

OTO intervention secures taxpayer's refund, as well as interest of more than R135 000

The OTO does not only help speed up the resolution of taxpayer complaints and get the South African Revenue Service (SARS) to pay refunds due, however there are also instances where the OTO secures taxpayers thousands of rands in interest thereon. The case in this issue is an example.

SUMMARY OF COMPLAINT

The case relates to a complaint of SARS not finalising a taxpayer verification of the 03/2023 VAT declaration.

FINDINGS

The OTO investigated the complaint and discovered that the taxpayer had filed the VAT return on 14 April 2023, reflecting a refund of **R5 398 613.44**. The return was selected for verification and the taxpayer uploaded the supporting documentation requested, all on the same day. SARS, however, did not request additional information or finalise the verification within the turnaround time of 21 business days. As a result, the taxpayer lodged a complaint with the SARS Complaints Management Office on 25 May 2023.

SARS proceeded to request additional information on 14 June 2023. After the taxpayer submitted the documentation on 20 June 2023, SARS again did not finalise the verification within 21 business days. The taxpayer lodged a complaint with the OTO on 7 August 2023.

RECOMMENDATION

The OTO recommended that SARS finalise the verification of the 03/2023 VAT declaration and pay out the refund with interest if applicable or provide valid reasons for not doing so.

RESOLUTION

SARS finalised the verification of the 03/2023 VAT declaration on 30 August 2023. SARS issued an additional assessment, reducing the refund from **R5 398 613.44** to **R4 255 398.20**, and was paid on 30 September 2023. On 9 October 2023, SARS paid the taxpayer interest of **R135 152.62** on the refund.

LESSON LEARNT

If a VAT refund is not paid out within 21 business days, SARS is obliged to pay interest at a prescribed rate on the amount refundable. There are, however, certain circumstances that will delay the accrual of interest. Where for instance a taxpayer submitted a defective or incomplete return, where SARS requested information from the taxpayer about the return in question, or where a taxpayer did not provide SARS with confirmed banking details, the 21 business days will only start counting on the date on which the taxpayer provides SARS with the correct return, information or banking details.

It is therefore extremely important for taxpayers to ensure that they act promptly to comply with SARS's requests for information or further documentation.

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