

Are you ready for the 2022 modernised tax-filing season?

The South African Revenue Service (SARS) continues to modernise its digital platforms with the aim of providing taxpayers with a streamlined digital service offering that is reliable, secure and enables taxpayers to easily meet their obligations without the need to visit a SARS branch. As SARS rolls out changes to simplify and shorten tax-filing season, tax specialist Liezl Alberts reviews what has changed this year and outlines who must file an income tax return.

With tax-filing season officially open, over three million individual non-provisional taxpayers can expect to be auto-assessed within the first three weeks of July. Below we list key dates to diarise and provide the answers to some frequently asked questions.

Key dates to diarise

The tax-filing season dates are as follows:

- **1 July to 24 October 2022** – for non-provisional taxpayers filing online via eFiling or the SARS MobiApp and taxpayers requiring assistance to file at a SARS branch (by appointment only). This deadline does not apply to auto-assessed taxpayers. See below for more detail.
- **1 July to 23 January 2023** – for provisional taxpayers and trusts filing online.

When can taxpayers expect an auto-assessment?

SARS has identified a number of individual taxpayers for auto-assessment. These are individuals for whom SARS has sufficient information, based on third-party data received, to issue original estimated assessments in terms of section 95 of the Tax Administration Act. SARS commenced the auto-assessment process by first assessing taxpayers who are due a refund. This happened between 1 and 4 July 2022. The balance of taxpayers with standard type of returns will be auto-assessed up until 24 July 2022.

How is the auto-assessment process different this year?

All taxpayers who are auto-assessed this year will be notified through their preferred communication channel (i.e. SMS or email).

Please note the following important differences compared to last year:

1. Auto-assessed taxpayers will have less time to review their returns and comply (only 40 business days).
2. Auto-assessed taxpayers in agreement with their assessment results will not be required to take any action. You only need to file a return via eFiling if you need to add to or correct the prepopulated information in your return.

What do you need to do if you are auto-assessed?

If you are selected to be auto-assessed, you need to review your assessment in detail to ensure it is accurate and complete.

If you have additional deductions to claim, or income to report that has not been prepopulated in your auto-assessment, you should amend your auto-assessment by editing your prepopulated return using eFiling. Examples include realised capital gains from the sale of assets, rental income, excess medical expenses which were not covered by your medical aid, or a tax deduction for home office expenses.

The accuracy of data in your return depends on whether third parties, like your employer and other financial institutions, have your latest details. It is important to check that all the third-party information displays correctly on your prepopulated tax return before you decide whether you are in agreement with the assessment result. This means you need to carefully check your tax certificates from your employer, medical aid provider and investment managers and compare these to the information prepopulated in your auto-assessment.

This year, for the first time, SARS also provides a view of all third-party information they received from third-party providers on your behalf. To view your third-party certification information, go to the [SARS website](#) and follow the step-by-step process.

What should you do if you disagree with your auto-assessment?

Amend and/or correct your prepopulated return and submit the amended return via eFiling within 40 business days of receiving your auto-assessment.

SARS has advised they will not allow you to edit prepopulated third-party information this year, but you will be able to add data. If you find that third-party information is inaccurate, you should contact the third-party provider directly to correct the data. The third party will need to resubmit the corrected data to SARS before you will be able to file your return. Corrected data is often only visible after refreshing your return multiple times. Ensure that you receive confirmation that your corrected data has been submitted to SARS before attempting to refresh your data and file your return.

The onus is on you, the taxpayer, to ensure income is declared correctly, even where the information is not prepopulated by SARS. Not fully declaring all your income can result in understatement penalties, while filing your return late can result in administrative non-compliance penalties.

Can you request an extension of the 40 business days?

Extensions will be provided by SARS and can be requested via eFiling, if reasonable grounds exist. An example could be if you ask a third-party data provider to amend your tax certificate information and, as a result, you anticipate not meeting the deadline.

It is important to remember that the filing deadline of 24 October 2022 does not apply to auto-assessed taxpayers. Returns for auto-assessed taxpayers that are filed after the 40 business days have passed and where no extension has been granted by SARS, will be considered late, which could result in SARS imposing non-compliance penalties.

Do all South Africans need to file a tax return?

Who is exempt?

Not everyone who has earned income and paid tax during the 2022 tax year needs to file a tax return. As an individual, you are only liable to pay income tax if you received taxable income (income after exemptions and deductions have been applied) which is more than a specific amount (known as the "tax threshold" amount) for the tax year.

For the 2022 year of assessment, the tax threshold amounts are:

- R87 300 for individuals younger than 65
- R135 150 for individuals 65 or older, but younger than 75
- R151 100 for individuals 75 or older

SARS states that, as an individual South African tax resident, you do not need to submit an income tax return for the 2022 year of assessment if:

- You have been notified by the Commissioner that you have been auto-assessed, and your gross income, exemptions, deductions and rebates are reflecting correctly.
- You have not been selected for auto-assessment, and your gross income consisted of one or more of the following categories of income (even if your gross income exceeds the threshold at which tax becomes payable):
 1. South African sourced interest (not from a tax-free investment) less than:
 - R23 800 for individuals below age 65
 - R34 500 for individuals aged 65 and older
 2. Amounts received from a tax-free investment
 3. Remuneration not exceeding R500 000 from only one employer and the employer deducted the required tax

Who must file?

If you are a South African tax resident and you earned above the tax threshold amount, you will need to file a tax return if you had more than one employer or income source (for example you changed jobs during the tax year or worked two jobs, you earned rental income, or you earned extra income from a side business). The same applies if you received a taxable allowance or advance from your employer (for example a travel, subsistence, computer or cellular allowance, or if you had the right to use a motor vehicle supplied by your employer). In some instances, as a South African tax resident, you may be required to file a tax return regardless of whether your taxable income exceeded or was less than the tax threshold amount. You will be required to file a tax return for the 2022 tax year if any of the following applies:

- You carried on a business (not as an employee) in or outside of South Africa.
- You sold assets and the capital gain or loss was more than R40 000 for the tax year.
- You owned foreign currency or foreign assets and the total value was more than R250 000 at any time during the tax year.
- You earned a foreign salary for work done as an employee outside of South Africa.
- You earned income or capital gains from foreign currency or assets outside of South Africa that attributed to you (for example, as a result of making a donation, settlement or other disposition).
- SARS sent you a tax return and requested that you complete it.

Do non-South African tax residents need to file a tax return?

If you are a non-South African tax resident, SARS states that you do not need to file a tax return if you only received dividends from a South African source and you were a non-tax resident for the duration of the 2022 tax year. However, you will be required to file a return if any one of the following applies:

- You received interest from a South African source, and
 - You were physically present in South Africa for longer than 183 days in total during the 12 months before the interest was received or accrued; or
 - The debt from which the interest was earned is connected to your permanent establishment in South Africa.
- You carried on a business (not as an employee) in South Africa.

- You sold assets and made capital gains or losses from the disposal of:
 - South African fixed property or a right in fixed property; or
 - Shares in a company or a vested interest in a trust if at least 80% of the value of the interest is in South African fixed property and you hold at least 20% of the shares or rights of the company or trust; or
 - Capital assets effectively connected with a South African permanent establishment.

Contact SARS for more information

For more information regarding your tax submission, please contact SARS directly on 0800 007 277 or visit the [SARS website](#).

Commentary contributed by Liezl Alberts, tax specialist, Allan Gray

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