



Fairness **for all**

In this issue we feature a critical intervention by the Office of the Tax Ombud that earned the Office a testimonial from a taxpayer. The intervention led to SARS paying the taxpayer **R86 573.64** in VAT refunds, inclusive of interest.

The OTO reiterates that while it will do everything possible to protect taxpayers' rights, it is always impartial and will examine the facts before reaching a fair decision, regardless of whom it favours.

DELAYS IN **PAYING OUT** **REFUNDS**

Background

What was the tax complaint?

The complaint relates to a request for SARS to pay refunds regarding the 2020/04 and 2020/06 VAT periods as the verifications had been finalised. Furthermore, it was also requested that SARS finalise the verifications and pay refunds for the 2020/08 and 2020/10 VAT periods.

Findings

Who was at fault?

SARS finalised the verification regarding the 2020/04 and 2020/06 VAT periods on 8 June 2020 and 21 August 2020. For both the aforementioned VAT periods, SARS finalised the verification cases within the turnaround time. However, two stoppers placed on the taxpayer's refunds: one was automatically placed by SARS's system, and the other was placed manually by a SARS official. The system-generated stopper was removed automatically on the same day as the verification was finalised. The manual stopper was not removed, however, and blocked the refunds from being paid.

Furthermore, SARS selected the declarations for verification on 15 October 2020 and 2 December 2020 regarding the 2020/08 and 2020/10 VAT periods. The taxpayer submitted the requested supporting information to SARS on 20 October 2020 and 28 December 2020. After that, SARS failed to finalise the VAT verification within the turnaround time of 21 business days, thus delaying the payment of possible refunds.

Recommendations What should happen?

The OTO recommended that SARS pay the refunds for the 2020/04 and 2020/06 VAT period as the verifications had been finalised or provide valid reasons for not doing so. Furthermore, SARS was to finalise the verification regarding the 2020/08 and 2020/10 VAT periods and pay out the refunds if applicable.

Resolution What was the outcome?

On 15 March 2021, SARS finalised the verification regarding the 2020/08 and 2020/10 VAT periods and paid the VAT refunds to the amount of **R86 573.64** for all four periods in question, including interest (R1 197.62) for the 2020/04 - 2020/10 VAT periods.



Conclusion - Important lesson

When lodging complaints against SARS, especially for refunds, remember to ask for interest.

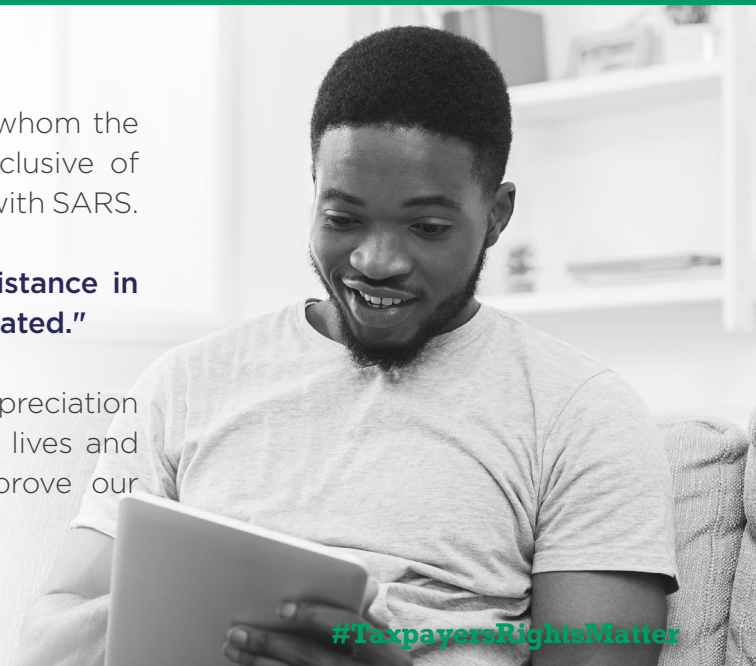
Thank you

This is the message of gratitude from the taxpayer whom the OTO helped secure R86 573.64 in VAT refunds, inclusive of interest, emanating from a long-standing tax dispute with SARS.

"I just wish to thank the Tax Ombud for their assistance in finalising this matter. Your assistance is truly appreciated."

The OTO is grateful and encouraged by letters of appreciation sent when we have made a difference in taxpayers' lives and welcomes constructive criticism that helps us improve our service.

NOTE: TAXPAYER'S DETAILS WITHHELD FOR CONFIDENTIALITY REASONS.



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