



OFFICE OF THE  
**TAX OMBUD**

*Ensuring fairness*



# TAX OMBUD: ANNUAL REPORT 2014/15

I.T.O SECTION 19 OF THE TAX ADMINISTRATION ACT 28 OF 2011



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# 1. HIGHLIGHTS OF 2014/15

Having found its feet after the initial formative phase, the Office of the Tax Ombud (OTO) has taken bold strides towards fulfilling its mandate as a fair, efficient, impartial and independent channel for taxpayers wishing to resolve their differences with SARS free of charge.

## THE OFFICE'S ACHIEVEMENTS INCLUDE THE FOLLOWING:

**More than 75% of received complaints were resolved in favour of the taxpayer.**

**Ensuring accessibility:** The website, complaints guide and complaints form were launched, making the Office accessible to the public. The complaints guide is available on the website in all 11 official languages.

**Attending to contacts and complaints:** More than 6 000 contacts with taxpayers were recorded and over 1 200 complaints lodged through various platforms, including telephone, fax, email, post and walk-in visits.

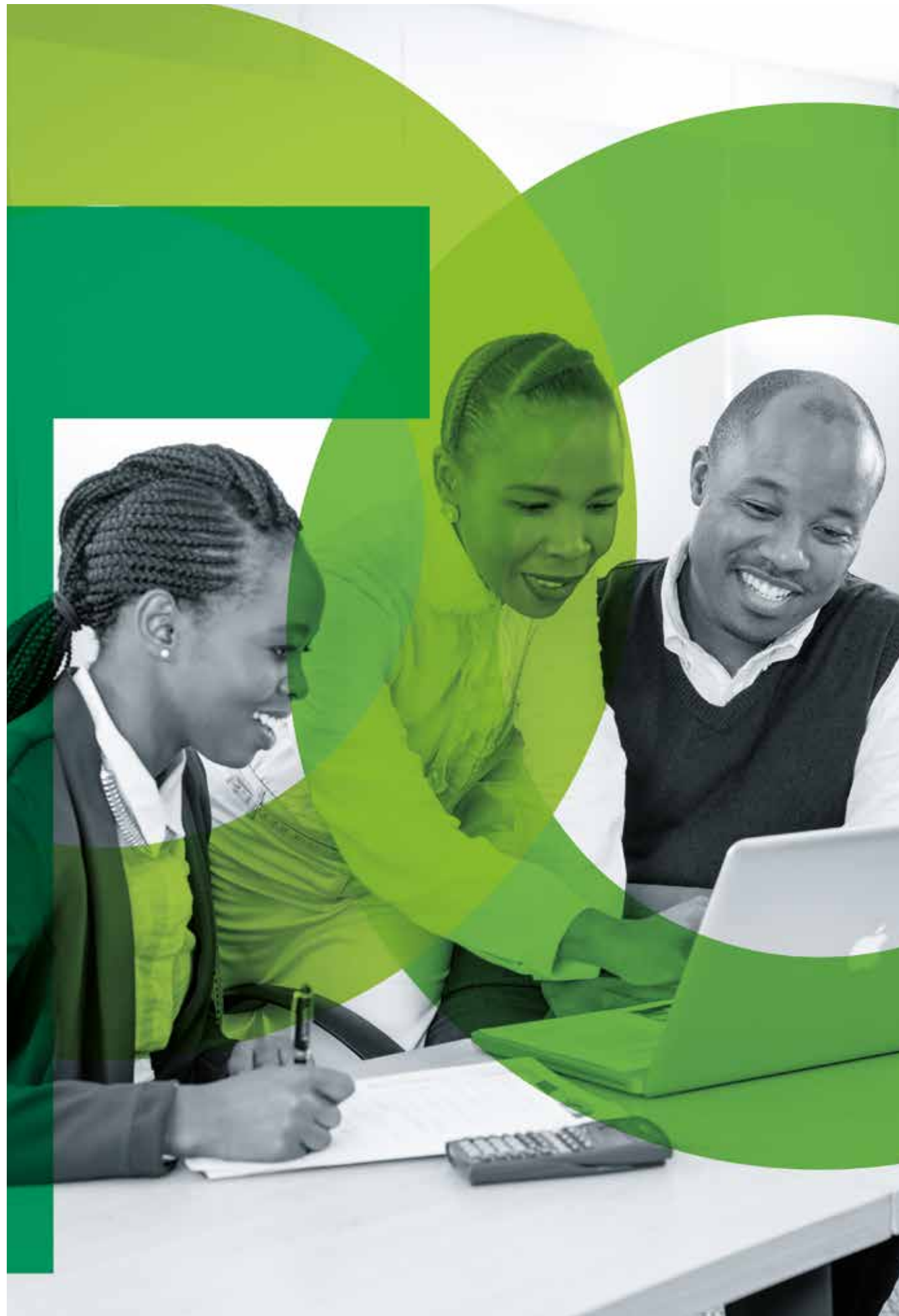
**Accountability and compliance:** The Office's first Annual Report was tabled in Parliament in September 2014, covering the first six months of its existence (October 2013 – March 2014); thereafter its first 2015-2020 Strategic Plan for and Annual Performance Plan was also submitted.

**Strengthening skills:** 12 new full-time employees were appointed, mostly in key complaints resolution

positions, and two senior managers were appointed in critical positions, namely operations and communications and outreach.

**Engaging with industry:** High-level engagements with tax industry bodies enabled the Office to raise awareness about its mandate and mode of operating. During 2014/15, This interaction included:

- o a speaking opportunity for CEO Advocate Eric Mkhawane at the Tax Indaba hosted by SARS-recognised professional bodies in June 2014
- o roadshows in all provinces, conducted in collaboration with the South African Institute of Chartered Accountants (SAICA)
- o speaking opportunities for the Tax Ombud, Judge Bernard Ngoepe, and Adv Mkhawane at the annual general meeting of the Black Lawyers Association in Cape Town
- o a speaking opportunity for Adv Mkhawane at the celebration of 100 years of income tax, hosted by the University of Cape Town.







## 2. PART A: GENERAL INFORMATION

OFFICIAL NAME:	Office of the Tax Ombud
REGISTERED OFFICE ADDRESS:	iParioli Building Block A3, Ground Floor 1166 Park Street, between Jan Shoba Street (formerly Duncan Street and Grosvenor Street) Hatfield Pretoria
TELEPHONE:	(+27) 12 341 9105
CALL CENTRE:	0800 662 837
FACSIMILE:	(+27) 12 452 5013
POSTAL ADDRESS:	PO Box 12314, Hatfield, 0028
EMAIL ADDRESSES:	Office@taxombud.gov.za Complaints@taxombud.gov.za
WEBSITE:	www.taxombud.gov.za

# 3. LIST OF ABBREVIATIONS/ ACRONYMS

CEO	Chief Executive Officer
DTI	Department of Trade and Industry
NT	National Treasury
NYDA	National Youth Development Agency
PFMA	Public Finance Management Act
OTO	Office of the Tax Ombud
SAIT	South African Institute of Tax Practitioners
SAICA	South African Institute of Chartered Accountants
SAIPA	South African Institute of Professional Accountants
SARS	South African Revenue Service
SSMO	SARS Service Monitoring Office
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
TO	Tax Ombud

# 4. SCOPE OF THE REPORT

The Office of the Tax Ombud applies the highest standards of governance and is committed to meeting its mandate and being fully accountable for its actions and use of public resources. Reporting to Parliament is one of the most important ways of putting this commitment into practice.

This Annual Report was prepared in terms of section 19(1) (b) of the Tax Administration Act, 28 of 2011, and also meets the statutory requirements set out in section 19(2) of the Act. The report, which provides detailed information about the activities of the OTO during the 2014/15 financial year, is divided into five main parts:

- General information
- Governance
- Performance
- Human resources
- Financial report

As from the 2015/16 financial year, the Office of the Tax Ombud will start to report on performance against the recently agreed outcomes or targets detailed in the 2015-2020 Strategic and Annual Performance Plan, tabled in Parliament. This will be in accordance with the Government's approach to performance monitoring.





**HONOURABLE N M NENE**  
Minister of Finance

## 5. FOREWORD BY THE MINISTER OF FINANCE

This is the second Annual Report of the Office of the Tax Ombud (OTO), 18 months after the appointment of Judge Bernard Ngoepe. This report examines the progress made during the past financial year and demonstrates the hard work that has gone into building the institutional strength of this office, the first of its kind in South Africa's history.

The OTO is an impartial avenue for resolving taxpayers' complaints after they have exhausted the internal mechanisms of the South African Revenue Service (SARS). It gives taxpayers the opportunity to resolve their concerns about service, procedural and administrative matters speedily, amicably and free of charge.

The Office is independent and treats taxpayers' information with utmost confidentiality. Government recognises the importance of the institution's independence in ensuring that it conducts its work without fear or favour. Indeed, this Office is a vital part of our country's tax system and its efficiency will further enhance taxpayers' confidence in the system.

To strengthen governance and accountability, a Protocol governing the relationship between the Minister of Finance and the Tax Ombud has been finalised. In terms of the Protocol, the Tax Ombud provides my office with written reports every other month, detailing the activities and challenges of the reporting period. These reports assist in tracking the progress made in the institutional establishment

phase of the OTO. In addition, the OTO has finalised its Strategic and Annual Performance Plan for the next five years, with clear objectives and key activities. These plans will assist in monitoring and evaluating the Office's performance.

The appointment of capable personnel is proceeding, and governance structures that will ensure the OTO stays the course are being established.

I am pleased with the progress made thus far in the Office's establishment phase and am satisfied with the strategic vision captured in the five-year plan. The Ministry of Finance will continue to provide the necessary support to ensure that the objectives of the Office are being achieved and that the OTO fulfils its mandate.

**HONOURABLE N M NENE**  
Minister of Finance



**JUDGE BERNARD NGOEPE**  
Tax Ombud

## 6. FOREWORD BY THE TAX OMBUD

I am privileged to present my second Annual Report (AR) of the Office of the Tax Ombud (OTO) for the period 1 April 2014 to 31 March 2015. The past 18 months in the existence of this office have seen significant changes taking place within the organisation as we continued to build and set up proper structures and mechanisms to ensure that the institution delivers on its mandate.

Most of our targets and main objectives set for the fiscal year were reached and in some areas, surpassed. This demonstrates the Office's commitment to providing a just, fair and acceptable service to our stakeholders and is testament to the competence of the goal-orientated teams driving the institution.

The Office of the Tax Ombud is a relatively new and small organisation compared to similar institutions tasked with investigating service-related issues involving the state and its citizens, but its role should not be underestimated.

It is a known fact that without tax revenue, government would be unable to deliver services to the citizens of South Africa. It is also common knowledge that the pool of taxpayers our country relies on for revenue collection is small, mainly as a result of the high unemployment rate, but also due to factors such as tax non-compliance. Building taxpayer confidence in the fairness and even-

handedness of the tax system greatly contributes towards cultivating a culture of compliance. The Office of the Tax Ombud does this by striking a balance between SARS' powers and duties, on the one hand, and taxpayer rights and obligations on the other.

The independence of the Office is pivotal in carrying out its mandate as a fair, efficient mechanism for resolving taxpayers' differences with SARS. Hence, a strategic priority for the next two years is to address certain shortcomings in the Tax Administration Act, so as to assure optimal institutional independence. These shortcomings arise from the nature of the relationship the Office has with SARS, especially in terms of funding and employment of staff, as well as certain support services such as human capital management, information and communications technology, and procurement.

We have, therefore continued with our research on how the issue of independence can be addressed,



*We are committed to continue growing and becoming an organisation that all taxpayers can rely on, knowing we will deal appropriately with their concerns.*

and we will be making several proposals to the Minister towards the amendment of the Tax Administration Act.

With continued support from the Minister of Finance, Mr Nhlanhla Nene, and his team, and appropriate cooperation between SARS and the Office of the Tax Ombud, we are confident of being able to deal effectively with taxpayers' complaints and, in this way, building public confidence in our tax system.

Having finalised our Strategic Plan for 2015-2020 and Annual Performance Plan, we have a reliable compass for mapping our way forward and for conducting proper performance monitoring and evaluation. These plans are invaluable in ensuring that the Office and all its personnel have a clear understanding of what needs to be done and how.

We have adhered to the rules of engagement stated in the Protocol governing the relationship between the Tax Ombud and the Minister of Finance. We are confident that the bi-monthly reports, detailing our operations and the cases we deal with on a daily basis, give Minister Nene a clear view of the direction the institution is taking, our performance, challenges that taxpayers have in general, and the challenges we face as an institution.

In conclusion: despite challenges, we have endeavoured to do what we set out to do. We are committed to continue growing and becoming an organisation that all taxpayers can rely on, knowing we will deal appropriately with their concerns. There is evidence that taxpayers already have confidence in the Office, given that we receive an average of 550 contacts a month. We expect the numbers to grow

significantly, as we continue engaging stakeholder groups and raising public awareness about the Office through various means, including utilising social media platforms, the media and communication and outreach campaigns.

Many of the taxpayers whom we have assisted have expressed appreciation for our services. We regularly receive letters of that nature, which provide valuable feedback on the efficiency and effectiveness of our complaints resolution processes.

As we move forward into the new fiscal year, we are committed to enhancing the quality of our work and, to continue working with SARS to ensure that taxpayers' complaints are fairly and speedily resolved. In this respect we mention that we are busy engaging SARS to update its service charter and also to introduce a Taxpayer Bill of Rights. These will be of great benefit to taxpayers. We also aim to increase the accessibility of the Office to taxpayers, and to promote stakeholder engagement.

Finally, I would like to express my appreciation to Minister Nene for his support. I also thank our CEO Adv Eric Mkhawane and his team for an excellent job, and SARS Commissioner Tom Moyane for facilitating a suitable working environment between the two bodies for the benefit of taxpayers.



**JUDGE BERNARD NGOEPE**  
Tax Ombud





# 7. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

This institution was only 18 months old at the end of the current financial year on 31 March 2015; although young, it is a very important player and recourse instrument in the country's tax system.



**ADVOCATE ERIC MKHAWANE**  
Chief Executive Officer

*As is detailed later in this report, we have managed our finances in a responsible and efficient manner...*

The 2014/15 Annual Report of the Office of the Tax Ombud is compiled according to the requirements of Section 19 of the Tax Administration Act, 28 of 2011, and details some of the serious issues encountered by taxpayers, while identifying systemic and emerging issues. The report also puts into perspective the work carried out during the fiscal year in relation to the mandate of the Office and its progress as a relatively new entity tasked with providing an independent, expeditious, fair and impartial channel to address and resolve disagreements that taxpayers have with the South African Revenue Service (SARS).

This institution was only 18 months old at the end of the current financial year on 31 March 2015; although young, it is a very important player and recourse instrument in the country's tax system.

Expectations were that the Office of the Tax Ombud would initially focus mainly on establishing itself, and would not be able to do much in terms of addressing taxpayers' complaints. On the contrary, I am delighted to report that we have a fully functioning institution that is already making a difference in the lives of many taxpayers. There are challenges to overcome but, as we continue to strive for excellence in the execution of our duties, we are beginning to fulfil our role as a balancing force in the tax administration system, ensuring equilibrium between SARS' powers and duties on the one side, and taxpayers' rights and obligations on the other.

## 7.1 PROGRESS

The Office has done well in managing the finances, strengthening our capacity to deal with taxpayer complaints, engaging with stakeholders and implementing internal processes to improve our efficiency and effectiveness.

As is detailed later in this report, we have managed our finances in a responsible and efficient manner in line with the requirements of the Public Finance Management Act (PFMA) and the standards expected from an institution of this stature. We have also improved our human capital, bringing in skilled and motivated experts to help the Office carry out its mandate. During the 2014/15 year, we appointed 12 new full-time employees, bringing the total staff complement to 14 as at 31 March 2015.

*More than 75% of these were finalised in favour of taxpayers.*

Furthermore, a number of approved vacancies were at advanced stages of the recruitment processes. Appropriately strengthening our human capital is important, given the anticipated growth in demand for our services.

I would like to take this opportunity to properly welcome our Senior Manager of Communications and Outreach, Pearl Seopela, as well as Senior Manager of Operations Talitha Muade, both of whom have a wealth of experience and expertise.

#### **Stakeholder engagement**

During the year, we intensified our engagement with stakeholders, meeting with numerous role players in the country's tax system and receiving valuable support and inputs from them. Our public relations and communications efforts have borne fruit, as was evident from the favourable media coverage received on numerous platforms, including print, television, radio and online. This kind of coverage bodes well for the Office and means that more of our stakeholders, including the taxpayers we serve, will be aware of who we are and what we do. We realise that a lot more still needs to be done to educate the public and encourage utilisation of our services, and so we will be extending our outreach through social media platforms, holding more stakeholder engagement and awareness campaigns, and partnering with stakeholders in the tax sector.

#### **Complaints resolution**

In the core of our business, we have done reasonably well considering the legislative, budgetary and other challenges we faced. In 2014/15, we received more than 6 000 contacts from individual taxpayers, practitioners, vendors, attorneys, employers and the

media. These contacts dealt with numerous tax-related matters, including enquiries and disputes, and reached us through platforms such as email, telephone; fax and post; some came directly to our office to seek assistance.

Of the 6003 contacts received during the year, 1277 were complaints, of which 409 fell within our mandate. More than 75% of these were finalised in favour of taxpayers. Unfortunately, a number of cases fell outside our mandate or were prematurely sent to us before SARS complaints resolution mechanisms were exhausted. As a result, we had to reject 861 complaints. The positive factor of this scenario is that the declined complaints have helped us to gain a clearer understanding of areas where taxpayers do not fully understand SARS processes or the mandate of this Office. Where possible, we will incorporate these insights into our awareness and outreach campaigns.

#### **Business support systems**

The current complaints management system is a manual one; even so, the Office still manages to assist most taxpayers within 15 business days from the date of acceptance. As the volume of complaints grows, the system will come under increasing pressure. This could have serious implications for our operational efficiency and turnaround times, forcing those dealing with complaints to spend more time manually following up the complaints and less time conducting investigations. For this reason, we are eager to implement the automated complaints management system that will be developed in the new financial year.

#### **Increasing our footprint**

Our limited footprint, which consists solely of our Pretoria office, is another challenge. While the

majority of taxpayers and practitioners are based in Gauteng, there is no doubt that other provinces also need access to our services. Until a plan to extend our footprint has been developed and approved, we will continue to utilise communication and outreach campaigns to inform taxpayers about our Office.

#### **Independence of the OTO**

Legislative challenges continue to be the Achilles heel in our goal of being fully independent of SARS. While we are able to provide a fair and impartial resolution mechanism for issues between taxpayers and SARS, our reliance on SARS, as prescribed in the Tax Administration Act, tends to create the impression that the lines are blurred. A priority for the next financial year is to see to it that the legislative issues that bring into question the independence of this Office are addressed. We are committed to providing all the necessary support to ensure that this matter is urgently attended to and resolved.

#### **UPCOMING DEVELOPMENTS**

##### **Relocation of offices**

As part of the drive to strengthen the independence of the OTO, we are making preparations to relocate our head office to new premises during the last quarter of the new financial year. The current building and facilities were previously occupied by the SARS Service Monitoring Office, whereas the new premises have no connection with SARS or its operations.

##### **International best practice**

Another priority is to strengthen our knowledge of international best practices. In the new financial year, a benchmarking visit will be undertaken to Canada, the United States of America (USA) and the United Kingdom (UK). The aim of benchmarking is to gain

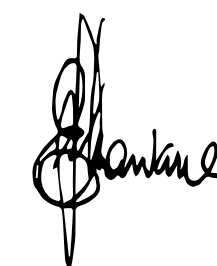
*Another priority is to strengthen our knowledge in regard to international best practices.*

an in-depth knowledge of the different models followed in these countries, and where possible, to incorporate the findings into the Office's processes. The insights gained will also enable us to determine how we compare with our counterparts internationally.

#### **Conclusion**

I would like to take this opportunity to thank the Tax Ombud, Judge Bernard Ngoepe, for his outstanding leadership and consistent support in ensuring that taxpayers are fairly treated and that the Office's employees are empowered to give their best. We are mindful of our responsibility to contribute to the strengthening of taxpayers' confidence in tax administration in South Africa. The management and staff take this responsibility seriously and strive continually to improve the Office's capability, operations and processes, and to account fully for our achievements and challenges.

I extend my sincere gratitude to taxpayers, stakeholders and the recognised professional bodies who continue to support and trust us as we strive to contribute towards the balance between SARS' powers and duties, and taxpayers' rights and obligation.



**ADVOCATE ERIC MKHAWANE**  
Chief Executive Officer

## 8. STATEMENT OF ACCOUNTABILITY AND CONFIRMATION OF ACCURACY

**TO THE BEST OF MY KNOWLEDGE AND  
BELIEF, I CONFIRM THE FOLLOWING:**

- The Annual Report was drafted in accordance with the statutory requirements for the report set out in section 19(2) of the Tax Administration Act, 28 of 2011.
- The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Report is complete, accurate and free from any omissions.
- In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Office of the Tax Ombud for the financial year ended 31 March 2015.

Yours faithfully



**ADV H E MKHAWANE**  
Chief Executive Officer



**JUDGE B M NGOEPE**  
Tax Ombud

## 9. STRATEGIC OVERVIEW

The Office of the Tax Ombud has established a sound footing from which to fulfil its mandate by providing taxpayers with an expeditious, independent, fair and impartial avenue for resolving their disputes with SARS. The most important task is to build capacity to serve stakeholders efficiently and effectively, to educate the public about its mandate and, above all, to strengthen and demonstrate its independence.

## 10. VISION:

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

## 11. MISSION:

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

## 12. 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.

### **Confidentiality:**

The Tax Ombud holds all communications with taxpayers in strict confidence unless authorised otherwise by a taxpayer.



# 13. LEGISLATIVE AND OTHER MANDATES

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

### 13.1 Constitutional mandate

The Office of the Tax Ombud also operates under Chapter 10 of the Constitution, which requires public servants and the departments in which they work to abide by democratic values and principles, including:

- a) A high standard of professional ethics;
- b) efficient, economic and effective use of resources;
- c) provision of impartial, fair and equitable services; and
- d) transparency and accountability.

### 13.2 Legislative mandate: Tax Administration Act, 28 of 2011

The Office of the Tax Ombud was established in terms of Section 14 & 15 of the Tax Administration Act, 28 of 2011 (Tax Administration Act). It was established in October 2013 and launched by the then Minister of Finance in April 2014. The Office of the Tax Ombud reports to the Minister of Finance as the executive authority and, in terms of the Act, submits the Annual Report to the Minister, who must table it in the National Assembly.

S16(1) of the Act spells out the Office's mandate, as follows:

S16(1) "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."

### 13.3 The responsibilities of the Tax Ombud in discharging its duties as set out in Section 16(2):

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; and
- 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.

### 13.4 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.

### 13.5 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.**
- d) A decision of, proceeding in or matter before the tax court.

### 13.6 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.

13.7 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 four programmes as per the approved structure. In the year under review, it only comprised two business units. These business units include Operations, Communications and Outreach.

Below is a diagram of the approved high-level structure:

ORGANISATIONAL STRUCTURE



**TAX OMBUD:**  
Judge Bernard Ngoepe



**CHIEF EXECUTIVE OFFICER:**  
Advocate Eric Mkhawane



**SENIOR MANAGER  
OPERATIONS**  
  
Talitha Muade



**SENIOR MANAGER  
COMMUNICATIONS &  
OUTREACH**  
  
Pearl Seopela



**SENIOR LEGAL  
SPECIALIST**  
(Appointed in the new financial year)  
Gert van Heerden

\*Senior Manager - Office Enablement: to be appointed in the new financial year

# 14. CHALLENGES RELATING TO THE INDEPENDENCE OF THE OFFICE OF THE TAX OMBUD

It is generally accepted, and indeed so stipulated in section 15(1) and (4) of the Tax Administration Act, that the Office of the Tax Ombud should be independent of SARS. There are, however, some provisions in the Act, which make such structural or institutional independence impossible:

- The staff of the Office of the Tax Ombud must be employed in terms of the SARS Act and be seconded to the Office of the Tax Ombud at the request of the Tax Ombud in consultation with the Commissioner.
- The expenditure connected with the functions of the Office of the Tax Ombud is paid out of the funds of SARS.

Given the above, the Office of the Tax Ombud can really not be, or seem to be, independent of SARS. We therefore draw attention to the urgent need to amend the Act in a manner that will render the Office structurally independent of SARS.



# 15.

## PART B:

### ORGANISATIONAL ENVIRONMENT

#### 15.1 Situational analysis

The Office of the Tax Ombud was established in October 2013 by the Minister of Finance and officially launched in April 2014. It derives its mandate from the Tax Administration Act, section 16(1) which gives the Tax Ombud a mandate to review and address any complaint by a taxpayer regarding a service, procedural or administrative matter arising from the application of the provision of a Tax Act by SARS.

One of the key objectives of the Tax Administration Act is to achieve a balance between SARS' powers and duties, on the one hand, and taxpayer rights and obligations on the other. The main benefit in achieving this balance is that it will enhance the degree of equity and fairness in applying the Act, and tax administration in general. International experience has amply demonstrated that when taxpayers perceive and experience the tax system as being fair and equitable, they would be more inclined to fully comply with it. The existence of an independent and effective recourse channel for taxpayers in respect of service, administrative and procedural issues is in line with this objective, as well as with international best practices.

The Office of the Tax Ombud strives to ensure that it fulfils its mandate independently. It is crucial for taxpayers to perceive the Office of the Tax Ombud as being independent.

The Office of the Tax Ombud has developed its first medium-term Strategic Plan. The Strategic Plan endeavours to ensure that

the work of the Tax Ombud is aligned with the Government planning framework.

The strategy for 2015–2020 has been developed to ensure that the resolution of taxpayer disagreements with SARS is addressed effectively and efficiently through proper governance structures and stakeholder management. The Minister of Finance has also tabled the strategy in Parliament.

The strategy further seeks to ensure that taxpayers receive the professional service and fair treatment from SARS to which they are entitled.

Although the Office of the Tax Ombud is still in its early stages as an organisation, it has already demonstrated its effectiveness as an expeditious, independent and impartial redress channel for taxpayers.

Prior to the establishment of the Office of the Tax Ombud, taxpayers who had disagreements with SARS had nowhere else to turn. The nature and results of the cases handled by the Office indicate that the establishment of the Office was long overdue.

The number of taxpayer contacts that the office receives is proportionately smaller than the size of South Africa's tax base. It is anticipated that contacts received will increase as a result of extensive stakeholder engagement efforts.

#### 15.2 Strategic outcome-orientated goals

The aim of the Office of the Tax Ombud is to contribute towards achieving Vision 2030



as outlined in the National Development Plan 2030. The outcomes highlighted in Vision 2030 affect and direct the Office of the Tax Ombud on how it executes its mandate—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.

The strategic outcome-oriented goals of the Office of the Tax Ombud are linked to the achievement of Outcome 5 and Outcome 12, as identified by the Department of Planning, Monitoring and Evaluation in the Presidency.

These outcomes are:

- a) **Outcome 5:** A skilled and capable workforce to support an inclusive growth path.
- b) **Outcome 12:** An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship. The Office of the Tax Ombud’s strong leadership team will strive towards realising the strategic outcomes identified for the 2015–2020 strategic planning period.

**The Office’s Strategic Plan for 2015–2020 and its Annual Performance Plan for the 2015/16 financial year** identify the following strategic outcome-orientated goals:

**Goal 1:** Work with SARS to ensure that taxpayers’ complaints are resolved fairly

**Goal statement**

Taxpayers’ individual complaints will be resolved in a manner that ensures that justice is done in an effective and fair manner. This will be achieved through applying relevant legislation, complaints management systems, procedures and standard operating procedures.

**Goal 2:** Work with SARS to implement the Tax Ombud’s recommendations and responses.

**Goal statement**

The Office of the Tax Ombud is responsible

for identifying systemic, emerging and serious issues through investigations, as well as for making recommendations to SARS. On the basis of these recommendations, SARS is expected to respond appropriately and where necessary provide feedback to the Office of the Tax Ombud.

**Goal 3:** Increase the accessibility of the Office of the Tax Ombud to the taxpayers

**Goal statement**

The Office of the Tax Ombud is accessible and is able to engage taxpayers through different modes of contact. These include access to the contact centre, website, fax, email, one-on-one engagement and the use of diverse languages to enhance understanding on the part of taxpayers. In due course, the Office of the Tax Ombud will expand its physical presence to other areas.

**Goal 4:** Promote stakeholder engagement and public awareness.

**Goal statement**

Implement stakeholder collaboration and educational public awareness campaigns to empower stakeholders and taxpayers about the Office and services offered by the Tax Ombud.

The 2015/16 Annual Report will be linked to the Strategic Plan and strategic outcome-orientated goals in accordance with Government’s performance monitoring and evaluation approach.

**16. PERFORMANCE INFORMATION**

In the year under review, the Office of the Tax Ombud had only two business areas, namely Operations and Communications and Outreach. These areas work in unison with the goal of ensuring the institution fulfils its mandate and strategic objectives.

**16.1 Office of the Chief Executive Officer**

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, monitoring and evaluation of organisational performance, and governance. In the year under review, the business units that reported to the CEO’s office were, operations, and communications and outreach.

**16.1.1 Highlights, challenges and developments**

The Office of the Tax Ombud was officially launched, creating more awareness among taxpayers about its existence and services.

The Office further developed the first Strategic Plan, covering the period 2015–2020, and its first Annual Performance Plan, for 2015/16. The Minister of Finance tabled these documents in Parliament.

Another milestone was the appointment of Senior Managers in critical positions, including operations and communications and outreach. This has assisted the Office to develop much-needed capabilities in critical performance areas.

**16.1.2 The way forward**

The objectives of the Office of the CEO for the next five years as identified in the Strategic Plan include: Improve business support systems for an efficient and effective operation; optimise the size of the organisation to accommodate demand for services, and optimise the footprint of the organisation to improve access to the Office.

In the new financial year, two more critical positions will be filled, that of Senior Legal Specialist and Senior Manager: Office Enablement.

**16.2 COMMUNICATIONS AND OUTREACH**

The strategic goal of the Communications and Outreach business unit is to promote stakeholder engagement and raise public awareness to ensure the efficiency and accessibility of the Office of the Tax Ombud. The unit is headed by the Senior Manager

Communications and Outreach.

The unit is responsible for brand positioning, stakeholder engagement, language management, reputation management, media relations and taxpayer communication for the Office of the Tax Ombud. It also positions the organisation among employees, and looks after the communication and engagement aspects of the relationship between the employer and employees.

Internal and external positioning is mainly achieved through meetings, presentations, electronic communications, print and broadcast media, road shows and other external events, and through articles placed in the publications of professional bodies.

In the year under review, several communication initiatives were conducted and this resulted in favourable media coverage in print and radio and on television. This was in addition to numerous engagements with stakeholders through forums and discussions involving the Tax Ombud, the CEO and senior management. The OTO’s official launch on 7 April 2014 received substantial media coverage. This stimulated strong interest in the Office and led to opportunities that have boosted our ability to inform taxpayers, tax practitioners and the general public about the Office, its mandate and services.

**Print media**

The extensive and favourable coverage received by the Office was a result of proactive engagements with the media including, but not limited to, several meet-and-greet sessions. These sessions involved the Communications and Outreach unit and the leadership of the Office, including both the Tax Ombud Judge Bernard Ngoepe and CEO Advocate Eric Mkhawane, as well as senior leadership of the institution. These sessions were held with editors and the

editorial leadership of several publications in the Times Media Media24 and Independent Newspapers stables. These engagements led not only to favourable media coverage in the respective publications, but also generated more coverage on radio, television and online. The Office has also cultivated strong partnerships with the country's leading consumer journalists, including Maya Fisher - French, Thuli Zungu and Neesa Moodley, who have published positive and educational articles about the Office.

#### **Broadcast media**

The Office was also profiled on the popular SABC 2 talk show Leihlo la Sechaba, as well on a DSTV Channel (404) talk show called Rights and Recourse, and on Business Day TV. National, commercial, regional and local radio stations have also given the institution coverage through numerous programmes hosted in different languages, ensuring that a broad range of taxpayers are reached in their own languages with knowledge about the Office. Some of the radio stations where we featured prominently include Talk Radio 702, Cape Talk, Ligwalagwala, Lesedi, Phalaphala, Munghana Lonene, Radio 2000 and Power FM.

#### **16.2.2 Educational presentations and road shows**

Through the engagements with stakeholders, OTO leadership has been able to address and present to tax experts, opinion makers, leaders and practitioners in the tax industry, as well as members of the judiciary and high-ranking government officials. Engagements with stakeholders also ensured that the Office received positive coverage in internal publications, including newsletters of stakeholders. These include educational articles in the Small and Medium Practices newsletter with SAICA, which was shared with more than 3 000 small business entities and tax practitioners. Small Business Connect

and Tax Talk also featured the educational articles about the mandate and services offered by the Office of the Tax Ombud.

#### **16.2.3 Stakeholder engagement**

Numerous engagements were conducted between the leadership of the Office of the Tax Ombud and professional bodies. The aim of these meetings was to establish reciprocal relationships that will enable the Tax Ombud to use these bodies' platforms to educate taxpayers and practitioners about the Office's mandate and services. The engagements with high-level representatives of the relevant stakeholders went beyond educational purposes and also created a platform for the creation of mutually beneficial partnerships that have already borne fruit by giving the OTO an opportunity to engage with not only stakeholders' employees, but their clients as well. These stakeholders include: the South African Institute of Chartered Accountants (SAICA), South African Institute of Professional Accountants (SAIPA), South African Institute of Tax Professionals (SAIT), South African Institute for Business Accountants (SAIBA), Gauteng Provincial Government's Department of Economic Development Consumer Affairs, Cape Town Tax Discussion group, and the Black Lawyers Association, just to mention a few.

#### **16.2.4 Language management**

In the year under review, the Office of the Tax Ombud gazetted a language policy for public comment. The purpose of the policy is to outline how the Office will comply with the provisions of the Use of Official Languages Act, 2012, and use official languages to share information about its mandate and services with taxpayers and South African citizens in general. In line with the policy, the Office of the Tax Ombud continues to make information accessible in all South African

languages. This is done by ensuring that the communication collateral for education and awareness is translated into 11 languages.

#### **16.2.5 Way forward**

In the new financial year, more outreach and communication activities will be rolled out to increase awareness, and more employees will be appointed within the unit to ensure that it is properly capacitated. As part of ongoing plans to engage taxpayers and the general public about the mandate and services of the Office of the Tax Ombud, business has put plans in place to ensure utilisation of digital media. Part of these activities includes establishing social media platforms (Twitter, Facebook and Instagram), as well as YouTube, and digital platforms that will ensure maximum reach and exposure for the institution. Investment in technology to enable maximum utilisation of these platforms will also be made.

Plans are at an advanced stage to start large-scale radio campaigns on community and commercial radio stations to boost our marketing and educational campaigns, ensuring that a majority of taxpayers are aware of the Office's services and what it can do for them when they have complaints against SARS.

A major rebranding project is also planned for the new fiscal year and this will see the institution develop and launch a new logo, brand collateral and stationery, all in line with modern times and an ever-evolving institution. The purpose of this project is to promote brand affinity among OTO employees and use our new logo and its supporting elements correctly to create consistency for maximum recognisability to build our brand and its values and fulfil our mandate. Our brand is our customer's first experience of who we are and what we stand for as an organisation, and

we are looking forward to ensuring that taxpayers' experience of our brand brings pride and confidence in our ability to resolve their complaints against SARS.

### **16.3 LEGAL SERVICES**

The purpose of the Legal Services Unit is to provide an enterprise wide legal service to all areas of the business, inclusive of legal guidance on concluded cases. The senior legal specialist will head the new unit in the new financial year.

#### **16.3.1 Highlights, challenges and developments**

In the year under review, the CEO fulfilled this role to ensure that the legal cases which required attention were dealt with. The lack of a dedicated legal service was a challenge, given the nature of the Office's responsibilities.

#### **16.3.2 The way forward**

The process of establishing a legal unit commenced and the appointment of the senior legal specialist to head the business unit is due to be concluded in the first quarter of 2015/16. An additional position, legal specialist, will be filled in the first half of 2015/16 to support the senior legal specialist. This appointment will complete the structure of the Legal Services Unit.

In the new financial year, Legal Services will actively take part in the committees and day-to-day business operations in order to assist with any technical problems that may arise. Any recommendation made to SARS will be confirmed by Legal Services to ensure it is legally correct and in line with the strategic plan of the OTO.

A protocol will be implemented to formalise the referral of matters to Legal Services and turnaround times for rendering the services required. Key performance indicators will be developed for Legal Services in line with the strategic objectives set out in the Strategic Plan and Annual Performance Plan.

In the absence of data analysts, Legal Services will take the initiative to analyse and categorise the workflow of the OTO in order to identify trends and patterns that will assist in providing general recommendations to SARS to improve service delivery. Legal Services will be made available for any consultation regarding governance, quality assurance and general legal assistance to management and staff.

16.4 OPERATIONS

This is the core of the business and is the first point of contact for taxpayers. The unit is headed by the senior manager of operations. It plays a vital role within the Office of the Tax Ombud by reviewing and addressing taxpayers' complaints. The unit also manages the reporting on investigative performance and statistical data relating to complaints. It identifies systemic, emerging and serious issues that emanate from the complaints that have been submitted and addresses them with SARS.

16.4.1 The complaints process

A complaint is accepted once a taxpayer has exhausted SARS' internal complaints mechanisms and sometimes when processes are not exhausted, but only if there are compelling circumstances for not doing so. The complaints resolution process includes acknowledging taxpayers' complaints, investigating the complaint, making a recommendation to SARS on how to resolve the matter, providing the taxpayer with feedback on the progress of the complaint, and compiling a finalisation report once the complaint has been resolved.

Taxpayers are assisted through email, telephone, fax, walk-in visits and the post. All complainants are required to complete a complaints form which is designed to collect as much relevant information as possible about the complaint. Contacts are categorised into enquiries (queries); complaints falling within the mandate of the Office (accepted); complaints falling outside the mandate of the Office (rejected); and complaints received a year prior to the appointment of the Tax Ombud (concerns).

16.4.2 Highlights, challenges and developments

In the year under review, the unit established a customer-centric environment that makes it easy for taxpayers to interact with the Office. Attention was paid to the quality management process, ensuring that common standards are implemented and that processes and procedures enable staff to provide a high level of service to tax payers.

Filling critical vacant positions within the unit was a priority, resulting in the appointment of the Senior Manager: Operations, Operational Specialists, and a Continuous Improvement Specialist. Furthermore, the Manager Operations was permanently transferred from SARS to the OTO.

During the reporting period, the unit operated with only four Operational Specialists and one Call Centre Agent, using a manually operated, interim complaints management system.

16.4.3 The way forward

In the new financial year, a Tax Specialist will be appointed to provide technical support to the Operational Specialists. The appointment of the additional Tax Specialist and a second Call Centre Agent, together with greater emphasis on staff development, will address the human capital capacity constraints.

Plans are also in place to address the challenges around the complaints management system. These are twofold; Firstly, this unit is committed to resolving complaints within 15 business working days of submission to SARS; however, the OTO is dependent on SARS to respond to issues raised by taxpayers to meet this turnaround time. There have been challenges meeting these targets; hopefully, these will be addressed in the new financial year once the Memorandum of Understanding has been finalised between SARS and the OTO.

Secondly, we are developing a new complaints management system, which we will implement in the new financial year. The implementation of this system will improve the quality and efficiency of the unit, and reduce time lost due to manual processing of data for reporting.

16.4.4 Contacts made to the OTO

During the reporting period, the OTO received 6 003 contacts. These contacts were mainly received through email (2 829) and telephone calls (2 618). Other channels used by complainants were faxes (234), walk-in visits (228) and the postal service (94).

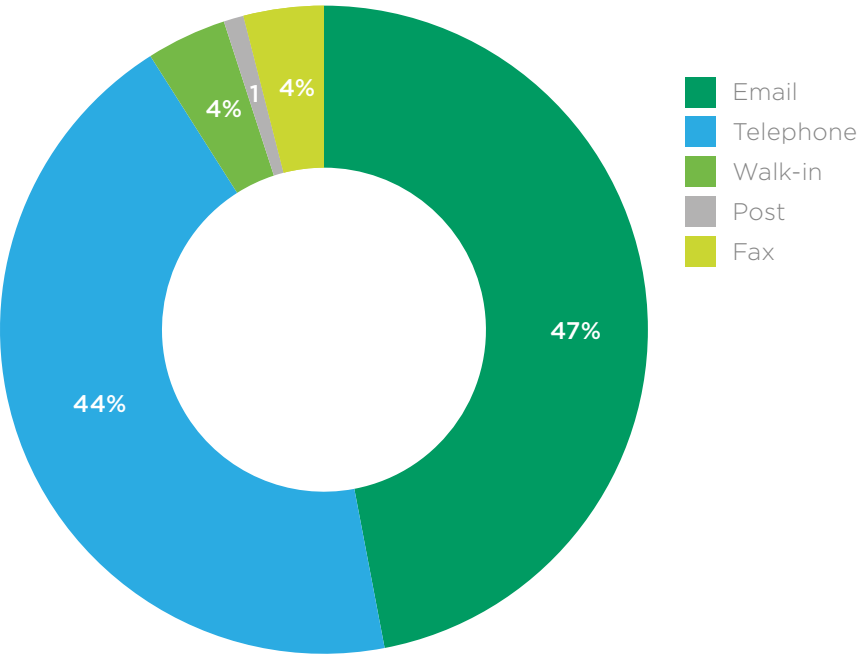
The table and the graph below provide details of these contacts

16.4.5 Mode of contact

TYPE	EMAIL	FAX	POST	WALK-IN	TEL
Number	2 829	234	94	228	2 618



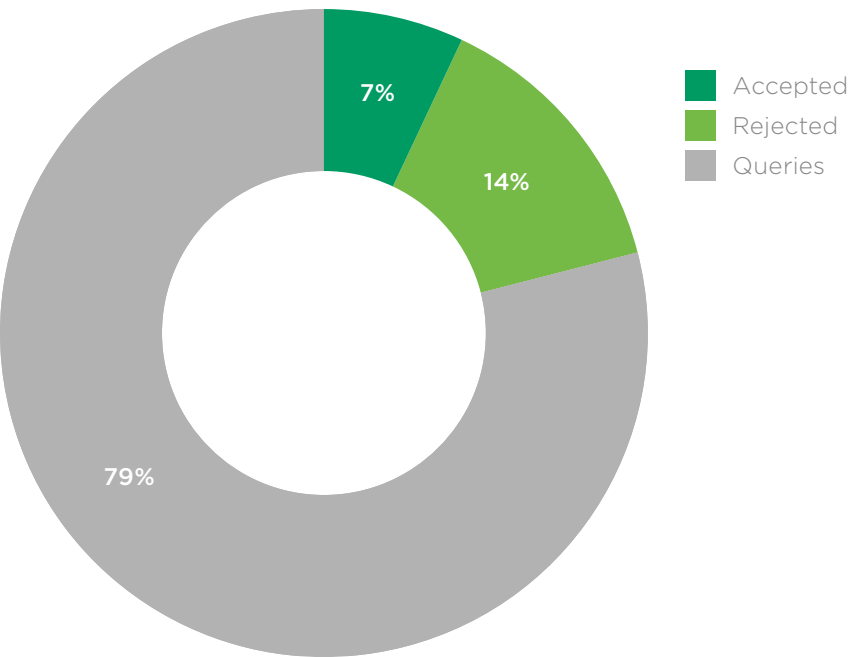
MODE OF CONTACT GRAPH



16.4.6 Types of complaints

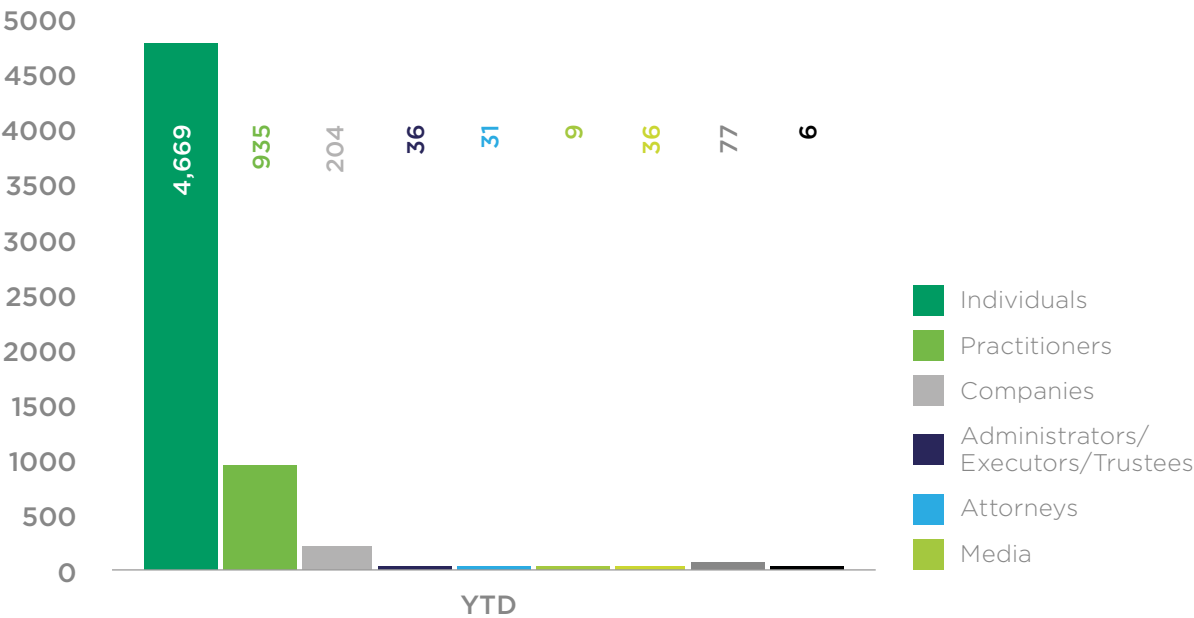
Of the 6 003 contacts received in 2014/15, 409 (7%) were accepted complaints (including seven concerns), while 4 726 (79%) were enquiries and 861 (14%) were rejected complaints.

TYPE OF COMPLAINTS



- Accepted complaints:** These were complaints that fell within the mandate of the OTO. In the reporting period, the OTO accepted 409 complaints. Total number of accepted cases resolved in the reporting period is 316, only 94(30%) were resolved within the turnaround time of 15 business days. A total of 117 unresolved cases were carried forward to the new financial period.
  - Enquiries:** These included requests for complaint forms and complaints procedure guides. People also enquired about the email, postal and physical address of the OTO.
  - Rejected complaints:** Complaints were rejected when they did not fall within the mandate of the OTO and when SARS' complaint mechanisms had not been exhausted.
  - Cases older than a year:** These cases arose more than a year before the appointment of the first Tax Ombud, and which the OTO was not allowed to review in terms of section 259(2) of the Tax Administration Act. However, the Minister of Finance gave approval for the Tax Ombud to review these complaints as normal complaints.
- 16.4.7 Types of users who contact the Office of the Tax Ombud**
- During the reporting period, the following categories of users contacted the OTO to lay their complaints against SARS:
- Individual taxpayers** – These individuals represent themselves and lodge complaints on their own. Individuals represented 78% of users, totalling 4 669 contacts.
- Tax practitioners** – These practitioners lodge complaints on behalf of their clients and represented 16% of users (935 contacts).
- Companies** – The Office received 204 contacts from companies lodging complaints.
- Others** – These are individuals who act as trustees, curators or executors. The OTO had 195 contacts from this group.

The following graph shows the users who contacted the OTO



17. REPORT IN TERMS OF SECTION 19

17.1 Summary of the most serious issues identified in terms of Section 19 (2) (a) of TA Act:

- 17.1.1 The largest category of complaints was withdrawal of assessments. In many cases unintended tax debts arose due to patent errors being made on returns by either SARS or the taxpayers. In most of these matters the period within which to dispute the assessments was prescribed and the only option was for taxpayers to request a withdrawal/reduction of the assessment by agreement with SARS. Most of the complaints received related to the taxpayers not being aware of this avenue.
- 17.1.2 Delayed payment of refunds due to taxpayers was the second largest category of complaints received by the OTO for the period. This is mostly due to verification audits, failure to update banking details and some system issues wherein SARS failed to lift stoppers or release bank accounts after the verifications were done. In 79% of the complaints finalised the refunds were released to the taxpayers, 5% of the refunds were reversed and 15% involved issues that required other avenues to be followed to resolve the complaints; for instance example taxpayer education and dispute resolution procedures had to be followed.
- 17.1.3 Failure by SARS to update banking details timeously resulted in a delay in refunds being paid as well as refunds being paid into wrong bank accounts. In cases where it was the fault of SARS that the refunds were paid into wrong bank accounts SARS refunded the payments to the

taxpayers; however, the burden of proof is on the taxpayer to show that they did in fact inform SARS of their change in details prior to the refund being paid to a wrong person.

- 17.1.4 Identity theft does not necessarily fall within the control of SARS but it has consequences that result in complaints being lodged. One example is where a fraudster claimed and received a refund on the tax account of his victim. Even though the victim provided SARS with documentary proof of the identity theft and even though SARS issued a new tax reference number to the victim, collection steps were still instituted against him for collection of the undue refund received by the fraudster.
- 17.1.5 SARS not adhering to turnaround times for objections and appeals was also identified as a short comings. There is a general disregard for the timeframes set out in tax legislation and the ADR Rules. While taxpayers are expected to strictly comply with the timeframes set out in the dispute resolution procedure, SARS fails to do the same. This non-compliance relates to 19% of all cases accepted by the OTO for the period.
- 17.1.6 Outcomes of objections and appeals were incorrectly implemented or not implemented. In one specific instance SARS failed to revise an assessment in terms of the court ruling in favour of the taxpayer.
- 17.1.7 Failure to assist or respond to taxpayers resulted in around 13% of complaints accepted. In these instantces, to SARS officials ignored requests and/or queries from taxpayers or did not provide satisfactory responses. While many

of these matters remained unresolved at the end of this period, in almost all cases the complaints could have been avoided through communication.

- 17.1.8 Debt procedures were not adhered to by the debt collectors. These issues relate to various aspects but most notably certified statements (judgment) being issued in courts and third party appointments being issued by SARS erroneously, as well as failure to respond timeously or to the satisfaction of taxpayers.
- 17.1.9 SARS taking long to finalise applications for Tax Clearance Certificates. Many taxpayers depend on Tax Clearance Certificates in order to operate. Some of the complaints on TCC's relate to these documents being delayed due to other procedures such as pending appeals or system issues.
- 17.1.10 SARS e-filing fraud. This issue is similar to identity theft discussed above. In most cases where taxpayers are victims of fraud there is a sometimes difficult burden of proof on them before SARS will be lenient.

17.2 Inventory in terms of s19 (2) (b)

Section 16 (2) (f) of the Tax Administration Act stipulates that the OTO must 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 impacts negatively on taxpayers.

Under each section, in the table below, there are matters which relate to service, procedural or administrative issues. It should be taken into account that one matter may be discussed under two or more of those issues. This is because some matters raise more than one issue. In appropriate instances, recommendations are made in terms of section 19(1) (c) as to what administrative action should be taken to resolve problems encountered by taxpayers. These recommendations are made alongside a case discussed where applicable.

A INVENTORY

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<b>SERIOUS AND SYSTEMIC: Delay in refund payment: 20141104_Req_004.</b>  The taxpayer was assessed on 29 October 2013 for the 2013 tax year, which resulted in a refund. The refund was recalled by the SARS ACAS division on 4 July 2014 for further investigation in terms of Section 179 of the TA Act. The practitioner has followed up numerous times with SARS and escalated the complaint to the SSMO without any success. After <b>1 year and 1 month</b> the issue has not yet been resolved.	OTO requested SARS to bring the case to finality and communicate the decision to the taxpayer.	SARS accepted the OTO's recommendations. The required information was provided to ACAS but the refund remained unavailable. The SARS ACAS division was requested to unblock the account. The complainant confirmed that the account was unblocked at the end of January 2015.	70*	Finalised on 06/03/2015
<b>SERIOUS AND SYSTEMIC: Delay in refund payment: 20140703_Req_015.</b>  SARS had not released the complainant's VAT refund for 2014/01 and SARS failed to inform the complainant why the refund was taking more than 21 business working days. The complaint was closed by the SSMO without a resolution.	The OTO requested SARS to investigate the delay in releasing the refund.	SARS accepted the OTO's recommendations. The complainant visited a SARS branch twice to change banking details; however, the SARS system could not upload the new details. After OTO's intervention the new banking details were captured and the refund was paid out.	61*	Finalised on 29/09/2014

A INVENTORY

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<b>SERIOUS AND SYSTEMIC: Refund paid into the wrong bank account: 20140402_Req_008</b>  SARS paid a refund into the wrong bank account. The complainant's 2011 original assessment included a pre-populated IRP5 from another person. The matter was reported to SARS Head Office on 13 December 2011 and a request for removal was done for the credit of R9 951.65. The matter was investigated by ACAS and concluded on 8 August 2012, informing the taxpayer that the bank details were changed when the IRP5 was submitted by the employer. The refund was still not released and the taxpayer approached the SARS Service Monitoring Office without any success.	The OTO requested SARS to urgently investigate the matter and bring it to finality.	SARS accepted the OTO's recommendations. A proposal was submitted to the refund committee to release the refund to the correct taxpayer. A letter of apology was sent to the taxpayer.	35	Finalised on 28/05/2014
<b>SERIOUS AND SYSTEMIC: Refund paid into the wrong bank account: 20140423_Req_012</b>  A VAT refund was paid into the wrong bank account. A request for change of banking details was submitted on 22 May 2012. A refund for the period 2013/03 was paid into the wrong account on 13 June 2013. The complainant resubmitted a request on 10 July 2013 to update banking details and requested that all refunds be stopped as the bank account on the VAT system did not belong to the complainant. On 24 July 2013, the refund for the period 2013/05 was also paid into the wrong account. The matter was reported to SSMO and no response was received.	The OTO requested SARS to review the matter and ensure that in future SARS should put a hold on outstanding refunds when requested to change the banking details before refunds for periods.	SARS accepted the OTO's recommendations. A request to update the banking details was made on 10 July 2013 and the refund was paid on 25 July 2013 to the old Standard Bank account. A proposal was submitted to the refund committee to reimburse the client.	43*	Finalised on 30/06/2014



A. INVENTORY

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<b>SYSTEMIC – SERVICE:</b> <b>Withdrawal of tax assessment:</b> <b>20150218_Req_004</b>  SARS revised the taxpayer's 2013 assessment and changed a travel allowance from non-taxable to taxable allowance without informing the taxpayer. The revision by SARS resulted in tax debt for the taxpayer.	The OTO requested SARS to revise the assessment in terms of Section 93 of the TA Act to change the assessment back to the original declaration.	OTO recommendations were accepted by SARS. A revised assessment was issued in terms of section 93 of the TAAct where the travel allowance code was changed back to be non-taxable.	10	Finalised on 13 March 2015
<b>SYSTEMIC – ADMINISTRATIVE:</b> <b>Withdrawal of assessment:</b> <b>20150312_Req_010</b>  The complaint is regarding an amount that was duplicated in the taxpayer's assessment and income protection contribution that was not allowed in full as a deduction.	The OTO requested SARS to revise the 2014 assessment in terms of section 93 of TAAct to correct the duplication of lump sum income on the assessment	The case was forwarded to SARS on 12 March 2015.	19	OTO is waiting for feedback from SARS.

A. INVENTORY

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<b>SERIOUS –Identity fraud:</b> <b>20150225_Req_008</b>  The taxpayer provided SARS with an affidavit stating that his e-file was hijacked and a fraudulent claim for refund was made. A tax return was submitted via e-filing. The return was submitted with a different name, ID number and new banking details that do not belong to the taxpayer. The old tax number has tax debt as a result of the additional assessment from the fraudulent refund claim.	OTO requested SARS to investigate the matter and advise the taxpayer on whether they could hold the collection proceedings until the investigation had been completed.	Case forwarded to SARS on 9 March 2015	16	OTO is waiting for feedback from SARS.
<b>SERIOUS AND SYSTEMIC:</b> <b>SARS not adhering to objection timelines this prevented the taxpayer from obtaining a tax clearance certificate timeously. 20140929_Req_019.</b>  The complainant submitted a Notice of Objection (NOO) on 19 July 2013 for the VAT period 2013/04. This NOO was submitted at a Branch Office and not forwarded to the compliance division to be dealt with. This prevented the vendor from applying for a new tax clearance certificate and business operations and profits were adversely affected as the business was unable to apply for tenders and was losing customers and associated revenue on a daily basis.	OTO requested SARS to attend to the NOO for the tax clearance certificate to be issued	SARS agreed that the complaint was valid as they had failed to provide the taxpayer timeously with a decision regarding the objection as per rules under Section 103 of the TA Act. The Objection was immediately dealt with and period 2013/04 corrected for the TCC to be issued.	26	Finalised on 11/11/2014

A. INVENTORY

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<p><b>SERIOUS:</b> <b>SARS's failure to finalise an appeal within the prescribed timelines.</b> <b>20141007_Req_009</b></p> <p>A Notice of Appeal (NOA) was lodged in November 2012 for 2012 tax year. Hearing took place on 22nd February 2013. More than 20 months has lapsed without providing the outcome of the appeal to the taxpayer</p>	OTO requested SARS to provide the taxpayer with the outcome of the appeal.	SARS agreed that the complaint did not receive the necessary attention within the timeframe and thus was valid. The Branch Office received the SARS Appeals Committee minutes on 4 November 2014, and a settlement agreement was forwarded to the taxpayer on 5 November 2014.	41*	Finalised 04/12/2014
<p><b>SERIOUS – PROCEDURAL:</b> <b>SARS not implementing the decision of the objections/appeal and court rulings: 20150211_Reg_019</b></p> <p>SARS failed to revise the 1997 original assessment in terms of the court ruling which was in favour of the taxpayer. The taxpayer appealed against the restraint of income which was allowed in terms of the court order, revised assessment for the other years were issued and income excluded; 1997 income of R180 000 has not been reversed as per agreement.</p>	OTO requested SARS to adhere to the court ruling by regarding the restraint of trade payment for 1997 as capital and revise the assessment accordingly.	No feedback had been received from SARS by end March 2015.	27	OTO is waiting for feedback from SARS

A. INVENTORY

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<p><b>SERIOUS – PROCEDURAL:</b> <b>SARS not implementing the decision of the objections/appeal and court rulings: 20140723_Req_017</b></p> <p>In this case, an appeal for 2012 was conceded by SARS on 8 May 2014. SARS issued a letter on 14 May 2014 to inform the taxpayer that the appeal was allowed. SARS did not issue a revised assessment to allow the expenses claimed by the taxpayer according to the decision taken. This caused a delay in the refund that was due to the complainant. The matter was referred to the SSMO, but not finalised.</p>	The OTO requested SARS to review the matter and revise the assessment according to the decision taken by the Appeals Committee.	SARS accepted OTO's recommendations on the 28/07/2014. SARS revised the assessment accordingly on the same day.	28	Finalised on 02/09/2014
<p><b>SERIOUS AND SYSTEMIC:</b> <b>SARS failed to assist or respond to taxpayer: 20140411_Req_025</b></p> <p>The taxpayer, a senior citizen, was retrenched in 2007. In 2013 he received a letter from SARS indicating that he owes SARS an amount of R6 895.08. He visited SARS numerous times to gain clarity on this amount and was only told that he received a lump sum which was not taxed. He could also not understand why it took SARS five years to inform him about this outstanding amount.</p>	The OTO requested SARS to look at the 2008 tax directives and IRP5 certificates as there were two tax directives that had the same gross amount but different tax portions and applied from different fund numbers.	SARS accepted the OTO's recommendations. The second application for the directive was submitted incorrectly. The 2008 return was revised back to the original assessment. The account has a NIL balance. The taxpayer was advised accordingly.	4	Finalised on 23/04/2014

A. INVENTORY

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<b>SYSTEMIC AND PROCEDURAL: SARS failed to assist or respond to taxpayer: 20141002_Req_015</b>  2013 assessment was identified for verification. Supporting documents were submitted and SARS revised the assessment to include a lump sum payment (without taking PAYE deducted into account) and interest. The taxpayer requested information from SARS on numerous occasions on the source of the interest income as he has not received any interest income.	OTO requested SARS to provide the taxpayer with the details of the source of the interest income. If the interest income was erroneously included, SARS should revise the assessment.	SARS agreed that the complaint had not received the necessary attention and thus was valid. SARS issued a revised assessment to take the PAYE deducted on the lump sum payment into account and excluded the interest income.	20	Finalised on 03/11/2014
<b>SERIOUS AND SYSTEMIC: Debt procedures not adhered to by SARS. 20140901_Req_005</b>  The complainant was granted small business amnesty by SARS where VAT debt owed was reduced to R0. When the complainant tried to deregister the VAT number, SARS declined to deregister the VAT number due to outstanding debt. In desperation the complainant paid the outstanding R48 000.00 on 26 May 2005. This matter was raised with the SARS Service Monitoring Office but could not be resolved.	The OTO requested SARS to investigate the matter and provide the taxpayer with the outcome of the investigation.	SARS accepted that the matter did not receive the necessary attention. A letter was sent to the taxpayer on 16 September 2014, to inform him of the revised assessment. On 12 November 2014, the complainant was refunded the money paid to SARS and the VAT number was deregistered.	12	Finalised on 17/09/2014

A. INVENTORY

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<b>SERIOUS AND SYSTEMIC: Debt procedures: 20141016_Req_013</b>  SARS held a member of a Close Corporation (CC) personally responsible for the debt of the CC and took judgment against the member in his personal capacity. The taxpayer has been in contact with the SARS Debt department on numerous occasions without any success.	OTO requested SARS to investigate and respond to the taxpayer as to why only he is being pursued in his personal capacity and not all three members of the CC.	SARS accepted that this taxpayer had a valid complaint for being held personally liable for the CC's debt with SARS. SARS is to ensure that personal liability is proven first before pursuing any director/ member personally.	35	Finalised on 10/12/2014
<b>SERIOUS AND SYSTEMIC: PROCEDURAL MATTER SARS e-filing fraud: 20140618_Req_010</b>  The complaint relates to a 2012 refund paid into the wrong account. 2011 and 2012 returns were submitted though e-filing on 29-12-2012 without banking details. Password reset was requested from the SARS contact centre and a 2011 fraudulent return was submitted. Banking details were updated with the information from the fraudulent return. SARS released the refund into the fraudulent bank account. The case was referred to SARS on 2013-08-27 at centralised services for assistance.	The OTO requested SARS to assist with this case and see if it was not possible to apply section 190(5) in connection with this matter.	SARS accepted the OTO's recommendations. According to the SARS investigator, the banking details were changed due to e-filing fraud, without the consent of the company. The credit was paid to the assessed account, which resulted in a refund of R88 318.55 paid out on 4 July 2014. SARS engaged with the company directors. SARS will introduce more measures to prevent e-filing fraud	32	Finalised on 01/08/2014



B. IDENTIFIED EMERGING ISSUES IN TERMS OF S16(2)(F)

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<p><b>PROCEDURAL AND SERVICE: OBJECTIONS AND APPEALS NOT FINALISED WITHIN SARS TIMEFRAMES:</b></p> <p><b>20140820_Req_005</b></p> <p>In this case the appeal for period 2011/06 was rejected by SARS due to it being outside the timeframe. The reason for late submission was due to SARS not responding to the request for full details of tax invoices which were disallowed. It was further also declared invalid by the SSMO after a follow-up query with them in this regard.</p>	The OTO requested SARS to investigate why a response was not sent to the complainant and to attend to the appeal.	SARS accepted the OTO's recommendation. SARS finalised the appeal and the assessment was revised accordingly.	70*	Finalised on 22/09/2014
<p><b>20140807_Req_014</b></p> <p>In another case, an objection, the ADR1 (Alternative Dispute Resolution) was not finalised within the timeframe. The company submitted an EMP501 for the period 2009/08. The amount of R526 830.68 was entered twice on the reconciliation. The objection was submitted on 10 December 2013. The matter was referred to the Service Monitoring Office and was not finalised within the turnaround time.</p>	The OTO requested SARS to bring this complaint to finality.	SARS accepted the OTO's recommendation. The matter was presented to the SARS Objection Committee and a decision was communicated to the complainant.		Finalised on 05/08/2014

B. IDENTIFIED EMERGING ISSUES IN TERMS OF S16(2)(F)

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<p><b>20140714_Req_008</b></p> <p>In this case the complainant lodged an objection to request a waiver of penalty imposed on the 2007 and 2008 tax assessments on 8 October 2009. This objection was not attended to until 7 September 2011 when SARS requested the same information that was already in its possession. The complainant reported the matter to the SSMO; a quick log was created and the complainant was advised to submit the information requested on 7 September 2011.</p>	The OTO requested SARS to bring this complaint to finality.	SARS accepted the OTO's recommendation. The assessment was revised to waive the interest on late payment (R51 744.64) and the 89QUAT (2) interest (R13 557).		
<p><b>20141218_Req_017</b></p> <p>In this case a Notice of Appeal for the 2013 tax year submitted on 11 July 2014 was not finalised by SARS. The matter was raised with the SSMO but was reported closed with no resolution</p>	The OTO requested SARS to finalise the appeal and communicate the outcome with the complainant.	Awaiting response from SARS. The complaint was sent to SARS on 18/12/2014.	70*	

B. IDENTIFIED EMERGING ISSUES IN TERMS OF S16(2)(F)

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<b>SERVICE: SARS FAILURE TO ASSIST TAXPAYERS: 201407024_Req_002</b>  In this case the complainant requested that the assessments for the 2012 and 2013 periods be corrected. He visited the SARS Cape Town office four times and was still not assisted. He reported the matter to the SSMO, without any success. The case was rejected by the SSMO.	The OTO requested SARS to contact the taxpayer and make an appointment to assist him to resolve the assessments.	SARS agreed that this was a valid complaint. The 2013 was most urgent and was corrected with a revised assessment. A follow-up audit case was created and all relevant documents were scanned to the case.		Finalised on 04/08/2014
<b>20140808_Req_019</b>  In this case the complainant requested SARS to release VAT refunds for the periods 2013/07 and 2014/01. He was informed that the banking details needed to be updated in order for the refunds to be released. The complainant went to a SARS Branch Office to update the banking details. After the turnaround time of 21 business days had expired, the matter was raised with the SSMO, where it was confirmed that the banking details were updated; the refunds were, however, still not paid out.	Due to undue hardship caused when SARS delayed the release of the VAT refunds, the OTO requested SARS to investigate the matter and release the outstanding VAT refunds.	SARS accepted the OTO's recommendations. The matter was rectified by capturing and approving the banking details. The refund was subsequently released.		Finalised on 30/09/2014

B. IDENTIFIED EMERGING ISSUES IN TERMS OF S16(2)(F)

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<b>20140703_Req_015</b>  In this case, the complaint concerns a VAT refund for the period 2014/01, which was delayed by SARS and no reason was provided to the complainant as to why the refund took more than 21 business working days. Despite escalation to SSMO, no feedback was given to the taxpayer as to when the refund would be released. The case was closed at the SSMO without resolving the matter as the refund was still not paid out.	The OTO requested SARS to investigate the matter and to release the refund urgently.	SARS accepted the OTO's recommendations. The delay was caused by banking details that were not updated after the complainant visited a SARS branch for this purpose. The new banking details were captured again and SARS paid the released refund.  SARS finalised the audit and issued a revised assessment.		FINALISED 29/09/2014
<b>20150209_Req_001</b>  In this case, SARS failed to revise tax assessments for 2011 to 2013 as agreed with the taxpayer. Despite escalation to the SSMO, the issue was still not resolved. The complainant was only informed that an audit was conducted for the 2013 tax period.	The OTO requested SARS to revise the assessment according the agreement	A letter of finalisation was sent to the complainant.		Finalised 07/04/2015

B. IDENTIFIED EMERGING ISSUES IN TERMS OF S16(2)(F)

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<p><b>PROCEDURAL AND SERVICE:</b> <b>2011 income tax refunds paid into third party bank account.</b> <b>20140725_Req_002</b></p> <p>The complainant submitted the 2008 income tax return on 13-03-2009 on e-filing, where banking details were changed without her consent and she assumed there was a problem with SARS's e-filing system. The system did not make adequate provision for incorrect reconciliation between the tax number and name, thus it should be considered an error by SARS. The refund amount of R23 895.07 was paid into the incorrect bank account on 16 April 2009. When the complainant reported the matter to SARS, she was told to recover the money from the third party as this was not a SARS error. The third party refused to return the funds.</p>	The OTO requested SARS to investigate the matter and pay out the refund to the correct account.	SARS accepted the OTO's recommendations. The complainant was refunded by SARS as investigation revealed that the refund was paid into the bank account of a third party due to no fault of the taxpayer.		Finalised 21/11/2014
<p><b>PROCEDURAL AND SERVICE:</b> <b>SARS NOT REVISING ASSESSMENTS ACCORDING TO DECISIONS TAKEN BY THE OBJECTIONS AND APPEALS COMMITTEES OR TAX COURT.</b> <b>20140723_Req_017</b></p> <p>In this case, an appeal for 2012 was conceded by SARS on 8 May 2014. SARS issued a letter on 14 May 2014 to inform the taxpayer that the appeal was allowed. SARS did not issue a revised assessment to allow the expenses claimed by the taxpayer according to the decision taken. This caused a delay in the refund that was due to the complainant. The matter was referred to the SSMO, but not finalised.</p>	The OTO requested SARS to review the matter and revise the assessment according to the decision taken by the Appeals Committee.	SARS accepted the OTO's recommendations on the 28/07/2014. SARS revised the assessment accordingly on the same day.		FINALISED 02/09/2014

B. IDENTIFIED EMERGING ISSUES IN TERMS OF S16(2)(F)

DESCRIPTION	ACTION TAKEN BY OTO	ACTION TAKEN BY SARS - RESULTS	PERIOD IN OTO'S INVENTORY	REASONS FOR ACTION
<p><b>20150211_Req_019</b></p> <p>In this case, SARS failed to revise the original 1997 assessment in terms of a court ruling in favour of the taxpayer to regard the restraint of trade payment for 1997 as capital.</p>	The OTO requested SARS to revise the assessment.	Awaiting SARS' response. The complaint was sent to SARS on 20/02/2015.	27	Finalised on 21/11/2014
<p><b>20150209_Req_049</b></p> <p>In this case SARS failed to adhere to the outcome of the Notice of Appeal for the periods 03/2008 to 12/2012. The appeal was accepted by SARS on 11 July 2014; since then the complainant had struggled to have the VAT account sorted accordingly.</p>	The OTO requested SARS review the matter. The OTO further requested SARS to waive the understatement penalty (USP) in total, and to reverse all the additional duplicate assessments raised (outstanding appealed periods) and release the refunds inclusive of the interests on delayed refunds.	Awaiting SARS' response.	74*	

NB: \*In some instances, where it appears that the matter has been outstanding for too long, it would be because the matter was in SARS hands and thus out of the OTO's control.





## 18. PART C: GOVERNANCE

Corporate governance embodies processes and systems by which corporate institutions and organisations are directed, controlled and held to account.

The OTO is an organ of state, whose mandate is derived from section 16(1) of the Tax Administration Act. Section 14(1) gives the Minister of Finance powers to appoint the Tax Ombud.

In terms of section 19(1) (a), the Tax Ombud reports directly to the Minister of Finance. According to section 14(2), a Tax Ombud may be removed from office by the Minister for misconduct, incapacity or incompetence.

As an organ of State, the Office of the Tax Ombud is committed to achieving the highest level of good corporate governance and subscribes to the following corporate governance principles:

- Responsibility
- Accountability
- Transparency
- Fairness

The Tax Ombud and the Minister of Finance have signed a Protocol to govern the working relationship

between them. The OTO also complies with other relevant prescripts that seek to promote good governance in the public sector such as the PFMA and relevant Treasury regulations.

### 18.1 Levels of governance that apply to the Office of the Tax Ombud

#### 18.1.1 The National Assembly

The Minister of Finance, to whom the Tax Ombud reports, is a member of cabinet and the executive authority accountable for the affairs of the OTO. The Minister must, in accordance with section 19(3) of the Tax Administration Act, table the annual report of the Tax Ombud in the National Assembly.

Parliament exercises its role through evaluating the performance of the Office of the Tax Ombud by interrogating the annual report and other relevant documents that have to be tabled, as

well as any other documents tabled from time to time. The Portfolio Committee exercises oversight over the service delivery performance of the institution.

18.1.2 Executive authority: Minister of Finance

The Minister of Finance is the executive authority, in accordance with section 1 of the PFMA. Section 14(1) of the Tax Administration Act gives the Minister of Finance the power to appoint a person as a Tax Ombud, for a period of three years, which may be renewed. The Tax Administration Act also gives the Minister powers to remove the person appointed as Tax Ombud for misconduct, incapacity and incompetence. The Minister must, in accordance with section 19(3) of the Tax Administration Act, table the Annual Report of the Tax Ombud in the National Assembly. Section 65(1) of the PFMA also mandates the executive authority to table, in the National Assembly, the Annual Report and financial statements, and the audit report on those statements, within one month after the accounting authority for the public entity received the audit report.

18.1.3 Accounting authority: Tax Ombud

The Tax Ombud is the accounting authority in accordance with section 1 and section 49(1) b of the PFMA. The OTO does not have a controlling body serving as the accounting authority. The Tax Ombud is appointed by the Minister of Finance for a term of three years, which may be renewed, under such conditions regarding remuneration and allowances as the Minister may determine. When he or she is absent or otherwise unable to perform the functions of office, the Tax Ombud may designate another person in the Office of the Tax Ombud as acting Tax Ombud. No person may be designated as acting Tax Ombud for a period longer than 90 days at a time.

The Tax Ombud is accountable to the Minister of Finance for the performance of the OTO. He or she is also responsible for ensuring that the staff of the Office are operating within the parameters of the legislative mandate, and for making final determinations on taxpayers' complaints that are brought to the OTO. The Protocol governing the relationship between the Minister of Finance and the Tax Ombud deals with the manner in which the OTO is held to account:

- Strategic Plans and Annual Performance Plans (1)
- Annual Reports (1)
- Bi-Monthly reports (6)
- Quarterly meetings (4)
- Any other information requested by the Minister
- Any other meetings as determined by the Minister
- The Tax Ombud reports to the Minister about:
  - Complaints received and resolved
  - Risks/gaps identified and proposed corrective actions
  - Ethics and related issues
  - Expenditure trends
  - Key capacity challenges
  - Media reports and stakeholder management issues
  - Cases which are of a serious nature
  - Cases indicative of systemic and emerging issues.

18.1.4 Accounting officer:

Chief Executive Officer

The Chief Executive Officer in the Office of the Tax Ombud is the accounting officer in accordance with section 36(2) (b) of the PFMA. The Chief Executive Officer is responsible for the development and implementation of the OTO's strategies

and plans. The Chief Executive Officer is accountable to the Tax Ombud for his fiduciary duties and general responsibilities, as well as for other delegated responsibilities.

18.1.5 Senior management

In the year under review, the Office of the Tax Ombud had two Senior Managers::

- Operations
- Communications and Outreach

The Senior Managers are accountable to the Chief Executive Officer and the Tax Ombud for their divisional mandates.

18.2 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.

The OTO is 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. All the health and safety representatives were appointed and induction was done for all staff on 31 March 2015.

Training is scheduled for May 2015 since it is conducted by an outside service provider.





## 19. PART D: HUMAN RESOURCES

The staff of the office of the Tax Ombud must be employed in terms of the SARS Act and be seconded to the office of the Tax Ombud at the request of the Tax Ombud in consultation with the Commissioner. The Tax Ombud drives its own staff selection process and has full control of employees appointed to its Office. The Tax Ombud's employees are subject to the same conditions of employment as SARS staff, to ensure that the secrecy provisions are observed.

During the 2014/15 financial year, the number of employees in the OTO increased from two to 14. In our last annual report we reported that the Office was operating with seconded staff from SARS. At the time, only the Tax Ombud and the CEO were officially appointed. Four employees have subsequently been appointed in management positions, five employees as specialists, and three for office support. At the time of reporting, more appointments were being made and were at various stages. We anticipate finalising in due course the filling of all vacant positions as per our current organisational structure.

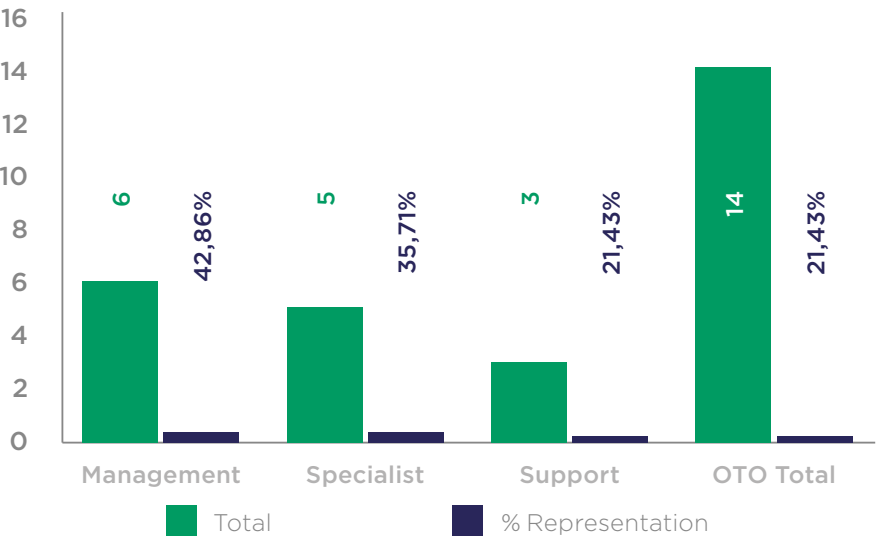


WORKFORCE PROFILE

Staff appointed as at 31 March 2015

ORGANISATIONAL UNIT	ROLE	TOTAL
Office of the Tax Ombud	Support	2
	Management	2
Office of the Tax Ombud Total		4
OTO: Operations	Management	1
	Specialist	2
OTO: Operations Total		3
OTO: Operations Management	Support	1
	Specialist	3
OTO: Operations Management Total		4
Tax Ombud	Management	3
Tax Ombud Total		3
OTO Total		14

ROLE	TOTAL	% REPRESENTATION
Management	6	42.86%
Specialist	5	35.71%
Support	3	21.43%
OTO Total	14	21.43%



COMPARATIVE STAFF NUMBERS

(2013/14 vs 2014/15)

ROLE	FY2013/14	FY2014/15
Management	2	6
Specialist	0	5
Support	0	3
OTO Total	2	14

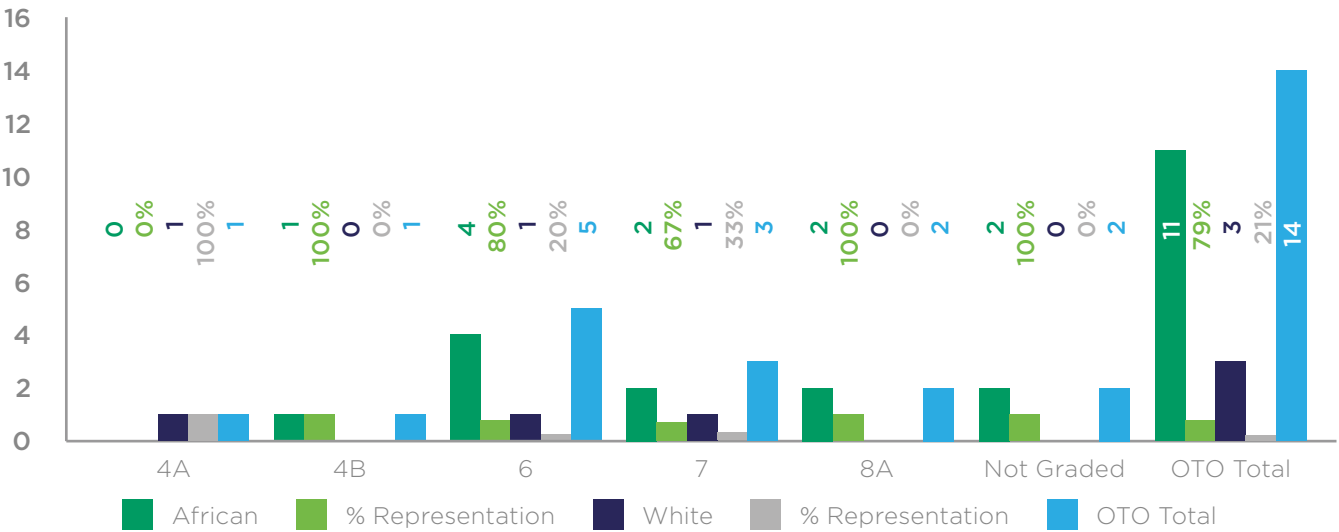


EMPLOYMENT EQUITY AND WORKPLACE DIVERSITY

Racial Profile

GRADE	AFRICAN	% REPRESENTATION	WHITE	% REPRESENTATION	OTO TOTAL
4A	0	0%	1	100%	1
4B	1	100%	0	0%	1
6	4	80%	1	20%	5
7	2	67%	1	33%	3
8A	2	100%	0	0%	2
Not graded	2	100%	0	0%	2
OTO Total	11	79%	3	21%	14

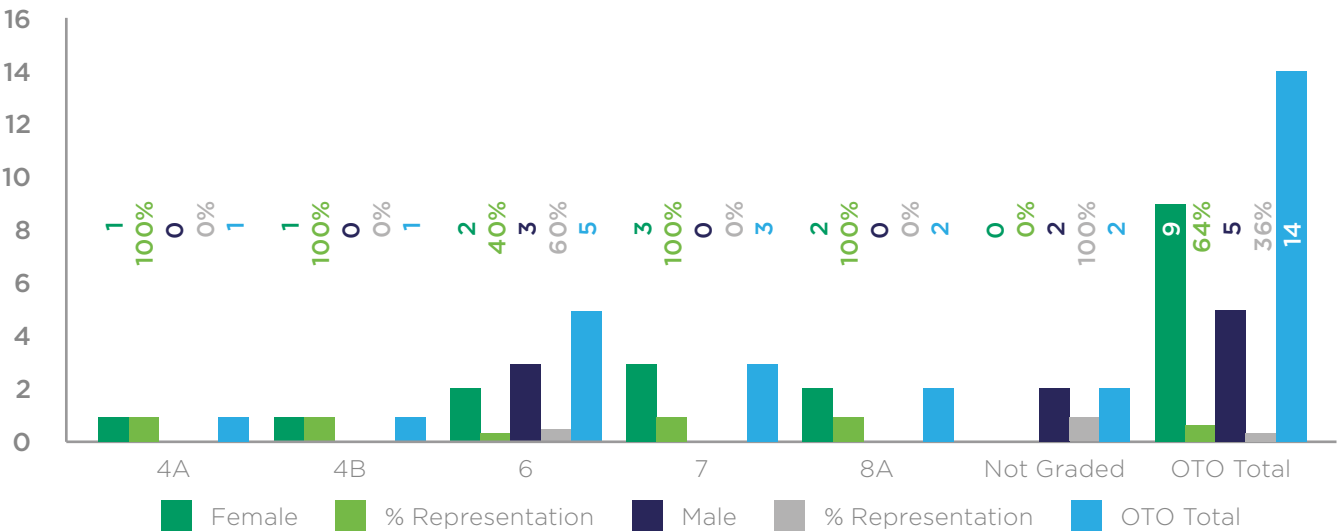
Racial Profile



GENDER PROFILE

GRADE	FEMALE	% REPRESENTATION	MALE	% REPRESENTATION	OTO TOTAL
4A	1	100%	0	0%	1
4B	1	100%	0	0%	1
6	2	40%	3	60%	5
7	3	100%	0	0%	3
8A	2	100%	0	0%	2
NG	0	0%	2	100%	2
OTO Total	9	64%	5	36%	14

Gender Profile





# 20.

## PART E: FINANCIAL REPORT

The purpose of the report is to provide an overview of the financial expenditure in the Office covering the period 1 April 2014 to 31 March 2015. The Office is currently in an establishment phase, hence spending trends vary. All the expenditure connected with the OTO has been paid out of the funds of SARS as prescribed in section 15(4) of the Tax Administration Act.

### 20.1 FINANCE AND EXPENDITURE RELATING TO THE OFFICE OF THE TAX OMBUD

The expenditure connected with the functions of the Office of the Tax Ombud is paid out of the funds of SARS.

The table below analyses the results for the past two financial years. Increased expenditure has been incurred for personnel costs, as vacant positions were filled in the financial year.

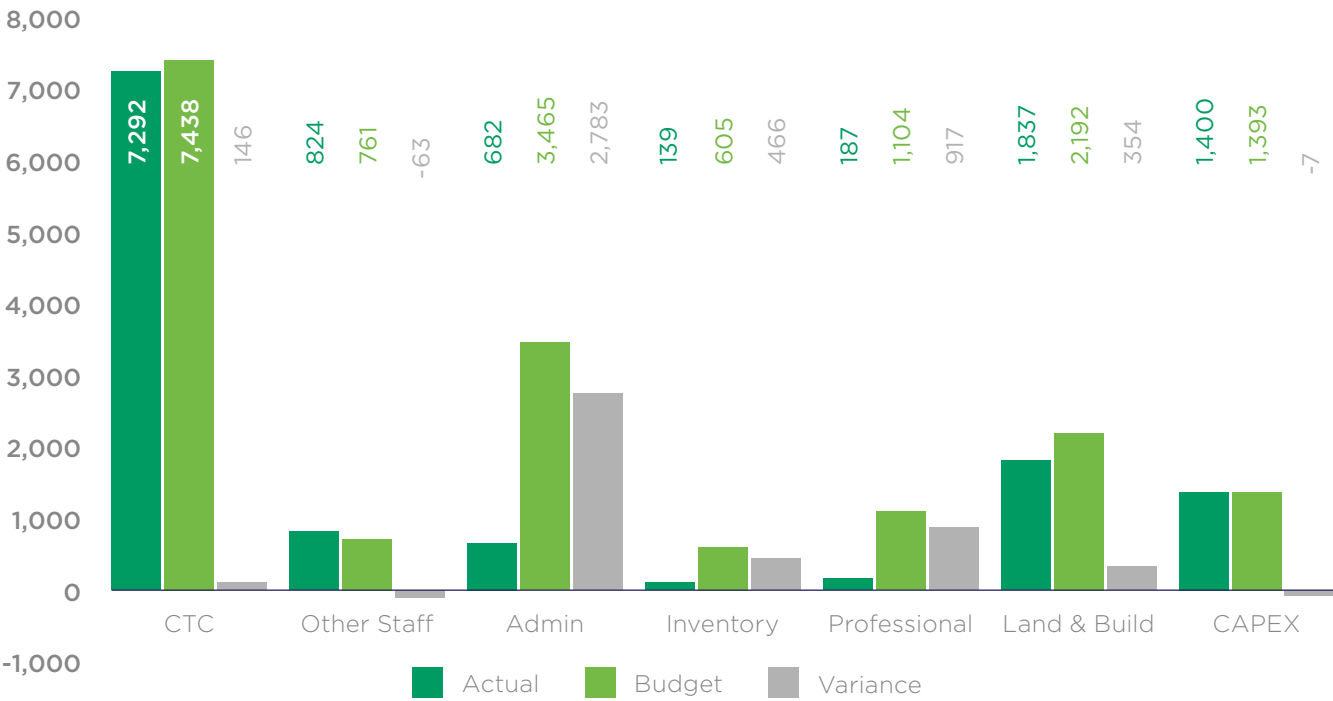
FINANCIAL YEARS	ACTUAL	BUDGET	UTILISATION OF THE ALLOTTED BUDGET
	R000	R000	
2013/14	2.389	5.291	45%
2014/15	12.361	16.957	73%



FINANCIAL RESULTS PER COST ELEMENT

OFFICE OF THE TAX OMBUD		2014/15 FINANCIAL RESULTS			ACTUAL RUN RATE	BUDGET RUN RATE
Posting period	YTD Actual	YTD Budget	Variance	YTD%		
Personnel Expenditure	7 292	7 438	146	2%	98%	100%
Other Staff Cost	824	761	-63	-8%	-8%	100%
Administrative Expenses	682	3 465	2 783	80%	20%	100%
Inventory & Printing	139	605	466	77%	23%	100%
Professional & Special	187	1 104	917	83%	17%	100%
Land & Buildings	1 837	2 191	354	16%	84%	100%
Total Opex	10 961	15 564	4 603	30%	70%	100%
CAPEX	1 400	1 393	-7	-1%	-1%	100%
Total Opex & Capex	12 361	16 957	4 596	27%	73%	100%

DATA ANALYTICS TREND TO DATE



COMMENTARY PER COST ELEMENT

Personnel costs:

Personnel costs accumulate to 59% of the total expenditure in the business unit. The headcount increased from two to 14 staff members.

Administrative costs:

We had an under spending of **R2, 783** on Administration from the cost elements below:

International travel R500k

- The planned trips to travel international were cancelled and will take place in the 2015/16 financial year.

Communications costs **R2, 117k**

- The budget was not utilised in the 2014/15 financial year, but will be utilised in the 2015/16 financial year.

Inventory and printing:

The positive variance of R372k that was not utilised relates to the above communications cost for external printing.

Professional and special:

The savings relates to provision for Legal costs that was not utilised.

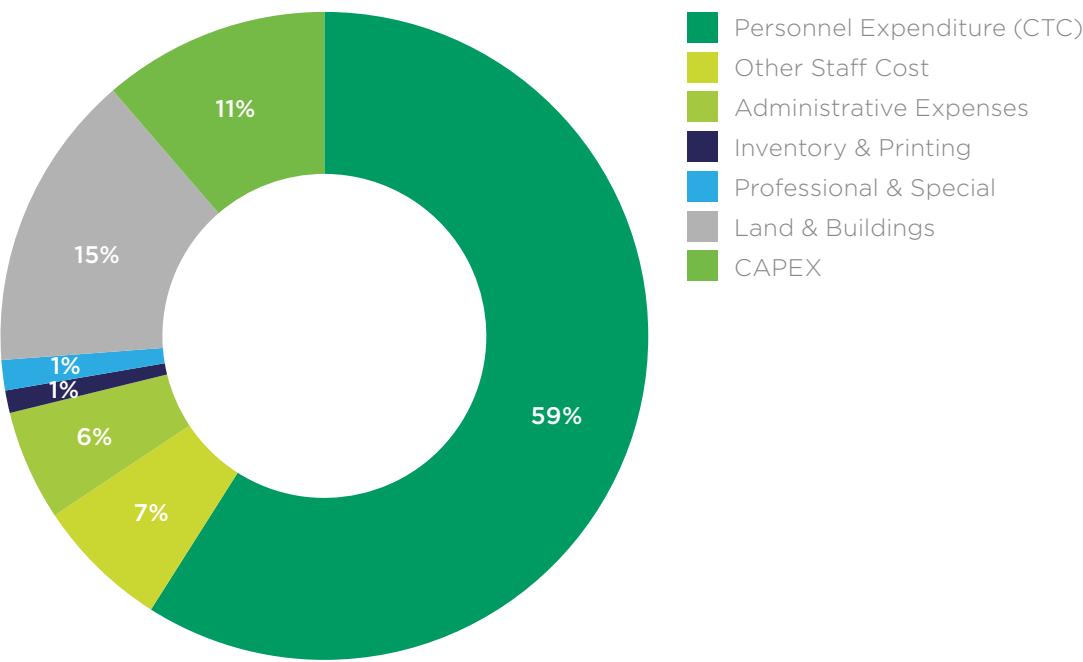
Land and buildings:

The above expense was incurred according to the plan.

CAPEX Expenditure:

The cost element trended according to the plan with only **R7k** overspending which is 1% of the total cost.

DATA ANALYTICS TREND TO DATE



HEAD COUNT

NAME & SURNAME	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Bertha Nthabiseng Nene			1	1	1	1	1	1	1	1	1	1
Keokeditse Reason Dube												1
Phumeza Patience Ferreira											1	1
Malerato Seala		1	1	1	1	1	1	1	1	1	1	1
Francois Viljoen											1	1
Nkukuni Talitha Muade								1	1	1	1	1
Bernard Makgabo Ngoepe	1	1	1	1	1	1	1	1	1	1	1	1
Pfarelo Maduguma				1	1	1	1	1	1	1	1	1
ILonka Rachel Etsebeth			1	1	1	1	1	1	1	1	1	1
Pearl Seopela							1	1	1	1	1	1
Nyiko Rejaine Baloyi												1
Lebohang Pamela Ntaka												1
Yvonne Jelinek							1	1	1	1	1	1
Hanyana Eric Mkhawane	1	1	1	1	1	1	1	1	1	1	1	1
	2	3	5	6	6	6	8	9	9	9	11	14



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ISBN RP352/2015 ISBN: 978-0-621-44107-9