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Tax Alert

Recent update: SARS expedited tax-debt compromise process

On 30 September 2025 SARS issued a media release announcing its newest initiative to collect revenue and to assist taxpayers to bring their affairs up to date. The project is a rapid debt compromise programme, which culminates from consultation with recognised controlling bodies (RCBs) in the tax industry.

The aim is to assist taxpayers to fulfil their legal obligations by processing compromise offers in terms of sections 200 to 205 of the Tax Administration Act, 28 of 2011, within four weeks.

Taxpayers who meet the formal requirements and have outstanding, undisputed debt older than 12 months may qualify for the initiative. The initiative, however, excludes companies in liquidation or business rescue.

Compromises are generally intended for taxpayers in demonstrable financial distress with no realistic prospect of settling the full assessed debt; all returns must be up to date and current obligations (save for the outstanding debt) be met. The application for a compromise requires a full and frank disclosure of assets, liabilities, related-party interests and funding; no findings by SARS of fraud or intentional tax evasion; and a proposal that offers SARS a better and quicker recovery than enforcement.

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Takeaway

Taxpayers who are in financial distress should assess whether they meet the criteria to participate in the expedited debt compromise and if so, how to structure a compelling compromise proposal to submit to SARS as soon as possible (to meet the accelerated timeline). Importantly, taxpayers will have to engage with SARS strategically to ensure sustainable debt relief while safeguarding ongoing compliance, licenses, and operating continuity.



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