



OFFICE OF THE
TAX OMBUD
Ensuring fairness

TAX OMBUD

ANNUAL PERFORMANCE PLAN

2021/22





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MESSAGE BY THE MINISTER OF FINANCE

It has been seven years since our government established the Office of the Tax Ombud (OTO) and, looking at what the institution has achieved over that period, I can confidently state this was a very good investment. The Office has not only provided justice to taxpayers by helping resolve their tax complaints with the South African Revenue Service (SARS) but also contributed towards the improvement of the country's tax administration system.

The OTO's commitment to help build a healthy balance between the powers and duties of SARS on the one hand, and taxpayer rights and obligations on the other, has not gone unnoticed. It has contributed towards the protection of taxpayers' rights and promoted tax compliance. I believe there have been many positive changes

within SARS, with improved public trust, and as I have said before, this could be partly attributed to the contribution made by the OTO and the working relationship that exists between the two institutions to resolve taxpayer complaints.

COVID-19 CHALLENGES

The global community still finds itself in the grip of the Corona Virus-2019 (COVID-19) pandemic, and our country is no different. The pandemic continues to exacerbate many of the challenges facing the country by strangling our economy, eradicating jobs, destroying families through loss of life and ultimately putting extra strain on the government's ability to provide adequate services to our people. The pandemic will surely have a serious long-term impact with more people requiring



Tito Titus Mboweni
Minister of Finance

“It has contributed towards the protection of taxpayers’ rights and promoted tax compliance.”

social, health and financial support from the government. This increased demand requires the government to collect more taxes, from the diminishing pool of taxpayers. While this might tempt the revenue collector to intensify its tax collection measures in ways that might sometimes be seen as bordering on the infringement of taxpayers' rights, we are confident of the OTO's ability to help ensure fairness.

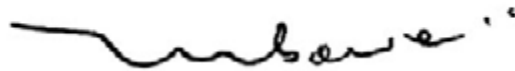
IMPROVING TAX ADMINISTRATION

I reiterate that it is important for this office and our government to continue supporting the OTO in its endeavour to improve the country's tax administration system. We commit to facilitating the creation and nurturing of mutually beneficial partnerships with other government institutions for the benefit of our country and taxpayers. We also seek to provide the OTO with the necessary resources and political support to meet its long-term strategic objectives.

I am particularly encouraged by measures the OTO is already implementing to

achieve its vision for 2025 of increased customer-centricity and easy access to its services.

In conclusion, I believe that the Tax Ombud and his team will continue to provide an excellent and much-needed service to taxpayers who have complaints against SARS, and we as the government are committed to doing our part to make this a reality.



TITO TITUS MBOWENI, MP
MINISTER OF FINANCE

“...we are confident of the OTO's ability to help ensure fairness.”

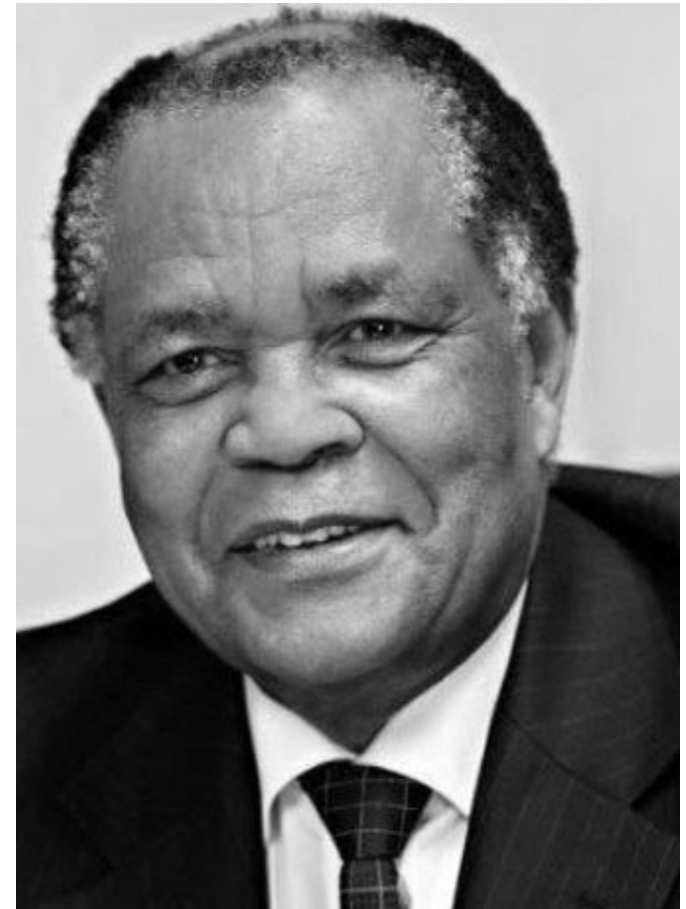
FOREWORD BY THE TAX OMBUD

Our country is facing many challenges, which are being worsened by the COVID-19 pandemic and failure by many institutions and individuals, both in the private and public sector, to embrace basic principles of governance and values of integrity and efficiency. I am pleased to state that the Office of the Tax Ombud has not been affected by this worrying culture. We are as committed as ever to our mission of being an efficient, independent, impartial and fair redress channel for taxpayers, and have put plans in place to ensure improved efficiency and impartiality in the manner we conduct our business and help resolve taxpayers' complaints against SARS.

Our strategic focus has remained unchanged. It is to embrace accountability, efficacy, independence, security and confidentiality. It is a strategy that has

received support from our stakeholders, including government, tax practitioners and most importantly, taxpayers. What we have done differently is to put in place plans, frameworks and additional resources to improve our strategy execution. We are optimistic that these measures, some of which we have already started implementing, will help improve tax compliance, the protection of taxpayers' rights and ultimately the country's tax administration system.

I have been with the OTO since its inception just over seven years ago. We have throughout the years consistently engaged our stakeholders to ascertain, amongst others, whether they think we are doing what we were established to do and how we could improve our services. These fruitful engagements have given



JUDGE BERNARD MAKGABO NGOEPE
Tax Ombud

“We are as committed as ever to our mission of being an efficient, independent, impartial and fair redress channel for taxpayers.”

us important insights, such as that the majority of our stakeholders believe we are delivering on our mandate but feel more could be done to improve accessibility and awareness of whom we are and what we do.

Stakeholders have also expressed a strong desire for the OTO to have more powers and to be structurally independent of SARS, something that we have been calling for since the Office's inception. We believe this structural independence is long overdue and urge our government to set the ball rolling to ensure that it becomes a reality sooner rather than later. This is important for the credibility of the organisation in the eyes of the taxpayers and tax practitioners whom we assist daily.

MEMORANDA OF UNDERSTANDING

In recent times, we have signed two important Memoranda of Understanding (MoUs), with SARS and the Public Protector South Africa respectively. The essence of these is to promote increased cooperation in resolving taxpayers' complaints. These MoUs have been fruitful, as we have already seen SARS improving the speed at which

it implements our recommendations, allowing the OTO to expeditiously finalise complaints. Moving forward, we are looking at identifying institutions where formalising partnerships through MoUs would be of mutual benefit and, most importantly, help improve access to the services we provide and contribute towards improving the country's tax administration system.

I am proud to state that we have spoken the truth to power without fear or favour and we intend to continue doing so. We have stated many times that we are neither for SARS nor for taxpayers, but look at the facts and make decisions based on them. On average, over 90% of our recommendations are implemented by SARS but there are also times when we find taxpayers to be in the wrong, attempting to use our Office to escape their tax obligations. We do not shy away from telling the truth, no matter who needs to hear it.

BUSINESS UNUSUAL

To say we are experiencing challenging times might be an understatement with

COVID-19 continuing to affect lives, battering the economy and forcing many businesses to close down.

It is impossible to know when we will return to normal life as we knew it or if we will have to live with some COVID-19-induced restrictions for many years to come. We all must find a way to adapt to "business unusual" and continue with our lives and jobs within the constraints imposed by the COVID-19 pandemic.

“We believe this structural independence is long overdue and urge our government to set the ball rolling.”

As the OTO, we have adapted reasonably well to the changing work environment, continuing to operate remotely and providing the services expected from our Office despite challenges created by lockdown restrictions and social distancing measures. We are looking at innovative ways to help improve access to and the quality of the services we provide.



Embracing digitisation and collaborating with other stakeholders are just some of the initiatives we have taken and will intensify.

As the demand for our services increases, so is the demand for resources in order to enable us to cope. However, the financial challenges facing our government mean that the countrywide footprint we have envisaged is not affordable at this stage. We are asking ourselves whether, given the rate of COVID-19 infections and the availability of virtual technology that provides cheaper and more efficient modes of engagement, it is necessary to have an office in each province for in-person consultation.

Lastly, we understand the challenges faced by one of our most important stakeholder groups - our employees - and we will continue to do everything possible to create an environment where excellence thrives.

Once again, I want to extend gratitude to my senior leadership team and all colleagues

who have ensured, through their hard work, that we not only remain an important pillar in the country's tax administration system but also facilitate justice; that we make a difference in the lives of taxpayers who seek our intervention when they have complaints against the revenue collector. We are grateful for the mutually beneficial relationships we have formed with stakeholders, and look forward to strengthening these relationships as well as building new ones.

JUDGE BERNARD MAKGABO NGOEPE
TAX OMBUD

OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

I hereby gladly present the Office of the Tax Ombud's Annual Performance Plan (APP) for 2021/22. Our focus will be increasingly on improving our service delivery to taxpayers, understanding their needs and expectations, and responding to those needs in an efficient manner, including empowering them through the offering of the OTO.

In reinforcing the level of understanding of our mandate, we will continue to strengthen taxpayers' trust and confidence in tax administration by providing an impartial mechanism for dispute resolution with SARS. The strategic thrust of our performance will focus on technology resources, customer experience, stakeholder engagements, promoting taxpayers' rights and improving the agility of our organisation.

TECHNOLOGY RESOURCES

The Office has developed a five-year Digital Communications Framework aimed at improving communication with taxpayers, increasing taxpayer access to our services, and improving customer-centricity.

The digital framework details how the Office embraces new technologies to improve the taxpayer-centric experience that integrates the human element with constantly evolving digital channels. The approach to digitisation will provide an efficient, real-time, quality communication processes that are responsive and promotes clarity of information. The introduction of new digital channels also provides opportunities for improved access to services for taxpayers and allows



Prof. Thabo Legwaila
Chief Executive Officer

“We will continue to strengthen taxpayers’ trust and confidence in tax administration by providing an impartial mechanism for dispute resolution with SARS.”

for innovative working practices among OTO employees.

Throughout our engagements, we have realised that taxpayers are becoming increasingly comfortable with engaging electronically, via multiple channels, which creates opportunities for the OTO to extend access via eChannels. The OTO also plans to improve technology by providing services via online platforms when taxpayers lodge complaints, and to increase the number of digital channels used for continued brand presence and recognition in the coming years.

Digital transformation is an inevitable journey that the OTO will continue to embrace because of its impact in reaching out to taxpayers. It is a journey that begins by evaluating the way the OTO works, communicates, engages, connects and collaborates with taxpayers. The rapid evolution in technology has also necessitated that organisations adapt and embrace the digitisation of almost every aspect of human lives; in the context of the OTO, the most important goal is to use digitisation to engage taxpayers more

efficiently and effectively.

CUSTOMER EXPERIENCE

The OTO enjoys a satisfying level of trust and confidence among taxpayers. To ensure and improve continued accessibility, we will continue to improve our communications, providing clear messages that are aligned with the needs of each taxpayer approaching us and intensifying communication about the services of the Office.

“Effective communication is at the heart of the OTO’s ethos of service excellence.”

We will continue to seek fruitful engagements with taxpayers, that will give us insights into how we can further improve our services. This will also assist us to review and assess whether the content developed and distributed to customers is making an impact, the right kind of impact. Through these engagements, augmented by digital surveys and polls on social media platforms, the OTO will continue to learn more about taxpayers’ knowledge, attitudes and practices.

Customer satisfaction with the services the OTO delivers or the information provided is also measured through an automated email survey that is sent to complainants once their complaints have been finalised. All of these mechanisms are used with the understanding that the success of the OTO in achieving its goals depends largely on how well we manage its relationship with customers. We understand and appreciate that the OTO must continue to create value for its customers when engaging with them, using the insights gained to better understand their needs and expectations and serve them better.

STAKEHOLDER ENGAGEMENTS

Effective communication is at the heart of the OTO’s ethos of service excellence. The OTO strives towards cultivating a culture of service excellence and responsiveness. This translates to building trust and good relationships with stakeholders by understanding their needs, responding quickly and providing appropriate solutions when they use the Office to lodge tax complaints against SARS. The OTO will continue to measure and benchmark performance while monitoring

challenges and opportunities for growth, and striving to ensure that the information communicated on tax complaints resolution is consistently accurate and reliable.

The OTO will further strive to engage all relevant stakeholders and agree on when and how to engage them. This will require clear explanations of the engagement process and timelines and, where feasible and appropriate, include negotiation with stakeholders on procedures and timelines for the OTO's actions, dialogues in the form of scheduled meetings and response times for information requests or feedback. We will ensure direct interactions with stakeholders through bi-directional communication avenues, with the intention of both parties learning from these interactions. Further, we will work directly with stakeholders throughout the complaints resolution process to ensure that issues and concerns are understood and considered.


It is also important for the OTO to work together with stakeholders to agree on what will be implemented and incorporate

their advice and recommendations into our operational plans and strategies. An example is how we have strengthened our partnership with the Recognised Controlling Bodies (RCBs) and increased efforts and resources intended to improve the quality of engagements with their members. The main goal of these engagements is to build mutually beneficial partnerships to benefit taxpayers, improve tax compliance and make a positive contribution to the country.

“We are fully aware that more needs to be done to familiarise tax practitioners who might need our assistance on behalf of their clients with the OTO process.”

In engaging with members of RCBs, we have conducted numerous constructive webinars and held extensive engagements and quarterly meetings with RCBs. These engagements, together with educational campaigns on numerous platforms, have sought to address concerns that the





“Our role is to ensure fairness in the tax administration system.”

OTO's complaints process was still not as well known as it could be among tax practitioners who are members of RCBs.

We are fully aware that more needs to be done to familiarise tax practitioners who might need our assistance on behalf of their clients with the OTO process. This has been brought to our attention during the engagement meetings with professional bodies. We are satisfied with the progress being made through these engagements towards ensuring that RCBs' members are well informed and empowered about the OTO services and process. The desired outcome is to minimise the likelihood of complaints being rejected. We are committed to working together with RCBs to ensure that we bridge the gap of this misunderstanding among the tax practitioners, who are an important stakeholder of the OTO.

CONTINUING TO PROMOTE TAXPAYERS' RIGHTS

We launched our informative digital awareness campaign, with the theme #TaxpayersRightsMatter, on 1 September 2020. This campaign embraces the

OTO's customer-centric approach and is a concerted effort to position taxpayers as central to our service philosophy. The campaign seeks to achieve this by promoting awareness about the rights of taxpayers and ensuring that they understand our mandate. Taxpayers need to know what their tax rights are and, more importantly, that when they feel these rights have been violated by SARS, the Office of the Tax Ombud will intervene on their behalf and is capable of helping to resolve the problems impartially and at no cost. Our interactions with taxpayers have shown that many are oblivious to their tax rights – whether they are laymen or individuals who are well informed about tax matters.

For many, mentioning the name of SARS evokes fear, and this often prompts taxpayers to accept poor and unfair services from the revenue collector. Our role is to ensure fairness in the tax administration system. The OTO plays a substantial role in the country's tax administration system and every effort will be made to ensure that the Office continues to be efficient and protect

the rights of the taxpayers. We strive for excellence in carrying out our mandate and empowering taxpayers about their rights so that they have confidence in our work and feel their complaints are being addressed timeously and efficiently.

PROMOTING AN AGILE ENVIRONMENT FOR EMPLOYEES

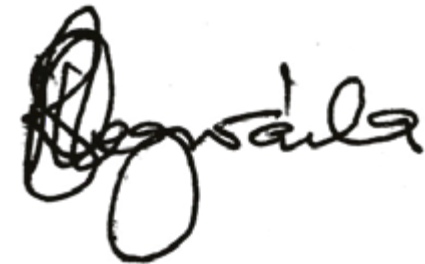
OTO employees are well equipped with resources to do their jobs well. Employees have a good understanding of the organisation's mission and strategic goals and how their role contributes to the success of the organisation. Management will continue to improve on communication and to share information necessary for employees to do their jobs effectively and efficiently. We will ensure that employees are given adequate opportunities for professional growth and empowerment, and that managers support the

professional growth and development of their team members. Further, we commit to informing OTO employees timeously about changes in the organisation that affect them and to strengthen open lines of communication between managers and employees.

The OTO has acknowledged the need to measure employee engagement, including how engaged management is. For this purpose, we will invest in leadership and conflict management courses for managers so as to enhance their ability to manage employees with fairness.

In conclusion, I would like to express my sincere gratitude to Judge Ngoepe for his impeccable leadership and the management team for their continued commitment to growing this very

important institution over the past years. They have shown continuous commitment to service delivery, often going the extra mile to ensure that the organisation delivers on its mandate and that tax complaints are resolved efficiently and impartially. Let us all work together and serve taxpayers with enthusiasm, commitment and dedication.



PROF. THABO LEGWAILA
CHIEF EXECUTIVE OFFICER

OFFICIAL SIGN-OFF

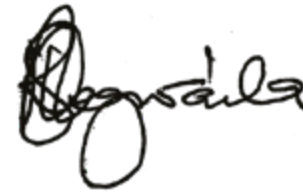
It is hereby certified that this Annual Performance Plan:

- 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 which the Office of the Tax Ombud will endeavour to achieve in the 2021/22 period.



TAX OMBUD

JUDGE BERNARD MAKGABO NGOEPE



CHIEF EXECUTIVE OFFICER

PROF. THABO LEGWAILA

Part A: **STRATEGIC OVERVIEW**

1. VISION

To strengthen taxpayers' trust and confidence in tax administration.

2. MISSION

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

3. 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.

4. LEGISLATIVE AND OTHER MANDATES

The OTO complies with the legislative mandates of the Constitution of the Republic of South Africa, Act No 108 of 1996 (the Constitution), and the Tax Administration Act 28 of 2011 (TAA).

4.1. CONSTITUTIONAL MANDATE

In terms of s195 of the Constitution of the Republic Act 108 of 1996, 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.

4.2. TAX ADMINISTRATION ACT 28 OF 2011

The mandates 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 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.



Part B: **STRATEGIC FOCUS**

5. **UPDATED SITUATIONAL ANALYSIS**

Overview

The Office continues to implement its Strategic Plan 2020 - 2025, which strives to achieve these four 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 rendered at a minimal cost to the fiscus.
- 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.

Taxpayer services

The Office focuses on creating a positive experience for taxpayers by maximising its service offering and building sound relationships. The APP 2021/22 provides a roadmap for pursuing the strategic objectives set out in the Strategic Plan 2020 - 2025. To achieve these strategic objectives in the year 2021/22, the Office will:

- Achieve maximum efficiency in reviewing complaints and giving taxpayers feedback. This will be directed by the complaints review and complaints feedback frameworks. The frameworks will assist in improving the efficiency and quality of the complaints resolution process.
- Contribute to tax administration efficacy by identifying and investigating systemic issues in a manner that will improve and promote fairness. The Office will intercede to ensure that the most widespread taxpayer challenges concerning SARS are identified and reported to the revenue collector

with recommendations on suitable solutions. The Office will have constant communication with SARS to ensure that systemic issues are resolved efficiently.

- Improve accessibility by introducing new technology-driven processes such as the online complaint form in terms of the OTO's Digital Communications Framework, which seeks to introduce digital platforms to improve taxpayer services.
- A customer satisfaction survey is critical to the improvement of the OTO's processes as it highlights deficiencies or areas that require improvements. The Office will continuously improve the survey's quality to maximise the response rate and utilise the findings to improve taxpayer services.

Governance

Appropriate administration of the OTO is directly related to its independence. The quest for full structural independence is driven by the relentless pursuit of

excellence in the execution of OTO duties.

The OTO subscribes to a culture of governance that promotes the principles of transparency, integrity, accountability and stakeholder engagement in the tax administration sphere, supporting democracy and inclusive growth. The OTO must have a governance operating model to be utilised by the Tax Ombud and senior management to translate the elements of the governance framework and policies into practices, procedures and job responsibilities within the corporate governance infrastructure.

There is a great need for structural independence from SARS. The Tax Ombud has submitted a recommendation to the Minister's office for the approval of two possible institutional options for establishing the Office as a juristic entity. The full achievement of the governance framework depends on the independence of the OTO.

The Office will develop and implement an independent governance framework with efficient and effective governance

structures, including internal and external assurances. The assurance mechanisms will improve and promote an effective internal control environment to ensure the achievement of strategic objectives and provide reliable financial and performance information.

5.1. EXTERNAL ENVIRONMENT ANALYSIS

When developing the Strategic Plan 2020 - 2025 and the Annual Performance Plan 2021/22, the Office utilised the PESTLE (Political, Economic, Social, Technological, Legal and Environmental) and SWOT (Strengths, Weaknesses, Opportunities and Threats) analytical tools. The PESTLE analysis was completed first to provide a context for the SWOT analysis. The PESTLE analysis considered the broad environmental context that affects the Office and the changes that occur in this context; the SWOT analysis was then utilised to interpret the findings to determine the OTO's strengths, weaknesses, opportunities and threats.

5.1.1. POLITICAL FACTORS

1. Ombud institutions, both local and

international, promote an open government system that is transparent, accountable and responsive. They do this by increasing trust, combating corruption, promoting citizen participation and improving the effectiveness and efficiency of the public sector. With citizens conscious of and sensitive 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 successfully achieve its mandate.

3. 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% of GDP in 2020/21 to 7.3% by 2023/24. To assist with the fiscal consolidation, the government has projected tax increases of R5 billion in 2021/22. As a result, there will be more revenue collection pressure on SARS, and this will most likely result in more complaints by taxpayers against SARS on

services or procedural or administrative processes not being followed properly.

5.1.2. ECONOMIC FACTORS

1. In terms of the Medium Term Budget Policy Statement (MTBPS), recent tax increases have generated less revenue than expected, and evidence suggests that tax increases can have large negative effects on growth in gross domestic product (GDP). Real GDP growth is expected to moderate to 1.7% in 2022 and 1.5% in 2023, averaging 2.1% over the medium term. The gross tax revenue estimate for 2020/21 has been revised down by R8.7 billion. This decline is aligned with revised economic growth projections and the expected performance of the major tax bases.

Taxpayers are challenged by low levels of economic growth and business and consumer confidence, as well as policy uncertainty. 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 taxpayers and businesses seek to minimise their tax burden, or SARS becomes more “aggressive” with tax collections.
- Reported practices such as holding back refunds may increase the likelihood of businesses seeking OTO intervention.

2. Delays in finalising dispute resolution by SARS will, in turn, have an effect on revenue collection or, where applicable, refunds due to taxpayers. Small businesses are likely to be particularly negatively impacted as these refunds may affect the liquidity requirements of their businesses.

3. Increasing strain on the South African fiscus also means that financial resources for service delivery will continue to be constrained. South Africa’s economy is expected to contract by 7.8% this year in real terms. COVID-19 and measures taken to protect public health resulted in steep declines in consumption, investment and exports. GDP growth is expected to rebound to 3.3% in 2021, and to an average 2.1% over the medium term. Based on this projection, the economy

will only recover to 2019 levels in 2024. Therefore, operations of the OTO will require ongoing optimisation to ensure maximum efficiency.

4. Tax fraud (fraudulently reducing one’s tax burden or creating fraudulent tax refunds) is likely to increase refunds due to taxpayers, which will result in complaints received by the OTO from these taxpayers.



5.1.3. SOCIAL FACTORS

1. Taxpayers are expecting greater accessibility when dealing with government and its associated administrative agencies. In the case of the OTO, 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 to use and are all accessible online;
- Continuous and instantaneous feedback on process status;
- The ability to engage with knowledgeable agents who can resolve queries at the first point of contact;
- Quick turnaround times with promises met consistently; and
- Correspondence from the OTO that is simple and easy to understand.

2. When developing channels for engagement, the OTO will bear in mind that access to online services is erratic in many rural areas. Accordingly, in line with the Office's mandate, it will adapt its approach by ensuring an appropriate mix of online and physical services.

3. The general levels of corruption in the country determine how society behaves towards or perceives compliance with tax laws. This perception in parts of South African society that corruption has become endemic may have an adverse effect on tax morality and could result in an increase in disputes between SARS and taxpayers.

4. Recognising the complexity of the tax administration system and that many taxpayers may be unfamiliar with tax and complaints resolution processes, the OTO aspires to a personal approach that will help build understanding and trust and, in turn, confidence in the tax administration system.

5.1.4. TECHNOLOGICAL FACTORS

1. Taxpayers are becoming increasingly comfortable engaging electronically via multiple channels, which creates opportunities to extend access via eChannels.

2. The declaration of the National Disaster Act due to COVID-19 has resulted in the

OTO activating information technology systems and other related resources to enable personnel to render services remotely.

3. Social media platforms allow customers to report unsatisfactory service immediately, and bad brand publicity can go viral almost instantaneously. The OTO will need to be equipped to maximise the 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 provide opportunities for improved access for taxpayers and innovative working practices among OTO employees. These services would allow for increased operational flexibility, such as working from home, extended operating hours and the provision of face-to-face services via eChannels.

6. SARS is continuously improving its information technology (IT) systems, which might be a challenge for taxpayers who are not technologically adept. Technologically challenged taxpayers are more likely to raise invalid complaints against SARS and subsequently to the Office of the Tax Ombud.

5.1.5. 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. It recognises that public finance can support climate change adaptation and mitigation through the procurement of sustainable technologies by government and the development of catalytic projects and programmes. The OTO is aware and supportive of this.

5.1.6. LEGAL FACTORS

1. The OTO is unable to enter into contractual agreements on its own without the assistance of SARS; however, the possible

future amendments to the legislation may favour structural independence of the OTO. 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. Reduced tax morality affects taxpayer compliance with their tax obligations. The OTO should be seen as applying the law in a manner that is fair and equitable.



5.2. INTERNAL ENVIRONMENT ANALYSIS

In analysing the strengths, weaknesses, opportunities and threats concerning the OTO, past surveys and studies commissioned by the Office were utilised. These include an employee engagement survey, a capacity study and customer satisfaction and brand equity surveys.

STRENGTHS

The OTO is known for the following strengths:

- Respected and robust leadership;
- Growing brand recognition and media presence and stakeholder collaboration, with the significant attributes of the Office identified by respondents in a recent independent survey being:
 - Knowledgeable (68%)
 - Competent, skilled and professional employees (65%)
 - Sincere, honest and truthful (65%)
 - A good reputation and respected (64%).
- Committed to continuous staff development;
- Open-door policy for taxpayers, as no appointment is needed to visit the

Office (except for adjustments for COVID-19 safety procedures);

- Commitment to taxpayer education and awareness of the Office and its functions;
- Ability to deliver services optimally and economically, using resources prudently;
- Good relationships and collaboration with major stakeholders, including public and private sector groups;
- Enabled employees with the technological resources to render service away from the office.
- A young workforce, with an average age of 39, indicates the sustainability of skills in the coming years.

WEAKNESSES

- The OTO acknowledges the following weaknesses and is working on improving these:
- Employee engagement, which requires more significant focus, as indicated by the employee net promoter score (ENPS) of -28. While career growth and the work environment were highly rated in the ENPS survey, it showed that greater focus is required in terms of:

- team engagement
- collaboration
- autonomy

- The taxpayer net promoter score (NPS) measures how taxpayers rate the OTO and their likelihood that they will recommend the Office of the Tax Ombud and its services to a friend or colleague. The low rating of -3 from taxpayers who have used the OTO indicates the need for further improvement in terms of customer service in relation to:
 - becoming more taxpayer-centric through improved turnaround times and simpler processes.
 - Improving our digital automation of the complaints system (technology deficiency).

OPPORTUNITIES

The OTO has identified a number of opportunities to improve itself as an organisation, as well as to improve the service it provides to taxpayers. These are opportunities to:

- Promote employee engagement;
- Advocate for a structurally independent organisation;
- Develop a human resources strategy;
- Improve technology:
 - Provide access via online lodging of complaints and increase the number of digital channels; and
 - Improve the complaints management process.
- Collaborate with SARS on taxpayer awareness, engagement and education;
- Gauge and improve customer satisfaction with the OTO's services.

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

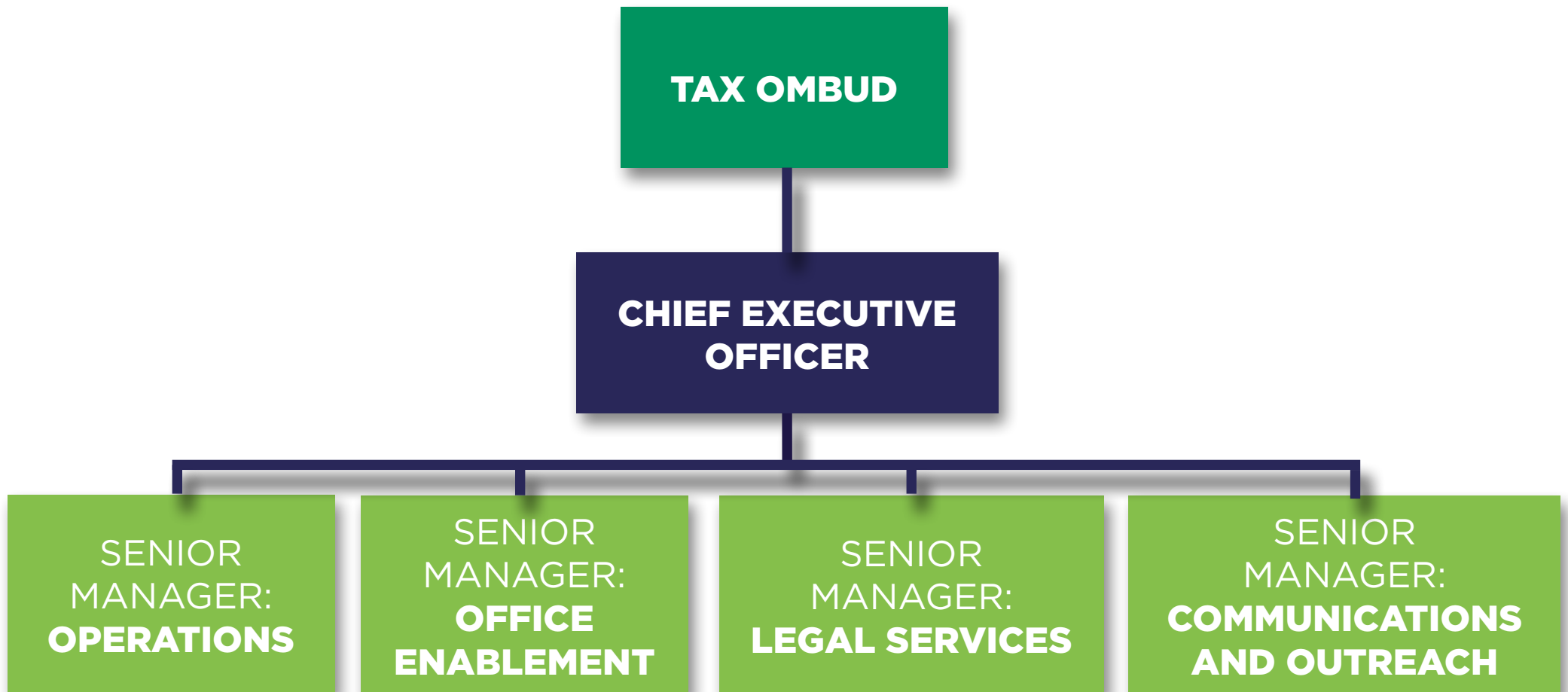
complaints management process and procedures leads to taxpayers prematurely submitting complaints to the Office of the Tax Ombud.

- 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 or action 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 destroy the OTO's reputation.



5.3. 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, Legal Services and Communications and Outreach. The diagram below depicts the structure of the OTO:



5.4. OUR CORE PROCESS

To deliver against the legislative and other mandates, we follow a simple complaints resolution 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 business days of receiving it.

2. Review complaint:

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

3. Send recommendation

- 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.

4. Close-out report received:

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

5. Close-out report actioned

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



Part C: MEASURING PERFORMANCE

6. STRATEGIC OUTCOME-ORIENTED GOALS

The Office of the Tax Ombud has four strategic outcome-oriented goals aimed at achieving the organisational mandate. These goals are linked to the key strategic objectives (outputs) as set out in the Strategic Plan 2020 – 2025, as detailed below:

STRATEGIC GOALS	GOAL STATEMENT	LINK TO KEY STRATEGIC OBJECTIVES (programme outputs)
Accountability	Ensure the 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 the improvement of the tax administration system and build confidence in the system.
Efficacy	Provide a consistently high-quality service that is taxpayer-centric and provided at a minimal cost to the fiscus.	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.

7. TAX OMBUD ANNUAL PERFORMANCE PLAN

1. STRATEGIC OBJECTIVE:

REVIEW AND ADDRESS COMPLAINTS BY TAXPAYERS AGAINST SARS

OBJECTIVE STATEMENT:

The OTO will review 98% of complaints received from taxpayers within eight working days from the date the complaint is captured and will communicate the outcome within four business days from the date the close-out report is received from SARS.

ANNUAL PERFORMANCE INDICATORS AND TARGETS

INDICATOR	PAST PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM EXPENDITURE FRAMEWORK		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Percentage of complaints acknowledged within two business days of receipt.	Target not planned	Target not planned	94%	95%	98%	100%	100%
Percentage of complaints reviewed within eight business days of date captured.	Target not planned	Target not planned	94%	93%	95%	96%	97%
Percentage of close-out reports actioned within four business days of date received.	Target not planned	Target not planned	83%	83%	85%	88%	90%

QUARTERLY TARGETS

INDICATOR	ANNUAL TARGET	FREQUENCY	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Percentage of complaints acknowledged within two business days of receipt.	98%	Quarterly	98%	98%	98%	98%
Percentage of complaints reviewed within eight working days from date captured.	95%	Quarterly	95%	95%	95%	95%
Percentage of close-out reports actioned within four business days from date received.	85%	Quarterly	85%	85%	85%	85%



2. STRATEGIC OBJECTIVE:

CONTRIBUTE TO IMPROVING THE TAX ADMINISTRATION SYSTEM AND BUILD CONFIDENCE IN THE SYSTEM

OBJECTIVE STATEMENT:

Identify and investigate systemic issues in a manner that will improve and promote fairness in the tax administration system, by being an impartial redress mechanism.

ANNUAL PERFORMANCE INDICATORS AND TARGETS

INDICATOR	PAST PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM EXPENDITURE FRAME- WORK		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Percentage of systemic issues identified and investigated within three months.	Target not planned	Target not planned	100%	100%	100%	100%	100%
Time taken to complete systemic reports approved/ requested by the Minister.	Target not planned	Target not planned	Target not planned	20 months	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	Target not planned	20%	10%	10%	10%
Develop a taxpayer tax compendium of rights and obligations.	Target not planned	Target not planned	Target not planned	Research report	Approval by Tax Ombud	Promotion of the tax compendium Annual updates	Promotion of the tax compendium Annual updates

QUARTERLY TARGETS

INDICATOR	ANNUAL TARGET	FREQUENCY	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Percentage of systemic issues identified and investigated within three months.	100%	Quarterly	100%	100%	100%	100%
Time taken to complete systemic reports approved/requested by the Minister.	12 months from date of approval	Annually	Progress reporting	No target	No target	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 a taxpayer tax compendium of rights and obligations.	Approval by Tax Ombud	Annually	Progress reporting	Progress reporting	Progress reporting	Approval by Tax Ombud



3. STRATEGIC OBJECTIVE:

CREATE AN AGILE ORGANISATION THAT IS ABLE TO SCALE EFFICIENTLY TO MEET TAXPAYER DEMANDS

OBJECTIVE STATEMENT:

To provide efficient, real-time, quality communication processes that are responsive and promote clarity of information.

ANNUAL PERFORMANCE INDICATORS AND TARGETS

INDICATOR	PAST PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM EXPENDITURE FRAMEWORK		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Percentage of customers satisfied with the OTO's complaints resolution process.	Target not planned	73%	66%	65%	67%	69%	72%
Percentage of Digital Communications Framework activities implemented.	Target not planned	Target not planned	Target not planned	20%	40%	60%	80%
Percentage of Community Outreach Activity Framework implemented.	Target not planned	Target not planned	Target not planned	20%	40%	60%	80%
Net promoter score for taxpayers' brand recognition survey.	Target not planned	-3	Target not planned	Target not planned	+1	Target not planned	Target not planned

QUARTERLY TARGETS

INDICATOR	ANNUAL TARGET	FREQUENCY	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Percentage of customers satisfied with the OTO's complaints resolution process.	67%	Quarterly	67%	67%	67%	67%
Percentage of digital communications framework implemented.	40%	Annually	Progress reporting	Progress reporting	Progress reporting	40%
Percentage of community outreach activity framework implemented.	40%	Annually	Progress reporting	Progress reporting	Progress reporting	40%
Net promoter score for taxpayers' brand recognition survey.	+1	Annually	Progress reporting	Progress reporting	Progress reporting	+1



4. STRATEGIC OBJECTIVE: PROMOTE STAKEHOLDER ENGAGEMENTS AND COLLABORATIONS

OBJECTIVE STATEMENT:

Create opportunities and implement stakeholder engagements and collaborations.

ANNUAL PERFORMANCE INDICATORS AND TARGETS

INDICATOR	PAST PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM EXPENDITURE FRAMEWORK		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Percentage of stakeholder engagement framework activities implemented.	Target not planned	Target not planned	Target not planned	20%	40%	60%	80%

QUARTERLY TARGETS

INDICATOR	ANNUAL TARGET	FREQUENCY	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Percentage of stakeholder engagement framework activities implemented	40%	Annually	Progress reporting	Progress reporting	Progress reporting	40%

5. STRATEGIC OBJECTIVE:

OPTIMISE GOVERNANCE STRUCTURES, RISK MANAGEMENT AND BUSINESS PROCESSES

OBJECTIVE STATEMENT:

- Improve processes for independent verification of information on achieved performance.
- Achieve a clean audit outcome on performance information.

ANNUAL PERFORMANCE INDICATORS AND TARGETS

INDICATOR	PAST PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM EXPENDITURE FRAMEWORK		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Performance audit outcome achieved.	Target not planned	Target not planned	Target not planned	Target not planned	Approved governance framework	Unqualified audit	Clean audit

QUARTERLY TARGETS

INDICATOR	ANNUAL TARGET	FREQUENCY	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Performance audit outcome achieved.	Approved governance framework	Annually	Progress reporting	Progress reporting	Progress reporting	Approved governance framework

6. STRATEGIC OBJECTIVE:

ENHANCE AND STRENGTHEN THE MANDATE OF THE OFFICE OF THE TAX OMBUD

OBJECTIVE STATEMENT:

To ensure that the Office of the Tax Ombud is structurally and operationally independent.

ANNUAL PERFORMANCE INDICATORS AND TARGETS

INDICATOR	PAST PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM EXPENDITURE FRAMEWORK		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Tax Administration Amendment proposals sent to National Treasury for consideration.	Target not planned	Target not planned	Target not planned	0 No amendment proposals were identified	1 Proposal/ Decision	1 Proposal/ Decision	1 Proposal/ Decision
Number of SLAs and MoUs with stakeholders.	Target not planned	Target not planned	Target not planned	2 MoUs	2 MoUs	Review of 2 MoUs	Review of 2 MoUs
				2 SLAs	2 SLAs	2 SLAs	2 SLAs

QUARTERLY TARGETS

INDICATOR	ANNUAL TARGET	FREQUENCY	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Tax Administration Amendment proposals sent to National Treasury for consideration.	1	Annually	Progress reporting	Progress reporting	Progress reporting	1
Number of SLAs and MoUs with stakeholders.	2 MoUs	Annually	Progress reporting	Progress reporting	Progress reporting	2 MoUs
	2 SLAs approved		Progress reporting	Progress reporting	Progress reporting	2 SLAs Approved

8. RESOURCE CONSIDERATION

At the beginning of the 2019/20 financial year, a total of 1 012 open accepted complaints were brought forward from the 2018/19 financial year as SARS had not yet finalised them. Governance structures were then implemented at the SARS Complaints Management Office to address the backlog. These structures proved effective, resulting in a 56.6% reduction in open complaints by the end of 2019/20 when only 439 open complaints were carried forward to the new financial year. This was a significant improvement and brought relief to 573 taxpayers who had been waiting for their complaints to be finalised.

SARS implemented 98% of the OTO's recommendations in 2019/20, which was testimony to the quality of the recommendations made and the OTO employees' effectiveness in resolving taxpayers' complaints. The acceptance by SARS of the recommendations of the OTO confirms that the complaints are informed and based on sound principles, and indicates the significant role that the

OTO has been playing in the country's tax administration system.

The OTO continues to contribute to improving the tax administration system and building confidence therein, thereby assisting SARS in reducing systemic issues. Through effective engagement with SARS and monitoring of the 23 systemic issues identified in the previous periods, the Office successfully resolved and removed 13 systemic issues from the register during the 2019/20 financial year.

The OTO initiated two systemic investigations with the Minister's approval in September 2018. The investigations were complex, required highly detailed and extensive data sets, and necessitated a secondary request for information and SARS clarification. The Office completed the analysis, and preliminary observations were sent to SARS in November 2019 for final comments in a draft report format. SARS responded in April 2020 and thereafter the Office issued the final report in June 2020.

8.1 Expenditure analysis

The current Estimates of National Expenditure (ENE) allocated are R44.8 million, R46.5 million and R51,2 million for the 2021/22, 2022/23 and 2023/24 financial years respectively (Table 1). During the MTEF period, there will be an increase in the baseline allocation of R2.3 million (6%) for the 2021/22 financial year, an increase of R1.6 million (4%) in the 2022/23 financial year and an increase of R4,7 million (10%) in the 2023/24 financial year.

8.2 Personnel expenditure

The OTO requires highly qualified and experienced, professional employees; thus, the main driver of costs is personnel expenditure. To attract and retain appropriately skilled and experienced employees, salaries are benchmarked against those of employees with similar expertise in similar organisations in the public and private sectors. The employee cost represents 91% of the total budget in the 2021/22 financial year.

The knowledge and skills of OTO

employees must remain up to date to ensure the Office can adapt its complaints services to the diverse taxpayer community; therefore, a portion of the budget every year is allocated towards training and development. Owing to the skill set required, niche education and training interventions are often called for.

Throughout this MTEF period and as a cost reduction measure, the Office will restructure its business processes for optimal utilisation of limited resources to create value to achieve quality outcomes and performance excellence. The Office will continuously monitor the current capacity to handle complaints volumes by conducting a capacity study to ensure that the quality of service is not compromised.

8.3 IT and digitalisation

The OTO has developed a digital communications framework outlining its planned digital approach and objectives within the next five years. The Office will adopt new technologies to digitise its business processes to improve the responsiveness and accessibility of its online brand presence. The new

technologies will also improve the taxpayer experience, which underpins the commitment to service all taxpayers, including under-serviced communities.

SARS has agreed to enhance the Service Manager System, which the OTO uses for complaints management. SARS is busy with the first phase of the project, including delivering a consolidated database as a foundation into the reporting application. The other phases, which include OTO online form integration with the Service Manager System, will be implemented gradually in subsequent MTEF periods.

8.4 Communications and outreach

The Community Outreach Framework will include the OTO strategic approach and principles of how it will engage taxpayers. The framework is for five years, which is aligned to the OTO Strategic Plan 2020 – 2025. It will enable the OTO to have effective and multi-dimensional communications and engagements activities across the broad group of taxpayers, and is critical to increasing awareness, education and understanding of the OTO mandate. Integrating

communications and engagements work will also build a strong foundation for productive relationships with taxpayers. The progress of the framework activities will be reported quarterly in each financial year to track each activity and communicate progress. The Office will utilise multiple communication platforms to engage with taxpayers, including traditional and digital platforms.

8.5 Corporate governance

During the MTEF period, the Office will implement its governance framework, including internal and external assurances. Implementing the governance framework will enhance confidence in the integrity of information and underlying operational processes and improve the quality of the organisation's decision-making processes.

Table 1: Expenditure estimates

COST ELEMENT	AUDITED OUTCOMES			CURRENT ESTIMATES	ENE ALLOCATION		
R Thousand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Personnel Expenditure	26 525	33 320	36 145	39 088	40 834	43 069	45 427
Administrative Expenditure	924	1 299	645	178	356	358	379
Inventory and Printing	418	513	451	705	313	331	350
Professional and Special Services	3 011	5 356	3 425	3 082	3 276	2 674	4 988
Facilities Expenditure	2 984	374	210	30	35	37	39
Capital Expenditure	177	239	40	4 151	50	55	58
Total operational and capex	34 039	41 101	40 916	47 234	44 864	46 524	51 241



9. STRATEGIC RISK MANAGEMENT

Information about key risks, identified in the Strategic Plan, that may affect achievement of the planned outcomes and outputs, and about related risk mitigation factors, should include the following:

KEY RISKS	IMPACT OF THE RISK MATERIALISING	MITIGATING MEASURES
Non-adherence to turnaround times for reviewing and addressing complaints, and resolving or implementing recommendations that could impact taxpayers' trust and confidence in the OTO and the tax administration system.	Taxpayers lose confidence and trust in the tax administration and OTO's ability to execute the mandate.	Implement the Case Review Complaint 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 association with SARS	Sign an MoU/SLA with SARS to ensure independent operations. Develop a business case to strengthen independence. Enter into a SLA with other support divisions of SARS.
Lack of financial resources to optimally review and address complaints that might have an impact on the outcome of complaints and taxpayers losing confidence in the OTO's ability to address their complaints.	Delays in reviewing and resolving complaints. SLA turnaround times not achieved.	Undertake constant engagement with National Treasury to ensure that the Office is adequately funded.

KEY RISKS	IMPACT OF THE RISK MATERIALISING	MITIGATING MEASURES
Delays in the process of reviewing and addressing complaints, due to the lack of improved IT, which will result in non-adherence to turnaround times.	Non-adherence to SLA turnaround times.	Formulate an SLA with SARS to address the issue of keeping up with developments in IT. Undertake constant engagement with National Treasury to ensure that the Office is adequately funded.
Taxpayers may opt not to lodge complaints with the OTO, due to a lack of understanding of the OTO mandate and its limitations, which creates unrealistic expectations and casts doubt on the OTO's ability to review and address complaints.	Taxpayers' unrealistic expectations of the OTO to render services that are outside the mandate. Loss of confidence in the OTO.	Implement a five-year communication and outreach plan that will further promote taxpayer awareness of the OTO mandate and services. Implement a feedback plan that will assist taxpayers to understand the outcome of their complaints.



10. TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

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 a complaint being checked for completeness and registered on the system.
PURPOSE/IMPORTANCE	The indicator is aimed at informing a taxpayer that the Office has received the complaint and indicating 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 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.
NEW INDICATOR	Existing.
DESIRED PERFORMANCE	Capture all complaints within two days of receipt.
INDICATOR RESPONSIBILITY	Senior Manager: Office Enablement.

A complaint is received when the taxpayer (complainant) submits all required documents.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Percentage of complaints reviewed within eight business days of date captured.
SHORT DEFINITION	The complaint is reviewed and recommendations assigned to SARS. The letter of outcome is sent to the taxpayer within eight business days from the date the complaint is captured.
PURPOSE/IMPORTANCE	To become truly taxpayer-centric, by providing a consistently high-quality service at minimal cost and creating an agile organisation that is able to 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	Cumulative.
REPORTING CYCLE	Quarterly and annually.
NEW INDICATOR	Existing.
DESIRED PERFORMANCE	A higher number of complaints reviewed within eight business days of receipt from the date of acknowledgement of the complaint.
INDICATOR RESPONSIBILITY	Senior Manager: Operations.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Percentage of close-out reports received from SARS and 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 is able to 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	Manual process to allocate close-out reports to Operational Specialists and delays from taxpayers in confirmations.
TYPE OF INDICATOR	Impact, efficiency, equity.
CALCULATION TYPE	Cumulative.
REPORTING CYCLE	Quarterly and annually.
NEW INDICATOR	Existing.
DESIRED PERFORMANCE	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.

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 issues that are investigated 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, as a result of a particular matter that can be regarded as an underlying cause for a complaint that affects or will affect a number of taxpayers in the tax system.
SOURCE/COLLECTION OF DATA	Systemic register.
METHOD OF CALCULATION	Number of possible systemic issues identified and investigated within three months, over the number of systemic issues identified and investigated.
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.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Time taken to complete systemic reports approved/requested by the Finance Minister.
SHORT DEFINITION	This measures the timeframe within which reports on identified systemic issues are finalised, from the date of approval/request by the Minister until the final report is submitted to SARS.
PURPOSE/IMPORTANCE	To identify and remedy procedural, administrative or policy weakness within the tax administration system, as a result of 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 investigation(s)/reports issued pertaining to the investigation.
METHOD OF CALCULATION	Simple count of systemic investigation reports completed 12 months from date of approval.
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	Existing.
DESIRED PERFORMANCE	To investigate 100% of approved investigations within 12 months.
INDICATOR RESPONSIBILITY	Senior Manager: Legal Services.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Percentage reduction of existing systemic issues implemented by SARS.
SHORT DEFINITION	The indicator measures the success of the implementation of the recommendations on systemic issues that were resolved or finalised by SARS.
PURPOSE/IMPORTANCE	This will contribute towards the efficient functioning of the tax administration system. The knock-on effect will be a reduction in the number of complaints lodged with the OTO, as a result of the underlying root causes of complaints being addressed and resolved through systemic investigation.
SOURCE/COLLECTION OF DATA	Systemic register.
METHOD OF CALCULATION	Systemic issues implemented by SARS divided by the total 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 SARS resolution of the systemic issues from the OTO.
INDICATOR RESPONSIBILITY	Senior Manager: Legal Services.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Develop a taxpayer tax compendium of rights and obligations.
SHORT DEFINITION	Collate and draft a taxpayer handbook on taxpayer rights and obligations.
PURPOSE/IMPORTANCE	To provide taxpayers with further information regarding their rights and obligations. An informed taxpayer base will result in more efficient and compliant taxpayer.
SOURCE/COLLECTION OF DATA	Tax compendium of rights progress reports.
METHOD OF CALCULATION	Non-cumulative (Approved 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 taxpayer tax compendium.
INDICATOR RESPONSIBILITY	Senior Manager: Legal Services.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Percentage of customers satisfied with the OTO complaints resolution process.
SHORT DEFINITION	Survey of taxpayers' perceptions regarding the complaints resolution process.
PURPOSE/IMPORTANCE	To continuously provide rational and fair reasons for recommendations and action taken, while also ensuring that complainants understand the rationale and feel that the process has provided sufficient opportunity for their case to be reviewed fairly and impartially.
SOURCE/COLLECTION OF DATA	Survey report results and Service Manager data.
METHOD OF CALCULATION	The satisfaction is based on the Ten Point Mean Score on the survey question (How satisfied are you with the service you received?) and the mode.
DATA LIMITATIONS	Non-participation by taxpayers. No response received from taxpayer.
TYPE OF INDICATOR	Efficiency and impact.
CALCULATION TYPE	Cumulative.
REPORTING CYCLE	Quarterly, annually.
NEW INDICATOR	Existing.
DESIRED PERFORMANCE	Improved business process to enable efficiency in delivering service to taxpayer.
INDICATOR RESPONSIBILITY	Senior Manager: Operations.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Percentage of Digital communications framework activities implemented.
SHORT DEFINITION	A five-year digital communications framework that will improve the OTO's efficiency and brand presence, and promote accessibility of its services to all taxpayers.
PURPOSE/IMPORTANCE	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.
METHOD OF CALCULATION	Total digital communications activities/initiatives implemented divided by total digital communications activities/initiatives planned multiplied by 100.
DATA LIMITATIONS	None.
TYPE OF INDICATOR	Activity.
CALCULATION TYPE	Non-cumulative.
REPORTING CYCLE	Quarterly.
NEW INDICATOR	Existing.
DESIRED PERFORMANCE	Improved accessibility, efficiency and awareness of the OTO.
INDICATOR RESPONSIBILITY	Senior Manager: Communications and Outreach.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Percentage of the community outreach framework activities implemented.
SHORT DEFINITION	Activities aimed at educating stakeholders about the OTO and the services offered.
PURPOSE/IMPORTANCE	Educate and create awareness about the existence of the OTO and the services offered.
SOURCE/COLLECTION OF DATA	Report on implementation of the framework.
METHOD OF CALCULATION	Total community outreach activities/initiatives implemented divided by total community outreach activities/initiatives planned multiplied by 100.
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	Existing.
DESIRED PERFORMANCE	Widespread awareness of the OTO and the services offered.
INDICATOR RESPONSIBILITY	Senior Manager: Communications and Outreach.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Net promoter score (NPS) for taxpayers' brand recognition survey.
SHORT DEFINITION	Quantitative survey that seeks to ascertain stakeholder brand awareness and customer satisfaction.
PURPOSE IMPORTANCE	To identify the gap that exists between the OTO and taxpayers and use survey findings as a means of bridging the gap.
SOURCE/ COLLECTION OF DATA	Brand recognition survey findings.
METHOD OF CALCULATION	Survey results.
DATA LIMITATIONS	None.
TYPE OF INDICATOR	Survey.
CALCULATION TYPE	Non-cumulative.
REPORTING CYCLE	Annually.
NEW INDICATOR	Existing.
DESIRED PERFORMANCE	Informative data on OTO stakeholder brand recognition.
INDICATOR RESPONSIBILITY	Senior Manager: Communications and Outreach.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Percentage of stakeholder framework activities implemented.
SHORT DEFINITION	A five-year stakeholder framework that promotes optimal engagement and collaboration to ensure efficient interaction between the OTO and its stakeholders and strengthens relationships.
PURPOSE/IMPORTANCE	Promote, educate and create awareness of the OTO's services.
SOURCE/COLLECTION OF DATA	Register of collaboration and stakeholder engagement events held. Attendance register of stakeholder engagement events.
METHOD OF CALCULATION	Number of stakeholder engagement activities implemented divided by the number of stakeholder engagement activities planned multiplied by 100.
DATA LIMITATIONS	None.
TYPE OF INDICATOR	Activity.
CALCULATION TYPE	Non-cumulative.
REPORTING CYCLE	Annually.
NEW INDICATOR	Existing.
DESIRED PERFORMANCE	Improved engagement with stakeholders and strong partnerships.
INDICATOR RESPONSIBILITY	Senior Manager: Communications and Outreach.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Performance audit outcome achieved.
SHORT DEFINITION	Audit outcome expressed by the Auditors 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 an 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 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.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Tax Administration Amendment proposals sent to Treasury for consideration if required.
SHORT DEFINITION	These are changes or additions proposed to be effected to the sections 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 sections of the Tax Administration Act that deal with the Office of the Tax Ombud, thereby ensuring the structural and operational independence of the OTO.
SOURCE/COLLECTION OF DATA	Amendment proposals sent to National Treasury or a formal decision taken not to make 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	Updated and relevant Tax Administration Act.
INDICATOR RESPONSIBILITY	Senior Manager: Legal Services.

REQUIRED FIELD	DESCRIPTION
INDICATOR TITLE	Number of SLAs and MoUs with stakeholders.
SHORT DEFINITION	Ensure SLAs and MoUs with stakeholders are initiated, where required. Ensure that SLAs that have already been entered into remain current and achievable.
PURPOSE/IMPORTANCE	To provide certainty on how any interactions between stakeholders and the OTO should be conducted.
SOURCE/COLLECTION OF DATA	Emails, draft documents or signed agreements.
METHOD OF CALCULATION	Simple count.
DATA LIMITATIONS	None.
TYPE OF INDICATOR	Output.
CALCULATION TYPE	Non-cumulative.
REPORTING CYCLE	Annual.
NEW INDICATOR	Existing.
DESIRED PERFORMANCE	To improve the efficiency of rendering the service and minimise administrative costs of doing business.
INDICATOR RESPONSIBILITY	Senior Manager: Legal Services.

11. ANNEXURES TO THE APP

The National Treasury Framework for strategic plans advises that a Strategic Plan should not be revised during the five-year planning period unless there are significant changes to policy, in the service delivery environment or 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. There are no significant changes to the Strategic Plan 2020 - 2025; below are minor changes to the Strategic Plan that the OTO effected to the Annual Performance Plan 2021/22:

Strategic objective as per the 2020/21 year of the Strategic Plan	Performance indicator as per the 2020/21 year of the Strategic Plan	Performance target	Changes	Reason for changes
Create an agile organisation that is able to scale efficiently to meet taxpayer demands (Objective statement)	A number of external newsletters published.	Four (one per quarter)	The indicator is consolidated in the stakeholder engagement framework. The indicator will form part of the activities under the framework.	Advised by National Treasury to consolidate the indicator in 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.	National Treasury advised that the indicator should be removed from the APP.
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 two SLAs and two formal interventions.	Number of SLA, MoUs and formal interventions with stakeholders.	The Office removed formal interventions to ensure the indicator complies with the SMART principle.

12. PROCESSES FOR DEVELOPING THE APP

The Tax Ombud's APP 2021/22 was developed in consultation with both internal and external stakeholders. Individual business units were consulted to obtain their inputs to the Annual Performance Plan for the coming financial year and the two last years of the MTEF. The Office consolidated inputs received from individual business units. The consolidated plan was submitted to National Treasury's Public Entity Oversight on 29 October 2020 for review and inputs.

The Senior Management of the OTO held a strategic planning session on 23 November 2020 to discuss and finalise the APP 2021/22. National Treasury was invited to the session to share their input and feedback on the draft plan that was submitted by the OTO. The draft plan was updated with the inputs gathered during this planning session from both internal and external relevant stakeholders.



13. KEY CONCEPTS

TERM	DESCRIPTION
Accepted complaint	A complaint: <ul style="list-style-type: none"> • That falls within the mandate of the OTO; • To which none of the limitations to the Tax Ombud's authority apply; and • Where the complainant has exhausted the SARS internal complaints resolution mechanisms unless the OTO has determined there are compelling circumstances for not doing so.
Cancelled complaint	A complaint case that is discarded on the OTO's Complaint Management System due to a capturing error.
Case	A formal complaint logged on the OTO's Complaint 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 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 reached after consideration of 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 to determine if a complaint is valid.
Finalised complaint	A complaint that is closed by the OTO in one of the following ways: <ul style="list-style-type: none"> • Accepted and resolved; • Accepted and terminated; or • Rejected.
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.

TERM	DESCRIPTION
Recommendation	A proposal sent to SARS on how best to address the complaint. 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 subject to any of the limitations to the Tax Ombud's authority.
Review of complaint	Considering the merits of the complaint to determine: if SARS was at fault/erred in its application of a tax Act; and how best to resolve the complaint.
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.



ABBREVIATIONS

APP	Annual Performance Plan
CEO	Chief Executive Officer
COVID-19	Coronavirus Disease – 2019
ENE	Estimated National Expenditure
ENPS	employee net promoter score
GDP	Gross Domestic Product
IT	Information Technology
MoU	Memorandum of Understanding
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
N/a	Not Applicable
NPS	net promoter score
OTO	Office of the Tax Ombud
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
RCB	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





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