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FOREWORD BY THE TAX OMBUD

Strategy without execution has little value, and execution without strategy even less so. Having already developed a comprehensive Strategic Plan for 2016 - 2021, the Office of the Tax Ombud is pleased to present the 2016/2017 Annual Performance Plan (APP).

The APP outlines the high-level activities we will be implementing to accomplish our strategic objectives towards being as effective and efficient as possible when dealing with taxpayers' complaints.

In compiling our Strategic Plan for 2016 - 2021 and our 2016/2017 Annual Performance Plan, we have been mindful of the necessity to align both documents with the National Development Plan (NDP) 2030 and the government outcomes pertinent to our business. We have paid particularly close attention to the contribution we can make towards building the capability of the state and promoting an active citizenry.

As the NDP states, citizens have the right to expect government to deliver certain basic services and to hold leaders accountable for their actions. They also have responsibilities to other citizens, including mutual respect, tolerance and abiding by the laws of the land. The Office of the Tax Ombud directly contributes to this reciprocal relationship by serving as a fair, independent and expeditious channel for taxpayers who have unresolved differences with the South African Revenue Service. The more confidence taxpayers have in the fairness and equitability of the tax system, the greater the level of tax compliance and, in turn, the greater the resources available for socio-economic and infrastructural development.

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

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

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

The independence of the Tax Ombud is an issue I have repeatedly raised in various reports, including our annual reports, to the executive and legislative authorities. As more and more taxpayers become aware of our existence and services, and demand for these services grows, it is becoming increasingly important to address the constraints and shortcomings we have identified, especially in our funding mechanism and staff appointments. The current situation, in which SARS features prominently, compromises our independence and may fuel perceptions that we are an offshoot of the revenue agency rather than an independent tax dispute-resolution organisation in our own right.

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

> "The issue of independence can best be resolved by amending the Tax Administration Act, our governing legislation."

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

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

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

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

The execution of the APP will contribute towards ensuring an accountable tax system that gives taxpayers the means to have recourse through a credible, independent channel in the event of a dispute with SARS.

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"I will be

JUDGE BERNARD NGOEPE

Tax Ombud



OVERVIEW FROM THE CHIEF EXECUTIVE OFFICER

The Office of the Tax Ombud welcomes the third year of its existence determined, to continue making a difference in the lives of taxpayers and to surpass the successes of the first two years.

At this point, more and more of our stakeholders are using our services and we are receiving growing support from leading role players in the tax industry. Growth also attracts challenges, however, and the way we tackle those facing our own Office and the country's tax system will determine how effective we are in moving forward and fulfilling our mandate.

This Annual Performance Plan (APP) for 2016/17 is intended to enable us to make intelligent resource (financial and human) allocation choices and resolve taxpayers' complaints against SARS effectively, efficiently and timeously through transparent and legally sound procedures and processes.

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

"This APP will assist us to build on the successes we have already realised, retain and increase support from our stakeholders, and work closely with SARS and our government to ensure that tangible performance indicators and targets are set, met and surpassed."

The SWOT analysis, which is discussed in more detail under Situational Analysis on page 19 of this document, showed that one of the biggest threats to the efficiency and effectiveness of the Office of the Tax Ombud is delays in providing feedback to taxpayers who have lodged complaints. Two main reasons for such delays were identified. One was lack of awareness among taxpayers about SARS' complaints mechanism (which taxpayers must use before approaching our Office). The other was delays on the part of SARS in responding to our requests for feedback.

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

We are also investing substantially in the skills and capabilities of our employees, empowering them to serve taxpayers knowledgeably and professionally. This has entailed strengthening the Operations unit, which is responsible for investigating and resolving taxpayer complaints, and establishing the Legal Services unit to provide an enterprise-wide legal service and ensure that the recommendations our Office sends to SARS are legally sound and correct. Furthermore, we have established an Office Enablement unit to optimise financial and human resources through training and development and performance management. In addition, we have

enhanced the capabilities of the Communications and Outreach unit, whose purpose is to promote stakeholder engagement, raise public awareness about our Office and its services, and help educate taxpayers about what we can and cannot do.

To spread the message throughout South Africa about the Office's work, we are channelling more effort and resources into communication and outreach activities such as mass media campaigns and stakeholder engagement sessions.

This APP will assist us to build on the successes we have already realised, retain and increase support from our stakeholders, and work closely with SARS and our government to ensure that tangible performance indicators and targets are set, met and surpassed.

In conclusion, I would like to thank the Tax Ombud, Judge Ngoepe, for his continued support and leadership in the establishment of this Office and his guidance over the past two years. Gratitude is also extended to our team, from the most senior managers to our interns, for their commitment to ensuring that taxpayers receive efficient, impartial and independent redress to their complaints against SARS.

ADVOCATE ERIC MKHAWANE Chief Executive Officer

OFFICIAL SIGN-OFF

IT IS CERTIFIED THAT THIS ANNUAL PERFORMANCE PLAN:

- Was developed by the Management of the Office of the Tax Ombud under the guidance of the Minister of Finance
- Was prepared in line with the 2016 2021 Strategic Plan of the Office of the Tax Ombud; and
- Accurately reflects the performance targets which the Office of the Tax Ombud will endeavour to achieve given the resources made available in the budget for 2016/17.

ADVOCATE ERIC MKHAWANE

Chief Executive Officer

JUDGE BERNARD NGOEPE

Tax Ombud



PART A: SITUATIONAL ANALYSIS

1. SITUATIONAL ANALYSIS

1.1 PERFORMANCE ENVIRONMENT

The Office of the Tax Ombud has developed the 2016/17 Annual Performance Plan to ensure that the organisation's activities are aligned with government's planning framework and the organisational strategy.

The Office has taken its position in the tax administration system and many people are becoming aware of its existence and mandate. This is largely due to communication and outreach activities that have been targeted at both stakeholder groupings and the general South African public. Going forward, these education and awareness activities will continue, using various platforms to market the organisation. It is expected that the caseload will continue to increase as many more South Africans become aware of the Office of the Tax Ombud. In addition, the commendations (feedback) received when cases are completed in favour of taxpayers play an important role in building taxpayer confidence.

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

Instability, whether of a political, economic or socio-economic nature, is problematic in

a capable state, according to the NDP. It states that while there are cases where policy must change, government often underestimates the disruptive effect of major policy adjustments on service delivery. The NDP also mentions lack of accountability and corruption as major obstacles to the development of a capable state.

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

The reputation and the relationship between SARS and the Office of the Tax Ombud play an important role in building the confidence of taxpayers. The Office has undertaken an analysis of its operating model to assess its strengths, weaknesses, opportunities and threats. Developing and implementing a service level agreement to regulate the relationship between SARS and the Office will go a long way towards ensuring all parties meet their obligations. Similarly, asserting taxpayer rights through a taxpayer bill of rights will create a favourable balance between SARS and the taxpayers.

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

STRENGTHS

- Ability to assist and advise taxpayers in understanding their rights and meeting their tax obligations;
- Collaborations and relationships with public and private sector groups are positive;
- Ability to assist SARS with taxpayer compliance;
- Service-oriented organisation which provides efficient service; and
- Reputable and well-known Tax Ombud with strong leadership.

WEAKNESSES

- Shortcomings in the legislation towards achieving institutional independence (funding, staffing and operations);
- · Limitations on the mandate of the Tax Ombud;
- Limited budget to promote the services of the Tax Ombud;
- Growing demand for services and limited staff capacity; and
- Limited footprint with only one office nationwide.

OPPORTUNITIES

- Opportunity to form strong partnerships with relevant stakeholders;
- Establish a reputation for fairness in the tax administration system;
- Strengthen the organisation through training and development and empower staff at an early stage to promote the reputation of the Tax Ombud; and
- An opportunity to promote the organisational strategy and performance plans and filter these through to all levels.

THREATS

- Delays by SARS in providing feedback on taxpayer complaints to the OTO within a stipulated framework. This diminishes taxpayers' confidence in the tax administration system.
- Lack of awareness of and understanding among taxpayers about SARS' complaints process and procedures leads to taxpayers submitting complaints prematurely to the Office of the Tax Ombud, thereby delaying resolution of complaints.

Independence of the Office of the Tax Ombud

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

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

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

Human resources

As already mentioned, employees of the Office of the Tax Ombud are employed in terms of the SARS Act and are seconded to the Office of the Tax Ombud at the request of the Tax Ombud in consultation with the SARS Commissioner. The Office of the Tax Ombud drives its own selection process and has full control of employees appointed. The Tax Ombud's employees are subject to the same conditions of employment as SARS employees to ensure that the secrecy provisions are observed. Since its establishment in October 2013, the staff complement of the Office of the Tax Ombud has increased from two to 28. Based on the demand for the services offered, the Office will continuously evaluate its capacity and align this with the approved staff growth plan.

International Tax Ombud perspective

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

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

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

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

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

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

Demand for OTO services

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

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

GOVERNANCE

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

- Responsibility
- Accountability
- Transparency
- Fairness

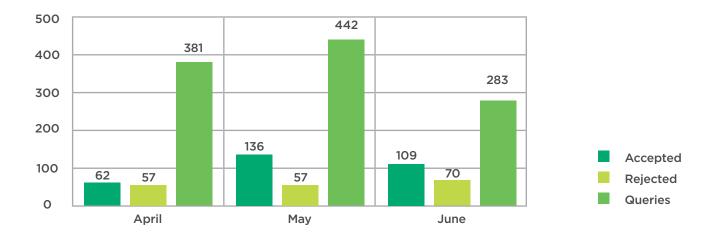
The OTO also complies with all relevant prescripts that seek to promote good governance in the public sector such as the Public Finance Management Act and Treasury regulations.

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

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

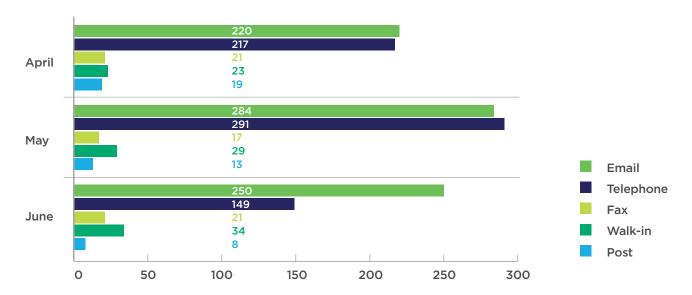
The graph below shows the total number of complaints accepted and rejected in the first quarter of the 2015/16 financial year and those that fell under general queries.

TOTAL CONTACTS RECEIVED



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

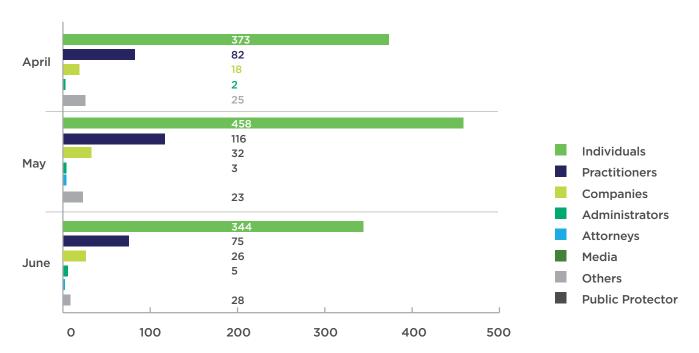
MODES OF CONTACT



THE USERS OF THE OTO'S SERVICES

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

TYPE OF OTO USERS



1.2 ORGANISATIONAL ENVIRONMENT

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

Below is a list of OTO Programmes

Programme 1 - Office of the CEO

Programme 2 - Operations

Programme 3 - Communications and

Outreach

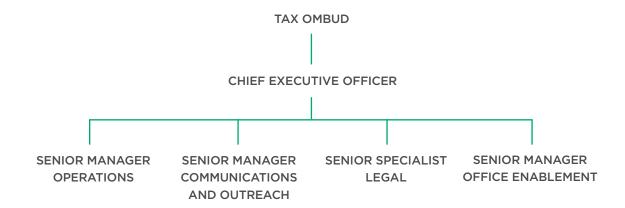
Programme 4 - Legal Services

Programme 5 - Office Enablement

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

ORGANISATIONAL STRUCTURE

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



LEGISLATIVE AND OTHER MANDATES

LEGISLATIVE AND OTHER MANDATES 2.1

The Office of the Tax Ombud operates under a legislative and constitutional mandate.

Constitutional mandate:

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

Legislative mandate:

Tax Administration Act, no 28 of 2011

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

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

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

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

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

Review of a complaint

- (1) In terms of section 18 of the Tax Administration Act, the Tax Ombud may review any issue within the Tax Ombud's mandate on receipt of a request from a taxpayer.
- (2) The Tax Ombud may
 - a) Determine how a review is to be conducted: and
 - b) Determine whether a review should be terminated before completion.
- (3) In exercising the discretion set out in subsection (2), the Tax Ombud must consider such factors as:
 - (a) The age of the request or issue;
 - (b) The amount of time that has elapsed since the requester became aware of the issue;
 - The nature and seriousness of the issue; (c)
 - The question of whether the request was made in (d) good faith; and
 - The findings of other redress mechanisms with (e) respect to the request.
- The Tax Ombud may only review a request if the requester has exhausted the available complaints resolution mechanisms in SARS, unless there are compelling circumstances for not doing so.
- (5) To determine whether there are compelling circumstances. the Tax Ombud must consider factors such as whether:
 - (a) The request raises systemic issues;
 - (b) Exhausting the complaints resolution mechanisms will cause undue hardship to the requester; or
 - (c) Exhausting the complaints resolution mechanisms is unlikely to produce a result within a period of time that the Tax Ombud considers reasonable.
- (6) The Tax Ombud must inform the requester of the results of the review or any action taken in response to the request, but at the time and in the manner chosen by the Tax Ombud.

Limitations on authority

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

- a) Legislation or tax policy;
- b) SARS policy or practice generally prevailing, other than to the extent that it relates to a service matter or a procedural or administrative matter arising from the application of the provisions of a Tax Act by SARS;
- c) A matter subject to objection and appeal under a Tax Act, except for an administrative matter relating to such objection and appeal; and
- (d) A decision of, proceeding in or matter before the tax court.

Resolution and recommendations

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

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

National Development Plan

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

For the purposes of preparing the Annual Performance Plan 2016/17, the following areas were identified from the NDP:

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

Building a capable state

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

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

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

Promoting an active citizenry to strengthen development, democracy and accountability

The Office of the Tax Ombud contributes to this by providing a simple and impartial channel for taxpayers to seek a resolution for a service, procedural or administrative dispute that has not been satisfactorily resolved through the SARS complaints management channel. Through its operations, communications and outreach and stakeholder engagement projects, the Office of the Tax Ombud will endeavour to ensure that citizens seeking recourse are fairly and professionally treated.

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

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

3. OVERVIEW OF THE 2016/17 BUDGETAND MEDIUM-TERM EXPENDITURE FRAMEWORK ESTIMATES

3.1 PERFORMANCE AND EXPENDITURE TRENDS

The Office has been in operation for two years and currently remains in a growth phase. As there is a direct correlation between the Office's awareness campaigns and the demand for services, constructive and robust stakeholder engagement sessions will accelerate.

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

Once a level of stabilisation is reached, a comparable year-on-year financial analysis can be conducted.

3.2 EXPENDITURE ESTIMATES

BELOW IS AN EXPENDITURE ESTIMATE FOR THE FINANCIAL YEAR 2016/17.

	TOTAL	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
DETAILS	* 1.000 ZAR	* 1.000 ZAR	* 1.000 ZAR	* 1.000 ZAR	* 1.000 ZAR
Total BAU (including personnel)	33 437	8 359	8 359	8 359	8 359
Capex	586	147	147	147	147
Footprint roll-out	-	-	-	-	-
Ancillary capacity related costs	2 049	512	512	512	512
Total projection	36 072	9 018	9 018	9 018	9 018

PART B: PROGRAMMES AND SUB-PROGRAMME PLANS

PROGRAMME 1: OFFICE OF THE CEO

PURPOSE

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

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

STRATEGIC OBJECTIVES AND ANNUAL TARGETS

The strategic objectives of Programme 1 are directly linked to the following strategic outcome-oriented goals as reflected in the Office of the Tax Ombud's Strategic Plan for 2016 - 2021.

STRATEGIC OBJECTIVES

4.1 PERFORMANCE MANAGEMENT SYSTEM

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Provide the overall strategic management for the Office of the Tax Ombud and ensure that the performance management and reporting system supports management decision making that enables the Tax Ombud to comply with internal and external accountability reporting in line with legislative requirements.

INDICATOR 4.1.1:

Develop and submit reports, Annual Performance and Strategic Plans.

STRATEGIC OBJECTIVES

4.2 OPTIMISE THE SIZE OF THE ORGANISATION TO ACCOMMODATE DEMAND FOR SERVICES

OUTPUT STATEMENT:	The Office of the Tax Ombud is newly established and is experiencing increasing demand for its services, which is likely to continue over the period of this plan. The size of the organisation needs to be optimised in order to manage this demand.
INDICATOR 4.2.1:	Conduct research and develop a concept document and business case on staffing growth and footprint expansion.

STRATEGIC OBJECTIVES

4.3 GOVERNANCE AND COMPLIANCE

OUTPUT STATEMENT:	Creation and maintenance of corporate governance and compliance frameworks, and ensuring that there is good corporate governance and compliance with legislation, regulations and other applicable prescripts.
INDICATOR 4.2.1:	Develop and maintain governance and compliance framework and policies.

4.3 STRATEGIC OBJECTIVES

PROGRAMME 1: Office of the CEO

STRATEGIC	INDICATORS	ESTIMATED PERFORMANCE		MEDIUM-TER	RM TARGETS	5
OBJECTIVES		2014/15	2015/16	2016/17	2017/18	2018/19
Performance Management	Develop and submit reports, Annual Performance and Strategic Plans.	1	1	1	1	1
	In-year reporting as protocols	Annually, quarterly 4	Annually, quarterly 4	Annually, quarterly 4	Annually, quarterly 4	Annually, quarterly 4
Optimise the size of the organisation to accommodate demand for services	Conduct research and develop a concept document and business case on staffing growth and footprint expansion	None	Q1	-	-	-
Governance and compliance	Develop and maintain governance and compliance framework and policies.	None	1	-	-	-

STRATEGIC	INDICATORS REPORTING QUARTERLY TARGET		MEDIUM-TERM TARGETS				
OBJECTIVES	INDIGATORS	PERIOD	2016/17	Q1	Q2	Q3	Q4
Performance Management	Develop and submit reports, Annual Performance and Strategic Plans.	Quarterly	Approved	Bi-monthly 2 quarterly 1	Bi-monthly 1 quarterly 1	Bi-monthly 2 quarterly 1	Bi-monthly 1 quarterly 1
Optimise the size of the organisation to accommodate demand for services	Conduct research and develop a concept document and business case on staffing growth and footprint expansion.	Quarterly	Approved	1	-	-	-
Governance and compliance	Develop and maintain governance and compliance framework and policies.	None	Approved	Quarterly	Quarterly	Quarterly	Quarterly

PROGRAMME 2: OPERATIONS

PURPOSE

The purpose of the Operations unit is to review and address complaints raised by taxpayers against SARS, and to make recommendations on how to address the complaints. This is the core business and the unit is the first point of contact for taxpavers.

Cases are allocated to complaints resolution specialists within one business day of receipt. The programme endeavours to resolve complaints within 15 business days of validation. Taxpayers are provided with monthly feedback on cases that are not finalised within 15 business days.

The programme consists of the following sub-programmes:

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

Complaints Resolution

Reviews and addresses all complaints by making recommendations to SARS in line with the OTO's mandate.

Continuous Improvement

Develops and maintains standard operating procedures, case quality management processes, performance standards, norms and knowledge management. In addition it ensures the productivity and efficiency of the unit.

Monitoring and Analysis

Provides technical tax advice and, evaluates and analyses the quality of recommendations made and the responsiveness of SARS. It monitors compliance with policies and procedures related to complaints management. The sub-programme is also responsible for identifying emerging issues and serious and systemic issues raised from complaints received. It analyses the Office's statistics and trends.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS

The strategic objectives of Programme 2 are directly linked to the following strategic outcome-oriented goals as reflected in the OTO's Strategic Plan for 2016 - 2021.

STRATEGIC OBJECTIVES

5.1 COMPLETED INVESTIGATIONS OF COMPLAINTS

	OUTPUT STATEMENT:						
information as possible abo	Taxpayers complete a complaints form which has been designed to collect as much relevant information as possible about their complaints, and these are investigated by the Office of the Tax Ombud. Feedback is given monthly to the complainants and recommendations are sent to SARS.						
INDICATOR 5.1.1	Percentage of validations of complaints completed within five working days after validation of a complaint.						
INDICATOR 5.1.2 Percentage of recommendations sent to SARS within three working days upon validation of a complaint.							

STRATEGIC OBJECTIVES

5.2 COMPLY WITH CALL CENTRE SERVICE LEVEL TARGETS

OUTPUT STATEMENT:	Answering incoming calls.
INDICATOR 5.2.1:	Percentage of incoming calls answered.

5.3 PROGRAMME 2: Operations

	INDICATOR	ESTIMATED	MEDIUM-TERM TARGETS				
	INDICATOR	PERFORMANCE	2015/16	2016/17	2017/18	2018/19	
5.3.1	Percentage of validations of complaints completed within five working days after validation of complaint		70%	75%	80%	85%	
5.3.2	Percentage of recommendations sent toSARS within three working days upon validation of complaint		70%	75%	80%	85%	

QUARTERLY TARGETS

INDICATOR		REPORTING	ANNUAL	G	S		
		PERIOD	TARGET 2016/17	Q1	Q2	Q3	Q4
5.3.1	Percentage of validations of complaints completed within five working days	Quarterly	70%	75%	76%	80%	85%
5.3.2	Percentage of recommendations sent toSARS within three working days upon validation of complaint	Quarterly	70%	75%	80%	85%	88%

6. PROGRAMME 3: COMMUNICATIONS AND OUTREACH

PURPOSE

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

STRATEGIC OBJECTIVES AND ANNUAL TARGETS

The strategic objectives of Programme 3 are directly linked to the following strategic outcome-oriented goals as reflected in the OTO's Strategic Plan for 2016 - 2021.

STRATEGIC OBJECTIVES

INDICATOR 6.1.2

6.1 COMMUNICATIONS AND OUTREACH

Communicate and increase external public awareness of the Office of the Tax Ombud's services and promote its functions and utilisation. In addition, communicate with employees about the Office's activities and strategic intent. INDICATOR 6.1.1 Number of outreach, communication and education activities.

Number of engagements and collaborations with key stakeholders.

PROGRAMME 3: Communications and Outreach

	INDICATOR	ESTIMATED OR PERFORMANCE		MEDIUM-TERM TARGETS				
	INDICATOR	2014/15	2015/16	2016/17	2017/18	2018/19		
Strategic objective: Communications and Outreach								
6.1.1	Number of outreach, communication and education activities	1	4	16	20	22		
6.1.2	Number of engagements and collaborations with key stakeholders	1	4	16	20	22		

QUARTERLY TARGETS

	INDICATOR	REPORTING	ANNUAL	QUARTERLY TARGETS			S
	INDICATOR	PERIOD	TARGET 2016/17	Q1	Q2	Q3	Q4
6.2.1	Number of outreach communication and education activities	Quarterly	16	4	4	4	4
6.2.2	Number of engagements and collaborations with key stakeholders	Quarterly	16	4	4	4	4

PROGRAMME 4: LEGAL SERVICES

PURPOSE

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

The programme consists of the following activities:

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

STRATEGIC OBJECTIVES AND ANNUAL TARGETS

The strategic objectives of programme 4 are directly linked to the following strategic outcome-oriented goals as reflected in the OTO's Strategic Plan for 2016 - 2021.

STRATEGIC OBJECTIVES

7.2 Legal Services

OUTPUT STATEMENT:	Perform corporate and general legal support and administration
INDICATOR 7.2.1	The percentage of matters referred to Legal Services where corporate and general legal assistance is rendered within the standard turnaround times.

PROGRAMME 4: Legal Services

	INDICATOR	ESTIMATED	MEDIUM-TERM TARGETS					
INDICATOR		PERFORMANCE 2014/15	2015/16	2016/17	2017/18			
	Strategic objective: 4.1: Legal Services							
4.1.1	The percentage of matters referred to Legal Services where corporate and general legal assistance is rendered within the standard turnaround times.	Not applicable	80%	80%	80%			

QUARTERLY TARGETS

PROGRAMME 4: Legal Services

	INDICATOR	REPORTING	ANNUAL TARGET	QUARTERLY TARGETS			S	
	INDICATOR	PERIOD	2016/17	Q1	Q2	Q2 Q3		
	Strategic objective: 4.2 Legal Services							
4.2.1	The percentage of matters referred to Legal Services where corporate and general legal assistance is rendered within the standard turnaround times.	Quarterly	80%	80%	80%	80%	80%	

PROGRAMME 5: OFFICE ENABLEMENT

PURPOSE

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

The programme consists of the following subprogrammes:

Human Resources Management

Provides human resources support, including alignment of the organisational structure to the Strategic Plan, ensuring that the organisation has capable, committed and ethical employees

Finance Management

Provides effective and efficient financial management controls, ensuring adherence to financial management legislation, and is responsible for the supply chain and asset management of the Office of the Tax Ombud.

Facilities and Administration Management

It provides an integrated approach to operating, maintaining, improving and adapting the buildings and infrastructure of OTO in order to create an environment that strongly supports the primary objectives of the OTO.

Occupational Health and Safety

The Office of the Tax Ombud cares for its employees and their work environment and seeks to ensure, as far as is reasonably possible, the health and safety of all employees in the workplace and all other persons conducting business on its premises. It is also committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act, and to this end, has established a Health and Safety Committee that monitors the health and safety of employees and their work environment in terms of legislation.

STRATEGIC OBJECTIVES AND ANNUAL TARGETS

The strategic objectives of programme 5 are directly linked to the following strategic oriented goals as reflected in the OTO's strategic plan for 2016 - 2021.

Strategic objective 8.1 ENHANCE HUMAN CAPABILITY IN TERMS OF DELIVERING PROFESSIONAL AND **EFFECTIVE ADMINISTRATION**

OUTPUT STATEMENT:	Map the key skills and competencies needed within the organisation to ensure optimal performance, assess the skills gaps and prepare a comprehensive human resources development strategy to ensure a capable, committed and ethical workforce for current and future needs.
INDICATOR 8.1.1:	Human Resources Strategy

Strategic objective 8.2:

CREATE A CONDUCIVE EMPLOYMENT ENVIRONMENT TO FACILITATE EMPLOYEE EXCELLENCE

OUTPUT STATEMENT:	Delivery of training and skills development programmes that will cultivate the desired skills and competencies, by managing the performance of employees and making provision for personal development plans.
INDICATOR 8.2.2:	Number of training and development programmes

Strategic objective 8.3:

IMPLEMENT SOUND FINANCIAL MANAGEMENT AND CONTROLS

OUTPUT STATEMENT:	Ensure prudent, accountable financial management across the organisation by implementing effective controls, processes and procedures for budgeting, spending and reporting.
INDICATOR 8.3.1:	Percentage of budget variance

Strategic objective 8.4:

EFFECTIVELY MANAGE BUILDINGS, MAINTENANCE, EQUIPMENT, TOOLS AND PHYSICAL CAPITAL ASSETS THAT ASSIST OTO IN DELIVERING PROFESSIONAL AND **EFFECTIVE ADMINISTRATION**

OUTPUT STATEMENT:	To manage the maintenance and repair of buildings, equipment, tools and physical capital assets.
INDICATOR 8.4.1:	SLA and SOPS with SARS to ensure adherence to turnaround times

Strategic objective 8.5:

RAISE HEALTH AND SAFETY AWARENESS BY CONDUCTING HEALTH RISK ASSESSMENT AS PER THE OCCUPATIONAL HEALTH AND SAFETY ACT

OUTPUT STATEMENT:	Manage, prevent and control measures for the elimination of hazardous exposures and for protecting workers' health.
INDICATOR 8.5.1:	Health risk assessment and awareness report

PROGRAMME 5: Office Enablement

STRATEGIC	INDICATORS	ESTIMATED				
OBJECTIVES	INDICATORS	PERFORMANCE	2015/16	2016/17	2017/18	2018/19
Enhance human capability in terms of deliver- ing professional and effective administration	Organisational development		Develop business case and draft HR Capability Plan	Approved HR Capability Plan and draft organisational structure	Approved organisational structure	Implement organisational structure
	Training and development		Number of training programmes according to development plans	Number of training programmes according to development plans	Number of training programmes according to development plans	Number of training programmes according to development plans
To effectively manage buildings, maintenance, equipment, tools and physical capital assets that assist OTO in delivering professional and effective services	To manage the maintenance and repair of buildings, equipment, tools and physical capital assets		SLA and SOPS with SARS to ensure adherence to turnaround times			
To raise health and safety awareness by conducting health risk assessment as per the Occupational Health and Safety Act	Manage, prevent and control measures for the elimination of hazardous ex- posures and for protecting workers' health	Health risk assessment and awareness reports	Annual health risk assessment and awareness	Annual health risk assessment and awareness	Annual health risk assessment and awareness	Annual health risk assessment and awareness
Implement sound financial management and controls	Budget control and monitoring		Percentage of budget variance	Percentage of budget variance	Percentage of budget variance	Percentage of budget variance

STRATEGIC	INDICATORS	REPORTING	ANNUAL TARGET	МІ	EDIUM-TER	RM TARGE	TS
OBJECTIVES	INDICATORS	PERIOD 2016/17		Q1	Q2	Q3	Q4
Enhance human capability in terms of delivering professional and effective administration	Organisational development	Quarterly	Develop business case and draft HR Capability Plan	30%	30%	20%	20%
	Training and development	Quarterly	Number of training programmes according to development plans	8	8	8	8
To effectively manage buildings, maintenance, equipment, tools and physical capital assets that assist OTO in delivering professional and effective services	To manage the maintenance and repair of buildings, equipment, tools and physical capital assets	Quarterly	SLA and SOPS with SARS to ensure adherence to turnaround times	100%	100%	100%	100%
To raise health and safety awareness by conducting health risk assessment as per the Occupational Health and Safety Act	Manage, prevent and control measures for the elimination of hazardous exposures and for protecting workers' health	Annually	Annual health risk assessment and awareness	30%	30%	30%	30%
Governance and compliance	Development of governance and compliance frameworks and policies	None	Approved	15%	15%	15%	15%

PART C: RISK MANAGEMENT

9. ANNEXURE D RISK MANAGEMENT

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

RISK OVERVIEW	MITIGATING STRATEGIES		
 OTO staff appointments and independence: Section 15(1) of the Tax Administration Act indicates that the staff of the Office of the Tax Ombud must be appointed in terms of the Tax Administration Act and shall be seconded to the OTO in consultation with the SARS commissioner. Lack of financial independence: Section 15(4) of the Tax Administration Act states that the expenditure connected with the functions of the OTO is paid out of the funds of SARS. 	 The OTO recruits its staff independently irrespective of where the candidate is coming from. Proposal for the amendment of the Tax Administration Act in order to give the OTO full legal status. The OTO is in consultation with the Minister and his team to address this shortcoming. 		
 Failing to meet the expectations of taxpayers when it comes to complaint resolution. Taxpayers see the OTO as their last resort and may have expectations of having their complaints resolved in their favour irrespective of the OTO mandate. Delays in finalisation of complaints. 	 Communications to focus on educating the public about the mandate and limitations of the OTO as per legislation. Advise SARS on areas that require intensive taxpayer education. Service level agreement to be in place between SARS and OTO to address the turnaround times for responses. 		
 Legal risks: The OTO is not a juristic person and therefore lacks the legal capacity to act as an entity with its own rights and obligations. Accordingly the OTO cannot enter into contracts, own moveable and immoveable property, sue or be sued. 	 Proposals will be made to amend legislation to stipulate the OTO is a juristic person in terms of enabling legislation similarly to its counterparts in other government spheres. To mitigate the risks involved, a Memorandum of Understanding (MOU) has been entered into with SARS wherein SARS agrees to provide assistance to the OTO where its legal status presents a problem. This MOU is awaiting final sign-off from the Commissioner of SARS. 		

10. **ABBREVIATIONS**

APP Annual Performance Plan

BAU Business as Usual

CAPEX Capital expenditure

CEO Chief Executive Officer

CMS Complaints Management System

DPME Department of Planning, Monitoring and Evaluation

MOU Memorandum of Understanding

NDP National Development Plan
OTO Office of the Tax Ombud

PFMA Public Finance Management Act
SARS South African Revenue Service

SLA Service level agreement

SP Strategic Plan

SOPS Standard Operating Procedures

SWOT Strengths, weaknesses, opportunities and strengths

TAA Tax Administration Act

TO Tax Ombud

UK United Kingdom

USA United States of America



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