

# What you need to know when a third party contacts you on behalf of SARS to recover debt owed

14 March 2018

## In brief

SARS intends on reducing as much as possible of the R16.6 billion debt owed to them by taxpayers by the 28 February 2019 through the use of the 8 debt collection agencies appointed to assist them in recovering the amount owed, this was announced in a [media statement](#) released on Friday, 9 March 2018.

The purpose of this alert is make taxpayers aware of their rights when receiving calls from such debt collectors.

## In detail

### Confidentiality

Section 69 of the Tax Administration Act No. 28 of 2011 (“the TAA”) states that SARS is required to preserve the secrecy of taxpayer information and not disclose this information to persons who are not SARS officials. It also states under what circumstances certain information can be disclosed.

### Payment Process

SARS has 5 [payment options](#) available for taxpayers where payment is made directly to SARS. If you are requested to make payments directly to an agent or outside of the SARS payment options it is advised not to do so and report the matter as this may be a scam. If a taxpayer is unsure of banking account details provided, they should contact SARS to verify the details.

### Recovery of tax

Where the amount is less than R100 or an amount announced by public notice by the Commissioner, it does not need to be recovered by SARS.

If the date of assessment or decision giving rise to the tax liability is 15 years old or more SARS may not initiate debt collection processes. Nor may SARS initiate debt collection procedures for a debt that has been suspending pending

objection or appeal.

### Other issues

Taxpayers must also beware of the following:

- Do not ignore letters of demand from SARS.
- Verify who is calling you - be aware of the independent agent calling you on behalf of SARS and verify that it is listed by SARS as a contractor.
- Other third parties (i.e banks) may also be appointed to recover taxes.
- SARS will insist on the “*pay now argue later*” rule. However, section 164 of the TAA allows a taxpayer to request a suspension of payment.
- When applying for Suspension of Payment in terms of Section 164, SARS will in all likelihood request a breakdown of “financial hardship” claimed by a taxpayer as well as request security for the outstanding, disputed tax debt.
- Depending on the quantum and nature of the dispute as well as “prospects of success” in court SARS may be amenable to settle (if the matter is disputed) or if the matter is undisputed, to compromise.

# **Tax Alert**

## **Tax Controversy and Dispute Resolutions**

### **Takeaway**

As a taxpayer you are entitled to verify who is calling you and refer them to your tax practitioner. Where you feel that section 69 has been contravened you may inform the caller or agent of this.

Ensure that you are satisfied that the debt is owed and the amount is correct.

Verify banking details with SARS before making payments. You should also be on high alert as criminals may use this opportunity to scam you as a taxpayer.

### **Let's talk**

For a deeper discussion of how this issue might affect your business, please contact:

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