



South African Revenue Service

Dear Taxpayer/ Stakeholder

CORPORATE INCOME TAX (CIT): AUDIT LETTERS TO SPECIFY DUE DATES AS FROM 23 APRIL 2021

SARS would like to acknowledge compliant taxpayers for filing their tax returns on time and paying their taxes on time. We acknowledge the support from tax practitioners and would like to remind them of the critical role that they play in bridging the gap between taxpayers and SARS. As legislation and regulations are amended from time to time, it is of utmost importance for companies and tax practitioners that represent companies to keep abreast of the legal changes in particular areas of interpretation so that companies continue to meet their tax obligations.

SARS has embarked on a process to update the systems and processes pertaining to the filing of Income Tax returns for companies. As from 23 April 2021, all CIT audit letters will state the specific due date for relevant material, supplementary declarations, corrections or any other requests to the taxpayer. In the past the CIT audit letters requested the submission of relevant materials within a certain number of business days. For returns filed and selected for audit from 23 April, these letters will state a specific date on which the documents required by SARS, need to be submitted. Failure to adhere to the stipulated deadline date, may result in withholding CIT refunds due to you or raising an assessment.

We trust that by stating the specific due dates, taxpayers will be provided with the necessary clarity and certainty of their obligations, while making it easy and simple to comply. The internal system enhancements will further allow SARS to detect non-compliance by finalising audit cases through enhanced risk identification mechanisms. In so doing, we will be able to meet our strategic objective of detecting non-compliance and making non-compliance hard and costly.

CIT is a tax imposed on companies resident in the Republic of South Africa i.e. incorporated under the laws of, or which are effectively managed in the Republic, and which derive income from within or outside the Republic. Non-resident companies which operate through a branch or which have a permanent establishment within the Republic are subject to tax on all income from a source within the Republic. Such companies are

required to submit an annual return in the prescribed form and are also required to submit provisional tax returns.

SARS would like to draw to your attention to the fact that CIT filing compliance is currently of serious concern to SARS. As the institution closes in on non-compliance by companies, it reminds companies to submit returns on time, correct and complete. Failure to submit the return(s) within the prescribed period:

- Will result in administrative penalties being imposed on a monthly basis per outstanding return;
- Estimated assessments being raised; and
- Could result in a summons and/or criminal prosecution, which upon conviction is subject to a fine or to imprisonment for a period of up to two years.

More information

Should you have any queries, please contact your SARS dedicated stakeholder management representative, your dedicated relationship manager or visit the SARS website on www.sars.gov.za

Sincerely

THE SOUTH AFRICAN REVENUE SERVICE

April 2021

Please do not reply to this email. Replies to this message will be sent to an unmonitored mailbox. If you have any questions, visit the SARS website on www.sars.gov.za or call the SARS Contact Centre on 0800 00 7277. Legal disclaimer:

This email is intended solely for the use of the individual or entity to who it is addressed. If you have received this email in error, please delete the email from your system. If you are not the intended recipient you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.