



OFFICE OF THE  
**TAX OMBUD**

*Ensuring fairness*

**TAX OMBUD**

ANNUAL  
PERFORMANCE  
PLAN

2022/23



## **VISION**

To strengthen taxpayers' trust and confidence in tax administration.

## **MISSION**

To be an efficient, independent, impartial and fair redress channel for taxpayers.

## **VALUES**

### **Accountability**

Taxpayers are entitled to a rational and fair reason for decisions and actions taken.

### **Independence**

In dealing with taxpayers' complaints, the Tax Ombud operates independently of SARS.

### **Efficiency**

The Office of the Tax Ombud ensures that all taxpayers' complaints are resolved promptly and efficiently.

### **Fairness**

The Tax Ombud acts in fairness at all times.

### **Confidentiality**

The Office of the Tax Ombud holds all communications with taxpayers in strict confidence unless authorised otherwise by the taxpayer.

### **Impartiality**

The Tax Ombud will review taxpayers' complaints fairly.

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**ENOCH GODONGWANA**  
MINISTER OF FINANCE

# Executive Authority Statement

It gives me pleasure to present the Tax Ombud's Annual Performance Plan (APP) 2022/23. The plan is intended to assist the Office of the Tax Ombud (OTO) fulfil its mandate and obligation to the country and continue contributing towards improving the South African tax administration system. The ongoing economic and social crisis facing occasioned by the COVID-19 pandemic requires a sound tax system to reinvigorate tax compliance and in order to generate greater revenue for our government to facilitate economic and social recovery. The OTO is a vital pillar in strengthening tax collection.

In October 2021, the OTO celebrated its 8th anniversary, an important milestone for the country and the wellbeing of its tax administration system. The work of the Ombudsman over the past eight years has yielded some fruit. The Office has helped improve efficiency in the South African Revenue Service (SARS) and, through initiatives such as its #TaxpayersRightsMatter campaign, assisted in building taxpayer trust in revenue collection administration.

These successes were achieved during challenging times.

While the government needs to optimise revenue collection for service delivery, the OTO has been impressive in ensuring that only taxes that are due are collected. By providing the assurance that the government's revenue requirements are not met at taxpayers' expense, the OTO has further contributed towards boosting taxpayer trust and confidence in the tax system.

We are also pleased with the involvement of the Auditor-General of South Africa (AGSA) in the auditing of the OTO's performance information; this bodes well for good governance and accountability.

Proper planning is a prerequisite for success, and I am satisfied that the Tax Ombud's 2022/23 APP provides the required basis and ambition needed to support the continued delivery of its critical oversight mandate. This will facilitate the achievement of the strategic goals detailed in the Strategic Plan 2020 - 2025.

In conclusion, I would like to thank the Tax Ombud, Judge Bernard Ngoepe, and his team for their patriotism and continued commitment to service excellence. Their hard work contributes to ensuring that South Africa has a tax administration system that inspires trust and reflects the values of our Constitution that demand that public money be collected and spent responsibly for the good of the nation. This collective effort has not gone unnoticed.

Long may it continue.

**Enoch Godongwana**  
Minister of Finance



JUDGE BERNARD MAKGABO NGOEPE  
TAX OMBUD

# Foreword by the Tax Ombud

I am pleased to present our Annual Performance Plan (APP) 2022/23, guided and informed by the approved 2020 - 2025 Strategic Plan. The APP details the implementation of our plan to promote taxpayers' rights and ensures that taxpayers are treated fairly.

Since the opening of the Office of the Tax Ombud (OTO) in October 2013, I have consistently been reiterating the need for the Office to have full structural independence from the South African Revenue Service (SARS). This would instil confidence amongst taxpayers and strengthen its mandate. We are therefore continuing to review the legislative limitations of the current OTO structure and to evaluate whether such limitations could be contrary to the provisions of the Tax Administration Act, principles of good governance and even possibly the provisions of the Constitution.

Another matter of critical importance is the greater focus on taxpayers' rights, and this is why we are in the process of finalising a *Compendium of Taxpayers' Rights, Entitlements and Obligations*. It will be launched in the near future and will highlight and promote taxpayers' rights and obligations in respect of their tax affairs and engagements with SARS and the OTO.

## Good governance is a priority

We are also committed to further entrenching good governance within the Office and, to this end, we have in the past year introduced internal and external assurance processes and structures, including the Audit and Risk Committee. To ensure a systemic approach that spans all our activities and operations, we have incorporated strategic planning, risk management and performance management into our governance framework. This will provide a strong foundation towards promoting transparency in the organisation. We are already implementing certain best practices in our performance reporting and I am confident that when the time comes for a full-scale financial, performance and compliance audit, we will continue to pass muster.

With the tax administration system, taxpayers and businesses at large contending with the challenges posed by the COVID-19 pandemic, we have risen to the occasion by doing all in our power to maintain high service levels and safeguard the integrity of our operations. Part of that service ethic entails raising public awareness and informing taxpayers and the broad tax industry about the mandate and services of the Office. This necessitates optimal engagement and collaboration between the OTO and our stakeholders, and ongoing efforts to strengthen relationships. We strive to recognise and understand the values, beliefs, perceptions,

expectations and ideas of stakeholders on tax in general and our services in particular. With this in mind, we intend to formalise various Memoranda of Understanding (MoUs) with relevant stakeholders, aligned to the OTO's Stakeholder Engagement Framework.

In addition, we are committed to using our insights into stakeholders' requirements to deliver an increasingly taxpayer-centric experience.

## Policy framework strengthened

Another key step has been the development of a systemic investigations policy. This policy provides the legal framework for identifying and reviewing systemic and emerging issues in the tax administration system, formalises and coordinates the roles and responsibilities of all OTO units and employees who contribute to systemic investigations. The policy will enable the OTO to efficiently review and investigate recurring issues that impact a group or a class of taxpayers to determine the root causes and recommend to SARS how best to address and rectify the issues.

The Office has also developed and approved the complaints resolution policy that details all the processes and procedures to be adhered to for optimal complaints resolution. The policy formalises our complaints resolution processes and seeks to promote a high-quality experience that will increase taxpayer satisfaction with the way the Office investigates and reviews complaints. This is key, considering the significant increase in the demand for our services since the Office opened over eight years ago. The fact that SARS implemented most of the OTO's recommendations in the 2020/21 financial year is testimony to our efforts to ensure fairness in SARS's treatment of taxpayers.

The Office has made a significant and tangible difference in the lives of ordinary taxpayers and will continue to increase the efficacy and accessibility of our services and promote fairness for taxpayers. It is a privilege to work with such a strong and committed team and I am grateful to the staff of the OTO and to our stakeholders in the tax industry for their support. I am also grateful to SARS and the Commissioner for the cooperation between the two offices.



**Judge Bernard Makgabo Ngoepe**  
Tax Ombud



PROF. THABO LEGWAILA  
CHIEF EXECUTIVE OFFICER

# Overview by the Chief Executive Officer

**I**t gives me great pleasure to present the Office of the Tax Ombud's Annual Performance Plan (APP) for 2022/23. Together with our Strategic Plan, the APP is a crucial “compass” that keeps the organisation moving forward in fulfilling its mandate as a fair and impartial recourse mechanism for South African taxpayers.

As we continue to strengthen taxpayers' trust and confidence in tax administration by providing an impartial mechanism for dispute resolution with SARS, the focus of this APP is on our primary strategic indicators; to wit: improving service delivery to taxpayers and improving efficiency and processes within the organisation. We operationalise this focus by employing the following four mechanisms and instruments:

## 1. OTO digitisation

Digital delivery channels play an increasingly important role in our operations. The Office has developed a five-year digital communications framework aimed at improving communication with taxpayers, increasing their access to the OTO's services, and enhancing internal efficiency. This year, the OTO will reach the halfway mark of implementing that framework.

The central proof-point of this endeavour is the development of an online complaints process that allows taxpayers to lodge a complaint at their convenience. Allied to this is the drive towards a paperless environment which will bring with it greater internal efficiency and convenience for our customers.

The challenge in this period is to meet taxpayers' expectations for convenience and flexibility in how they lodge queries and complaints. By upgrading the technology as per the roadmap established in the digital communications framework, the Office will be able to service customers through a wide range of channels, expanding both the communications footprint of the OTO and our relationship with taxpayers.

In meeting this challenge, we are fortunate to have an agile staff with the ability to adapt well to a changing work environment. This has been evident throughout the period of the COVID-19 pandemic, when the Office continued to operate remotely, providing the expected services despite the challenges created by lockdown restrictions and social distancing measures. As digitisation gains momentum, management will focus on refreshing the tools, skills and resources of our employees, while constantly looking at innovative ways to help improve access to and the quality of the services we provide.

## 2. Improved focus on core objectives

The OTO plays a significant and unique role in the country's tax administration system and every effort is being made to ensure that the Office continues to be efficient and protect the rights of taxpayers. We strive for excellence in carrying out the mandate and empowering taxpayers to exercise their rights so that they have confidence in our work and feel their complaints are being addressed timeously and efficiently.

We could not do the work that we do without the support and feedback we receive from our stakeholders, both individual taxpayers and tax practitioners, as well as members of Recognised Controlling Bodies (RCBs). In the 2022/23 financial year, the OTO will intensify efforts to gather and learn from stakeholder feedback by commissioning a survey on customers' experience with the OTO, while also strengthening our relationships with the RCBs through ongoing valuable engagements.

## 3. Enhanced governance that leads to improved operations

In the previous financial year, we requested the Auditor-General of South Africa to provide external audit assurance of the OTO's performance information. This was the first time in the organisation's eight-year history that this information has been externally audited. Auditing of our performance information is not mandatory for the OTO and our request that such an audit be conducted shows our commitment to accountability and adherence to corporate governance principles.

## 4. Effective implementation of the APP

As we implement the APP for 2022/23, I know we will be able to count on the OTO's employees, who have a good understanding of the institution's mission and strategic goals and whose key performance indicators are aligned to the mandate of the OTO. Through our interaction with our external stakeholders, we will ensure that we follow through on our commitments to continue raising the bar for service quality and access.

## Conclusion

Lastly, I express gratitude to Judge Bernard Ngoepe for his efficient and exemplary leadership over the past eight years. He has created a legacy of integrity and excellence that resonates through the Office as we continue to strive to serve the South African taxpayer with dedication and enthusiasm.



**Prof. Thabo Legwaila**  
Chief Executive Officer

# Official Sign-Off

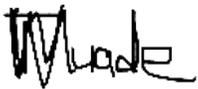
It is hereby certified that this Annual Performance Plan:

- was developed by the management of the Office of the Tax Ombud under the guidance of the Minister of Finance;
- takes into account all the relevant policies, legislation and other mandates for which the Office of the Tax Ombud is responsible; and
- accurately reflects the strategic outcome-oriented goals and objectives that the Office of the Tax Ombud will endeavour to achieve in 2022/23.



**Pearl Seopela**

Senior Manager: Communications and Stakeholder Relations



**Talitha Muade**

Senior Manager: Operations



**Gert Van Heerden**

Senior Manager: Legal Services and Systemic Investigations



**Mmamelao Malakalaka**

Senior Manager: Office Enablement and Support Services



**Prof. Thabo Legwaila**

Chief Executive Officer



**Judge Bernard Makgabo Ngoepe**

Tax Ombud



# Our mandate

## 1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

The OTO complies with the legislative mandates of the Constitution of the Republic of South Africa Act 108 of 1996 (the Constitution) and the Tax Administration Act 28 of 2011.

### 1.1. CONSTITUTIONAL MANDATE

In terms of s195 of the Constitution, public administration must be governed by the democratic values and principles enshrined in the Constitution, including a high standard of professional ethics; efficient, economical and effective use of resources; provision of impartial, fair and equitable service; transparency and accountability.

### 1.2. TAX ADMINISTRATION ACT 28 OF 2011

The mandate of the Tax Ombud is to:

- a) review and address any complaint by a taxpayer regarding a service matter or a procedural or administrative matter arising from the application of the provisions of a tax Act by SARS; and
- b) review, at the request of the Minister or at the initiative of the Tax Ombud with the approval of the Minister, any systemic and emerging issue related to a service matter or the application of the provisions of this Act or procedural or administrative provisions of a tax Act.

## 2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

The Office developed and approved two policies during the 2021/22 financial year, namely the Systemic Investigation Policy and the Complaints Resolution Policy.

## 3. UPDATES TO RELEVANT COURT RULINGS

There are no court rulings with a significant impact on the ongoing operations or service delivery obligations of the OTO.



# Our strategic focus

## 1. UPDATED SITUATIONAL ANALYSIS

### OVERVIEW

The Office continues to implement its Strategic Plan 2020 - 2025, which strives to achieve seven main pillars:

- ensuring a balanced and fair application of the tax administration process and contributing to a culture of tax compliance;
- providing a consistently high-quality service that is taxpayer-centric and delivered at a minimal cost;
- an independent OTO, structurally and operationally, to limit the risk of perceived bias;
- continuously addressing the evolving threats associated with ensuring that all information, data and communications remain confidential;
- providing tax complaints resolution services that are of the highest quality;
- using the knowledge and insight obtained from taxpayers to improve complaints handling by the OTO and to impact OTO services;
- being accountable for authentic content and efficient feedback; and
- deepening our relationship with members of the Recognised Controlling Bodies (RCBs) and key stakeholders.

## 1.1. EXTERNAL ENVIRONMENT ANALYSIS

While developing a Strategic Plan and Annual Performance Plan, the Office utilised two practical analytical tools, namely PESTEL (Political, Economic, Social, Technological, Environmental and Legal) and SWOT (Strengths, Weaknesses, Opportunities and Threats). The PESTEL analysis was completed first to provide a context for the SWOT analysis. This analysis considered the broad environmental context that affects the Office and the changes that occur in this context. The SWOT analysis was then used to interpret the findings to determine the Office's strengths, weaknesses, opportunities and threats.

### 1.1.1. Political factors

1. Ombud institutions – both local and international – promote an open government concept and mainly seek to improve the public sector's transparency, accountability and responsiveness. However, they also serve to increase trust, fight corruption, improve citizen participation and improve the effectiveness and efficiency of the public sector. With citizens' consciousness of and sensitivity to corruption, it is essential that the OTO actively demonstrates ethical leadership.
2. In general, support and guidance from the Minister of Finance and the government are essential for the OTO to achieve its mandate successfully.
3. Frequent changes in the Ministry of Finance might negatively impact the business continuity within the OTO due to difficulty in relationship building and decision making that relates to the organisational objectives.
4. The government remains committed to closing the budget deficit and stabilising the national debt-to-GDP ratio. A combination of expenditure and revenue measures will narrow the consolidated deficit from 15.7 percent of GDP in 2020/21 to 7.3 percent by 2023/24. To assist with the consolidation, the government has projected tax increases of R5 billion in 2021/22.
5. In 2021, there were instances where SARS made administrative errors during its collection procedures. This resulted in the wrongful collection of revenue, demonstrating that the pressure on SARS to collect from taxpayers can result in procedural and administrative errors. Complaints about such errors fall within the OTO mandate.
6. Structural changes in SARS can create unnecessary red tape that negatively impacts the efficiency with which the OTO engages with it or results in delays that contribute to complaints by taxpayers.
7. The decentralisation of the SARS Complaints Management Office (CMO) to the regions and business units within SARS could, in the long term, improve the rate for the resolution of complaints.

### 1.1.2. Economic factors

1. In terms of the Medium Term Budget Policy Statement (MTBPS), the economy recorded a recovery during 2021. National Treasury projects real economic growth of 5.1 percent in 2021 and 1.8 percent in 2022. The economic growth is expected to moderate to 1.6 percent in 2023 and 1.7 percent in 2024. Owing to faster economic growth, revenue collection has improved compared with the 2021 budget forecast. A surge in commodity prices has significantly improved the in-year revenue outlook, although its effect is likely to be temporary.

Revenue collections remain well below pre-pandemic expectations, however. Revenue from 2020/21 through 2022/23 is forecast to be R284.7 billion below the 2020 budget projections. Tax revenues are expected to increase to R1.72 trillion, or 24.1 percent of GDP, by 2024/25.

The government has identified new spending commitments that can only be funded by

closing existing programmes to free up revenue or through a permanent increase in revenue collection.

Although the economy is in the recovery phase following the outbreak of the pandemic, the recovery for taxpayers might be prolonged due to the impact of the pandemic and the outbreak of public violence in Gauteng and KwaZulu-Natal in July 2021. This will affect the OTO in several ways:

- Increasing public interest in tax administration and public expenditure will require the OTO to maintain exceptional transparency and corporate governance.
  - There is a high probability of the volume of complaints increasing as individual and business taxpayers seek to minimise their tax burden due to the negative impact of COVID-19 related regulations or SARS becoming more 'aggressive' with tax collections.
  - The permanent increase in revenue collection is more likely to result in aggressive collection processes or place more pressure on these processes, and subsequently lead to a significant increase in complaints lodged with the OTO.
  - The sustainability of the economic growth experienced during 2021 remains uncertain due to the unpredictability of the COVID-19 pandemic. The resurgence of the disease in the projected fifth wave and beyond might result in the reversal of gains made and put even more pressure on revenue collection processes. In turn, this is likely to trigger a spike in complaints from taxpayers.
  - Reported practices, such as holding back refunds and SARS incorrectly deducting funds from taxpayers' bank accounts, may increase the likelihood of businesses seeking OTO intervention.
  - Court decisions in the 2021/22 financial year demonstrated the financial impact on taxpayers when SARS wrongfully took collection steps to take money out of their accounts. Sometimes this occurred when there was no debt, and some taxpayers incurred exorbitant legal fees when contesting SARS's actions. In these cases, cost orders issued against SARS have a negative impact on the fiscus and breach the public trust. Not all taxpayers have the means to incur legal costs, and where SARS breaches their rights, they turn to the OTO.
2. Delays at SARS in finalising dispute resolution will, in turn, have a negative effect on revenue collection or, where applicable, refunds due to taxpayers. Businesses are negatively impacted because the OTO has established that they have difficulty obtaining and maintaining tax clearance statements pending the finalisation of the disputes to enable them to run their day-to-day business.
  3. Over the next three years, spending will remain restrained. The government will avoid increases in departmental or programme baselines. This means that financial resources for service delivery will continue to be constrained. Therefore, the operations of the OTO will require ongoing optimisation to ensure maximum efficiency.
  4. The increase in fraudulent tax refunds, especially VAT refunds, is delaying the payment of valid tax refunds, which will result in complaints received by the OTO from these taxpayers.
  5. The slow growth in the country's economy compared to pre-pandemic levels, as well as budget cuts in different spheres of government, may further diminish the resources available to implement planned strategic activities that promote service delivery.
  6. Rising unemployment and general economic hardship, partly caused by the COVID-19 pandemic, reduce the tax base and might reduce the number of complaints to the OTO.

### 1.1.3. Social factors

1. Taxpayers expect easier accessibility when dealing with the government and its associated administrative agencies. They are demanding a customer-centric approach that includes:
  - easy access via the web, either through a portal or web apps;
  - simple processes that require minimal information and that are all accessible online;
  - continuous and instantaneous feedback on process status;
  - engaging with knowledgeable employees who can resolve queries at all contact points;
  - quick turnaround times with undertakings met consistently; and
  - simple and easy-to-understand correspondence between the OTO and taxpayers.
2. Pressure for the OTO to adapt its service offering to meet taxpayers' expectations is increasing, including the provision of eChannels that are simple and quick to use.
3. When developing engagement channels, the OTO will continue to recognise that access to online services is not common in rural areas, and will adapt its approach in line with its mandate – ensuring an appropriate mix of online and contact services.
4. The general levels of corruption in the country impact how society behaves towards or perceives compliance with tax laws. This societal perception about corruption and the obligation to pay taxes results in lower standards of tax morality and more disputes.
5. For many, recognising the tax administration's complexity and lack of familiarity with the process requires a personal approach that will help build understanding, trust and confidence in the tax administration system.
6. The increased use of crypto assets has tax and compliance implications. This may lead to increased complaints due to taxpayers' lack of familiarity with the tax implications.
7. Diseases (COVID-19 and other potential pandemics) impact physical accessibility and pose a reputational risk.

#### 1.1.4. Technological factors

1. Taxpayers are becoming increasingly comfortable engaging electronically via multiple channels, creating opportunities to extend access via eChannels.
2. Following the declaration of the National Disaster Act due to COVID-19, the OTO activated various information technology (IT) systems and related resources to enable personnel to render services away from the office.
3. Social media allows customers to report unsatisfactory service immediately, and bad brand publicity can go viral almost instantly. The OTO will need to be equipped to maximise the positive impact of social media and have strategies to manage adverse publicity.
4. The growing use of eChannels is also increasing the opportunities for cyber-crime, and this will require the OTO to respond by ensuring appropriate levels of electronic security.
5. The introduction of new digital channels will also improve taxpayers' access and allow for innovative working practices among employees. These services would allow for increased operational flexibility, such as working from home, extended operating hours and face-to-face services provided via eChannels.
6. SARS is continuously improving its IT systems, which might be a challenge for taxpayers who are less technologically proficient or not proficient at all. Technologically challenged taxpayers are more likely to raise invalid complaints against SARS and subsequently to the Office of the Tax Ombud.
7. Inadequate stakeholder technology resources limit engagement opportunities with taxpayers, practitioners and RCBs, among others.

#### 1.1.5. Environmental factors

1. The objective of the government's National Climate Change Response Policy White Paper is to effectively manage the inevitable climate change impacts through interventions that build and sustain South Africa's social, economic and environmental resilience and emergency response capacity. The policy recognises that public finance can support climate change through government procurement of sustainable technologies and the development of catalytic projects and programmes.
2. The positive effects of working from home due to COVID-19 regulations have included less printing and lower carbon emissions.

#### 1.1.6. Legal factors

1. Increasing public interest in law-making provides an opportunity for the OTO to promote independence and, in turn, trust in the tax administration system.
2. The enforcement of the law is generally being challenged, which impacts taxpayer compliance with their tax obligations. OTO should be seen as applying the law fairly, equitably and impartially.
3. The OTO's recommendations to SARS are legally non-binding. Currently, SARS accepts over 90% of our recommendations but the status quo could be disrupted as a result of factors such as changes in leadership at SARS and the OTO.
4. Non-compliance with the Protection of Personal Information Act (POPIA) could lead to legal action and negative financial impacts on non-compliant organisations.

## 1.2. INTERNAL ENVIRONMENT ANALYSIS

The Office used previous surveys and studies to analyse its internal strengths, weaknesses, opportunities and threats. These include an employee engagement survey, a capacity study and a customer satisfaction and brand equity survey.

### Strengths

The OTO is renowned for the following strengths:

- respected and robust leadership;
- growing brand recognition, media presence and stakeholder collaboration. In a recent independent survey, respondents identified the following significant attributes of the OTO:
  - knowledgeable (68%);
  - competent, skilled and professional employees (65%); and
  - sincere, honest and truthful (65%).
- A good reputation and respected (64%).

Other strengths of the OTO:

- commitment to continuous staff development;
- open-door policy for taxpayers, as no appointment is needed to visit the Office (subject to COVID-19 safety procedures);
- commitment to taxpayer education and raising awareness of the Office and its functions;
- ability to deliver services optimally with minimal resources;
- good relationships and collaboration with major stakeholders, including public and private sector groups;
- employees with the technological resources to be able to render service away from the Office;
- a youthful workforce with an average age of 42 indicates the sustainability of skills in the coming years;
- complaints resolution outcomes that change the lives of ordinary taxpayers and improve SARS's efficiency;
- a steadily improving online brand presence; and
- content accountability.
- In addition, effective business continuity plan implementation enabled employees to deliver service remotely, efficiently and with minimal interruptions. This is possible through the improvement of OTO processes.
- The OTO has adapted to the remote working environment by adopting electronic signatures and reducing printing and paper usage for operational purposes. The remote working environment has also temporarily reduced carbon emissions from vehicles employees use to travel to and from work.

## Weaknesses

The OTO acknowledges the following weaknesses and is working on improvements:

- The level of employee engagement requires a more significant focus, as indicated by the 2017 Employee Net Promoter Score (ENPS) of -28. The OTO has developed a Human Resources Strategy to address this low score. While career growth and the work environment were highly rated, the survey showed that greater focus is needed on:
  - team engagement
  - collaboration
  - employee autonomy
- The Office's taxpayer Net Promoter Score (NPS) in 2018 was low, at -3. This refers to the likelihood of taxpayers recommending the use of the Office of the Tax Ombud and its services to a friend or colleague. The low rating indicates the need for further customer service improvements. In this context, the Office has identified the need for improvements in relation to:
  - turnaround times and processes, which should be faster and simpler; and
  - low levels of digital automation of the complaints system, which could be increased through the implementation of the OTO digital framework.
- Lack of representation on SARS decision-making structures may impact the OTO operations. The Office will therefore revise the Memorandum of Understanding with SARS to establish formal processes for engagement on corporate and operational issues.
- The OTO is reliant on communication from SARS, which sometimes creates uncertainty among OTO employees. The Office will continue to engage and participate in the quarterly meetings with the SARS stakeholder management office and provide quarterly reports to the Commissioner.
- The Office is compelled to depend on SARS's IT systems, affecting its internal efficiency. The OTO will continue to participate in the quarterly meetings with the SARS stakeholder management office to discuss implementing the OTO digital framework.
- As the lack of financial resources may hamper the achievement of organisational objectives, the Office has developed an operating model, along with the Human Resources Strategy, which seeks to optimise current capacity to ensure that the Office achieves its goals.
- The Office is aware of the potential impact of changes in leadership and the stability of the organisation, and engages constantly with the National Treasury.

## Opportunities

The OTO has identified the following opportunities to improve its internal processes and the service it provides to taxpayers:

- promote employee engagement;
- advocate for a structurally independent organisation;
- implement a Human Resources Strategy;
- improve technology by:
  - providing access via online lodging of complaints and increasing the number of digital channels; and
  - improving the complaints management process by pursuing a consolidated technological approach that embraces simplified complaints processes, automation and customer feedback that will improve the customer experience.
- collaborate with SARS and other external stakeholders on taxpayer awareness, engagement and education;
- continue to engage with SARS on its service charter and compliance with the MOU between the OTO and SARS;
- consistently develop processes and procedures to streamline governance and reporting;
- gauge and improve customer satisfaction with the OTO's services;

- promote international participation with other Ombuds;
- intensify communications and stakeholder relations to reach out to communities;
- appoint an independent IT specialist;
- raise awareness of the OTO's services and improve utilisation;
- share resources and knowledge with other organs of state, stakeholders and Ombuds to improve accessibility to services;
- leverage the OTO's success stories in the media for coverage and interviews;
- maintain and improve the credibility of the OTO and its service delivery; and
- continuously advocate for integrity and confidentiality in the Office, especially in the light of the implementation of POPIA.

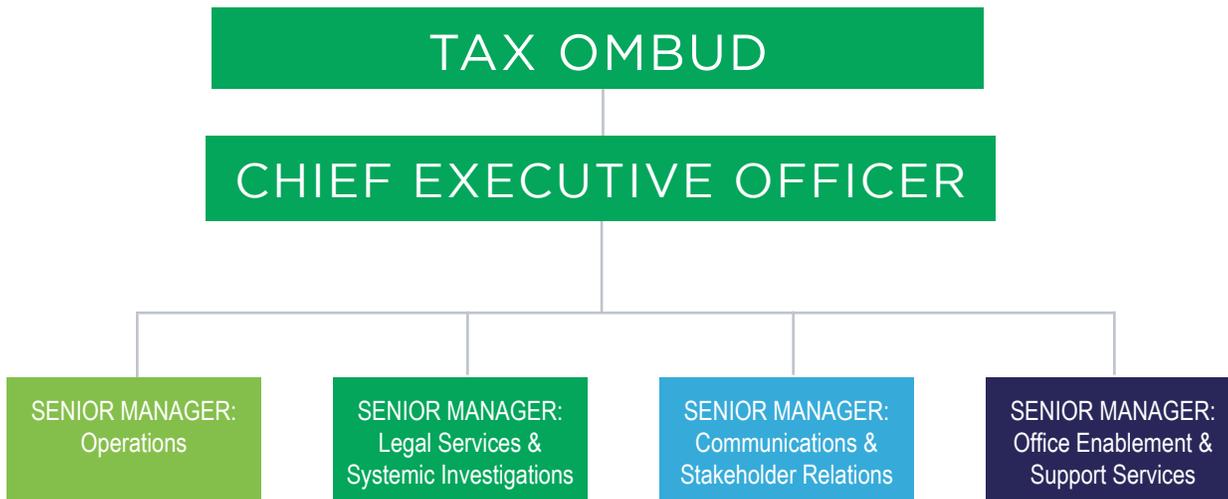
## Threats

The following threats have been identified:

- Delays by SARS in finalising taxpayer complaints submitted by the OTO within a stipulated timeframe materially diminish taxpayer confidence in the system.
- Lack of awareness and understanding among taxpayers about the SARS complaints management process and procedures leads to taxpayers prematurely submitting complaints to the Office of the Tax Ombud.
- The growing prevalence of social media will increase the risk of wrong or inaccurate perceptions being created about the OTO through social media platforms, which, again, undermines trust and confidence if there is no prompt feedback to correct the perception.
- The rapidly evolving threat of IT crimes means that the OTO will require regular assurance that its systems, processes and policies are suitably configured to minimise the risk of a confidentiality breach. Funding will be needed to address identified weaknesses, as a single breach may severely damage the OTO's reputation.
- Inadequate funding may result in poor service delivery, leading to reputational risk.
- Negative media coverage can have reputational risks.
- The combatting of gender-based violence has not been prioritised.

### 1.3. ORGANISATIONAL STRUCTURE

The Office of the Tax Ombud is led by Judge Bernard Makgabo Ngoepe and is operationally supported by the Chief Executive Officer (CEO), Professor Thabo Legwaila. The Office consists of four business units as per the approved structure. These business units all report to the CEO and are Operations, Office Enablement and Support Services, Legal Services and Systemic Investigations, and Communications and Stakeholder Relations. The diagram provided below depicts the structure of the OTO:



## 1.4. OUR CORE PROCESS

To deliver against the legislative and other mandates, we follow a simple process with clearly defined operational targets. It consists of the following steps:

### 1. Acknowledge complaint:

We undertake to acknowledge receipt of a complaint within two days of receiving it.

### 2. Review complaint:

We undertake to complete a review of a complaint within eight days from the date of acknowledgement of receipt:

- For accepted cases, we send a recommendation to SARS for consideration and notify the complainant accordingly.
- For rejected and terminated cases, we provide an outcome of the review to the complainant.

### 3. Close-out report received:

SARS considers our recommendations and responds with a close-out report. This process step is not within our control, and the time scales may vary.

### 4. Close-out report actioned:

Within four days of receiving the close-out report, we verify whether the report is aligned with our recommendations and communicate the outcome to the complainant.

Diagram 1: Complaints resolution process





# Measuring our performance

The Office of the Tax Ombud has four outcomes towards achieving the organisational mandate. These outcomes are linked to the outputs as set out in the 2020 – 2025 Strategic Plan, as detailed below:

| Programme                    | Purpose   | Output   |
|------------------------------|---|--|
| Accountability               | Ensure a balanced and fair application of the tax administration process and contribute to a culture of tax compliance.               | Review and address complaints by taxpayers against SARS.                                     |
|                              |   | Contribute to improving the tax administration system and building confidence in the system. |
| Efficacy                     | Provide a consistently high-quality service that is taxpayer-centric and provided at a minimal cost.                                  | Create an agile organisation that can scale efficiently to meet taxpayer demands.            |
|                              |   | Promote stakeholder engagement and collaboration.  |
| Independence                 | An Office of the Tax Ombud that is independent, structurally and operationally, to limit the risk of perceived bias.                  | Optimise governance structures, risk management and business processes.                      |
|                              |   | Enhance and strengthen the mandate of the Office of the Tax Ombud.                           |
| Security and confidentiality | Continuously address the evolving threats associated with ensuring that all information, data and communications remain confidential. | Maintain security and confidentiality of organisational information.                         |

# 1. INSTITUTIONAL PERFORMANCE INFORMATION

## 1.1. Programme: Accountability

1.1.1. Purpose: Ensure a balanced and fair application of the tax administration process and contribute to a culture of tax compliance.

**Outcome 1:** To review 98% of complaints received from taxpayers within eight working days from the date the complaint is captured and communicate the outcome within four business days from the date the close-out report is received from SARS.

**Output 1:** Review and address complaints by taxpayers against SARS

### ANNUAL INFORMATION

| Output indicators   | Audited performance |         |         | Estimated performance | MTEF targets |         |         |
|---|---------------------|---------|---------|-----------------------|--------------|---------|---------|
|   | 2018/19             | 2019/20 | 2020/21 | 2021/22               | 2022/23      | 2023/24 | 2024/25 |
| Percentage of complaints acknowledged within <b>two</b> business days of receipt.           | Target not planned  | 94%     | 86%     | 87%                   | 95%          | 99%     | 100%    |
| Percentage of complaints reviewed within <b>eight</b> business days of date captured.       | Target not planned  | 94%     | 89%     | 95%                   | 95%          | 97%     | 98%     |
| Percentage of close-out reports actioned within <b>four</b> business days of date received. | Target not planned  | 83%     | 87%     | 85%                   | 88%          | 90%     | 92%     |

### QUARTERLY INFORMATION

| Output indicators   | Annual target | Frequency | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
|---|---------------|-----------|-----------|-----------|-----------|-----------|
| Percentage of complaints acknowledged within <b>two</b> business days of receipt.           | 95%           | Quarterly | 95%       | 95%       | 95%       | 95%       |
| Percentage of complaints reviewed within <b>eight</b> business days of date captured.       | 95%           | Quarterly | 95%       | 95%       | 95%       | 95%       |
| Percentage of close-out reports actioned within <b>four</b> business days of date received. | 88%           | Quarterly | 88%       | 88%       | 88%       | 88%       |

**Outcome 2:** Identify and investigate systemic issues that will improve and promote fairness in the tax administration by being an impartial redress mechanism.

**Output 2:** Contribute to improving the tax administration system and build confidence in the system.

| Output indicators  | Audited performance |                    |  | Estimated performance           | MTEF targets                                    |   |   |
|--|---------------------|--------------------|--|---------------------------------|---|---|---|
|  | 2018/19             | 2019/20            | 2020/21  | 2021/22                         | 2022/23   | 2023/24   | 2024/25   |
| Percentage of systemic issues identified and investigated within three months.                                     | 100%                | 100%               | 100%   | 50%                             | 50%   | 50%   | 50%   |
| Time taken to complete systemic investigation report/s approved/ requested by the Minister.                        | Target not planned  | Target not planned | 21 months  | 12 months from date of approval | 12 months from date of approval                 | 12 months from date of approval                 | 12 months from date of approval                 |
| Percentage reduction of existing systemic issues implemented by SARS.  | Target not planned  | Target not planned | 20%  | 10%                             | 10%   | 10%   | 10%   |
| Develop, promote and update the Tax Ombud's <i>Compendium of Taxpayers' Rights, Entitlements and Obligations</i> . | Target not planned  | Target not planned | Research on the tax Compendium was conducted, and the CEO considered the report. | Approval by Tax Ombud           | Promotion of the tax Compendium - 10 activities | Promotion of the tax Compendium - 10 activities | Promotion of the tax Compendium - 10 activities |
|  |                     |                    |  |                                 | One annual update (Review)                      | One annual update (Review)                      | One annual update (Review)                      |

## QUARTERLY INFORMATION

| Output indicators  | Annual target                   | Frequency | Quarter 1          | Quarter 2          | Quarter 3          | Quarter 4                       |
|--|---------------------------------|-----------|--------------------|--------------------|--------------------|---------------------------------|
| Percentage of systemic issues identified and investigated within three months.                                     | 50%                             | Annually  | Progress reporting | Progress reporting | Progress reporting | 50%                             |
| Time taken to complete systemic investigation report/s approved/ requested by the Minister.                        | 12 months from date of approval | Annually  | Progress reporting | Progress reporting | Progress reporting | 12 months from date of approval |
| Percentage reduction of existing systemic issues implemented by SARS.  | 10%                             | Annually  | Progress reporting | Progress reporting | Progress reporting | 10%                             |
| Develop, promote and update the Tax Ombud's <i>Compendium of Taxpayers' Rights, Entitlements and Obligations</i> . | 10 activities                   | Annually  | Progress reporting | Progress reporting | Progress reporting | 10 activities                   |
|  | One annual update (Review)      | Annually  | Progress reporting | Progress reporting | Progress reporting | One annual update (Review)      |

## 1.2. Programme: Efficacy

1.2.1. Purpose: Provide a consistently high-quality service that is taxpayer-centric and provided at a minimal cost.

**Outcome 1:** Provide efficient, real-time, quality communication processes that are responsive and promote clarity of information.

**Output 1:** Create an agile organisation that is able to scale efficiently to meet taxpayer demands.

### ANNUAL INFORMATION

| Output indicators  | Audited performance |                    |                    | Estimated performance | MTEF targets    |                    |                    |
|--|---------------------|--------------------|--------------------|-----------------------|-----------------|--------------------|--------------------|
|  | 2018/19             | 2019/20            | 2020/21            | 2021/22               | 2022/23         | 2023/24            | 2024/25            |
| Percentage of digital framework activities implemented.          | Target not planned  | Target not planned | 15%                | 20%                   | 20%             | 25%                | 20%                |
| Percentage of community outreach activity framework implemented. | Target not planned  | Target not planned | 20%                | 40%                   | 20%             | 10%                | 10%                |
| Employee engagement survey at second quartile.                   | Target not planned  | Target not planned | Target not planned | Target not planned    | Second quartile | Target not planned | Top quartile       |
| Net Promoter Score for taxpayers' brand recognition survey.      | -3                  | Target not planned | Target not planned | +1                    | +1              | Target not planned | Target not planned |

### QUARTERLY INFORMATION

| Output indicators  | Annual target   | Frequency | Quarter 1          | Quarter 2          | Quarter 3          | Quarter 4       |
|--|-----------------|-----------|--------------------|--------------------|--------------------|-----------------|
| Percentage of digital framework activities implemented.          | 20%             | Annually  | Progress reporting | Progress reporting | Progress reporting | 20%             |
| Percentage of community outreach activity framework implemented. | 20%             | Annually  | Progress reporting | Progress reporting | Progress reporting | 20%             |
| Employee engagement survey at second quartile                    | Second quartile | Annual    | Progress reporting | Progress reporting | Progress reporting | Second quartile |
| Net Promoter Score for taxpayers' brand recognition survey.      | +1              | Annual    | Progress reporting | Progress reporting | Progress reporting | +1              |

**Outcome 2 :** Create opportunities for and implement stakeholder engagements and collaborations.

**Output 2:** Promote stakeholder engagement and collaboration.

## ANNUAL INFORMATION

| Output indicators  | Audited performance |                    |         | Estimated performance | MTEF targets |         |         |
|--|---------------------|--------------------|---------|-----------------------|--------------|---------|---------|
|  | 2018/19             | 2019/20            | 2020/21 | 2021/22               | 2022/23      | 2023/24 | 2024/25 |
| Percentage of stakeholder engagement framework activities implemented. | Target not planned  | Target not planned | 20%     | 40%                   | 20%          | 10%     | 10%     |

## QUARTERLY INFORMATION

| Output indicators  | Annual target | Frequency | Quarter 1          | Quarter 2          | Quarter 3          | Quarter 4 |
|--|---------------|-----------|--------------------|--------------------|--------------------|-----------|
| Percentage of stakeholder engagement framework activities implemented. | 20%           | Annually  | Progress reporting | Progress reporting | Progress reporting | 20%       |

### 1.3. Programme: Independence

1.3.1. Purpose: An Office of the Tax Ombud that is independent, structurally and operationally, to limit the risk of perceived bias.

**Outcome 1:** Achieve a clean audit outcome on performance information.

**Output 1:** Optimise governance structures, risk management and business processes.

#### ANNUAL INFORMATION

| Output indicators                   | Audited performance |                    |                    | Estimated performance         | MTEF targets                                 |             |             |
|-------------------------------------|---------------------|--------------------|--------------------|-------------------------------|--|-------------|-------------|
|                                     | 2018/19             | 2019/20            | 2020/21            | 2021/22                       | 2022/23                                      | 2023/24     | 2024/25     |
| Performance audit outcome achieved. | Target not planned  | Target not planned | Target not planned | Approved governance framework | Unqualified audit opinion by Auditor-General | Clean audit | Clean audit |

#### QUARTERLY INFORMATION

| Output indicators                   | Annual target                                | Frequency | Quarter 1          | Quarter 2          | Quarter 3          | Quarter 4                                    |
|-------------------------------------|--|-----------|--------------------|--------------------|--------------------|--|
| Performance audit outcome achieved. | Unqualified audit opinion by Auditor-General | Annually  | Progress reporting | Progress reporting | Progress reporting | Unqualified audit opinion by Auditor-General |

**Outcome 2:** Ensure that the Office of the Tax Ombud is structurally and operationally independent.

**Output 2:** Enhance and strengthen the mandate of the Office of the Tax Ombud.

#### ANNUAL INFORMATION

| Output indicators   | Audited performance |                    |         | Estimated performance | MTEF targets        |                     |                     |
|---|---------------------|--------------------|---------|-----------------------|---------------------|---------------------|---------------------|
|   | 2018/19             | 2019/20            | 2020/21 | 2021/22               | 2022/23             | 2023/24             | 2024/25             |
| Tax Administration Act amendment proposals sent to National Treasury for consideration. | Target not planned  | Target not planned | 0       | 1 proposal/decision   | 1 proposal/decision | 1 proposal/decision | 1 proposal/decision |

#### QUARTERLY INFORMATION

| Output indicators   | Annual target       | Frequency | Quarter 1          | Quarter 2          | Quarter 3          | Quarter 4           |
|---|---------------------|-----------|--------------------|--------------------|--------------------|---------------------|
| Tax administration amendment proposals sent to National Treasury for consideration. | 1 proposal/decision | Annually  | Progress reporting | Progress reporting | Progress reporting | 1 proposal/decision |

## 2. EXPLANATION OF THE PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

### 2.1. Taxpayer-centric operating model

The Office has developed an operating model that will serve as a bridge between the Strategic Plan 2020 – 2025 and day-to-day operations, and that guides the OTO business units, provides the framework and enables the behaviours that will realise the strategy, mandate, vision and mission.

Digital innovation and constant taxpayer feedback provide a catalyst to simplify OTO services and taxpayer experience, capture the economic value and link the new experience to underlying operational processes. Achieving this requires understanding two things: what creates value across the taxpayer journey from the taxpayer's point of view (faster turnaround time, personalisation and cross-channel functionality) and efficiency and productivity within the OTO.

The Office aims to have a thriving taxpayer-driven, enterprise-wide seamless experience that requires the OTO to review and rearrange the current operating model to ensure that all resources are aligned to deliver on the Strategic Plan 2020 – 2025. The new operating model will:

- be a fully integrated model, ensuring clear accountability, minimal duplication of effort and taxpayer-centricity across all teams, and clear roles and responsibilities across all business units;
- be a taxpayer-centric model that embeds the right attitudes, talent and competencies to deliver the OTO Strategic Plan 2020 – 2025;
- deliver the right management information, processes and governance to the right place to enable effective decision-making to optimise the taxpayer experience and expenditure across all business units; and
- build managers and teams that drive continuous improvement and innovation; and efficient and effective processes to achieve quality outcomes.

The OTO is required to build value, provide fulfilling taxpayer experiences at a minimal cost, and commit to an agile operating model. This new operating model will combine digital technologies and operations capabilities in an integrated, well-sequenced way to achieve step-change improvements in service delivery, taxpayer experience and productivity. The operating model adopts two changes:

- The first change involves moving from running uncoordinated silos to launching an integrated operational improvement programme organised around taxpayer journeys (the set of interactions a taxpayer has with the Office when making a query or a complaint). This change was already effected in the year 2021/22.
- The second change, which will commence in 2022/23, entails the Office gradually introducing unique technologies, operations capabilities and approaches inside silos to apply them to the taxpayer journeys in combination and in the correct sequence to achieve compound impact. The new model will create the following within the OTO:
  - cross-functional teams anchored in creating a seamless taxpayer journey;
  - flexible and modular architecture, infrastructure and service delivery processes;
  - a management system that cascades clear strategies and goals through the organisation, with tight feedback loops; and
  - An agile, taxpayer-centric culture demonstrated at all levels.

The OTO will unlock even more value by sequencing the buildout of three additional capabilities, based on the progress it had already made with Lean principles by creating more value for taxpayers with fewer resources:

- Office digitisation – This involves improving taxpayer response times by using digital technologies. The OTO will track the complaint process and feedback with the new tools. Taxpayers will also upload supporting documents and both file and track complaints online. The OTO will also allow some taxpayers to complete the entire complaints process without a single interaction with an OTO representative.
- Advanced analytics – Digitisation of the taxpayer journey will provide the OTO with more and better data faster, allowing its analytics initiative to be more effective. The OTO will be able to apply the latest modelling capabilities to better data, and to use advanced analytics to improve decision-making in the complaint management process. For example, data analysis is used to process simple complaints more quickly, and smart segmentation will identify complaints likely to be rejected by the OTO. The Office will use analytics to predict future staffing needs and inform scheduling and hiring, thereby allowing complex and simple complaints to be handled more efficiently.
- Automation of processes – Once digital tools and analytics are in place, the OTO's processes will be automated. This will entail deploying automation tools to take over manual and time-consuming tasks currently performed by service agents, such as data capturing. In addition to reducing costs, automation will speed up the processes and reduce errors. Automation will be the last of the three-dimensional capabilities to be implemented because the streamlining achieved by digitisation and more effective use of analytics will eliminate some manual processes. The automation efforts would then focus only on any manual processes still used.

## 2.2. Improvement to the tax administration system

The two key initiatives planned for 2022/23 to contribute to the strengthening of South Africa's tax administration system and thus build confidence in the system, are the *Compendium of Taxpayers' Rights, Entitlements and Obligations* and an improved systemic investigations process.

### *Compendium of Taxpayers' Rights, Entitlements and Obligations*

The proposed Tax Ombud's *Compendium of Taxpayers' Rights, Entitlements and Obligations* is a document the Office has developed to provide information to taxpayers about their rights, entitlements and obligations concerning their tax affairs and engagements with SARS and the OTO. The document coherently draws together various tax rights principles contained in a range of separate documents, including the Constitution, tax legislation and other government documents.

### Systemic investigations

The Office continues to commit to improving taxpayers' perception of the fairness of the tax administration system. Through systemic investigations, the Office identifies areas of improvement in the tax administration system that could enhance taxpayer trust and engagement in the system.

Accessibility by stakeholders to the systemic investigations team is key to ensuring that the Office can meet its obligations in executing its mandate. With this in mind, the Office will make use of several mechanisms to identify tax administration issues that affect a significant number of taxpayers. These mechanisms will include inviting taxpayers and tax industry bodies to make online submissions about such issues, conducting trends analysis of tax complaints to identify emerging issues and participating in stakeholder management fora.

In investigating systemic issues, the Office balances enquiry and advocacy for fairness, ensuring that the institution remains neutral and objective in reviewing the issues while considering the particular circumstances of those affected.

### 2.3. Communications and Stakeholder Relations

The Office will prioritise efforts to understand taxpayers' challenges and perspectives. The OTO's new operating model design is intended to balance taxpayer adaptability and scaled efficiency, and includes the implementation of the following four frameworks: the digital communications framework, community outreach framework, stakeholder engagement framework and systemic investigations framework.

Communication, outreach and stakeholder relations are key components of improving the taxpayer experience as these functions ensure a constant flow of two-way information between the Office and its stakeholders, enabling the institution to gather feedback and incorporate it into process improvements. For this reason, the Office will implement the taxpayer experience design through collaboration between the Communication and Stakeholder Relations unit, Operations unit, Legal Services and Systemic Investigations.

### 2.4. Administration

By implementing the digital communications framework, the Office has adapted work practices in response to the COVID-19 pandemic and to support employees' safety, while continue to serve taxpayers without compromising service quality. In the year 2022/23, the emphasis of administrative improvements will be on optimising governance structures, risk management and business processes by implementing the governance framework and Human Resources Strategy.

#### Human Resources Strategy

The Human Resource Strategy sets the direction for key human resources functions such as recruitment, performance management, development, training and compensation. The aim is to build a competitive institution that has a management complement skilled in strategic human resource management, transformation and change management, and employee contribution management.

The focus for human resources therefore shifts from operational inputs such as personnel management, training and administration, among others, to strategy execution and administrative efficiency.

The Human Resources Strategy will be implemented in two phases. Phase one pertains to organisational design and concentrates on aligning organisational strategy, mandate and the operating model, along with workforce planning and processes. Phase two relates to the integrated talent management process.

Phase one will commence in 2022/23 with workforce planning and an organisational structure review. The Office will analyse, forecast and plan workforce supply and demand while assessing gaps and determining targeted talent management interventions. All this is done to ensure that an organisation has the right employees and skills to fulfil its mandate and strategic objectives. An employee engagement survey will also be conducted to assist in further building a culture of professionalism and excellence.

## Corporate governance

The OTO strives to instil a culture of governance that promotes transparency, integrity, accountability and stakeholder engagement in the tax administration sphere to support democracy and inclusive growth. The Minister of Finance has requested the National Treasury and the OTO to ensure that the institution's performance information is assured internally and externally. The Auditor-General has agreed to provide the OTO with external audit assurance, and commenced by auditing the 2020/21 performance information of the OTO.

The Tax Ombud and the SARS Commissioner have also agreed to share an independent Audit and Risk Committee (ARC). They have also agreed that SARS internal audit will act as internal audit for the OTO. The ARC is responsible for improving management reporting by overseeing audit functions, internal controls and the performance information reporting process.

These internal and external assurance providers will be strengthened during the MTEF period to improve and promote an effective internal control environment that will ensure the achievement of the strategic objectives and provide reliable financial and performance information.

### 3. RESOURCE CONSIDERATION

#### 3.1. Overview

Since its establishment, the OTO has seen a significant increase in the demand for its services. SARS implemented 98% of the Office's non-binding recommendations in the 2020/21 financial year, confirming that the recommendations made to SARS are informed and based on sound principles. This highlights the significant role of the OTO in the country's tax administration system and its efforts to ensure efficiency and tangible results. The number of rejected complaints decreased during the year, indicating that taxpayers are becoming more knowledgeable about the OTO's mandate and complaints processes and are thus submitting relevant complaints.

Structural and operational independence from SARS remains an important strategic milestone and is vital for the organisation's credibility in the eyes of taxpayers and other stakeholders. The Tax Ombud has recommended two possible institutional options for establishing the Office as a juristic entity. The recommendations are with the Minister of Finance's Office for approval.

The OTO continues to provide taxpayers with the highest standard of service for resolving their disputes fairly and impartially. During the MTEF period, the focus will be to prioritise and improve accessibility to the Office and introduce measures such as policy and technology to improve efficiency and agility. The new technologies will improve the taxpayer experience, including taxpayers in underserved communities.

#### 3.2. Expenditure analysis

The current Estimates of National Expenditure (ENE) allocated are R46.5 million, R51.2 million and R53.5 million for the 2022/23, 2023/24 and 2024/25 financial years, respectively (Table 1). During the MTEF period, there will be an increase in the baseline allocation of R1.6 million (4%) for the 2022/23 financial year, an increase of R4.7 million (10%) in the 2023/24 financial year and an increase of R2.3 million (4%) in the 2024/25 financial year.

Table 1: Expenditure estimates

| Cost element (R 000's)                  | Audited outcomes |               |               |               | Current estimates | ENE allocation |               |               |
|---|------------------|---------------|---------------|---------------|-------------------|----------------|---------------|---------------|
|   | 2017/18          | 2018/19       | 2019/20       | 2020/21       | 2021/22           | 2022/23        | 2023/24       | 2024/25       |
| Personnel expenditure                   | 26 305           | 33 036        | 36 145        | 37 291        | 39 676            | 41 816         | 43 677        | 45 638        |
| Information & communication technology  | 222              | 105           | 645           | 181           | 3 902             | 1 664          | 3 213         | 3 563         |
| Corporate real estate                   | 2 989            | 375           | 451           | 54            | 7                 | 331            | 350           | 366           |
| Revenue collection related cost         | 3 591            | 6 592         | 3 425         | 3 276         | 3 041             | 1 816          | 2 827         | 2 954         |
| Statutory related cost                  | 0                | 0             | 0             | 0             | 397               | 417            | 436           | 456           |
| Other variable support cost             | 754              | 756           | 210           | 530           | 1 740             | 400            | 618           | 446           |
| Capital expenditure                     | 178              | 238           | 40            | 1 442         | 562               | 80             | 120           | 119           |
| <b>Total operational cost and capex</b> | <b>34 039</b>    | <b>41 102</b> | <b>40 916</b> | <b>42 774</b> | <b>49 325</b>     | <b>46 524</b>  | <b>51 241</b> | <b>53 542</b> |

### 3.3. Personnel expenditure

The OTO has developed a Human Resources (People Management) Strategy that identifies the programmes and projects by which the Office will seek to build a workforce to deliver on the vision, mission and objectives set out in the Strategic Plan 2020 - 2025. A key aspect in developing this strategy is promoting an institution-wide approach to management issues and embedding the culture of the Office as a crucial element of people management.

The Human Resources Strategy is aimed at addressing the following objectives:

- ensure an integrated approach to human resource development matters and inclusivity;
- enhance excellence through uniformity in human resource development practices;
- create better opportunities for skills development and individual development for all employees;
- ensure greater transparency in human resource development decision-making and practices;
- help create a conducive environment for organisational and employee development and growth; and
- promote and create an enabling environment for employee engagement.

The Office supports its employees to develop their professional skills by providing comprehensive learning and development opportunities that incorporate financial support to undertake postgraduate studies or professional qualifications, technical tax updates, complaints management and mediation skills.

The main driver of costs in the environment is personnel expenditure, which on average, represents 87 percent of the total costs over the MTEF period. Throughout this period, and as a cost reduction measure, the Office will utilise the Human Resources Strategy to restructure its business processes for optimal utilisation of limited resources and create value to achieve quality outcomes and performance excellence.

### 3.4. IT and digitisation

The Office will continue implementing the five-year digital framework, which details how new technologies will be introduced to provide a taxpayer-centric experience that integrates the human element with constantly evolving digital channels.

Digitisation will provide efficient, real-time, quality communication processes that are responsive and promote clarity of information. In the 2022/23 financial year, the OTO plans to improve the process used to review and address complaints by taxpayers against SARS by implementing the following phases of the framework:

- Introduce an interactive voice response (IVR) solution, which will allow complainants log a complaint by phone, with the voice recording as a signature.
- Introduce an electronic complaints management system that is fully automated and integrates with the Service Manager System. The electronic complaints management system will enable taxpayers to lodge their complaints electronically without scanning to email or posting, faxing or hand delivering them.
- Introduce an email management system to efficiently and effectively manage information from taxpayers seeking to use the services of the OTO. The system will ensure proper quality control of information flowing from and to the OTO.

### 3.5. Promoting the *Compendium of Taxpayers' Rights, Entitlements and Obligations*

Once launched in 2022/23, it will be important to promote the *Compendium of Taxpayers' Rights, Entitlements and Obligations*, in line with the OTO's stakeholder framework engagements and communications and outreach initiatives. The initiatives will enable the OTO to raise awareness among taxpayers about their rights and responsibilities.

### 3.6. Communications and Stakeholder Relations

To ensure that there is widespread public awareness and education about the mandate and services of the Office, a five-year stakeholder engagement framework and a community outreach activity framework have been developed.

The stakeholder engagement framework promotes optimal engagement and collaboration to ensure efficient interaction between the OTO and its stakeholders and to strengthen relationships. The community outreach framework will enable the Office to have effective and multi-dimensional communications and engagements activities across the broad group of taxpayers and to increase awareness, education and understanding of the OTO mandate. New digital platforms and communication and education activities planned during the MTEF period will enable the OTO to attain greater visibility. The institution will continue to build relationships through stakeholder engagement/collaboration as it has experienced an increase in unrepresented taxpayers utilising the Office, and similar growth among tax practitioners and other types of taxpayers.

## 4. UPDATED KEY STRATEGIC RISKS

The table outlines the key risks identified in the Strategic Plan 2020 – 2025 that may affect the achievement of the planned outcomes and outputs, and spells out related risk mitigation factors.

| Key risks   | Impact of the risk materialising   | Mitigation measures  |
|---|--|--|
| Non-adherence to turnaround times for reviewing and addressing complaints and resolving or implementing the OTO's recommendations by SARS could impact taxpayers' trust and confidence in the OTO and the tax administration system.        | Taxpayers lose confidence and trust in the tax administration and in the OTO's ability to execute the mandate.   | Implement the complaint review MOU/ SLA with SARS to resolve turnaround times.   |
| Lack of structural independence might result in taxpayers perceiving the OTO as lacking objectivity and independence.   | OTO is perceived as biased and not objective due to its association with SARS.   | <ul style="list-style-type: none"> <li>• Sign an MOU/SLA with SARS to ensure independent operations.</li> <li>• Develop a business case to strengthen independence with the approval of the Minister of Finance.</li> <li>• Sign SLAs with other support divisions of SARS.</li> </ul>       |
| Lack of financial resources to optimally review and address complaints might impact the outcome of complaints, and taxpayers lose confidence in the OTO's ability to address their complaints.  | Lack of resources causes delays in reviewing and resolving complaints, resulting in SLA turnaround times not being achieved.   | <ul style="list-style-type: none"> <li>• Constant engagement with National Treasury is needed to ensure that the Office is adequately funded.</li> </ul>   |
| Delays in reviewing and addressing complaints due to the lack of improved IT will result in non-adherence to turnaround times.  | Non-adherence to SLA turnaround times.   | <ul style="list-style-type: none"> <li>• Formulate an SLA with SARS to address the issue of keeping up with developments in IT.</li> <li>• Engage continually with National Treasury to ensure that the Office is adequately funded.</li> <li>• Implement the digital framework</li> </ul>   |
| Taxpayers may decide not to lodge complaints with the OTO due to a lack of understanding of the OTO mandate and its limitations, creating unrealistic expectations and casting doubt on the OTO's ability to review and address complaints. | <ul style="list-style-type: none"> <li>• Taxpayers' expectation of the OTO is to render services outside the mandate.</li> <li>• Loss of confidence in the OTO.</li> </ul> | <ul style="list-style-type: none"> <li>• Implement a five-year communication and outreach plan to promote taxpayer awareness of the OTO mandate and services.</li> <li>• Implement a feedback framework that will assist taxpayers to understand the outcome of their complaints.</li> </ul> |

## 5. TECHNICAL INDICATOR DESCRIPTIONS (TID)

### TID NO 1

| Required field            | Description   |
|---------------------------|---|
| Indicator title           | Percentage of complaints acknowledged within two business days of receipt   |
| Short definition          | The Office acknowledges complaints received within two days of being checked for completeness and registers them on the system.                           |
| Purpose/importance        | The indicator aims to inform a taxpayer that the Office has received the complaint and notes any missing documents not provided with the complaints form. |
| Source/collection of data | The Service Manager System generates a letter of acknowledgement for dispatch to a taxpayer who has lodged a complaint.                                   |
| Method of calculation     | Total complaints acknowledged within two days divided by total complaints received and acknowledged, multiplied by 100.                                   |
| Data limitations          | None  |
| Type of indicator         | Efficiency and inputs   |
| Calculation type          | Non-cumulative  |
| Reporting cycle           | Quarterly and annually  |
| New indicator             | Existing  |
| Desired performance       | Capture all complaints within two days of receipt   |
| Indicator responsibility  | Senior Manager: Operations  |

A complaint is received when all required documents are submitted by the taxpayer (complainant).

## TID NO 2

| Required field            | Description   |
|---------------------------|---|
| Indicator title           | Percentage of complaints reviewed within eight business days of date captured.  |
| Short definition          | The complaint is reviewed and recommendations are assigned to SARS. The outcome letter is sent to the taxpayer within eight business days from the complaint's capture.         |
| Purpose/importance        | To become truly taxpayer-centric by providing a consistently high-quality service at minimal cost and creating an agile organisation that can scale efficiently to meet demand. |
| Source/collection of data | Service Manager data  |
| Method of calculation     | Total complaints reviewed within eight days of acknowledgement of a complaint, divided by total complaints reviewed during the reporting period multiplied by 100.              |
| Data limitations          | None  |
| Type of indicator         | Efficiency and output   |
| Calculation type          | Non-cumulative  |
| Reporting cycle           | Quarterly and annually  |
| New indicator             | Existing  |
| Desired performance       | A higher number of complaints is reviewed within eight business days of receipt from the date of acknowledgement of the complaint.  |
| Indicator responsibility  | Senior Manager: Operations  |

### TID NO 3

| Required field            | Description  |
|---------------------------|--|
| Indicator title           | Percentage of close-out reports actioned within four business days of date received.   |
| Short definition          | Finalisation of completed cases received from SARS.  |
| Purpose/importance        | To become truly taxpayer-centric by providing a consistently high-quality service at minimal cost and creating an agile organisation that can scale efficiently to meet demand.                      |
| Source/collection of data | Service Manager reports  |
| Method of calculation     | Total number of close-out reports actioned (finalised/overruled) within four business days of receipt, divided by total number of close-out reports finalised/overruled within the reporting period. |
| Data limitations          | The manual process for allocating close-out reports to Operational Specialists and delays from taxpayers with confirmations.   |
| Type of indicator         | Impact, efficiency, equity   |
| Calculation type          | Non-cumulative   |
| Reporting cycle           | Quarterly and annually   |
| New indicator             | Existing   |
| Desired performance       | The higher performance of resolution time against the set target of four days from the date close-out reports are received.  |
| Indicator responsibility  | Senior Manager: Operations   |

## TID NO 4

| Required field            | Description  |
|---------------------------|--|
| Indicator title           | Percentage of systemic issues identified and investigated within three months.   |
| Short definition          | These are issues identified from the complaints received, by internal review committees and from stakeholder feedback, and that are possibly systemic. The investigated issues affect or might affect a number of taxpayers in the tax system.   |
| Purpose/importance        | To identify procedural, administrative or policy weakness within the tax administration system due to a particular matter that can be regarded as an underlying cause of a complaint that affects or will affect a number of taxpayers in the tax system.  |
| Source/collection of data | Systemic register  |
| Method of calculation     | A number of systemic issues identified and investigated within three months (including issues not found to be systemic at the preliminary stage), over the number of systemic issues identified and investigated during the reporting period (including issues not found to be systemic), multiplied by 100. |
| Data limitations          | N/a  |
| Type of indicator         | Output   |
| Calculation type          | Non-cumulative   |
| Reporting cycle           | Quarterly  |
| New indicator             | Existing   |
| Desired performance       | To identify all systemic issues that affect or will affect a number of taxpayers. Actual performance that is higher than targeted performance is desirable.  |
| Indicator responsibility  | Senior Manager: Legal Services and Systemic Investigations   |

## TID NO 5

| Required field            | Description  |
|---------------------------|--|
| Indicator title           | Time taken to complete systemic investigation report/s approved/requested by the Minister.   |
| Short definition          | This measures the timeframe within which reports on identified systemic issues are investigated and finalised, from the Minister's date of approval/request until the final report is submitted to SARS.   |
| Purpose/importance        | To identify and remedy procedural, administrative or policy weakness within the tax administration system due to a particular matter that can be regarded as an underlying cause of a complaint that affects or will affect a number of taxpayers in the tax system. |
| Source/collection of data | Progress report on the investigation(s)/reports issued pertaining to the investigation.  |
| Method of calculation     | A simple count of the months taken to complete the systemic investigation reports from the Minister's date of approval/request until the final report is submitted to SARS.  |
| Data limitations          | The commencement of the investigation is dependent on approval from the Minister.  |
| Type of indicator         | Output   |
| Calculation type          | Non-cumulative   |
| Reporting cycle           | Annually   |
| New indicator             | No, this is an existing indicator from the previous period.  |
| Desired performance       | To investigate 100% of approved investigations within 12 months.   |
| Indicator responsibility  | Senior Manager: Legal Services and Systemic Investigations   |

## TID NO 6

| Required field            | Description   |
|---------------------------|---|
| Indicator title           | Percentage reduction of existing systemic issues implemented by SARS.   |
| Short definition          | The indicator measures the success of implementing the recommendations on systemic issues that were resolved or finalised by SARS.  |
| Purpose/importance        | This will contribute to the efficient functioning of the tax administration system. The knock-on effect will reduce the number of complaints lodged with the OTO due to the underlying root causes of complaints being addressed and resolved through systemic investigation. |
| Source/collection of data | Systemic register   |
| Method of calculation     | SARS-implemented systemic issues are divided by the total number of systemic issues per the register, multiplied by 100.  |
| Data limitations          | None  |
| Type of indicator         | Output  |
| Calculation type          | Non-cumulative  |
| Reporting cycle           | Annually  |
| New indicator             | Existing  |
| Desired performance       | To make successful recommendations on all identified systemic issues and achieve SARS resolution of the systemic issues from the OTO.   |
| Indicator responsibility  | Senior Manager: Legal Services and Systemic Investigations  |

## TID NO 7

| Required field            | Description   |
|---------------------------|---|
| Indicator title           | Develop, promote and update the <i>Compendium of Taxpayers' Rights, Entitlements and Obligations</i> .  |
| Short definition          | <ul style="list-style-type: none"> <li>• Collate and draft a taxpayer handbook on taxpayer rights and obligations.</li> <li>• Promote the taxpayer handbook on rights and obligations.</li> <li>• Review and update the handbook on rights and obligations to refine or to comply with recent changes in the tax environment or legislation.</li> </ul> |
| Purpose/importance        | To provide taxpayers with further information regarding their tax rights and obligations. An informed taxpayer base will result in a more efficient and compliant taxpayer.   |
| Source/collection of data | <ul style="list-style-type: none"> <li>• Number of tax Compendium communications campaign activities embarked to promote the compendium – 10 activities (including social media campaigns, presentations, interviews, etc.).</li> <li>• Reviewed <i>Compendium of Taxpayers' Rights, Entitlements and Obligations</i></li> </ul>                        |
| Method of calculation     | Non-cumulative – Simple count of tax Compendium communications campaign activities. Simple count of reviews of the tax Compendium.  |
| Data limitations          | None  |
| Type of indicator         | Output  |
| Calculation type          | Non-cumulative  |
| Reporting cycle           | Annually  |
| New indicator             | Existing  |
| Desired performance       | To have an approved and up-to-date Compendium   |
| Indicator responsibility  | Senior Manager: Legal Services and Systemic Investigations  |

## TID NO 8

| Required field            | Description   |
|---------------------------|---|
| Indicator title           | Percentage of digital communications framework implemented.   |
| Short definition          | A five-year digital communications framework will improve the OTO's efficiency and brand presence and promote the accessibility of its services to all taxpayers.   |
| Purpose/importance        | To communicate and promote accessibility and awareness of the services of the OTO through digital platforms.  |
| Source/collection of data | Digital communications framework. Implementation progress reports and/or final reports.   |
| Method of calculation     | <p>Add the completed digital projects (weighting) in accordance with the digital communications framework roadmap.</p> <p>Activities planned as per the digital framework 2025:</p> <ol style="list-style-type: none"> <li>1. Website design and the user experience <ul style="list-style-type: none"> <li>• Migration to WordPress</li> <li>• Migration to Microsoft Azure</li> <li>• Digital complaints management solution</li> </ul> </li> <li>2. Customer service satisfaction survey system</li> <li>3. OMNI channels <ul style="list-style-type: none"> <li>• Mobile applications (mobiapp)</li> <li>• MMS</li> <li>• SMS</li> <li>• WhatsApp for Business</li> </ul> </li> <li>4. Intranet/workspace</li> <li>5. Mailbox management system</li> <li>6. Service manager enhancements <ul style="list-style-type: none"> <li>• Create OTO Appeal functionality on Service Manager</li> <li>• Create a Complaints Review Committee functionality</li> <li>• Enable functionality Complaints via IVR</li> <li>• Digital complaints management solution integration with Service Manager: <ul style="list-style-type: none"> <li>• HTML form for lodging a complaint on website or on the app</li> <li>• Lodge OTO Appeal on website or app</li> <li>• Case follow-up on website or app</li> <li>• Reporting on website or app and Service Manager System should have a dashboard of all complaints received and their statuses.</li> <li>• Chatbot - Virtual agent.</li> </ul> </li> </ul> </li> </ol> |
| Data limitations          | None  |
| Type of indicator         | Activity  |
| Calculation type          | Non-cumulative  |
| Reporting cycle           | Quarterly and annually  |
| New indicator             | Existing  |
| Desired performance       | Improved accessibility, efficiency and awareness about the OTO.   |
| Indicator responsibility  | Senior Manager: Communications and Stakeholder Relations  |

## TID NO 9

| Required field            | Description   |
|---------------------------|---|
| Indicator title           | Percentage of the community outreach activity framework implemented.  |
| Short definition          | Activities aimed at educating stakeholders about the OTO and the services offered.  |
| Purpose/importance        | Educate taxpayers and create awareness about the existence of the OTO and the services offered.   |
| Source/collection of data | Report on the implementation of the framework.  |
| Method of calculation     | <p>Total community outreach activities/initiatives implemented, divided by total community outreach activities/initiatives planned for the five years as per community outreach activity framework roadmap, multiplied by 100.</p> <p>Planned activities:</p> <ul style="list-style-type: none"> <li>• Stakeholder presentations, exhibitions, seminars – 30</li> <li>• Media engagements and interviews (print, broadcast and digital) – 30</li> <li>• Email marketing – 10</li> <li>• Advertising – 10</li> </ul> |
| Data limitations          | The OTO will only count information at its disposal due to the lack of media monitoring resources.  |
| Type of indicator         | Output  |
| Calculation type          | Non-cumulative  |
| Reporting cycle           | Quarterly   |
| New indicator             | No, this is an existing indicator from the previous period.   |
| Desired performance       | Widespread awareness about the OTO and the services offered.  |
| Indicator responsibility  | Senior Manager: Communications and Stakeholder Relations  |

## TID NO 10

| Required field            | Description  |
|---------------------------|--|
| Indicator title           | Employee engagement survey in second quartile.   |
| Short definition          | Survey to build a culture of professionalism and excellence by conducting an employee engagement survey.   |
| Purpose/importance        | To build a culture of professionalism and excellence.  |
| Source/collection of data | Survey results   |
| Method of calculation     | Simple observation of the survey outcome results: <ul style="list-style-type: none"> <li>• Quartile 1: 0 - 2.5 (top quartile)</li> <li>• Quartile 2: 2.6 - 5.0</li> <li>• Quartile 3: 5.1 - 7.5</li> <li>• Quartile 4: 7.6 - 10</li> </ul> |
| Data limitations          | Employee participation, budget and external service provider.  |
| Type of indicator         | Output   |
| Calculation type          | Non-cumulative   |
| Reporting cycle           | Annually   |
| New indicator             | Yes  |
| Desired performance       | Second quartile  |
| Indicator responsibility  | Senior Manager: Office Enablement and Support Services   |

## TID NO 11

| Required field            | Description  |
|---------------------------|--|
| Indicator title           | Net Promoter Score for taxpayers' brand recognition survey.  |
| Short definition          | Quantitative survey that seeks to ascertain levels of stakeholder brand awareness and customer satisfaction.                         |
| Purpose/importance        | To identify the gap that exists between the OTO and taxpayers and to use the survey findings to implement means of bridging the gap. |
| Source/collection of data | Brand recognition survey findings.   |
| Method of calculation     | Percentages in different categories of the survey.   |
| Data limitations          | None   |
| Type of indicator         | Survey   |
| Calculation type          | Non-cumulative   |
| Reporting cycle           | Annually   |
| New indicator             | No, this an existing indicator from the previous period.   |
| Desired performance       | Informative data on OTO stakeholder brand recognition.   |
| Indicator responsibility  | Senior Manager: Communications and Stakeholder Relations   |

## TID NO 12

| Required field            | Description   |
|---------------------------|---|
| Indicator title           | Percentage of stakeholder framework implemented.  |
| Short definition          | A five-year stakeholder framework promotes optimal engagement and collaboration to ensure efficient interaction between the OTO and its stakeholders and to strengthen relationships.   |
| Purpose/importance        | Promote, educate and create awareness about the OTO's services.   |
| Source/collection of data | Register of collaboration and stakeholder engagement events held.   |
| Method of calculation     | <p>The number of stakeholder engagement activities implemented, divided by the number of stakeholder engagement activities planned for five years in terms of the stakeholder engagement framework roadmap, multiplied by 100.</p> <p>Planned activities</p> <ul style="list-style-type: none"> <li>• Stakeholder newsletters published – 14</li> <li>• Stakeholder engagements – 30</li> </ul> |
| Data limitations          | None  |
| Type of indicator         | Activity  |
| Calculation type          | Non-cumulative  |
| Reporting cycle           | Annually  |
| New indicator             | Existing  |
| Desired performance       | Promote the OTO among all stakeholders.   |
| Indicator responsibility  | Senior Manager: Communications and Stakeholder Relations  |

## TID NO 13

| Required field            | Description  |
|---------------------------|--|
| Indicator title           | Performance audit outcome achieved   |
| Short definition          | Audit outcome expressed by the Auditor-General on the performance information of the Office.   |
| Purpose/importance        | Audit outcome reflects the effectiveness of internal controls, the accuracy and validity of information and compliance with relevant prescripts that govern the institution. |
| Source/collection of data | Audit report   |
| Method of calculation     | Audit outcome as per the Auditor-General's audit report  |
| Data limitations          | The indicator assumes that a performance information audit will be conducted.  |
| Type of indicator         | Outcome  |
| Calculation type          | Non-cumulative   |
| Reporting cycle           | Annually   |
| New indicator             | New indicator  |
| Desired performance       | Clean audit  |
| Indicator responsibility  | Senior Manager: Office Enablement and Support Services   |

## TID NO 14

| Required field            | Description  |
|---------------------------|--|
| Indicator title           | Tax administration amendment proposals are sent to Treasury for consideration if required.   |
| Short definition          | These are changes or additions proposed to the section of the Tax Administration Act that deals with the Office of the Tax Ombud.  |
| Purpose/importance        | To determine if it is necessary to improve or enhance the Tax Administration Act sections that deal with the Office of the Tax Ombud, ensuring the OTO becomes structurally and operationally independent. |
| Source/collection of data | Amendment proposals are sent to National Treasury, or a formal decision is taken not to submit proposals.  |
| Method of calculation     | Simple count   |
| Data limitations          | None   |
| Type of indicator         | Input  |
| Calculation type          | Non-cumulative   |
| Reporting cycle           | Annually   |
| New indicator             | Existing   |
| Desired performance       | Up-to-date and relevant Tax Administration Act.  |
| Indicator responsibility  | Senior Manager: Legal Services and Systemic Investigations   |

## 6. ANNEXURES TO THE APP

The revised framework for strategic plans advises that a strategic plan should not be revised during the five-year planning period but may be revised during this period if there are significant changes to policy, in the service delivery environment or in the planning methodology. If the changes are minimal, such as changes to the outcomes, outcome indicators and targets, institutions must reflect such revisions to the strategic plan as an Annexure to the APP, which must be tabled in the relevant legislature.

Format changes were made to the Office's APP 2022/23 that will affect the format of the Strategic Plan 2020 - 2025. The format changes were made to comply with the National Treasury instruction 10 of 2020/21. Below are other minimal changes made to the APP 2022/23 along with the format changes:

| Strategic objective as per the 2020 - 2025 Strategic Plan                               | Performance indicator as per the 2020 - 2025 Strategic Plan                      | Performance target   | Changes   | Reason for changes  |
|---|--|--|---|---|
| Create an agile organisation that is able to scale efficiently to meet taxpayer demands | A specified number of external newsletters were published.                       | 4 newsletters  | The indicator is consolidated with the stakeholder framework. The indicator will form part of the activities under the framework. | National Treasury advised the Office to consolidate the indicator with the stakeholder engagement framework.  |
|   | Percentage reduction in the average cost of reviewing a complaint, year on year. | 1%   | The indicator has been removed from the APP 2022/23.  | The indicator has been moved to the operational plan.   |
|   | Percentage of customers satisfied with the OTO's complaints resolution process.  | 69%  | The indicator has been removed from the APP.  | The response rate on the survey is low, and the outcomes of the survey do not provide a clear perspective on the processes of resolving the complaints. The indicator will be measured in the operational plan. |
| Enhance and strengthen the mandate of the Office of the Tax Ombud                       | Number of SLAs, MOUs or formal interventions with stakeholders.                  | Review of two MOUs and two SLAs<br>Implement two formal intervention | Number of SLAs, MOUs and formal interventions with stakeholders.  | The Office deleted or added the indicator and ensured that it complies with the SMART principle.  |

## 7. PROCESSES FOR DEVELOPING THE APP

The Office of the Tax Ombud's APP for 2022/23 was developed in consultation with internal and external stakeholders. Individual business units were consulted to obtain their inputs for the coming financial year and the MTEF. These inputs were then consolidated, after which Senior Management held a strategic planning session to discuss and plan for the 2022/23 financial year. The session mainly focused on the plans and deliverables for 2022/23 and 2023/24 to 2024/25. The session was held on 19 and 20 October 2021

The consolidated plan was submitted to National Treasury Public Entity Oversight on 29 October 2021 for review and inputs. Inputs from National Treasury were sent to the Office on 29 November 2021.

A formal meeting was held with the Tax Ombud on 27 January 2022 for final approval of the Annual Performance Plan 2022/23. The final plan was sent to the National Treasury on 31 January 2022.

## 8. KEY CONCEPTS

| Term                    | Description   |
|-------------------------|---|
| Accepted complaint      | A complaint: <ul style="list-style-type: none"> <li>• that falls within the mandate of the OTO;</li> <li>• is not affected by any of the limitations to the Tax Ombud's authority; and having been through the SARS internal complaints mechanisms, has exhausted these mechanisms, unless the OTO has determined compelling circumstances for not doing so.</li> </ul> |
| Cancelled complaint     | A complaint case is discarded on the Complaints Management System due to a capturing error.   |
| Case                    | A formal complaint is logged on the OTO Complaints Management System.   |
| Complainant             | Any person who lodges a complaint with the OTO and has authority to do so.  |
| Complaint               | An expression of dissatisfaction or allegation of wrongdoing made by a taxpayer regarding a service matter or a procedural or administrative matter arising from the application of the provisions of a tax Act by SARS.  |
| Decision                | The outcome is reached after considering all the facts of a complaint submitted to the OTO during the evaluation and review of the complaint.   |
| Evaluation of complaint | A consideration of the applicable facts of a complaint to determine if a complaint falls within the mandate of the Tax Ombud, if any limitations to the Tax Ombud's authority apply and if the complaint is valid.  |
| Finalised complaint     | A complaint that is closed by the OTO in the following ways: <ul style="list-style-type: none"> <li>• Accepted and resolved;</li> <li>• Accepted and terminated; or</li> <li>• Rejected.</li> </ul>   |
| Investigation           | A process undertaken to establish and document relevant facts, reach appropriate conclusions based on the available evidence, and determine a suitable course of action.  |
| Recommendation          | A proposal is sent to SARS on how best to address the complaint, and such recommendations are made available to the complainant in the acceptance letter.   |
| Rejected complaint      | A complaint that does not fall within the mandate of the Tax Ombud, or is affected by any of the limitations to the Tax Ombud's authority.  |
| Review of Complaint     | Considering the merits of the complaint to determine: <ul style="list-style-type: none"> <li>• if SARS was at fault/erred in its application of a tax Act; and</li> <li>• how best to resolve the complaint;</li> </ul>   |
| Systemic investigation  | An investigation initiated by the OTO or requested by the Finance Minister into the possible underlying root cause of a complaint, negatively affecting multiple taxpayers or a class of taxpayers.   |
| Taxpayer                | Any person or entity chargeable with any tax levied under any tax Act.  |
| Terminated complaint    | An accepted complaint that is finalised without resolving the issue.  |

## 9. ABBREVIATIONS

|          |   |
|----------|---|
| AGSA     | Auditor-General of South Africa                                     |
| APP      | Annual Performance Plan   |
| ARC      | Audit and Risk Committee  |
| CEO      | Chief Executive Officer   |
| CMO      | Complaints Management Office  |
| COVID-19 | Coronavirus disease-2019  |
| ENE      | Estimate of National Expenditure                                    |
| ENPS     | Employee Net Promoter Score   |
| GDP      | Gross Domestic Product  |
| IT       | Information Technology  |
| IVR      | Interactive Voice Response  |
| MOU      | Memorandum of Understanding   |
| MTBPS    | Medium Term Budget Policy Statement                                 |
| MTEF     | Medium Term Expenditure Framework                                   |
| NT       | National Treasury   |
| OTO      | Office of the Tax Ombud   |
| PESTEL   | Political, Economic, Social, Technological, Environmental and Legal |
| POPIA    | Protection of Personal Information Act                              |
| RCBs     | Recognised Controlling Bodies                                       |
| SARS     | South African Revenue Service                                       |
| SLA      | Service Level Agreement   |
| SWOT     | Strengths, Weaknesses, Opportunities and Threats                    |
| TAA      | Tax Administration Act  |
| TID      | Technical Indicator Description                                     |
| VAT      | Value Added Tax   |



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