FILING SEASON 2017: TIPS FOR TAXPAYERS

The tax filing season for the 2017 year of assessment for individuals opened on 1 July 2017. Dr Beric Croome, Tax Executive at ENS, offers some advice that taxpayers registered on the SARS e-filing system should keep in mind.

Taxpayers must remember the deadline for submission of 2017 tax returns, as failing to comply with the deadline will result in administrative penalties being imposed by SARS.

Where the taxpayer decides to submit their return manually either via the post or by dropping off the tax return at a SARS branch office, the deadline for submission is 22 September 2017. Non-provisional taxpayers submitting their return via e-filing or by electronic filing via a SARS branch have until 24 November 2017 to submit their return. Provisional taxpayers submitting returns via e-filing have until 31 January 2018 to do so.

Before going on the SARS e-filing system to submit the tax return, it is important that taxpayers collate their tax information for the period 1 March 2016 to 28 February 2017. Taxpayers must collate the following information:

- Proof of income derived for the 2017 tax year including the IRP5 or tax certificate received from their employer or pension fund confirming the amount of income received for the tax year.
- Ensure that they have received tax certificates from their financial institutions where they have investments such as banks or unit trusts; those certificates will reflect the interest and other investment income which must be disclosed on the tax return.
- Where a person has invested in a tax-free investment, they will receive a special tax certificate which must be referred to in the tax return submitted to SARS.
- Those persons carrying on business for their own account or receiving rentals from property rented out need to submit details of income and expenditure incurred to support the income or loss reflected by them for the 2017 tax year.
- Where taxpayers claim deductions, they must submit, in the case of medical expenditure, the tax certificate received from the medical scheme reflecting the contributions paid by the taxpayer. Where the taxpayer has a family member with any disability, details relating to this must be shown on the tax certificate.
- Where the taxpayer has contributed to a retirement fund, they would have received a tax certificate which must be referred to in the tax return submitted.
- Those taxpayers in receipt of a travelling allowance

and who wish to claim expenses against that allowance must reflect the opening and closing odometer readings of the vehicle used for the 2017 tax year. The taxpayer has the choice of either relying on SARS' table of costs or submitting details of actual costs incurred and must retain the related supporting documents. Taxpayers must remember that they can only claim a deduction against the travelling allowance they have received where they have maintained a log-book with records of distances travelled for business and private purposes for the tax year.

- Where taxpayers made contributions to a public benefit organisation recognised under section 18A, they should have received a section 18A certificate from the organisation concerned and that must be reported on the tax return as well.

It is important that taxpayers submitting tax returns retain the documents substantiating the income they derived, as well as proof of deductions claimed. It is essential that full disclosure of income derived be made, failing which taxpayers will be subjected to understatement penalties.

This will apply where SARS identifies that the taxpayer did not disclose all income derived or alternatively has claimed expenses to which they are not entitled or for which they do not have sufficient proof.

SARS may request the submission of documents to substantiate the tax return submitted, and it is important that taxpayers supply the information to SARS timeously. If they do not, SARS may disallow deductions claimed by the taxpayer, which will then require the taxpayer to lodge an objection to their assessment.

Where a taxpayer disagrees with an assessment received from SARS, they must object to that assessment within 30 business days of the date of the assessment issued. Failure to comply with the time periods regulating objections can lead to difficulties for the taxpayer.

It is important that taxpayers complete their tax returns properly and make full and honest disclosure of income and expenses, and also update any changes in personal particulars. Where the taxpayer has changed banks, it will be necessary for the taxpayer to visit a SARS branch to personally change their bank account details at the SARS office.