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ATT. MR A WICOMB

THE HONOURABLE MR T. MUFAMADI MP  
STANDING COMMITTEE ON FINANCE  
PARLIAMENT OF RSA  
CAPE TOWN.

DEAR SIR

**TAX ADMINISTRATION BILL (B11 - 2011)**

I HEREBY THANK YOU FOR THE OPPORTUNITY AND WISH TO MAKE THE  
FOLLOWING COMMENTS AND / OR OBSERVATIONS:

I AM AN SMME (ELECTRICAL CONTRACTOR) OPERATING LARGELY IN THE  
INFORMAL ECONOMY. MY EFFORTS TO ENTER THE FORMAL SECTOR OF THE  
ECONOMY IS BEING HAMPERED, AMONGST A MYRIAD OF OTHER REQUIREMENTS,  
MAINLY BY THE ISSUE OF TAX CLEARANCE CERTIFICATES. THIS IS A REQUIREMENT  
FOR ALL GOVERNMENT, LOCAL GOVERNMENT, PARASTATAL AND OTHER TENDERS.

WHILE I AND THOUSANDS OF OTHERS IN THE SMME SECTOR ARE COMMITTED  
TO, AND RECOGNISE THE NEED TO PAY OUR TAXES, I FEEL THAT THIS ISSUE SHOULD  
BE REVISITED. THESE CERTIFICATES WERE NEVER A REQUIREMENT DURING THE  
APARTHEID ERA, AND NOW ARE A FURTHER HINDRANCE TO OUR ECONOMIC  
EMANCIPATION, IN THAT THEY STIFLE THE EFFORTS OF THOUSANDS OF SMALL  
CONTRACTORS AND SERVICE PROVIDERS OF COLOUR, TO ENTER THE ECONOMIC  
MAIN STREAM.

MY ACCOUNTANTS ALSO IN 2006 REGISTERED ME FOR VAT EVEN THOUGH  
THERE WAS ALREADY INDICATIONS THAT THE VAT THRESHOLD WOULD BE  
INCREASED. ON TOP OF THAT I WAS REGISTERED FOR THE INVOICE METHOD WHICH  
WITH BAD DEBTS AND LATE PAYMENTS MADE TO ME, BECAME A FURTHER  
NIGHTMARE. THIS PLACED A FURTHER ADMINISTRATIVE BURDEN ON ME AS AN  
SMME WITH NO ADMINISTRATIVE STAFF. DURING THE TIME OF THE TAX AMNESTY IN  
ABOUT 2006, I WENT TO OUR LOCAL SARS OFFICE TO APPLY BUT WAS TOLD BY AN  
OFFICIAL THAT I DID NOT QUALIFY FOR THE AMNESTY. I WAS SUBSEQUENTLY  
CONTACTED BY MY ACCOUNTANT, WHO SUCCESSFULLY APPLIED FOR THE AMNESTY  
- AND CHARGED ME R600-00. HOWEVER I WAS NOT GRANTED AMNESTY FOR VAT AS  
THE EFFECTIVE DATE OF MY VAT REGISTRATION (1-3-2006) WAS ONE DAY AFTER THE  
AMNESTY CUT OFF DATE.

I REGISTERED MYSELF AS A SERVICE PROVIDER FOR THE DEPT. OF  
CORRECTIONAL SERVICES SOME YEARS AGO. I WAS THEN CALLED UPON IN 2007 TO  
DO SOME EMERGENCY REPAIRS FOR THIS DEPT. AFTER COMPLETING THE WORK AND  
SUBMITTING MY INVOICE, I WAS THEN TOLD I HAD TO REREGISTER AS A SERVICE  
PROVIDER. I NEEDED TAX CLEARANCE AND WENT TO SARS WHERE, IN SPITE OF MY  
PERSONAL TAX AFFAIRS BEING MORE OR LESS UP TO DATE, THE SAME OFFICIAL  
REFUSED, BECAUSE OF MY ARREAR VAT PAYMENTS. THIS DESPITE MY PROTESTS TO  
SAID OFFICIAL, THAT I NEEDED THE PAYMENT FROM CORRECTIONAL SERVICES  
(R30000-00) TO MAKE PAYMENT TOWARDS ARREAR VAT. THIS RESULTED IN THE  
INVOICE BECOMING "STALE" AND PAYMENT NOT BEING MADE TO ME.

I HAVE SINCE REGISTERED FOR TURNOVER TAX WHICH HAS REMOVED A  
HUGE ADMINISTRATIVE BURDEN AND NEED TO PAY ACCOUNTANTS FROM ME. THIS

SYSTEM SHOULD HAVE BEEN INTRODUCED EARLIER AND WOULD HAVE SAVED MYSELF AND THOUSANDS OF OTHER SMME'S MUCH HEARTACHE. I WISH THEREFORE TO MAKE THE FOLLOWING PROPOSALS:

- 1) THAT BLANKET TAX CLEARANCE BE GRANTED TO ALL SMME FOR A PERIOD OF TWO YEARS..
- 2) THIS TO ENABLE THEM TO TENDER FOR GOVERNMENT AND OTHER CONTRACTS.
- 3) ON BEING AWARDED TENDERS SARS TO BE INFORMED SO THAT THESE SMME'S CAN PAY THEIR TAXES DUE.

I LOOK FORWARD TO YOUR SYMPATHETIC CONSIDERATION OF THE ABOVE PROPOSALS AND ONCE AGAIN THANK YOU FOR THE OPPORTUNITY TO GIVE INPUT.

YOURS FAITHFULLY



L. BUTLER

BUTLER'S ELECTRICAL

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