

2014/15-2018/19 STRATEGIC PLAN & 2014/15 ANNUAL PERFORMANCE PLAN

Presentation to the Standing Committee on Finance

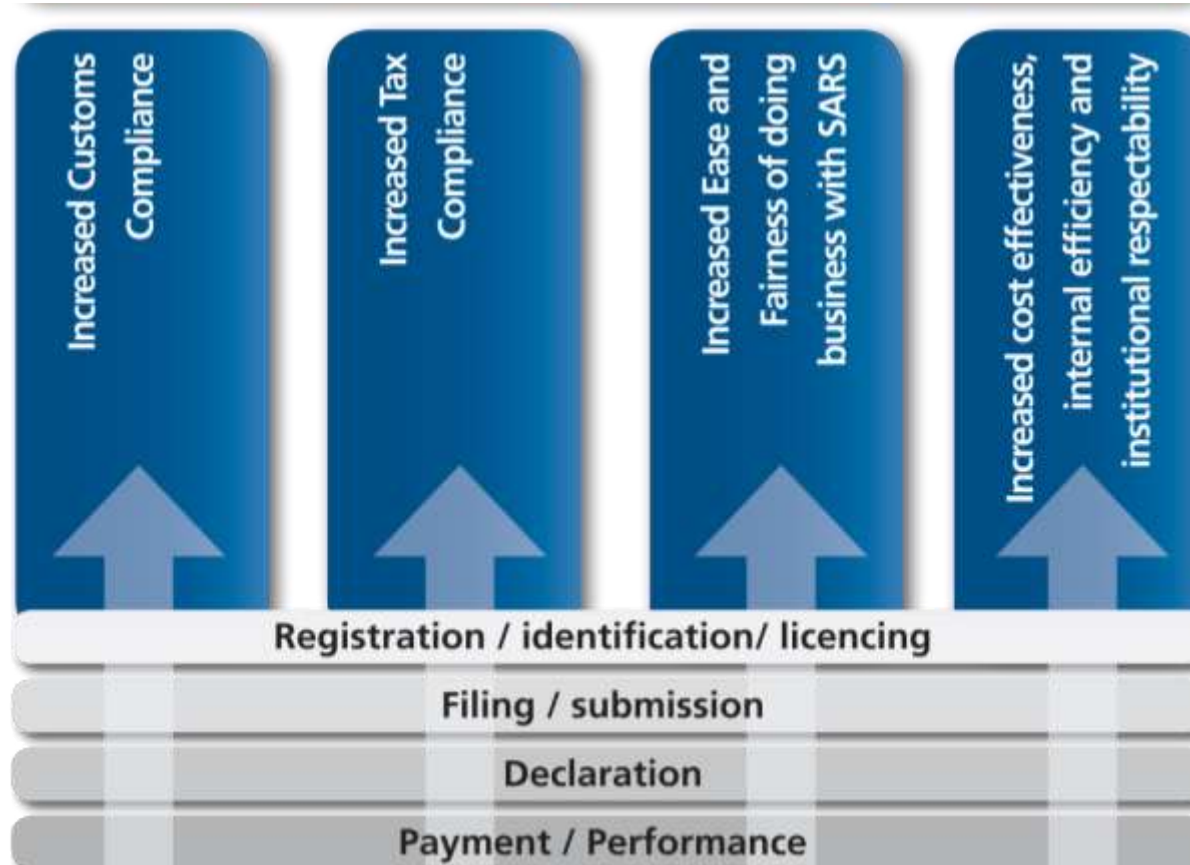
01 July 2014



- SARS Mandate
- Highlights of SARS business
- SARS Strategy
- Strategic outcomes

- Collect all revenue
- Ensure compliance with tax and customs law
- Customs service – revenue, manage borders and trade
- Advise Minister of Finance
- Advise Minister of Trade and Industry

Core outcomes of SARS strategy

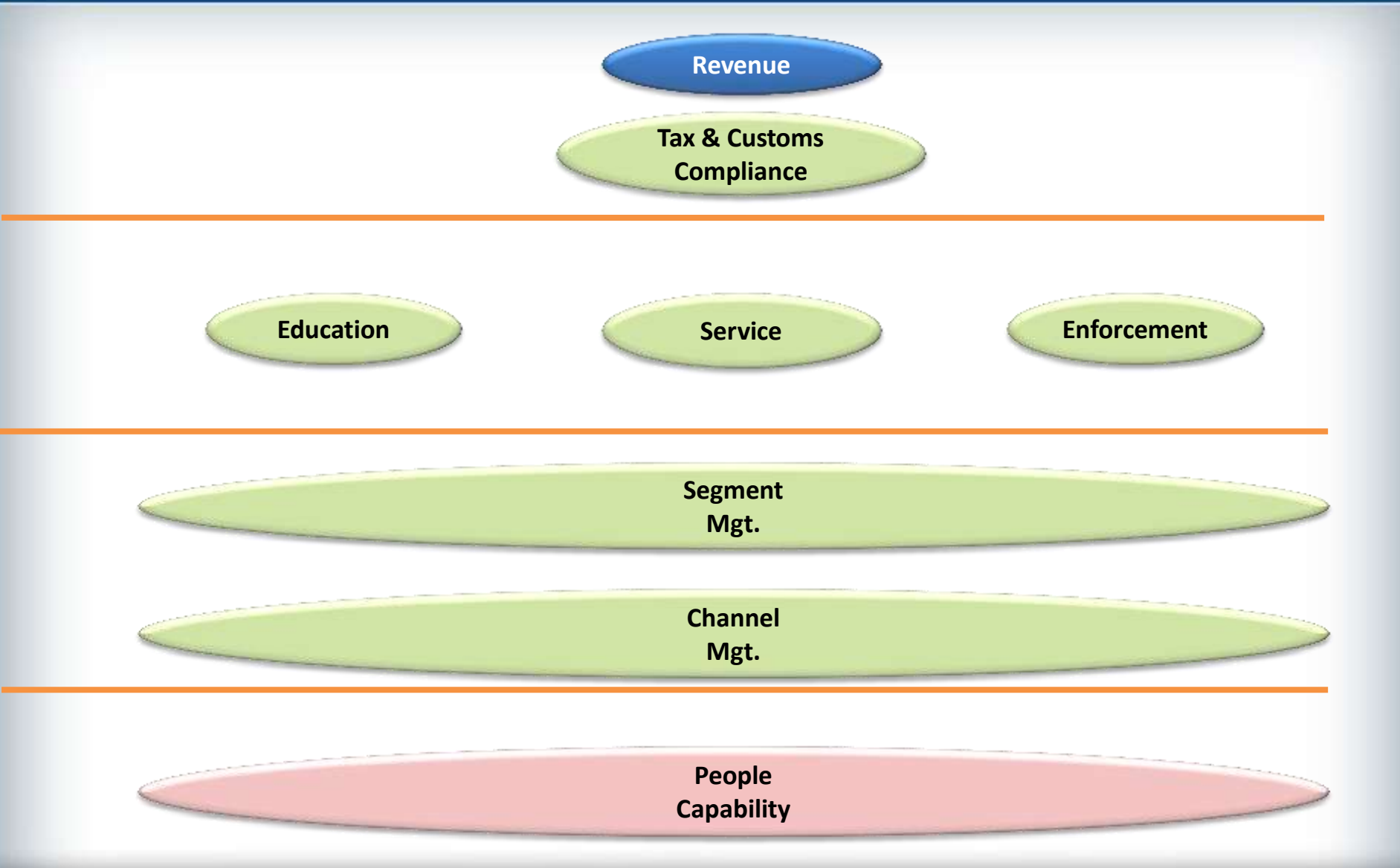


- The Compliance Strategy seeks to:
 - encourage voluntary compliance
 - establish an uncomplicated system that deals fairly with those in it and minimises leakages
 - increase its focus on bringing those outside the system into it

- Education
 - Taxpayers that are aware of their rights and obligations are more likely to comply
- Service
 - Providing a professional, fair and efficient service promotes compliance
- Enforcement
 - Credible enforcement promotes fairness and deters non-compliance with tax laws

- Differentiate among sectors of the taxpayers
- Breadth, depth and leverage
- Collaboration with other government institutions
- Ensure integrity of SARS systems and people

Strategy map for SARS core strategy



- Trends have shown improving compliance levels
- Slower economic growth will place pressure on the projected revenue collection
- Global trends of tax base erosion and profit shifting through aggressive avoidance and evasion schemes
- Growing illicit economy – e.g. cigarette smuggling
- Growing disquiet about government spending

- Maintain and improve public trust in SARS
- Maintain and improve compliance levels
- Respond to non-compliance early
- Increase capability to interdict illicit trade
- Combat unacceptable avoidance
- Enhance collaboration with other government institutions

SARS business at a glance

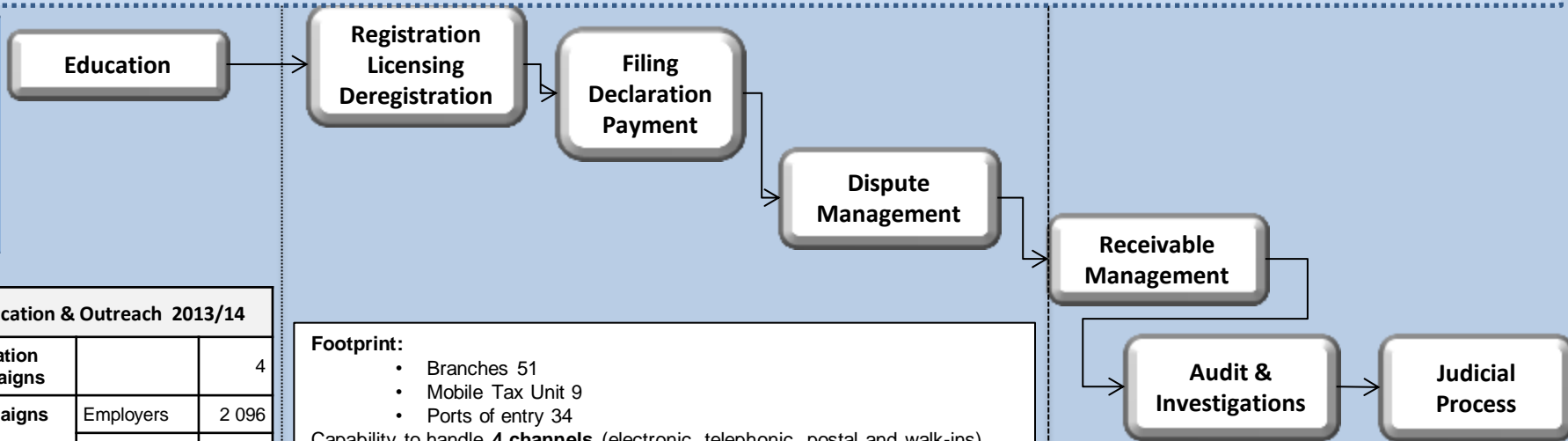
1. Education

2. Service

3. Enforcement

Legislation & mandate

Core process



Education & Outreach 2013/14		
Education campaigns		4
Campaigns to	Employers	2 096
	Employees	2 144
Campaigns through	Co-locations	1 441
	MTU's	647
	Points of service	5 720
Interventions at	Schools	234
	Branches	574
Visited	Institution/organisation	3 516

Footprint:

- Branches 51
- Mobile Tax Unit 9
- Ports of entry 34

Capability to handle **4 channels** (electronic, telephonic, postal and walk-ins)

Pieces of legislation - 22

Total Register – 25 mil (20.3 mil active)

- Individuals (active): 17 mil
- Companies (active): 3 mil
- Trusts (active): 0.3 mil

Number of **filing transactions** – 25 mil

Queries addressed – 10 mil

Tax **entities audited** (compliance audits) – 1.8 mil

Revenue collected – approximately R900 bn.

Number of **visitors to branch offices** – 6.38 mil (2012/13)

Operating expenses – 0.97% of revenue collected

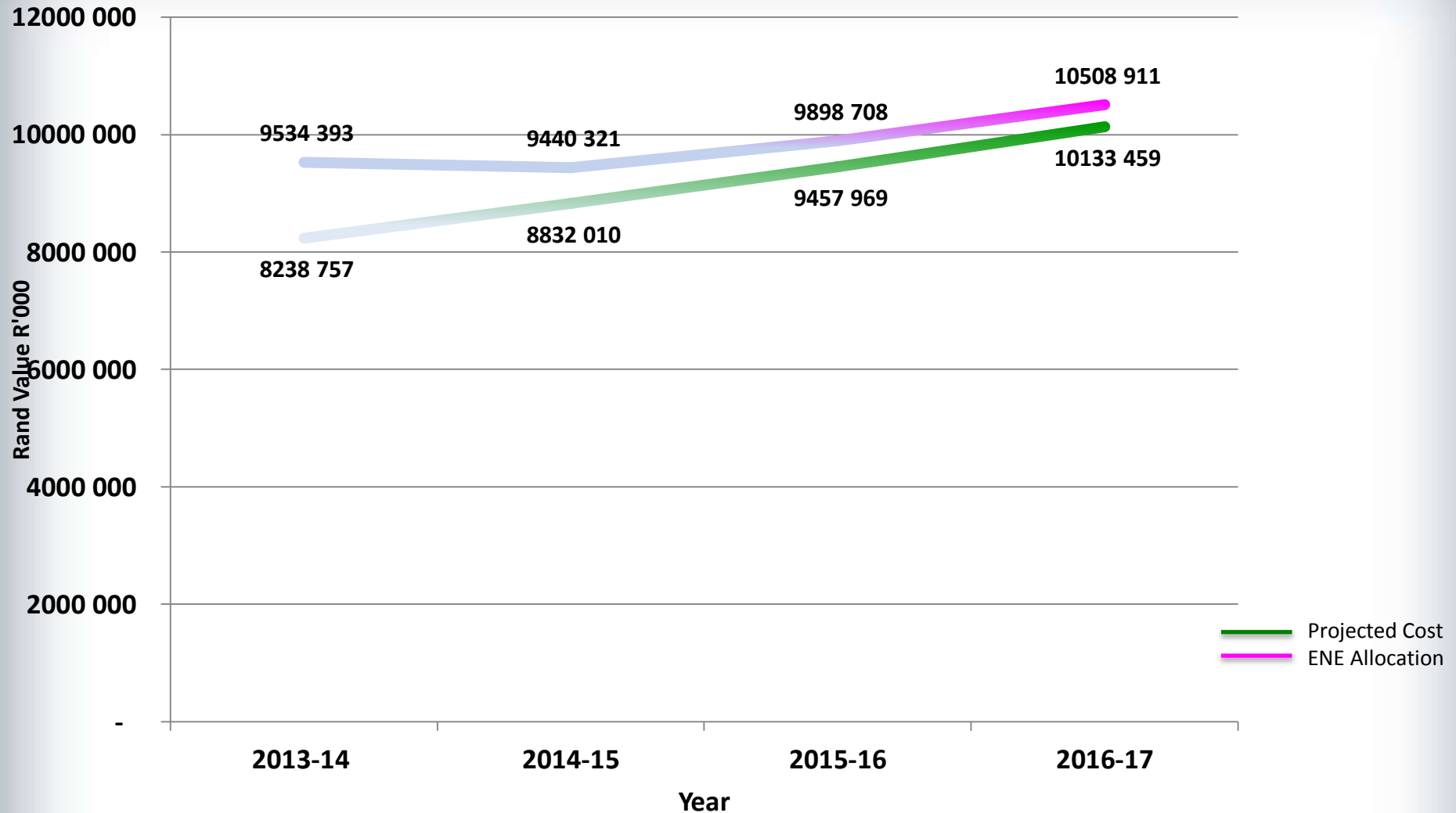
Headcount – 14 137 (2013/14)

MTU served approx 720,000 people

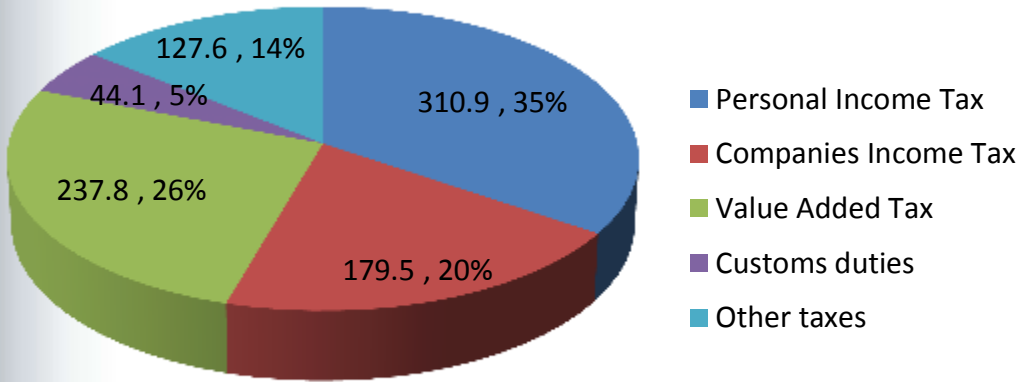
In-depth audits	19568
Investigations concluded	333
Court cases supported	267

	2014/15	2015/16	2016/17
Revenue	993 650	1 095 100	1 208 720
Nominal growth %	10.4%	10.2%	10.4%
Source: 2014 Budget			
SARS Budget	9,440	9,899	10,509
Increases Y-o-Y	-1%	5%	6%
Expected Inflation (MTEF)	5.6%	5.5%	5%

Over the medium term, funds SARS will receive...

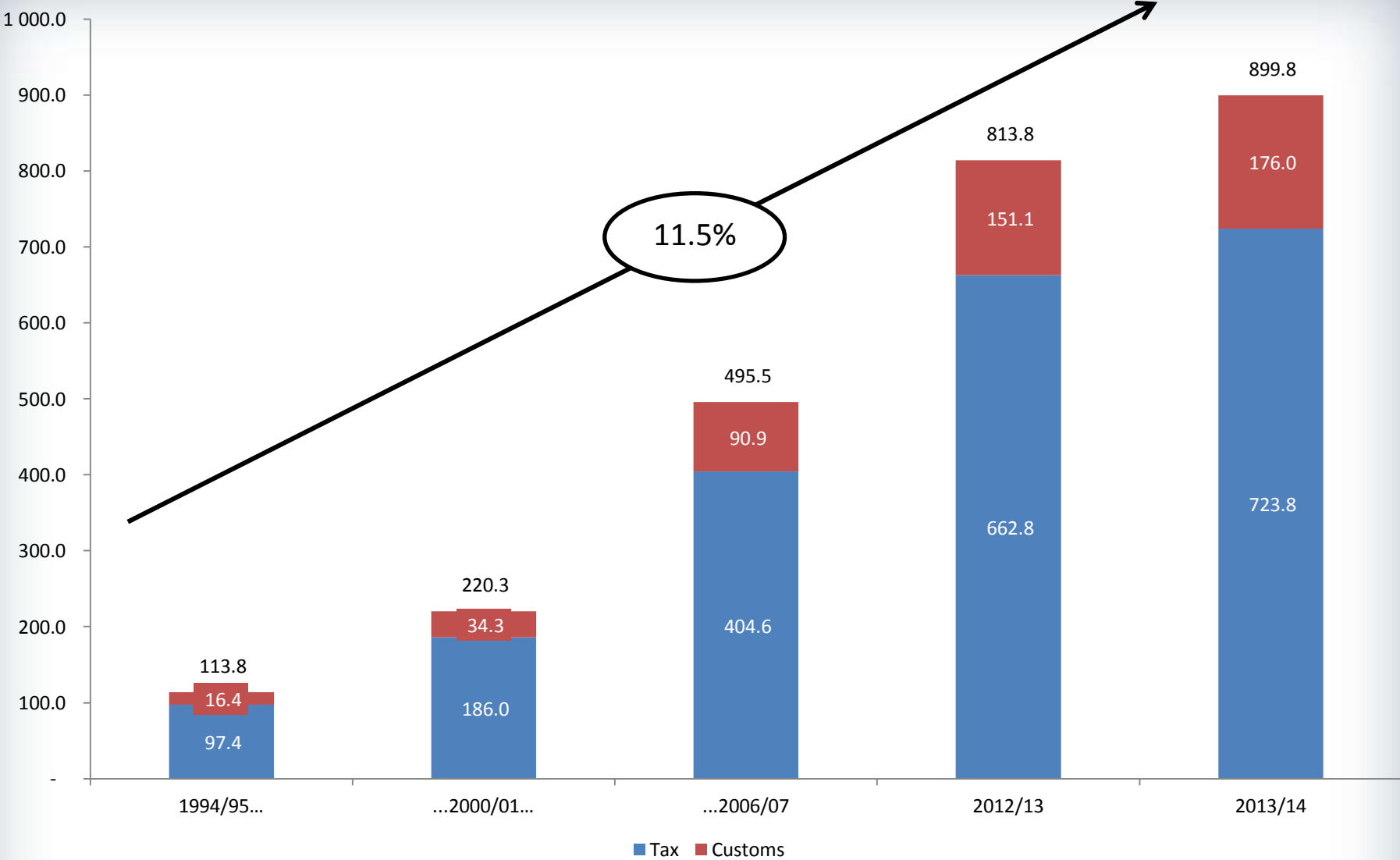


Revenue composition 2013/14



Marginal tax rate					
	1994/95	1995/96	2010/11	2011/12	2012/13
PIT %	43%	45%	40%	40%	40%
CIT %	40%	35%	28%	28%	28%

Revenue growth 1994-2014



- Enhance technical capability of staff
- Single registration of taxpayers across government
- Implement Customs Bills and WTO trade facilitation
- Refined approach to taxpayer segments (e.g small business)
- Regulation of intermediaries
- Improved management of complaints
- International exchange of taxpayer information
- Border management

Thank You!