



South African Revenue Service

SARS Q4 Highlights & Overview of Performance

June 2017

Customs Revenue

R90.7 bn

RE target

R86.5 bn

achievement

R4.2 bn shortfall

Tax Revenue

R234.9 bn

RE target

R238.8 bn

achievement

R3.9 bn surplus

Goods Declarations targeted

13%

target

12.6%

achieved

Adjustments to **Customs Risk Engine** contributed to lower alert rates during the second half of the reporting period

System Uptime

99%

target

99.34%

achieved

VAT Processing Turnaround Time

21 day

target

21.8 days

achieved

Overview of Revenue Collection – Q4



R325 317 bn revenue collected Q4, a **deficit of R0.3 bn** against revised estimate of R325 618 bn



Lower Import VAT than revised estimate by R1.2bn (2.8%), mainly due to rising costs of imports, combined with weak domestic activity



Lower PIT, was lower against revised estimate by R1bn (0.8%) due to weaker than expected PAYE payments and PIT provisional payments as well as higher than expected PIT refunds



Lower Customs duties, than revised estimate by R1.9bn (13.1%), mainly due to rising costs of imports



Higher DT/STC against revised estimate by R5.4bn(82.8%), mainly driven by companies returning profits (current & retained) to shareholders through dividend declarations



Lower Specific Excise Duties, by R0.1bn (0.7%) due to lower revenue from cigarettes and tobacco



CIT Collections were **lower** against revised estimate by R0.5bn (0.9%), mainly due lower than expected CIT provisional payments in March 2017



Higher Domestic VAT, by R1.2bn (2.1%)

Breakdown of Q4 Revenue Collection by product

R millions	RE 2016/17	RE Q4	Actuals Q4	Variance Q4	Variance % Q4	RE YTD	Actuals YTD	Variance YTD	Variance % YTD
PIT (incl. interest)	426 907	128 090	127 105	-985	-0.8%	426 907	425 924	-983	-0.2%
CIT (incl. interest)	207 515	56 113	55 627	-486	-0.9%	207 515	207 027	-488	-0.2%
STC (Dividends Tax)	25 710	6 545	11 965	5 420	82.8%	25 710	31 130	5 420	21.1%
VAT	290 000	79 333	78 500	-833	-1.1%	290 000	289 167	-833	-0.3%
Specific Excise	35 700	10 980	11 054	74	0.7%	35 700	35 774	74	0.2%
Fuel Levy	62 970	16 194	16 003	-191	-1.2%	62 970	62 779	-191	-0.3%
Customs duties	47 500	14 673	12 752	-1 921	-13.1%	47 500	45 579	-1 921	-4.0%
Other	48 080	13 689	12 310	-1 379	-10.1%	48 080	46 701	-1 379	-2.9%
Total (accounting)	1 144 382	325 618	325 317	-301	-0.1%	1 144 382	1 144 081	-301	0.0%
Customs ¹ & Excise revenue	312 548	90 721	86 540	-4 181	-4.6%	312 548	308 367	-4 181	-1.3%
Tax revenue (excl. Customs & Excise)	831 834	234 896	238 776	3 880	1.7%	831 834	835 714	3 880	0.5%
Total (accounting)	1 144 382	325 618	325 317	-301	-0.1%	1 144 382	1 144 081	-301	0.0%

2016/17 YTD
Organisational
Performance

Outcome 1: Increased Customs & Excise compliance

Improve **control over flow** of all **goods & travelers**

Solution in pilot sites covering all modalities – air, sea, & land as POC
National roll-out will commence once all pilots are operational

New State Warehouse Barcode & Inventory Management System was rolled-out (8 in addition to the 18 YTD)

Continued the refurbishment of new Cape Town State Warehouse construction activities are progressing well

Implement **New Customs & Excise Legal Framework**

Delivered Provisional Payments & Tariff Management with Mercosur

Scheduled delivery of Customs Sufficient Knowledge

Modernise & align **Excise processes & systems**

Excise Track & Trace Coding solution is in Initiation Phase

Develop a **professional & disciplined** Customs & Excise **workforce**

Concluded Customs & Excise para-military training

Implementing **new Excise Duties**

Introduced the Tyre Levy in January 2017

Improve **Border Management**

Continue to support Government's creation of Border Management Agency

Identify, assess & respond to **risk more effectively**

Concluded procurement of 9 baggage scanners, an air cargo scanner at ORTIA & mobile scanner at City Deep

Customs Risk Management Enforcement Programme is in initiation phase

Implemented Enforcement Workflow System to record, control & report on manual ad hoc scan inspection cases

Outcome 2: Increased tax compliance

Strengthen capacity to **manage taxpayer debt**

Implemented Phase 2 of Debt Management to increase efficiency through automation

Increase sufficiency of debt function through the automation of the debt process

Conduct targeted **compliance interventions**

Deployed Case Management for Criminal Case Selection and Criminal Investigations on 24 February 2017

Collaborate with **other Jurisdictions**

FATCA Automatic Exchange of Information Penalties on track for its scheduled implementation on 23 June 2017

Committed to Organisation for Economic Cooperation & Development Common Reporting Standard system solution

Assisted the Department of Home Affairs with their Modernisation Program

Implementation of legislative changes for foreign transactions and country-by-country reporting is on track for delivery that is scheduled for 1 December 2017

Outcome 3: Increased cost effectiveness & internal efficiencies

Practice prudent financial management

Finalised scope for migration of SARS' accounting to GRAP

Approved delivery plan to ensure legislative compliance

Engaged with tri-lateral parties on the way forward regarding the extension of Directive 6

Vendor Management

Vendor Management Implementation Project was implemented on 30 November 2016

Captiva Upgrade

Concluded upgrade with Captiva to 7.1 at Brooklyn, Doringkloof, Riverwalk, Albany House, Bellville, P166, Durban, East London, Alberton, Rissik Street, Bloemfontein, Lebowakgomo & mobile scanning units

IT Nerve Centre

Launched the IT Nerve Centre on 15 June 2016

Information Communications Technology

Successfully upgraded eFiling Database to a fully supported version, delivering significant stability & performance improvements

273 NT RT3 printers replaced and installed

Guardium Infrastructure

Installed Guardium Infrastructure at Brooklyn & BHE before the Filing Season

Windows 7 – Missing Assets

Identified & reported all missing assets that were part of project deliverables

Hardware Refresher

2016 Hardware Refresh project was concluded

DIST Back Office Upgrade

DIST Back Office Upgrade Project implemented

Cyber Security

Implemented restriction of Remote Access to SARS email

Implemented the blocking of internal mails leaving SARS through the Outlook Web Access & Outlook

Implemented restriction of access to private email services while on the SARS network

Implemented the restriction of access to external storage devices

IBM IPS appliance @ BHE Project

Installed IBM IPS Appliance @ BHE Project before Filing Season

Outcome 4: Increased ease & fairness of doing business with SARS

Reduce volumes of manual activity for SARS & taxpayers through automation & digital migration

Completed Customer Information System Auto Merge Project with all 750,000 cases successfully auto merged on 24 February 2017 – ahead of time

Deliver effective service by integrating a **service centric approach**

Implemented PIT Filing Season Phase 1 & 2 and changes to Deceased Estate Submission successfully

Delivered enhanced CIT Tax Return

Investigated to inclusion of Assistive solution for Visually Impaired in all future software releases

Create the **service channel network of the future**

Implemented enhanced Web & Mobi App applications to provide additional channels for online users on 19 August 2016

Implemented 6 new Mobile Tax Units as part of infrastructure initiatives

Refurbished Port Elisabeth St Mary's Terrace

Relocated Branch Offices at George, Soweto Orlando East, Soweto Ekaya, Newcastle & George Self Help area

Implemented quick wins at 6 Branch Offices

Payment Reform

Activation of Mercantile-, Al Baraka-, HBZ and SASFIN Banks on eFiling for Credit Push

Tax Compliance Status

Implemented an automated Tax Compliance Status (TCS) to reduce administrative burden

Electronic DNA (**eDNA**) & Taxpayer Verification (**TPV**)

Implemented and activated at 27 branch offices with 1114 user enrolments – this project relates to fraud prevention (identity theft)

37.7% male

**51.3% of management level
(grade 6 – 9B)**

23.30% African

4.11% Coloured

2.76% Indian

7.3% White



62.3% female

**48.7% of management level
(grade 6 – 9B)**

34.21% African

6.94% Coloured

3.51% Indian

17.46% White

74.84% of the total workforce is **Black**

Average of **42** years **old**

Average of **14** years **service**

1.51% of the total workforce has some form of **disability**

	African	Coloured	Indian	White	Total
Headcount	7 812 (57.51%)	1 500 (11.04%)	854 (6.29 %)	3 363 (24.76%)	13 583*

*This total excludes foreigners from the designated equity groups

*Figures as at end of March 2017

Budget vs. Expenditure

Description	Preliminary Actual 31 March	Annual Budget 31 March	YTD Variance	Prior year to date Actual 31 March	Prior year Actual to current year Actual variance
	R'm	R'm	R'm	R'm	R'm
Grants	10 009	10 009	-	9 334	675
<i>Grant receivable</i>	9 364	9 364	-	9 334	30
<i>Retained cash surplus</i>	645	645	-	-	645
Interest	246	230	16	244	2
Other Income	332	306	26	320	12
Total Revenue	10 587	10 545	42	9 898	689
Approved Cash Surplus	1 748	1 748	-	2 049	-301
Total Funds Available	12 335	12 293	42	11 947	388
Personnel Expenses	7 113	7 567	454	6 850	263
Goods & Services	2 539	2 818	279	2 508	31
Capex - Business as usual	342	555	213	163	179
Projects	467	1 353	886	583	-116
Expenses	10 461	12 293	1 832	10 104	357
Surplus	1 874	-	1 874	1 843	31