



Tax Alert

SARS' administrative non-compliance penalties for trusts: What trustees and tax practitioners need to know

In brief

The South African Revenue Service (SARS) has commenced imposing administrative non-compliance penalties on trusts that have failed to submit their income tax returns (ITR12T).

Following stakeholder notices issued in February and March 2026, SARS began issuing penalty assessment notices (AP34) from 4 May 2026 to trusts with outstanding ITR12T returns for the 2024 year of assessment onwards. Penalties are recurring monthly and can range from R250 to R16,000 per month, depending on the trust's taxable income. Trustees and tax practitioners should act promptly to regularise any non-compliance.



In detail

Background

A trust is a "person" for income tax purposes and is a taxpayer in its own right. All trusts, whether economically active or passive/dormant, are required to submit annual income tax returns (ITR12T) in accordance with SARS's applicable public notices. The ITR12T must be completed and submitted by the trustees or appointed tax practitioner through SARS eFiling, or it can be obtained at a SARS branch and captured by a SARS official.

The SARS enforcement timeline

- **9 February 2026:** SARS issued a stakeholder letter and final demands to trusts that had not submitted annual tax returns for the 2024 and 2025 years of assessment, warning of forthcoming administrative penalties.
- **27 March 2026:** A public notice was issued listing the non-submission of income tax returns by trusts as an incidence of non-compliance subject to an administrative non-compliance penalty under section 211 of the Tax Administration Act, 2011 (the TAA).
- **2 April 2026:** SARS announced that from 4 May 2026, it would issue penalty assessment notices (AP34) to notify taxpayers of administrative non-compliance penalties imposed for outstanding trust income tax returns. No penalties would be imposed before that date.
- **4 May 2026 onwards:** First administrative penalties for non-compliance issued via AP34 notices.

The penalty regime

Under section 211 of the TAA, administrative penalties may be imposed on taxpayers who fail to comply with an obligation under a tax Act. The penalty for failure to submit a return comprises fixed-amount monthly penalties based on the taxpayer's assessed taxable income, ranging from R250 to R16,000 per month.

The penalty recurs for every month the return remains outstanding, for a maximum of 35 months. The AP34 notice will reflect the penalties imposed, the outstanding income tax returns and tax periods, and corrective measures to prevent recurring penalties.

The penalties currently apply to trusts with outstanding ITR12T returns for tax periods from the 2024 year of assessment onwards.

Trustee responsibilities and beneficial ownership

SARS has reiterated that trustees bear sole responsibility for ensuring all trust information reflected on the SARS Registration, Amendments and Verification (RAV) system is up to date and properly maintained. SARS collects beneficial ownership information during trust registration or during the filing season submission of the ITR12T, and at least one document relating to beneficial ownership information must be submitted for the current year's return.

What this means for taxpayers

This enforcement action signals SARS's firm stance on trust compliance. All trusts including those that are dormant or not economically active, are in scope. Monthly recurring penalties can accumulate rapidly, with cumulative exposure of up to R560,000 over 35 months at the top tier. Trustees, representative taxpayers and their advisors should treat this as a priority compliance matter.





Actions to consider

We recommend that trustees and representative taxpayers take the following steps:

- Identify all active, passive/dormant, and historical trusts for which you serve as trustee or representative taxpayer.
- Confirm that each trust is correctly registered for income tax and that details on the SARS RAV system are current and accurate.
- Determine whether ITR12T returns for the 2024 and later years of assessment remain outstanding.
- Submit all outstanding ITR12T returns as soon as possible and ensure future annual returns are filed within the prescribed trust return filing period.
- Ensure that beneficial ownership information and supporting documentation is available and submitted where required.
- Review any AP34 penalty assessment notices received. If appropriate, submit a request for remission while correcting the non-compliance to prevent further monthly penalties accruing.

The takeaway

SARS is actively enforcing trust return filing obligations and penalties are being levied for the non-submission of returns. Trustees and their advisors should ensure that all trusts under their care are compliant and take immediate steps to submit outstanding returns and address any penalty notices received. Proactive compliance will limit financial exposure and avoid unnecessary disputes with SARS.

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