Taxing Times Survey 2025

November 2025

Purpose of this document

The purpose of this survey is to provide an annual assessment of corporate taxpayers' recent interactions with the South African Revenue Service (SARS), offering a balanced perspective that highlights both significant achievements and areas where further improvement is needed.

This evaluation aims to deliver actionable insights that support ongoing dialogue and enhance the effectiveness of tax administration for all stakeholders.

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Definitions

ADR	Alternative Dispute Resolution
AI	Artificial Intelligence
APA	Advanced Pricing Agreement
BEPS	Base Erosion and Profit Sharing
CbC	Country-by-Country reporting
CIT	Corporate Income Tax
CSARS	Commissioner for the South African Revenue Service
DTA	Double Taxation Agreement
G20	Group of Twenty
GloBE	Global Anti-Base Erosion Model Rules
ITA	Income Tax Act No. 59 of 1962
LB&I	Large Business and International Division
MNE	Multi National Entity
OECD	Organisation for Economic Co-operation and Development
PAYE	Pay-As-You-Earn
PwC	PricewaterhouseCoopers Tax Services (Pty) Ltd
RAF	Road Accident Fund
SARS	South African Revenue Service
TAA	Tax Administration Act No. 28 of 2011
TALAB	Tax Administration Laws Amendments Bill
TCDR	Tax Controversy & Dispute Resolution
USP	Understatement Penalty
VAT201	Value-Added Tax return
VAT	Value-Added Tax
VDP	Voluntary Disclosure Programme

Introduction

The 2025 Taxing Times Survey captures a tax system in motion. As SARS is increasing its digital capacity and modernisation of systems, corporate taxpayers are navigating a landscape that is more digital, more assertive and increasingly complex.

This year's survey examines how businesses are experiencing SARS across key areas: audits, debt collection, dispute resolution, voluntary disclosures and service delivery. It also considers how SARS' strategic objectives—clarity, compliance and trust—are being realised in practice.

What emerges is a view of a tax authority that is evolving, but not without friction. While there are signs of progress—faster turnaround times, improved digital platforms and greater use of data—there are also persistent concerns around procedural fairness, consistency and communication.

This report aims to reflect these realities. It draws from the lived experiences of taxpayers to surface what's working, where pressure points remain and how the system is shifting beneath the surface.

Value in Motion: A framework for tax transformation

As SARS continues to modernise its operations and sharpen its enforcement capabilities, the tax environment in South Africa is becoming more dynamic, data-driven and complex. In this context, the concept of Value in Motion provides a meaningful framework for understanding how tax functions are evolving—not only in response to regulatory change, but also in how they contribute to broader organisational resilience and growth.

Value in Motion offers a framework for understanding this evolution. It recognises that value is not static—it moves across domains that are interconnecting and constantly adapting. These include:

- Operational efficiency: Leveraging automation, analytics and digital platforms to streamline compliance and reduce administrative burden.
- Risk management: Anticipating enforcement trends and responding proactively to areas of heightened scrutiny, such as transfer pricing, VAT verifications and understatement penalties.
- Strategic alignment: Ensuring tax decisions are integrated with business strategy, particularly in areas like cross-border structuring, investment planning and ESG considerations.
- Stakeholder trust: Fostering transparency, procedural fairness and constructive engagement with SARS, especially in audits, disputes and voluntary disclosures.

This year's survey reflects movement across several key domains. While there are signs of progress challenges remain. Inconsistent audit practices, procedural delays and concerns around fairness and trust in enforcement continue to shape the taxpayer experience and test the resilience of the system.

By viewing tax through the lens of Value in Motion, organisations can better navigate this evolving landscape. It encourages a shift from reactive compliance to proactive strategy—where tax is not merely a cost centre, but a contributor to long-term value creation.

SARS' strategic objectives

As in previous editions of this report, we continue to refer to SARS' nine strategic objectives, as per its strategic plan for 2020/21 to 2024/25, which are:

1. Providing clarity and certainty for taxpayers and traders of their obligations.
2. Making it easy for taxpayers and traders to comply with their obligations.
3. Detecting taxpayers and traders who do not comply and making non-compliance hard and costly.
4. Developing a high performing, diverse, agile, engaged and evolved workforce.
5. Increasing and expanding the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes.
6. Modernising systems to provide digital and streamlined online services.
7. Demonstrating effective resource stewardship to ensure efficiency and effectiveness in delivering quality outcomes and performance excellence.
8. Working with and through stakeholders to improve the tax ecosystem.
9. Building public trust and confidence in the tax administration system.

The 2025 results

Now in its eighth year, the Taxing Times Survey was conducted between May and July 2025, with input from 200 corporate taxpayers across a range of industries. Since the first publication in 2018, the tax landscape has shifted considerably, marked by regulatory reform, digital transformation and a more assertive enforcement posture from SARS.

Over the past year, SARS has introduced several structural and operational changes aimed at strengthening its capabilities. These include the appointment of new Deputy Commissioners as part of a broader leadership restructure, the expanded use of automated assessments—processing over 5.5 million individual returns in early 2024—and a renewed focus on enforcement, particularly in cases of non-compliance. Together, these developments reflect SARS' ongoing commitment to modernising tax administration, improving voluntary compliance and rebuilding public trust in a rapidly evolving environment.

Enhanced enforcement and evolving jurisprudence in 2025

As part of its ongoing focus on enforcement and compliance, SARS has adopted a more assertive stance toward non-compliant taxpayers. This shift is a move to close the tax gap and is evident in its increased use of administrative penalties for late submissions and a growing emphasis on personal liability for outstanding tax debts. In 2025, taxpayers have reported a noticeable intensification in SARS' approach—marked by earlier interventions, stricter timelines and a zero-tolerance posture in cases of default. Recent jurisprudence reveals a nuanced evolution in the courts' approach to both SARS's enforcement powers and taxpayer protections. In the case of Flower v CSARS[1] (2025), the Tax Court rebuked SARS for procedural overreach, holding that SARS cannot shift the legal and factual basis for an assessment late in the dispute process. The court emphasised that SARS's Rule 31 statement amounted to an impermissible "novation" of the original assessment's grounds, reinforcing the principle that SARS must maintain procedural integrity and cannot "move the goalposts" after an appeal is filed.

1 Flower v Commissioner for the South African Revenue Service (IT 25209) [2025]

Some of the other recent cases which further shaped various areas in the tax landscape in 2024 and 2025:

1 **Thistle Trust v CSARS[2] (2024):** The Constitutional Court clarified the limits of the conduit principle in multi-tiered trust structures. It held that a trust, acting as a beneficiary of another trust, cannot pass capital gains through to its own beneficiaries to benefit from lower tax rates. The gains must be taxed in the hands of the intermediary trust itself. Additionally, the Court provided greater certainty on understatement penalties: if a taxpayer relied on a Section 223 opinion, penalties may be waived—even if the courts later disagreed with the opinion.

2 **Capitec Bank Ltd v CSARS[3] (2024):** This case addressed the VAT treatment of mixed supplies. Capitec provided free loan cover to clients, which SARS argued was an exempt supply. The Constitutional Court disagreed, finding that the loan cover was part of a mixed supply—linked to both taxable (fees) and exempt (interest) activities. As a result, Capitec was entitled to partial VAT deductions under Section 16(3)(c) of the VAT Act.

These cases collectively demonstrate a dual trend: SARS is empowered to pursue non-compliance with greater rigor, but courts are equally vigilant in ensuring that SARS' enforcement actions adhere to principles of fairness, procedural integrity and the rule of law. The evolving jurisprudence underscores the importance of both robust tax administration and the protection of taxpayer rights, reflecting a maturing and increasingly sophisticated tax dispute environment in South Africa.

2 Thistle Trust v Commissioner for the South Africa Revenue Service (CCT 337/22) [2024]
3 Capitec Bank Limited v Commissioner for the South African Revenue Service (CCT 209/22) [2024]

About the survey and its objectives

In an ever-evolving tax landscape, where SARS holds the reins of fiscal governance, our Taxing Times Survey delves deep into the lived experiences of corporate taxpayers, shedding light on how well SARS is meeting its own strategic objectives. These nine objectives are not mere guidelines but the pillars on which the tax administration's success is built. They range from providing clarity and certainty for taxpayers, to simplifying compliance and ensuring that non-compliance is met with significant deterrents.

Our survey is more than just an annual exercise—it is a critical lens through which we assess whether SARS is living up to its promise of efficiency, transparency and trustworthiness. The feedback gathered from taxpayers serves as a vital barometer of SARS' performance, particularly in its efforts to modernise its systems, engage stakeholders and build public trust in the tax administration system. The survey further aims to identify specific trends in relation to how SARS exercises its functions and deals with tax disputes.

In this report, we present our findings, which offer a candid look at the reality of dealing with SARS. We explore whether corporate taxpayers perceive that SARS is succeeding in making tax compliance straightforward, if they experience the clarity and certainty promised, and whether SARS is effectively detecting and addressing non-compliance. Moreover, we analyse how well SARS is managing its resources, whether it is fostering a high-performing workforce, and if its modernisation efforts are genuinely simplifying the tax process.

SARS has demonstrated growing interest in our survey results, which are shared with the organisation annually ahead of this report's publication. This early engagement allows for a more in-depth understanding of the successes and challenges in interactions with SARS, which is subsequently communicated to the organisation for their review and consideration.

Ultimately, this survey is not just about measuring satisfaction; it's about holding SARS accountable to its strategic objectives and ensuring that the taxpayer experience reflects the efficiency and fairness that should be the hallmark of a robust and efficient tax system. As we share these insights with SARS ahead of the report's release, our goal is to ignite meaningful dialogue and contribute to the continuous improvement of South Africa's tax ecosystem.

The findings presented in this report reflect the percentage of participants who responded to specific questions, with some questions being inapplicable to all participants.

As done in previous years, this year's survey was streamlined and the questions focused on the following key areas:

- The audit process:
  - Corporate income tax
  - Value-Added Tax (VAT)
  - Transfer pricing
- Dispute and debt management process
- The Voluntary Disclosure Programme (VDP) process
- SARS' service delivery

This year, we are excited to share our first ever survey of taxpayer's experiences with Pillar II of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). Pillar II introduces a global minimum effective tax rate of 15% for large multinational groups (generally those with consolidated revenues of at least €750 million). The goal is to ensure that Multinational Enterprises (MNEs) pay a minimum level of tax regardless of where they operate, reducing incentives to shift profits to low-tax jurisdictions.

Additionally, since Mr Kieswetter's appointment in 2019, the Commissioner of SARS has actively pursued the development of a SMART, Modern Tax Administration—focused on improving efficiency, transparency and taxpayer engagement through technology and innovation.

In the same breath, SARS has made it clear that it intends to make non-compliance both difficult and costly for taxpayers—through stricter enforcement, enhanced data analytics and targeted audits. It sought to achieve these objectives by investing in technology such as data science, AI and machine-learning algorithms. This year's survey seeks to gain insight into the participants' experiences with these newly introduced technologies.

This report includes the questions from the survey with the outcomes and provides an analysis of the data.

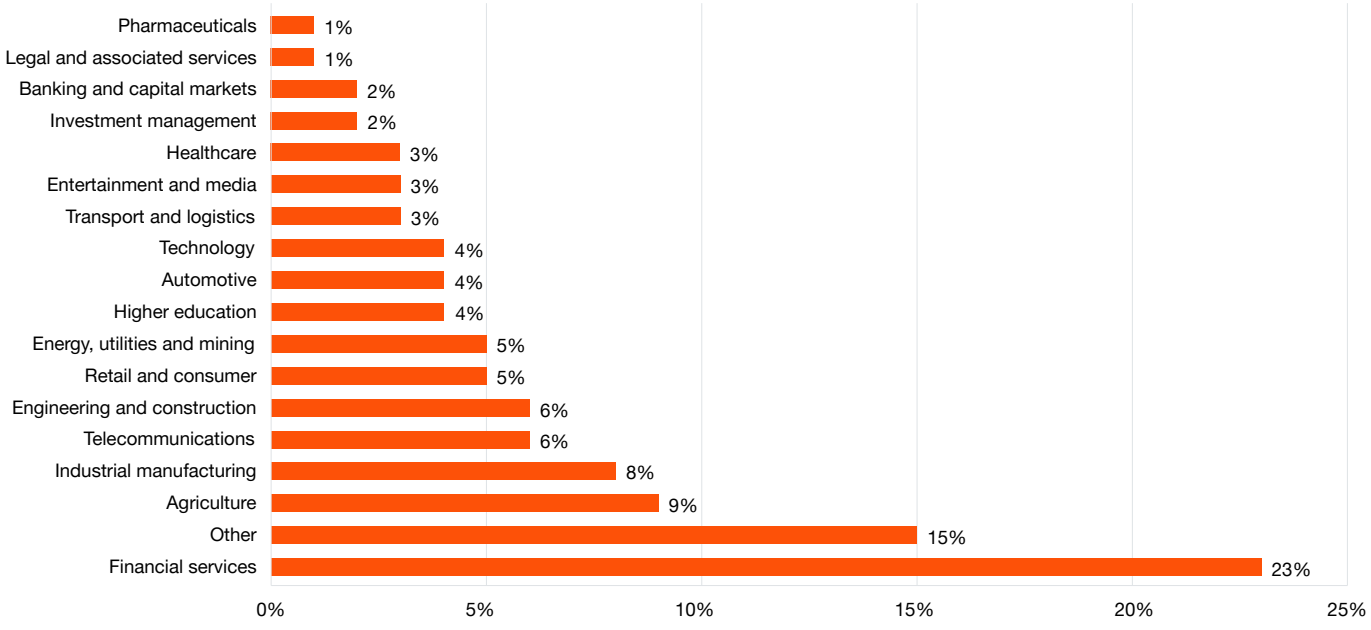
03

Participant profile

Industries represented in the survey include

The following graph shows the industry breakdown of this year's 200 survey participants, who represent 18 sectors:

Figure 1: Which industries participated in the survey?

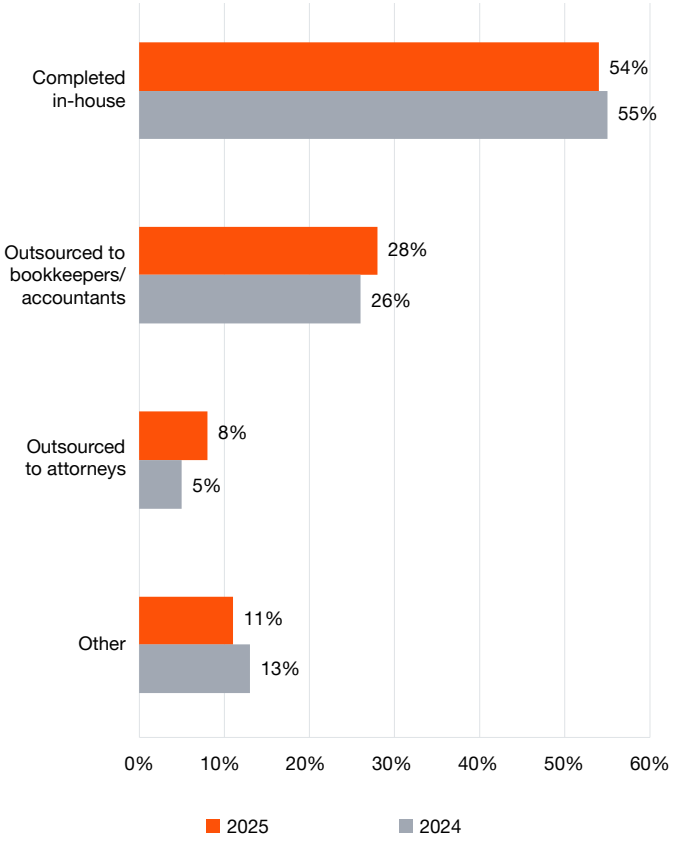


Source: PwC analysis for 2025

The survey was completed by various professionals including tax managers, specialists, consultants, finance managers, chief financial officers and others. Participants indicated that their companies primarily handle tax disputes in-house, sometimes with bookkeepers or accountants, and occasionally outsource to attorneys or other specialists when necessary.

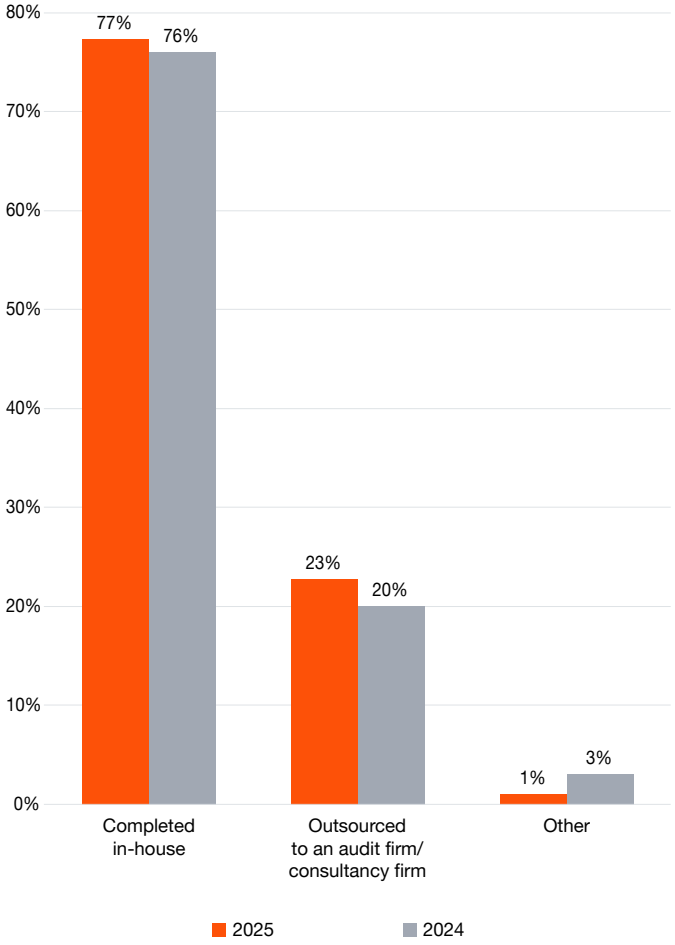
The results are shown below:

Figure 2: How is the tax dispute function completed at your company?



Source: PwC analysis for 2025

Figure 3: How is the routine tax-filing function completed at your company?

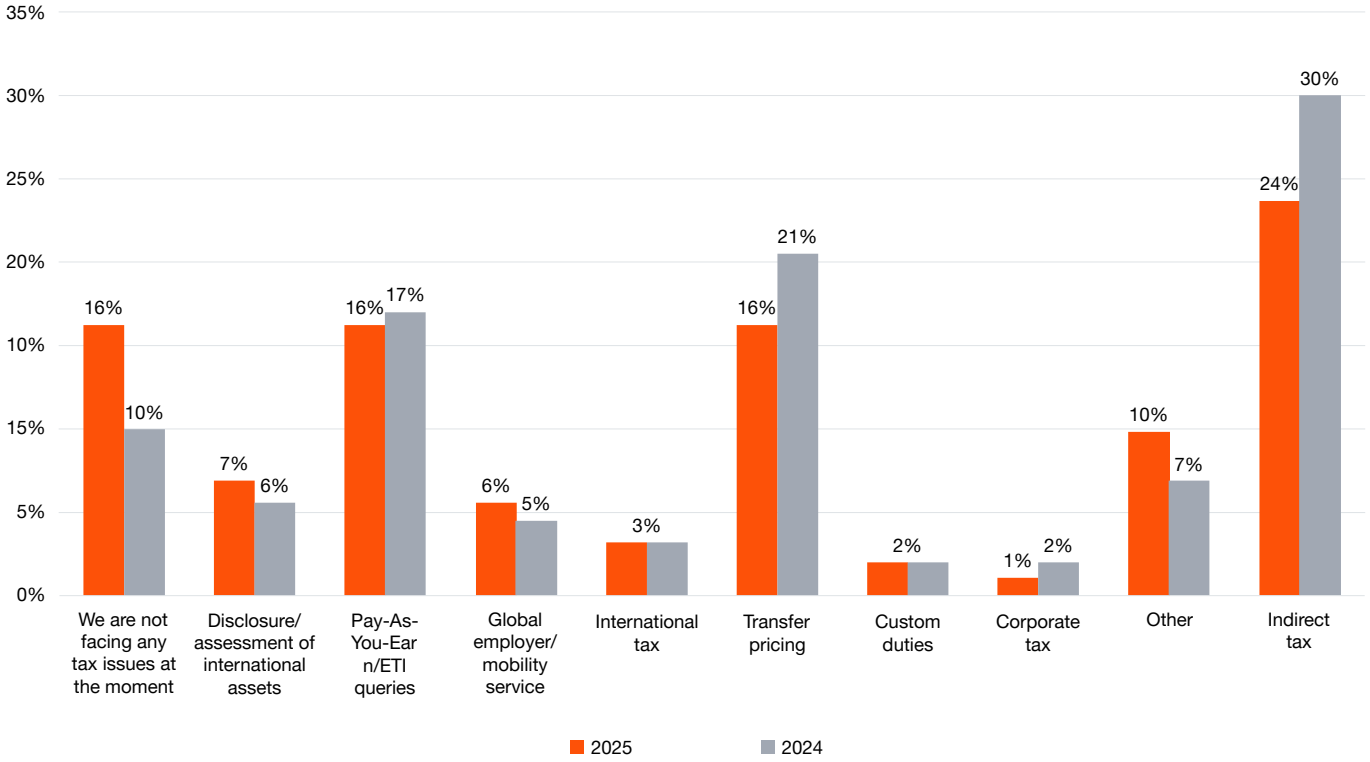


Source: PwC analysis for 2025

Most participants (77%) report completing tax-filing in-house, while 23% outsource some of this work, and 1% chose “other” without clarification. These results closely mirror last year’s findings.

Participants reported that their companies are facing various types of tax enquiries. Most indicated ongoing corporate income tax (CIT) investigations by SARS, while indirect tax and PAYE/ETI matters are also under scrutiny. A few participants noted that they currently have no active tax issues. The results are presented below.

Figure 4: What are the tax inquiries that you or your organisation is currently facing? Select all that apply.



Source: PwC analysis for 2025

The audit process: An overview

Chapter 5 of the Tax Administration Act No. 28 of 2011 (TAA) describes the procedures that SARS follows to gather information. SARS has the power to conduct an inspection, verification or audit of a taxpayer either randomly or based on a risk assessment. After a taxpayer files a tax return, SARS typically issues an original assessment reflecting the information reported.

SARS may subsequently identify potential risks and select the taxpayer for additional verification or audit. In these instances, SARS has the authority to request specific financial and accounting records, as well as supporting documentation. Such requests may also involve third parties, including financial institutions, clients, suppliers, other related entities or other revenue authorities utilising the TAA read with the relevant Double Taxation Agreement (DTA).

These processes are intended to confirm the accuracy and completeness of taxpayer declarations and to monitor compliance with tax obligations.

Corporate income tax

Likelihood of being selected for verification

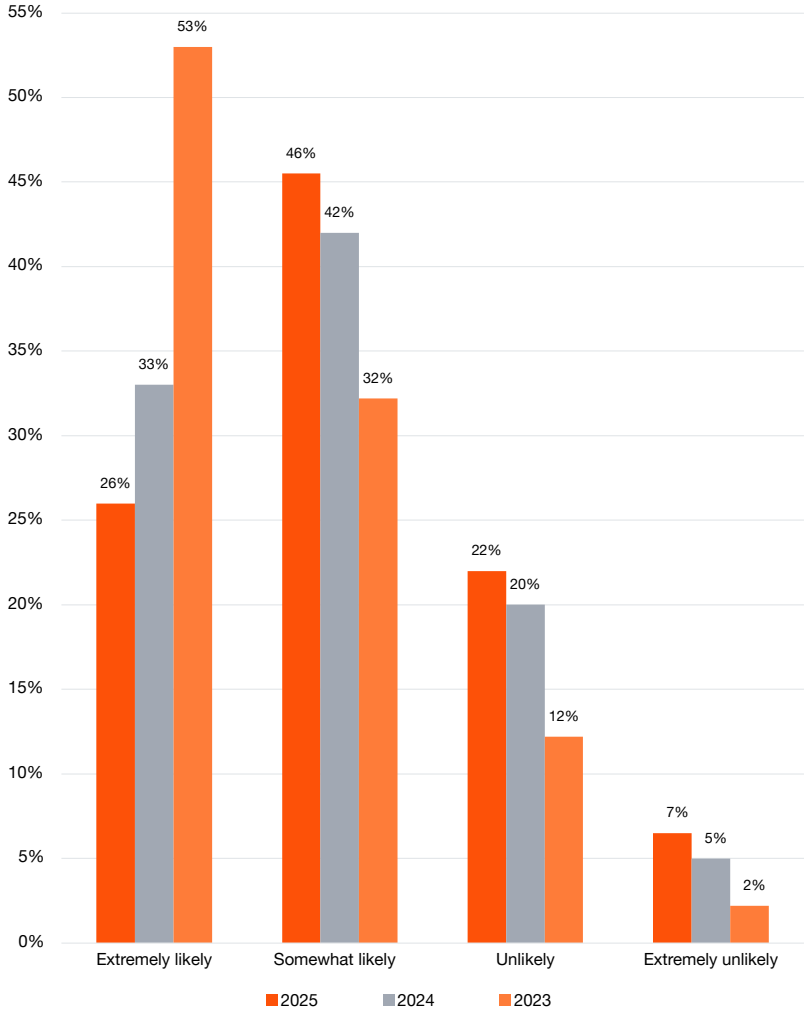
SARS continues to exercise its mandate to verify taxpayer submissions as part of its broader compliance strategy. Verification is not only limited to high-risk cases, but any taxpayer may be selected, either randomly or based on risk indicators derived from third-party data and analytics[4].

In the current year's survey, corporate taxpayers were asked to assess the likelihood of SARS verifying their company, following the submission of an annual CIT return. Only 26% of respondents deemed this outcome extremely likely, reflecting a decrease from 33% in 2024 and a notable decline from 53% in 2023. Additionally, 46% considered it somewhat likely, 22% regarded it as unlikely and 7% viewed it as extremely unlikely.

These findings indicate that 72% of respondents anticipate any possibility of being selected for verification, a reduction from 75% in the previous year and 85% prior—suggesting a consistent downward trend in perceived verification risk.

This shift suggests SARS' increased utilisation of advanced analytics and automation in the selection process. Nonetheless, the number of verifications remains substantial, prompting concerns regarding the adequacy of resources available to SARS for conducting comprehensive and equitable reviews.

Figure 5: How likely is SARS to verify your company after the submission of an annual Corporate Income Tax return?



Source: PwC analysis for 2025

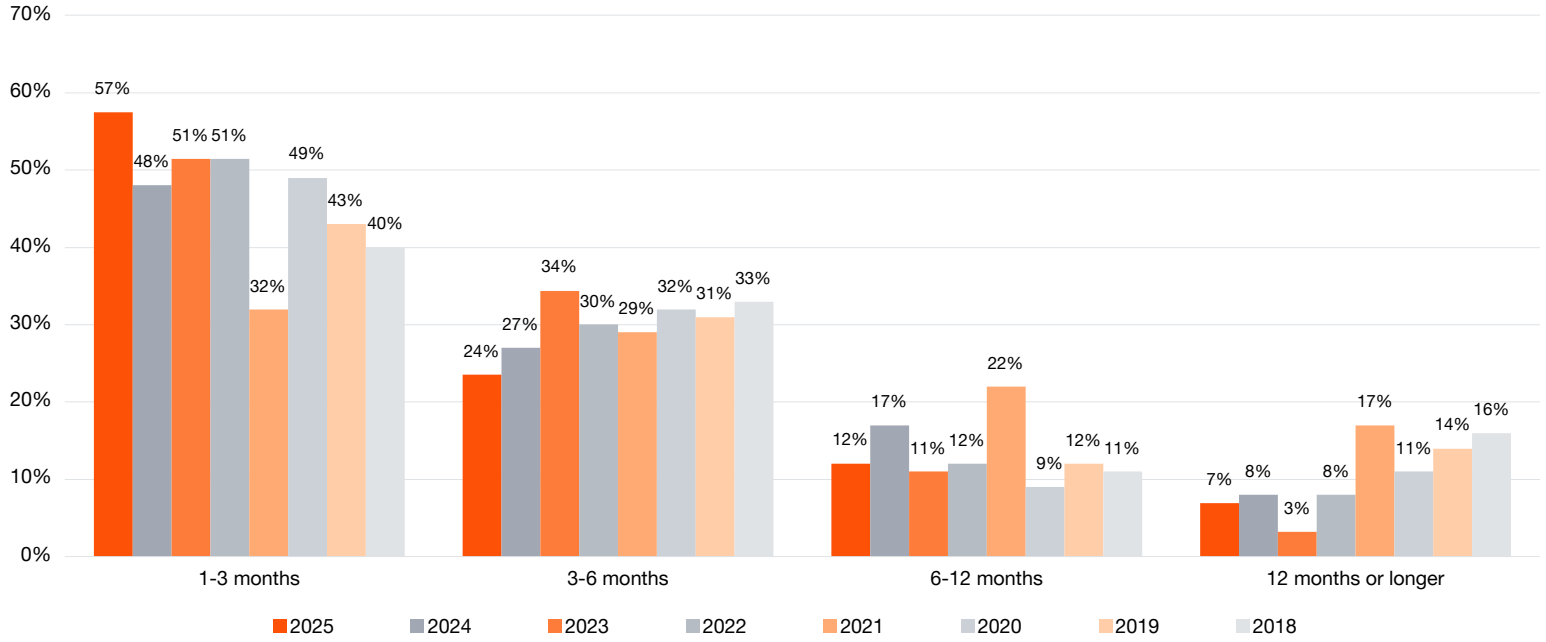
4 According to SARS' 2025–2029 Strategic Plan, SARS is actively modernising its systems to embed AI and data science into its case management and compliance models. This shift aims to improve efficiency and transparency while enabling SARS to better identify discrepancies in tax declarations.

Time taken to finalise a verification process

Participants were asked about the average duration SARS takes to verify a company's returns (excluding audit cases). The participants reported a noticeable improvement in turnaround times. Most participants (57%) indicated that verifications are typically completed within 1 to 3 months, up from 48% in 2024 and 51% in 2023. This suggests that SARS is most likely streamlining its verification processes, possibly due to increased manpower or automation and improved case management systems.

The proportion of participants who experienced verification periods of 3 to 6 months was 24%, compared to 27% the previous year. 12% reported verification periods spanning 6 to 12 months, and 7% noted verification periods that extended beyond 12 months. The percentage of respondents experiencing verifications lasting more than 12 months has declined each year since the first edition of this survey in 2018. The view is that this trend is driven by changes in SARS' strategic an operational approach including their modernisation processes.

Figure 6: In your experience, how long does it typically take SARS to complete the verification of a return (excluding audits)?



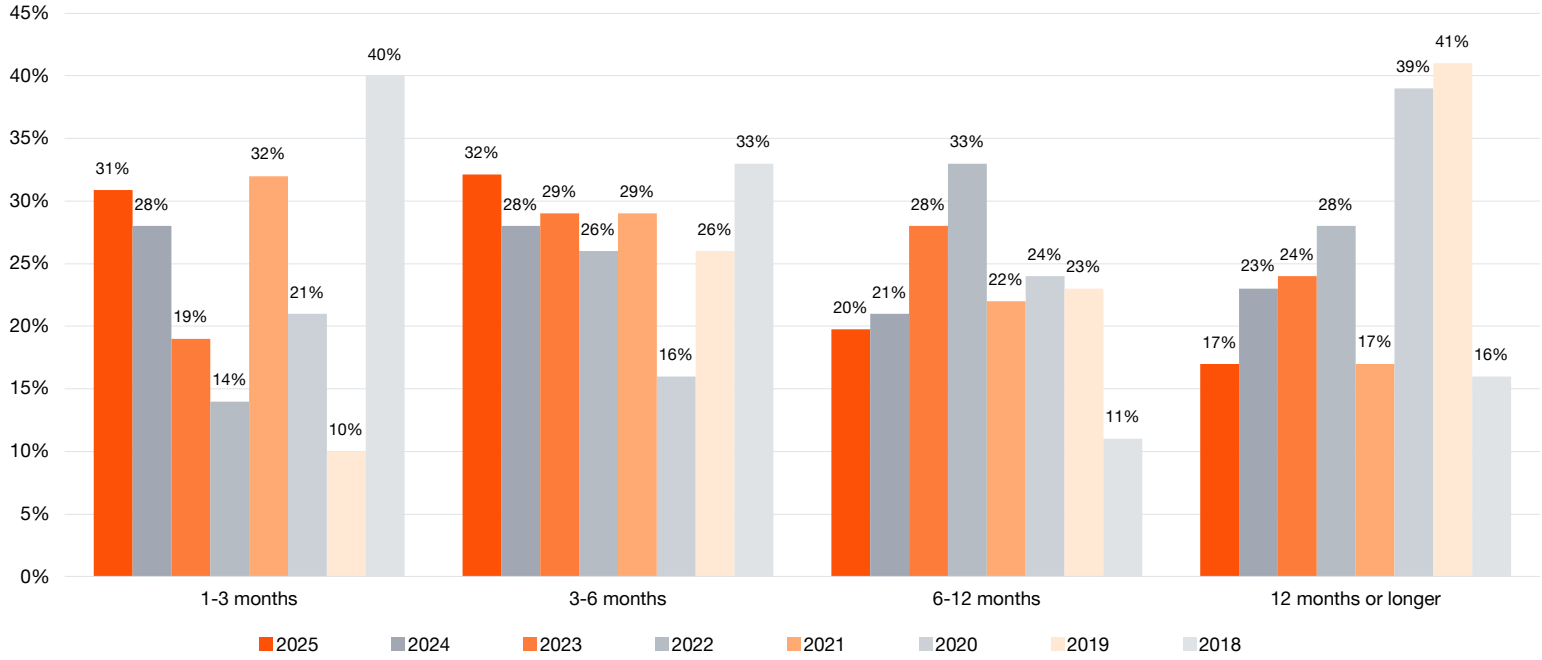
Source: PwC analysis for 2025

Time taken to finalise an audit

The 2025 survey shows SARS' audit turnaround times have improved. 31% of respondents indicated that their audits were finalised within 1-3 months (up from 28% in 2024 and 19% in 2023). The audit duration lasting 3-6 months rose to 32% from 28% last year, while those lasting 6-12 months fell slightly (20%). Audits lasting over 12 months dropped to 17%, down from 23% in 2024 and 24% in 2023, continuing a steady decline since 2019.

These results suggest that while longer audits remain a concern for some taxpayers, SARS is making incremental progress in reducing extended audit durations and improving overall efficiency. It should be noted that survey did not test participants views on the quality of assessments, only the duration.

Figure 7: In your experience, how long does it take SARS to complete an audit (usually done post verification audit)?



Source: PwC analysis for 2025

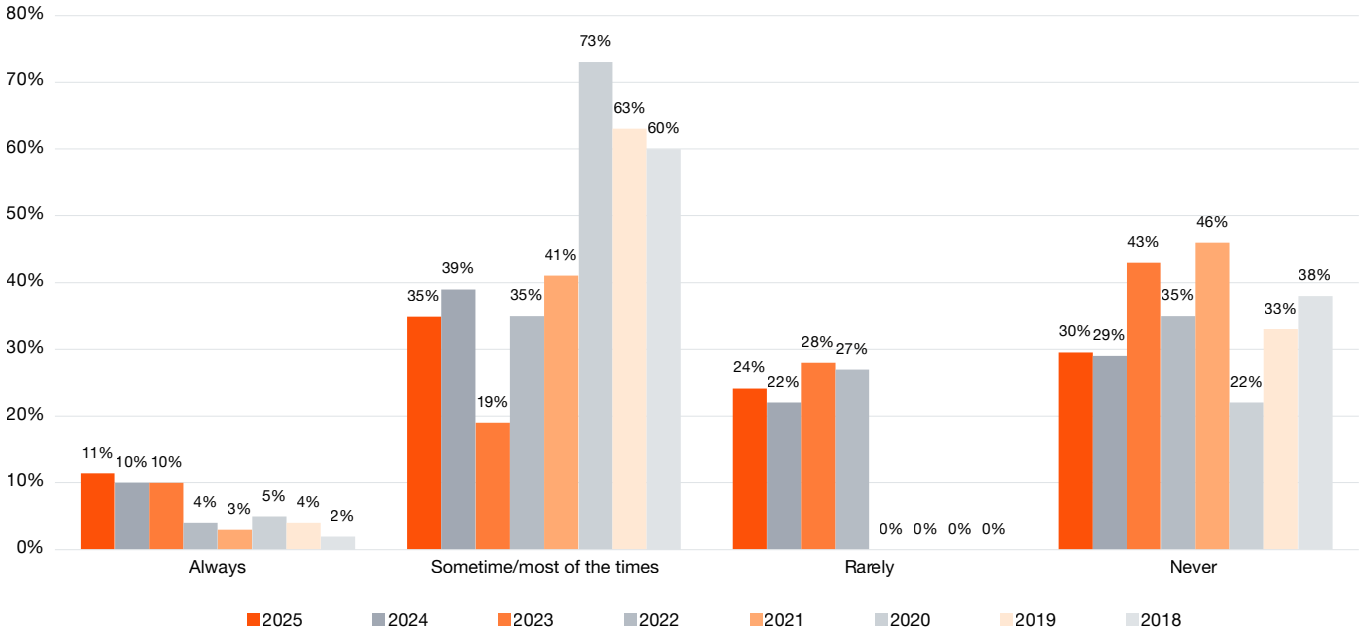
Issuing of progress reports

Section 42(1) of the TAA stipulates that SARS must issue progress reports every 90 calendar days during an audit. These reports aim to inform taxpayers about the audit's status, scope, stage of completion and any outstanding documentation.

This year's survey results show varied levels of compliance with the 90-day progress reporting requirement. 11% of respondents reported that SARS consistently issued progress reports every 90 days during their most recent audit—an improvement from 10% in both 2024 and 2023, and significantly higher than 4% in 2022 and 3% in 2021.

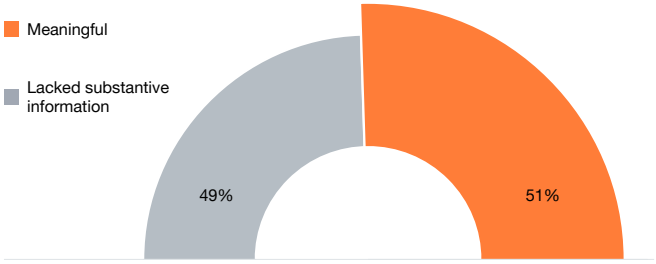
Additionally, 35% of respondents indicated that progress reports were issued sometimes or most of the time, which is a slight decrease from 39% in 2024, but still notably above the 19% recorded in 2023. Conversely, 30% stated they never received progress reports, while 24% said they rarely did. The proportion who never received reports has decreased from 43% in 2023, but the combined total for those who rarely or never received reports remains above half of the respondents. This suggests ongoing questions regarding operational transparency and adherence to statutory obligations and strategic objectives.

Figure 8: During the company's last audit, did SARS send progress reports (every 90 calendar days) during the audit process?



Source: PwC analysis for 2025

Figure 9: If the company received a progress report, was the report meaningful?



Regarding the content of the progress reports, 51% of respondents found them meaningful, while 49% felt they lacked substantive information. Many reports included generic statements such as SARS is "considering the information provided," which technically satisfies the requirement to issue a report but offers limited insight into the audit's progress, the issues under review or the next steps required. This approach falls short of the intent behind section 42(1) of the TAA, which is designed to promote transparency and procedural fairness.

Audit findings letter

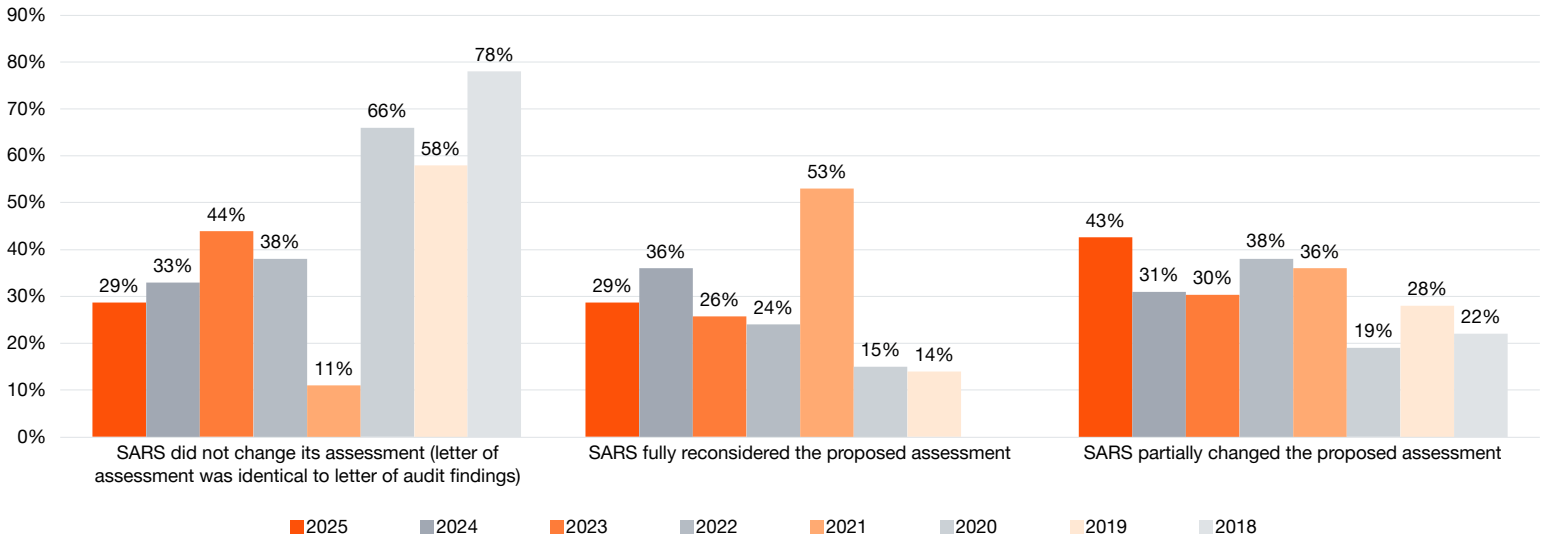
Section 42 of the TAA requires SARS to issue a Letter of Audit Findings upon completion of an audit. This letter must specify both the factual and legal bases for SARS' proposed assessment. Taxpayers are then allowed to respond, typically within 21 days, by submitting representations that may be legal, technical, procedural or administrative in nature. SARS is required to review these submissions in full prior to finalising the assessment.

According to the 2025 survey, 29% of participants indicated that SARS fully reconsidered its proposed assessment following a Letter of Audit Findings, a decrease from 36% in 2024 but higher than 26% in 2023. The number of partial changes to assessments is 43% in 2025, up from 31% in 2024 and 30% in 2023, showing an increase in instances where SARS partially adjusted assessments based on taxpayer input.

On the other hand, 29% of participants stated that SARS did not change its assessment at all, meaning the final letter of assessment was identical to the original audit findings. This figure has declined from 33% in 2024 and 44% in 2023, suggesting a positive shift away from rigid audit outcomes.

These results indicate the relevance of submitting clear and substantiated representations in response to audit findings and note the requirement for SARS to maintain transparency and procedural fairness in its decision-making process.

Figure 10: If you responded to a letter of audit findings from SARS, did SARS reconsider its basis in relation to the proposed assessments?



Source: PwC analysis for 2025

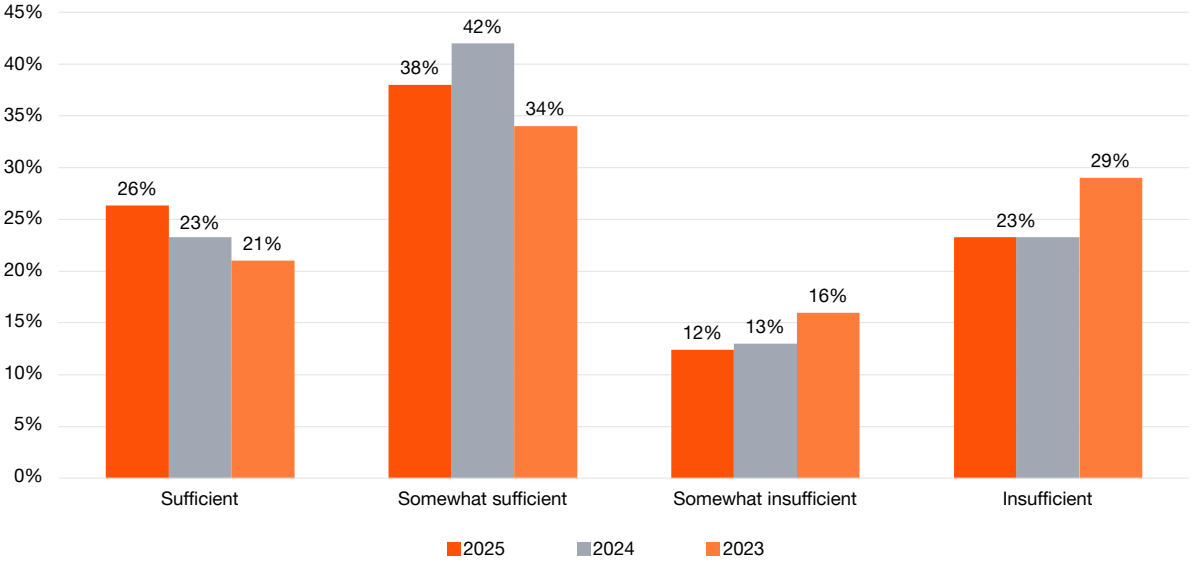
Letter of Assessment

After an audit, SARS must issue a Letter of Assessment or Finalisation of Audit Letter under section 42 of the TAA, detailing the reasons for any changes to the assessments or possibly penalties and interest levied. This ensures taxpayers can understand and respond to assessments.

The 2025 survey shows improvements in SARS' communication: 26% of participants found the explanations sufficient (up from 23% in 2024 and 21% in 2023), while 38% rated them as somewhat sufficient. However, 12% considered explanations somewhat insufficient and 23% found them insufficient, numbers that are steady since 2024 but improved from 2023. Despite progress, many taxpayers still find SARS' reasoning unclear.

This is encouraging and reflects a growing emphasis on procedural fairness and transparency. Clear and detailed explanations not only support taxpayer understanding but also reduce the likelihood of disputes and objections. Continued improvement in this area will be key to strengthening trust and compliance in the audit process.

Figure 11: If you were audited by SARS in the past year, did SARS' finalisation of the audit letter provide sufficient explanations (grounds) to understand the basis for the assessment raised by SARS?



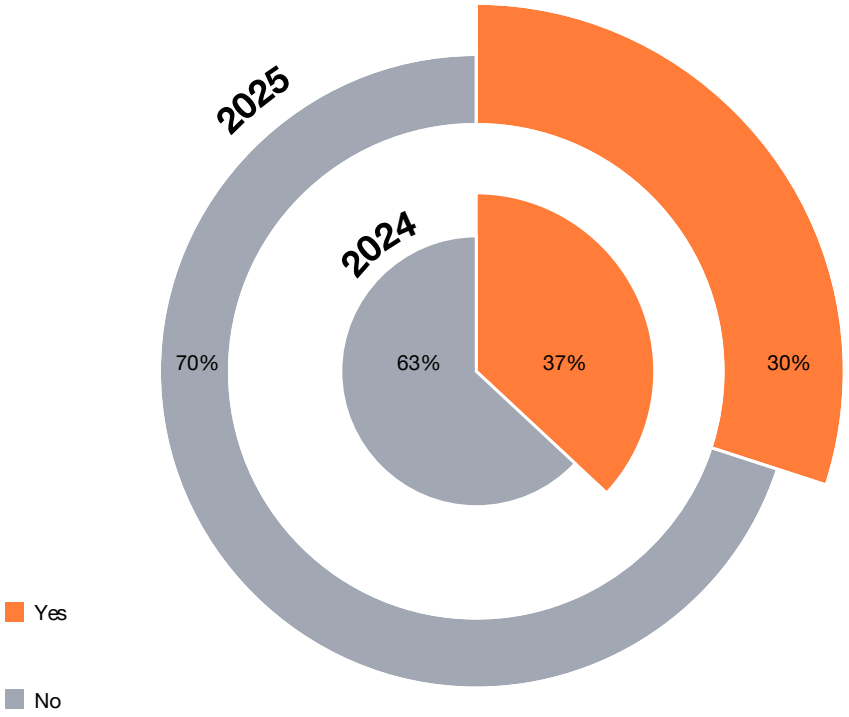
Source: PwC analysis for 20245

Understatement penalties (USP)

After an audit, SARS may levy understatement penalties as outlined in sections 221 to 223 of the TAA, with penalty rates depending on taxpayer conduct and ranges from substantial understatement (10%) to Intentional tax evasion (150-200%) substantial understatement to intentional tax evasion. SARS must explain the grounds for penalties to ensure transparency and reasoning for their decision and allow taxpayers to respond.

This year, 30% of participants reported a SARS understatement penalty (down from 37% in 2024), while 70% said no penalty was raised (up from 63% in 2024), indicating fewer penalties overall.

Figure 12: Has SARS ever raised a USP in terms of the table in section 223 of the TAA against the company?



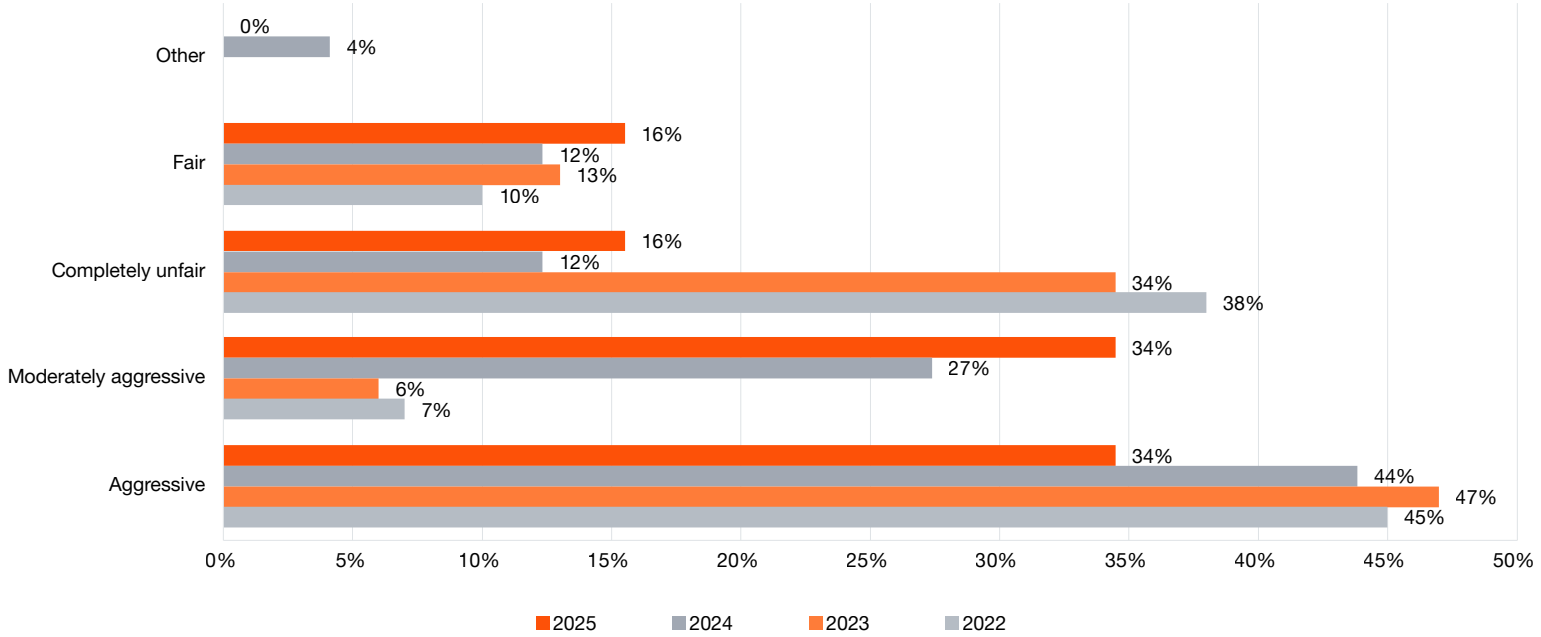
Source: PwC analysis for 2025

In 2025, 34% of participants described SARS' approach as aggressive, down from 44% in 2024 and 47% in 2023. Meanwhile, those viewing the approach as moderately aggressive rose to 34%, up from 27% in 2024 and just 6% in 2023.

Perceptions of fairness remain low, with only 16% of respondents viewing SARS' classifications as fair—unchanged from previous years—while 16% now consider SARS' behaviour completely unfair, up from 12% in 2024 but significantly lower than the 34% reported in 2023.

Notably, no one selected "Other" in the 2025 survey.

Figure 13: Do you perceive SARS as being aggressive in raising a USP, in terms of the table in section 223 of the TAA, in relation to the particular behaviour that they deem a corporate taxpayer to be guilty of?



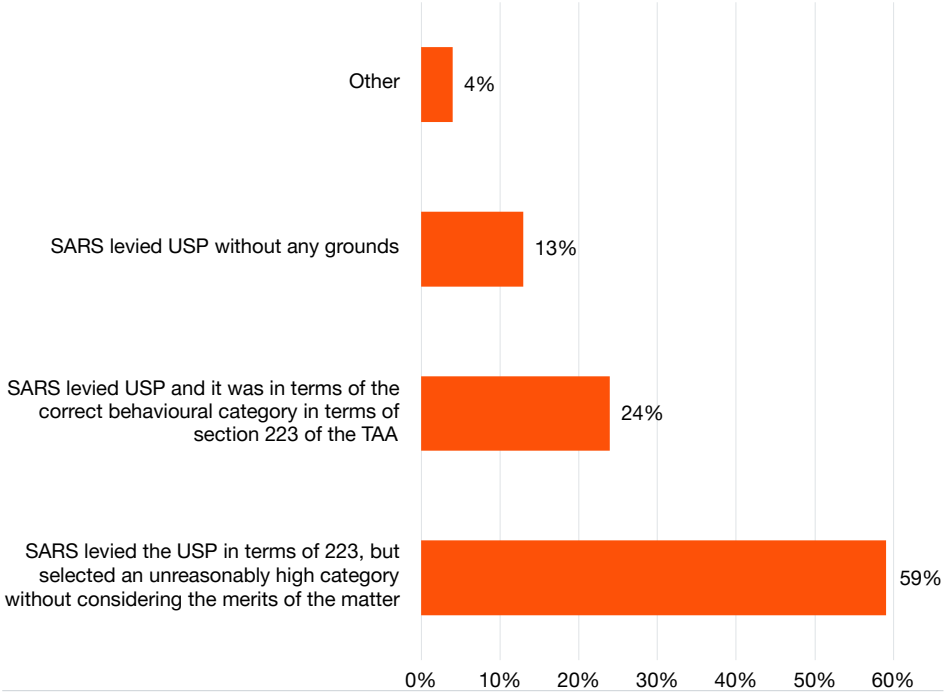
Source: PwC analysis for 2025

Of participants who felt SARS was aggressive in levying understatement penalties (USP), 59% said SARS cited section 223 of the TAA, but its approach seemed overly forceful.

Another 24% agreed SARS applied USP under the right behavioural category but questioned its interpretation or severity of the penalty. 13% believed there were no grounds for the penalty, while 4% cited other issues, such as ignoring genuine (bona fide) errors or applying unreasonable penalties until challenged.

These responses reflect ongoing concerns regarding the fairness and proportionality of SARS' penalties.

Figure 14: If you answered aggressive, moderately aggressive or completely unfair, please explain why the company did not agree with SARS basis for levying the USP.



Source: PwC analysis for 2025

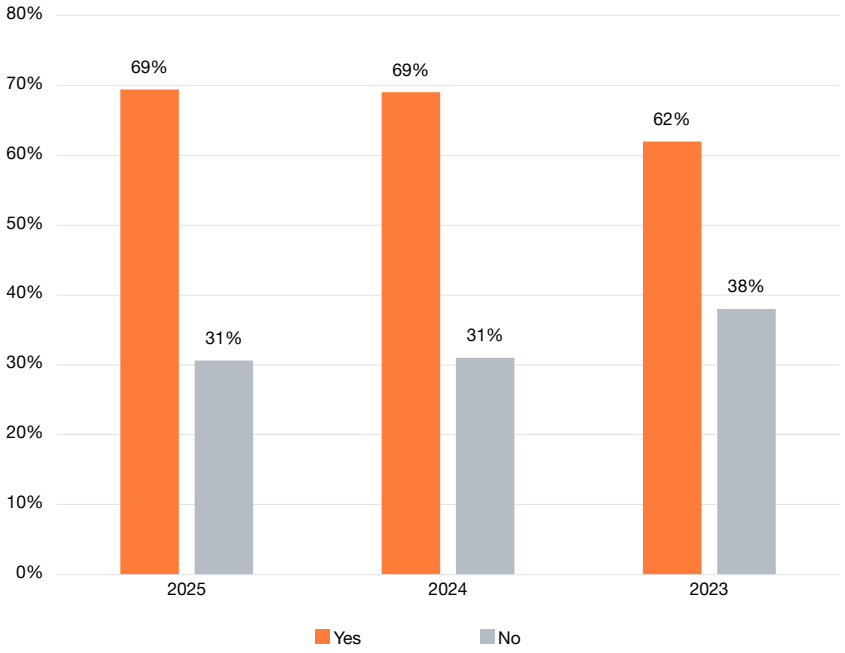
Section 93 of the TAA: Application for a Reduced Assessment

Section 93 of the TAA permits SARS to reduce or withdraw a final assessment under certain conditions, often to correct taxpayer errors.

Reduced assessments may result from dispute resolutions, settlements, obvious errors or incorrect submissions.

In 2025, 69% of applicants succeeded with reduced assessment requests, the same as in 2024, but up from 62% in 2023.

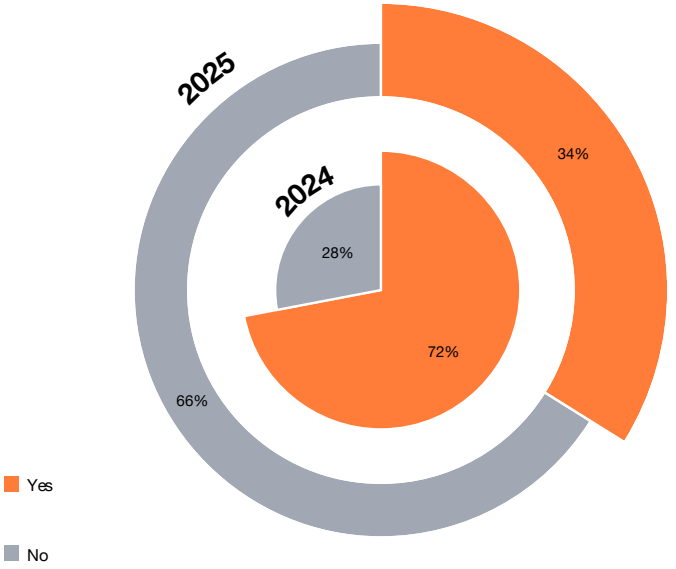
Figure 15: Has your company been successful with a reduced assessment application, in terms of section 93 of the TAA?



Source: PwC analysis for 2025

Notably, only 34% convinced SARS of a "readily apparent undisputed error" in 2025, down from 72% in 2024, indicating stricter standards or weaker supporting evidence.

Figure 16: Was the company able to convince SARS of a readily apparent undisputed error?



Source: PwC analysis for 2025

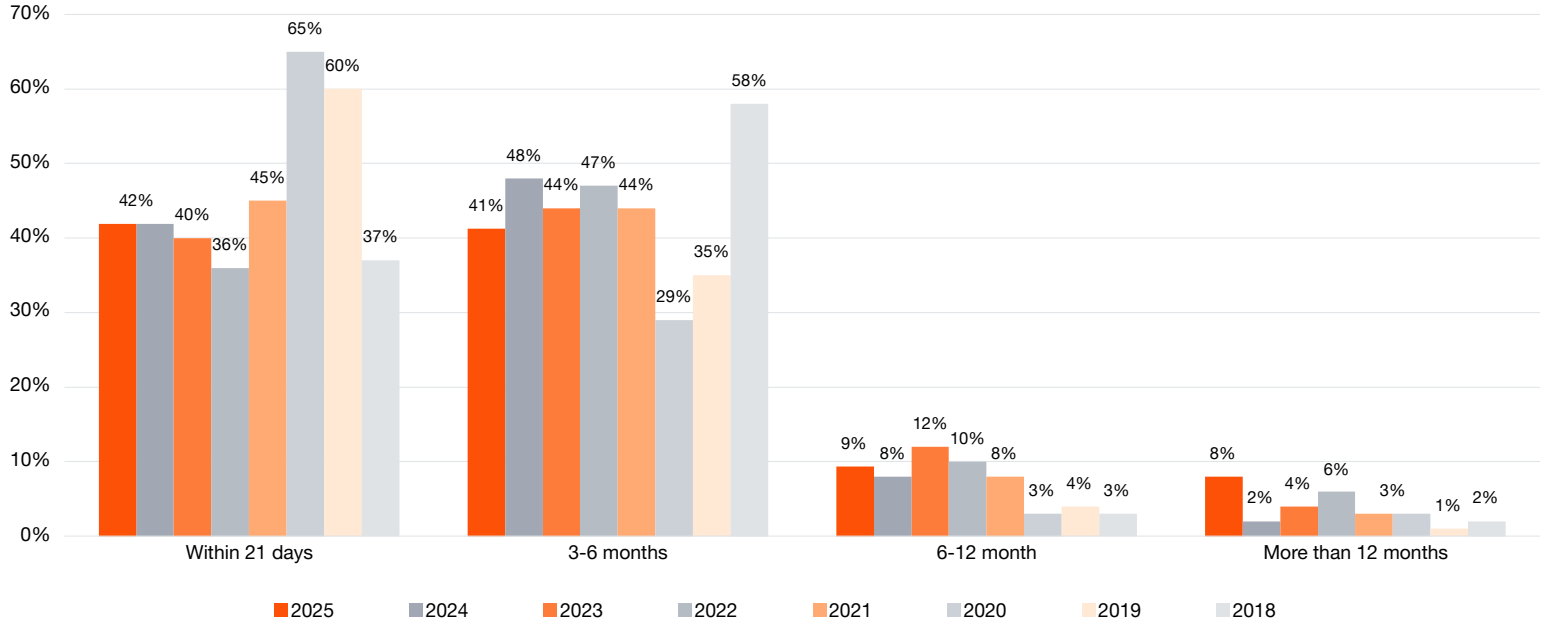
Value-Added Tax

VAT refunds pose a risk for SARS due to potential abuse by fraudulent taxpayers, yet these refunds are crucial for many businesses' cash flow and operational continuity. The VAT verification process helps SARS ensure accurate tax declarations and claims. However, delays in this process can disrupt compliant vendors, so effective tax management must balance taxpayer rights with SARS' oversight duties.

VAT verifications

The 2025 survey shows that 42% of participants reported their verifications were completed within 21 days, consistent with last year, while the percentage of VAT verifications finalised within 3-6 months decreased slightly to 41%, down from 48% in 2024. Verifications which took more than 12 months to complete increased to 8%, compared to last year's 2%.

Figure 17: When submitting documentation in support of a VAT verification, how quickly does SARS finalise the verification?



Source: PwC analysis for 2025

Payment of VAT refunds

A VAT refund refers to an amount payable by SARS to a VAT vendor when the total VAT incurred on the acquisition of goods exceeds the VAT charged (whether at the standard or zero rate) on the supply of goods or services during a tax period, or when an overpayment has been made in error.

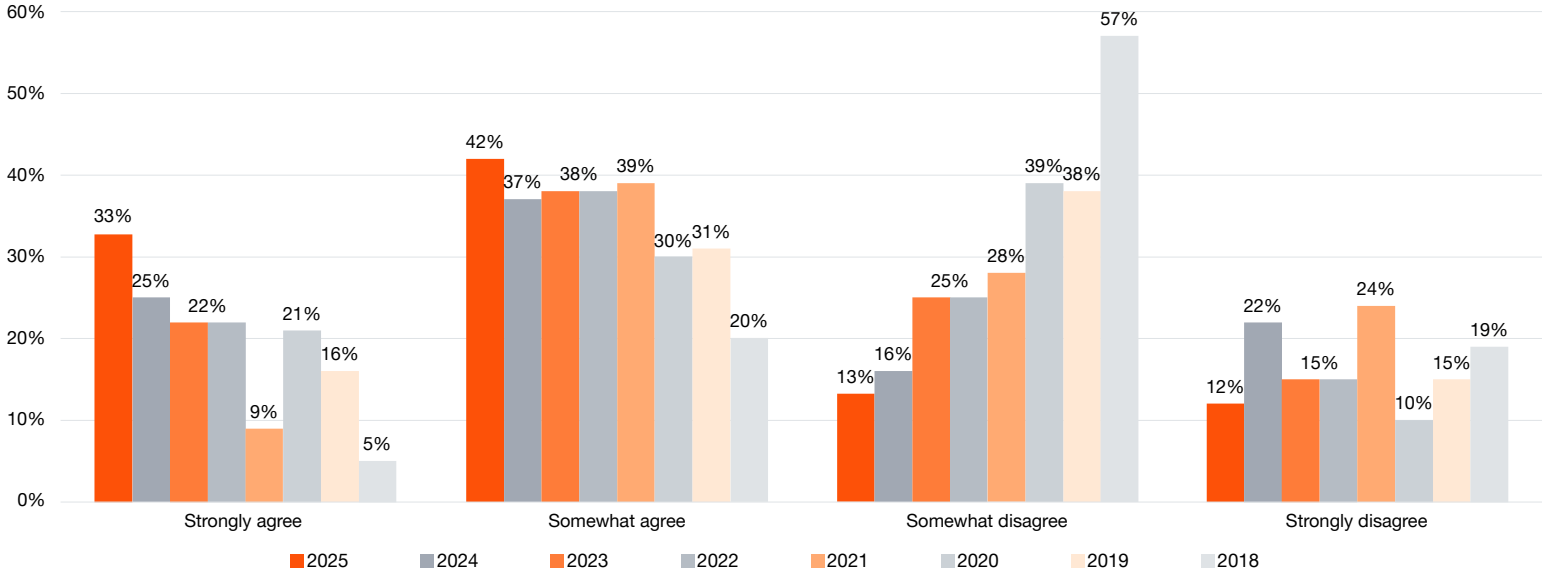
According to SARS' website[5], SARS may withhold a refund until:

- SARS is satisfied that any incomplete or defective return does not compromise the accuracy of the refund amount.
- The vendor provided banking details.
- A verification, inspection or audit of the refund has been finalised, unless SARS has accepted appropriate security from the vendor.

We asked participants to share their experiences regarding the timeframe within which SARS processes and pays out refunds.

The graph illustrates instances where SARS has released a refund within 21 days (an aggregate of 75% (compared to 62% in 2024)) and instances where SARS do not make payment of refunds within 21 days or only after follow-up enquiries from taxpayers (an aggregate of 25% (38% in 2024)). Overall, there appears to be a consistent improvement in the timeframe within which SARS issues refunds, and we remain optimistic that this positive trend will continue.

Figure 18: Did your VAT refund get paid within 21 days from submitting a return or receiving a notice from SARS indicating that a VAT verification has been completed?



Source: PwC analysis for 2025

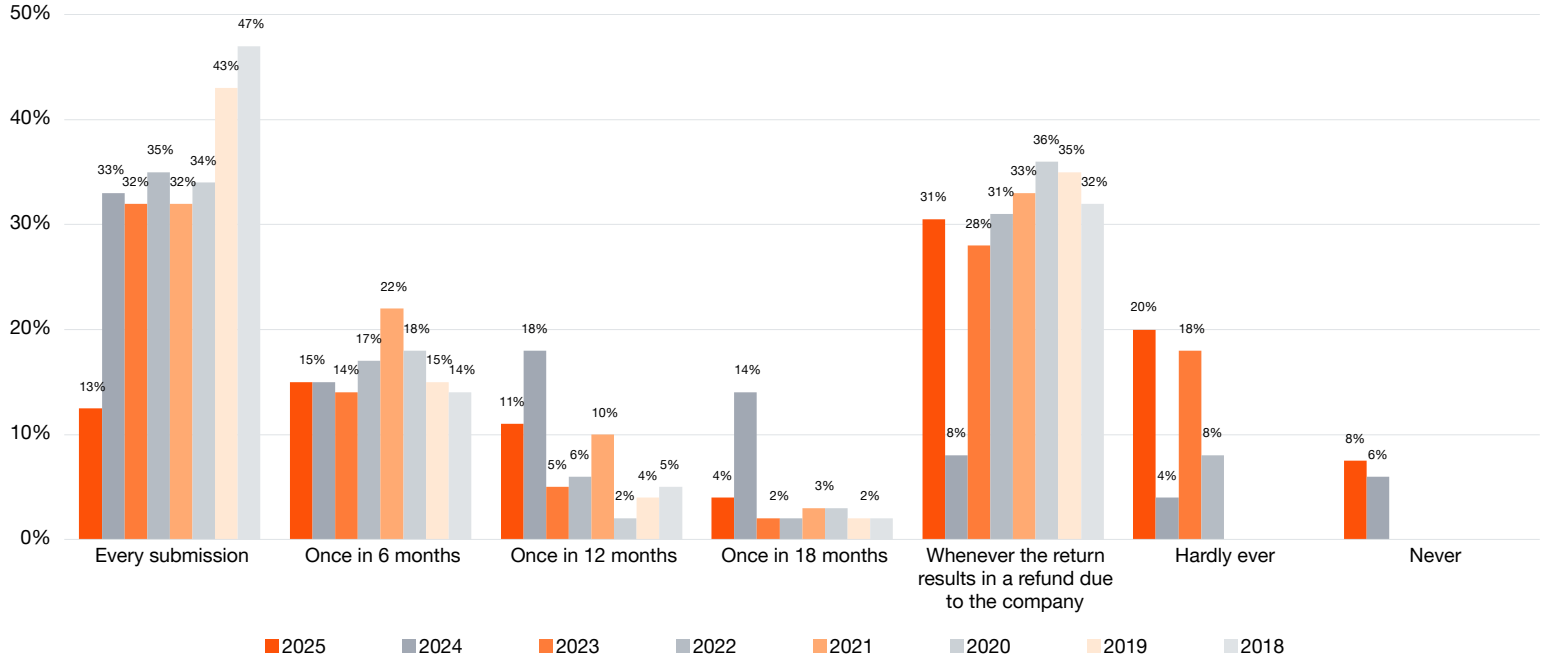
5 SARS, 2025, VAT refunds for vendors, **https://www.sars.gov.za/types-of-tax/value-added-tax/vat-refunds-for-vendors/**

Selection for VAT201 audit

In 2025, 13% of participants (33% in 2024 and 32% in 2023) reported being selected for audit every time they submit a VAT201 return, while 31% (8% in 2024 and 28% in 2023) indicated they were selected for audit whenever the return results in a refund. Based on this year's findings, we can see that there has been a significant increase in participant perception that they will be selected for an audit when their VAT201 results in a refund.

In comparison to 2024, the selection of the "hardly ever" option has substantially increased while the "never" slightly increased. This could be attributed to SARS' automated system.

Figure 19: How often do your VAT201 returns get audited?



Source: PwC analysis for 2025

In recent years, SARS has reported increased reliance on third-party data, which have influenced the trends observed in this year's survey. Additionally, the use of AI within SARS' risk engine may have heightened sensitivity to changes, potentially leading to a rise in the number of audits conducted.

Taxpayers should be aware that SARS' automated system selects VAT returns for audit based on a risk assessment process. In our experience, this system applies a combination of criteria and algorithms to identify returns that may require further scrutiny. The following metrics are applied:

The system profiles taxpayers using various risk factors, which may include filing and payment history, industry benchmarks, the value of VAT claimed or payable, and inconsistencies between the VAT return and other data available to SARS.

Advanced data analytics are used to identify anomalies or patterns that deviate from expected norms. For instance, if a taxpayer's VAT claim is unusually high or low, or significantly differs from industry averages, the return may be flagged for audit.

VAT returns are cross-referenced against multiple data sources, including third-party information, import/export records and historical tax filings. Any discrepancies identified through this process may prompt an audit.

Beyond risk-based selection, SARS may also randomly select a portion of VAT returns for audit. This element of randomness helps preserve the system's unpredictability and ensures that all taxpayers remain subject to potential review.

Specific system generated flags—such as unusually large refund claims or irregularities in input tax—can automatically initiate a verification process.

E-invoicing, although not yet implemented, has been formally defined in the draft bill as a tax invoice issued, transmitted and received in a structured electronic format suitable for automatic processing. This lays the groundwork for future real-time VAT reporting and compliance. Once operational, it is expected to radically improve turnaround times for verifications and the release of VAT refunds, enhancing efficiency and transparency in the tax system.

Transfer pricing

The BEPS action plan was adopted by the OECD[6] and G20 countries[7] in 2013, which included South Africa, to address the mismatches across numerous countries' tax systems[8]. The BEPS project established the framework for development of Country by country (CbC) reporting. Multinational entities are required to report on their operations in each nation in which they operate under CbC reporting. These reports will allow revenue authorities to examine inter alia transfer pricing[9].

Since October 2017, SARS, like many tax authorities worldwide, has intensified its focus on audits and reviews related to transfer pricing risks—a trend we expect will persist. On 17 January 2023, SARS issued an interpretation note entitled "Determination of the Taxable Income of Certain Persons from International Transactions: Intra-group Loans". This note aims to guide taxpayers on applying the arm's length principle specifically in the context of intra-group loans.

In recent years, it has become evident that SARS has placed significant emphasis on transfer pricing. Transactions and group structures that fall under transfer pricing are often highly complex, requiring a detailed analysis of each case based on its unique circumstances. Due to the technical nature of these audits, they typically take longer to conclude. Furthermore, on 1 April 2022, SARS acknowledged that the initiative to develop and apply transfer pricing audit skills was disrupted when the former Large Business Centre was dismantled, leading to the dispersion of transfer pricing audit teams.

Under previous leadership, SARS' cooperative relationships with other tax jurisdictions also suffered, significantly weakening its ability to address transfer pricing and BEPS risks. However, SARS has reported a gradual enhancement of its internal capabilities in this area.

In the context of transfer pricing, multinationals should assess their transfer pricing policies, properly document transactions/decisions, and be audit-file ready to avoid costly and resource-intensive SARS investigations that could result in unnecessary conflicts. Taxpayers who conduct cross-border transactions must have supporting documents readily available in the case of a transfer pricing audit and to be able to defend its position, should a dispute arise.

SARS has proposed implementation of an Advance Pricing Agreement (APA) programme which is expected to provide greater clarity and certainty for taxpayers in respect of their transfer pricing obligations. Aligned with international best practices, the APA initiative will enhance compliance and foster trust in the South African tax administration system.

6 The OECD is an international organisation that promotes policies to improve the economic and social well-being of people around the world.

7 The G20 is a forum of the world's largest economies, including 19 countries and the European Union, that collectively represent around 85% of global GDP and 75% of international trade. The G20 includes both advanced economies and emerging economies.

8/9 SARS, 2024, Country-by-Country(CbC), **https://www.sars.gov.za/types-of-tax/corporate-income-tax/country-by-countrycbc/.**

Company transfer pricing policy

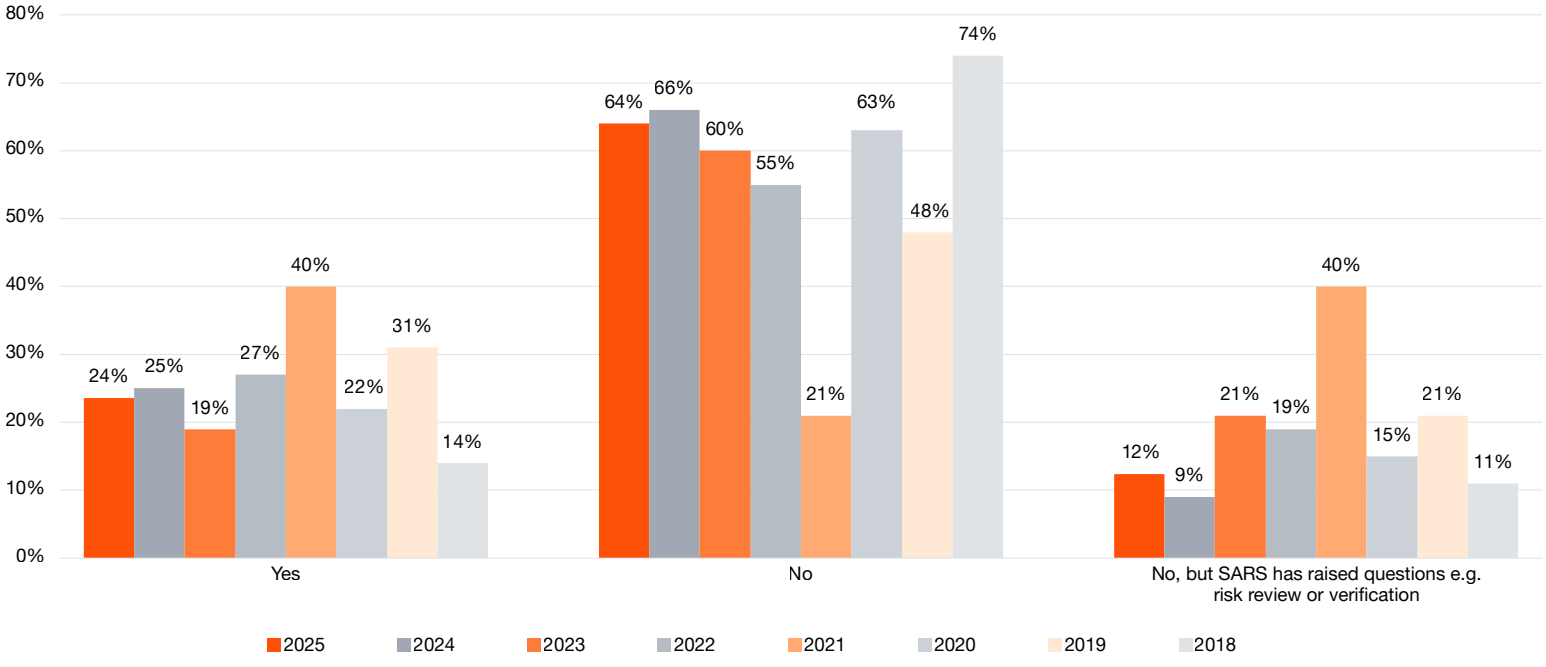
In this year's survey, 38% of participating companies indicated that they have a transfer pricing policy in place, demonstrating a 3% increase from the previous year's participants.

Frequency of transfer pricing audits

This year's results have indicated a 1% decrease in the number of participants who reported being selected for a transfer pricing audit (25% in 2024 and 19% in 2023). A slight decrease was reported by participants that they were not chosen for an audit (64% in 2025 versus 66% in 2024).

There has been a 3% increase in reported selections for risk reviews in the form of preliminary risk assessments compared to last year. This suggests that transfer pricing continues to be a key focus area on SARS' audit agenda, and that SARS is moving toward more frequent and targeted risk reviews.

Figure 20: Have you been subjected to a SARS audit relating to transfer pricing?



Source: PwC analysis for 2025

Experience of transfer pricing audits

We asked participants to share with us their experience when dealing with a transfer pricing audit by selecting one or more of the following experiences:

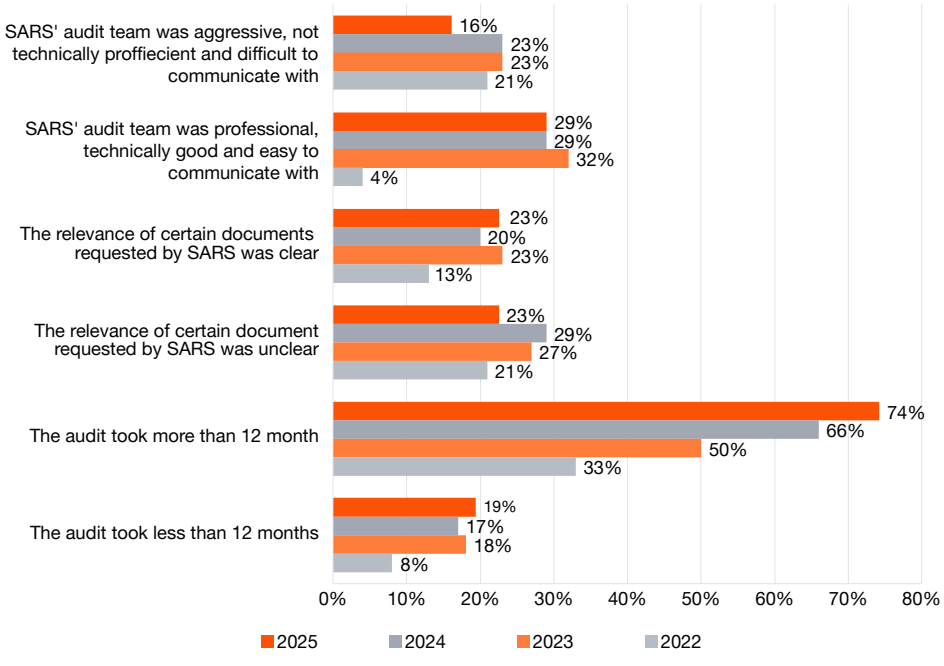
- The audit took less than 12 months.
- The audit took more than 12 months.
- The relevance of certain documents requested by SARS was clear.
- The relevance of certain documents requested by SARS was unclear.
- SARS' audit team was professional, technically good and easy to communicate with.
- SARS' audit team was aggressive, not technically proficient and difficult to communicate with.

This year, 19% (17% in 2024) of participants indicated that SARS took less than 12 months to complete the transfer pricing audit.

It is, however, concerning that 74% (66% in 2024 and 50% in 2023) of participants indicated that SARS took more than 12 months to finalise the transfer pricing audit. This is a significant increase year-on-year and speaks to SARS' skills and capacity shortage in this highly technical area.

We found that 23% (29% in 2024 and 27% in 2023) of participants indicated that the relevance of certain documents requested by SARS was unclear, which suggests a slight improvement in how SARS articulates its requests to taxpayers. Additionally, 29% of participants (29% in 2024 and 32% in 2023) indicated that SARS' audit team was professional, technically competent and easy to communicate with, while 16% reported that the team was aggressive, lacked technical proficiency and was difficult to engage with. These results suggest that taxpayers' experiences vary significantly depending on which SARS officials they interact with.

Figure 21: Please select all the options that describe your experience with transfer pricing audits, i.e. the duration of these audits and the clarity of documents required by SARS audit team.

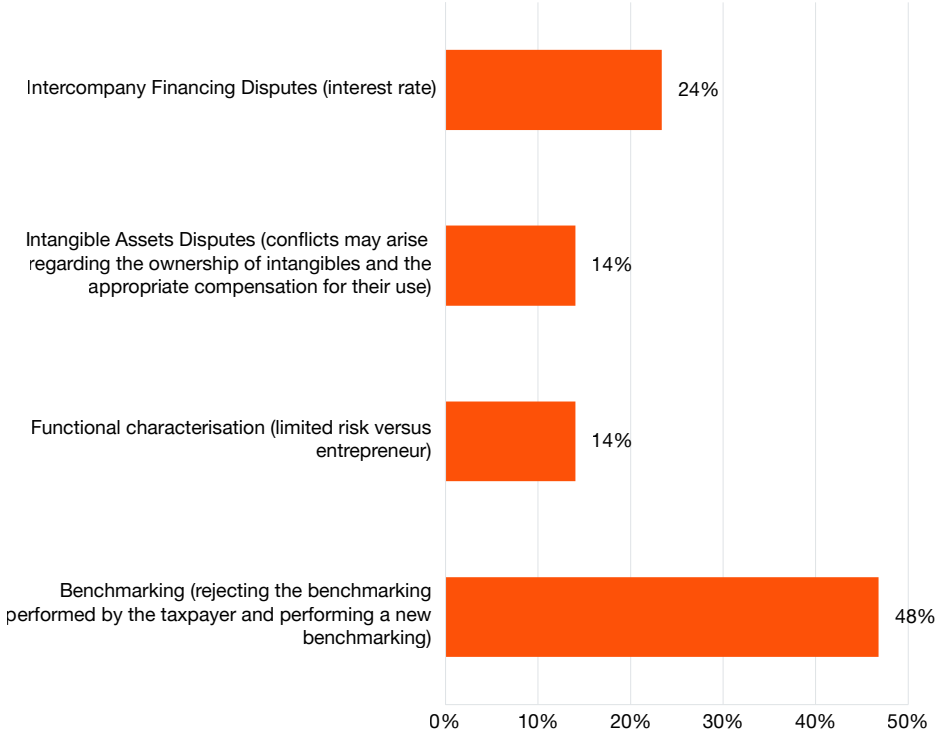


Source: PwC analysis for 2025

To summarise, the feedback is positive, participants indicated a slight increase in audit time, a sustained level of the professionalism of the team and an increase in the clarity of documents requested by SARS (3% improvement).

Among the two largest types of transfer pricing disputes reported by participants, 48% related to benchmarking—where SARS conducts its own benchmarking analysis to support its assessments—while 24% involved inter-company finance transactions. These findings highlight SARS's continued focus on transfer pricing, particularly in areas where its methodologies differ from those of taxpayers.

Figure 22: What type of transfer pricing disputes has the company faced?



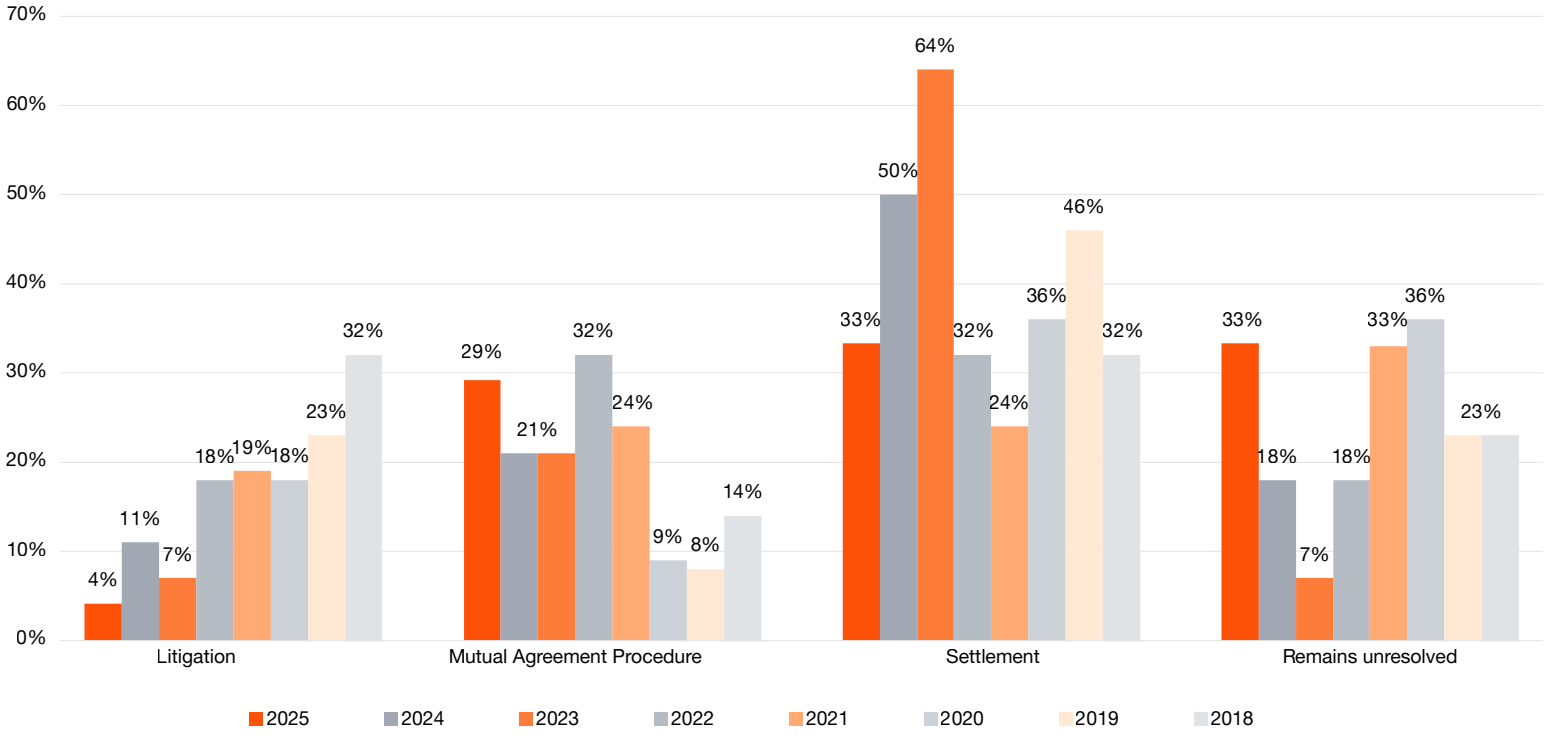
Source: PwC analysis for 2025

Resolving transfer pricing disputes

The survey results from this year show that transfer pricing disputes are increasingly being resolved through settlement processes rather than court hearings. The reduction in litigation suggests a shift towards settlements and a preference to avoid lengthy and costly court proceedings for transfer pricing issues. The increased use of the Mutual Agreement Process (MAP) is also notable, with 29% of participants reporting its selection as a dispute resolution mechanism, up from 21% in 2024. This could mean that the collaborative approach could be more suitable in resolving disputes than the age old “see you in court” approach.

At the same time, the number of unresolved transfer pricing audits has risen from 18% in 2024 to 33% in 2025.

Figure 23 If you received a transfer pricing assessment, how was it resolved?



Source: PwC analysis for 2025

05

Pillar II

The OECD's Pillar II initiative, which introduces a 15% global minimum tax for large multinational enterprises (MNEs), marks a significant milestone in international tax reform. Following the October 2021 agreement by over 135 jurisdictions within the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), the OECD released the Global Anti-Base Erosion (GloBE) Model Rules on 20 December 2021, providing a comprehensive framework for implementation.

Since then, substantial progress has been made through the development of administrative guidance, commentary and illustrative examples to support jurisdictions in translating the rules into domestic legislation. Countries including South Africa, which enacted its legislation on 24 December 2024 with retrospective effect from January 1, 2024, are actively implementing the rules.

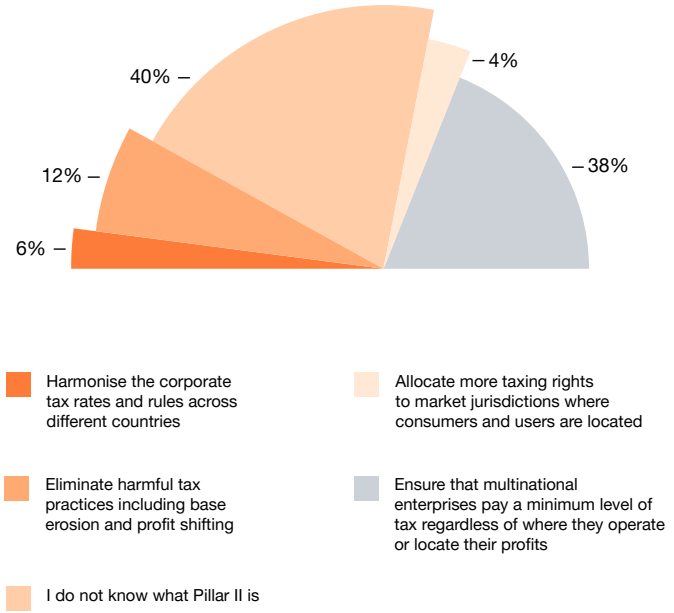
In summary, Pillar II is a global minimum tax regime, introduced as part of the OECD/G20 Inclusive Framework on BEPS that works alongside, not instead of, transfer pricing rules. It aims to limit profit shifting and tax avoidance by ensuring a minimum level of taxation, which in turn influences how MNEs approach their transfer pricing strategies.

The main components of Pillar II include the Income Inclusion Rule, under which ultimate parent entities are required to pay 'Top-Up Tax' to meet the 15% minimum tax rate in any jurisdiction where the MNE group operates. Alternatively, if a relevant jurisdiction has enacted its own Domestic Minimum Top-Up Tax legislation, in-scope local entities may be required to pay the Top-Up Tax at a domestic level.

The survey sought to determine whether taxpayers understood the objectives of Pillar II and where asked "What is your understanding of Pillar II and the effect this may have on the company? The main objective of Pillar II is to…"

38% of participants reported that Pillar II aims to ensure that MNEs pay a minimum level of tax.

Figure 24: What is your understanding of Pillar II and the effect this may have on the company? The main objective of Pillar II is to...

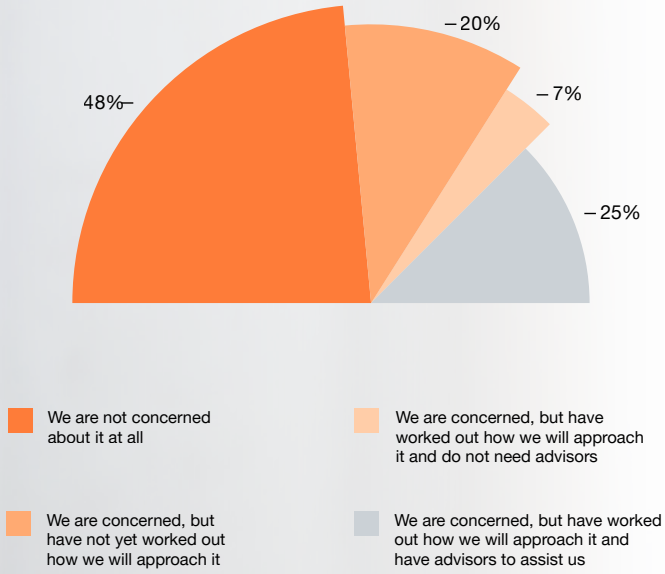


Source: PwC analysis for 2025

Of the participants that responded to these survey questions, 48% reported that they are not concerned about the impact of Pillar II on their business, which suggests that taxpayers have taken proactive steps to align with the guidelines when they were first introduced ahead of implementation.

A quarter of the participants reported that whilst they are concerned about any negative impacts from Pillar II, they have appointed advisors to assist them in navigating and complying with the guidelines.

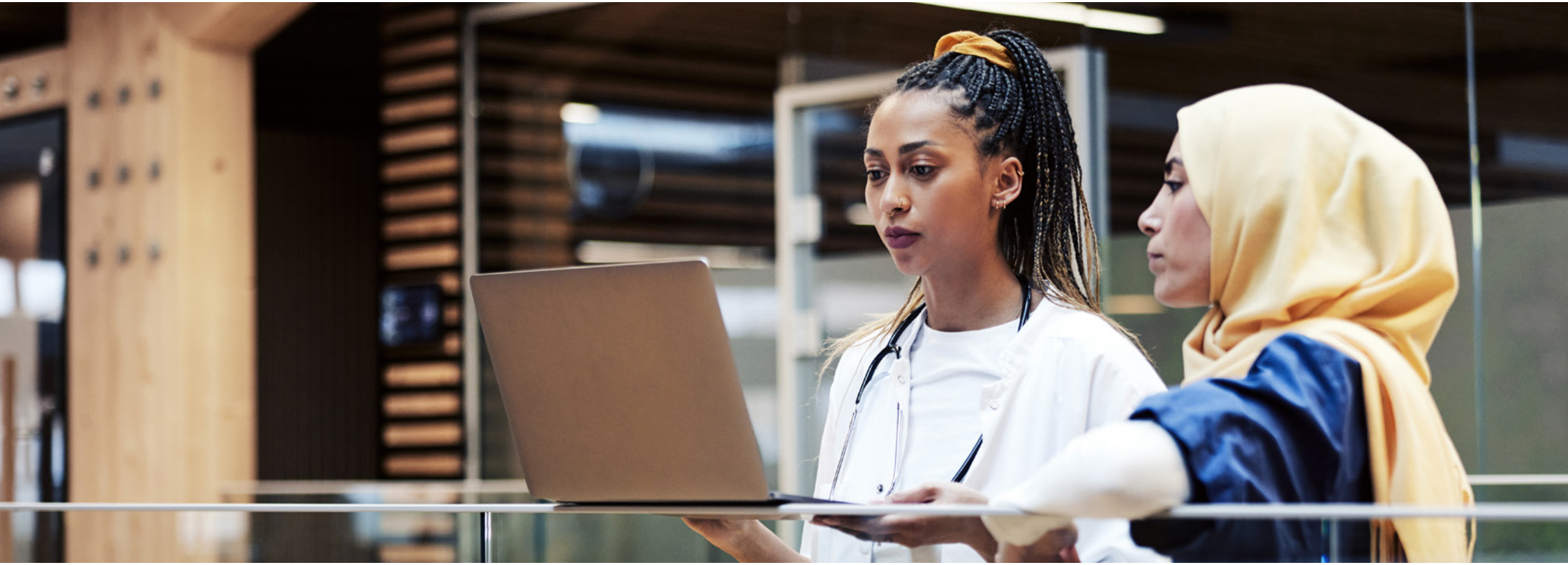
Figure 25: To what extent is the company concerned about the implementation of Pillar II?



Source: PwC analysis for 2025

Disputes and the Debt Management Process

SARS' debt management function can be applied in both undisputed cases and concurrently with the dispute resolution process based on the 'pay now argue later' rule that is applicable in South Africa. Filing an objection or appeal does not automatically suspend the obligation to pay the assessed amount, in line with SARS' abovenamed principle. Section 164 of the TAA offers relief by allowing qualifying taxpayers to request a suspension of payment on disputed amounts.

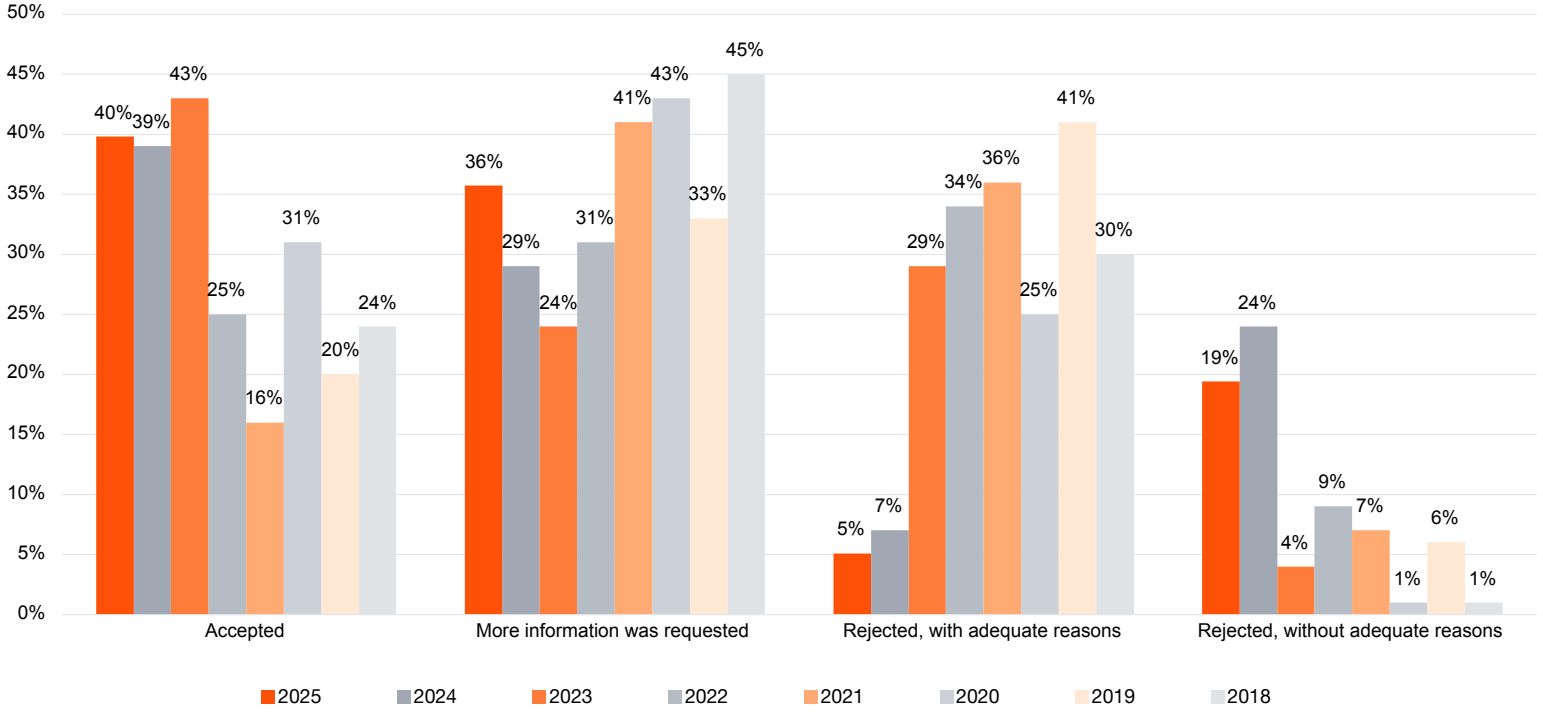


Response to suspension of payment requests

The 2025 results have indicated that 40% of participants reported that their request for suspension of payment was accepted. This is a 1% increase from last year's 39% which is a positive result.

19% of participants indicated that SARS rejected their request for suspension without adequate reasons which is an improvement from the previous year's results of 24% but a decline from 4% in 2023 and 9% in 2022.

Figure 26: When you submitted a 'suspension of payment' request (section 164 of the TAA) to SARS, pending a dispute, what response did you receive from SARS? The suspension of payment was…

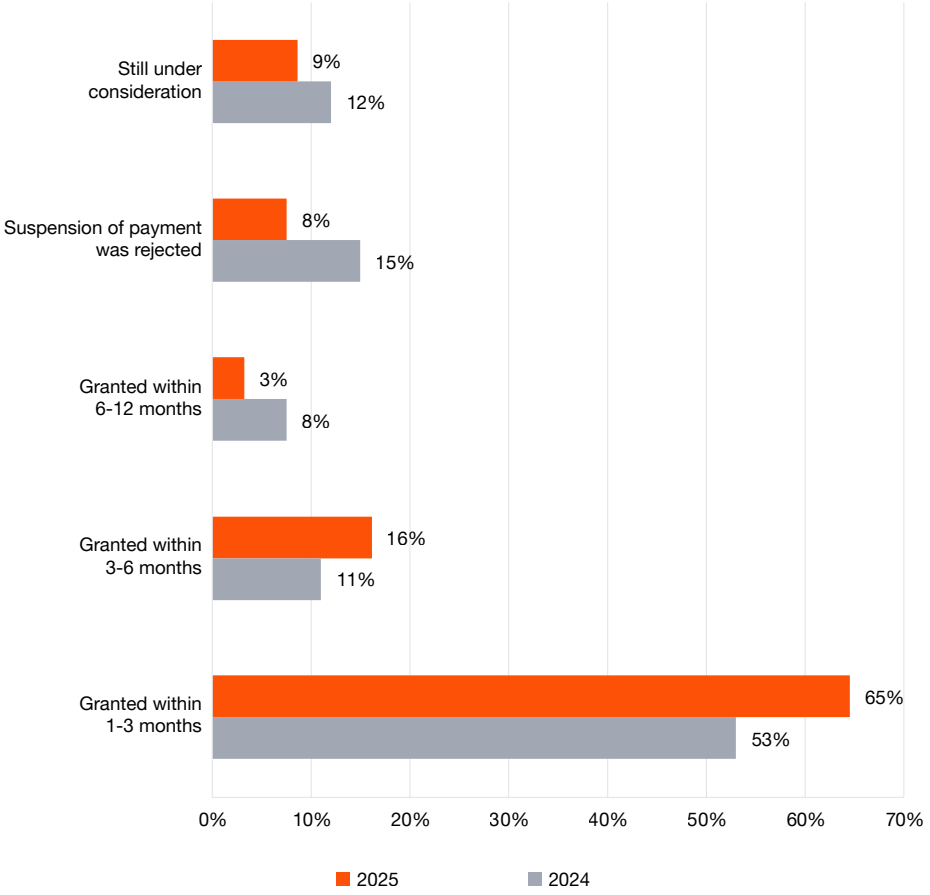


Source: PwC analysis for 2025

Time to process suspension of payment

An overwhelming 65% of participants indicated that their suspension of payment was granted within one to three months, which is a further improvement for SARS compared to an already high rate of 53% in 2024.

Figure 27: How quickly and efficiently did SARS process the suspension of payment? The suspension of payment was...



Source: PwC analysis for 2025

Alternative Dispute Resolution (ADR)

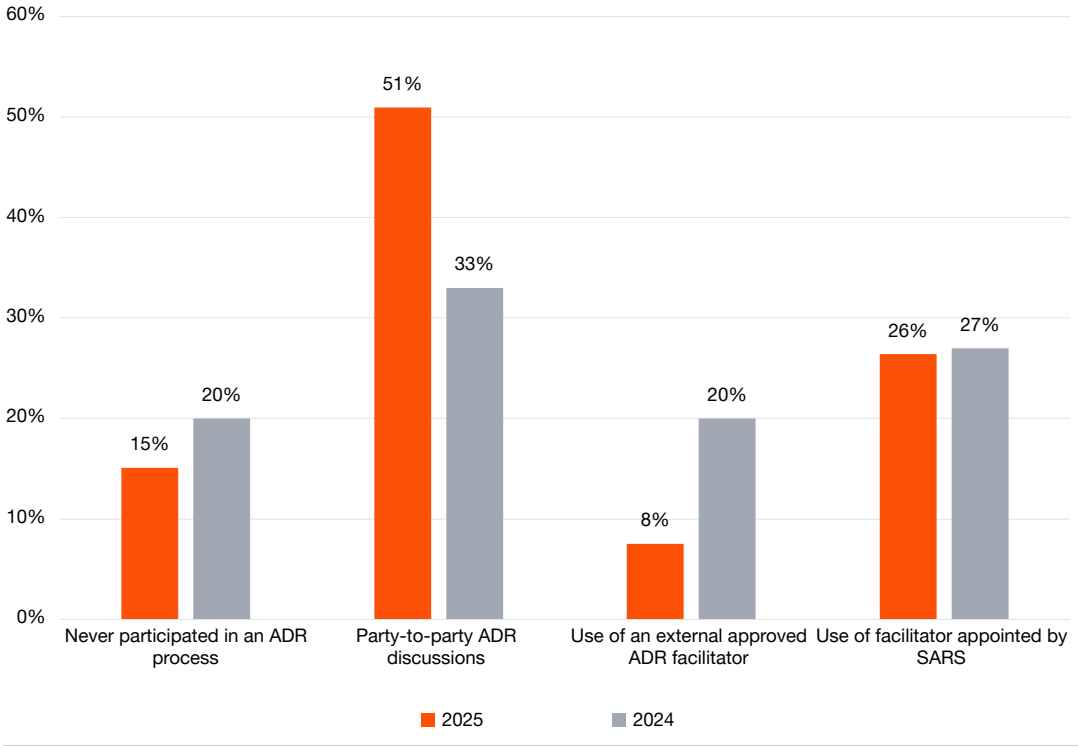
Chapter 9 of the TAA and the rules promulgated under section 103 thereof provide the legal framework for dealing with disputes across all tax types found in the various tax Acts administered by SARS, excluding the Customs and Excise Acts[10].

The ADR process provides taxpayers with an informal, flexible and cost-effective alternative to litigation. A neutral facilitator (SARS official) helps both parties negotiate and reach a mutually acceptable resolution, making it quicker and less expensive than formal proceedings before the tax board or court

The primary purpose of ADR is to promote fairness and efficiency in the resolution of tax disputes. Through open dialogue and negotiation, ADR helps ease the burden on both taxpayers and SARS, ensuring disputes are resolved fairly and promptly. ADR also enables creative, tailored solutions, fostering cooperation between taxpayers and SARS while maintaining confidentiality throughout the process. There is talks currently to indicate that SARS want to introduce ADR as soon as objection to attempt the reduce the number of disputes.

We asked participants whether they have ever made use of the ADR mechanism to resolve their disputes. The results indicate that 91% of participants have used the ADR process. Taxpayers who used ADR had several options, including party-to-party discussions, a SARS-appointed facilitator or an external approved ADR facilitator. As per the below graph, 51% of participants indicated that party-to-party ADR discussions worked better in resolving their tax disputes.

Figure 28: In your experience, which option worked out better for your company during the ADR process?



Source: PwC analysis for 2025

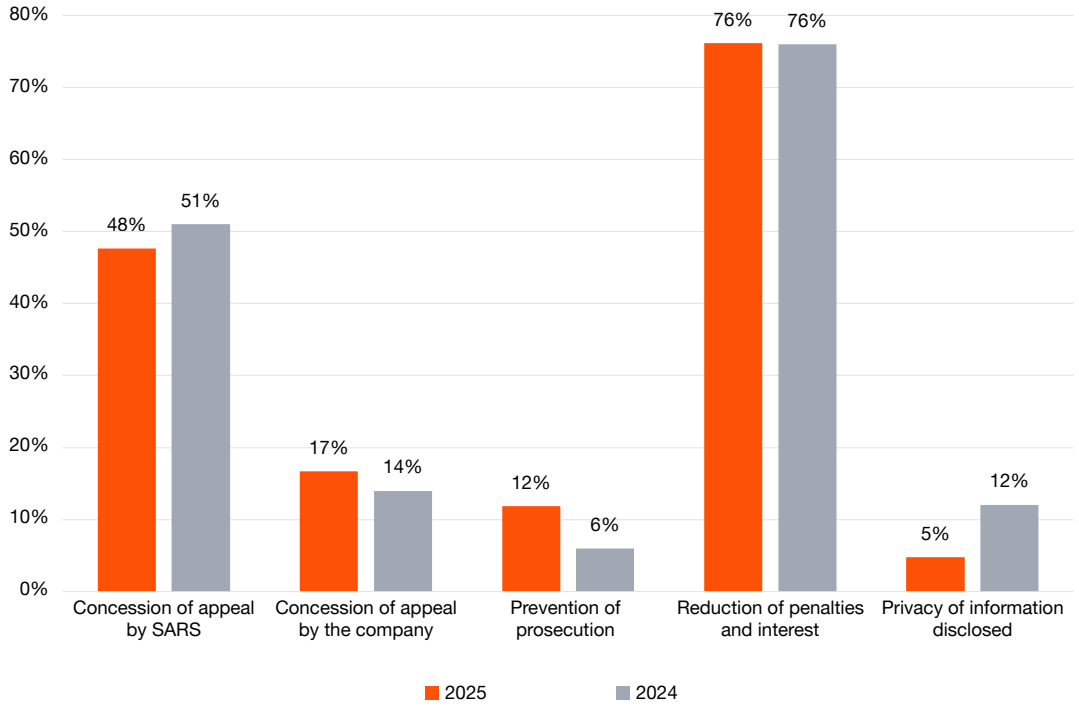
10 SARS, 2025, Dispute Resolution Process, **https://www.sars.gov.za/legal-counsel/dispute-resolution-judgments/dispute-resolution-process/.**

Benefits of the ADR process

Participants were asked to identify which ADR benefits they had experienced, with the option to select all that applied. In this regard, 76% of participants indicated that ADR assisted them in reducing penalties and interest and 48% indicated that ADR assisted them in the conceding of an appeal by SARS.

In comparison, only 17% of participants had to concede to the appeal against SARS.

Figure 29: Which of the following benefits of the ADR mechanism have you experienced? (Select all that apply)



Source: PwC analysis for 2025

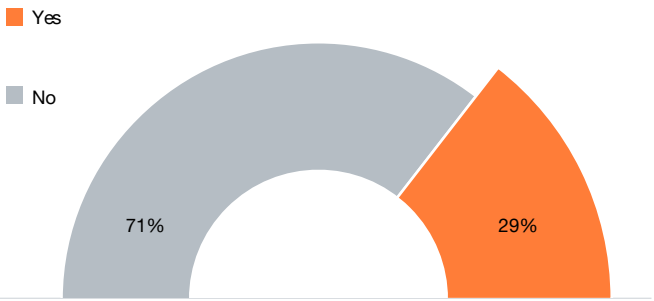
Voluntary Disclosure Programme (VDP)

SARS offers taxpayers a structure with legal requirements as an opportunity to voluntarily come forward and rectify any past tax defaults or understatements through the VDP. This mechanism not only encourages full transparency but also allows individuals and businesses to align their historical tax affairs with current compliance standards. By doing so, taxpayers can proactively correct their records without fear of criminal prosecution and the added benefit of remission of penalties.

VDP provides a permanent and reliable avenue for regularising tax matters with the caveat that the same error cannot be regularised in a 5-year window. It serves as both a compliance tool and a revenue-generating initiative for SARS, offering relief from certain penalties while promoting a culture of accountability and accurate reporting.

VDP applications

Figure 30: Has the company ever made use of the Voluntary Disclosure Programme (VDP)?



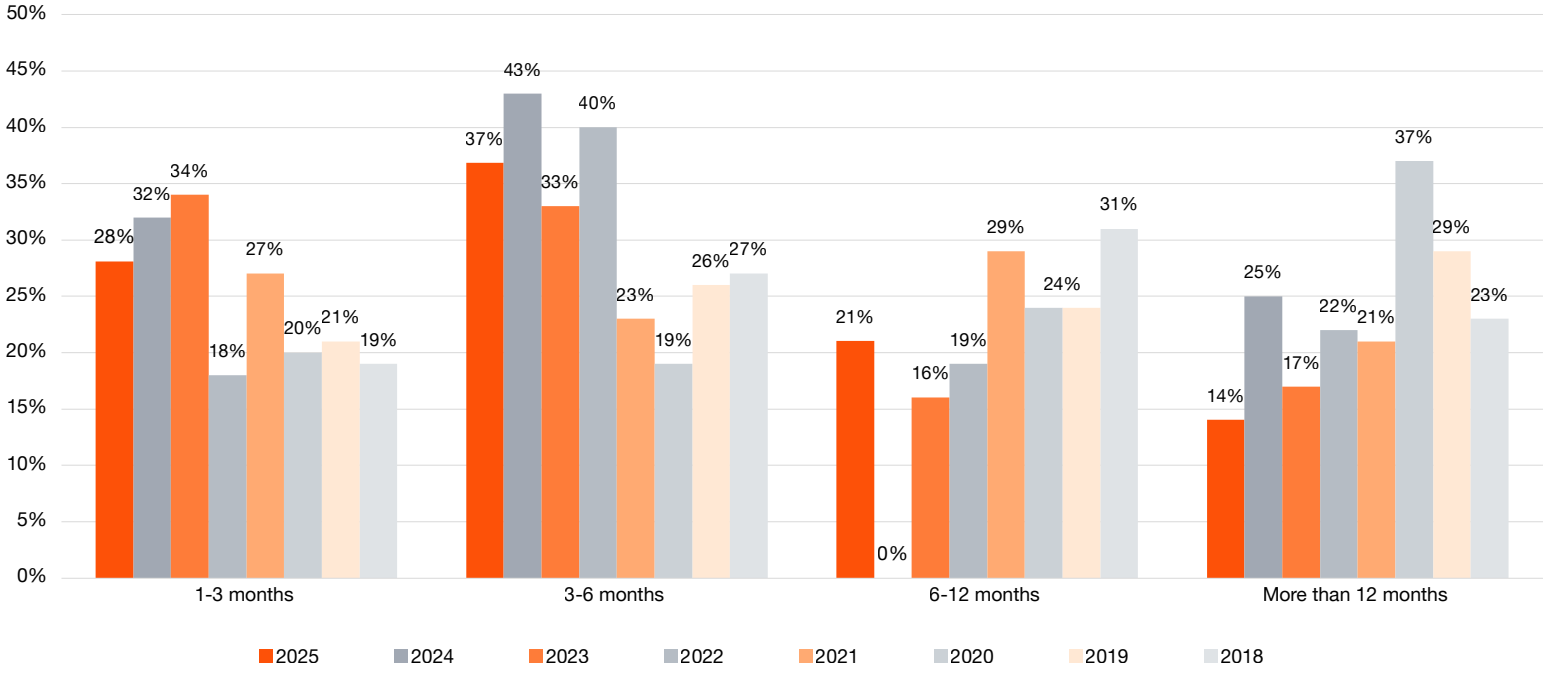
Source: PwC analysis for 2025

This year, like the previous year, 29% of survey participants said they had made use of the VDP process.

37% of participants in 2025 reported that their VDP applications were finalised within 3–6 months. This reflects a slight decline from the 43% reported in 2024. Additionally, 28% of participants experienced a turnaround time of one to three months, which is slightly lower than the 32% recorded in 2024, but still consistent with prior years.

However, the proportion of VDP applications taking longer than 12 months to conclude rose to 25% in 2024, up from 17% in 2023 and 14% in 2025. This suggests that while many applications are being processed more quickly, a significant portion still faces extended delays. The re-emergence of longer processing times highlights the importance of early and accurate submissions to avoid prolonged resolution periods.

Figure 31: What is the current turnaround time for a VDP application to be finalised?



Source: PwC analysis for 2025

VDP applications denied

Section 227 of the TAA provides the requirements for a valid voluntary disclosure. These requirements are:

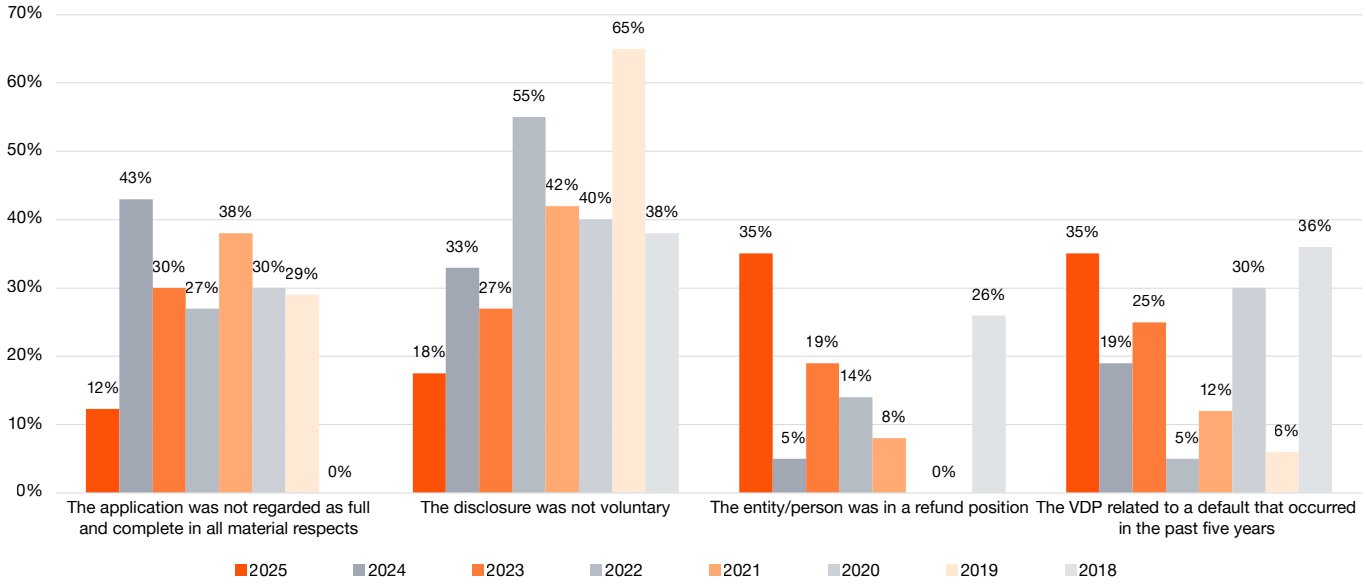
- The disclosure must be voluntary;
- The disclosure is full and complete in all material respects;
- The disclosure must involve a default which has not occurred within five years of the disclosure of a similar default;
- The disclosure involves a behaviour referred to in column 2 of the understatement penalty percentage table in section 223 of the TAA;
- The disclosure would not result in a refund due by SARS; and
- The disclosure is made in the prescribed form and manner.

This year saw a notable shift in the reasons SARS declined VDP applications. Unlike previous years where most rejections stemmed from disclosures being deemed not "voluntary" or not "full and complete," in this year's survey the responses reveal a new trend, 35% of participants indicated their applications were rejected because the entity was in a refund position and another 35% cited that the default occurred within the past five years. These two reasons now represent the most common grounds for rejection, overtaking the previously dominant issues of voluntariness and completeness.

In contrast, only 18% of respondents reported that their applications were declined due to the disclosure not being voluntary, and 12% due to the application not being full and complete in all material respects, both significantly lower than the 2024 figures of 33% and 43%, respectively.

This shift suggests that while taxpayers may be improving in their understanding and execution of the VDP process, new challenges are emerging around eligibility criteria, particularly concerning refund positions and the timing of defaults. Taxpayers should take note of these evolving trends and ensure that their applications are carefully assessed against SARS' current requirements to avoid unnecessary rejections.

Figure 32: When a VDP application is denied by SARS, what do you find is the most likely reason given?

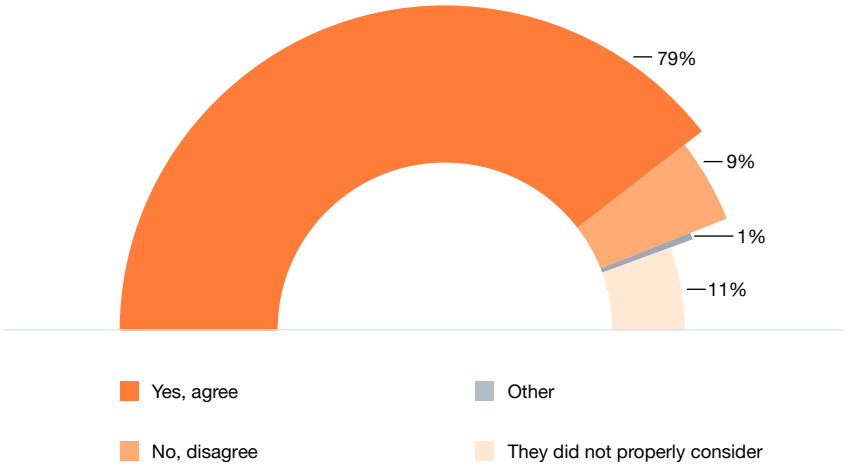


Source: PwC analysis for 2025

Value of VDP relief

A substantial proportion of participants (79%) who utilised the VDP indicated that it facilitated their company's proper declaration of defaults, enabling them to correct assessments and avoid penalties for understatement. 11% of participants indicated that SARS did not properly consider the VDP application. Only 9% reported that the VDP process was not beneficial. These findings indicate that the VDP effectively promotes voluntary compliance among taxpayers.

Figure 33: In the company's experience, was the VDP relief helpful in assisting the company to declare and correct its tax defaults and avoid penalties?

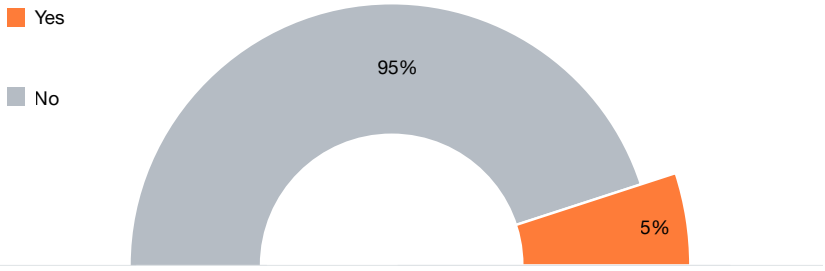


AI

AI is increasingly becoming part of everyday operations, from automating workflows to enhancing decision-making. In the tax and compliance space, its presence is growing rapidly, offering new tools to improve accuracy, efficiency and user experience.

For the first time, this year's survey includes a section dedicated to AI, with a specific focus on SARS' newly launched AI chatbot. The aim was to assess how taxpayers are using this tool to clarify questions about SARS processes and requirements and whether they found it helpful. As SARS continues to modernise its digital platforms, understanding the effectiveness of AI-driven support tools like the chatbot will be key to improving taxpayer engagement and compliance outcomes.

Figure 34: Has the company ever made use of SARS new chatbot AI assistant, to clarify any questions it may have about SARS?

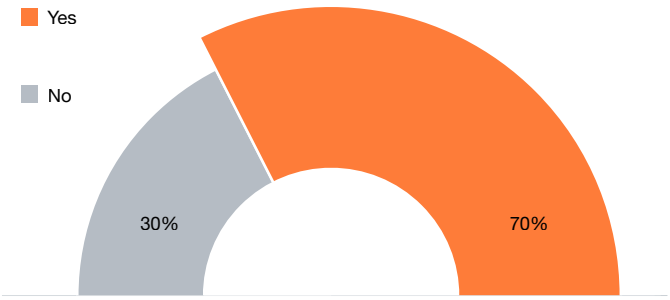


Only 5% of companies indicated that they had used the chatbot to clarify questions about SARS, while a striking 95% reported that they had not made use of the tool.

This low uptake suggests that awareness or trust in the AI assistant may still be developing, or that taxpayers continue to prefer traditional channels for resolving queries.

70% of the participants that used the chatbot indicated that it was helpful.

Figure 35: Has the company found the AI Assistant tool to be helpful?



SARS' Service Delivery

This section of the survey included additional comments from participants regarding their experiences with SARS' service delivery. It's important to note that these insights reflect only the views of survey respondents and may not represent the broader taxpayer population.

SARS' Large Business & International Division (LB&I)

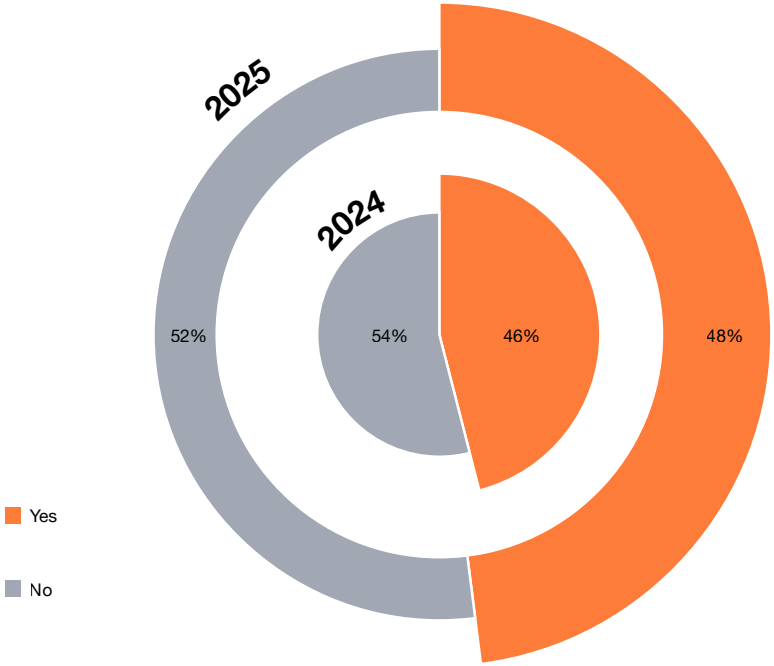
The LB&I Division was launched in December 2018 and provides an end-to-end service to its taxpayers.

LB&I taxpayer inclusion criteria[11]:

- Groups/companies with turnover greater than R1bn.
- All stock exchange listed groups/companies.
- All multinational enterprises (including all foreign electronic service providers).
- Financial services groups/companies with turnover greater than R500m.
- Mining groups/companies with turnover greater than R500m.

Our results have indicated that 49% of participants were registered with SARS' LB&I division.

Figure 36: Is the company registered at SARS Large Business & International Division?



Source: PwC analysis for 2025

11 SARS, 2025, Large Business and International (LBI), **https://www.sars.gov.za/businesses-and-employers/large-business-and-international/#:~:text=The%20Large%20Business%20and%20International%20office%20is%20a%20centre%20of,international%20tax%20administration%20best%20practice.**

Compliance with tax obligations

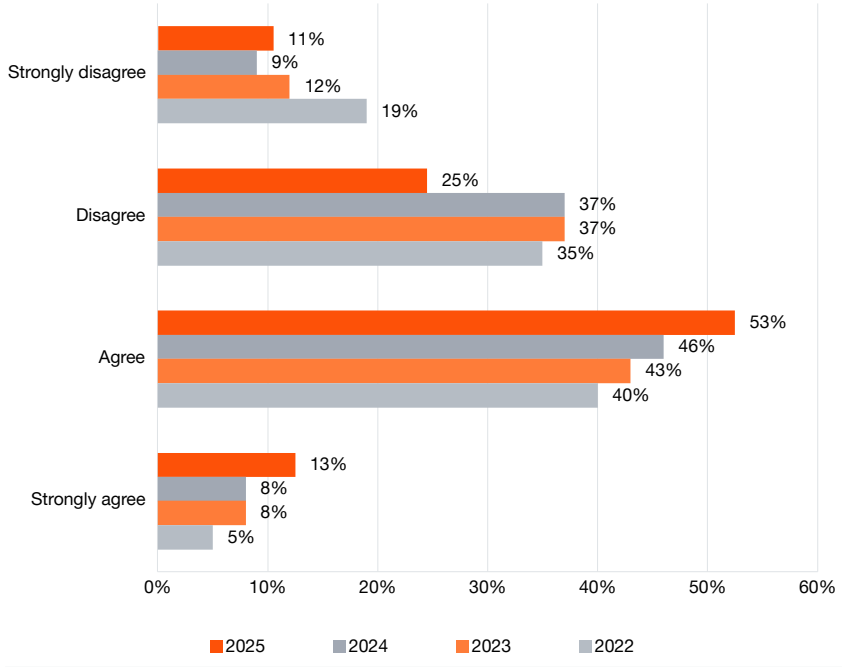
An aggregate of 65% of taxpayers have indicated that it has become easier to comply with their tax obligations. This is an 11% improvement from the previous year. This reflects positively and is well aligned with Strategic Objective No. 2 of SARS' Strategic Plan for 2020/21–2024/25, which focuses on simplifying compliance for taxpayers.

However, 35% of participants indicated disagreement or strong disagreement, suggesting that while there has been an improvement from the previous year's 46%, a significant portion still finds it challenging to comply with tax obligations.

The findings suggest that SARS' systems and processes cause difficulty for taxpayers to understand and navigate, or to use effectively in obtaining accurate answers. To address this, SARS could consider establishing direct communication channels with technical specialists to assist taxpayers in interpreting and applying tax legislation more effectively.

The call centre, however, appears to offer limited support and is aimed more at personal income taxpayers.

Figure 37: In your experience, has it become easier for your organisation to comply with its tax obligations?



Source: PwC analysis for 2025

Additional comments received from participants on this segment

- Systemic inefficiencies, lack of responsiveness and complex processes when dealing with SARS. While improvements were noted, many still experience challenges in navigating SARS procedures.
- eFiling was praised for its convenience, accessibility and digital integration, but also criticised for being cumbersome, erratic and occasionally unreliable.
- Complexity of compliance was increasing, driven by new reporting requirements, legislative changes and increased administrative demands.
- Access to support remains a concern. Participants reported long wait times, dropped calls and difficulty reaching knowledgeable staff. Relationship managers were seen as valuable, but inconsistently available.
- Frequent audits and reviews, delayed resolutions and unclear communication contribute to ongoing frustration and compliance fatigue.
- Improved efficiency is available through digital platforms and automation although some participants struggled with system usability, frequent changes and lack of support when issues arise.

Trust in SARS

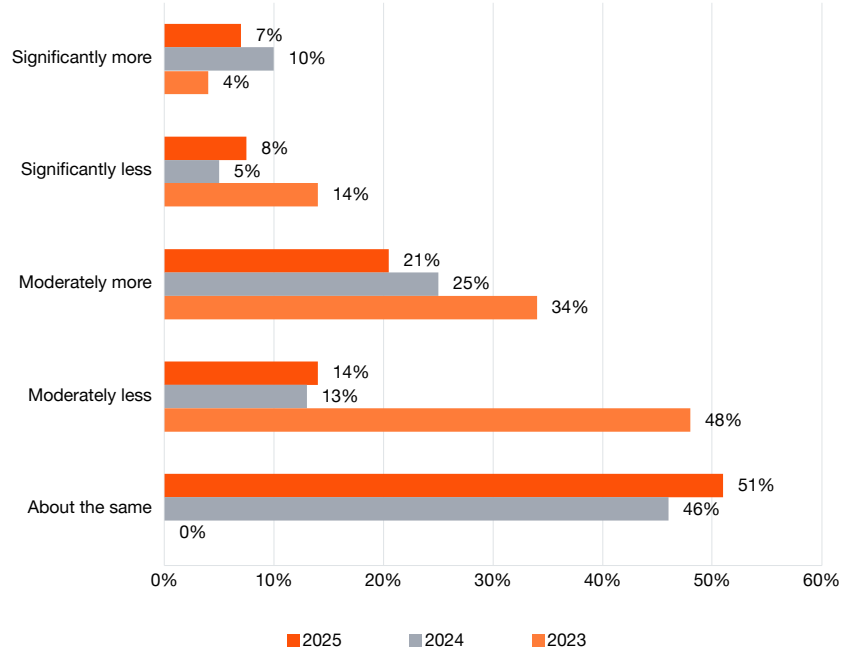
We asked participants whether their trust in SARS had changed over the past 12 months. 51% reported that their level of trust has remained unchanged which is an increase from last year's 46%.

Although this is not inherently negative, given that overall taxpayer experience has improved and SARS has made efforts to enhance efficiency, it remains crucial for SARS to focus on rebuilding taxpayer trust to improve taxpayer morality and overall compliance.

Strengthening trust will, in time, foster renewed public confidence, elevate tax morality and encourage tax compliance, which is essential for meeting the country's fiscal obligations.

However, is it important to highlight that participant feedback suggests taxpayers registered with SARS' LB&I division, despite having a designated relationship manager, do not exhibit greater trust in SARS' systems. In fact, they report experiencing longer turnaround times compared to those not registered with the LB&I division.

Figure 38: Compared to a year ago, how much trust does the company have in SARS?



Source: PwC analysis for 2025

Additional comments received from participants on this segment

Negative comments:

- **Reduced human interaction**: Digital systems have made it more difficult for taxpayers to resolve issues, with limited access to support and guidance.
- **Punitive approach**: SARS is increasingly perceived as punitive, particularly in its handling of audits, penalties and debt collection.
- **Operational inefficiencies**: Long audit processes, unresolved queries, poor coordination and slow response times continue to frustrate taxpayers.
- **Declining competency**: Concerns about staff knowledge, professionalism and inconsistent application of tax laws.
- **Trust deficit**: Lack of accountability, especially regarding political corruption and fairness in treatment.
- **System failures:** Specific mentions of e-Filing crashes and poor handling of deregistration's.
- **Burden on small businesses and NPOs**: Increased compliance demands without adequate support.

Positive comments:

- **Improved systems and processes**: Some noted better digital platforms (e.g., EasyFile), faster verifications and refunds.
- **Helpful relationship managers**: Direct access to LBC contacts and proactive engagement appreciated.
- **Fair treatment**: A few respondents felt SARS followed due process and treated them reasonably.
- **Leadership confidence**: Some trust in SARS leadership and investment in systems.

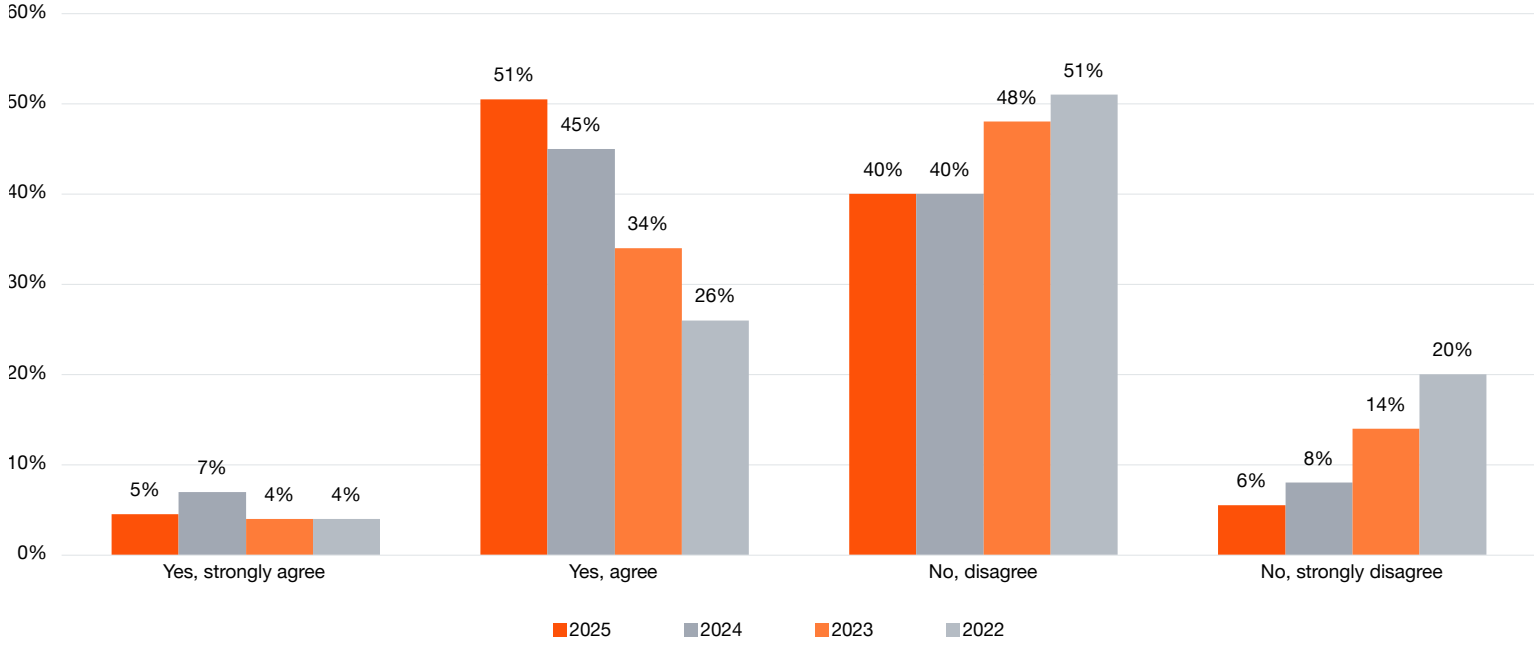
Delivering quality outcomes and performance excellence

An aggregate of 46% of participants indicated that they do not believe that SARS has improved in delivering quality outcomes and performance excellence over the past 12 months. This is a 2% decline compared to 48% in 2024.

One of SARS' strategic objectives is to "drive efficient use of resources to deliver quality outcomes and performance excellence." However, it is important to acknowledge that achieving quality and performance excellence is a gradual process, requiring sustained effort, time and the dedication of SARS officials.

In this regard, SARS' monthly newsletter and statements affirming a commitment to service excellence and customer centricity, represent a positive step forward. These initiatives signal intent and transparency, laying the groundwork for deeper trust and improved taxpayer engagement over time.

Figure 39: Has SARS improved in delivering quality outcomes and performance excellence?



Source: PwC analysis for 2025

Additional comments received from participants on this segment

Improvements noted:

- VAT refunds are processed faster and more consistently.
- eFiling and automation is more efficient.
- Some audits are resolved quicker.
- Proactive outreach and improved engagement via relationship managers.
- Relationship managers and analytics improving engagement.

Ongoing issues:

- SARS missing deadlines.
- Slow dispute resolution, with repeated information requests and minimal feedback.
- Customs audits are chaotic and disconnected.
- Poor communication via call centres and digital platforms.
- Administrative tasks remain burdensome and repetitive.
- Perceived lack of fairness and accountability in assessments.

Overall sentiment:

- Trust in systems exists, but execution is inconsistent.
- Good service is rare; many feels service delivery has stagnated.

PwC's Tax Controversy and Dispute Resolution services

PwC's Tax Controversy and Dispute Resolution Services

Key insights from the 2025 tax controversy life cycle

The evolving tax landscape in South Africa and globally underscores the critical importance of understanding the TAA, as well as SARS's latest policies and procedures. The 2025 Taxing Times survey highlights a couple of persistent trends: SARS seems to be improving on turnaround times, dispatching of progress reports, payment of refunds, increase in settlements through the ADR mechanism and even trust; however, tax disputes are becoming increasingly protracted, with many taxpayers facing lengthy delays before achieving resolution or regularising their tax positions.

When a SARS assessment is received, it is essential to be aware of the full suite of dispute resolution steps, ranging from objections and appeals to ADR and to comply strictly with the timelines and procedural requirements set out in the TAA. Adhering to these processes not only preserves taxpayers' rights but also increases the likelihood of a favourable outcome where there are valid grounds for dispute. However, it is equally important to involve tax advisors at the planning stage of a tax position — such as obtaining a section 223 opinion — and during the audit phase, to proactively manage risk and strengthen the defensibility of the position before a dispute arises.

Over the past year, SARS has made significant strides in modernising its systems, automating aspects of the dispute resolution process and issuing new legislation, interpretation notes and guidance to keep taxpayers informed throughout the controversy life cycle. However, this modernisation has been accompanied by a marked increase in enforcement activity and a tougher stance on non-compliance, including heightened scrutiny of tax advisors and more severe consequences for errors or omissions.

In this environment, it is vital to partner with advisors who possess a deep understanding of the complexities of tax law, the latest legislative developments and SARS's evolving approach to enforcement. Effective guidance can make the difference between a protracted, costly dispute and a timely, successful resolution.

Our team: Your trusted partner in tax disputes

PwC's dedicated team of legal and accounting professionals is equipped to help you proactively manage, efficiently resolve, and, where possible, prevent tax audits and disputes—both in South Africa and across the globe. Our approach combines technical excellence, local insight, strong relationships with SARS and other authorities and extensive tax litigation experience, all underpinned by a global perspective.

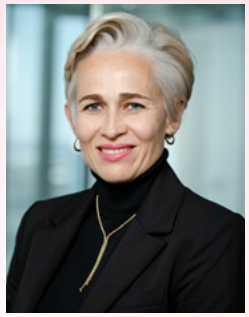
The key to success remains proactivity—whether in preparing tax submissions, considering your tax position before making declarations to SARS, or responding to queries and assessments. Our TCDR team is ready to support you at every stage of the tax controversy life cycle, offering:

- Proactive engagement with SARS, including assistance with tax strategy, expert opinions, advanced tax rulings, binding rulings and VDP applications.
- Comprehensive management of tax verifications and audits, from initial contact through to final resolution.
- Expert navigation of SARS disputes, including the preparation and lodging of objections, appeals, requests for remission, suspensions of payment and representation in ADR proceedings.
- Strategic support in debt management matters, including negotiations for settlements, debt compromises and tailored payment arrangements.

PwC offers a Global Tax Controversy and Dispute Resolution network designed to support clients in navigating and resolving complex global tax disputes.

As the tax environment continues to evolve, PwC's TCDR team remains committed to providing you with the insight, advocacy and solutions you need to navigate complexity, mitigate risk and achieve certainty in your tax affairs—now and into the next era.

Contact



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At PwC, we help clients build trust and reinvent so they can turn complexity into competitive advantage. We're a tech-forward, people-empowered network with more than 364,000 people in 136 countries and 137 territories. Across audit and assurance, tax and legal, deals and consulting, we help clients build, accelerate, and sustain momentum. Find out more at www.pwc.com.

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