



*South African Revenue Service*

# **SARS Tax Practitioner Readiness Programme**

## **Module 8 – Part 1**

### **Debt Management Process**

**25 YEARS**  
ANNIVERSARY  
*At Your Service* 1997 – 2022

# Learning Objectives

At the end of this module, you are expected to:

- Understand the SARS debt management process
- Understand the process of payment arrangements
- Understand the process for comprise request
- Understand the appointment of third parties to recover the debt

# SARS Debt Management Process

- Assessments / Self assessments have a due date on which payment must be made to SARS.
- Should the payment not be received on or before due date, the Debt will become overdue and be referred to Debt Management for collection actions / enforcement.
- Collection actions may include, but are not limited to, Third-Party appointments, Civil Judgement and Writ of Execution.

# Options to Pay off Outstanding Amount

- Immediate payment of the amount outstanding (with reference to due dates on assessment notice)
- Instalment payment arrangement – Section 167 and 168 of TAACT
- Compromise request – Section 200 – 204 of TAACT

Please note that:

- Immediate payment should always be recommended as the first option to the taxpayer; however
- Should the taxpayer not be in the position to pay the full outstanding amount, a request for instalment payment arrangement or compromise request can be submitted for consideration.

# Process for Payment Arrangements

- In order to request a deferred arrangement, the taxpayer needs to be fully compliant – all returns submitted up to date
- All deferred arrangement requests must be in writing if submitted to debt management or done via eFiling platform
- Deferred arrangements that can be considered without any supporting documents if:
  - Requests up to 11 months and value not exceeding R100 000
  - Requests up to 6 months and value not exceeding R5 million
- Deferred arrangements which requires supporting documents:
  - Requests longer than 11 months and not exceeding R100 000
  - Requests longer than 6 months and not exceeding R5 million
  - All requests exceeding R5 million irrespective the period

# Process for Compromise Requests

- The request to compromise a tax debt should be in writing and signed by the debtor;
- SARS will in return request all required information (Collections Information Statement) and supporting documents, i.e., evidence which support the debtor's claims for not being able to make payment in full;
- Once required documents are submitted, a full financial analysis will be done after which the case will be prepared for presentation to the Independent Debt Committee for consideration;
- Please refer to Section 200 – 204 of the TAACT for further guidance
- Kindly note that taxpayers cannot request SARS to fully write off a tax debt

# Issuing of IT88A/IT88L

## IT 88A

- Will be issued to employers to make a deduction from their employees' salary if no deferred arrangement or suspension of payment in place.

## IT88L

- Will be issued when a request / application for Tax Directive is received.

**NB: IT88A and IT88L are issued in terms of Section 179 of TAACT.**

# Appointment of 3<sup>rd</sup> party per S179 of TAA

- A Senior SARS official may authorize a notice to a person who holds or owes or will hold or owe any money to a taxpayer, to pay the money to SARS in satisfaction of the taxpayer's outstanding tax debt.
- In order for SARS to appoint a third-party the following steps would have been taken:
  - Taxpayer engagement / Meeting
  - Final demand which grants the taxpayer 10 workings days to contact SARS for arrangements. If the Taxpayer does not contact SARS to make arrangements as proposed on the final demand, then Third-Party Appointment will be issued
- Third-Party appointments maybe issued to: (but not limited to)
  - Banks / Financial Institutions
  - Employers
  - Any person who owes money to the taxpayer



# Tax Practitioner Role to the Taxpayer

- To inform taxpayers timeously of amounts outstanding to SARS and the different options available to pay the debt.
- To make taxpayers aware of actions SARS may take to recover outstanding debt such as Third-Party Appointments, Civil judgements, Writ of Executions, Personal Liability etc. - it will therefore be in taxpayer's best interest to pay the outstanding debt on or before due date or to make alternative arrangements.

*Thank you*  
*Re a leboha*  
*Re a leboga*  
*Ndza Khensa*  
*Dankie*  
*Ndi a livhuwa*  
*Ngiyabonga*  
*Enkosi*  
*Ngiyathokoza*