

ANNUAL PERFORMANCE PLAN 2024/25

SOUTH AFRICAN REVENUE SERVICE



South African Revenue Service

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RP49/2024

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Abbreviations

AENE	Adjusted Estimates of National Expenditure
AEO	Authorised Economic Operator
AG	Auditor-General
APP	Annual Performance Plan
CAGR	Compound Annual Growth Rate
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CIT	Corporate Income Tax
DTIC	The Department of Trade, Industry and Competition
EAF	Energy Availability Factor
ENE	Estimates of National Expenditure
EVP	Employee Value Proposition
FIC	Financial Intelligence Centre
ICJ	International Court of Justice
ICT	Information Communications Technology
IMF	International Monetary Fund
KPI	Key Performance Indicator
MPC	Monetary Policy Committee
MTBPS	Medium-Term Budget Policy Statement
MTEF	Medium-Term Expenditure Framework
NPA	National Prosecuting Authority
OECD	Organisation for Economic Cooperation and Development
PAYE	Pay-As-You-Earn
PCCM	People Capability and Career Management
SARB	South African Reserve Bank
SARS	South African Revenue Service
SMMEs	Small, Micro, and Medium Enterprises
SO	Strategic Objective
VAT	Value-Added Tax

ANNUAL PERFORMANCE PLAN

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Minister's Statement

As we embark on the last leg of the current administration, I am optimistic about the role that institutions such as SARS continue to play in our democratic dispensation. SARS' mandate is to administer the country's tax and customs laws effectively without harming the economy, fiscus, and law-abiding taxpayers. This role is essential to the country's prosperity now and in the future.

SARS' resilience in the face of challenging global and local economic, political, and socio-economic factors is commendable. I am impressed by the conduct and dedication of the SARS workforce which, despite the challenges, is serving taxpayers and traders with pride and diligence. This dedication was so effortlessly demonstrated during the past few years.

Tax compliance remains a big challenge for SARS and the country as this significantly affects the government's ability to fund critical programmes. This performance plan builds on the foundation laid in the previous annual performance plans, which enable SARS to create an equitable and modern tax and customs system. Broadening the tax base, improving compliance, and facilitating legitimate trade are the "must-win" battles for SARS.

I am confident that SARS will remain a pillar of strength for the country as it provides the fiscus with revenue. I cannot overstate the importance of ensuring that SARS receives adequate support from the public and government, including resources to carry out its mandate effectively.

It is my pleasure to present SARS' Annual Performance Plan 2024/25. I look forward to what SARS will accomplish for the South African public, taxpayers, and traders.



Enoch Godongwana
Minister of Finance

Commissioner's Statement

I am delighted to introduce the SARS Annual Performance Plan (APP) 2024/25. This APP builds on a strong foundation and our lasting dedication to the South African public, taxpayers and traders. Our over-arching commitment is to achieve our strategic intent while retaining sufficient agility to adapt to SARS' ever-changing context. This commitment is evident in this APP as it retains and advances most of the 2019/20 strategic initiatives, highlighting the sustainability of our transformation. As the final plan in the five-year strategic-planning cycle, this APP is particularly significant. Once SARS has completed this cycle, we will take stock of achievements and challenges over this period that will shape the continuation of our transformation in the next five-year strategic plan.

SARS' mandate is to collect all revenue due, ensure a culture of compliance, and facilitate legitimate trade across our borders. SARS executes its mandate through its aspirational vision of building "a smart, modern SARS with unquestionable integrity that is trusted and admired". Our strategic intent is to develop and administer a tax and customs systems based on voluntary compliance, which we are implementing through nine strategic objectives guided by our five "must-win" battles. These have been central to the rebuilding of SARS in line with the recommendations of the Nugent Commission of Inquiry to which I committed upon my appointment as Commissioner in 2019.

The five "must-win" battles are to:

1. Broaden the tax base.
2. Improve voluntary compliance and fiscal citizenship.
3. Leverage our resources (people, data and technology) and achieve more with less.
4. Maintain partnerships within government and with stakeholders locally and internationally.
5. Build an organisation with integrity that can be trusted and admired.

SARS' transformation is well underway, and we are encouraged by the measured progress and early results. We have overcome some of the worst effects of state capture at SARS and put the institution on a new path to reach even more ambitious goals in alignment with our Higher Purpose. As we take stock and look ahead, SARS has clearly achieved significant progress over the past four years. Since 2019, the fulfilment of SARS' mandate has improved and shown a positive trend:

1. Gross Revenue Collection exceeded R2 trillion in 2023.
2. Net Revenue Collections grew by a Compound Annual Growth Rate (CAGR) of 6.98%.
3. The Tax Base grew by 31.24% contributing to an increase in gross revenues.
4. Tax Buoyancy remained positive and above 1:00 over this period.
5. Compliance Revenue grew by a CAGR of 21.76%.
6. Trade Facilitation grew by a CAGR of 11.87%.

SARS' organisational health measures also improved during this period. Public Trust increased from 48% to 66%. The attitude of taxpayers toward compliance increased from 66% to 76%. Employee Engagement improved from 61% to 69% despite challenging circumstances such as the COVID-19 pandemic and financial and budgetary constraints. SARS attained a clean audit report from the Auditor-General for the 2022/23 financial year. This year's APP builds on these gains as SARS acts on the imperative to modernise and find better, faster and easier ways to administer tax and customs legislation.

In this financial year, SARS commits to:

1. Prioritise the most essential and beneficial strategic initiatives. The initiatives aim to use technology to help taxpayers and traders meet their tax obligations voluntarily, increase public trust and confidence in SARS, and to make SARS a lean, integrated, and data-driven organisation through the SARS Modernisation Programme.
2. Operationalise our aspiration that “tax just happens” guided by the principles of “Tax Administration 3.0” and “the best service is no service”. The end-state we aim to reach is a seamless taxpayer and trader experience that is clear, simple, easy, and accessible.
3. Further the implementation of our revenue management philosophy that conceptualises revenue as made up of revenue from the economy (including tax-policy interventions) and an efficient compliance programme. SARS will continue to explore opportunities to enhance base effects from compliance interventions by executing its compliance programme.
4. Build our people capability; strengthen the leadership bench; focus on achieving excellent operations management; implement our enhanced employee value proposition; and finalise organisational arrangements and focus on succession management.

We are mindful that the path to becoming a smart, modern SARS with unquestionable integrity that is trusted and admired is a journey that requires dedicated focus and investment. It is imperative to ensure SARS' sustainability and stability well beyond 2024.

I convey my sincere thanks and admiration to SARS' staff for their diligence and dedication, which have contributed immensely to the organisation's progress over the past five years. They have shown great resolve and loyalty to fulfil the SARS mandate and pursue a smart, modern SARS.

I appreciate the consistent support of the colleagues in National Treasury and government agencies, and our many other stakeholders in the tax and customs ecosystem. I thank the Minister of Finance and Parliament for their ongoing support to rebuild SARS.



Edward Chr Kieswetter
SARS 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 benefits that SARS will endeavour to achieve over the period 2024/25.



Schalk Human:
Chief Financial Officer (Acting)



Bridgitte Backman:
Deputy Commissioner – Corporate & Enterprise Services



Edward Kieswetter:
Commissioner and Accounting Officer



Approved by:
Enoch Godongwana: Minister of Finance

PART A: SARS' MANDATE

Legislative and Policy Mandates

The SARS Act of 1997 (as amended) mandates SARS to:

- » Collect all revenue due.
- » Ensure optimal compliance with Tax, Customs, and Excise legislation.
- » Provide a Customs service that will optimise revenue collection, ensure border protection and facilitate legitimate trade.

The primary legislation that SARS administers includes:

- » Constitution of the Republic of South Africa, Act 108 of 1996
- » Public Finance Management Act 1, of 1999
- » Income Tax Act, 1962
- » Customs and Excise Act, 1964
- » Value-Added Tax Act, 1991
- » Tax Administration Act, 2011
- » Employment Tax Incentives Act, 2013
- » Promotion of Access to Information Act 2, 2000
- » Promotion of Administrative Justice Act 3, 2000
- » Protection of Personal Information Act 4, 2013

How SARS fulfills its Mandate

How SARS fulfils its mandate is based on the principle that taxpayers and traders form the core of its work. SARS places the rights of taxpayers and traders at the core of its operations. Taxpayers' and traders' rights are summarised below.

Taxpayer Rights and Obligations

A taxpayer has the right to:

- » Clarity and certainty (to be informed) of obligations to SARS.
- » Excellent service, irrespective of the method of engagement with SARS.
- » Be heard and lodge complaints and disputes which SARS resolves timeously.
- » Be treated without fear, favour, or prejudice by SARS confidentially and within the law.
- » Be represented by a professional.
- » Be respected by all SARS officials.

A taxpayer has an obligation to:

- » Promptly engage, register, and comply with legal obligations.
- » Co-operate and give accurate, truthful information by corresponding with SARS through the appropriate channels timeously and efficiently.
- » Provide all supporting documentation and information within the requested times.
- » Act honestly and respect the tax system.
- » Help to deter non-compliance by reporting tax fraud and non-compliance with tax legislation.
- » Accept personal responsibility and accountability for all their tax affairs.
- » Respect the work of all SARS officials.

SARS Compliance Philosophy

For SARS, compliance means the degree to which taxpayers and traders fulfil their tax obligations (i.e. registration, filing, declaration, and payment) accurately and on time, as required by the law. Voluntary compliance refers to society's fulfilment of its obligations without being prompted by SARS to do so.

SARS' work is mainly to ensure taxpayer compliance. This Annual Performance Plan explains how SARS will achieve its mandate for the 2024/25 financial year. The Plan reflects how SARS deliberately positions itself to "win". SARS' must-win battles are to:

- » Broaden the tax base.
- » Improve voluntary compliance and fiscal citizenship.
- » Use its resources intelligently to achieve more with less.
- » Maintain partnerships within government and with other stakeholders locally and internationally.
- » Build an organisation with integrity that can be trusted and admired.

SARS recognises that to win these battles the trust of the public must be earned. Such trust is critical to foster of fiscal citizenry and to realise its vision.

Embedded in voluntary compliance is the belief that most taxpayers and traders are honest and will strive to promote a culture that recognises compliance as a positive social contribution. Taxpayers' behaviour ranges from willing and intentional compliance, to non-compliance largely due to lack of knowledge of their obligations, or lack of know-how. SARS is aware that some taxpayers consciously choose not to comply and will engage in aggressive tax planning to avoid fully discharging their tax obligations, with some even breaking the law.

SARS believes that most taxpayers will always do the right thing, whereas a minority will fall short of compliance. Most taxpayers are between these two extremes: they will do the right thing if the circumstances are right for them, but will choose not to comply if they believe they can evade their obligations. SARS will move as many taxpayers and traders as possible up the continuum towards voluntary compliance.

Three pillars support SARS' compliance philosophy:

- » Voluntary compliance will prevail when everyone is aware of their tax obligations (provide clarity and certainty).
- » Taxpayers will comply when it is easy and less costly to do so (make it easy).
- » A credible threat of detection and consequences will deter non-compliance (detect tax evasion and enforce tax law).

To achieve high levels of voluntary compliance, SARS must keep building administrative and institutional capability, serve the public with integrity, and be beyond reproach.

Provide Clarity and Certainty

Taxpayers and traders who understand their rights and obligations are more likely to comply voluntarily. SARS will endeavour to administer tax and customs laws that are clear, easily understood, and applied by taxpayers to the greatest extent possible. SARS will provide taxpayers with easy access to information and help them to understand this information. SARS will also make taxpayers certain of their obligations and encourage consistency through prompt rulings, interpretation notes, and explanatory guidelines. SARS uses products such as advance-pricing agreements and advance rulings to serve the appropriate tax segments. SARS will also use other government facilities and institutions to educate taxpayers and traders about their rights and obligations.

SARS will attune its education and awareness campaigns to the needs and behaviour of groups of taxpayers and traders, based on insights drawn from data at its disposal. SARS will pay particular attention to the work it does with and through intermediaries, opinion-makers, influencers, professional bodies, and other stakeholders to provide clarity and certainty to taxpayers and traders.

Make It Easy

Providing an easily accessible, professional, and efficient service promotes voluntary compliance, and remains a key focus area for SARS. The service SARS offers must assist taxpayers and traders so that meeting their obligations is easy, cost-effective, and convenient. As SARS enables taxpayers to enjoy equitable access to all its service channels, it will encourage more taxpayers and traders to use its online self-service channels. Through these online channels and its branch network, it will deliver seamless services to all. Its service will be tailored to the needs and behaviour of taxpayer and trader segments. Where appropriate, SARS will use trusted and certified intermediaries to help taxpayers and traders to meet their obligations easily.

Detection and Enforcement

SARS' enforcement approach aims to promote fairness and deter non-compliance with tax and customs law. SARS is creating an environment where it monitors taxpayers' and traders' compliance. Its actions will be proportional to the level of non-compliance detected, moving through a continuum of "soft" enforcement for lesser acts of non-compliance and for first offenders, to "hard" enforcement for deliberate non-compliance (intentional tax evasion and multiple offenders). SARS is expanding its data, intelligence, skills, people, and systems to detect and investigate non-compliance early and alert non-compliant taxpayers and traders promptly. SARS will give non-compliant taxpayers and traders a reasonable time and clear guidance to respond and correct their non-compliance, and will respond appropriately if non-compliance persists.

SARS' Compliance Programme will identify areas of widespread non-compliance and communicate to taxpayers and traders its plans to resolve the matter. For taxpayers, the punitive cost 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 system integrity, transactional integrity, adequate financial resources, prudent management of resources, and people integrity (i.e. adequately skilled and resourced people, who behave professionally and ethically).

SARS' system integrity means taxpayer and trader records are trustworthy, a transparent governance is in place with checks and balances, and there is astute and thrifty spending of its allocation from the fiscus. SARS will use data analytics and artificial intelligence more intensively to enhance the integrity of its records, manage risk, derive insight, and improve outcomes.

As they interact with taxpayers and traders, SARS staff will do everything permissible, in a fair and courteous manner, to enable taxpayers meet their obligations with ease. SARS will put measures in place to ensure efficiency and fairness in its actions, counteract bias in its dealings with taxpayers and traders, and recognise the potentially intrusive nature of its enforcement. SARS will manage exceptions transparently and fairly.

To live up to its constitutional obligation and legal mandate, SARS seeks to maximise performance through prudent and ethical management. SARS will deploy its people, finances, intellectual assets, manufacturing capacity, and social capital to deliver high-quality and measurable outcomes. Section 195 (1) of the Constitution contains a statement that a 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”. SARS commits to abide by these principles.

SARS wants its staff to be highly skilled in resolving taxpayers’ and traders’ queries and disciplined in following due process. SARS aims to be a great place to work, where staff can pursue their aspirations and use their talents to the fullest. SARS will build and maintain a working environment that helps to grow employees and equips them with the tools and skills they need to do their jobs. SARS will continue to identify, recruit, and train the right people to maintain excellence in its operations, drive innovation, and implement SARS’ strategies.

At the heart of SARS’ “People-first Philosophy” is the recognition that it serves the public through its role in the country’s fiscal management, and individually through day-to-day interactions with taxpayers.

Institutional Policies and Strategies over the Five-year Planning Period

Policies

The government’s policy direction, as outlined in the National Development Plan, the Medium-Term Strategic Framework, and other state policies, stipulate how SARS must carry out its mandate. As one of the critical organs of state, SARS will collect revenue to fund critical government programmes. SARS 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.

Strategy over the Five-year Planning Period

SARS’ Higher Purpose

SARS’ work enables the government to build a capable state, to foster sustainable economic growth, and pursue social development that serves the well-being of the people of South Africa.

SARS’ Strategic Intent

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

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

SARS' Strategic Objectives

To realise its strategic intent and live up to its compliance philosophy, SARS have identified and committed to nine Strategic Objectives.

The nine strategic objectives

SARS is accountable to achieve all nine strategic objectives by identifying key results, associated indicators, and measurable targets for each. SARS will track, reflect on, and report its performance quarterly and annually.

1.	<p>Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations</p> <p>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 co-operative compliance programmes.</p>
2.	<p>Make it EASY for taxpayers and traders to comply with their obligations</p> <p>Engagements with taxpayers and traders in the fulfilment 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 fulfilment 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 SARS' behalf.</p>
3.	<p>DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY</p> <p>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.</p>
4.	<p>Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce</p> <p>SARS' employees consider it 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. SARS' employees easily collaborate to leverage their combined strengths, and it invests in them appropriately and provide them with the right tools for the job. They are able to respond to future demands of the workplace and to the 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, SARS creates 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 enables SARS to enforce responsibly. SARS has incorporated data into a comprehensive system of knowledge management. The composite effect of the expanded and increased use of data must substantively support its strategic intent of voluntary compliance.</p>

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| 6. | <p>Modernise systems to provide DIGITAL and STREAMLINED online services</p> <p>SARS' digital platforms will provide reliable and secure services to all its constituencies. Specifically, to enable taxpayers and traders to meet their obligations simply, easily, and where appropriate seamlessly, anywhere. For its employees, to enable them to deliver world-class and best-in class taxpayer and trader experience and to ensure performance excellence. For its stakeholders, provide access to reports and analysis that enable them to hold it accountable.</p> |
| 7. | <p>Demonstrate EFFECTIVE STEWARDSHIP of resources to ensure EFFICIENCY and EFFECTIVENESS in the delivery of quality outcomes and performance excellence</p> <p>SARS stewards the limited resources entrusted to it in a manner that creates value to achieve quality outcomes and performance excellence. The way it organises itself reflects agility and responsiveness to deliver the best experience for all its constituencies. SARS demonstrates 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 it to achieve its strategic intent.</p> |
| 8. | <p>Work with and through STAKEHOLDERS to improve the TAX ECOSYSTEM</p> <p>SARS has effective and beneficial partnerships with all stakeholders in the tax ecosystem. A SARS that delivers maximum benefits for the taxpayers and traders, government and the public. It leverages on other stakeholders' strengths to resolve tax administration challenges and improve voluntary tax compliance. Its interactions and exchanges are formal, professional, and transparent. Intermediaries experience their engagement with SARS 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 SARS' stewardship of the country's tax system is professional, unbiased and fair. SARS always acts and does the right thing all the time, it maintains the highest standards of integrity and ethics, it has transparent governance systems and processes, and it has capable and trustworthy leaders. SARS accepts that ultimately, it is accountable to taxpayers, traders, and their representatives, the general public and elected public office bearers, whose trust it must earn.</p> |

PART B: SARS' STRATEGIC FOCUS

Situational Analysis

Key External Environmental Factors and SARS' Approach

SARS operates in an increasingly challenging domestic and global economic environment. Drivers of economic hardship are the rising cost of living, high interest rates, geo-political and geo-economic tension, natural disasters and extreme weather, enduring effects of the COVID-19 pandemic and energy shortages. These issues erode the tax base (they harm taxable income, property, and trade volumes). Poor public service delivery and corruption damage public confidence in the government.

Global Landscape

Because economic activity and tax policy underpin approximately 85% of SARS' net revenue collection, the global and domestic economic outlook is crucial to SARS' performance.

The global economy is recovering slowly and unevenly, with economic activity trailing behind its pre-pandemic levels because of uncertainty. Key factors hindering economic recovery are the enduring consequences of the pandemic, the Ukraine war, and increasing geo-economic fragmentation. Although the global economic risk appears more balanced compared to the start of 2024, additional risks are emerging. Notably, China's property-market crisis, if not managed effectively, could spill over to the global economy and affect commodity exporters, in particular. Another geo-political issue is South Africa's application to the International Court of Justice (ICJ) against Israel for violating the 1948 Convention on the Prevention and Punishment of the Crime of Genocide. The implication of the application and the ICJ ruling remains to be seen, but it will likely heighten geo-political tension and disrupt global trade, which has been harmed by attacks on cargo ships with links to Israel by Houthi rebels in Yemen, who are responding to the conflict in Gaza.

Although warning of the risks from wars and inflation, the International Monetary Fund (IMF) raised its forecast for global growth this year because of better-than-expected economic expansion in the United States and fiscal stimulus in China. According to the January 2024 IMF World Economic Outlook update, global growth is projected to be 3.1% in 2024 and 3.2% in 2025. A "soft-landing" is likely. Revised projections for 2024 indicate growth rates of 1.5% for the United States (up from 1.0%), 0.6% for the United Kingdom (down from 1.0%), and 1.2% for the Euro-area (down from 1.5%).

Domestic Landscape

Growth in the South African economy remains subdued with GDP recording a decrease of 0.2% in the third quarter of 2023 following an increase of 0.5% in the second quarter, and an increase of 0.4% in the first quarter. This decline can be attributed to a contraction in five out of ten industries, particularly the primary and secondary sectors. Notably, agriculture witnessed a 9.6% decrease, reducing overall GDP by 0.3% points, while manufacturing and construction decreased by 1.3% and 2.8% respectively, both reducing GDP by 0.1% points.

South Africa's economy remains extremely constrained and susceptible to fresh shocks from the global economy. Suboptimal port and railway operations are also limiting economic growth. Persistently unstable electricity supply is exacerbating the situation and contributed to weak output growth and higher costs in 2023. These constraints are expected to persist, severely limiting the growth of the economy over the medium term.

Concluding its January Monetary Policy Committee (MPC) meeting, the South African Reserve Bank (SARB) announced that it projected a GDP growth rate of 0.6% in 2023, adjusted downward from the November 2023

forecast of 0.8%. This is expected to be followed by growth rates of 1.2% in 2024 and 1.3% in 2025, both of which remain unchanged since the previous MPC meeting.

The unemployment rate in the third quarter of 2023 declined by 0.7% points to reach 31.9%, indicating that the economy is still marked by a high rate of unemployment. Youth unemployment rate remains high despite declining marginally to 58.0% in the third quarter of 2023 from 60.7% in the second quarter. The high rate of unemployment does not bode well for PIT collections, which contributes the most tax revenue and is paid primarily by working individuals.

South Africa's annual consumer price index has shown significant improvement since its 13-year peak of 7.8% in July 2022, with inflation for December 2023 decreasing to 5.1% from 5.5% and 5.9% in October. Inflation for December 2023 was driven by the price of food and non-alcoholic beverages (8.5%, contributing 1.5% points); housing and utilities (5.7%, contributing 1.3% points); miscellaneous goods and services (5.1%, contributing 0.7% points); and transport (2.6%, contributing 0.4% points).

Against this backdrop, the Reserve Bank in its January MPC meeting decided to keep the repo rate at its current level of 8.25% for the fourth consecutive meeting after it was adjusted upward in May 2023 by 50 basis points from 7.75%. The current state of high interest rates deters businesses from investing in capital goods like machinery and other assets as well as consumers from purchasing property or durable goods. The interest rate puts pressure on property-related and consumption taxes, including transfer duties and VAT.

The February 2024 Budget Speech revised the government-debt forecast to 75.3% of GDP in 2025/26, from the November 2023 forecast of 77.7%. Government debt is very high and attracts high-debt servicing costs, all of which compounds South Africa's fiscal pressure.

Changes in currency rates and inflation affect the amount of government debt. An improvement in the rand exchange rate, for instance, lowers the value of outstanding foreign debt. South Africa's long-term foreign and local currency debt ratings at "BB-" (non-investment grade) by Fitch Ratings together with increasing socio-economic difficulty will put SARS under immense pressure to collect more revenue while the economy strains under load shedding.

According to Standard Bank's December 2023 Electricity Tracker report, which tracks Eskom's ability to supply power to the grid and its impact on economic activity, electricity cuts in 2023 made it South Africa's worst year for load shedding, with 335 days of load shedding compared to 205 days in 2022. The Energy Availability Factor (EAF) averaged 54.7% in the 4th quarter of 2023, up from lower levels earlier in the year. In 2022, EAF decreased to an average of 58% in 2022, down from 62% in 2021 and 65% in 2020. The improved EAF can be attributed to fewer planned and unplanned outages as well as increased imports of lithium-ion batteries and solar panels since the start of 2023. These developments indicate that private sector electricity storage and self-generation capacity grew rapidly and should provide some relief and support economic recovery, especially for the manufacturing and service sectors.

In conclusion, South Africa's domestic economic outlook is bleak. Deteriorating macro-economic fundamentals are expected to depress real GDP because of more frequent and severe power outages as well as decreasing commodity prices. These difficulties will harm tax revenue collection.

SARS' Mitigating Actions

Economy

Lacklustre economic performance characterised by high inflation and high interest rates pose a risk to SARS' revenue collection.

As mitigating actions, SARS will continue to:

- » Reduce the cost of compliance for taxpayers and traders by making it easy to comply with obligations through tax education, offer access to digital platforms, assist taxpayers 24/7 through eFiling to increase its public visibility and co-operate with stakeholders.
- » Close tax gaps, stop tax leakage, and discover new tax bases to recover revenue lost through the erosion of existing tax bases. Revenue collection and the compliance levels will measure SARS' success in closing tax gaps.
- » Integrate, collaborate, and co-operate with stakeholders such as SARB, Financial Intelligence Centre (FIC), and the Companies and Intellectual Property Commission.
- » Use third-party information and automatic exchange of information to understand taxpayers' behaviour to enhance their interaction with SARS.
- » Refine its revenue forecasting models.
- » Strengthen enforcement to combat the illicit economy and its devastating effect on legitimate businesses.

Government Debt

The unsustainably high government debt is projected to increase to 75.3% of GDP in 2025/26 (up from 57.4% in 2019/20). The interventions taken to mitigate the harm of the pandemic pushed government debt to exorbitant levels. The race to contain and reduce the extraordinarily high level of debt remains a focus for the National Treasury, and inevitably, the funding constraints on institutions like SARS are likely to persist.

SARS will:

- » Identify new opportunities to increase revenue collection.
- » Use artificial intelligence to help detect non-compliance.
- » Develop strategies to collect tax optimally from ever growing online transactions and e-commerce.
- » Increase the contribution of tax revenue to the government purse.

Public Confidence

Research shows that taxpayers' attitude toward tax compliance is influenced by how they perceive tax revenue is used.

Citizens' deteriorating interest in politics (as evidenced by falling national and local votes turnout) accompanies an upsurge in service-delivery protests, continued political uncertainty due to unstable local government coalitions, load shedding, and perceptions of corrupt activities by senior officials (as revealed by the Zondo Commission of Enquiry). These reduce the public's confidence in the government.

SARS will continue to:

- » Work with all its stakeholders to improve the public's perception of its organisation.
- » Strengthen its governance and leadership systems.
- » Invest in systems to bolster the privacy of personal information to improve trust levels.
- » Root out internal fraud and corruption.

Illicit Economic Activities

The illicit economy continues to be a scourge on the economy and remains an area to be suppressed.

SARS will continue to:

- » Collaborate across the government and internationally to uncover illicit trade.
- » Strengthen SARS' capacity to deal with illicit economic activities.
- » Use the data at its disposal to deter, detect, and eradicate illicit activities.

Political Environment

South Africa's political landscape is volatile, as evidenced by the increasing prevalence of coalition governments in major cities and towns. The coalitions have proven unstable and face difficulty in delivering services. Political volatility has harmed business and investor confidence.

Disputed election results and protracted economic hardship in neighbouring countries can pose political and social threats as many citizens of these countries may illegally migrate to South Africa.

SARS will:

- » Remain factual, objective, and act without fear or favour.
- » Stress its autonomy and independence in its business dealings.
- » Engage stakeholders across all sectors, acknowledge concerns, and offer credible solutions that engender trust.
- » Work with law enforcement agencies to increase vigilance at ports of entry to prevent illegal entry into the country.

Unemployment

South Africa's unemployment rate has reached unprecedented levels of more than 35%. Despite 80% of sectors starting to hire job seekers, numbers are still well below pre-COVID levels. Young people are affected most, which presents a serious threat to the tax base, the integrity of the tax system, and social stability.

SARS will continue to:

- » Catalyse change by promoting gender equality in the workplace by recruiting women, youth, and persons with disabilities.
- » Collect and administer the Employment Tax Incentive.

Energy Crisis

Unabated load shedding is imposing an added burden on businesses that are already at the mercy of severe operating constraints such as soaring interest rates, rising costs, and subdued demand. Power cuts are damaging the economy and affecting tax revenue.

SARS will:

- » Install back-up power at SARS points of interaction to ensure service is not interrupted for walk-in clients.
- » Monitor the effects of the energy crisis and load shedding on revenue collection across all tax types, and proactively deal with their effect on revenue collection.
- » Monitor the growing alternative-energy sub-sectors to ensure enhanced compliance levels and maximum revenue collection.

Key Internal Environmental Factors and SARS' Approach

Organisational Capability and Capacity

SARS' workplace should enable its employees to fulfil its strategic intent to promote voluntary compliance while being highly engaged. SARS has embarked on a programme to strengthen the Leadership Bench through its Leadership Model.

The Leadership Model

Every SARS Leader will:

1. Display personal proficiency: WHO I AM (personally and professionally).
2. Manage people and work: WHAT I DO (personal competency).
3. Impact others positively WHAT I STAND FOR (personal brand).

To create an enabling environment for its personnel, SARS will:

1. Set a clear standard for acceptable leadership by:
 - a. Embedding the Leadership Model.
 - b. Investing in and growing the Women in Leadership cohort.
 - c. Investing in the Junior Board and developing and exposing them to enterprise leadership qualities and behaviour.
2. Foster positive employee engagement by:
 - a. Embedding and institutionalising the Employee Rights Charter.
 - b. Enhancing the Employee Value Proposition.
 - c. Promoting gender equity.
 - d. Creating a supportive environment for employees with disabilities.
3. Develop a framework for execution bias by:
 - a. Institutionalising the "objectives and key results" approach in the organisation.
 - b. Institutionalising evidence-based decision-making.
 - c. Embedding 10x performance, fanatical discipline, productive paranoia, and empirical creativity.

Shortage of Requisite Skills

SARS continues to grapple with securing specialists such as data scientists, engineers, and investigators with expertise in areas such as Tax Base Erosion and Profit Shifting including Transfer Pricing. SARS is also seeking forensic and customs auditors, risk profilers, and inspectors to work on complex tax and customs matters.

To ameliorate skills shortages, SARS will:

- » Frequently assess competency levels amongst staff and implement initiatives to build capability in areas such as artificial intelligence, super-computers, and real time connectivity.
- » Maintain its career progression model which allows employees to assess their competency for roles with specific requirements.
- » Deepen across the board tax and technology skills, and recruit people with such multi-disciplinary expertise.
- » Structure SARS to take advantage of employees' skills.
- » Expand mentoring and coaching programmes beyond the Junior Board.

Voluntary Compliance

SARS' strategic intent is to build a culture of voluntary tax compliance among taxpayers and traders. Central to this is to provide clarity and certainty while making it easy and seamless for taxpayers and traders to meet their tax obligations. SARS also commits to ensuring that the tax administration is fair and comprises professional staff with integrity who administer the laws diligently without fear or favour.

SARS will:

- » Use interventions such as advanced tax rulings, advance pricing agreements, cooperative compliance, and educational campaigns to give taxpayers clarity and certainty about their obligations.
- » Increase the ease of meeting tax obligations by using technology such as artificial intelligence, machine learning, and easy-to-use virtual platforms.
- » Manage taxpayer debt. SARS will implement a new approach to outstanding taxpayer debt by using predictive analytics to segment taxpayer debt. SARS aims to avoid new debt from accumulating and to resolve disputed debt promptly. Curtailing taxpayer debt also requires us to evaluate audit assessment processes and to adopt an incentive scheme for auditors and debt management personnel.
- » Ensure timely submission of all returns due to generate the revenue required by government to implement programmes to benefit South African society.
- » Assess why the incidence of objections and disputed taxpayer debt is high. It could reflect the difficult economic conditions faced by taxpayers or the quality of its audit or assessment processes.
- » Refer more cases of outstanding returns for prosecution. To deal with deliberate refusal to comply, SARS will apply the law fully without fear or favour.

Compliance Revenue Programme

Compliance revenue results from SARS' focused compliance activities and efforts to improve compliance culture and trust in the tax ecosystem. Although voluntary compliance is at the heart of SARS' strategy, it will also enforce compliance by making it hard and costly for taxpayers to remain non-compliant.

SARS will:

- » Detect non-compliance and improve revenue collection.
- » Make it hard and costly for non-compliant taxpayers who deliberately defraud the system.
- » Intensify compliance initiatives to root out syndicated tax and customs crime.

PART C: MEASURING SARS' 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 / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Revenue estimates are met or exceeded	% collection of revenue as agreed with the Minister of Finance	99.68%	100.00% collection of revenue as agreed with the Minister	100.00% collection of revenue as agreed with the Minister	100.00% collection of revenue as agreed with the Minister	100.00% collection of revenue as agreed with the Minister
Overall compliance has increased as measured by a well-defined compliance index	Level of overall tax compliance (%)	61.61%	3.00% points increase on prior year's achievement	5.00% points increase on prior year's achievement	3.00% points increase on prior year's achievement	2.00% points increase on prior year's achievement
Enhanced trade facilitation	Trade Facilitation Index (%)	52.80%	5.00% points increase on prior year's achievement	5.00% points increase on prior year's achievement	2.00% points increase on prior year's achievement	2.00% points increase on prior year's achievement

Annual and Quarterly Targets

Key results / output indicators	Annual targets	Q1	Q2	Q3	Q4
% collection of revenue as agreed with the Minister of Finance	100.00% collection of revenue as agreed with the Minister	Collect 100.00% of Q1 target	Collect 100.00% of YTD Q2 target	Collect 100.00% of YTD Q3 target	Collect 100.00% of YTD Q4 target
Level of overall tax compliance (%)	3.00% points increase on prior year's achievement	-	-	-	3.00% points increase on prior year's achievement
Trade Facilitation Index (%)	5.00% points increase on prior year's achievement	-	-	-	5.00% points increase on prior year's achievement

STRATEGIC OBJECTIVE 1: PROVIDE CLARITY AND CERTAINTY FOR TAXPAYERS AND TRADERS OF THEIR OBLIGATIONS						
Key results / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Most taxpayers and traders surveyed perceive SARS' guidance as clear, unambiguous, and easy to follow	% of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS	75.33%	77.00%	77.50%	78.00%	78.50%
Expanded enrolment of Economic Operators to the AEO Programme	Number of AEO accreditations	2023/24 Performance	130	130	135	140

Annual and Quarterly Targets

Key results / output indicators	Annual targets	Q1	Q2	Q3	Q4
% of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS	77.00%	-	-	-	77.00%
Number of AEO accreditations	130	32	32	33	33

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

Key results / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
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	89.38%	91.00%	91.50%	92.00%	92.50%
Standard taxpayers are auto-assessed by SARS	% of standard taxpayers' returns auto-assessed by SARS (individual taxpayers)	94.70%	95.00%	95.00%	95.00%	95.00%
A focused SMME Compliance Programme is implemented	% implementation of the focused SMME Compliance Programme initiatives on the pilot population	2023/24 Performance	80.00% completion of the pilot and impact assessment on improvement of SMMEs' customer experience and facilitation of seamless compliance	Implement the SMME Compliance Programme	Track the SMME Compliance Improvement per Programme	Track the SMME Compliance Improvement per Programme

Annual and Quarterly Targets

Key results/output indicators	Annual targets	Q1	Q2	Q3	Q4
% of taxpayers and traders using digital and self-help platforms to interact with SARS	91.00%	91.00%	91.00%	91.00%	91.00%
% of standard taxpayers' returns auto-assessed by SARS (individual taxpayers)	95.00%	Employer and third-party data submissions processed	Auto assessments issued to target population	Progress monitored and exceptions processed	95.00%
% implementation of the focused SMME Compliance Programme initiatives on the pilot population	80.00% completion of the pilot and impact assessment on improvement of SMMEs' customer experience and facilitation of seamless compliance	Commence the pilot to improve customer experience of 200 SMMEs (improved forms and channels)	Commence the pilot to address non-compliance root-causes on another 200 SMMEs	Complete the pilot and consolidate the outcomes	80.00% completion of the pilot and impact assessment on improvement of SMMEs' customer experience and facilitation of seamless compliance

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

Key results / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Increased compliance through the accurate detection of risk	% risk detection rate	96.61%	95.00%	96.00%	97.00%	97.00%
Collapsed illicit schemes	Number of significant schemes collapsed	New measure	3	3	3	3

Annual and Quarterly Targets

Key results / output indicators	Annual targets	Q1	Q2	Q3	Q4
% risk detection rate	95.00%	95.00%	95.00%	95.00%	95.00%
Number of significant schemes collapsed	3	-	-	-	3

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

Key results / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Improved engagement of SARS employees	Employee Engagement Index score	69.40%	Achieve a top 15% place in the market (the market comprises of RSA institutions and government-comparable sectors)	Continue to implement customised solutions to enable engagement priorities and achieve 80% implementation against the milestone plan	Achieve a top 15% place in the market, comprising RSA institutions and government-comparable sectors	Continue to implement customised solutions to enable engagement priorities and achieve 80% implementation against the milestone plan
Attainment of Employment Equity Plan targets	% Attainment of targets as per Employment Equity Plan	Racial Equity = 80.29% Gender Equity = 50.13% Disability Equity = 2.08%	Racial Equity = 81.96% Gender Equity = 51.82% Disability Equity = 3.39%	Racial Equity = 82.98% Gender Equity = 52.09% Disability Equity = 4.11%	Racial Equity = 84.01% Gender Equity = 52.37% Disability Equity = 4.84%	Racial Equity = 84.01% Gender Equity = 52.37% Disability Equity = 4.84%
People Capability and Career Management (PCCM) framework progressively implemented	% implementation of prioritised job families	2023/24 Performance	Achieve 90% implementation of prioritised job families	Achieve 90% implementation of prioritised job families	Achieve 90% implementation of prioritised job families	Achieve 90% implementation of prioritised job families

Annual and Quarterly Targets

Key results / output indicators	Annual targets	Q1	Q2	Q3	Q4
Employee Engagement Index score	Achieve a top 15% place in the market (the market comprises of RSA institutions and government-comparable sectors)	Draft a plan of action for the survey	Prepare for the survey	Commence the survey	Produce a survey report Achieve a top 15% place in the market (the market comprises of RSA institutions and government-comparable sectors)
% Attainment of targets as per Employment Equity Plan	Racial Equity = 81.96% Gender Equity = 51.82% Disability Equity = 3.39%	-	-	-	Racial Equity = 81.96% Gender Equity = 51.82% Disability Equity = 3.39%
% implementation of prioritised job families	Achieve 90% implementation of prioritised job families	Prioritised job families are identified and confirmed	Design work on the prioritised job families	Development of the prioritised job families	Finalisation and approval of all prioritised job families for the year. Report on achievement against target

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 / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Risk-detection, assessment, and profiling are largely automated, data-driven, and substantively informs case selection for standard matters (manual risk-profiling and case selection are used only for complex matters)	% utilisation of automated risk assessment for taxpayers and traders	100.00% standard	100.00% standard	100.00% standard	100.00% standard	100.00% standard
		66.95% complex	70.00% complex	75.00% complex	80.00% complex	80.00% complex

Annual and Quarterly Targets

Key results / output indicators	Annual Targets	Q1	Q2	Q3	Q4
% utilisation of automated risk assessment for taxpayers and traders	100.00% standard				
	70.00% complex				

STRATEGIC OBJECTIVE 6: MODERNISE SYSTEMS TO PROVIDE DIGITAL AND STREAM-LINED ONLINE SERVICES

Key results / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Digital platforms' availability for taxpayers and traders	% of planned capacity to be available for mission-critical systems	99.70%	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

Annual and Quarterly Targets

Key results / output indicators	Annual targets	Q1	Q2	Q3	Q4
% of planned capacity to be available for mission-critical systems	99.00%	99.00%	99.00%	99.00%	99.00%
Number of security breaches on digital platforms from known risks	Nil	Nil	Nil	Nil	Nil

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

Key results / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Unqualified audit opinion received from the Auditor-General (AG) on both Own Accounts and Revenue Accounts	Unqualified audit opinion from the AG	Clean audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion
Demonstrate effective resource 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	0.38%	2.00%	2.00%	2.00%	2.00%

Annual and Quarterly Targets

Key results / output indicators	Annual Targets	Q1	Q2	Q3	Q4
Unqualified audit opinion from the AG	Unqualified audit opinion	-	-	-	Unqualified audit opinion
% deviation between SARS' spending for the year and the allocation SARS received from National Treasury	2.00%	-	-	-	2.00%

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

Key results / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Effective stakeholder engagements are established and improved	Stakeholder engagement effectiveness index	New measure	Formulate a new Enterprise Stakeholder Management Policy	Determine baseline for stakeholder engagement effectiveness Index	Achieve 1.50% point improvement on stakeholder engagement effectiveness Index	Achieve 1.00% point improvement on stakeholder engagement effectiveness Index
Develop trust-based relations with law-enforcement agencies, FIC, and SARB	Percentage of implementation of the action plan developed through self-assessment of the OECD/SARS Trust Maturity Model	New measure	Achieve 50% of action plan	Achieve 70% of action plan	Achieve 85% of action plan	Achieve 100% of action plan

Annual and Quarterly Targets

Key results / output indicators	Annual targets	Q1	Q2	Q3	Q4
Stakeholder engagement Effectiveness Index	Formulate a new Enterprise Stakeholder Management Policy	Finalise the Enterprise Stakeholder Management Policy and submit for approval	Commence with stakeholder map and responsibilities	Finalise stakeholder map and responsibilities	Stakeholder Management Policy is approved
Percentage of implementation of the action plan developed through self-assessment of the OECD/SARS Trust Maturity Model	Achieve 50% of action plan	Achieve 20% of the action plan	Achieve 30% of the action plan	Achieve 40% of the action plan	Achieve 50% of the action plan

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

Key results / outputs	Key results / output indicators	Baselines (2022/23 actuals unless otherwise stated)	Current and MTEF targets			
			2024/25	2025/26	2026/27	2027/28
Public opinion survey results reflect high trust and confidence in SARS	% score per public opinion survey	76.50%	76.50%	77.50%	78.50%	78.50%
Adherence to Service Charter commitments	% Service Charter performance score	79.32%	85.00%	86.00%	87.00%	88.00%

Annual and Quarterly Targets

Key results / output indicators	Annual targets	Q1	Q2	Q3	Q4
% score per public opinion survey	76.50%	Socialising the public opinion results	Feedback and preparation for the 2024/25 survey	Data collection	Final report and Public Opinion Score of 76.50% achieved
% Service Charter performance score	85.00%	-	-	-	85.00%

Resource considerations

Expenditure estimates over the medium term

The Estimates of National Expenditure (ENE) is a culmination of engagements during the year, intended to formalise the request for medium term funding requirements. As part of the 2024 Medium Term Expenditure Framework (MTEF) submission, SARS positioned an additional requirement of R24.7 billion over the medium term, against the MTEF allocation provided at the time. The ENE additional requirement over the medium term is R24.5 billion following a slight increase in the grant allocation, however the increase is still below the expenditure average growth rate. ENE grant allocation is increasing by 1.89% in 2024/25 without accounting for the Adjusted Estimates of National Expenditure (AENE) R1 billion provisional allocation ring-fenced to improve revenue raising capabilities of SARS.

The continued trend of underfunding SARS, now for 10 consecutive years, is materially undermining its legal mandate. The funding trend for SARS since 2014/15 to 2023/24 has declined by 27.53% and adding the medium-term allocation from 2024/25 to 2026/27 per the final ENE allocation letter, the cumulative decline is projected to be 39.53%. This implies that SARS in 2023/24 is just over 70% of its baseline funding in 2014/15 and projected to be less than two thirds by 2026/27. The Compound Annual Growth Rate (CAGR) on grant from 2018/19 to 2022/23 is 3.90% while the revenue collection CAGR is 6.98%.

This funding trajectory is unsustainable and renders SARS significantly impaired in delivery of its legal mandate. Various engagements continue to emphasize that unless the SARS funding shortfall is seriously addressed, the performance of SARS will be sub-optimal, the tax gap and other under-served areas will not be adequately addressed, and consequently revenue collection will remain below its potential. This presents a material risk to the fiscal integrity of South Africa.

As an Entity SARS commenced the 2024 MTEF period on an unfortunate and uncertain footing where the grant allocation from 2022/23 to 2023/24 increased by a mere 0.15% and this within the context where expenditure is increasing at an average of +/- 6%.

As part of the Medium-Term Budget Policy Statement (MTBPS) tabled by the Minister of Finance, Minister Enoch Godongwana, SARS has been allocated an in-year adjustment of R1 billion, which will mainly be expensed towards capital and ICT projects, and personnel capacity to improve the revenue-raising capabilities of SARS.

With SARS grant modestly increasing by 1.89% in 2024/25, expenditure decisions that will not compromise SARS MTEF remain highly uncertain. In the current economic where government is employing an austerity budget and measures, the likelihood of receiving additional or improved funding is becoming even more unpredictable.

Funding shortfalls have led to:

1. A continued decline in the employee value proposition, rendering the organisation unable to retain and attract specialist skills much needed (SARS employee cost to grant is 64%, 9% lower than Organisation for Economic Cooperation and Development (OECD) average).
2. Exposing the modernisation programme to risk (SARS ICT cost is +/-15% of grant, some Tax Administrations within the OECD go up to 20%) at a time when tax administrations are urged to think about how their existing processes can be reformed to become truly digital. Without fulfilling this vision, Tax Administration 3.0 indicates that tax administrations will not keep pace with the digital transformation of wider society, will find it harder to reduce tax administration burdens, create new policy approaches, and reduce compliance gaps.

Tax gap studies and SARS' own experience suggest significant areas that must be addressed, including:

- a. Base erosion and profit shifting practices.
- b. Illicit and Criminal Trade and Tax abuse in multiple industries.
- c. Abuse of the Tax & Customs system for money laundering and illicit financial flows.
- d. Growing attempts to defraud through refund abuse across tax types.
- e. Crypto Assets: Exchanges, stocks and flows.
- f. Changing business models and value chains due to disruptive technologies and digitalization.
- g. Increasingly litigious and complex cases requiring legal defence.
- h. Infrastructure improvements at SARS' ports of entry.

Headcount projection over the medium term

Employee Group	Headcount February 2024	2024/25	2025/26	2026/27
Permanent	12 216	12 954	13 734	13 881
Contract	39	39	39	39
Trainees	134	100	100	100
Short Term Contractors*	417	-	-	-
Non Employees	200	200	-	-
Total Headcount Projections	13 006	13 293	13 873	14 020

*Short term contractors include Seasonal Workers

Expenditure estimates over the medium term

Strategic Objectives	Full Time Equivalents	R'000 MTEF			R'000 2024/25			
		Budget 24/25	Budget 25/26	Budget 26/27	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Provide Clarity & Certainty of tax obligations	120	194 954	200 675	183 760	48 739	48 739	48 739	48 739
Personnel Expenses		166 328	169 318	150 512	41 582	41 582	41 582	41 582
Goods & Services		28 626	31 357	33 248	7 157	7 157	7 157	7 157
Information Technology		8 037	8 024	8 394	2 009	2 009	2 009	2 009
Land and Buildings		7 527	8 738	9 307	1 882	1 882	1 882	1 882
Audit & Legal Fees		2 939	3 078	3 219	735	735	735	735
Administration		7 523	8 642	9 145	1 881	1 881	1 881	1 881
Other Services		2 601	2 876	3 184	650	650	650	650
Capex - Business as usual		-	-	-	-	-	-	-
Projects		-	-	-	-	-	-	-
2. Make it Easy for Taxpayers & Traders to Comply & fulfill their obligations	4 952	4 090 950	4 248 293	4 059 685	1 022 738	1 022 738	1 022 738	1 022 738
Personnel Expenses		2 907 873	2 960 140	2 631 363	726 968	726 968	726 968	726 968
Goods & Services		1 141 289	1 246 365	1 323 852	285 322	285 322	285 322	285 322
Information Technology		340 154	339 635	355 258	85 038	85 038	85 038	85 038
Land and Buildings		317 827	368 966	392 997	79 457	79 457	79 457	79 457
Audit & Legal Fees		109 277	114 413	119 676	27 319	27 319	27 319	27 319
Administration		227 713	261 585	276 820	56 928	56 928	56 928	56 928
Other Services		146 318	161 767	179 102	36 580	36 580	36 580	36 580
Capex - Business as usual		-	-	-	-	-	-	-
Projects		41 788	41 788	104 470	10 447	10 447	10 447	10 447
3. Detect Taxpayers and Traders who do not comply, and make non-compliance hard and costly	4 603	3 987 937	4 132 503	3 849 624	996 984	996 984	996 984	996 984
Personnel Expenses		3 050 941	3 105 779	2 760 827	762 735	762 735	762 735	762 735
Goods & Services		936 996	1 026 723	1 088 797	234 249	234 249	234 249	234 249
Information Technology		256 303	255 912	267 684	64 076	64 076	64 076	64 076
Land and Buildings		247 366	287 169	305 872	61 842	61 842	61 842	61 842
Audit & Legal Fees		101 815	106 600	111 503	25 454	25 454	25 454	25 454
Administration		243 946	280 231	296 553	60 986	60 986	60 986	60 986
Other Services		87 566	96 811	107 185	21 891	21 891	21 891	21 891
Capex - Business as usual		-	-	-	-	-	-	-
Projects		-	-	-	-	-	-	-
4. Develop a high performing, diverse, agile and engaged workforce towards high value knowledge and service work	701	706 813	736 961	696 096	176 703	176 703	176 703	176 703
Personnel Expenses		496 299	505 219	449 106	124 075	124 075	124 075	124 075
Goods & Services		210 514	231 742	246 991	52 628	52 628	52 628	52 628
Information Technology		47 795	47 723	49 918	11 949	11 949	11 949	11 949
Land and Buildings		45 090	52 345	55 754	11 272	11 272	11 272	11 272
Audit & Legal Fees		16 737	17 524	18 330	4 184	4 184	4 184	4 184
Administration		60 390	69 373	73 414	15 098	15 098	15 098	15 098
Other Services		40 501	44 777	49 575	10 125	10 125	10 125	10 125
Capex - Business as usual		-	-	-	-	-	-	-
Projects		-	-	-	-	-	-	-
5. Expand and Increase the use of DATA to improve integrity, derive insight & improve outcomes	635	953 399	983 708	926 280	238 350	238 350	238 350	238 350
Personnel Expenses		698 747	711 307	632 303	174 687	174 687	174 687	174 687
Goods & Services		251 757	269 505	286 739	62 939	62 939	62 939	62 939
Information Technology		110 877	110 707	115 800	27 719	27 719	27 719	27 719
Land and Buildings		42 598	49 452	52 673	10 650	10 650	10 650	10 650
Audit & Legal Fees		13 563	14 201	14 854	3 391	3 391	3 391	3 391
Administration		34 326	39 431	41 728	8 581	8 581	8 581	8 581
Other Services		50 393	55 713	61 684	12 598	12 598	12 598	12 598
Capex - Business as usual		-	-	-	-	-	-	-
Projects		2 895	2 895	7 238	724	724	724	724
6. Modernize systems to provide digital & streamlined services	621	855 902	878 915	947 345	213 975	213 975	213 975	213 975
Personnel Expenses		489 619	498 420	443 061	122 405	122 405	122 405	122 405
Goods & Services		296 141	310 354	328 929	74 035	74 035	74 035	74 035
Information Technology		179 963	179 688	187 954	44 991	44 991	44 991	44 991
Land and Buildings		31 667	36 763	39 157	7 917	7 917	7 917	7 917
Audit & Legal Fees		10 949	11 463	11 991	2 737	2 737	2 737	2 737
Administration		25 739	29 567	31 289	6 435	6 435	6 435	6 435
Other Services		47 823	52 872	58 538	11 956	11 956	11 956	11 956
Capex - Business as usual		-	-	-	-	-	-	-
Projects		70 142	70 142	175 355	17 535	17 535	17 535	17 535
7. Drive greater resource stewardship to ensure the efficient use of resources, and deliver quality outcomes & performance excellence	1 059	1 411 875	1 475 568	1 523 002	352 969	352 969	352 969	352 969
Personnel Expenses		899 086	915 246	813 591	224 771	224 771	224 771	224 771
Goods & Services		435 316	482 848	515 726	108 829	108 829	108 829	108 829
Information Technology		77 986	77 867	81 449	19 497	19 497	19 497	19 497
Land and Buildings		95 246	110 571	117 773	23 811	23 811	23 811	23 811
Audit & Legal Fees		24 195	25 332	26 497	6 049	6 049	6 049	6 049
Administration		140 672	161 597	171 008	35 168	35 168	35 168	35 168
Other Services		97 217	107 481	118 998	24 304	24 304	24 304	24 304
Capex - Business as usual		-	-	-	-	-	-	-
Projects		77 474	77 474	193 685	19 368	19 368	19 368	19 368
8. Work with, and through Stakeholders to improve the tax ecosystem	66	94 896	98 870	106 531	23 724	23 724	23 724	23 724
Personnel Expenses		59 435	60 504	53 784	14 859	14 859	14 859	14 859
Goods & Services		27 759	30 665	33 494	6 940	6 940	6 940	6 940
Information Technology		2 162	2 159	2 258	541	541	541	541
Land and Buildings		1 234	1 433	1 526	309	309	309	309
Audit & Legal Fees		602	630	659	150	150	150	150
Administration		4 018	4 616	4 885	1 005	1 005	1 005	1 005
Other Services		19 743	21 827	24 166	4 936	4 936	4 936	4 936
Capex - Business as usual		-	-	-	-	-	-	-
Projects		7 701	7 701	19 253	1 925	1 925	1 925	1 925
9. Build public trust and confidence in the tax administration system	249	511 717	535 636	512 780	127 929	127 929	127 929	127 929
Personnel Expenses		343 656	349 833	310 978	85 914	85 914	85 914	85 914
Goods & Services		168 061	185 803	201 803	42 015	42 015	42 015	42 015
Information Technology		17 580	17 553	18 361	4 395	4 395	4 395	4 395
Land and Buildings		16 029	18 608	19 819	4 007	4 007	4 007	4 007
Audit & Legal Fees		5 419	5 674	5 935	1 355	1 355	1 355	1 355
Administration		30 402	34 924	36 958	7 600	7 600	7 600	7 600
Other Services		98 631	109 044	120 729	24 658	24 658	24 658	24 658
Capex - Business as usual		-	-	-	-	-	-	-
Projects		-	-	-	-	-	-	-
Total	13 006	12 808 443	13 291 128	12 805 103	3 202 111	3 202 111	3 202 111	3 202 111

Risks and Mitigations

Against a backdrop of rapid technological change, economic uncertainty, climate change, and geo-political conflict, SARS is in a prevailing state of poly-crisis worldwide. Cost-of-living pressures are worsening, interest rates and inflation are high, all of which harm the public that SARS serves.

SARS has reviewed and defined its overarching risk universe and related risk landscape to identify, map, and develop robust mitigation approaches and concomitant plans. SARS will deploy appropriate resources to put these plans into action. SARS' strategic intent and nine strategic objectives also account for the risks described in the table below.

Strategic risks and their mitigations

Strategic Risks	Mitigating Strategic Objectives	SARS' Mitigating Actions
Erosion of the tax base	Strategic Intent SO1-9	<ol style="list-style-type: none"> 1. Execute tax-gap minimisation programmes, adopt tax-broadening strategies, and develop a full understanding of the economy to improve tax collection from a wider base of taxpayers. 2. Reach out and educate people (natural and juristic) who are eligible to be registered. 3. Implement the new debt strategy, establish outreach programmes, and improve data analytics to detect fraud risks, build transfer-pricing skills, and minimise non-compliance. 4. Develop a coherent and technology based enforcement action plan across SARS divisions.
Unstable and uncertain economy	SO1-9	<ol style="list-style-type: none"> 1. Adopt tax-broadening strategies and develop a full understanding of the economy to improve tax collection from a wider base of taxpayers. 2. Increase investigative and audit capacity as a deterrent. 3. Improve the SARS Compliance Programme (raise a target of 5% to 10% of revenue). 4. Participate in the national fiscal and monetary framework.
Occurrence and probability of crime, corruption, bribery, and other forms of fraudulent activity in South Africa	SO3 SO8 SO9	<ol style="list-style-type: none"> 1. Enforce the law visibly and swiftly; publish convictions and identify the convicted. 2. Ensure clarity and certainty about the consequences of non-compliance. 3. Intensify and strengthen the anti-corruption programmes. 4. Advocate for financial prudence at government structures (including the Fusion Centre).

Strategic Risks	Mitigating Strategic Objectives	SARS' Mitigating Actions
Insufficient SARS resources	SO4 SO7	<ol style="list-style-type: none"> 1. Engage the Minister of Finance and National Treasury to ameliorate the funding shortfall. 2. Deploy SARS resources effectively. 3. Improve efficiency. 4. Implement the new EVP. 5. Develop a differentiated hybrid funding model. 6. Quantify revenue generated through compliance work and extrapolate to demonstrate possible additional revenue to the fiscus.
Inability to retain and compete for scarce and specialised skills	SO4	<ol style="list-style-type: none"> 1. Implement the revised EVP. 2. Embed the Employee Rights Charter clarifying the five employee rights. 3. Create meaningful roles and define career progression, beginning with Service Consultants. 4. Foster a culture of continuous professional development within the organisation.
Rapid changes in technology	SO6 SO7	<ol style="list-style-type: none"> 1. Provide a seamless registration, filing, declaration, and payment experience for standard taxpayers and traders, to ensure simplicity and ease of adoption by taxpayers (e.g. Auto Assessment). 2. Expand secured digital platforms availability (24/7). 3. Configure costs to modernise targeted systems to keep abreast of rapid technological change.
Weaknesses in leadership capability	SO4	<ol style="list-style-type: none"> 1. Embed the SARS leadership model. 2. Adopt a dedicated mentoring programme for senior leadership. 3. Create a conducive environment for SARS leaders to flourish. 4. Conduct the Employee Engagement survey.
Erosion of social contract between government and the people of RSA	SO3 SO8 SO9	<p>SARS must build public confidence by:</p> <ol style="list-style-type: none"> 1. Acting with visible independence, professionalism beyond reproach, and without fear and favour. 2. Showing measurable success in reducing tax non-compliance and crime. <p>SARS must play an advocacy role by:</p> <ol style="list-style-type: none"> 1. Demonstrating exemplary stewardship among public institutions. 2. Work with and through intermediaries to strengthen the tax ecosystem.

PART D: TECHNICAL INDICATOR DESCRIPTIONS

A. Strategic Intent

i. Revenue estimates are met or exceeded

Indicator title	% collection of revenue as agreed with the Minister of Finance
Definition / purpose	To track the revenue collected by SARS from tax, customs, and excise activities. This indicator is one of the proxies for measuring tax compliance and considers all debt collected.
Source / collection of data	SARS core systems.
Method of calculation	Tax and customs revenue from all types of tax-generating activities net of refunds.
Data limitations / assumptions	Revenue estimates are set by the Minister of Finance through the Budget and MTBPS and are susceptible to economic performance and change in tariffs set by the Department of Trade, Industry and Competition in accordance with International Trade Agreements. The numbers reported are preliminary until the Auditor-General audit is finalised.
Type of indicator	Output
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Revenue and Compliance Management

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

Indicator title	Level of overall tax compliance (%)
Definition / purpose	This measures 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 on compliance indexes. The methodology of measuring compliance is now in place, has been tested, and is ready for use.
Method of calculation	<p>Compliance index:</p> $= 0.05R + 0.41F + 0.15D + 0.39P$ <p>Where the prefixes represent the percentage weights 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.</p> <p>Note: The yearly targets are currently determined by adding percentage-points increments to the prior year's achievement.</p>
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	Revenue and Compliance Management

iii. Enhanced trade facilitation

Indicator title	Trade Facilitation Index (%)
Definition / purpose	To track the extent to which SARS is facilitating trade by using a trade index.
Source / collection of data	Customs systems and internal working documents.
Method of calculation	The yearly targets are currently determined by adding percentage-points increments to the prior year's achievement.
Data limitations / assumptions	Not applicable
Type of indicator	Output
Calculation type	Non-cumulative
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 Most taxpayers and traders surveyed perceive SARS' guidance 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	To gauge taxpayers' 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 who 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 positions as a final answer. "Strongly disagree", "disagree", and "neutral" will be collectively regarded as a negative answer (Position 1). "Strongly agree" and "agree" will be collectively regarded as a 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

1.2 Expanded enrolment of Economic Operators to the AEO Programme

Indicator title	Number of AEO accreditations
Definition / purpose	To measure the number of economic operators (AEO-C and AEO-S) that receive accreditation status from the Accreditation Committee because of new applications and renewal applications.
Source / collection of data	Accreditation Committee Register for the period under review.
Method of calculation	A count of qualifying economic operators that have received accreditation during the reporting period.
Data limitations / assumptions	<ul style="list-style-type: none"> » The yearly target is spread over the four quarters. » To avoid double counting, the opening cumulative balance will exclude the total renewal cases for the financial year. » When a trader is accredited as an AEO-C and subsequently approved as an AEO-S, such a trader will only be counted once using their highest level of accreditation to avoid double counting. » Although actual performance is tracked monthly, external reporting will be done quarterly and annually as achievement is cumulative. This is to ensure consistent and accurate reporting.
Type of indicator	Activity
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement of the target
Indicator responsibility	Accreditation & Licensing

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	To measure 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 use of digital platforms.
Source / collection of data	SARS core systems
Method of calculation	<p>% of taxpayers and traders using digital and self-help platforms to 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 a discrete identity, passport, registration number, or SARS-defined identity, from which an interaction can be detected.</p> <p>“Interactions” mean transactions or enquiries made by taxpayers and traders on SARS’ platforms to comply with or maintain their tax and customs obligations.</p> <p>“Digital platform” or “self-help platform” means a SARS online domain that facilitates interaction between SARS, taxpayers, and traders. These platforms are SARS transactional 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” mean the SARS transactional or enquiry touchpoints used by taxpayers and traders to interact with SARS, where assistance from a SARS official is required to complete the request. An example is 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 (year-to-date)
Reporting cycle	Quarterly and 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	To measure 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> $\frac{\text{\# of standard PIT auto-assessed returns accepted}}{\text{\# total of standard PIT returns filed from Auto-Assessed population}} \times 100$ <p>“Auto-assessed returns accepted” include taxpayers who are issued with an auto-estimated assessment, and do not file an amended return thereafter.</p>
Data limitations / assumptions	In determining the target auto-assessed population, the provisional taxpayers as well as taxpayers for whom SARS does not have third-party information (e.g. taxpayers who have business income and taxpayers who claimed other expenses such as for travel and home offices) are excluded. Taxpayers whose status changes based on their latest return are excluded at the time of doing the calculation for performance. The business-rules document offers more detail.
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly and Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Enterprise Data Management

2.3 A focused SMME Compliance Programme is implemented

Indicator title	% implementation of the focused SMME Compliance Programme initiatives among the pilot population
Definition / purpose	To improve compliance for SMMEs. SARS will implement a focused SMME compliance programme to simplify SMMEs' interaction with SARS. The SMME Compliance Programme will ensure that SARS' systems enable us to correct non-compliant behaviour among SMMEs proactively, timeously, and systematically. SARS will benchmark and test the Programme against best practices.
Source / collection of data	Compliance behaviour gathered from a pilot population (total of 200 for customer experience and 200 for non-compliance behaviour)
Method of calculation	Number of Programme initiatives or milestones achieved for the period as a percentage of total initiatives or milestones for that focused SMME programme
Data limitations / assumptions	None
Type of indicator	Quantitative
Calculation type	Non-cumulative
Reporting cycle	Quarterly and Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	SMME segment

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

3.1 Increased compliance through the accurate detection of risk

Indicator title	% risk detection rate
Definition / purpose	To apply a systems methodology to detect and select potential non-compliance cases. The methodology will 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 (year-to-date)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Enterprise Data Management

3.2 Collapsed illicit schemes

Indicator title	Number of significant schemes collapsed
Definition / purpose	To reduce illicit economic activities by targeting illicit schemes
Source / collection of data	SARS core systems Monthly Divisional Reports
Method of calculation	Count of the number of schemes collapsed (collapsed schemes are schemes that are no longer participating in illicit economic activities)
Data limitations and assumptions	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Syndicated Tax and Customs Crime Division (STCC)

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
Definition / purpose	To monitor the extent to which employees feel valued and involved in their everyday work, which helps SARS to improve their level of commitment and affiliation to the SARS employer brand.
Source / collection of data	A staff survey carried out by an independent company
Method of calculation	The Employee Engagement Index survey is determined every 18 months or twice during a three-year cycle by an independent company.
Data limitations / assumptions	Suspended employees and those whose access has been revoked on the SARS network are excluded. Employees who have not completed a full month in SARS' employment by the time of the survey deployment are excluded.
Type of indicator	Survey: Outcome The Plan: Activity
Calculation type	Non-cumulative
Reporting cycle	Every 18 months or twice in three years. Quarterly and annually reported on.
Desired performance	An actual achievement higher than target for survey The Plan: Target achievement
Indicator responsibility	Employee Engagement Unit

4.2 Attainment of Employment Equity Plan targets

Indicator title	% attainment of targets as per Employment Equity Plan
Definition / purpose	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 African, Indian, and Coloured employees as a percentage of total headcount. » Gender Equity: Total female employees in managerial to executive roles (from JM–EX bands) as a percentage of total employees in those roles (on Grade 6 to 9B). » Disability Equity: Total 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. Excludes foreign nationals and Office of the Tax Ombud employees.
Type of indicator	Equity
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Employee Relations

4.3 People Capability and Career Management (PCCM) framework progressively implemented

Indicator title	% implementation of prioritised job families
Definition / purpose	SARS prioritises the career progression of its workforce. This key result will look at the rate at which job families or clusters of job families or employees are converted or migrated into a SARS People Capability and Career Management (PCCM) framework that was developed for this purpose.
Source / collection of data	Approved PCCM framework and HR systems data
Method of calculation	Number of milestones achieved per job families as a percentage of the total number of job family milestones or targets.
Data limitations / assumptions	None
Type of indicator	Quantitative
Calculation type	Non-cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Talent & Career Development

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 are largely automated, data-driven, and substantively informs case selection for standard matters (manual risk-profiling and case selection are used only for complex matters)

Indicator title	% utilisation of automated risk assessment for taxpayers and traders
Definition / purpose	<p>To measure the extent to which cases are automatically selected through automated risk-detection, data-driven profiling, and assessment. The purpose is to ensure that cases are selected automatically, and manual case selection happens only 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 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 tax-return and declaration submissions. 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> $\frac{1. \text{ # of standard cases selected automatically for the period } ______}{\text{Total (automatically + manually selected) \# of standard cases selected for audit}} \times 100$ $\frac{2. \text{ # of complex cases selected through data-driven processes for the period } ______}{\text{Total (data-driven, automatically + manually selected) \# of complex cases selected for audit}} \times 100$ <p>Further detailed calculations to support 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 (year-to-date)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Enterprise Data Management

STRATEGIC OBJECTIVE 6: MODERNISE 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	To monitor the availability of digital platforms (e-channels) for e-Filing, business-to-business gateway, Declaration Processing Systems, Cargo Processing Systems, and Customs Electronic Data Interchange. This measure gauges the availability of SARS' digital platforms, which enable taxpayers and traders to transact optimally and to submit returns to honour their commitments.
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 = <i>Actual hours in a specific month - Unplanned Downtime or Outage</i></p> <p>% Availability of mission-critical systems =</p> $\frac{\text{Uptime of mission critical systems}}{\text{Uptime of mission critical systems} + \text{Downtime of mission critical systems}} \times 100$ <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 (year-end)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	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>Measures the number of security breaches that occur for all known security risks on SARS' digital platforms. Determines the veracity of the employed digital-security risk-management practices.</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 seven technical controls described in Section 2.4 of the internal business rules document; Cyber Security Operations Centre reports (daily and monthly); IT contract database.
Method of calculation	A simple count of number of breaches for the period
Data limitations / assumptions	Contained in the internal business-rules document
Type of indicator	Output
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly and annually
Desired performance	No security breaches from known risks
Indicator responsibility	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 Unqualified audit opinion received from the Auditor-General on both Own Accounts and Revenue Accounts

Indicator title	Unqualified audit opinion from the AG
Definition / purpose	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	Auditor-General reports
Method of calculation	Not applicable (Auditor-General decides on scope and methodology)
Data limitations / assumptions	Per Auditor-General reports
Type of indicator	Governance
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Unqualified audit report
Indicator responsibility	Chief Finance Officer

7.2. Demonstrate effective resource 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 the National Treasury
Definition / purpose	To track the difference between the budget allocation SARS received from National Treasury and SARS' actual expenditure.
Source / collection of data	SARS accounting systems
Method of calculation	Actual funds spent (including commitments such as capital-works orders and purchase orders) as a percentage of total SARS grant allocation from National Treasury. % Expenditure vs Budget Deviation = $\frac{\text{YTD budget allocation (R)} - \text{YTD actual expenditure (R)} \text{ inclusive of commitments}}{\text{YTD budget allocation (R)}} \times 100$
Data limitations / assumptions	The figures in statutory reports are preliminary until the Auditor-General's audit is finalised
Type of indicator	Efficiency
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement lower than target
Indicator responsibility	Chief Finance Officer

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

8.1. Effective stakeholder engagements are established and improved

Indicator Title	Stakeholder Engagement effectiveness index
Definition / purpose	To establish effective and beneficial partnerships, within the stipulated legislative and regulatory framework, with stakeholders in the tax ecosystem to improve organisational performance. In the first year, SARS will establish and implement the policy through the stakeholder-implementation guideline, followed by establishing, measuring, and improving a stakeholder-engagement-effectiveness index baseline.
Source / collection of data	Internal documents, e.g., Enterprise Stakeholder Management Policy Framework; Enterprise Stakeholder Map and Responsibilities; and Stakeholder Engagement Guide.
Method of calculation	During the first two years, measurement is done by evaluating the key milestones in achieving the targets; an index calculation will be determined in subsequent years.
Data limitations / assumptions	Assumptions include the availability of the necessary resources to implement the Stakeholder Management Policy
Type of indicator	Activity
Calculation type	Non-cumulative
Reporting cycle	Quarterly and annually
Desired performance	Target achievement
Indicator responsibility	Stakeholder Relations

8.2. Develop trust-based relations with law-enforcement agencies, FIC, and SARB

Indicator title	Percentage of implementation of the Action Plan developed through self-assessment of the OECD/SARS Trust Maturity Model
Definition / purpose	To track the extent to which SARS is establishing trust-based relations with law-enforcement agencies as measured by its implementation of an approved action plan.
Source / collection of data	Memorandum of Agreements Action Plan milestones
Method of calculation	Number of action plan / programme milestones achieved as a percentage of total milestones
Data limitations / assumptions	Only identified agencies will be considered
Type of indicator	Output
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Government Segment and 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	To gauge the public's perceptions and attitudes toward tax compliance. This will help SARS to understand the public's attitude toward tax compliance, and to 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	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	Taxpayer and Trader Education

9.2. Adherence to Service Charter commitments

Indicator title	% Service Charter performance score
Definition / purpose	To track how SARS is meeting its commitments in the approved 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 approved Service Charter might compromise data quality because of some manual data processing. SARS will improve the Service Charter throughout the year.
Type of indicator	Output
Calculation type	Non-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 Results, Key Performance Indicators, and Targets

The following additional changes have been made to Key Results, Key Results Indicators, and Targets in the current 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	Old 2024/25 Targets	New 2024/25 Targets	Comments
Overall compliance has increased as measured by a well-defined compliance index – Level of overall tax compliance (%)	5.00% increase on prior year's achievement	3.00% points increase on prior year's achievement	Target reduced to 3.00% points

STRATEGIC OBJECTIVE 1: PROVIDE CLARITY AND CERTAINTY FOR TAXPAYER AND TRADER OF THEIR OBLIGATIONS			
Key results	Old 2024/25 Targets	New 2024/25 Targets	Comments
Most taxpayers, traders and public surveyed perceive the guidance SARS provides as clear, unambiguous, and easy to comply with – % 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)	79.00% of taxpayers and traders	77.00% of taxpayers and traders	Target changed from 79.00% to 77.00%

STRATEGIC OBJECTIVE 3: DETECT TAXPAYERS AND TRADERS WHO DO NOT COMPLY, MAKING NON-COMPLIANCE HARD AND COSTLY			
Key results	Old 2024/25 Targets	New 2024/25 Targets	Comments
Extent to which SARS' quality outcomes enable the NPA successfully to prosecute criminal cases referred by SARS – % of cases SARS referred to the NPA accepted for prosecution	94.00%	90.00%	Key result removed as this is covered by improvement in overall compliance levels.
Collapsed illicit schemes	New measure	3	New key result added

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	Old 2024/25 Targets	New 2024/25 Targets	Comments
More data sources are utilised to improve service and/or respond to compliance risks	Develop and approve a comprehensive data-sourcing plan	Not Applicable	Key result removed; to be reported internally

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

Key results	Old 2024/25 targets	New 2024/25 targets	Comments
A reconfigured SARS cost structure that aligns with international peers – Increase in ICT investment as % of total allocation	2.00%	Not Applicable	Key result has been dropped as negative growth is projected over the MTEF period due to funding constraints. It will be tracked and reported internally.

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

Key results	Old 2024/25 targets	New 2024/25 targets	Comments
A high number of intermediaries that are satisfied with our cooperation and collaboration – % of our intermediaries that are satisfied with our assistance	76.00%	Formulate a new Enterprise Stakeholder Management Policy	Key result replaced with “Effective stakeholder engagements are established and improved”
Partner with identified government departments to leverage educational platforms – Number of programmes launched with identified government departments	2	Achieve 50% of Action Plan	Key result replaced with “Develop trust-based relations with law enforcement agencies, FIC and SARB”

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