

OTO HELPS TAXPAYER SECURE OVER R50 000 IN DIESEL REFUND



The case below details how the Office of the Tax Ombud (OTO) assisted a taxpayer with a complaint where the South African Revenue Service (SARS) had failed to pay out the diesel refund in respect of the 04/2021 value added tax (VAT) period.

What was the tax complaint?

The taxpayer is a South African dairy production farmer dealing with exports, who, upon the submission of the 04/2021 VAT declaration, had an outstanding VAT refund of **R1 325 262.23** and a diesel refund amounting to **R51 031.38**. In addition, he had an outstanding pay-as-you-earn (PAYE) debt of **R53 067.11** due to be payable to SARS. SARS conducted the required debt equalisation journal entry of **R53 067.11** on 4 June 2021 to settle the PAYE debt. As a result, the taxpayer was refunded the remaining balance amounting to **R1 272 195.12** on 6 June 2021 for the 04/2021 VAT assessment.

Due to the delay by SARS to pay out the 04/2021 diesel refund, the taxpayer submitted a complaint to the Office of the Tax Ombud after the revenue collector failed to lift the debt equalisation stopper placed on the diesel account. Furthermore, when a complaint was submitted to the SARS Complaints Management Office (CMO) on 3 September 2021, the CMO incorrectly deemed the complaint resolved.

The matter fell in the Tax Ombud's mandate and the taxpayer exhausted SARS's complaint resolution process. For this reason, the complaint was accepted in terms of section 16(1) of the Act.

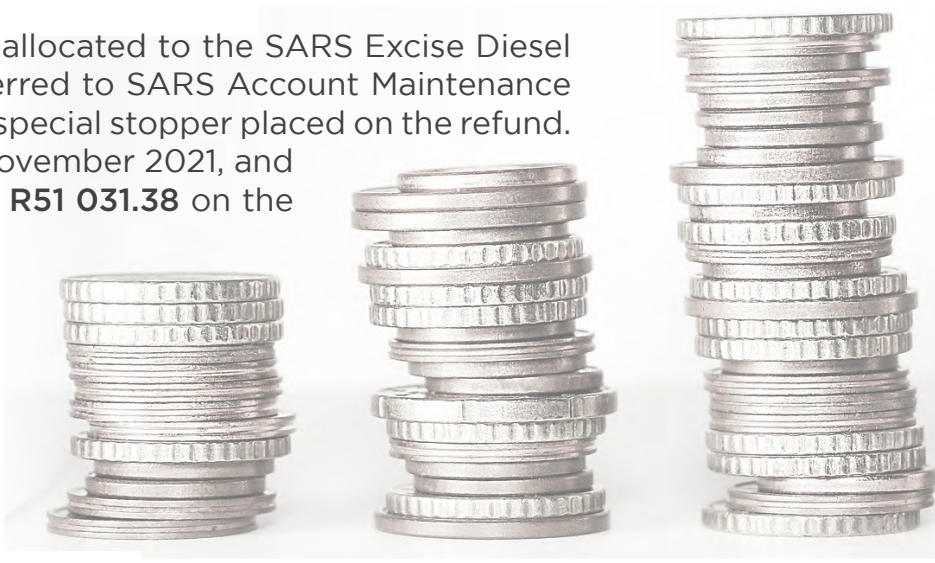
The OTO noted that SARS had placed a special stopper on the diesel refund of R51 031.38 that was still owing to the taxpayer for the 04/2021 assessment.

Recommendations

The OTO submitted recommendations to SARS on 29 October 2021 to lift the stopper and pay out the expected 04/2021 diesel refund or provide the taxpayer with valid reasons for not doing so.

Resolution

On 29 October 2021, the case was allocated to the SARS Excise Diesel Team and the matter was then referred to SARS Account Maintenance on 2 November 2021 to remove the special stopper placed on the refund. The stopper was withdrawn on 4 November 2021, and SARS paid out the diesel refund of **R51 031.38** on the same day.



Conclusion - Important lesson

Delays in the payment of refunds continue to be a challenge for taxpayers, and the OTO reminds affected parties that it is ready to help resolve such complaints against the revenue collector.

NOTE: TAXPAYER'S DETAILS WITHHELD FOR CONFIDENTIALITY REASONS.

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