

ANNUAL PERFORMANCE PLAN

South African Revenue Service
2020/21

RP95/2020

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Minister's statement



SARS presents its plans in difficult and challenging times for the country. South Africa continues to face a challenging fiscal and economic outlook. Government spending continues to outpace revenue and economic projections continue to indicate a subdued outlook in the short to medium term. The country is also dealing with increasing social tensions.

Given this difficult context, I applaud the efforts demonstrated by SARS in this plan, to rebuild its capabilities, address taxpayer and trader needs, grow the taxbase and secure the revenue. The clear objectives, key results and actions included in this plan are a demonstration of SARS' commitment to emerge from its recent past that was characterised by maladministration, poor performance and lack of governance.

This will not be an easy undertaking but a well-functioning and efficient SARS is crucial to building a capable state and to Government's fiscal needs being met.

TT Mboweni
Minister of Finance

Commissioner's statement



This Annual Performance Plan (APP) sets out the detailed work we will undertake during the 2020/21 fiscal period to realise SARS' vision (Vision 2024) of building **"a smart modern SARS, with unquestionable integrity, trusted and admired"**.

Our focus during this period will be on building the capabilities required to set us on a solid foundation, to deliver an improved taxpayer and trader experience now and in the future. Our efforts will address the basic capabilities required to achieve this.

We aim to get better insights from taxpayers and traders and other important stakeholders regarding the manner in which we carry out our mandate, and to determine whether our actions provide clarity and certainty, and enables them to fulfill their obligations with ease. In this regard, we will be conducting focused needs analyses and surveys to inform our compliance programme work and the further refinements we need to improve our services to them.

The work we are embarking upon will also help us build the necessary capabilities to evolve our employees to meet growing taxpayer and trader needs and the evolving working environment. During 2020/21 we will complete our analysis of future capability requirements.

We are increasing our efforts to ensure that we have accurate and complete data as well as the capabilities to derive meaningful insights from it. This will enable us to improve our risk detection and resource prioritization.

We recognise the fiscal constraints faced by the rest of Government and we will continue to reflect on how we steward the resources we are entrusted with towards efficiency and performance excellence.

A handwritten signature in black ink, reading "Edward Chr Kieswetter". The signature is fluid and cursive, with a long horizontal stroke at the end.

Edward Chr Kieswetter
SARS Commissioner

Official sign-off

It is hereby certified that this Annual Performance Plan:

- » was developed by the management of SARS, under the guidance of the Minister of Finance, Hon. Mboweni.
- » takes into account all relevant policies, legislation and other mandates for which SARS is responsible.
- » accurately reflects the impact and outcomes which SARS will endeavour to achieve over the period 2020/21.



Yolande van der Merwe
Chief Financial Officer



Katiso Tabe
Head official facilitating enterprise strategic planning



Edward Chr Kieswetter
Accounting Officer

Approved by TT Mboweni: Minister of Finance

PART A: OUR MANDATE

Legislative and policy mandates

The SARS Act, 1997, enables SARS to:

- » collect all revenue due
- » ensure optimal compliance with Tax and Customs legislation
- » provide a Customs service that optimises revenue collection, protect our borders and facilitate legitimate trade.

The primary legislation that SARS administers includes:

- » Income Tax Act, 1962
- » Customs and Excise Act, 1964
- » Value-Added Tax Act, 1991
- » Tax Administration Act, 2011
- » Employment Tax Incentive Act, 2013

How we fulfill our mandate

SARS Compliance Theory and Philosophy

In our context, **Compliance** refers to the degree to which taxpayers and traders fulfill their tax obligations required in law (namely registration, filing, declaration, payment and deregistrations), when and as required. This includes making requisite disclosures and payments fully and honestly.

In the fulfillment of our legislative mandate, the main work of SARS is to ensure taxpayer and trader compliance. This is expressed as the **SARS Compliance Programme** which we review and prepare as part of our **Annual Performance Plan**.

Our aim is to engage with society in a way that earns public confidence and trust, while fostering a willingness to fulfill its obligations. **Voluntary Compliance** refers to society fulfilling their obligations with minimal prompting by SARS. We achieve this when we believe that most taxpayers and traders are honest and simply want to fulfill their obligations with the least amount of effort and cost. We therefore, strive to promote a culture where compliance is viewed as a positive social contribution.

The behaviour of taxpayers and traders may range from willing and intentional compliance to non-compliance largely because of a lack of knowledge or means. We are also aware though, that some taxpayers and traders consciously choose not to comply, and will engage in aggressive planning or even criminal behaviour.

SARS is of the view that at the extremes, a certain number of people will always do the right thing, whilst a certain number will always do the wrong thing. Most people fit between these two extremes, in that they will do the right thing if the circumstances are right for them, but will choose not to comply if they believe they would get away without consequence. SARS will, therefore, seek to move as many taxpayers and traders as possible, up the continuum to be more willing to comply voluntarily.

We will achieve voluntary compliance when everyone is aware of their tax obligations (**clarity and certainty**), it is reasonably easy and less costly to meet these obligations (**ease of compliance**), and when there's a credible threat of detection and consequences for those who do not to comply with their obligations (**detection and costly non-compliance**). To deliver this, we need to build administrative and institutional capability that has integrity and serves the public beyond reproach.

Clarity and certainty

Taxpayers and traders that are aware, clear and certain of their rights and obligations are more likely to comply voluntarily. To the greatest extent possible we endeavour to administer tax and customs laws in a manner that is sufficiently simple, clear and easily understood and applied by taxpayers and traders. We will provide easy to understand and easy to access clarity and guidance to taxpayers and traders, and provide certainty and consistency through prompt rulings, interpretation notes and explanatory guidelines. We will provide leveraged products such as advance pricing agreements and advance rulings to certain segments of taxpayers and traders. We will use the facilities and institutions available to us and the rest of the State to educate taxpayers and

traders about their rights and obligations. Educational and awareness offerings will be attuned to the needs and behaviours of groups of taxpayers and traders based on observations and insights drawn from data. We will pay particular attention to the work we do with and through intermediaries, opinion-makers, influencers, professional bodies and other stakeholders to provide clarity and certainty for taxpayers and traders.

We will reach out to future entrants by collaborating with the Department of Basic Education and Department of Higher Education for tax education.

Ease of compliance

We recognise that providing an easily accessible, professional and efficient service promotes voluntary compliance. Our service must enable taxpayers and traders, throughout their life-cycle, to meet their obligations in as fair, easy, cost effective and convenient manner possible. We will provide equitable access to service channels, and a seamless service from registration, filing, declaration, payment and deregistration to taxpayers and traders, using mainly our online self-service digital channels. Service offerings will be attuned to the needs and behaviours of groups of taxpayers and traders, and where appropriate we will use intermediaries (accredited, certified or trusted) to provide services that enable taxpayers and traders to meet their obligations with least effort and cost.

Detection and costly non-compliance

The aim of our enforcement activities is to promote fairness and deter non-compliance with tax and customs laws by creating an environment where a taxpayer and trader's compliance is consistently monitored. Our actions will be proportional to the level of non-compliance behaviour detected, moving through a continuum of "soft" enforcement to "hard" enforcement. We will build sufficient capabilities and resources (data, intelligence, skills, people and systems) to detect and investigate non-compliance early, and communicate promptly with taxpayers and traders when non-compliance is detected. We will give non-compliant taxpayers and traders reasonable time and clear guidance to respond and correct non-compliance, and when this fails, we will have sufficient tools to respond.

We will embark on enforcement campaigns, where we have detected widespread non-compliance in particular forms of economic activity, to create leverage. We will use our compliance programme (which is all the themes, aspects and areas we chose to focus on for a particular planning period, in order to leverage our resources and to create clarity, certainty and transparency for taxpayers and traders) as a tool to communicate to taxpayers and traders at large, our observations regarding their compliance behaviours and how we plan to address them.

In time, for the non-compliant taxpayer, the cost of non-compliance must outweigh the benefit of non-compliance.

Institutional integrity and capability (effective administration)

The bedrock of voluntary compliance is an efficient, capable and disciplined administration that adheres to the highest standards of integrity and governance. An effective administration comprises of system integrity, transactional integrity, adequate financial resources, prudent management of resources, and people integrity (adequately skilled and resourced people, who behave professionally and ethically).

Our system integrity will include trustworthy taxpayer and trader records, unbiased dealings with taxpayers and traders, a transparent governance system with appropriate checks and balances, and value for money spending. We will expand the use of data and data analytics and artificial intelligence to improve integrity, risk management, derive critical insights and improve outcomes.

With regards to our interactions with taxpayers and traders, we will do everything permissible, in a fair and courteous manner, to enable them to meet their obligations with much ease. We will ensure that adequate measures are taken to ensure efficiency and fairness of our actions, in recognition of the potentially intrusive nature of our enforcement actions. We will ensure that we manage exceptions in a transparent and fair manner.

To live up to our constitutional obligations and our legal mandate, we seek to maximize our performance through prudent and ethical management and deployment of our resources (people, financial, intellectual, manufacturing, natural capital, social and relational) to deliver quality and measurable outcomes. At the heart of our People Philosophy is the recognition that we serve the public collectively through the role we play in the country's fiscal management, and serve the public individually through the day-to-day interactions that we have with them.

In other words – **we do privileged work!**

Section 195(1) of the Constitution states, amongst other things, that public administration must exhibit “a high standard of professional ethics”, must provide services “impartially, fairly, equitably and without bias”, must be “accountable” and must be “broadly representative of the South African people”.

We want our employees to be highly skilled at addressing and resolving taxpayer and trader queries and disciplined in maintaining organisational processes. We want SARS to be a great place to work, where employees express their aspirations and the values they cherish so dearly. We will build and maintain a working environment that supports employee growth and development by providing employees with the tools and skills they need to do their jobs within a context of an evolving environment. We will continue to identify, recruit and train the right people to maintain excellence in our operations, drive our innovation, and enable implementation of future strategies.

Institutional policies and strategies over the five year planning period

Policies

The National Development Plan (NDP) 2030, later broken down into smaller five-year implementation plans, continues to shape Government's policy framework. Government's policy directions as outlined in the NDP, the Medium-Term Strategic Framework (MTSF) and other State policy documents, provide the policy framework for how SARS carries out its mandate. As one of the critical organs of State, SARS will continue to diligently carry out its mandate of collecting the revenue required by government to fund critical Government programmes. We will continue to promote and facilitate legitimate trade through the country's borders, to help grow the economy and protect it from harmful and illicit trade activities.

Strategy over the five year planning period

SARS Higher Purpose

Our work enables Government to build a capable State, to foster sustainable economic growth and social development, that serves the wellbeing of all SOUTH AFRICANS.

Our Strategic Intent

Our mandate is to collect all revenue due; ensure optimal compliance with tax and customs legislation; provide a customs service to optimise revenue, border protection and facilitate legitimate trade.

To give effect to our mandate, our Strategic Intent is *to develop a Tax and Customs System based on Voluntary Compliance.*

It is our Vision to build a smart modern SARS with unquestionable integrity that is trusted and admired.

Our strategic objectives

In support of our strategic intent and to give effect to our compliance philosophy, we have identified and committed to achieving nine Strategic Objectives to guide and inform our efforts and decisions and focus our resources over the course of this planning cycle.

Our nine strategic objectives are:

1.	<p>Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations</p> <p>The overall taxpayer and trader experience is empowering and enabling. Taxpayers and traders proactively receive clarity guidance, and where required, have easily accessible additional customised support. Certain segments of taxpayers and traders may also access leveraged products such as advance pricing agreements, advance rulings (inclusive of VAT rulings and Binding General Rulings) and cooperative compliance programmes.</p>
2.	<p>Make it EASY for taxpayers and traders to comply with their obligations</p> <p>Engagements by taxpayers and traders in the fulfillment of their obligations will be mainly on-line, intuitive and self-managed, with minimal face-to-face visits. For standard taxpayers (largely non-provisional taxpayers), the fulfillment of their registration, filing, declaration and payment obligations will be seamless. Exceptions will be resolved with ease and minimal intervention. Complex taxpayers (largely provisional taxpayers - individuals and entities), as well as their intermediaries, will experience engagements customised to their specific needs. Increasingly, trusted intermediaries will be empowered and enabled as authorized agents acting on our behalf.</p>
3.	<p>DETECT taxpayers and traders who do not comply, and make non-compliance HARD and COSTLY</p> <p>Taxpayers and traders who negligently, deliberately, aggressively, or criminally stay out of the tax system, or do not comply, will be detected. They will experience a response appropriate to the nature and degree of their non-compliance, which progressively, may include friendly reminders to more intrusive and investigative engagements that enforce compliance. Where necessary, hard enforcement may include court action, asset seizure and criminal prosecution. Non-compliant taxpayers and traders may under certain circumstances be named and shamed. The costs for non-compliance will be high and severe.</p>
4.	<p>Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce</p> <p>Our employees consider us to be an Employer of Choice and are engaged to deliver the best taxpayer and trader experience, characterised by professionalism and actions that are beyond reproach. Tasks have become less administrative, and more analytical and service oriented. Our employees easily collaborate to leverage their combined strengths, and we invest in them appropriately and provide them with the right tools for the job. They are able to respond to future demands of the work environment, and the changing needs of taxpayers and traders with ease.</p>
5.	<p>Increase and expand the use of DATA within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes</p> <p>By expanding and increasing the use of data, data analytics and artificial intelligence, we create the capability to understand the compliance behaviour of taxpayers and traders, to provide clarity and certainty where it is needed, an easy and seamless service that fosters voluntary compliance, and timely/early detection of risks, trends and instances of non-compliance that enable us to enforce responsibly. We have incorporated data into a comprehensive system of knowledge management. The composite effect of the expanded and increased use of data must substantively support our strategic intent of voluntary compliance.</p>
6.	<p>Modernise our systems to provide DIGITAL and STREAMLINED online services</p> <p>Our digital platforms will provide reliable and secure services to all our constituencies. Specifically, for taxpayers and traders, enable them to meet their obligations simply, easily and anywhere. For our employees, enable them to deliver world-class and best-in class taxpayer and trader experience, and to ensure performance excellence. For our stakeholders, provide reports and analysis that enable them to hold us accountable.</p>
7.	<p>Demonstrate effective resource stewardship to ensure efficiency and effectiveness in delivering quality outcomes and performance excellence</p> <p>We steward the limited resources entrusted to us in a manner that creates value to achieve quality outcomes and performance excellence. The way we organise ourselves reflects agility and responsiveness to deliver the best experience for all our constituencies. We demonstrate a high work ethic, strive for performance excellence and achieve the most with the least effort and cost, and best-in class innovations that enable us to achieve our strategic intent.</p>

8.	<p>Work with and through Stakeholders to improve the tax ecosystem</p> <p>We have effective and beneficial partnerships with all Stakeholders in the tax ecosystem which benefit the taxpayers, Government and the public. We leverage each other's strengths to resolve tax administration challenges and improve voluntary tax compliance. Our interactions and exchanges are formal, professional, and transparent. Intermediaries experience their engagement with us as empowering and enabling mainly through on-line digital services.</p>
9.	<p>Build PUBLIC TRUST and CONFIDENCE in the tax administration system</p> <p>The public is confident that our stewardship of the country's tax system is professional, unbiased and fair; we always act and do the right things all the time; we maintain the highest standards of integrity and ethics; we have transparent governance systems and processes, and we have capable and trustworthy leaders. We accept that ultimately, we are accountable to taxpayers, traders, and their representatives, the general public, as well as elected public office bearers, whose trust we must earn.</p>

We will ensure accountability for the delivery of all nine Strategic Objectives by identifying key results and the associated indicators and measurable targets for each. We will track and monitor these quarterly, annually and at the end of the term of this strategic plan. We have also identified and developed a number of sub-objectives and short-term key results/milestones to support the achievement of the nine Strategic Objectives, to help us define our journey in more granular steps and to measure our progress appropriately.

PART B: OUR STRATEGIC FOCUS

Situational analysis

Key external environmental factors and our approach

Environmental factors	Relevant strategic objective/s (SO)	Our approach
<p>Economy The continued lackluster performance of the economy impacts negatively on tax revenue collections with year-on-year revenue collection targets becoming more challenging to meet.</p>	All	<ul style="list-style-type: none"> » Continue to improve our efforts in areas within our control and we have started to address many weaknesses in our administration. » Diligently pursue areas contributing to the tax gap, and we have identified compliance initiatives that will result in additional revenue. » Continue to refine our revenue forecasting models.
<p>Public confidence Research and empirical evidence show that taxpayer attitudes towards compliance and their willingness to comply are influenced by how they perceive taxes to be utilised by Government.</p> <p>Loss of public confidence due to concerns about corruption in the public sector and poor service delivery, has the potential to undermine and make it difficult for SARS to increase voluntary compliance.</p>	SO: 8 and 9	<ul style="list-style-type: none"> » Continue to work with all our Stakeholders to improve outcomes. » Address the aspects that could influence public perception, such as swift responses to recommendations in the report “Commission of Inquiry into Tax administration and Governance by SARS”.
<p>Illicit economic activities The illicit economic activities continue to pose a serious threat to South Africa’s growth, revenue base, prosperity and stability.</p>	SO: 3 and 5	<ul style="list-style-type: none"> » Expand and improve the use of data, data analytics and artificial intelligence (AI) capabilities to enable SARS to detect non-compliance and illicit economic activities that previously went undetected, and enforce accordingly. » Collaborate across the whole of Government and with other stakeholders locally and internationally to address illicit trade risks across different sectors of society. » Build SARS capacity and capability to respond comprehensively to illicit economic activities.

Environmental factors	Relevant strategic objective/s (SO)	Our approach
<p>Emerging technologies The emergence and evolution of new technologies such as 5G, Block-Chain, Artificial Intelligence and Cloud Computing will transform the way we carry out the SARS mandate. Taxpayer and trader interactions will be different and will reduce the compliance burden. We also anticipate a big impact on our employees as current roles will most certainly evolve from largely administrative functions to more analytical work and this will have implications for our staffing model and resource mix.</p>	SO: 4, 5, 6 and 7	<ul style="list-style-type: none"> » Invest in new systems and digital processes to create a seamless taxpayer and trader experience when meeting obligations. » Build the required new skills, capability and capacity to complement the new technological developments.
<p>Political environment In 2017, President Cyril Ramaphosa found it necessary to institute a Commission of Inquiry into Tax Administration and Governance at SARS due to serious governance failures and a decline in public confidence in SARS. The Nugent Commission, in its deliberations and final report, highlights the risks that arise and the damage that can be caused if political interference is allowed.</p> <p>Political interference in SARS can seriously undermine public confidence in SARS and consequently efforts to improve voluntary compliance.</p>	SO:9	<ul style="list-style-type: none"> » In carrying out our mandate we will always be factual, objective, and we will act without fear or favour. It shouldn't matter who is in power. » Our autonomy and independence should be supported and protected by ensuring that we have the resources to pursue our mandate. » Engage with all sectors of society to listen to their concerns and provide credible responses that engenders trust.
<p>Changing Demographics Changing Demographics South Africa is a country of young people as recent statistics released by StatsSA indicate. The same is true for our current individual tax base.</p> <p>The high (and growing) unemployment rate amongst the youth is a serious threat to the tax base and the overall integrity of the tax system. It has become a serious constraint to revenue growth, and will cause further strain on Government to increase spending on social benefits.</p>	SO: 1,2 and 3	<ul style="list-style-type: none"> » Adopt a segmentation approach to take account of all societal segments, but pay particular attention to the social-demographic structure of our society. This influences how we develop our compliance programme, engage with communities, but also how we shape our workforce.

Environmental factors	Relevant strategic objective/s (SO)	Our approach
<p>Social media Social media is pushing many boundaries and has brought about new ways of communicating and interacting between taxpayers and tax authorities. It can help SARS to learn more about taxpayers, and can be used as support and improve our services, and compliance efforts. It has also brought with it risks such as false/fake news which can quickly spread.</p>	SO 4,5 and 6	<ul style="list-style-type: none"> » Proactively use social media platforms to inform, engage and promote voluntary compliance. » Continue to seek ways to improve the integrity of our systems.

Key internal environmental factors and our approach

Environmental factors	Relevant strategic objective(s)	Our approach
<p>Governance and leadership failures The Commission of Inquiry into Tax Administration and Governance at SARS has been concluded. The findings from the Commission highlighted a “massive” failure in integrity and governance within SARS, which significantly contributed to the failure of SARS to meet its revenue targets.</p>	SO: 9	<ul style="list-style-type: none"> » Continuing to implement recommendations from the Nugent Report. » Rebuild key capabilities that were deliberately hollowed out, and restore internal trust and confidence amongst staff. » The Commissioner will continue to lead efforts to regain public trust and confidence, as well as to improve tax morality.
<p>Staff morale SARS experienced a decrease in the levels of employee engagement during 2017 and this was likely influenced by the changes that took place as a result of the “new operating model” which, according to Nugent, was driven by a desire to deliberately break down the organizational integrity.</p>	SO: 4	<ul style="list-style-type: none"> » We have already started initiatives to ensure that employees regain their confidence by ensuring that they engage in meaningful work. » Our new employee value proposition will include an evolved job profile that will, in the future, move people away from doing largely administrative work to more analytical and service roles. » Develop new digital tools to create an enabling environment for our employees » Be transparent regarding issues affecting employees, and seek to build consensus with all stakeholders.
<p>Evolving modes of work Technological changes and evolving taxpayer and trader needs are influencing the broader world of work, including the structure of the work environment and the way people work.</p>	All	<ul style="list-style-type: none"> » Our human capability must evolve to complement the increasing levels of automated processing and artificial intelligence enabled by data, super computers and real-time connectivity (Internet of things).

PART C: MEASURING OUR PERFORMANCE

Institutional performance information

STRATEGIC INTENT: To develop a Tax and Customs system based on Voluntary Compliance.					
Key results	Baseline	Current and MTEF targets			
		2020/21	2021/22	2022/23	2023/24
Printed revenue estimates are met and/or exceeded	2019/20 collection	As agreed with Minister	As agreed with Minister	As agreed with Minister	As agreed with Minister
Total compliance revenue collected – <i>revenue collected from identified compliance initiatives</i>	2019/20 actual compliance revenue performance	Compliance revenue collection = 7.5% of total revenue collections	Compliance revenue collection = 7% of total revenue collections	Compliance revenue collection = 6.5% of total revenue collections	Compliance revenue collection = 5% of total revenue collections
Voluntary compliance index developed – <i>approved voluntary compliance index</i>	New	Methodology for compliance index using Employer and PAYE as a test case	Compliance index implemented for PAYE, VAT, CIT	Compliance index tracked and introduced into formal reporting	Compliance index tracked and introduced into formal reporting
Tax gap study completed – <i>approved tax gap study</i>	New	Tax gap methodology report completed and approved	Tax gap study pilot conducted and completed on 3 identified segments	Tax gap study conducted and completed for remaining segments	Report on tax gap study outcomes completed and shared internally and with identified stakeholders Tax gap measure introduced into formal reporting
Cost of compliance study completed – <i>approved cost of compliance study</i>	New	Cost of compliance study methodology adopted and preliminary results reported	Cost of compliance baseline developed	Cost of compliance study completed and reports produced for all segments	Cost of compliance measure adopted and introduced into formal reporting

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
Printed revenue estimates are met and/or exceeded	As agreed with Minister	90.00% of Q1 target	95.00% of Q2 target	98.00% of Q3 target	100.00% of Q4 target
Total compliance revenue collected – revenue collected from identified compliance initiatives	Compliance revenue collection = 7.5% of total revenue collections	4.00% of total collection	5.00% of total collection	6.00% of total collection	7.50% of total collection
Voluntary compliance index developed – approved voluntary compliance index	Methodology for compliance index using Employer and PAYE as a test case	Literature review completed	Prototyping of methodology completed	Voluntary compliance index methodology developed	Approved voluntary compliance index methodology
Tax gap study completed – approved tax gap study	Tax gap report completed	-	-	-	Approved tax gap report - key aspects of the report incorporated into 2021 Compliance Programme
Cost of compliance study completed – approved cost of compliance study	Cost of compliance study methodology adopted	Literature review to establish best practice survey	Cost of compliance study methodology reviewed and adopted	Data collection and analysis Cost of compliance study completed and reports produced for all segments	Report on preliminary results of the Cost of compliance study completed

Strategic objective 1: Provide clarity and certainty for taxpayers and traders of their obligations

Key results	Baseline	Current and MTEF targets			
		2020/21	2021/22	2022/23	2023/24
The majority of taxpayers and traders surveyed perceive the guidance SARS provides to be clear, unambiguous and easy to follow - <i>% of taxpayers and traders that are satisfied with the clarity and certainty of guidance provided by SARS</i>	New	Survey conducted	60.00% of taxpayers and traders surveyed are satisfied	62.00% of taxpayers and traders surveyed are satisfied	65.00% of taxpayers and traders surveyed are satisfied
Leverage products introduced – <i>Advance Pricing Agreement Programme introduced</i>	New	Discussion paper to inform legislation completed	APA model released	Legislation for APA Programme proposed to National Treasury	Legislation for APA Programme introduced APA Programme pilot launched
Uptake of AEO programme by traders - <i>% uptake of AEO programme by active traders</i>	New	10.00% of total active traders targeted	30.00% of total active traders targeted	50.00% of total active traders targeted	70.00% of total active traders targeted

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
The majority of taxpayers and traders surveyed perceive the guidance SARS provides to be clear, unambiguous and easy to follow - <i>% of taxpayers and traders that are satisfied with the clarity and certainty of guidance provided by SARS</i>	Survey conducted	Study proposal and project charter approved	Survey questionnaire completed	Data collection completed	Survey conducted
Leverage products introduced – <i>Advance Pricing Agreement Programme introduced</i>	Discussion paper to inform legislation completed	-	Draft discussion paper released internally	Draft discussion paper released for public comment	Discussion paper completed Public comments received and processed
Uptake of AEO programme by traders - <i>% uptake of AEO programme by active traders</i>	10.00% of targeted active traders	1.00%	3.00%	7.00%	10.00%

Strategic objective 2: Make it easy for taxpayers and traders to comply with their obligations

Key results	Baseline	Current and MTEF targets			
		2020/21	2021/22	2022/23	2023/24
Increase the number of taxpayers and traders using digital platforms - % of taxpayers and traders using digital platforms to interact with SARS	75.00%	75.00%	80.00%	85.00%	90.00%
Standard taxpayers are auto assessed by SARS - % of standard taxpayers returns auto assessed by SARS (individual taxpayers)	New	80.00%	85.00%	90.00%	95.00%
SARS Taxpayer Service Charter review completed – approved Taxpayer Service Charter	Current Taxpayer Service Charter	Achievement against current Service Charter and new Service Charter	-	-	-
Service Charter achievement index - % increase in Service Charter performance score	73.21%	75.00%	80.00%	85.00%	88.00%
SMME engagement programme established – approved SMME engagement programme	New	Proposal to enhance SMME service offering and compliance completed	SMME programme implemented	SMME programme implemented	SMME programme evaluation completed and enhanced programme proposed

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
Increase the number of taxpayers and traders using digital platforms - <i>% of taxpayers and traders using digital platforms to interact with SARS</i>	75.00%	-	-	-	75.00%
Standard taxpayers are auto assessed by SARS - <i>% of standard taxpayers returns auto assessed by SARS (individual taxpayers)</i>	80.00%	-	-	-	80.00%
SARS Taxpayer Service Charter review completed – <i>approved Taxpayer Service Charter</i>	New service charter	Develop a proposal and methodology to review the approved service charter	Collect, segmented and product taxpayer data	Analyse segmented and product taxpayer data	Approved service charter
Service Charter achievement index - <i>% increase in service charter performance score</i>	75.00% against current Service Charter	-	-	-	75.00%
SMME engagement programme established – <i>approved SMME engagement programme</i>	Proposal to enhance SMME service offering and compliance completed – Discussion Paper	-	Research completed	Draft proposals/discussion paper released internally	Commence consultations with key stakeholders

Strategic objective 3: Detect taxpayers and traders who do not comply and make non-compliance hard and costly

Key results	Baseline	Current and MTEF targets			
		2020/21	2021/22	2022/23	2023/24
Detection and selection methodology for non-compliance completed – approved methodology document	Old methodology	New improved methodology	Refinement of methodology completed to achieve 95.00% hit rate	Monitor and evaluate the implementation of the new methodology	-
Responses developed for all instances of non-compliance – approved document	New	Document published internally	-	-	-
Review of capability to successfully respond to non-compliance – approved document	New	Review conducted and report issued internally	Selected recommendations implemented	Selected recommendations implemented	Selected recommendations implemented
Increase in Employer Filing Compliance - % increase in employer filing compliance	Employer filing compliance - 52.00%	70.00%	80.00%	95.00%	95.00%
Compliance Programme milestones and targets achieved - % achievement of Compliance Programme milestones and targets	Existing compliance programme	60.00%	80.00%	95.00%	95.00%

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
Detection and selection methodology for non-compliance completed – approved methodology document	New improved methodology	Improved methodology completed	Implementation plan completed	Implementation started	Monitor and report
Responses developed for all instances of non-compliance – approved document	Approved document published internally	-	Research completed	Draft document published internally	Approved document published internally
Review of capability to successfully respond to non-compliance – approved document	Report issued internally	-	Research completed	Draft document published internally	Report issued internally
Increase in Employer Filing Compliance - % increase in employer filing compliance	70.00%	70.00%	-	70.00%	-
Compliance Programme milestones and targets achieved - % achievement of Compliance Programme milestones and targets	60.00%	-	-	-	60.00%

Strategic objective 4: Develop a high performing, diverse, agile, engaged and evolved workforce

Key results	Current and MTEF targets				
	Baseline	2020/21	2021/22	2022/23	2023/24
Capability model to evolve workforce for future work environment developed – approved (model) document	New	Methodology completed Model completed	Model deployed	Complete tracking and monitoring	Model review completed
Capability to ensure we can respond to current and future work environment demands developed and implemented – approved document	New	New capability model completed	Identified milestones implemented	Identified milestones implemented	Identified milestones implemented
Mentorship and the job training programme as a mechanism to develop leaders implemented – approved programme documentation	New	Mentorship framework developed and implemented	Leadership index score = 88%	Leadership index score = 88%	Leadership index score = 88%
Diversity and Employment Equity: Racial Equity Gender Equity Disability Equity	Racial Equity – 76.31% Gender Equity – 49.14% Disability Equity – 2.16%	Racial Equity – 80.37% Gender Equity – 51.37% Disability Equity – 2.66%	Racial Equity – 81.36% Gender Equity – 51.75% Disability Equity – 3.16%	Racial Equity – 82.40% Gender Equity – 52.30% Disability Equity – 3.75%	Racial Equity – 83.20% Gender Equity – 52.88% Disability Equity – 4.25%

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
Capability model to evolve workforce for future work environment developed – approved (model) document	Methodology completed. Model completed.	Desktop research on capability methodologies and model finalised and documented.	Consultation with all stakeholders based on the methodology research that was completed.	Methodology aligned to a suitable model (Completed Draft Document for review).	Model review completed Capability model developed and approved (ready for implementation).
Capability to ensure we can respond to current and future work environment demands developed and implemented – approved document	New capability model completed.	As-Is Analysis with findings and outcome of the current capability model documented and presented.	The identified capability gaps with enhancement proposals, documented and presented to all role-players.	Deliver the SARS enhanced capability model document for approval.	Review of the SARS capability model completed with an enhanced SARS capability model document and implementation plan approved.
Mentorship and the job training programme as a mechanism to develop leaders implemented – approved programme documentation	Mentorship framework developed and implemented.	Completed Mentorship training framework with approved programme and completed implementation plan.	Implementation of programme commenced with 20% of all identified delegates onboarded the programme.	50.00% of all identified delegates onboarded the programme.	60.00% of all identified delegates onboarded the programme.
Diversity and Employment Equity: Racial Equity Gender Equity Disability Equity	Racial Equity – 80.37% Gender Equity – 51.37% Disability Equity – 2.66%	80.37% 51.37% 2.66%	80.37% 51.37% 2.66%	80.37% 51.37% 2.66%	80.37% 51.37% 2.66%

Strategic objective 5: Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes

Key results	Current and MTEF targets				
	Baseline	2020/21	2021/22	2022/23	2023/24
Completeness of data achieved	Poor register integrity Incomplete data sets, sources etc.	Completeness of taxpayer register substantially achieved	Completeness of third-party data sources achieved	Expanded use of unstructured and structured data	-
Methodology and algorithms to improve case selection completed	Limited machine learning capabilities	Capability framework delivered	Develop and increase machine learning capability	Increased use of machine learning capability	Performance review of new machine learning capability
Data governance framework developed and implemented	Limited application of data governance	Updated data governance framework developed	Data governance framework implemented	-	-

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
Completeness of data achieved	Completeness of taxpayer register substantially achieved	Register segmented and aligned into 12 new operating units	Automated clean-up presented to Centralised operations	Receive feedback on Automated clean-up proposals	Automated clean-up effected. Entities merged and cleansed by business units (the population not covered by automated clean-up)
Methodology and algorithms to improve case selection completed	Capability framework delivered	Undertake benchmark to ascertain landscape	Conclude skills audit	Finalise training requirements for Machine Learning	Capability framework delivered. Machine Learning skills pipeline for development completed
Data governance framework developed and implemented	Updated data governance framework developed	Review current data governance framework	Develop a new updated data governance framework	Submit new framework to Commissioner for approval and socialise throughout SARS	Implement the new data governance framework

Strategic objective 6: Modernise our systems to provide digital and streamlined online services

Key results	Current and MTEF targets				
	Baseline	2020/21	2021/22	2022/23	2023/24
Digital platforms availability for taxpayers and traders - % of planned capacity to be available for mission critical systems	99.60%	100.00%	100.00%	100.00%	100.00%
Security of taxpayers and traders information and interactions via digital platforms - number of security breaches on digital platforms for known risks	No security breaches from known risks	No security breaches risk from known risks	No security breaches from known risks	No security breaches from known risks	No security breaches from known risks
All SARS service offerings made available digitally - % of SARS taxpayer and trader service offerings made available online	New	Identify and prioritise areas (products/ services) to develop digital offerings	70.00% of all SARS taxpayer and trader service offerings available on online channels	90.00% of all SARS taxpayer and trader service offerings available on online channels	95.00% of all SARS taxpayer and trader service offerings available on online channels

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
Digital platforms availability for taxpayers and traders - % of planned capacity to be available for mission critical systems	100.00%	100.00%	100.00%	100.00%	100.00%
Security of taxpayers and traders information and interactions via digital platforms - number of security breaches on digital platforms for known risks	No security breaches risk from known risks	No security breaches risk from known risks	No security breaches risk from known risks	No security breaches risk from known risks	No security breaches risk from known risks
All SARS service offerings made available digitally - % of SARS taxpayer and trader service offerings made available online	Identify and prioritise areas (products/ services) to develop digital offerings	Baseline analysis completed for 50% of the service offerings	Baseline analysis completed for 100% of the service offerings	Determine baseline % of SARS taxpayer and trader service offerings made available online	Make recommendations for service offerings migration

Strategic objective 7: Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in delivering quality outcomes and performance excellence

Key results	Current and MTEF targets				
	Baseline	2020/21	2021/22	2022/23	2023/24
Reconfigured SARS' cost structures to align with international peers – ICT investment as % of total grant	5.00%	Increase ICT investment by 2.00%	Increase ICT investment by 4.00%	Increase ICT investment by 6.00%	Increase ICT investment by 8.00%
Achieve 5% non-people operational cost savings	None	5.00%	5.00%	5.00%	5.00%
Revenue is collected at a level in line with comparable international peers' cost – Cost to Revenue Ratio	0.84%	1.00%	1.00%	1.00%	1.00%
Clean audit opinion is achieved from the Auditor-General	Unqualified entity with findings	Clean Audit	Clean Audit	Clean Audit	Clean Audit

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
Reconfigured SARS' cost structures to align with international peers – ICT investment as % of total grant	Increase ICT investment by 2%	1.00%	1.25%	1.50%	2.00%
Achieve 5% non-people cost savings	5.00%	1.25%	2.50%	3.75%	5.00%
Revenue is collected at a level in line with comparable international peers' cost – Cost to Revenue Ratio	1.00%	-	-	-	1.00%
Clean audit opinion is achieved from the Auditor-General	Clean Audit	-	-	-	Clean Audit

Strategic objective 8: Work with and through stakeholders to improve the tax ecosystem

Key results	Baseline	Current and MTEF targets			
		2020/21	2021/22	2022/23	2023/24
We have satisfied all of our commitments in terms of EOI agreements (automatic exchange of information happens seamlessly in both/multi directions)	100% compliance	Full compliance in terms of OECD rating	Full compliance in terms of OECD rating	Full compliance in terms of OECD rating	Full compliance in terms of OECD rating

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
We have satisfied all of our commitments in terms of EOI agreements (automatic exchange of information happens seamlessly in both/multi directions)	Full compliance in terms of OECD rating	-	-	-	Full compliance in terms of OECD rating

Strategic objective 9: build public trust and confidence in the tax administration system

Key results	Baseline	Current and MTEF targets			
		2020/21	2021/22	2022/23	2023/24
Public opinion survey results reflect high trust and confidence in SARS – <i>score as per public opinion survey</i>	67.00%	70.00%	72.00%	73.00%	74.00%

Annual and quarterly targets:

Key results	Annual target	Q1	Q2	Q3	Q4
Public opinion survey results reflect high trust and confidence in SARS – <i>score as per public opinion survey</i>	70.00%	-	-	-	70.00%

Headcount projection over the MTEF period

	December 2019	2020/21 Projections	2021/22 Projections	2022/23 Projections
Permanent	12 068	12 309	12 376	12 439
Contract Employees	6	6	6	6
Short Term Contract	149	149	149	149
Trainees	63	63	63	63
Total Headcount Requirement	12 286	12 527	12 594	12 657

Risks and mitigation

Risk Description	Mitigating Actions
<p>Cyber Security threat The escalation of large-scale cyber-attacks nationally and globally leads to SARS' vulnerability, and in the event of an attack, could result in taxpayer and trader confidentiality breaches and severe reputational damage.</p>	<ul style="list-style-type: none"> » Review and implement the approved IT security strategy. » Review, implement and monitor the Cyber-security roadmap. » Develop a Data Loss Prevention program to introduce world-class capabilities for the management of electronic information and to protect against cyber-attacks.
<p>Loss of Public Trust and Credibility Damage to the reputation of SARS due to:</p> <ul style="list-style-type: none"> » Negative media reports; » Varying levels of service provided to customers and stakeholders; » SARS non-compliance to legislation and regulations, may lead to the projection of a negative perception of SARS and result in loss of public trust and credibility. 	<ul style="list-style-type: none"> » Develop a Strategy and Framework for Reputational Risk Management, which will include a Communications and Engagement Strategy to support pro-active internal and external communication. » Reinforce the SARS core values and the SARS Code of Conduct. » Implement the approved SARS Service Charter.
<p>Illicit trade, smuggling and criminal syndicates Sub-optimal border control leads to smuggling (narcotics and counterfeit), illicit trade, trade mispricing and illicit financial flows, whose negative socio-economic impact threatens economic growth, undermines legitimate formal business activity, job security and creation. Poor risk profiling, technology and skills lead to the inability to detect non-compliance, enforce compliance, and to poor management of the risk posed by the illicit economy and the shadow economy.</p>	<ul style="list-style-type: none"> » Ensure end-to-end goods accounting through the roll out of the Reporting, Conveyances and Goods component of NCAP. » Carry out interventions through the Inter-agency workgroup on Illicit Financial Flows Strategy, and resuscitate the inter-agency workgroup on Illicit Trade in Tobacco. » Finalise and implement the Customs Risk-based client segmentation model to bolster targeted enforcement initiatives. » Refer cases to criminal investigations for prosecution. » Improve the Customs and Excise Risk Management Capabilities. » Establish structures and well-resourced specialised teams to tackle non-compliance associated with the illicit economy, such as that occurring in the tobacco, cigarette, fuel and alcohol sectors. » Continue with investigations into illicit trade and ensure that civil and/or criminal sanctions are imposed.

<p>Increasing non-compliance by taxpayers and traders</p> <p>Weak case selection and taxpayer profiling, the inability to identify potential tax avoidance schemes, failed strategic enforcement projects, inadequate resources and skills needed to detect and act against sophisticated tax avoidance schemes, lead to ineffective enforcement interventions, which result in increased non-compliance and the inability to meet the revenue and duty targets required to meet fiscal demands.</p>	<ul style="list-style-type: none"> » Implement the revised Compliance Programme and develop a new Compliance Programme (2018/19 - 2023/24). » Redefine the profile of human resources in case selection and audit, to ensure the right mix of knowledge, skills, and experience is present in order to competently select, profile, and audit complex and potential high-yield cases. » Develop specific and focused skills development interventions to enhance the effectiveness of human resources in case selection and audit.
<p>Business interruption</p> <p>The lack of an approved enterprise-wide Business Continuity Management Framework leads to an inability to plan a response to unplanned business interruptions, and in the event of an incident, results in prolonged business interruption, operational failures, and potential business failure.</p>	<ul style="list-style-type: none"> » Develop a Business Continuity Management Committee structure represented by all businesses. » Develop and implement an enterprise-wide Business Continuity Management Framework (including a Disaster Recovery Plan) based on ISO 22301.
<p>Loss and leakage of Data and Information</p> <p>The lack of a coordinated enterprise-wide approach to protecting and securing digital and physical information leads to fragmented and inefficient management and security controls, resulting in loss, theft, and exploitation of data and physical information.</p>	<ul style="list-style-type: none"> » Develop an Integrated Security Framework to protect digital/physical data and information, people and facilities at an enterprise-level. » Develop a Data Loss Prevention program to introduce world-class capabilities for the management of electronic information, and to protect against cyber-attacks.
<p>Non-achievement of Revenue Estimates due to less than expected revenue collections</p> <p>An unfavourable global and domestic economic environment contributes to the decline in business activity, profitability and reduced tax revenue, due to macro-economic factors such as the impact of lower-than-expected economic growth, new tax policies (sugar levies, carbon taxes), and national debt sustainability during different economic scenarios, and micro-economic factors including household debt sustainability, declining employment rates, and increasing business liquidations.</p>	<ul style="list-style-type: none"> » Enhance segmentation of the tax base and differentiated service and compliance offerings. » Increase focus and capability on large international businesses and wealthy individuals » Revive the SARS compliance model and improve the compliance within specific industry sectors. » Utilise research based input in developing compliance improvement interventions. » Enhance the risk identification capability to influence shifts in the compliance landscape. » Develop an enterprise-wide programme for revenue management.
<p>Workforce capacity and allocated staff budget are not aligned</p> <p>The lack of required funding to fully capacitate the SARS Workforce Plan results in existing staff being stretched, which impacts directly on revenue collection, delivery and the quality of SARS strategic outcomes and existing staff morale.</p>	<ul style="list-style-type: none"> » Review the SARS Workforce Plan (WFP), identifying workforce requirements in all areas and levels in the organisation. » Deliver a 3 year WFP. Utilise the approved WFP to serve as the business plan for budgeting purposes and workforce funding allocation. » Enhance recruitment to address immediate WFP capacity requirements when funds are made available (recruitment focused project).

PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

TOP 5 OVERARCHING INDICATORS

1. Printed revenue estimates are met and/or exceeded

Indicator Title	Printed revenue estimates are met and/or exceeded
Definition / Purpose	The purpose of this key result is to track the revenue collected by SARS emanating from tax, customs and excise activities, and is one of the proxies for measuring tax compliance. This indicator takes into account all debt collected, links debt to economic activity through the level of taxes received and can be benchmarked against other tax administrations
Source/Collection of data	Revenue data is extracted from Customs & Excise core systems and SARS core tax systems
Method of calculation	Tax and customs revenue from all types of tax-generating activities
Data limitations / assumptions	Targets are set by the Revenue Analysis Working Committee (RAWC), and susceptible to economic performance as well as a change in tariffs set by the dti in accordance with International Trade Agreements
Type of indicator	Output
Calculation type	Cumulative (year-end)
Reporting cycle	Monthly, Quarterly and Annually (external reporting)
Desired performance	An actual achievement higher than target
Indicator responsibility	Revenue Management and all clusters

2. Revenue collected from identified compliance activities

Indicator Title	Revenue collected from identified compliance activities
Definition / Purpose	This indicator aims to track compliance revenue emanating from identified and targeted compliance activities/initiatives. These activities are specifically initiated by SARS, and are largely informed by its compliance programme to crack down on non-compliance. These include debt recovery efforts and outstanding returns follow-ups. With increased voluntary compliance, this part of revenue is expected to decrease
Source/Collection of data	Revenue data is extracted from Customs & Excise core systems and SARS core tax systems
Method of calculation	Compliance revenue collected as a percentage of total tax and customs revenue collected
Data limitations / assumptions	Not applicable
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and Annually
Desired performance	An actual achievement lower than target
Indicator responsibility	Specialised Audits, Specialised Debt and outstanding returns

3. Approved voluntary compliance index

Indicator Title	Approved voluntary compliance index
Definition / Purpose	The aim is to have an approved index to track and measure voluntary compliance in place. The index will aggregate the four tax compliance clusters (registration, declaration, filing and payment) to give a composite score
Source/Collection of data	Internal work done to date, CEMIS for internal data Research work on compliance index
Method of calculation	Not applicable
Data limitations / assumptions	Refer to methodology document
Type of indicator	Output
Calculation type	N/A
Reporting cycle	Annually
Desired performance	Compliance index methodology review completed and approved
Indicator responsibility	All Clusters

4. Approved tax gap study

Indicator Title	Approved tax gap study
Definition / Purpose	The aim is to have an approved study on tax gap by the end of the financial year. The study seeks to improve understanding of the tax gap, methods available to determine the gap, and the approach adopted by SARS
Source/Collection of data	Internal work done to date Research work on tax gap analysis
Method of calculation	Not applicable
Data limitations / assumptions	Refer to methodology document
Type of indicator	Output
Calculation type	N/A
Reporting cycle	Annually
Desired performance	Tax gap methodology tested and refined
Indicator responsibility	Taxpayer Education, Revenue Management

5. Approved cost of compliance study

Indicator Title	Approved cost of compliance study
Definition / Purpose	The aim is to have an approved study on cost of compliance by the end of the financial year. The study seeks to improve understanding of cost of compliance across the business and to determine cost of compliance
Source/Collection of data	Internal work done to date Research work on cost of compliance
Method of calculation	Not applicable
Data limitations / assumptions	Refer to methodology document
Type of indicator	Output
Calculation type	N/A
Reporting cycle	Annually
Desired performance	Cost of compliance study methodology adopted
Indicator responsibility	Taxpayer Education, Revenue Management

STRATEGIC OBJECTIVES

1. PROVIDE CLARITY AND CERTAINTY FOR TAXPAYERS AND TRADERS OF THEIR OBLIGATIONS

1.1 % of taxpayers (and traders) that are satisfied with the clarity and certainty of the guidance provided by SARS

Indicator Title	% of taxpayers (and traders) that are satisfied with the clarity and certainty of the guidance provided by SARS
Definition / Purpose	The purpose of this measure is to gauge taxpayers satisfaction with clarity and certainty of guidance offered by SARS as they conduct their tax business
Source/Collection of data	Survey
Method of calculation	Conducted by an external party once every year
Data limitations / assumptions	Reliability of survey results is dependent on quality of data
Type of indicator	Efficiency
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Legislative Policy Tax, Customs & Excise and Leveraged Legal Products

1.2 Advance Pricing Agreement Programme introduced

Indicator Title	Advance Pricing Agreement Programme introduced
Definition / Purpose	APAs help taxpayers with a high level of certainty of their obligations by proactively engaging with SARS
Source/Collection of data	SARS core systems
Method of calculation	Not applicable
Data limitations / assumptions	N/A
Type of indicator	Output
Calculation type	N/A
Reporting cycle	Annually
Desired performance	Introduction of a APA Programme
Indicator responsibility	Legislative Policy Tax, Customs & Excise and Leveraged Legal Products

1.3 % uptake of AEO programme by active traders

Indicator Title	% uptake of AEO programme by active traders
Definition / Purpose	This Indicator seeks to measure the uptake of the Authorised Economic Operator programme by traders. An AEO is a party involved in the international movement of goods in whatever function that has been approved by, or on behalf of a national Customs administration, as complying with the WCO or equivalent supply chain security standards (WCO)
Source/Collection of data	SARS customs systems
Method of calculation	Number of active traders on the AEO programme as a percentage of total active traders
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Customs and Excise

2. MAKE IT EASY FOR TAXPAYERS AND TRADERS TO COMPLY WITH THEIR OBLIGATIONS

2.1 % of taxpayers and traders using digital platforms to interact with SARS

Indicator Title	% of taxpayers and traders using digital platforms to interact with SARS
Definition / Purpose	This measures the number of taxpayers and traders who use digital platforms to interact with SARS. This includes self-service and excludes assisted utilisation of digital platforms
Source/Collection of data	SARS core systems
Method of calculation	% of taxpayers and traders using digital platforms interact with SARS = $\frac{\# \text{ of unique taxpayers and traders who use digital platforms}}{\text{total number of taxpayers and traders}}$
Data limitations / assumptions	N/A
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Technology & Solutions Delivery

2.2 % of standard taxpayer returns auto assessed by SARS

Indicator Title	% of standard taxpayer returns auto assessed by SARS
Definition / Purpose	This indicator measures the proportion of tax returns of individual taxpayers that are filed and assessed automatically by SARS. The purpose of this measure is to determine the extent to which SARS can use data and information to file and assess tax returns automatically, making it unnecessary for taxpayers and traders to file tax returns themselves
Source/Collection of data	SARS core systems
Method of calculation	$\text{Tax Return Auto-Filing} = \frac{\text{\# of PIT tax returns auto-assist}}{\text{\# total of PIT taxpayers above threshold}}$
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Technology & Solutions Delivery & Enterprise Data Management

2.3 Approved New Taxpayer Service Charter

Indicator Title	Approved New Taxpayer Service Charter
Definition / Purpose	The Charter is the commitment or promise of how SARS will deliver its services to taxpayers and traders. The indicator seeks to track progress towards having a Service Charter that is robust
Source/Collection of data	Old charter and research work
Method of calculation	Not applicable
Data limitations / assumptions	N/A
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly and Annually
Desired performance	Approved Taxpayer Service Charter in place
Indicator responsibility	Segment Owners, Product-Process Owners

2.4 % Increase in Service Charter performance score

Indicator Title	% Increase in Service Charter performance score
Definition / Purpose	This measure seeks to track how SARS is incrementally meeting its Service Charter commitments
Source/Collection of data	SARS core systems, Tax Ombud
Method of calculation	Score in Year 2 less Score in Year 1. The score is derived from all the categories in the Service Charter, and weighted to arrive at a composite score.
Data limitations / assumptions	Some Service Charter categories are still in the measurement development stage
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Segment Owners, Product-Process Owners Enterprise Data Management

2.5 Approved SMME engagement programme

Indicator Title	Approved SMME engagement programme
Definition / Purpose	The SMME engagement programme seeks to improve engagements with the SMME sector. Part of this programme is to review the effectiveness of existing policy instruments in place, and make improvements where necessary
Source/Collection of data	Old programme and research work
Method of calculation	Not applicable
Data limitations / assumptions	N/A
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Approved programme in place
Indicator responsibility	Segment Owners, Product-Process Owners

3. DETECT TAXPAYERS AND TRADERS WHO DO NOT COMPLY, AND MAKE NON-COMPLIANCE HARD AND COSTLY

3.1 Approved detection and selection methodology

Indicator Title	Approved detection and selection methodology
Definition / Purpose	The aim is to have an approved methodology on detection and selection of non-compliance cases by the end of the financial year. The methodology seeks to be proactive and preventive in its design
Source/Collection of data	Old methodology and preliminary review work carried out to date Research work on detection, deterrence and selection
Method of calculation	Not applicable
Data limitations / assumptions	Exclusions will be provided in the methodology document
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Research completed and methodology in place
Indicator responsibility	Segment Owners, Product-Process Owners

3.2 Responses developed and approved for all instances of non-compliance

Indicator Title	Responses developed and approved for all instances of non-compliance
Definition / Purpose	The aim is to develop a matrix of different responses per non-compliance type, and have this in place at the end of the financial year
Source/Collection of data	Current response methods Legal guidance on responses Research work on responses
Method of calculation	Not applicable
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Research completed and document published internally
Indicator responsibility	Specialised audits, Criminal Investigations and Customs Compliance

3.3 Completed review of capability to successfully respond to non-compliance

Indicator Title	Completed review of capability to successfully respond to non-compliance
Definition / Purpose	The aim is to have a review done on the SARS capability to effectively respond to cases of non-compliance. The review will reveal the gaps needed to be closed to adequately respond to non-compliance
Source/Collection of data	Internal and external research work
Method of calculation	Not applicable
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Review conducted and report issued internally
Indicator responsibility	Talent capability development

3.4 Increase in employer filing compliance

Indicator Title	% increase in employer filing compliance
Definition / Purpose	This indicator tracks and monitors the filing compliance of employers with respect to PAYE obligations (Employer Reconciliations)
Source/Collection of data	Data is extracted from CEMIS
Method of calculation	<p>The total number of EMP201 returns legally required during the SARS financial year and received on, or before the due date of that return, expressed as a percentage of the total number of EMP201 returns legally required with a due date falling within the specific SARS financial year</p> $\text{Employer filing rate (PAYE)} = \left(\frac{\text{On-time returns in Y2 less On-time returns in Y1}}{\text{On-time Returns in Y1}} \right) \times 100$
Data limitations / assumptions	Transactions that occurred in other financial years are excluded
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually (external reporting)
Desired performance	An actual achievement higher than target
Indicator responsibility	All clusters

3.5 % Achievement of Compliance Programme milestones and targets

Indicator Title	% Achievement of Compliance Programme milestones and targets
Definition / Purpose	This indicator seeks to track progress towards achieving Compliance Programme deliverables. The programme is key to achieving voluntary compliance
Source/Collection of data	SARS core systems
Method of calculation	Number of milestones / targets achieved divided by the number of milestones and targets in the Compliance Programme x 100
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	All clusters, Legislative Policy, Tax Customs and Excise

4. DEVELOP A HIGH PERFORMING, DIVERSE, AGILE, ENGAGED AND EVOLVED WORKFORCE

4.1 Approved capability model to evolve workforce for future work environment

Indicator Title	Approved capability and capacity model to evolve workforce for future work environment
Definition / Purpose	The purpose is to have a capability and capacity model in place that seeks to resource the organisation with the right people that evolve with new work environments
Source/Collection of data	SAP and external research work
Method of calculation	Not applicable
Data limitations / assumptions	N/A
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Model completed
Indicator responsibility	Talent Capability Development

4.2 Current and future work environment demands response capability developed and implemented

Indicator Title	Current and future work environment demands response capability developed and implemented
Definition / Purpose	The purpose is to have an upskilling plan in place, that seeks to equip staff to deal with new workplace demands in place by the end of the reporting period
Source/Collection of data	SAP and External research work
Method of calculation	Not applicable
Data limitations / assumptions	Not applicable
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Upskilling plan developed
Indicator responsibility	Employee Engagement, Talent Capability & Development, Employee and Labour Relations

4.3 Approved mentorship and on-the-job training programme

Indicator Title	Approved mentorship and on-the-job training programme
Definition / Purpose	The purpose is to have a mentorship and on-the-job training programme that seeks to improve personal development, career development and productivity of staff
Source/Collection of data	SAP system
Method of calculation	Not applicable
Data limitations / assumptions	N/A
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Mentorship framework implemented
Indicator responsibility	Employee Engagement, Talent Capability & Development, Employee and Labour Relations, All clusters

4.4 Diversity and Employment Equity

Indicator Title	Diversity and Employment Equity
Definition / Purpose	The purpose of this measure is to gauge how adequately SARS is representing the country's demographics in the workforce, and to promote diversity, gender equality and create opportunities for people with disabilities
Source/Collection of data	SAP system
Method of calculation	Racial Equity: Total number of African, Indian and Coloured employees as a percentage of total headcount Gender Equity: Total female employees in managerial to executive roles (from Grade 6 to 9B) as a percentage of total employees in those roles (on Grade 6 to 9B) Disability: Total number of disabled employees (per SARS definition) as a percentage of total headcount
Data limitations / assumptions	Disability is defined and measured in line with the provisions laid out in the Employment Equity Act
Type of indicator	Equity
Calculation type	N/A
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target.
Indicator responsibility	Employee Engagement, Talent Capability & Development, Employee and Labour Relations, All clusters

5. INCREASE AND EXPAND THE USE OF DATA WITHIN A COMPREHENSIVE KNOWLEDGE MANAGEMENT FRAMEWORK TO ENSURE INTEGRITY, DERIVE INSIGHT AND IMPROVE OUTCOMES

5.1 Completeness of data achieved

Indicator Title	Completeness of data achieved
Definition / Purpose	Measures the completeness of the data contained in the tax register, to determine the extent to which it reliably reflects all taxpayers, their inter-relationships, tax products and respective statuses. The purpose is to ensure that data contained in the tax register is complete and accurate
Source/Collection of data	SARS core systems
Method of calculation	$\text{Data Completeness Ratio} = \frac{\text{of known errors (missing, incomplete, redundant entries)} + \text{of empty values}}{\text{\# of data sets}}$
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Monthly, Quarterly and Annually (external)
Desired performance	A higher ratio indicates a more complete tax register
Indicator responsibility	Enterprise Data Management

5.2 A completed methodology and algorithms to improve case selection

Indicator Title	A completed methodology and algorithms to improve case selection
Definition / Purpose	This indicator measures the trajectory towards the implementation of a Machine Learning capability at SARS. The first step is to determine the capacity and capabilities required to implement a Machine Learning capability. The purpose of this output is to provide an estimate of what capabilities and capacity will be required at SARS to be able to perform machine learning functions
Source/Collection of data	SARS enterprise data warehouse
Method of calculation	Not applicable
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Delivery of the benchmarking document
Indicator responsibility	Enterprise Data Management

5.3 Data governance framework developed and implemented

Indicator Title	Data governance framework developed and implemented
Definition / Purpose	This measures the progress towards implementing an approved data governance framework, with the first step being the update of the framework
Source/Collection of data	SARS data, external research work
Method of calculation	Not applicable
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Delivery of approved updated Data Governance framework
Indicator responsibility	Enterprise Data Management

6. MODERNISE OUR SYSTEMS TO PROVIDE DIGITAL AND STREAMLINED ONLINE SERVICES

6.1 % of planned capacity to be available for mission critical systems

Indicator Title	% of planned capacity to be available for mission critical systems
Definition / Purpose	The measures the availability of digital platforms to taxpayers and traders
Source/Collection of data	
Method of calculation	$\% \text{ Availability of mission critical systems} = \frac{\text{(Uptime of mission critical system)}}{\text{(Uptime of mission critical system + Downtime of mission critical systems)}}$
Data limitations / assumptions	N/A
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Operations Enabling & Production Planning, Technology & Solutions Delivery

6.2 Number of security breaches on digital platforms for known risks

Indicator Title	Number of security breaches on digital platforms for known risks
Definition / Purpose	This measures the number of security breaches that occur for all known security risks on digital platforms. The purpose of this measure is to determine the veracity of digital security risk management practises employed
Source/Collection of data	SARS core systems
Method of calculation	Count of the number of breaches, and compare over time
Data limitations / assumptions	N/A
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	Actual breaches lower than target
Indicator responsibility	Operations Enabling & Production Planning, Technology & Solutions Delivery

6.3 % SARS taxpayer and trader service offerings made available online

Indicator Title	% SARS taxpayer and trader service offerings made available online
Definition / Purpose	This measures the proportion of service offerings digitally available. The higher the proportion, the more the engagement options available, and the easier it is for the taxpayer / trader to access and engage with SARS
Source/Collection of data	SARS core systems
Method of calculation	$\frac{\text{\# of online service offerings}}{\text{\# total of service offerings available}}$
Data limitations / assumptions	No specific limitations
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Technology & Solutions Delivery & Enterprise Data Management

7. DEMONSTRATE EFFECTIVE STEWARDSHIP OF OUR RESOURCES TO ENSURE EFFICIENCY AND EFFECTIVENESS IN DELIVERING QUALITY OUTCOMES AND PERFORMANCE EXCELLENCE

7.1 ICT investment as % of total grant

Indicator Title	ICT investment as % of total grant
Definition / Purpose	This measure seeks to track the portion of the SARS grant allocated to ICT projects improvements and related maintenance. SARS is configuring its cost structure to ensure ICT infrastructure is optimally positioned to give full support to the mandate and align with its international peers
Source/Collection of data	SARS accounting systems
Method of calculation	Actual funds invested in ICT infrastructure refresh as a percentage of total SARS grant from National Treasury. $ICT\ invest\ (\%) = \left(\frac{\text{Actual funds invested in ICT infrastructure (R)}}{\text{Allocated funds (R)}} \right) \times 100$
Data limitations / assumptions	Funds include software and hardware costs incurred on both infrastructure refresh and related maintenance
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement lower than target
Indicator responsibility	CFO

7.2 Achieve 5% non-people operational cost savings

Indicator Title	Achieve 5% non-people operational cost savings
Definition / Purpose	This indicator seeks to gauge the extent to which SARS is achieving savings on its operational costs, excluding people related costs. Operational efficiency may lead to cost savings through activities such as outsourcing, automation, data mining etc
Source/Collection of data	SARS accounting systems
Method of calculation	Non-people cost savings as a percentage of total costs. $Savings (\%) = \left(\frac{Non - people\ cost\ savings (R)}{Total\ costs (R)} \right) \times 100$
Data limitations / assumptions	Not applicable
Type of indicator	Efficiency
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	An actual achievement lower than target
Indicator responsibility	CFO

7.3 Cost to Revenue Collected Ratio

Indicator Title	Cost to Revenue Collected Ratio
Definition / Purpose	The purpose of this measure is to assess the extent to which SARS is achieving its mandate in a cost-effective manner. SARS is mandated to achieve its strategic objectives in a manner that is cost effective and optimises all its available resources. This measure seeks to track and monitor the cost efficiency of its operations (cost of collection) in relation to the revenue that it collects. This will in turn be compared with international best practices and benchmarks
Source/Collection of data	SARS accounting systems and activity based management reports
Method of calculation	Total operating costs of the controlling entity for the year, divided by the total tax and customs revenue collected for the financial year
Data limitations / assumptions	Budgeting planning and monitoring is done in accordance to the PFMA, treasury regulations and guidelines prescribed by the National Treasury
Type of indicator	Efficiency
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement close to the target
Indicator responsibility	CFO

7.4 Unqualified report by Auditor General

Indicator Title	Unqualified report by Auditor General
Definition / Purpose	The purpose of this measure is to assess SARS' commitment to maintaining and promoting good governance in the organisation. It measures compliance levels with all Government's statutory requirements
Source/Collection of data	SARS core systems
Method of calculation	Auditor-General report
Data limitations / assumptions	As per AG report
Type of indicator	Governance
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Clean audit report
Indicator responsibility	All clusters, CFO

8. WORK WITH AND THROUGH STAKEHOLDERS TO IMPROVE THE TAX ECOSYSTEM

8.1 100% satisfaction on all commitments in terms of EOI agreements

Indicator Title	100% satisfaction on all commitments in terms of EOI agreements
Definition / Purpose	This measure tracks the extent to which SARS has met and satisfied commitments made in the Exchange of Information international fora. The aim is to meet and satisfy all commitments made to exchange information with other players in tax administrations across the world. Definition of meeting and satisfying a commitment is to submit everything that is required for the requestor / interested party to proceed to the next stage
Source/Collection of data	External requests
Method of calculation	Number of commitments met as a percentage of total commitments made. $\% \text{ satisfaction} = \left(\frac{\text{Number of commitments met}}{\text{Total commitments made}} \right) \times 100$
Data limitations / assumptions	Not applicable
Type of indicator	Efficiency
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	International Relations

9. BUILD PUBLIC TRUST AND CONFIDENCE IN THE TAX ADMINISTRATION SYSTEM

9.1 Public opinion score

Indicator Title	Public opinion score
Definition / Purpose	The purpose of this measure is to gauge the public's perceptions and attitudes towards tax compliance. This will help SARS to better understand the public's attitudes towards tax compliance, and obtain feedback to enable SARS to track and monitor tax compliance overtime
Source/Collection of data	External survey
Method of calculation	External survey
Data limitations / assumptions	The score is in the form of an Attitude to Tax Compliance Index (ATCI), and has 5 dimensions, namely, Information and process accessibility, Government stewardship, Tax compliance ethics, Tax morale and Institutional integrity
Type of indicator	Efficiency
Calculation type	N/A
Reporting cycle	Annually
Desired performance	An actual achievement higher than target
Indicator responsibility	Taxpayer and Trader education

Notes
