



SARS has recently released two important guides regarding reduced assessments in certain instances and auto-assessments that you don't agree with:

1) REDUCED ASSESSMENT

SARS has made it possible to apply for a reduced assessment electronically.

This new facility permits a less formal mechanism to request SARS to amend an existing assessment without having to follow the burdensome objections and appeals route.

This new facility applies only personal income tax (PIT) assessments.

The request to reduce an assessment does not replace the objection and appeal process. It offers a less formal method to resolve errors that are readily apparent and is only applied in limited circumstances where all the requirements are met.

An application for a reduced assessment can be table only in the following circumstances:

- there must an apparent undisputed error in the assessment (both parties must agree that there is an undisputed error). The Tax Administration Act does not explain the meaning of 'undisputed error'. However, the following narrative clarifies the term 'undisputed error'.

For example, an employer submits the same IRP5 twice for the same employee and the two IRP5s are visible in the SARS eFiling system).

An assessment with an error can arise from mistakes occurring by SARS or mistakes arising by the taxpayer when completing a tax return,

The above is as per Section 93(1)(d) of the Administration Tax Act.

SARS will reduce the assessment if SARS agrees that,

1. The failure of an employer/third party to submit a return,
2. An incorrect return submitted by an employer/third party, or
3. A fraudulent return submitted by an unauthorized person, or
4. A processing error by SARS.

The above is as per Section 93(1)(e) of the Administration Tax Act.



NS Accounting Jbay
082 973 7514
nsaccountingjbay.com
snaudene@gmail.com

2) REQUEST FOR EXTENSION

Section 93 of the Tax Administration Act does not inform us of the specific timeframe within which the SARS must respond to taxpayers' request for a reduced assessment. Presumably, the general provision of 21 days can be used to expected response time for SARS.

If a taxpayer disagrees with the outcome of an auto-assessment and cannot file the return by the filing season due date for non-provisional taxpayers, then taxpayer may offer SARS substantiated grounds to request for an extension of the period to submit a tax return.

This request can be made via eFiling, the SARS MobiApp or by scheduling an appointment with SARS.

The 'Request for extension' button will be available for a period of 3 years. The request for extension will be granted to a maximum period not exceeding 3 years from the date of assessment for Income Tax.