**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **1455 [NW1773E]**

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**1455. Mr G R Krumbock (DA) to ask the Minister of Finance:**

(1) What (a) total number of (i) entities and (ii) individuals owe the SA Revenue Service (Sars) (aa) between (aaa) R10 million to R20 million and (bbb) R20 million to R50 million and (bb) more than R50 million and (b) is the period that the amounts have been outstanding for;

(2) whether it is unacceptable that Sars allows any entity to rake up a bill of over R100 million; if not, what is the position in this regard; if so, what are the relevant details? NW1773E

**REPLY**

In setting out to answer the posed questions, it is important to explain some principles as they guide how SARS approach their work with regards to collection of tax revenues that are due.

Firstly, SARS collects all revenue that is due to the fiscus without fear or favour. SARS does so regardless of the taxpayer profile due to the fact that its debt collection processes are indifferent to the taxpayer since they are primarily informed by the law. This neutral approach is crucial for the integrity of the tax system. SARS therefore cannot compromise this principle of apply the law without fear or favour under any circumstance. All forms of outstanding taxes constitute non-compliance, taxpayers are provided instruments in law to remedy their non-compliance. The approach of treating a taxpayer’s non-compliance irrespective of who the taxpayer is, applies regardless of the amounts involved.

SARS manages the collection of all outstanding revenues in line with the provisions of the tax administration laws. Firstly, SARS will seek to collect all revenues that are due by engaging the defaulting taxpayers, these taxpayers may approach SARS to enter into a deferred payment arrangement where the full debt cannot be settled at once. The deferral of payment (i.e. instalment payments) arrangements are in line with Section 167 and 168 of the TAA, this is a governed process where a governance structure makes such decisions pursuant to considering a number of taxpayer factors. Secondly, taxpayers may approach SARS to request for the compromise on the portion of the tax revenues that are due in line with the provisions of Section 200 of the TAA, once again this is a governed decision by a duly appointed structure. Thirdly, taxpayers may approach SARS to request for the suspension of the payment of tax revenues that are due but disputed, in line with Section 164 of the TAA. Fourthly, in circumstances where the tax debt remain outstanding after engagement efforts, SARS may appoint other parties (involuntary third party appointments – TPAs) in line with Section 179 of the tax administration act (TAA) to collect such outstanding revenues, these include employers, banks, other entities that hold monies that are due to the owing taxpayer. This process is clearly articulated in law in terms of steps that SARS must follow before triggering this instrument.

In instances where debt collection methods as per the above fail, SARS may, where economical feasible and justified, attach assets of taxpayers in an effort to collect revenues from the sale of such assets through securing a civil judgement (section 172 of the TAA) and writ of execution.

SARS will use a combination of the above instruments and others to ensure that due tax revenues are collected, against the above backdrop I then turn to provide the specific responses to the questions posed:

(1)(a)(aa)(aaa) Entities and Individuals that owe SARS in the range of R10 million

and R20 million are:

1. 1,234 entities with a total amount in outstanding debt of R17,041,074,608.00 and
2. 242 individuals with a total amount in outstanding debt of R3,417,727,564.00. (The reported amounts include the capital debt, interest, penalties and additional tax)

(bbb) Entities and Individuals that owe SARS in the range of R20 million and R50 million are:

1. 784 entities with a total amount in outstanding debt of R24,257,828,448.00 and
2. 126 individuals with a total amount in outstanding debt of R3,693,222,592.00. (The reported amounts include the capital debt, interest, penalties and additional tax)

(bb) Entities and Individuals that owe SARS outstanding debt above R50 million are:

1. 498 entities with a total amount in outstanding debt of R129,059,637,995.00 and
2. 72 individuals with a total amount in outstanding debt of R14,828,653,526.00. (The reported amounts include the capital debt, interest, penalties and additional tax)

(b) The ageing of the amounts owed (by individuals as well as entities/companies in line with the above ranges in as per the below table, segregated in time intervals of three months.

2) SARS is pursuing strategies to ensure that taxpayers are clear and certain about their obligations, additionally, SARS is working to ensure that it is simple and easy for taxpayers to meet tax obligations. Where taxpayers still fail to meet their obligations SARS will always seek to ensure that it enforces its laws responsibly without fear or favour as mentioned earlier.

The above said, in the course of tax administration, tax debt arises from a number of different scenarios which includes the submission of returns without payment, audit assessments, etc. Depending on the origination of the debt, such debt can accumulate due to interest, penalties and additional taxes. Furthermore, debt could be as a result of a single assessment resulting in large amounts of debt being added into the debt book. SARS follows a prescribed debt collection process on all taxes overdue. However not all instances of enforcement (e.g. deferral of payment arrangements, third party appointments, etc.) readily lead to all debt being collected timeously, such that some debt remains in the books whilst collection steps are ongoing. SARS legal collection steps will include issuing a final demand and appointment of third parties, civil judgments, personal liability, writ of execution, etc. which may give way to the attachment of assets as explained earlier. SARS also considers criminal proceedings against taxpayers on the basis of the tax debt owed. Each debt case would however be treated on its own merits however SARS always seek to ensure that all due debt is collected on-time as far as practically possible and that the enforcement actions are applied consistently, taking into account the facts of each case.

It is important to note that SARS has initiated an overall review of the current end-to-end debt management process with the first phase to be completed in April 2022. The improvements in terms of how SARS account for and manages the collection of debt will be progressive over the next 12 to 24 months in line with SARS’ strategic plan commitments.