

TAX OMBUD STRATEGIC PLAN 2016 - 2021

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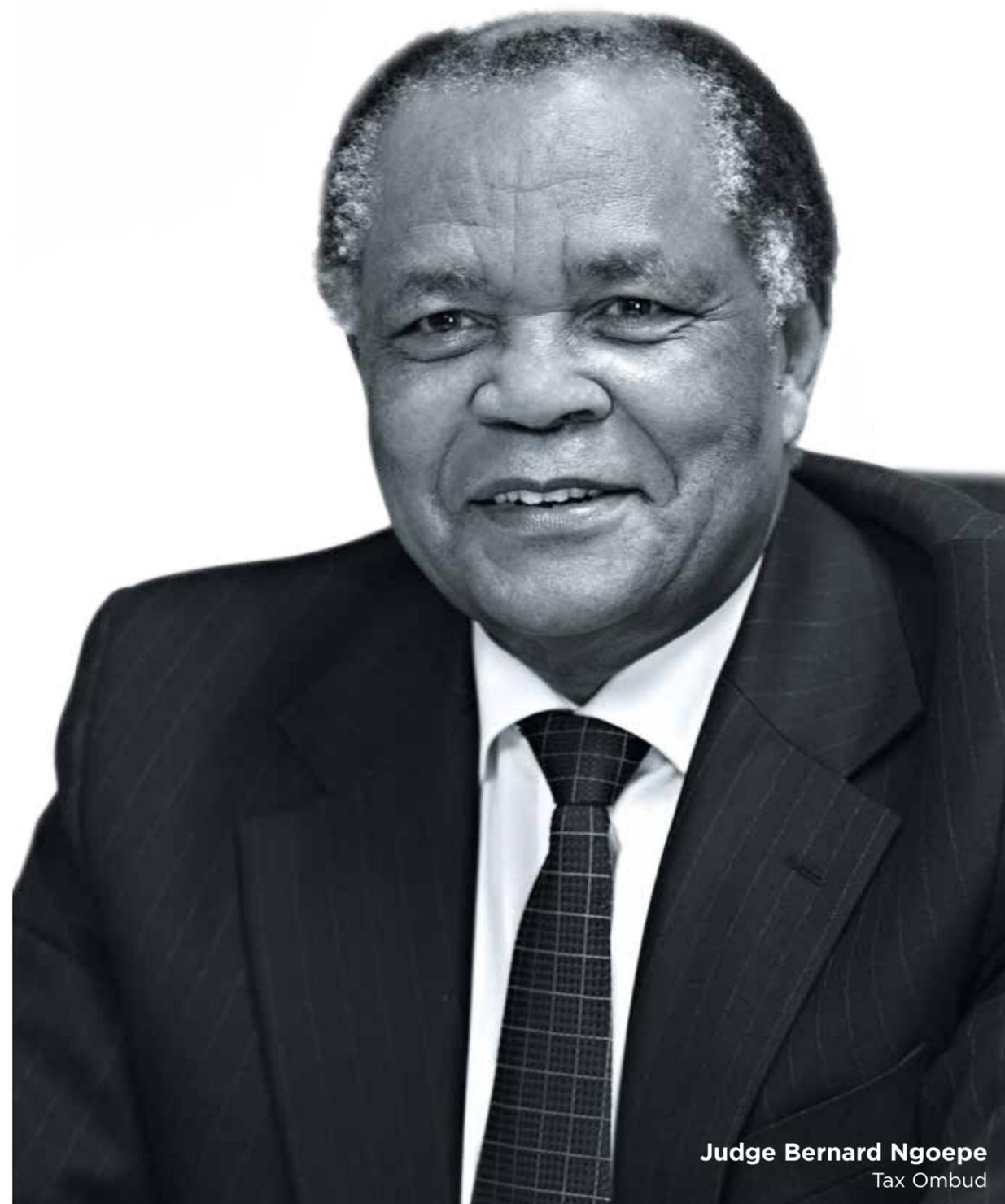
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Judge Bernard Ngoepe
Tax Ombud

FOREWORD BY THE TAX OMBUD

I am pleased to present the 2016 - 2021 Strategic Plan of the Office of the Tax Ombud. The strategic objectives and plans contained in this document will ensure we continue carrying out our legislative mandate and continuously improve all aspects of our organisation.

This is the second Strategic Plan we have prepared since our establishment and it expands on the work done in our first Strategic Plan, on which we have been reporting every quarter. Our experience is that the strategic planning and reporting process is invaluable in monitoring and evaluating the performance of the Office and in guiding us to fulfil our mandate.

In compiling this Strategic Plan and formulating our strategic outcome-oriented goals, we have been mindful of the necessity to align our plan with the National Development Plan (NDP) 2030 and the government outcomes pertinent to our business. We have paid particularly close attention to the contribution we can make towards building the capability of the state and promoting an active citizenry.

As the NDP states, citizens have the right to expect government to deliver certain basic services and to hold leaders accountable for their actions. They also have responsibilities to other citizens, including mutual respect, tolerance and abiding by the laws of the land. The Office of the Tax Ombud directly contributes to this reciprocal relationship by serving as a fair, independent and expeditious channel for taxpayers who have unresolved differences with the South African Revenue Service.

“The more confidence taxpayers have in the fairness and equitability of the tax system, the greater the level of tax compliance and, in turn, the greater the resources available for socio-economic and infrastructural development.”

“A service level agreement spelling out the duties and obligations of both parties is vital.”

The more confidence taxpayers have in the fairness and equitability of the tax system, the greater the level of tax compliance and, in turn, the greater the resources available for socio-economic and infrastructural development.

While translating these high-level national and governmental goals into strategic objectives for the Office of the Tax Ombud, we again became aware of various pressing matters that needed to be addressed: the independence of the Office, our accessibility to the taxpayers of South Africa, the limitations imposed on our mandate and shortcomings in the legislation that governs our work.

Adequately addressing these interlinked concerns is paramount if we are to contribute meaningfully to further building the credibility of the country's tax system in the eyes of taxpayers.

The independence of the Tax Ombud is an issue I have repeatedly raised in various reports, including our annual reports, to the executive and legislative authorities. As more and more taxpayers become aware of our existence and services, and demand for these services grows, it is becoming increasingly important to address the constraints and shortcomings we have identified, especially in our funding mechanism and staff appointments.

The current situation, in which SARS features prominently, compromises our independence and may fuel perceptions that we are an offshoot of the revenue agency rather than an independent, tax dispute-resolution organisation in our own right.

The issue of independence can best be resolved by amending the Tax Administration Act, our governing legislation. Apart from bolstering the Office's independence in terms of funding and staff appointments, the current limitations on the authority of the Office of the Tax Ombud should also be revisited. For example, we are unable to compel SARS to respond to our requests for feedback on complaints within a reasonable time frame, sometimes resulting in delays in investigating complaints lodged. A service level agreement spelling out the duties and obligations of both parties is vital.

Other issues requiring urgent attention are the absence of a taxpayer bill of rights in South Africa and the restrictions on what matters my Office can investigate. Indeed, taxpayers' rights and the broader investigative scope of similar bodies were some of the issues highlighted during a fact-finding visit by our CEO, Advocate Eric Mkhawane, and our Senior Manager: Operations, to Canada, the United States and the United Kingdom in May and June 2015.

Another area of concern noted during this visit, conducted in line with our commitment to implementing **international best practice**, was the limited geographical footprint of the South African office in comparison to our counterparts in the countries visited. Here in South Africa, we have only one office to serve the country's entire tax base, which is problematic in terms of how accessible we are to taxpayers and practitioners throughout the country, in urban and rural areas alike. Finding ways to expand our physical footprint is, I believe, both necessary and desirable.

As we continue to work towards strengthening taxpayer and stakeholder confidence in the tax system, we are committed to addressing the challenges ahead of us. In the near future, I will be conducting robust engagements with stakeholders on how to deal with these challenges in relation to the shortcomings of the legislation that governs this Office.

In the meantime, the Office is committed to building on the strong performance thus far achieved. We are determined to use available resources wisely accountably and also strengthen our working relationship with SARS and to raise awareness about our services among taxpayers, professional bodies and the general public.

“As we continue to work towards strengthening taxpayer and stakeholder confidence in the tax system, we are committed to addressing the challenges ahead of us.”

To this end, we will be guided by our Strategic Plan 2016 - 2021, which sets out our 12 main strategic objectives for the next five years and describes how each unit in the organisation is expected to contribute to realising them.

At all times, we pledge to remain focused on serving the taxpayers of South Africa fairly, impartially and efficiently, thus playing our part to the full in building taxpayers' confidence and compliance and, ultimately, helping to secure the success of our country.



JUDGE BERNARD NGOEPE
Tax Ombud



Advocate Eric Mkhawane
Chief Executive Officer

OVERVIEW FROM THE CHIEF EXECUTIVE OFFICER

It is a privilege to provide some introductory thoughts to the Office of the Tax Ombud's Strategic Plan for the period 2016 – 2021.

This Strategic Plan seeks, among others, to clarify our overall objectives and our plans to deliver on our mandate in the next five years, thus helping to improve South Africa's tax system while providing world-class services to taxpayers and businesses, and building an accountable and responsive tax system that has the confidence of all taxpayers.

This Strategic Plan assists our Office to identify and detail our priorities in the next five years so that we can make intelligent resource (financial and human) allocation choices and resolve taxpayers' complaints against SARS effectively, efficiently and timeously through transparent and legally sound procedures and processes.

Further, this plan details our strategies for tackling some of the issues affecting our ability to become a trusted, world-class service provider. We have identified these issues in the course of conducting business and through tools such as a SWOT analysis, in which we assessed our strengths, weaknesses, opportunities and threats. We also investigated international best practice in our field by undertaking a fact-finding and benchmarking visit to Canada, the United States and the United Kingdom in mid-2015.

The SWOT analysis, which is discussed in more detail under Situational Analysis on page 17 of this document, showed that one of the biggest threats to the efficiency and effectiveness of the Office of the Tax Ombud is delays in providing feedback to taxpayers who have lodged complaints. Two main reasons for such delays were identified. One was lack of awareness among taxpayers about SARS' complaints mechanism (which taxpayers must use before approaching our Office). The other was delays on the part of SARS in responding to our requests for feedback.

Clear solutions to these challenges are outlined in this Strategic Plan. To prevent delays from SARS, we proposed entering into a Memorandum of Understanding (MOU) that will specify turnaround times, among other things, for the provision of feedback on complaints. This MOU will pave the way for a detailed service level agreement, setting out the rights and responsibilities of SARS and the Office of the Tax Ombud when it comes to investigating taxpayer complaints.

We are also investing substantially in the skills and capabilities of our employees, empowering them to serve taxpayers knowledgeably and professionally. This has entailed strengthening the Operations unit, which is responsible for investigating and resolving taxpayer complaints, and establishing the Legal Services unit to provide an enterprise-wide legal service and ensure that the recommendations our Office sends to SARS are legally sound and correct. Furthermore, we have established an Office Enablement unit to optimise financial and human resources through training and development and performance management. In addition, we have enhanced the capabilities of the Communications and Outreach unit, whose purpose is to promote stakeholder engagement, raise public awareness about our Office and its services, and help educate taxpayers about what we can and cannot do. To spread the message throughout South Africa about the Office's work, we are channelling more effort and resources into communication and outreach activities such as mass media campaigns and stakeholder engagement sessions.

This Strategic Plan has been compiled with the input and commitment of each unit within our organisation, ensuring that all our activities are aligned, not just internally but also with the government outcomes and the National Development Plan.



ADVOCATE ERIC MKHAWANE
Chief Executive Officer

OFFICIAL SIGN-OFF

IT IS CERTIFIED THAT THIS STRATEGIC PLAN:

- Was developed by the management of the Office of the Tax Ombud, under the guidance of the Minister of Finance
- Takes into account all the relevant policies, legislation and other mandates for which the Office of the Tax Ombud is responsible.
- Accurately reflects the strategic outcome-oriented goals and objectives which the Office of the Tax Ombud will endeavour to achieve over the period 2016 - 2021.



JUDGE BERNARD NGOEPE
Tax Ombud



ADVOCATE ERIC MKHAWANE
Chief Executive Officer



PART A:
**STRATEGIC
OVERVIEW**

1. VISION:

The vision of the Office of the Tax Ombud is to strengthen taxpayers' confidence in tax administration.

2. MISSION:

The Office of the Tax Ombud is committed to being an efficient, independent, impartial and fair redress channel for taxpayers.

3. VALUES:

ACCOUNTABILITY:

Taxpayers are entitled to a rational and fair reason for decisions and actions taken.

INDEPENDENCE:

In dealing with taxpayers' complaints, the Tax Ombud operates independently of SARS.

EFFICIENCY:

The Office of the Tax Ombud ensures that all taxpayers' complaints are resolved promptly and efficiently.

FAIRNESS:

The Tax Ombud acts in fairness at all times.

CONFIDENTIALITY:

The Office of the Tax Ombud holds all communications with taxpayers in strict confidence unless authorised by the taxpayer.

4. LEGISLATIVE AND OTHER MANDATES

THE OFFICE OF THE TAX OMBUD OPERATES UNDER A LEGISLATIVE AND CONSTITUTIONAL MANDATE.

Constitutional mandate:

In terms of s195 of the Constitution of the Republic Act 108 of 1996, public administration must be governed by the democratic values and principles enshrined in the Constitution, including a high standard of professional ethics; efficient, economic and effective use of resources; provision of impartial, fair, and equitable service; transparency and accountability. As an agent of public administration, the South African Revenue Service (SARS), the subject of the OTO oversight, is bound by this Constitutional Mandate. The Office of the Tax Ombud is equally bound by the Constitutional Mandate.

Legislative mandate: Tax Administration Act, No 28 of 2011

The Office of the Tax Ombud was established in terms of sections 14 and 15 of the Tax Administration Act, 28 of 2011 (Tax Administration Act). The Office of the Tax Ombud was established in October 2013 and launched by the Minister of Finance in April 2014. The Office of the Tax Ombud reports to the Minister of Finance who is the executive authority. In terms of the relevant legislation, the Tax Ombud submits the Strategic Plan, Annual Performance Plan and Annual Report to the Minister, who must table these in the National Assembly.

Section 16(1) of the Act spells out the Office's mandate, as follows:

"The mandate of the Tax Ombud is to review and address any complaint by a taxpayer regarding a service matter, or a procedural or administrative matter arising from the application of the provisions of a Tax Act by SARS."

Section 16(2):

The responsibilities of the Tax Ombud in discharging his or her mandate, the Tax Ombud must:

- Review a complaint and, if necessary, resolve it through mediation or conciliation
- Act independently in resolving a complaint
- Follow informal, fair and cost-effective procedures in resolving a complaint
- Provide information to a taxpayer about the mandate of the Tax Ombud and the procedure to pursue a complaint
- Facilitate access by taxpayers to complaint resolution mechanisms within SARS to address complaints
- Identify and review systemic and emerging issues related to service matters or the application of the provision of this Act or procedural or administrative provisions of a Tax Act that impact negatively on taxpayers.

Review of a complaint

1. In terms of section 18 of the Tax Administration Act, the Tax Ombud may review any issue within the Tax Ombud's mandate on receipt of a request from a taxpayer.

2. The Tax Ombud may—
 - a) Determine how a review is to be conducted; and
 - b) Determine whether a review should be terminated before completion.
3. In exercising the discretion set out in subsection 2, the Tax Ombud must consider such factors as:
 - (a) The age of the request or issue;
 - (b) The amount of time that has elapsed since the requester became aware of the issue;
 - (c) The nature and seriousness of the issue;
 - (d) The question of whether the request was made in good faith; and
 - (e) The findings of other redress mechanisms with respect to the request.
4. The Tax Ombud may only review a request if the requester has exhausted the available complaints resolution mechanisms in SARS, unless there are compelling circumstances for not doing so.

5. To determine whether there are compelling circumstances, the Tax Ombud must consider factors such as whether:
 - (a) The request raises systemic issues;
 - (b) Exhausting the complaints resolution mechanisms will cause undue hardship to the requester; or
 - (c) Exhausting the complaints resolution mechanisms is unlikely to produce a result within a period of time that the Tax Ombud considers reasonable.
6. The Tax Ombud must inform the requester of the results of the review or any action taken in response to the request, but at the time and in the manner chosen by the Tax Ombud.

Limitations on authority

In terms of section 17 of the Tax Administration Act, the Tax Ombud may not review the following:

- a) Legislation or tax policy;
- b) SARS policy or practice generally prevailing, other than to the extent that it relates to a service matter or a procedural or administrative matter arising from the application of the provisions of a Tax Act by SARS;

- c) A matter subject to objection and appeal under a Tax Act, except for an administrative matter relating to such objection and appeal; and
- (d) A decision of, proceeding in or matter before the tax court.

Resolution and recommendations

Section 20 of the Tax Administration Act sets out how the resolutions and recommendations of the Tax Ombud are dealt with:

1. The Tax Ombud must attempt to resolve all issues within the Tax Ombud's mandate at the level at which they can most efficiently and effectively be resolved and must, in so doing, communicate with SARS officials identified by SARS.
2. The Tax Ombud's recommendations are not binding on taxpayers or SARS.

NATIONAL DEVELOPMENT PLAN

The National Development Plan (NDP) aims to eliminate poverty and reduce inequality by 2030. The Office of the Tax Ombud is committed to contributing towards this by aligning its strategy and plans to the goals of the NDP.

For the purposes of preparing the Strategic Plan 2016 – 2021, the following areas were identified from the NDP:

- Building the capabilities of the state; and
- Promoting an active citizenry to strengthen development, democracy and accountability.

Building a capable state

The NDP emphasises the importance of building institutional capacity in South Africa, particularly in the public sector. It devotes a chapter on building a capable and developmental state, underlining the importance of good management, a commitment to high performance, an uncompromising focus on ethics, and continual learning.

The Office of the Tax Ombud will ensure that all employees are capable of executing its mandate by empowering them with knowledge and promoting training and development. As a result, employees will be empowered to assist taxpayers comprehensively, professionally, efficiently and courteously.

It is equally important to educate and inform citizens so that they approach tax complaints from a position of informed understanding about their rights and responsibilities when it comes to the tax system. This is the purpose of the extensive programme of communications and outreach activities that the Office of the Tax Ombud undertakes.

Promoting an active citizenry to strengthen development, democracy and accountability

The Office of the Tax Ombud contributes to this by providing a simple and impartial channel for taxpayers to seek a resolution for a service, procedural or administrative dispute that has not been satisfactorily resolved through the SARS complaints management channel.

Through its Operations, Communications and Outreach and Stakeholder Engagement projects, the Office of the Tax Ombud will endeavour to ensure that citizens seeking recourse are fairly and professionally treated.

Currently, South Africa lacks a taxpayer bill of rights that clearly sets out the treatment taxpayers can expect from SARS. Based on the example set in countries acknowledged as leaders in the Tax Ombud field, such a bill of rights is considered international best practice. Developing and implementing a taxpayer bill of rights would undoubtedly strengthen development, democracy and accountability.

In addition, this would strengthen taxpayers' confidence in the tax system. The more confidence taxpayers have in the fairness and equitability of the tax system, the greater the level of tax compliance, which would in turn result in an improvement in revenue collection.

5. SITUATIONAL ANALYSIS

5.1. PERFORMANCE ENVIRONMENT

The Office of the Tax Ombud has developed the 2016 – 2021 Strategic Plan to ensure that the activities of the Office are aligned with government's planning framework and organisational vision.

The Office has taken its position in the tax administration system and many more people are starting to become aware of its existence and mandate.

This is largely due to communication and outreach activities that have been targeted at both stakeholder groupings and the general South African public. Going forward, these education and awareness activities will continue, using various platforms to market the organisation. It is expected that the caseload will continue to increase along with the growth in public awareness. In addition, the commendations (feedback) received from taxpayers when cases are completed to their satisfaction, play an important role in building taxpayer confidence.

Despite the successes achieved in the past two years, the organisation has identified certain shortcomings in its governing legislation. Some of the weaknesses identified affect the independence of the Office. Other shortcomings are the limitations on the mandate of the Tax Ombud. Properly addressing these issues could strengthen the organisation and its role in the tax system.

Instability, whether of a political, economic or socio-economic nature, is problematic in a capable state, according to the NDP. It states that while there are cases where policy must change, government often underestimates the disruptive effect of major policy adjustments on service delivery. The NDP also mentions lack of accountability and corruption as major obstacles to the development of a capable state.

As far as the tax system is concerned, uncertainty in the country's political, economic and socio-economic spheres may negatively impact on the capabilities of both SARS and the Office of the Tax Ombud, a situation that could impact on the tax system and the mandate of the Office. Equally, it is crucial to lead by example, demonstrating integrity and accountability that are beyond reproach.

The reputation of and the relationship between SARS and the Office of the Tax Ombud play an important role in building the confidence of taxpayers. The Office **has undertaken** an analysis of its operating model to assess the model's strengths, weaknesses, opportunities and threats.

Developing and implementing a service level agreement to regulate the relationship between SARS and the Office will go a long way towards ensuring all parties meet their obligations. Similarly, asserting taxpayer rights through a taxpayer bill of rights will create a favourable balance between SARS and the taxpayers.

THE TABLE BELOW SUMMARISES THE OUTCOMES OF THIS ANALYSIS OF THE OFFICE'S STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Ability to assist and advise taxpayers in understanding their rights and meeting their tax obligations; • Collaborations and relationships with public and private sector groups are positive; • Ability to assist SARS with taxpayer compliance; • Service-oriented organisation which provides efficient-service; • Reputable and well-known Tax Ombud with strong leadership. 	<ul style="list-style-type: none"> • Shortcomings in the legislation towards achieving institutional independence (funding, staffing and operations); • Limitations on the mandate of the Tax Ombud; • Limited budget to promote the services of the Tax Ombud; • Growing demand for services and limited staff capacity; • Limited footprint with only one office nationwide.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Opportunity to form strong partnerships with relevant stakeholders; • Establish a reputation for fairness in the tax administration system; • Strengthen the organisation through training and development and empower staff at an early stage to promote the reputation of the Tax Ombud; • An opportunity to promote the organisational strategy and performance plans and filter these through to all levels. 	<ul style="list-style-type: none"> • Delays by SARS in providing feedback on taxpayer complaints to the OTO within a stipulated framework. This diminishes taxpayers' confidence in the tax administration system; • Lack of awareness and understanding among taxpayers about SARS' complaints process and procedures leads to taxpayers submitting complaints prematurely to the Office of the Tax Ombud, thereby delaying the resolution of complaints.

Independence of the Office of the Tax Ombud

The independence of the Office is pivotal in carrying out our mandate as a fair, efficient mechanism for resolving taxpayers' differences with SARS. Hence, a strategic priority going forward is to address the shortcomings in the Tax Administration Act so as to assure optimal institutional independence.

These shortcomings include the funding of the OTO, which is provided by SARS. Furthermore, the legislation provides that the staff of the Tax Ombud are appointed in terms of the SARS Act and seconded to the Office at the request of the Tax Ombud in consultation with the Commissioner of SARS.

These shortcomings are in conflict with the notion that the Office of the Tax Ombud is independent of SARS and they compromise the independence of the Office. The Office has continued with its research and engagements with relevant stakeholders on how these shortcomings can be addressed. The Tax Ombud has proposed several amendments to the Minister and is soliciting his views on the matter.

Human Resources

The employees of the Office of the Tax Ombud are employed in terms of the SARS Act and are seconded to the Office of the Tax Ombud at the request of the Tax Ombud in consultation with the SARS Commissioner. The Office of the Tax Ombud drives its own selection process and has full control of employees appointed. The Tax Ombud's employees are subject to the same conditions of employment as SARS employees to ensure that the secrecy provisions are observed. Based on the demand for the services offered, the Office of the Tax Ombud will continuously evaluate its capacity and align this with the approved staff growth plan.

International Tax Ombud perspective

Knowledge of international best practices in the Tax Ombud field is important in improving and strengthening the organisation. A benchmarking visit was undertaken to Canada, the United States of America (USA) and the United Kingdom (UK).

The aim of benchmarking was to gain an in-depth knowledge of the different models followed in these countries, and where possible, to incorporate the lessons learnt into the processes of the Office of the Tax Ombud. The insights gained will also enable the Office to determine how it compares to its counterparts internationally and how best it can apply the valuable lessons learnt.

While the OTO is modelled on the best practices of Tax Ombud bodies from Canada, the United States and the United Kingdom, there are still a few differences, as stated below:

It is important to note that the Tax Ombud in South Africa has a shorter term of office as compared to these countries; cannot investigate matters without complaints being lodged and does not have a taxpayer bill of rights. The South African Office is also yet to increase its footprint and has only one office, in contrast to similar institutions in the US, Canada and the United Kingdom. The US alone has 74 branches. In the coming years, the Office of the Tax Ombud will review issues that will require implementation based on International best practice. Similar institutions in other countries such as Mexico and Australia are independent of their relevant revenue authorities.

Increasing the footprint and accessibility of the Office of the Tax Ombud

The Office of the Tax Ombud is currently situated in Pretoria. A plan is under way to establish provincial offices to increase its national footprint and improve access to the Office. Proper statistical analyses and a feasibility study will be conducted to establish the need for offices in other provinces. A business case will also be developed to guide the roll-out of the project.

Demand for OTO services

Data for the first quarter of the 2015/16 reporting period gives a picture of the environment in which the Office is operating. The organisation considers these as descriptive statistics rather than performance indicators, since it does not have control of the inflow.

During the first quarter of the 2015/16 financial year, the Office received 1 597 contacts. These contacts consisted of 1 106 queries (69%), 307 accepted complaints (19%) and 184 rejected complaints (12%) referring to complaints that did not fall within our mandate.

Governance

The Office of the Tax Ombud is committed to achieving the highest level of good corporate governance and subscribes to the following principles as recommended by the King III report:

- Responsibility
- Accountability
- Transparency
- Fairness

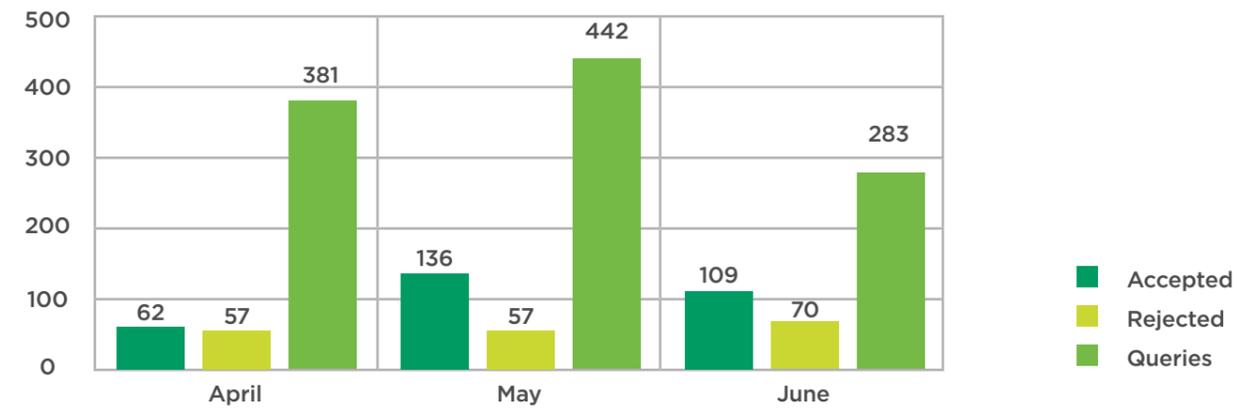
The OTO also complies with all relevant prescripts that seek to promote good governance in the public sector such as the Public Finance Management Act and Treasury regulations.

The Minister of Finance who is the Executive Authority and the Tax Ombud have signed a Protocol to govern the working relationship between them. The Protocol deals with the manner in which the OTO is held to account. The OTO accounts to the Minister through quarterly reports and an annual report. The Minister tables the Annual Report in Parliament.

The OTO will begin the process of developing frameworks and policies for governance, risk, and compliance. Governance structures and their terms of references will also be established.

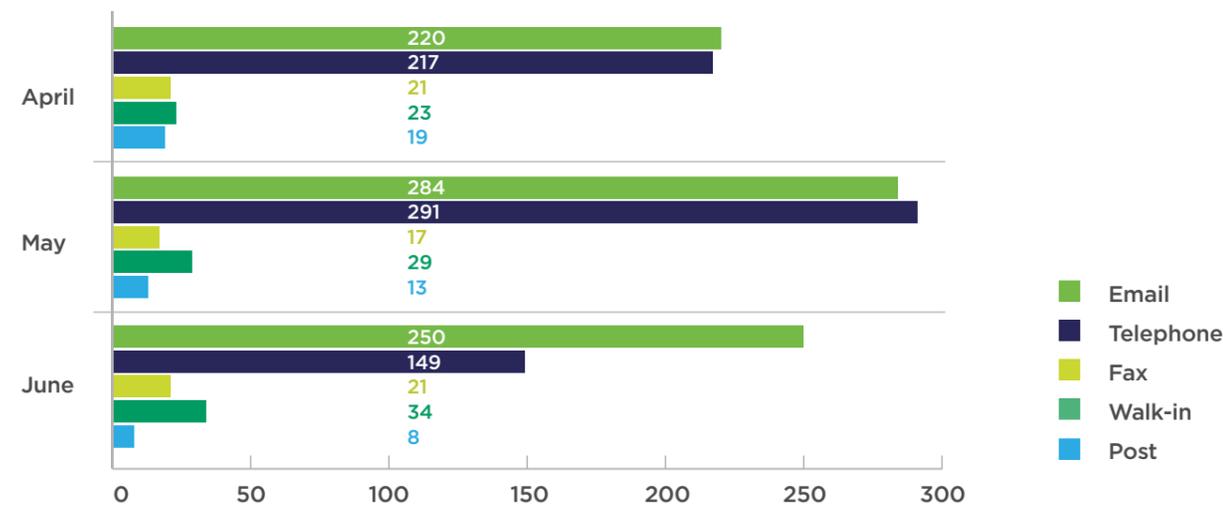
The graph below shows the total number of complaints accepted and rejected in the first quarter of the 2015/16 financial year and those that fell under general queries.

TOTAL CONTACTS RECEIVED



The graph below shows the modes of contact used by taxpayers and tax practitioners when contacting the Office of the Tax Ombud in the first quarter of the 2015/16 financial year.

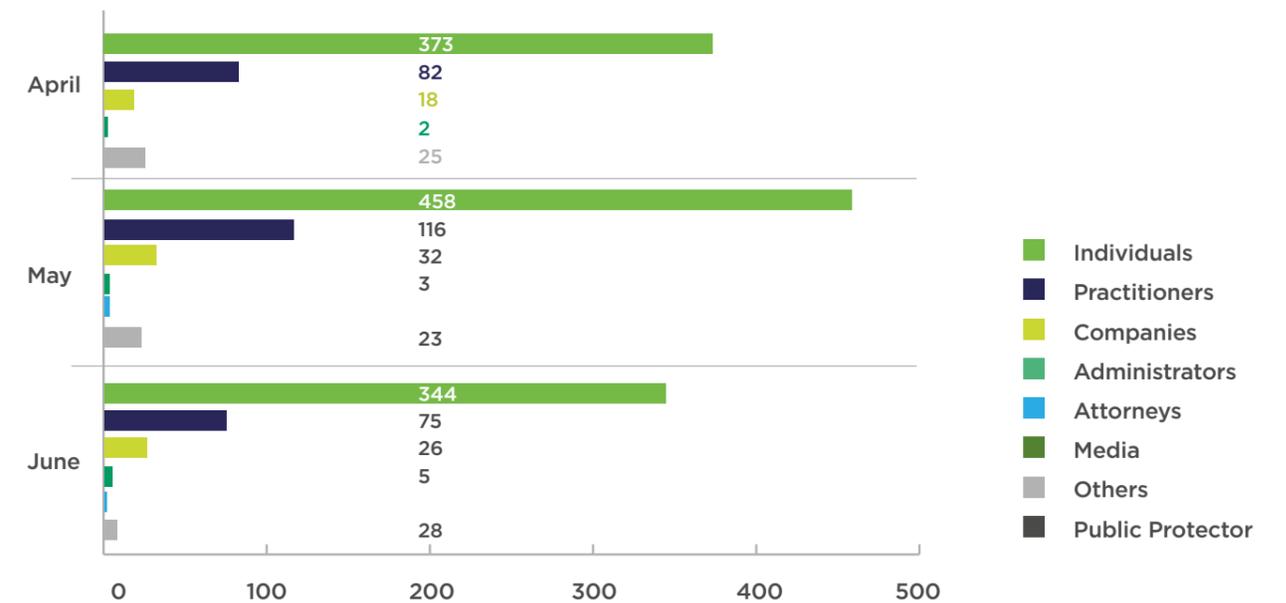
MODE OF CONTACT



THE USERS OF THE OTO'S SERVICES

The graph below provides an overview of users contacting and utilising services provided by the Office of the Tax Ombud in the first quarter of the 2015/16 financial year. The users are not just limited to taxpayers but also include other stakeholders such as the media and attorneys.

TYPES OF OTO USERS



5.2 ORGANISATIONAL ENVIRONMENT

5.2.1 Organisational structure

The Office of the Tax Ombud is led by the Tax Ombud who is supported by the Chief Executive Officer. The Office consists of five programmes as per the approved structure.

Below is a list of OTO Programmes:

- Programme 1** - Office of the CEO
- Programme 2** - Operations
- Programme 3** - Communications and Outreach
- Programme 4** - Legal Services
- Programme 5** - Office Enablement

These programme areas will work in unison with the goal of ensuring the institution fulfils its mandate and objectives.

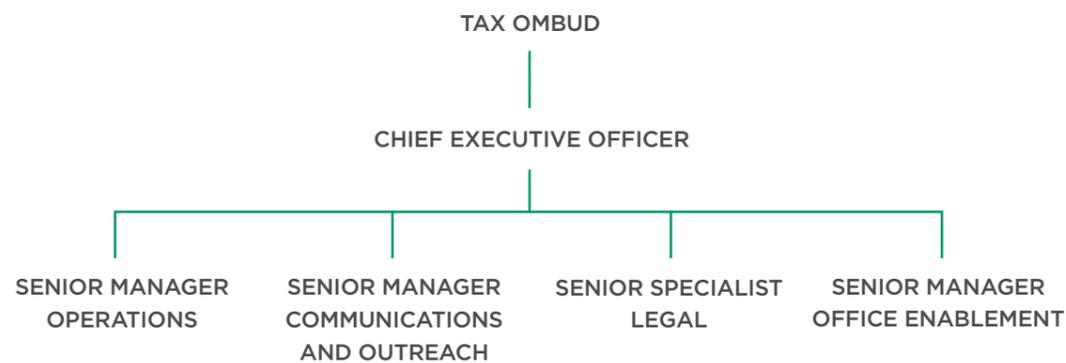
5.2.2 Strategic planning process

The Office of the Tax Ombud has conducted several consultative and planning sessions since the beginning of the 2015/16 financial year:

- Senior Management Committee meetings
- Meetings with National Treasury’s Public Entity Oversight Unit
- Strategic Planning meetings
- International benchmarking

5.2.3 ORGANISATIONAL STRUCTURE

The graphic below depicts a high-level organisational structure of the Office of the Tax Ombud.



6. STRATEGIC OUTCOME-ORIENTED GOALS OF THE OFFICE OF THE TAX OMBUD

The strategic outcome-oriented goals of the Office of the Tax Ombud are linked to the achievement of Outcome 12, as set out in the government’s Medium- term Strategic Framework compiled by the Department of Planning, Monitoring and Evaluation in the Presidency.

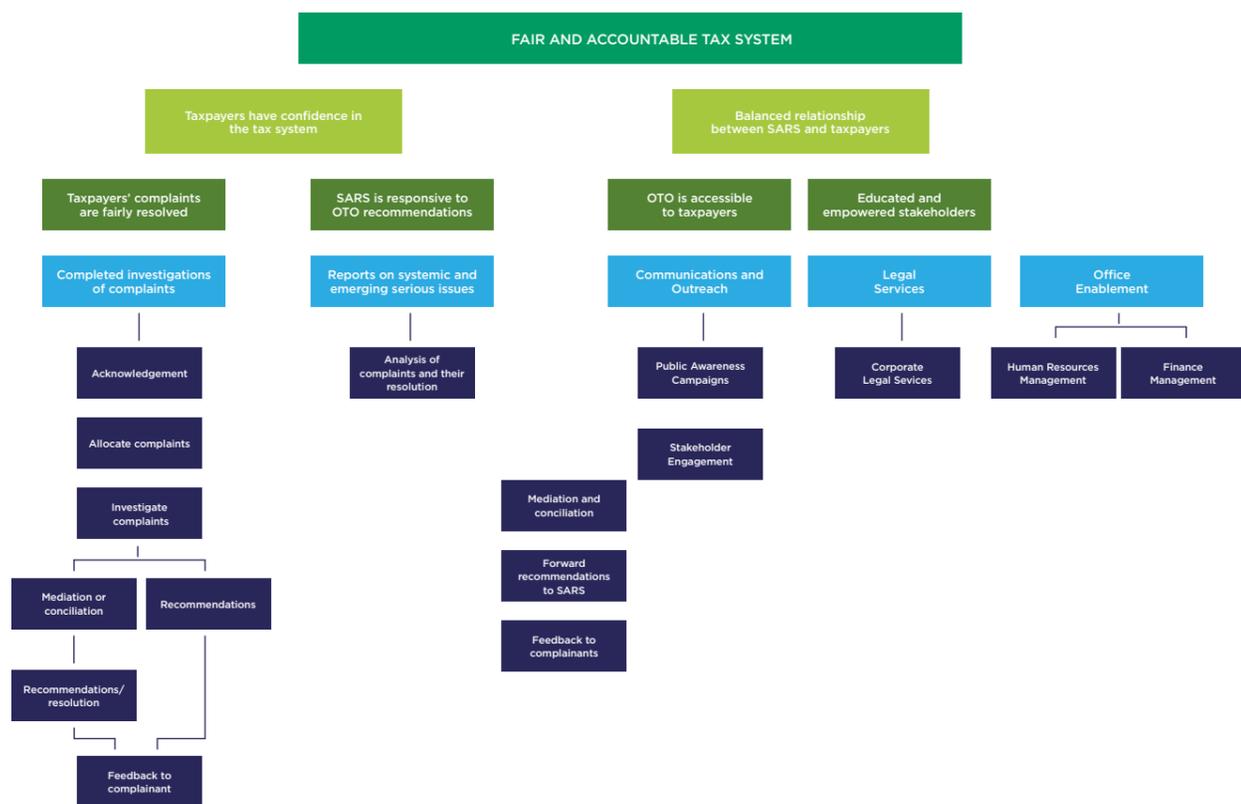
This outcomes is:

- a) **Outcome 12:** An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenry.

The Office of the Tax Ombud’s leadership team will strive towards realising the strategic outcomes identified for the 2016 – 2021 strategic planning period.

OFFICE OF THE TAX OMBUD - Logic Model

During the strategic planning process, staff of the Office of the Tax Ombud developed a Logic Model. This Logic Model, which informs the strategic goals and the strategic objectives of the Office of the Tax Ombud, is a graphical description of its activities, services and expected results.



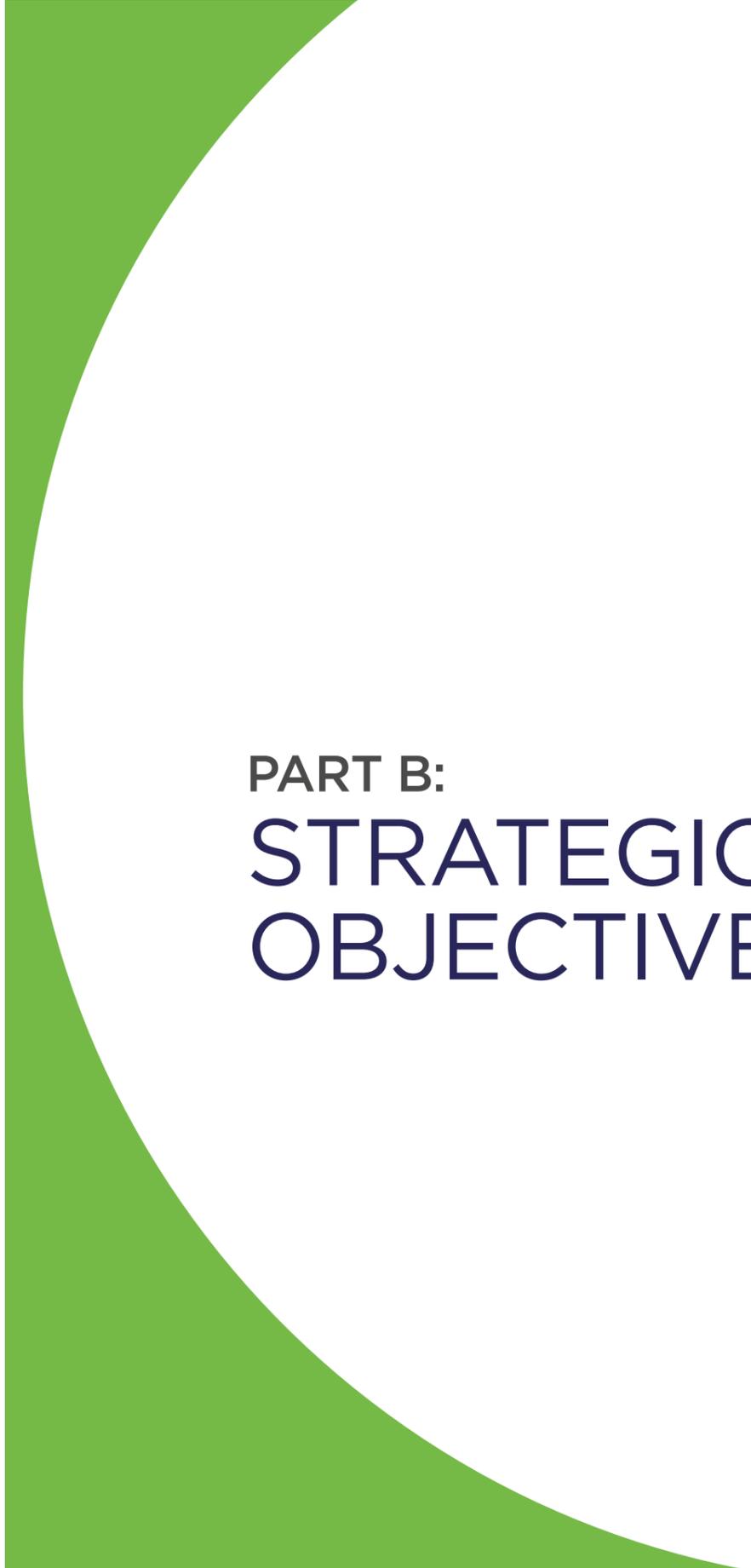
■ Ultimate outcome
 ■ Intermediate outcome
 ■ Immediate outcome
■ Outputs/services
 ■ Major activities

6.1. STRATEGIC OUTCOME-ORIENTED GOALS OF THE OFFICE OF THE TAX OMBUD

In order to contribute to the achievement of the government outcomes, the following six strategic outcome-oriented goals will determine the focus of the Office’s activities and the allocation of resources during the 2016 – 2021 period:

STRATEGIC OUTCOME-ORIENTED GOALS		
GOAL 1	GOAL 2	GOAL 3
Work with SARS to ensure that taxpayers’ complaints are fairly resolved.	Work with SARS to enhance the Tax Ombud’s recommendations and responses.	Increase the accessibility of the Office of the Tax Ombud to the taxpayers.
GOAL STATEMENT	GOAL STATEMENT	GOAL STATEMENT
Taxpayers’ individual complaints will be resolved in a manner that ensures justice is done effectively and fairly. This will be achieved through applying relevant legislation, complaints management systems, procedures and standard operating models.	The Office of the Tax Ombud is responsible for identifying systemic, serious and emerging issues as a result of investigations, and for reporting these to SARS. On the basis of related recommendations, SARS is expected to respond by making changes to its systems and processes where necessary and providing feedback to the Tax Ombud.	The Office of the Tax Ombud is accessible and is able to engage taxpayers through different modes of contact. These include the contact centre, website, fax, email, post, walk-ins and the use of diverse languages to enhance understanding on the part of taxpayers. As mentioned on page 21, the Office of the Tax Ombud will expand its physical presence to other areas.

STRATEGIC OUTCOME-ORIENTED GOALS		
GOAL 4	GOAL 5	GOAL 6
Promote stakeholder engagement and public awareness.	Enhance human capability.	Financial management and control.
GOAL STATEMENT	GOAL STATEMENT	GOAL STATEMENT
Implement stakeholder collaboration and educational public awareness campaigns to empower stakeholders and taxpayers about the Office and the services offered.	Ensure that the environment is conducive and stimulates personal growth by implementing a work skills and training and development plan. Appoint capable employees who are competent and performance driven.	Comply with National Treasury Regulations and PFMA.



PART B:
**STRATEGIC
 OBJECTIVES**

7. PROGRAMME 1: OFFICE OF THE CEO

PURPOSE

The Office of the CEO provides overall strategic leadership and support within the organisation. This includes direction on the development and implementation of organisational strategies and performance and corporate governance.

The Office of the CEO is supported by the following Programmes: Operations, Communications and Outreach, Legal Services and Office Enablement. These Programmes are responsible for ensuring that the organisation is effectively managed in order to deliver on its mandate.

STRATEGIC OBJECTIVES (OUTPUTS) FOR 2016 - 2021

Strategic objective 7.1: PERFORMANCE MANAGEMENT SYSTEM

OUTPUT STATEMENT:	Provide the overall strategic management for the Office of the Tax Ombud and ensure that the performance management and reporting system supports management decision-making that enables the Tax Ombud to comply with internal and external accountability reporting in line with legislative requirements.
INDICATOR 7.1.1:	Develop and submit reports, Annual Performance and Strategic Plans.

Strategic objective 7.2: OPTIMISE THE SIZE OF THE ORGANISATION TO ACCOMMODATE DEMAND FOR SERVICES

OUTPUT STATEMENT:	The Office of the Tax Ombud is newly established and is experiencing increasing demand for its services, which is likely to continue over the period of this plan. The size of the organisation needs to be optimised in order to manage this demand.
INDICATOR 7.2.1:	Conduct research and develop a concept document and business case on staffing growth and footprint expansion.

Strategic objective 7.3: GOVERNANCE AND COMPLIANCE

OUTPUT STATEMENT:	Creation and maintenance of corporate governance and compliance frameworks, and ensuring that there is good corporate governance and compliance with all legislation, regulations and other applicable prescripts.
INDICATOR 7.3.1:	Develop and maintain governance and compliance framework and policies.

8. PROGRAMME 2: OPERATIONS

PURPOSE

The purpose of the Operations unit is to review and address complaints raised by taxpayers against SARS, and to make recommendations on how to address these complaints. This is the core business and is the first point of contact for taxpayers. Cases are allocated to complaints resolution specialists within one business day of receipt. The Programme endeavours to resolve complaints within 15 business days of validation. Taxpayers are provided with monthly feedback on cases that are not finalised within 15 business days.

The Programme consists of the following sub-programmes:

- Call Centre management and intake**
 Manages all incoming calls and provides advice to taxpayers on how to lodge complaints with the Office of the Tax Ombud and the processes to be followed. It also manages all the posted mail, faxed mail and taxpayers coming into the office. Its staff captures all the complaints on the complaints management system (CMS).

- Complaints Resolution**
 Reviews and addresses all complaints by making recommendations to SARS in line with the mandate of the Office of the Tax Ombud.
- Continuous Improvement**
 Develops and maintains standard operating procedures, case management processes, performance standards, norms and knowledge management. In addition it ensures the productivity and efficiency of the unit.
- Monitoring and Analysis**
 Provides technical tax advice and evaluates and analyses the quality of recommendations made and the responsiveness of SARS. It monitors compliance with policies and procedures related to complaints management. This sub-programme is also responsible for identifying emerging issues and serious and systemic issues raised from complaints received. It analyses the Office's statistics and trends.

Strategic objective 8.1: COMPLETED INVESTIGATIONS OF COMPLAINTS

OUTPUT STATEMENT:	
Taxpayers complete a complaints form which has been designed to gather as much relevant information as possible about their complaints, and these are investigated by the Office of the Tax Ombud. Feedback is given monthly to the complainants and recommendations are sent to SARS.	
INDICATOR 8.1.1:	INDICATOR 8.1.2:
Percentage of validations of complaints completed within five working days after validation of a complaint.	Percentage of recommendations sent to SARS within three working days upon validation of a complaint.

Strategic objective 8.2: COMPLY WITH CALL CENTRE SERVICE LEVEL TARGETS

OUTPUT STATEMENT:	Answering incoming calls.
INDICATOR 8.2.1:	Percentage of incoming calls answered.

9. PROGRAMME 3: COMMUNICATIONS AND OUTREACH

PURPOSE

The purpose of the Communications and Outreach unit is to promote stakeholder engagement and raise public awareness to ensure the efficiency and accessibility of the Office of the Tax Ombud.

Strategic objective 9.1:
COMMUNICATIONS AND OUTREACH

OUTPUT STATEMENT:	Communicate and increase external public awareness of the Office of the Tax Ombud's services and promote its functions and utilisation. In addition, communicate with employees about the Office's activities and strategic intent.
INDICATOR 9.1.1:	Number of outreach, communication and education activities.
INDICATOR 9.1.2:	Number of engagements and collaborations with key stakeholders.

10. PROGRAMME 4: LEGAL SERVICES

PURPOSE

The purpose of the Legal Services unit is to provide an enterprise-wide legal service to all areas of the business.

The Programme consists of the following activities:

- Corporate and General Legal Support and Administration**
 Manages the legal obligations of the Office of the Tax Ombud and any corporate legal issues. It also develops and maintains legal services systems, norms and standards that enable it to support and advise on the Office's day-to-day activities and facilitates the negotiation and drafting of contracts, Memorandum of Understanding and service level agreements.

Strategic objective 10.1:
LEGAL SERVICES

OUTPUT STATEMENT:	
Legal Services	
INDICATOR 10.1.1:	INDICATOR 10.1.2:
The percentage of matters referred to Legal Services where corporate and general legal assistance is rendered within the standard turnaround times.	The percentage of operational cases referred to Legal Services where legal assistance is rendered within the standard turnaround times.

11.

PROGRAMME 5:

OFFICE ENABLEMENT

PURPOSE

To provide general corporate support services such as Human Resources Management, Finance Management, Facilities and Administration Management and Occupational Health and Safety.

The **Programme** consists of the following sub-programmes:

- **Human Resources Management**
Provides human resources support, including alignment of the organisational structure to the Strategic Plan, ensuring that the organisation has capable, committed and ethical employees.
- **Finance Management**
Provides effective and efficient financial management controls, ensuring adherence to financial management legislation, and is responsible for the supply chain and asset management of the Office of the Tax Ombud.

- **Facilities and Administration Management**
It provides an integrated approach to operating, maintaining, improving and adapting the buildings and infrastructure of OTO in order to create an environment that strongly supports the primary objectives of the OTO.
- **Occupational Health and Safety**
The Office of the Tax Ombud cares for its employees and their work environment and seeks to ensure, as far as is reasonably possible, the health and safety of all employees in the workplace and all other persons conducting business on its premises. It is also committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act, and to this end, has established a Health and Safety Committee that monitors the health and safety of employees and their work environment in terms of legislation

Strategic objective 11.1:
ENHANCE HUMAN CAPABILITY IN TERMS OF DELIVERING PROFESSIONAL AND EFFECTIVE ADMINISTRATION

OUTPUT STATEMENT:	Map the key skills and competencies needed within the organisation to ensure optimal performance, assess the skills gaps and prepare a comprehensive human resources development strategy to ensure a capable, committed and ethical workforce for current and future needs.
INDICATOR 11.1.1:	Human Resources Strategy

Strategic objective 8.2:
CREATE A CONDUCIVE EMPLOYMENT ENVIRONMENT TO FACILITATE EMPLOYEE EXCELLENCE

OUTPUT STATEMENT:	Delivery of training and skills development programmes that will cultivate the desired skills and competencies, by managing the performance of employees and making provision for personal development plans.
INDICATOR 11.2.2:	Number of training and development programmes

Strategic objective 8.3:
IMPLEMENT SOUND FINANCIAL MANAGEMENT AND CONTROLS

OUTPUT STATEMENT:	Ensure prudent, accountable financial management across the organisation by implementing effective controls, processes and procedures for budgeting, spending and reporting.
INDICATOR 11.3.1:	Percentage of budget variance

Strategic objective 11.4:
EFFECTIVELY MANAGE BUILDINGS, MAINTENANCE, EQUIPMENT, TOOLS AND PHYSICAL CAPITAL ASSETS THAT ASSIST OTO IN DELIVERING PROFESSIONAL AND EFFECTIVE ADMINISTRATION

OUTPUT STATEMENT:	To manage the maintenance and repair of buildings, equipment, tools and physical capital assets.
INDICATOR 11.4.1:	SLA and SOPS with SARS to ensure adherence to turnaround times

Strategic objective 11.5:
RAISE HEALTH AND SAFETY AWARENESS BY CONDUCTING HEALTH RISK ASSESSMENT AS PER THE OCCUPATIONAL HEALTH AND SAFETY ACT

OUTPUT STATEMENT:	Manage, prevent and control measures for the elimination of hazardous exposures and for protecting workers' health.
INDICATOR 11.5.1:	Health risk assessment and awareness report

PART C: RESOURCE CONSIDERATIONS AND RISK MANAGEMENT

12. RESOURCE CONSIDERATIONS

Provision is made in section 15 of the Tax Administration Act that the expenditure of the Tax Ombud connected with the functions of the Office of the Tax Ombud will be paid out of the funds of SARS.

12.1 PERFORMANCE AND EXPENDITURE TRENDS

The Office has been in operation for two years and currently remains in a growth phase. The current staff complement is 28 and it is envisaged that with the awareness campaigns and the demand for services, there will be a need to evaluate the capacity.

During the year of inception, the Office spent R2.4 million. Expenditure increased to R12.4 million in the 2014/15 financial year and it is expected to reach an amount of R31.3 million in the 2015/16 financial year. There have been large year-on-year increases due to the building phase of the organisation. The two main cost drivers are compensation of employees for personnel placements and the communications and outreach engagements. Over the medium term, expenditure is expected to increase to R38.3 million in 2018/19. The upward trend in expenditure is expected to stabilise over the five-year planning period. Once a level of stabilisation is reached, a comparable year-on-year financial analysis can be embarked upon.

The table below depicts financial results and projections for 2013/14 to 2020/21.

FINANCIAL RESULTS AND PROJECTIONS

DETAILS	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	* 1.000 ZAR							
Total BAU (including personnel)	2 353	11 039	27 758	33 438	35 779	38 283	40 963	43 830
Capex	36	1 367	72	586	615	615	646	678
Footprint roll-out	-	-	-	-	4 000	4 000	4 000	4 000
Ancillary capacity related costs	-	-	4 915	2 049	2 151	2 259	2 372	2 491
Total projection	2 389	12 406	32 744	36 073	42 545	45 157	47 981	50 999

13. RISK MANAGEMENT

During the strategic planning process, the following risks were identified which may negatively affect the Office of the Tax Ombud in realising its strategic goals and objectives for its programmes:

RISK OVERVIEW	MITIGATING STRATEGIES
<p>OTO staff appointments and independence:</p> <ul style="list-style-type: none"> Section 15(1) of the Tax Administration Act indicates that the staff of the Office of the Tax Ombud must be appointed in terms of the Tax Administration Act and shall be seconded to the OTO in consultation with the SARS commissioner. <p>Lack of financial independence:</p> <ul style="list-style-type: none"> Section 15(4) of the Tax Administration Act states that the expenditure connected with the functions of the OTO is paid out of the funds of SARS. 	<ul style="list-style-type: none"> The OTO recruits its staff independently irrespective of where the candidate is coming from. Proposal for the amendment of the Tax Administration Act in order to give the OTO full legal status. The OTO is in consultation with the Minister and his team to address this shortcoming.
<p>Reputational risks:</p> <ul style="list-style-type: none"> Failing to meet the expectations of taxpayers when it comes to complaint resolution. Taxpayers see the OTO as their last resort and may have expectations of having their complaints resolved in their favour irrespective of the OTO mandate. Delays in finalisation of complaints. 	<ul style="list-style-type: none"> Communications to focus on educating the public about the mandate and limitations of the OTO as per legislation. Advise SARS on areas that require intensive taxpayer education. Service level agreement to be in place between SARS and OTO to address the turnaround times for responses.
<p>Legal risks:</p> <ul style="list-style-type: none"> The OTO is not a juristic person and therefore lacks the legal capacity to act as an entity with its own rights and obligations. Accordingly the OTO cannot enter into contracts, own moveable and immovable property, sue or be sued. 	<ul style="list-style-type: none"> Proposals will be made to amend legislation to stipulate the OTO is a juristic person in terms of enabling legislation similarly to its counterparts in other government spheres. To mitigate the risks involved, a Memorandum of Understanding (MOU) has been entered into with SARS wherein SARS agrees to provide assistance to the OTO where its legal status presents a problem. This MOU is awaiting final sign-off from the Commissioner of SARS.

14. ABBREVIATIONS

APP	Annual Performance Plan
BAU	Business as Usual
CAPEX	Capital expenditure
CEO	Chief Executive Officer
CMS	Complaints Management System
DPME	Department of Planning, Monitoring and Evaluation
MOU	Memorandum of Understanding
NDP	National Development Plan
OTO	Office of the Tax Ombud
PFMA	Public Finance Management Act
SARS	South African Revenue Service
SLA	Service level agreement
SP	Strategic Plan
SOPS	Standard Operating Procedures
SWOT	Strengths, weaknesses, opportunities and strengths
TAA	Tax Administration Act
TO	Tax Ombud
UK	United Kingdom
USA	United States of America