to achieve performance excellence.
			Deploy technology to enable intermediaries, through whom we work with and through, to effectively deliver on our mandate.

Strategic Risks identified against the Core Mandate of SARS: Collect Revenue and Improve Compliance and Facilitate Legitimate Trade			
RISK CATEGORY	RISK NAME AND DESCRIPTION	STRATEGIC OBJECTIVES THAT ADDRESS THE RISK	STRATEGIC PLAN 2020/21 – 2024/25 - ALIGNED MITIGATION ACTIONS
INTERNAL RISK	3. SARS does not provide a credible threat and certain categories of taxpayers become non-compliant.	3. Detect taxpayers and traders who do not comply and make non-compliance hard and costly.	Improve our capabilities to detect and profile cases, then select, assign and manage appropriate interventions.
			Make it difficult, inconvenient and costly for taxpayers not to comply, by ensuring that the total cost of non-compliance outweighs any benefit derived from it.
			Actively work with other Stakeholders to ensure that we successfully deal with non-compliance.
		4. Develop a high performing, diverse, agile, engaged and evolved workforce.	Ensure that we have the calibre of managers that can manage competently, professionally and ethically.
			Assess and develop the competencies required to meet the future mode of work.
			Review and enhance the employee engagement model to achieve performance excellence.
		5. Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes.	Continue to define and identify new data needs and sources.
			Ensure seamless exchange of data with third-party data providers.
			Ensure that our tax register is complete and segmented by taxpayer type, product and compliance behaviour.
			Build a more advanced data management capability and capacity.
			Work towards actions and interventions that are evidence-based and informed by data, and enable seamless access by users.
			Enhance our risk profiling and case selection modelling capabilities to facilitate proactive and reactive responses to profile and select risks, trends and instances.
			Increase collaboration with the rest of Government.
			Continue to deploy new data analytics products to support organisational performance and operations.
			Establish and communicate policies and procedures for effective data management in the organisation.

Strategic Risks identified against the Core Mandate of SARS: Collect Revenue and Improve Compliance and Facilitate Legitimate Trade			
RISK CATEGORY	RISK NAME AND DESCRIPTION	STRATEGIC OBJECTIVES THAT ADDRESS THE RISK	STRATEGIC PLAN 2020/21 – 2024/25 - ALIGNED MITIGATION ACTIONS
INTERNAL RISK	4. The quality of leadership integrity fails and poor choices are being made	4. Develop a high performing, diverse, agile, engaged and evolved workforce.	Ensure that we have the calibre of managers that can manage competently, professionally and ethically (specific to Leadership).
			Develop and Implement a SARS Leadership Brand and Philosophy.
			Assess and develop the competencies required to meet the future mode of work.
INTERNAL RISK	5. The workforce is not engaged SARS experienced a decrease in the levels of employee engagement during 2017, and this was likely influenced by the changes that took place as a result of the “new operating model” which, according to Nugent, was driven by a desire to deliberately break down the organisational integrity.	4. Develop a high performing, diverse, agile, engaged and evolved workforce.	Review and enhance the employee engagement model to achieve performance excellence.
			Ensure that we have the calibre of managers that can manage competently, professionally and ethically (specific to workforce).
			Assess and develop the competencies required to meet the future mode of work.
INTERNAL RISK	6. SARS has insufficient resources Technological changes and evolving taxpayer and trader needs are influencing the broader world of work, including the structure of the work environment and the way people work, of which we are unable to respond due to insufficient funding.	7. Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in delivering quality outcomes and performance excellence.	Review and enhance the employee engagement model to achieve performance excellence.
			Optimally execute our mandate through the effective and efficient deployment of SARS resources.
			Maintain a strong focus on cost management, productivity gains and responsible procurement, in line with Government’s transformation imperatives.
INTERNAL RISK	6. SARS has insufficient resources Technological changes and evolving taxpayer and trader needs are influencing the broader world of work, including the structure of the work environment and the way people work, of which we are unable to respond due to insufficient funding.	7. Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in delivering quality outcomes and performance excellence.	Allocate resources with a clear “cost-benefit” mindset to ensure we deliver more and create a better experience for taxpayers and traders without sacrificing quality and excellence.
			Improve accountability and internal controls across the organisation.

Strategic Risks identified against the Core Mandate of SARS: Collect Revenue and Improve Compliance and Facilitate Legitimate Trade			
RISK CATEGORY	RISK NAME AND DESCRIPTION	STRATEGIC OBJECTIVES THAT ADDRESS THE RISK	STRATEGIC PLAN 2020/21 – 2024/25 - ALIGNED MITIGATION ACTIONS
EXTERNAL RISK	7. Declining Economy The continued lacklustre performance of the economy impacts negatively on tax revenue collections, with year-on-year revenue collection targets becoming more challenging to meet.	ALL NINE (9) STRATEGIC OBJECTIVES	Demonstrate a full understanding of the economy including causal factors to the experienced decline.
			Curb exemptions, thereby reducing the tax system's complexity while boosting revenue by broadening the tax base.
		STRATEGIC INTENT: To develop a Tax and Customs system based on Voluntary Compliance.	Adopt tax broadening strategies to improve the tax collections from a wider base of taxpayers.
			Implementation of a revenue recovery programme that is aimed at raising 5-10% of overall revenue from compliance activities.
			Increase audit capacity, which is an effective way to encourage compliance.
			Encourage clients to come forward on a voluntary basis to regulate their tax affairs and avoid the imposition of understatement penalties and administrative penalties.
EXTERNAL RISK	8. Tax Morality in South Africa decline Research and empirical evidence show that taxpayer attitudes towards compliance and their willingness to comply are influenced by how they perceive taxes to be utilised by Government. Loss of public confidence due to concerns about corruption in the public sector and poor service delivery, has the potential to undermine and make it difficult for SARS to increase voluntary compliance.	9. Build public trust and confidence in the tax administration system.	Demonstrate the autonomy of SARS in acting without fear or favour in instances of tax-related corruption and transgression.
			Use the TaxMatters campaign across all mediums of communications with an effect of impressing the need and importance of paying taxes.

Strategic Risks identified against the Core Mandate of SARS: Collect Revenue and Improve Compliance and Facilitate Legitimate Trade			
RISK CATEGORY	RISK NAME AND DESCRIPTION	STRATEGIC OBJECTIVES THAT ADDRESS THE RISK	STRATEGIC PLAN 2020/21 – 2024/25 - ALIGNED MITIGATION ACTIONS
		STRATEGIC INTENT: To develop a Tax and Customs system based on Voluntary Compliance.	Improve public confidence by demonstrating that our stewardship of the country's tax system is professional, unbiased and fair; we always act and do the right things all the time; we maintain the highest standards of integrity and ethics; we have transparent governance systems and processes, and we have capable and trustworthy leaders. We accept that ultimately, we are accountable to taxpayers, traders, and their representatives, the general public, as well as elected public office bearers, whose trust we must earn.
		8. Work with and through stakeholders to improve the tax ecosystem.	Advocate for prudent use of collected taxes through the inter-ministry structures such as the Forum of South Africa's Directors-General (FOSAD) Engaging the private sector - businesses Engaging with domestic Media.
			Participate through National Treasury in fiscal policy decision making to improve fiscal prudence.
EXTERNAL RISK	9. The impact of COVID-19 on society and SARS remains uncertain	5-YEAR STRATEGY - SARS Higher Purpose	Cuts across all mitigation actions.
		STRATEGIC INTENT: To develop a Tax and Customs system based on Voluntary Compliance.	Implement modern technological solutions to minimise the impact of the Coronavirus on business continuity and overall taxpayer compliance.
			Monitor the uptake of the COVID-19 Tax Relief measures in order to gauge the degree of the impact on business.
		7. Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in delivering quality outcomes and performance excellence.	Work with and through government structures such as NATJOINTS and NCCC to create certainty. Maximise internal processes to ensure the wellbeing of staff in line with business continuity risk management. Scan the environment for COVID-related risks as communicated by global bodies such as the WCO, FTA, ATAF, etc.

Table 6: Strategic risks and their mitigations

PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDS)

A. Strategic Intent

i. Printed revenue estimates are met and/or exceeded

Indicator Title	% collection of revenue as agreed with Minister of Finance
Definition / Purpose	The purpose of this indicator is to track the revenue collected by SARS emanating from tax, customs and excise activities, and is one of the proxies for measuring tax compliance. This indicator takes into account all debt collected.
Source/Collection of data	Revenue data is extracted from SARS core systems.
Method of calculation	Tax and customs revenue from all types of tax-generating activities net of refunds.
Data limitations / assumptions	Targets are set by the Revenue Analysis Working Committee (RAWC), and susceptible to economic performance as well as a change in tariffs set by the dti, in accordance with International Trade Agreements. The numbers reported are preliminary until the AG audit is finalised.
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Monthly, Quarterly and Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Revenue Management

ii. Overall compliance has increased as measured by a well-defined compliance index

Indicator Title	Level of overall tax compliance (%)
Definition / Purpose	The aim is to have an approved index to measure the level of compliance of the tax base. The index will aggregate the four tax compliance clusters (registration, declaration, filing and payment) to give a composite score.
Source/Collection of data	Research work outcomes on compliance index. Original methodology reviewed. New methodology developed and tested. Baseline Compliance Index developed.
Method of calculation	Compliance index; $= 0.05R + 0.45F + 0.1D + 0.40P$ Where the prefixes represent the percentage weightings and R = Registration compliance, D = Declaration compliance, F = Filing compliance and P = Payment compliance. The calculations of the base indicators (registration, filing, declaration, and payment) are in operational documents.
Data limitations / assumptions	Refer to detailed methodology document.
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Compliance Programme Unit

iii. Enhanced trade facilitation

Indicator Title	A trade facilitation index is developed and approved
Definition / Purpose	The aim is to have an approved index in place that will track and measure trade facilitation. Henceforth, a baseline and targets for future years will be determined.
Source/Collection of data	Customs systems and Internal working documents.
Method of calculation	The calculation will be finalised during the course of 2022/23 financial year, as part of determining the index and baseline.
Data limitations / assumptions	Not applicable
Type of indicator	Output
Calculation type	Qualitative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Customs Border Operations

B. STRATEGIC OBJECTIVES' INDICATORS

STRATEGIC OBJECTIVE 1: PROVIDE CLARITY AND CERTAINTY FOR TAXPAYERS AND TRADERS OF THEIR OBLIGATIONS

1.1 Majority of taxpayers and traders surveyed perceive the guidance SARS provides as clear, unambiguous and easy to follow.

Indicator Title	% of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS
Definition / Purpose	The purpose of this indicator is to gauge taxpayer's satisfaction with the clarity and certainty of guidance offered by SARS as they conduct their tax business.
Source/Collection of data	Tax Certainty Survey
Method of calculation	<p>The calculation is based on determining the sample proportion of respondents that agree or strongly agree with question statements. If there are N respondents and X of them responded with agree or strongly agree, then the proportion is X/N (X divided by N). The respondents' answers to various questions will be aggregated into either one of the two position as a final answer, strongly disagree, disagree and neutral will be collectively viewed as a negative answer (Position 1), strongly agree and agree will be collectively viewed as positive answer (Position 2), all respondents with position 2 will be counted in determining X.</p> $\% = \frac{\text{\# of respondents who agree or strongly agree}}{\text{total number of valid responses}} \times 100$
Data limitations / assumptions	Not enough responses from each stratum. If not large enough, some strata will be combined.

Type of indicator	Efficiency
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Taxpayer and Trader education

STRATEGIC OBJECTIVE 2: MAKE IT EASY FOR TAXPAYERS AND TRADERS TO COMPLY WITH THEIR OBLIGATIONS

2.1 Increased number of taxpayers and traders using digital and self-help platforms

Indicator Title	% of taxpayers and traders using digital and self-help platforms to interact with SARS
Definition / Purpose	This measures the number of taxpayers and traders who use any of the digital platforms to interact with SARS. It effectively gauges the migration from physical platforms to online platforms. This includes self-service and excludes assisted utilisation of digital platforms.
Source/Collection of data	SARS core systems
Method of calculation	<p>% of taxpayers and traders using digital and self-help platforms interact with SARS =</p> $\frac{\text{\# of unique taxpayers and traders interactions on digital and self-help platforms}}{\text{\# of unique taxpayers and traders on digital and assisted platforms}} \times 100$ <p>Unique taxpayer and trader - means a taxpayer or trader distinguishable by their identity, passport, registration number or SARS defined identity, from which an interaction can be detected.</p> <p>Interactions - means transactions and/or enquiries made by taxpayers and traders on SARS platforms to comply or maintain their tax and customs obligations.</p> <p>Digital platform / self-help platform - means a SARS online domain that facilitates interactions between SARS, taxpayers and traders. The SARS transactional and/or enquiry touchpoints used by taxpayers and traders to interact with SARS without being assisted. An example is the eFiling platform.</p> <p>Assisted platforms - means the SARS transactional and/or enquiry touchpoints used by taxpayers and traders to interact with SARS, where assistance from a SARS official is required to complete the request. Example are transactions or enquiries completed by the SARS Branch or Contact Centre.</p>
Data limitations / assumptions	Defined in the business rules document
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Technology & Solutions Delivery

2.2 Standard taxpayers are auto assessed by SARS

Indicator Title	% of standard taxpayers' returns auto assessed by SARS (individual taxpayers)
Definition / Purpose	The purpose of this measure is to determine the extent to which SARS can use data and information to accurately file and assess tax returns automatically, making it unnecessary for taxpayers and traders to file tax returns themselves. This indicator measures the proportion of tax returns of individual taxpayers that are filed and assessed automatically by SARS.
Source/Collection of data	SARS core systems.
Method of calculation	<p>% Tax returns auto assessed =</p> $\frac{\text{\# of standard PIT auto-assessed returns accepted}}{\text{\# total of standard PIT returns filed from AA population}} \times 100$ <p>Accepted auto-assessed returns include taxpayers who are issued with an auto estimated assessment, and do not file an amended return thereafter, as well as taxpayers who choose to edit the return but make no changes.</p>
Data limitations / assumptions	In determining the target AA population, the provisional taxpayers as well as taxpayers for whom SARS does not have 3rd party information e.g. taxpayers who have business income and taxpayers who claimed other expenses such as travel and home office, are excluded. Taxpayers whose status change based on their latest return are excluded at the time of doing the calculation for performance.
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Enterprise Data Management

STRATEGIC OBJECTIVE 3: DETECT TAXPAYERS AND TRADERS WHO DO NOT COMPLY, AND MAKE NON-COMPLIANCE HARD AND COSTLY

3.1. Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (quality of the document)

Indicator Title	% of cases SARS referred to the NPA that are accepted for prosecution
Definition / Purpose	The purpose of this measure is to track the NPA acceptance rate of the number of tax and customs cases referred by SARS for prosecution.
Source/Collection of data	SARS / NPA records
Method of calculation	Number of cases accepted by the NPA as a percentage of total number of cases referred to NPA.
Data limitations/assumptions	To be listed from insights gained, as this is a new measure.
Type of indicator	Activity
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Legislative Policy, Tax Customs and Excise.

3.2. Increase compliance through the accurate detection of risk

Indicator Title	Risk detection rate
Definition / Purpose	The aim is to apply a systems methodology in the detection and selection of potential non-compliance cases. The methodology will specifically measure how accurate SARS' risk based case selection is.
Source/Collection of data	SARS Core Systems and SARS Quality Management Systems
Method of calculation	Sample of audit cases which indicated a positive response on the risk identified/ total number of cases (in the same sample) selected for audit.
Data limitations / assumptions	Exclusions will be provided in the methodology document.
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Achievement higher than target.
Indicator responsibility	Enterprise Data Management

STRATEGIC OBJECTIVE 4: DEVELOP A HIGH PERFORMING, DIVERSE, AGILE, ENGAGED AND EVOLVED WORKFORCE

4.1. Improved engagement of SARS employees

Indicator Title	Employee Engagement Index score achieved based on a survey of employees
Definition / Purpose	The purpose of this measure is to monitor the extent to which employees feel valued and involved in their everyday work, which helps to improve their level of commitment and affiliation to the SARS employer brand.
Source/Collection of data	A staff survey through an independent company. For the plan, internal working papers will be relevant.
Method of calculation	Connexion survey index conducted approximately every 18 months or twice during a 3-year cycle, by an independent company.
Data limitations / assumptions	Employees on suspension and those whose access has been revoked on the SARS network are excluded. Employees who have not completed a full month in SARS' employment at the point of survey deployment are excluded.
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Conducted every 18 months or twice in 3 years. Quarterly and annually reported on.
Desired performance	An actual achievement higher than target.
Indicator responsibility	Employee Engagement Unit

4.2. Attainment of Employment Equity Plan as approved

Indicator Title	% attainment of targets as per Employment Equity Plan
	The purpose of this measure is to gauge how adequately SARS is representing the country's demographics in the workforce, and to promote diversity, gender equality and create opportunities for people with disabilities.
Source/Collection of data	SARS SAP system
Method of calculation	<ul style="list-style-type: none"> » Racial Equity: Total number of African, Indian and Coloured employees as a percentage of total headcount. » Gender Equity: Total female employees in managerial to executive roles (from Grade 6 to 9B) as a percentage of total employees in those roles (on Grade 6 to 9B). » Disability Equity: Total number of disabled employees (per SARS definition) as a percentage of total headcount. <p>Detailed calculations are contained in the internal business rules document.</p>
Data limitations / assumptions	Disability is defined and measured in line with the provisions laid out in the Employment Equity Act.
Type of indicator	Equity
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Employee Engagement, Talent Capability & Development, Employee and Labour Relations

STRATEGIC OBJECTIVE 5: INCREASE AND EXPAND THE USE OF DATA WITHIN A COMPREHENSIVE KNOWLEDGE MANAGEMENT FRAMEWORK TO ENSURE INTEGRITY, DERIVE INSIGHT AND IMPROVE OUTCOMES

5.1. Risk detection, assessment and profiling is largely automated, data-driven and substantively informs case selection for standard matters. (Manual risk profiling and case selection is only used for complex matters)

Indicator Title	% utilisation of data-driven, automated risk assessment for taxpayers and traders
Definition / Purpose	<p>Measures the extent to which cases are automatically selected through the automation of risk detection, data-driven profiling and assessment. The purpose is to ensure that cases are selected automatically and manual case selection only happens in exceptional cases (e.g. for complex tax matters or taxpayer segments). The following definitions apply to the targets included under this indicator:</p> <p>Standard matters: risk assessment emanating from the submission of tax returns and customs declarations. SARS interventions are typically limited to verifications and documentary inspections.</p> <p>Complex matters: cover risk detection beyond the scope of information contained in return and declaration submission. SARS interventions include audits and physical or non-intrusive inspections.</p>
Source/Collection of data	SARS core systems
Method of calculation	<p>% of Automated, data-driven risk detection cases =</p> $1. \frac{\text{\# of standard cases selected automatically for the period}}{\text{Total (automatically + manually selected) \# of standard cases selected for audit}} \times 100$ $2. \frac{\text{\# of complex cases selected through data-driven processes for the}}{\text{Total (data-driven, automatically + manually selected) \# of complex cases selected for audit}} \times 100$ <p>Further detailed calculations in support of the above are contained in the internal business rules document.</p>
Data limitations / assumptions	Contained in the internal business rules document
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Enterprise Data Management

STRATEGIC OBJECTIVE 6: MODERNISE OUR SYSTEMS TO PROVIDE DIGITAL AND STREAMLINED ONLINE SERVICES

6.1. Digital platforms availability for taxpayers and traders

Indicator Title	% of planned capacity to be available for mission critical systems
Definition / Purpose	The purpose of this measure is to monitor availability of digital platforms (e-channels) targeted at e-Filing, business-to-business gateway (B2Bi), Declaration Processing Systems (DPS), Cargo Processing Systems (CPS) and Customs EDI. This measure gauges the availability of SARS' digital platforms, which enable taxpayers to transact and submit returns to honour their commitments and traders to optimally transact.
Source/Collection of data	Remedy system Reports ; Projected Systems Availability; Reports; Change Feedback Reports; Release Management Reports; Applicable emails and documents
Method of calculation	<p>Uptime of mission critical systems = Actual hours in a specific month - Unplanned Downtime or Outage</p> <p>% Availability of mission critical systems = (Uptime of mission critical system)/(Uptime of mission critical system + Downtime of mission critical systems) x 100</p> <p>Further detailed calculations are available in the internal business rules document.</p>
Data limitations / assumptions	Contained in the internal business rules document.
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and Annually
Desired performance	On target
Indicator responsibility	Operations Enabling & Production Planning, Technology & Solutions Delivery

6.2. Security of taxpayer and trader information and interactions via digital platforms

Indicator Title	Number of security breaches on digital platforms from known risks
Definition / Purpose	<p>This measures the number of security breaches that occur for all known security risks on SARS' digital platforms. The purpose of this measure is to determine the veracity of digital security risk management practices employed.</p> <p>Detailed definitions of digital platforms (mission critical), known security risks, security breaches and IT security controls are provided in the internal business rules document.</p>
Source/Collection of data	Remedy system reports; Native reports from all 7 technical controls described in Section 2.4 of the internal business rules document; CSOC reports (daily and monthly); IT Contract database.
Method of calculation	A simple count of the number of breaches
Data limitations / assumptions	Contained in the internal business rules document.
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and Annually
Desired performance	No security breaches from known risks
Indicator responsibility	Operations Enabling & Production Planning, Technology & Solutions Delivery

STRATEGIC OBJECTIVE 7: DEMONSTRATE EFFECTIVE RESOURCE STEWARDSHIP TO ENSURE EFFICIENCY AND EFFECTIVENESS IN THE DELIVERY OF QUALITY OUTCOMES AND PERFORMANCE EXCELLENCE

7.1. Reconfigure SARS' cost structure to align with international peers

Indicator Title	Increase ICT investment as % of total allocation
Definition / Purpose	This measure seeks to track the portion of the SARS grant allocated to ICT projects improvements and maintenance. SARS is configuring its cost structure to ensure ICT infrastructure is optimally positioned to give full support to the mandate, and align with its international peers.
Source/Collection of data	SARS accounting systems
Method of calculation	<p>% increase in % ICT investment =</p> $\frac{\text{Current year YTD actual funds invested in ICT infrastructure (R)}}{\text{Current year YTD allocated funds}} \times 100$ <p>Less</p> $\frac{\text{Prior year YTD actual funds invested in ICT infrastructure (R)}}{\text{Prior year YTD allocated funds}} \times 100$
Data limitations / assumptions	Funds include software and hardware costs incurred on both infrastructure maintenance and improvements, but exclude staff salaries for both. The numbers reported are preliminary until the AG audit is finalised.
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	CFO and Technology & Solutions Delivery.

7.2. Unqualified audit opinion received from the Auditor-General

Indicator Title	Unqualified audit opinion
Definition / Purpose	The purpose of this measure is to assess SARS' commitment to maintain and promote good governance in the organisation. It measures compliance levels with all Government's statutory requirements.
Source/Collection of data	Audit-General reports
Method of calculation	N/A
Data limitations / assumptions	As per AG report
Type of indicator	Governance
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Unqualified audit report
Indicator responsibility	CFO

7.3. Demonstrate effective stewardship through the appropriate spending of the budget allocation received from National Treasury

Indicator Title	% Deviation between SARS' spending for the year and the allocation SARS received from National Treasury
Definition / Purpose	This measure seeks to track the variance/deviation between the budget allocation SARS received from National Treasury and the actual expenditure of SARS.
Source/Collection of data	SARS accounting systems.
Method of calculation	Actual funds spend (including commitments) as a percentage of total SARS grant from National Treasury. % Expenditure vs Budget deviation = $\frac{\text{YTD budget allocation (R)} - \text{YTD actual expenditure (R)}}{\text{YTD budget allocation (R)}} \times 100$
Data limitations / assumptions	The figures reported in statutory reports are preliminary until the AG audit is finalised.
Type of indicator	Efficiency
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement lower than target.
Indicator responsibility	CFO

STRATEGIC OBJECTIVE 8: WORK WITH AND THROUGH STAKEHOLDERS TO IMPROVE THE TAX ECOSYSTEM

8.1. The majority of intermediaries surveyed are satisfied with SARS' co-operation and collaboration

Indicator Title	% of intermediaries surveyed that are satisfied with SARS' co-operation and collaboration
Definition / Purpose	The purpose of this measure is to gauge the extent to which intermediaries (including Customs) and tax practitioners are satisfied with SARS' co-operation and collaboration. We seek to ensure that SARS' intermediaries and tax practitioners receive timeous empowering and enabling assistance mainly through on-line digital services.
Source/Collection of data	External survey
Method of calculation	Survey is conducted by an independent research company. Further details of the calculation and other aspects of the survey will be included as part of the research methodology and document.
Data limitations / assumptions	Coverage/sample sizes and response rates
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly and Annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Stakeholder Relations

STRATEGIC OBJECTIVE 9: BUILD PUBLIC TRUST AND CONFIDENCE IN THE TAX ADMINISTRATION SYSTEM

9.1. Public opinion survey results reflect high trust and confidence in SARS

Indicator Title	% Score per public opinion survey
Definition / Purpose	The purpose of this measure is to gauge the public's perceptions and attitudes towards tax compliance. This will assist SARS in understanding the public's attitude towards tax compliance, and obtain feedback to enable SARS to track and monitor tax compliance over time.
Source/Collection of data	External survey
Method of calculation	Survey is conducted by an independent research organisation. Further details of the calculation and other aspects of the survey will be included as part of the research methodology and document.
Data limitations / assumptions	Degree of reliability is subject to quality of data.
Type of indicator	Efficiency
Calculation type	Non-cumulative
Reporting cycle	Quarterly and Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Compliance Programme Unit and Taxpayer and Trader Education

9.2. Adherence to Service Charter commitments

Indicator Title	% Service Charter performance score
Definition / Purpose	This measure seeks to track how SARS is meeting its commitments in the 2022 Service Charter.
Source/Collection of data	SARS core systems, Tax Ombud
Method of calculation	The score is derived from the categories in the 2022 Service Charter, and weighted to arrive at a composite score. Further detailed calculations are available in the service charter methodology and business rules documents.
Data limitations / assumptions	The migration from the old Service Charter to the 2022 Service Charter might compromise data quality due to some manual data processing. Continuous improvements will be implemented during the year.
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Taxpayer Service Charter Unit

ANNEXURES

Annexure A: Changes to the 2020/21 – 2024/25 SARS Strategic Plan Key Performance Indicators and Targets

In addition to changes made in previous years (and included in previous Annual Performance Plans), the following changes have been made to key results and targets contained in the current published SARS 2020/21 – 2024/25 Strategic Plan:

STRATEGIC INTENT: TO DEVELOP AND ADMINISTER A TAX AND CUSTOMS SYSTEM BASED ON VOLUNTARY COMPLIANCE, AND WHERE APPROPRIATE, ENFORCE RESPONSIBLY AND DECISIVELY		
Key results and key performance indicators	Baseline	Five-year target 2024/25
We have reduced the tax gap significantly – <i>total tax gap as a percentage of total revenue due</i>	New measure	Between 10% - 15% ¹
Voluntary compliance has increased as measured by a credible voluntary compliance index	67.20%	85.00% ²

STRATEGIC OBJECTIVE 1: PROVIDE CLARITY AND CERTAINTY FOR TAXPAYER AND TRADER OF THEIR OBLIGATIONS		
Key results and key performance indicators	Baseline	Five-year target 2024/25
The majority of taxpayers, traders and public surveyed perceive the guidance SARS provides as clear, unambiguous and easy to comply with – <i>% of taxpayers and traders that are satisfied with the clarity and certainty of the guidance provided by SARS based on an annual survey (clarity survey)</i> ³	New measure	80% of taxpayers and traders
There are fewer taxpayers and traders that need SARS to help them to resolve their tax and customs queries – <i>% reduction in the number of taxpayers and traders requiring to use SARS channels for services or queries that are provided through self-help platforms.</i> ⁴	11 million inbound currently	60% reduction in inbound volumes relative to base
We have a continuous downward trend in overall disputes - <i>% reduction in the number of disputes</i> (including objections and appeals) <i>lodged with SARS</i> ⁵	New measure	<ul style="list-style-type: none"> » Simple taxpayers (PIT) disputes to largely disappear by 2024/25 » Provisional taxpayer disputes to significantly decrease by 2024/25 » VAT disputes to significantly decrease by 2024/25

¹ Removed the OECD target that was previously included in brackets

² Target changed from 83% to 85% for 2024/25

³ Key result indicator changed to % of taxpayers and traders survey are satisfied with the clarity and certainty provided by SARS

⁴ Metric changed from reduction in the number of taxpayer and traders requiring to visit a SARS branch office

⁵ Metric amended to include objections and appeals

STRATEGIC OBJECTIVE 2: MAKE IT EASY FOR TAXPAYERS AND TRADERS TO COMPLY WITH THEIR OBLIGATIONS

Key results and key performance indicators	Baseline	Five-year target 2024/25
Increased number of taxpayers and traders using digital platforms - % of taxpayers and traders using digital platforms to interact with SARS	75.00%	95.00% ⁶
All standard taxpayers are auto registered without the need for them to come to SARS – Proportion of standard taxpayers auto-registered	New	95.00% auto-registration of taxpayers and traders by SARS ⁷
Significant improvements in the ease of doing business with SARS – upward movement in the ranking by the World Bank Study ⁸	84	Top quartile ranking in World Bank Study

STRATEGIC OBJECTIVE 3: DETECT TAXPAYERS AND TRADERS WHO DO NOT COMPLY, MAKING NON-COMPLIANCE HARD AND COSTLY

Key results and key performance indicators	Baseline	Five-year target 2024/25
We achieve a high success rate in the number of cases we take to court (via NPA) for prosecution – % success (conviction) rate of cases referred for prosecution ⁹	New	95%

STRATEGIC OBJECTIVE 4: DEVELOP A HIGH PERFORMING, DIVERSE, AGILE, ENGAGED AND EVOLVED WORKFORCE

Key results and key performance indicators	Baseline	Five-year target 2024/25
Employee Engagement Index ¹⁰	New measure	Top Quartile in market
Employer Brand (Employer of Choice Rating) - (Top employer institute) ¹¹	New measure	75.00%

⁶ Target changed from 85% to 95%

⁷ Removed traders from the target

⁸ The World Bank Study has been discontinued and this key result will be removed from the Strategic Plan

⁹ Key result changed to Extent to which SARS enables the NPA to successfully prosecute criminal cases referred by SARS (quality of the document) - % of cases SARS referred to the NPA that is accepted for prosecution

¹⁰ Key result changed to Improve the engagement of employees - Employee Engagement Index score achieved based on survey of employees. Target for 2024/25 has also changed to Address short comings identified in previous engagement survey

¹¹ Key result will be removed from the Strategic Plan

STRATEGIC OBJECTIVE 7: DEMONSTRATE EFFECTIVE STEWARDSHIP OF OUR RESOURCES TO ENSURE EFFICIENCY AND EFFECTIVENESS IN THE DELIVERY OF QUALITY OUTCOMES AND PERFORMANCE EXCELLENCE

Key results and key performance indicators	Baseline	Five-year target 2024/25
Reconfigured cost structure - <i>ICT investment as percentage of total grant</i>	5.00%	Increase ICT investment by 2.00% ¹²
Revenue is collected at a level in line with comparable international peers' cost – <i>Cost to Revenue Ratio</i> ¹³	0.84%	1.00%

STRATEGIC OBJECTIVE 8: WORK WITH AND THROUGH STAKEHOLDERS TO IMPROVE THE TAX ECOSYSTEM

Key results and key performance indicators	Baseline	Five-year target 2024/25
We have a high number of intermediaries that are satisfied with our co-operation and collaboration – <i>% of our intermediaries that are satisfied with our assistance</i> ¹⁴	New measure	70%

STRATEGIC OBJECTIVE 9: BUILD PUBLIC TRUST AND CONFIDENCE IN THE TAX ADMINISTRATION SYSTEM

Key results and key performance indicators	Baseline	Five-year target 2024/25
Public opinion survey results reflect high trust and confidence in SARS	67.00%	76.50% ¹⁵

¹² Target changed from ICT investment of between 13.00% of total grant to Increase ICT investment by 2.00% for 2024/25

¹³ Key result will be removed from the Strategic Plan

¹⁴ Key result changed to The majority of intermediaries are satisfied with SARS' cooperation and collaboration - % of intermediaries that are satisfied with SARS' cooperation and collaboration

¹⁵ Target changed from 75.00% to 76.50% for 2024/25

Notes

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