



MULTIPLE VERIFICATIONS FOR A SINGLE TAX RETURN

Before releasing tax refunds, SARS is by law allowed to conduct verifications when it identifies risks, but it is not common to do so multiple times for the same tax year and request the same documents.

What was the complaint about?

The taxpayer lodged a complaint against SARS following its repeated delays and failure to finalise the 2021 income tax verification and pay the refund due.

What the OTO discovered

The OTO established that SARS had instituted repeated income tax verifications, thus delaying the finalisation of the verification process and the payment of tax refunds due to the taxpayer.

First verification

On 30 June 2021, SARS selected the 2021 assessment for verification and requested supporting documentation, which the taxpayer submitted on 8 July 2021. SARS asked for additional documentation on 15 July 2021, and the taxpayer submitted this on 26 and 27 July 2021. The verification was finalised on 18 August 2021. In this first verification, SARS dealt with the matter within the required timeframe of 21 business days.

Second verification

The same assessment was selected again for verification on 20 August 2021, and supporting documentation was requested, which the taxpayer submitted on 24 August 2021. SARS asked for additional information on 1 October 2021; however, this additional information was requested outside the required 21 business days. The taxpayer submitted the requested information on 12 November 2021, but it appears that the case was cancelled by SARS on 12 November 2021. The Pay as You Earn (PAYE) credit was again the risk identified.

Third verification

The same assessment was selected for verification on 17 November 2021, and the taxpayer submitted the supporting documents on 20 November 2021. The verification was finalised on 10 January 2022, but SARS again failed to finalise the verification within 21 business days, and the PAYE credit was again the risk identified.

Fourth verification

The assessment was selected for verification on 31 January 2022 and finalised without changes on 25 February 2022. Again, the PAYE credit was the risk identified.

Fifth verification

The assessment was selected for verification on 28 February 2022 and finalised without changes on 16 March 2022. This verification was finalised within 21 days and, as before, the PAYE credit was still the risk identified.

Recommendations

After investigating the matter, the OTO recommended that SARS finalise the 2021 income tax verification, lift the special stopper and pay the refund due if applicable or provide the reason for not doing so.

Resolution

SARS finalised the 2021 income tax verification on 16 March 2022 and, on 19 March, paid the due refund of R4 940.29.

Lesson learnt

Taxpayers need to note that SARS is legally allowed to conduct verifications, but if they feel the repeated verifications are unreasonable, as in this case, they can approach the Tax Ombud for assistance.

NOTE: TAXPAYER'S DETAILS WITHHELD FOR CONFIDENTIALITY REASONS.

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