Taxing Times Survey 2026

Nine years of insight: Trends in South African tax administration

November 2026

Purpose of this document

This report presents the findings of the ninth annual PwC Taxing Times Survey, conducted from May to August 2026 and drawing on responses from 172 corporate taxpayers. It explores their experience of engaging with the South African Revenue Service (SARS) across the tax lifecycle, recognising measurable progress while identifying areas where sustained attention is still required.



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Definitions

The following abbreviations and acronyms are used throughout this report.

ADR	Alternative Dispute Resolution
AI	Artificial Intelligence
BEPS	Base Erosion and Profit Shifting
CIT	Corporate Income Tax
GloBE	Global Anti-Base Erosion Model Rules
LB&I	Large Business and International Division
MNE	Multinational Enterprise(s)
OECD	Organisation for Economic Co-operation and Development
PAYE	Pay-As-You-Earn
SARS	South African Revenue Service
TAA	Tax Administration Act No. 28 of 2011
TCDR	Tax Controversy and Dispute Resolution
TP	Transfer Pricing
USP	Understatement Penalty
VAT	Value-Added Tax
VAT201	Value-Added Tax return
VDP	Voluntary Disclosure Programme





Introduction

South Africa's tax administration is at a crossroads. Corporate taxpayers are witnessing a revenue authority that is modernising rapidly, while navigating the challenges that come with transformation. This Introduction frames the 2026 findings against a backdrop of genuine momentum and lingering friction.

Nine years of taxing times: Trends in tax administration

Over the past nine years, the survey data has revealed meaningful, although uneven, change in SARS' administration and in taxpayers' experience. The 2026 results tell a balanced story: faster verifications, improved VAT refund processing, more constructive engagement, and strengthening trust, alongside persistent delays, inconsistent communication, and growing complexity.

The key trends include:

- Improved verification efficiency, with 59% now completed within one to three months, up from 32% in 2021. Audit timelines show a different trend, with 23% taking more than 12 months in 2026, compared with 17% in 2025.
- Greater willingness by SARS to reconsider its position after issuing audit findings letters, rising from 22% in 2018 to 77% in 2026. Progress reporting remains a challenge, with 54% of respondents indicating that they never received the required progress reports in 2026.
- An increase in USP reported by 41% of respondents in 2026, up from 30% in 2025. Perceptions of fairness have improved, however, with 34% considering SARS' basis for imposing penalties fair, compared to just 10% in 2022.
- Improved VAT refund processing, with 79% of refunds paid within 21 business days, up from 62% in 2024. Sentiment towards VAT modernisation remained mixed, however, with 44% unconvinced that it will improve compliance or reduce the administrative burden.
- Growing confidence in SARS' Large Business and International Division (LB&I), particularly in its capacity to engage substantively with complex cross-border and transfer pricing (TP) matters.
- A steady increase in trust, with 33% of respondents indicating that they trust SARS more than a year ago, compared with 13% who trust it less. Other pressures remain, with 19% of suspension of payment requests still under consideration in 2026, up from 9% in 2025, while 80% of respondents expect Pillar II to increase SARS scrutiny.



Value in Motion: A framework for tax transformation

PwC's Value in Motion framework provides a practical lens for considering how changes to SARS' systems, people, processes, and engagement are shaping the taxpayer experience. In 2026, advanced analytics, investment in eFiling and the SARS Online Query System, and a renewed focus on service delivery point to meaningful, though uneven, progress. The revised SARS Service Charter, effective 1 April 2026, provides published standards against which that performance can be measured.

SARS' strategic objectives

SARS' approach to tax administration is underpinned by nine strategic objectives:

1. Provide clarity and certainty of tax obligations
2. Make it easy for taxpayers and traders to comply with their obligations
3. Make it hard and costly for those who do not comply
4. Develop a high performing, diverse, agile, and engaged workforce
5. Increase the use of data within a comprehensive knowledge management framework to improve integrity of and confidence in the tax system
6. Modernise systems to provide digital and streamlined online services
7. Drive efficient and effective use of resources to enable quality outcomes
8. Work with and through stakeholders to improve the tax ecosystem
9. Build public trust, confidence, and willingness to comply with tax obligations



About the survey and its objectives

The survey covers Corporate Income Tax (CIT), Value-Added Tax (VAT), Transfer Pricing (TP), the Voluntary Disclosure Programme (VDP), disputes and debt management, as well as SARS' service delivery. It also explores Pillar II, AI and data analytics, and the revised SARS Service Charter. The survey was distributed through PwC's corporate network, participation was voluntary, and individual responses were anonymised before analysis.

Where comparable data is available, results are benchmarked against prior years. Percentages are rounded to the nearest whole number, and questions allowing multiple answers may total more than 100%.



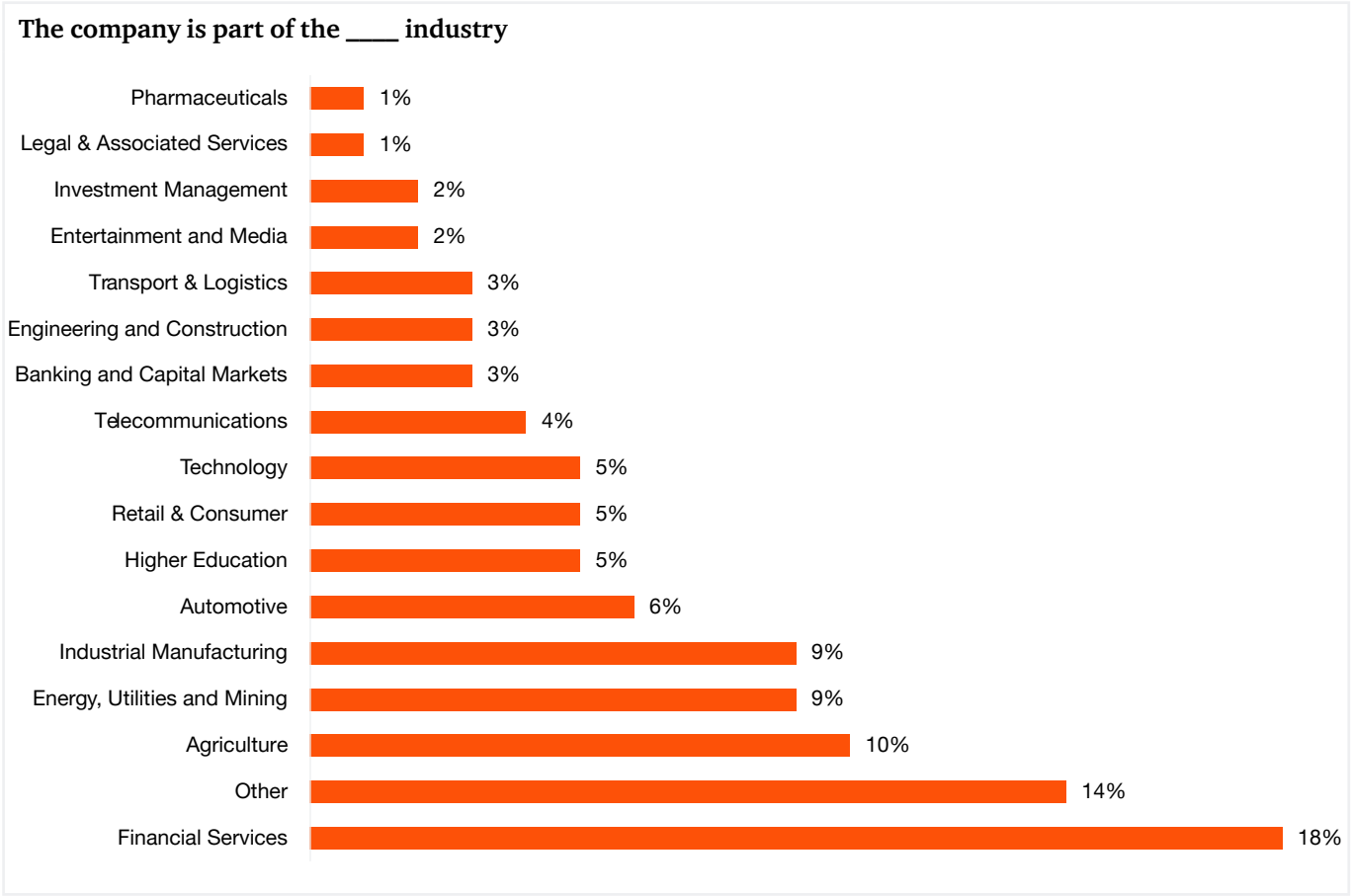
Participant profile

The 172 respondents span a broad range of industries, company sizes, and tax functions, providing context for the findings that follow.



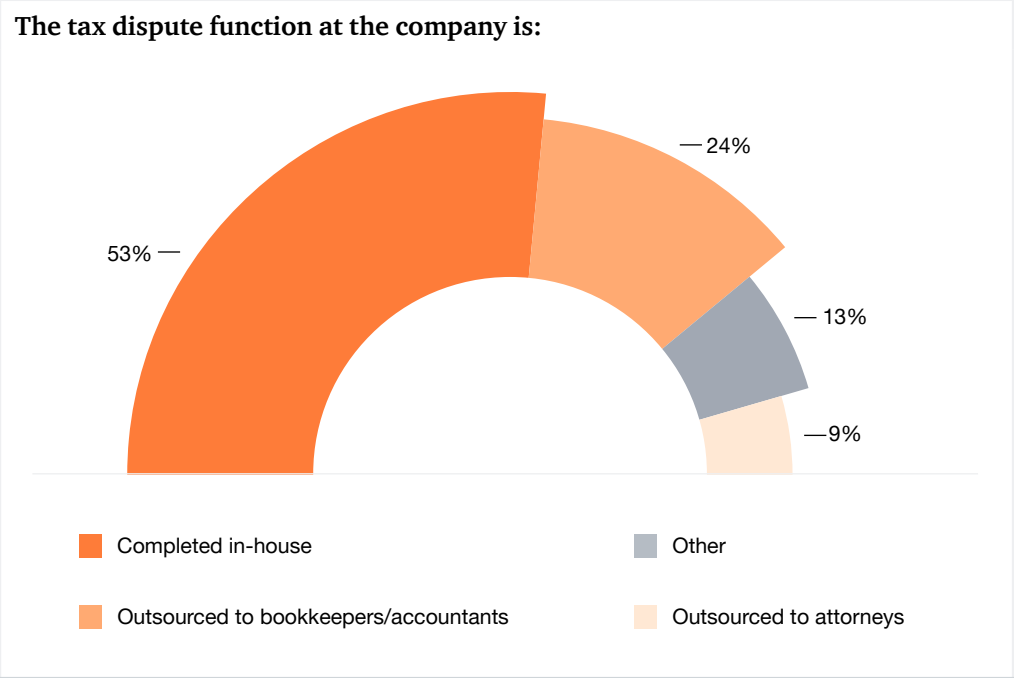
Industry breakdown

Financial Services is the largest industry group at 18% (22% in 2025), followed by Other at 14%, and Agriculture at 10%. Energy, Utilities and Mining, and Industrial Manufacturing each account for 9%. The survey covers 17 industry categories, providing a broad view of the corporate taxpayer community.



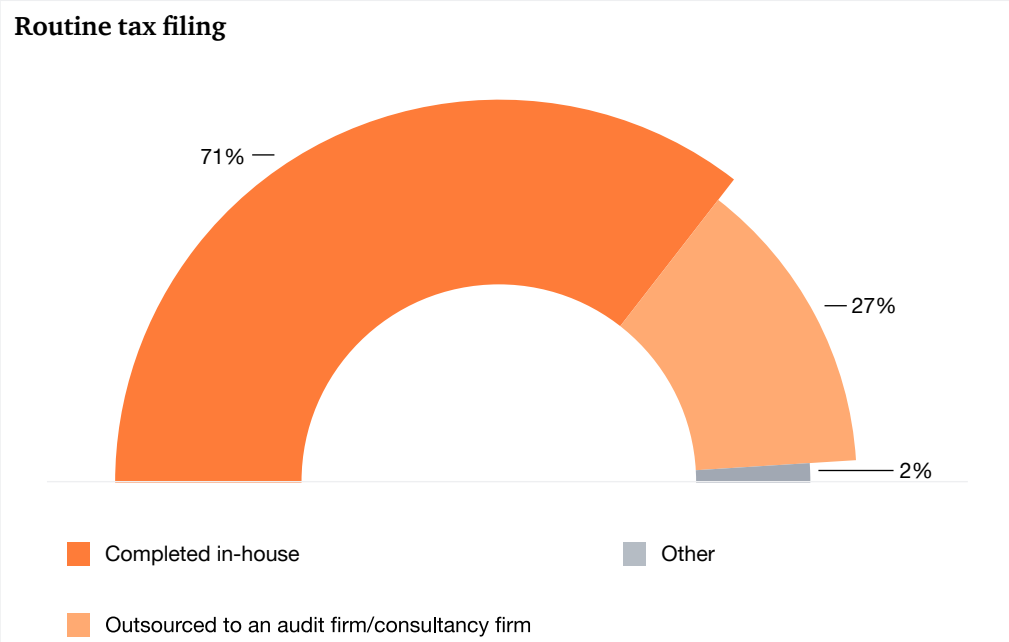
How are tax disputes handled?

Respondents state that tax disputes are handled mainly in house, with 53% of respondents relying entirely on their own internal tax or legal teams. A further 24% outsource to bookkeepers or accountants, 9% to attorneys, and 13% use other or hybrid arrangements.



Routine tax filing

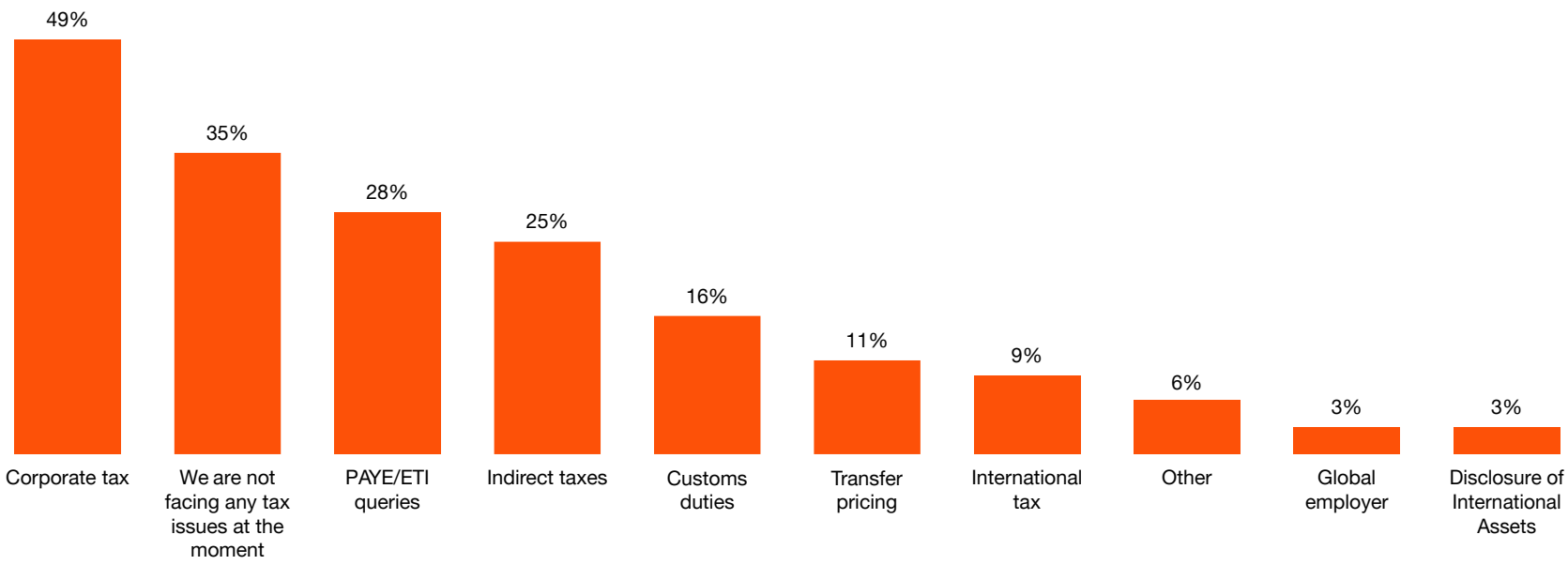
Routine tax filing is completed in house by 71% of respondents. A further 27% outsource to an audit firm or specialist consultancy, while 2% use other or hybrid arrangements.



Current tax enquiries

Current tax enquiry activity is concentrated in several areas. CIT is the most common, reported by 49% of respondents, followed by Pay-As-You-Earn (PAYE)/Employment Tax Incentives (ETI) matters (28%), indirect taxes (25%), customs duties (16%), TP (11%), international tax (9%), and other matters (6%). Global employer and mobility matters and the disclosure of international assets each account for 3%, while 35% of respondents reported no current tax enquiries. As multiple responses were permitted, the percentages reflect incidence of each enquiry type and do not represent parts of a single total.

What types of tax enquiries does your company currently face?





The audit process: An overview

For many taxpayers, the audit process is where SARS' strategic ambitions are tested against operational capacity and where the taxpayer experience becomes most tangible. Over the past nine years, the Taxing Times Survey has tracked significant change in this area, reflecting SARS' ongoing modernisation, increased use of data analytics and risk-based selection, the restructuring of its LB&I Division, and the demands of increasingly complex audits, including TP. While verifications are becoming faster and more targeted, audit timelines, progress reporting, and outcomes continue to vary from year to year.

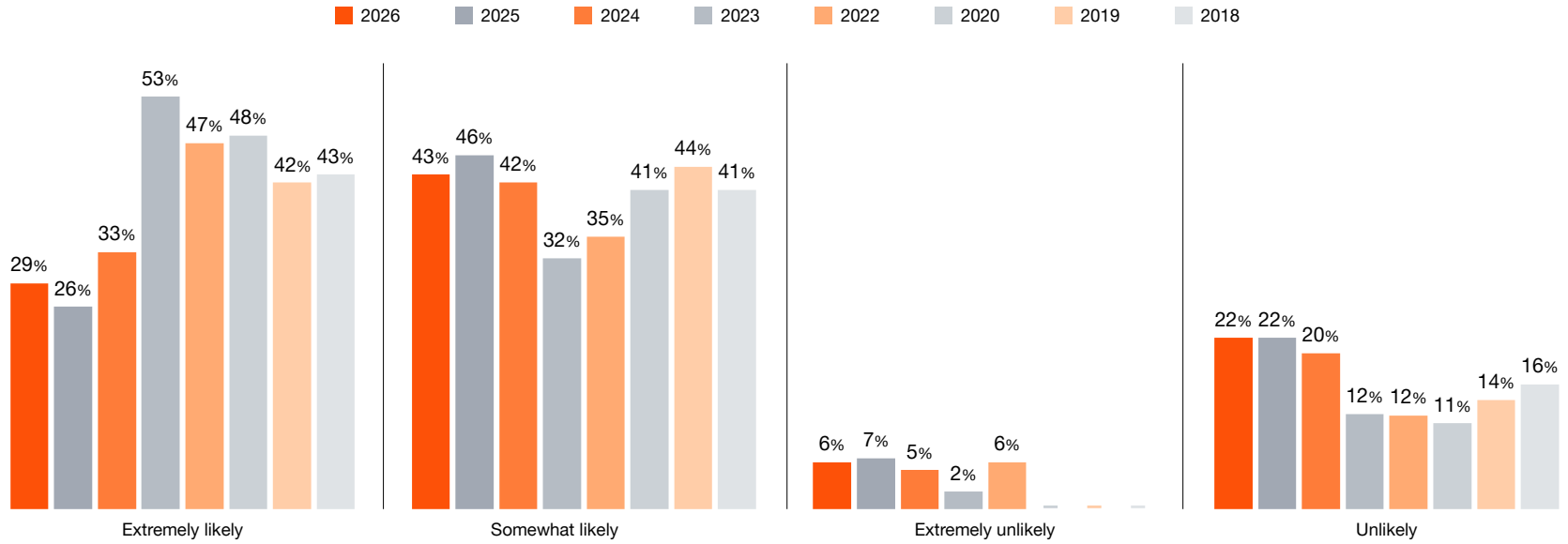
Corporate Income Tax

This section examines the full CIT audit lifecycle, from initial verification through to USP and reduced assessments. VAT and TP are addressed separately later in this section.

Likelihood of being selected for verification

When filing their CIT returns, taxpayers continue to expect a relatively high likelihood of verification. In 2026, 72% of respondents considered verification likely, combining “extremely likely” and “somewhat likely”, consistent with 2025 but below the 85% recorded in 2023. The proportion considering verification “extremely likely” was 29%, compared with 53% in 2023. This suggests that, while expectations of scrutiny remain high, perceptions of the likelihood of verification have moderated since 2023.

How likely is SARS to verify the company after the submission of an annual corporate income tax return?



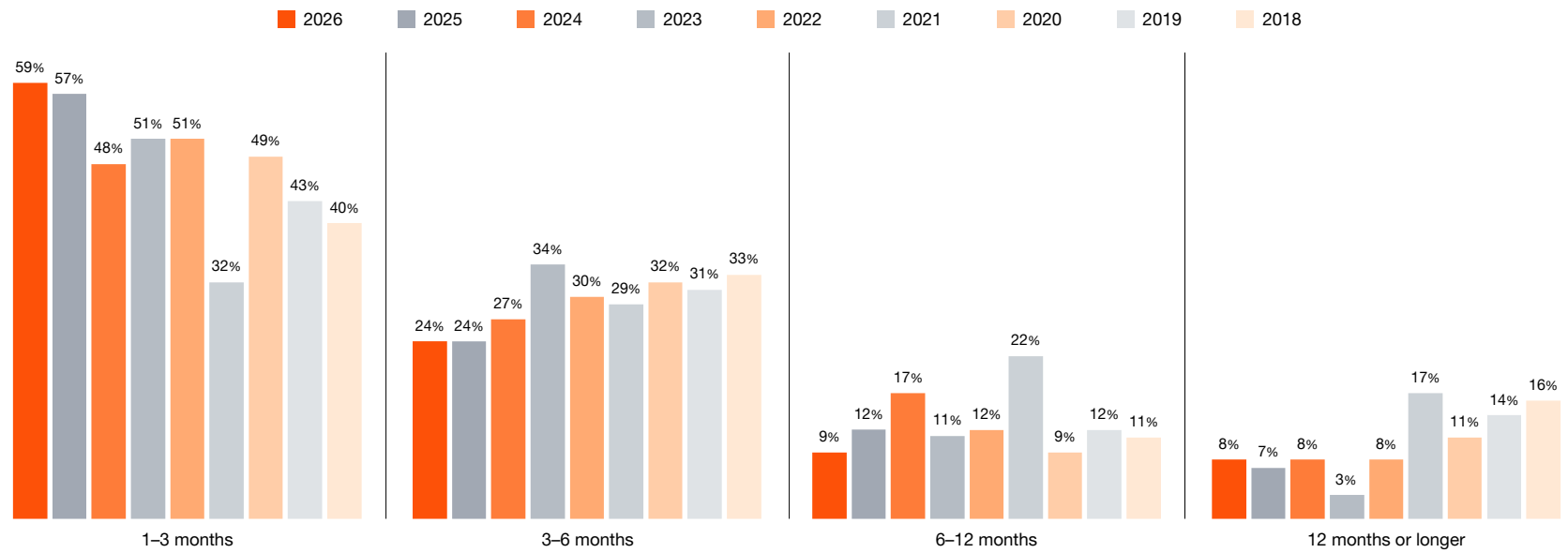
Nine-year trend:

The perceived likelihood of CIT verification peaked dramatically in 2023 before settling to more moderate levels. The 2022 to 2023 spike reflected SARS’ intensified use of analytics, whilst the subsequent easing suggests taxpayers are becoming accustomed to routine verification as a standard feature of the compliance landscape.

Time taken to finalise a verification process

Verification timelines have improved over time. In 2026, 59% were completed within one to three months (57% in 2025 and 32% in 2021), while only 8% exceeded 12 months. However, the survey's one-to-three-month response band is not directly comparable with the SARS Service Charter commitment to finalise 8 out of 10 verifications within 21 business days.

How long does SARS take to complete a verification (excluding audits)?



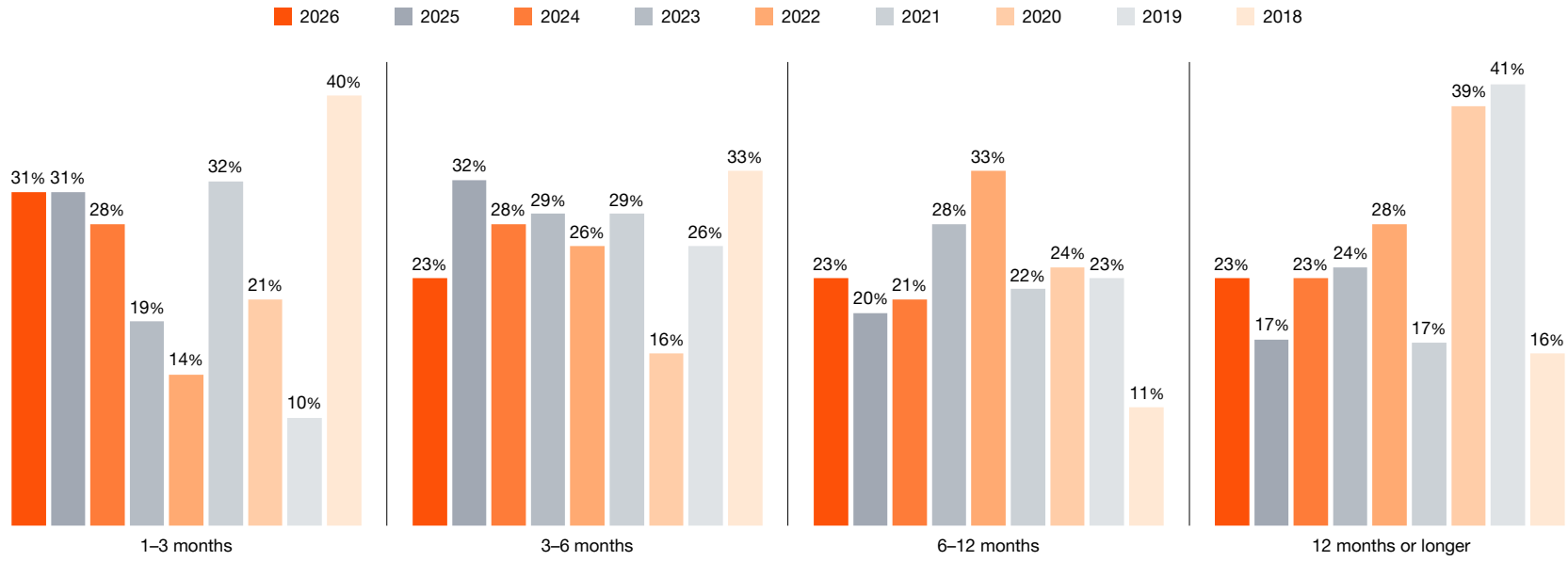
Nine-year trend:

A clear upward trajectory in verification speed is evident across nine years, with the one-to-three-month completion rate rising from 40% in 2018 to 59% in 2026, whilst protracted verifications (exceeding 12 months) have fallen from 16% to 8%.

Time taken to complete an audit

If verifications tell a story of progress, audit timelines deliver a more sobering chapter. Whilst 31% of audits wrapped up within one to three months (consistent with 2025), the proportion dragging beyond 12 months climbed to 23%, up from 17% in 2025. This reversal is noteworthy: it interrupts an improving trend from the 2022 peak of 28% and suggests that complex audits continue to stretch SARS' resources thin. The Service Charter's commitment to conclude 9 out of 10 audits within 90 business days remains an aspiration rather than a reality.

How long does SARS take to complete an audit?



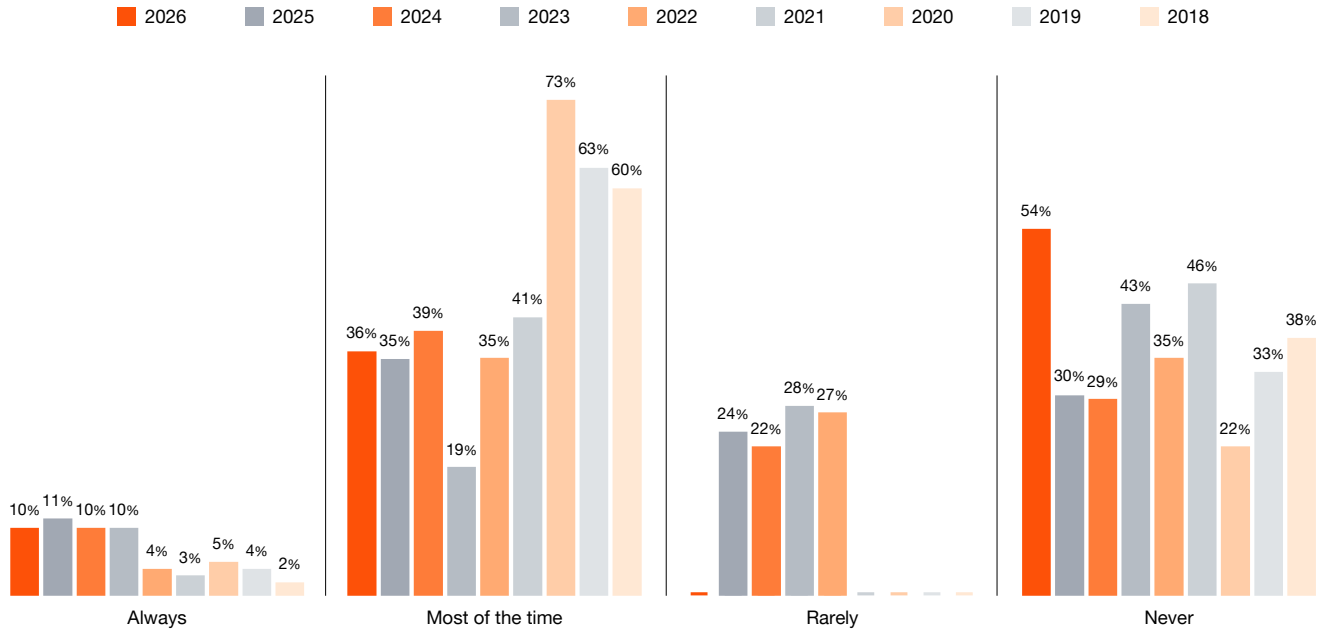
Nine-year trend:

Audit durations have fluctuated considerably since 2018. The 2019 and 2020 surveys recorded peaks in protracted audits (41% and 39% exceeding 12 months), followed by improvements. The 2026 results suggest that complex audits continue to strain SARS' capacity.

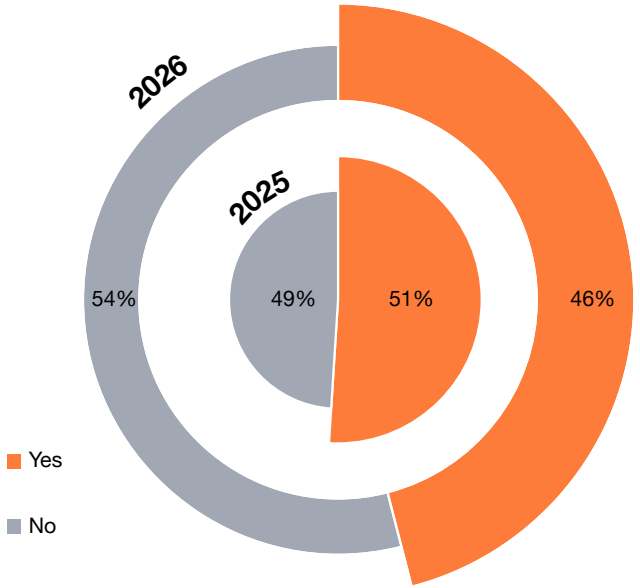
Issuing of progress reports

The law is clear: section 42(1) of the TAA requires SARS to keep taxpayers informed every 90 days during an audit. The reality is less reassuring. In 2026, only 10% of respondents confirmed that SARS “always” provided progress reports, a figure that has stubbornly refused to budge since 2023. More troubling still, 54% reported they “never” received progress reports, a sharp deterioration from 30% in 2025 and 29% in 2024. For taxpayers caught in protracted audits, this silence can feel like navigating without a compass. Where progress reports were received, just 46% found them meaningful (51% in 2025).

Does SARS send progress reports every 90 days during an audit?



If applicable state whether the progress reports are meaningful



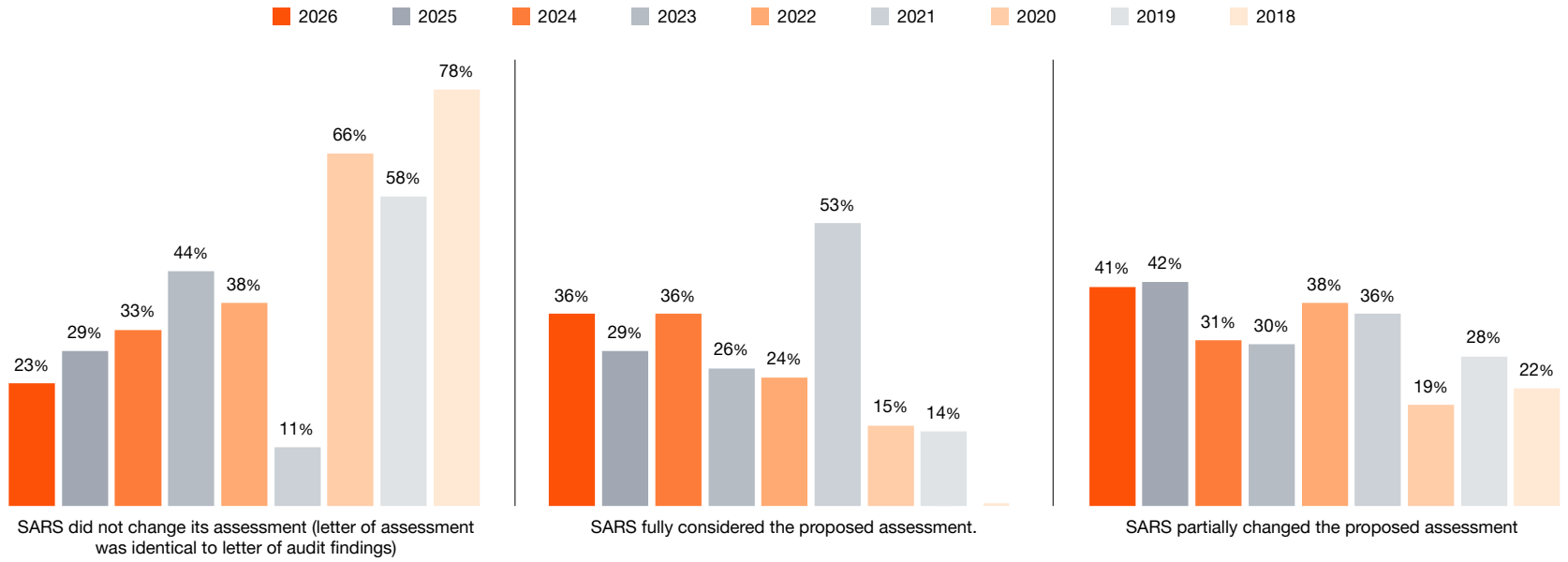
Nine-year trend:

The proportion of respondents receiving progress reports ‘always’ has improved from just 2% in 2018 to a steady 10% since 2023, but this remains far from universal. The spike to 54% ‘never’ in 2026 warrants attention.

Audit findings letter

Perhaps one of the more notable shifts over the survey period is SARS' response to taxpayers' submissions following an audit findings letter. In 2026, 77% of respondents reported that SARS either fully reconsidered (36%) or partially changed its assessment (41%). Rewind to 2018, and the picture was starkly different: SARS held firm in 78% of cases, partially changing its position only 22% of the time. This 55-percentage point swing represents one of the most striking transformations across the survey's nine-year history, suggesting a genuine willingness to engage rather than simply enforce.

If the company responded to a letter of audit findings from SARS, did SARS reconsider its position post the company's submissions in relation to the proposed assessments?



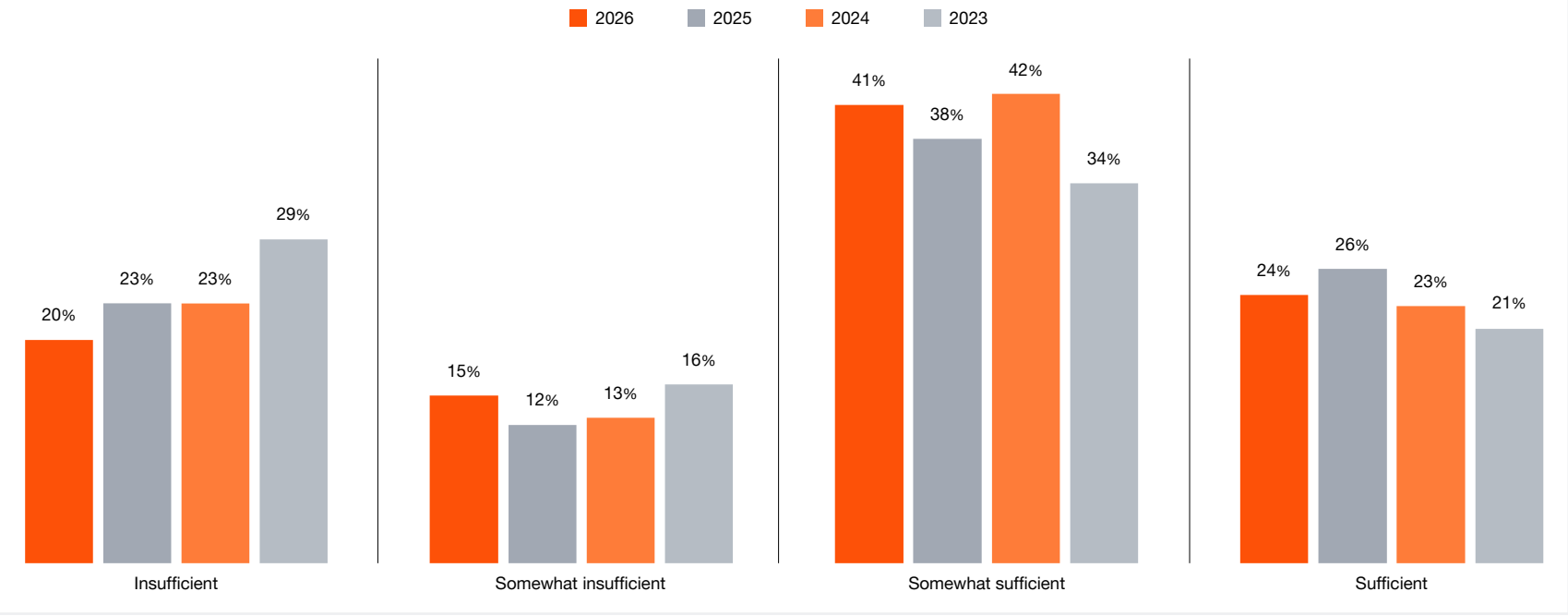
Nine-year trend:

This is one of the most striking improvements across the nine-year survey period. The proportion of cases where SARS did not change its assessment has fallen from 78% in 2018 to just 23% in 2026. A 55-percentage point shift that suggests a genuine cultural change within SARS towards greater engagement and willingness to reconsider.

Letter of assessment

Section 96 of the TAA requires SARS to issue a letter of assessment setting out the grounds for an additional assessment. In 2026, 65% of respondents found this letter either “sufficient” (24%) or “somewhat sufficient” (41%), broadly consistent with 2025 (64%) and 2024 (65%). Nevertheless, 35% still consider the explanation insufficient, indicating room for improvement in the quality and detail of SARS’ communications.

Was the letter of assessment sufficiently explained?

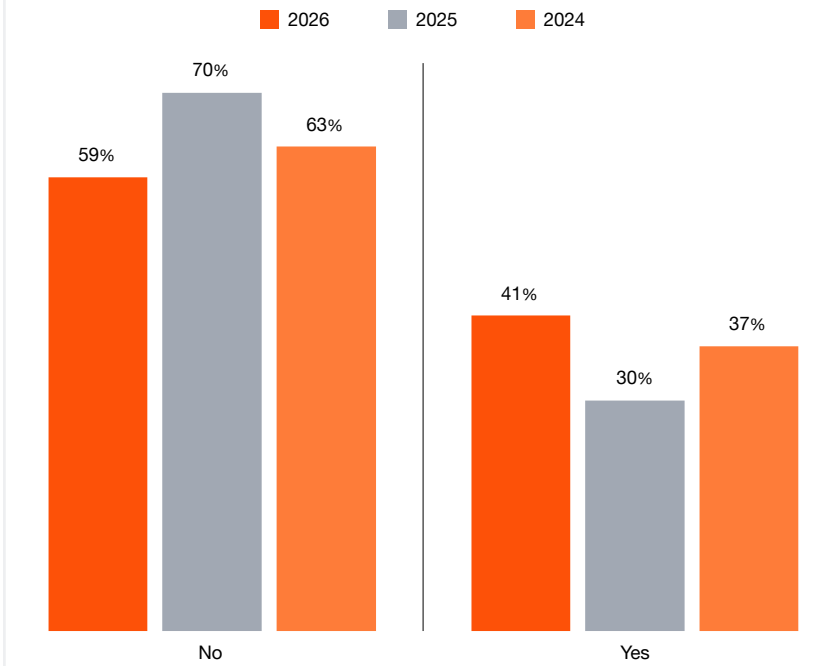




Understatement penalties

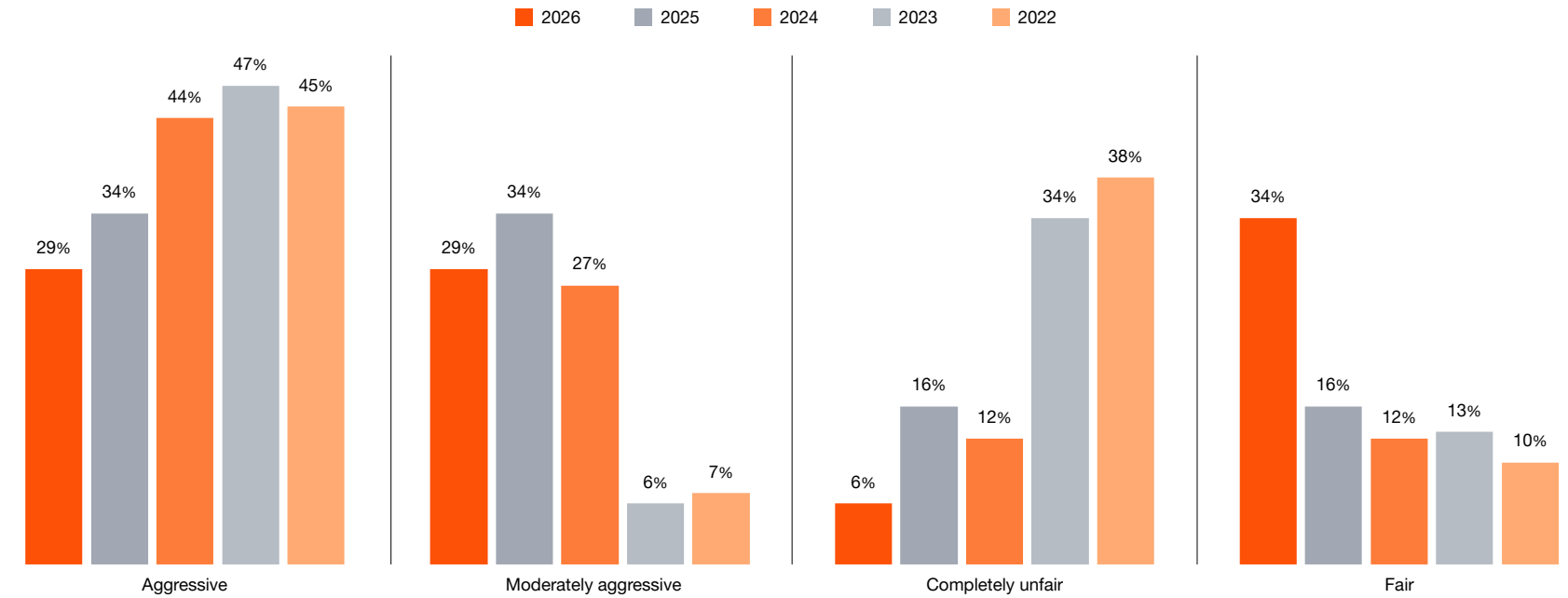
Understatement Penalties (“USP”) remain a lightning rod for taxpayer frustration. In 2026, 41% of respondents reported that SARS had raised a USP against them, up markedly from 30% in 2025 and 37% in 2024. This uptick signals a more assertive enforcement posture, consistent with SARS’ strategic objective to make non-compliance hard and costly.

Has SARS ever raised a USP in terms of the table in section 223 of the Tax Administration Act (TAA) against the company?



Yet there are also signs of progress. In 2026, 34% of those who received a USP considered SARS' basis to be "fair" (16% in 2025 and 10% in 2022), while the proportion considering it "completely unfair" fell to 6% (38% in 2022). Despite this improvement in perceptions of fairness, 58% still regarded SARS' approach as "aggressive" or "moderately aggressive".

How would you describe SARS' basis for levying the USP?



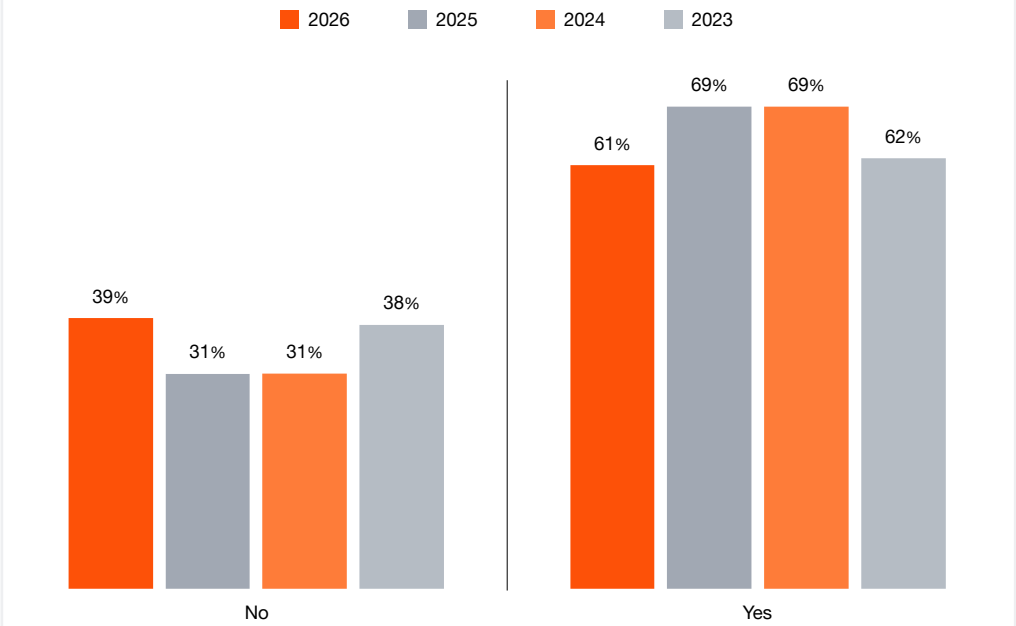
Nine-year trend:

The perception of USPs has undergone a notable transformation. From a position where 90% considered SARS' approach aggressive or unfair in 2022, there has been a steady shift, with 34% now deeming it fair. This may reflect improved communication of SARS' rationale for penalties.

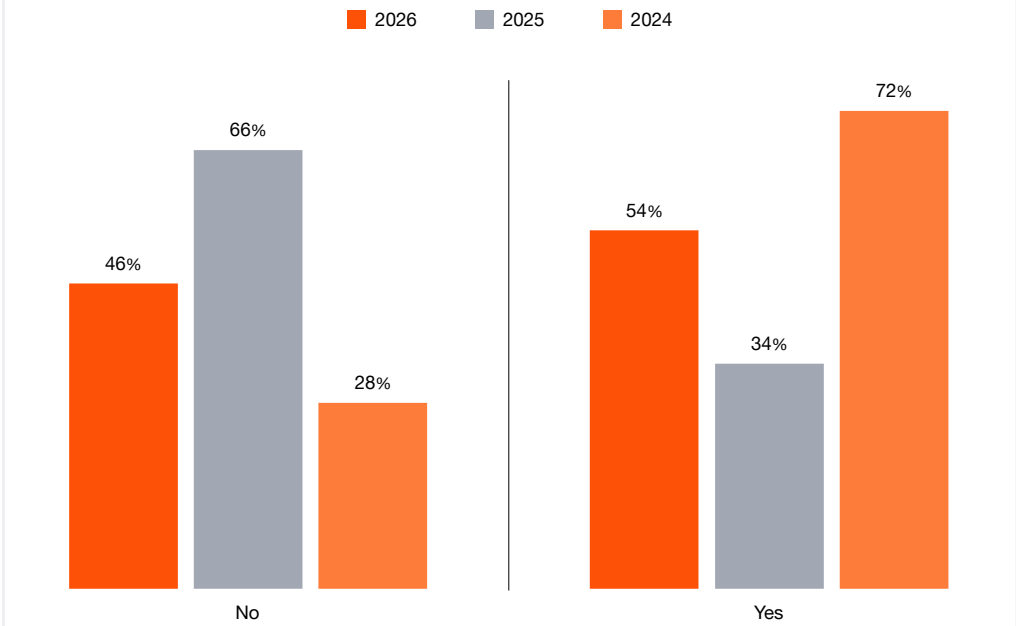
Reduced assessments under section 93 of the TAA

Section 93 of the TAA permits a taxpayer to request a reduced assessment where there has been an undisputed error. In 2026, 61% of respondents who applied were successful, a decline from 69% in both 2025 and 2024. Additionally, 54% of respondents were successful in convincing SARS of a “readily apparent undisputed error”, up substantially from 34% in 2025. This may be due to SARS’ narrow interpretation of “readily apparent undisputed error”.

Were you successful with a reduced assessment application (s93)?



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



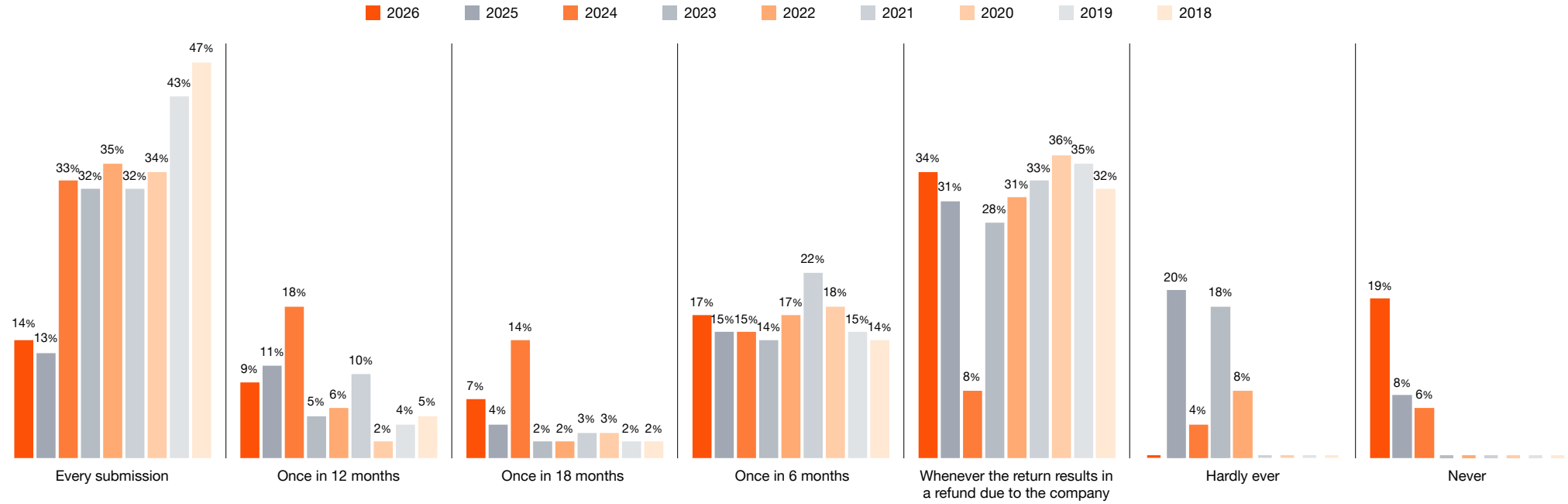
Value-Added Tax (VAT)

VAT administration has long been a barometer of SARS’ operational health. For businesses dependent on cash flow, delays in refunds and unpredictable verification cycles can mean the difference between smooth operations and strained finances. The 2026 results offer cautious grounds for optimism.

VAT verifications

The days of blanket VAT verification are fading into history. In 2018, nearly half of respondents (47%) reported that every VAT201 submission triggered verification. By 2026, that figure has shrunk to just 14%. Instead, SARS is taking aim where it matters: 34% of respondents indicated that verifications now occur “whenever there is a refund”, up from 31% in 2025. Perhaps most striking, 19% reported that SARS “never” verifies their VAT201 returns, compared to just 8% in 2025, a sign that risk-based targeting is allowing compliant taxpayers to operate with less friction.

How often does SARS verify the company’s VAT201 returns?

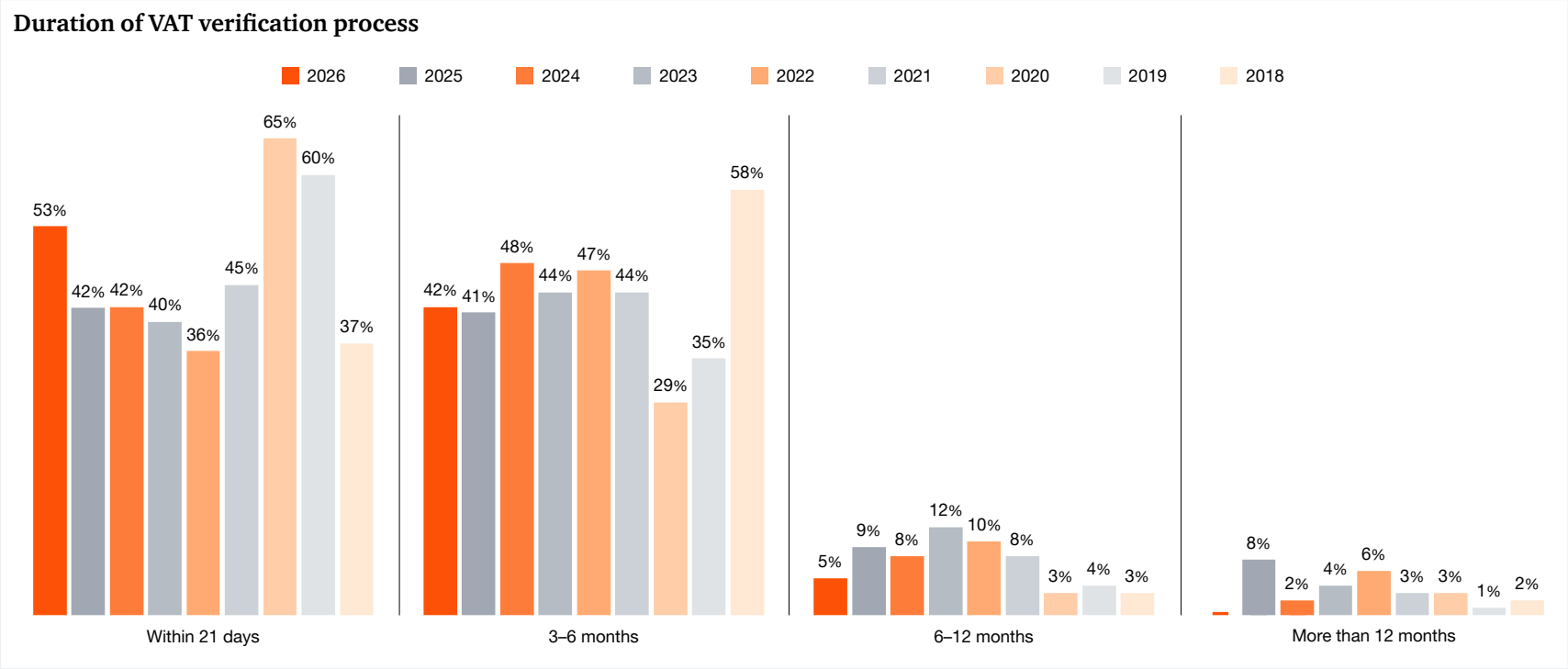


Nine-year trend:

Over nine years, there has been a clear shift away from blanket verification of every VAT201 submission (47% in 2018 to 14% in 2026) towards a more targeted, risk-based approach. This is consistent with SARS’ strategic objective to modernise systems and increase the use of data for risk profiling.

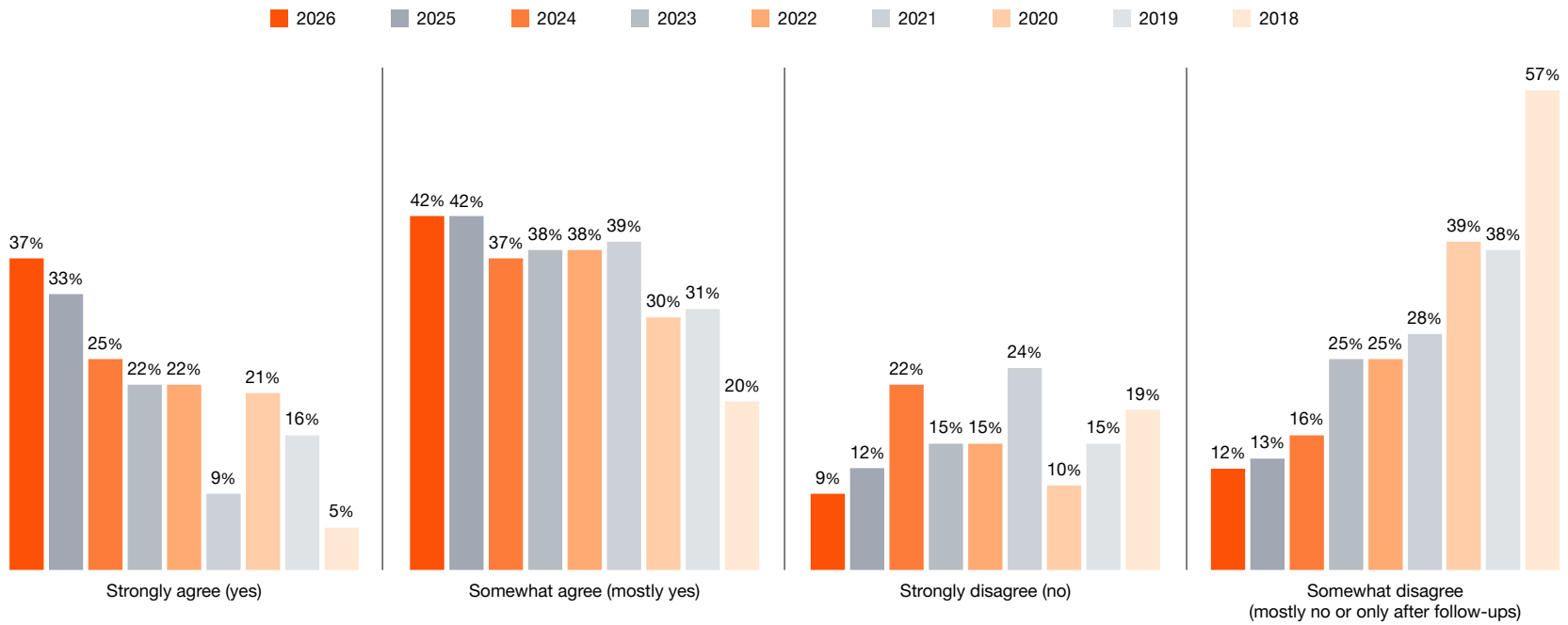
Payment of VAT refunds

For VAT-registered businesses, the speed of refund processing can make or break a month-end. The 2026 results bring welcome news: 53% of respondents reported that verifications were completed within 21 days, the highest proportion since 2020 and up from 42% in both 2025 and 2024. At the other end of the spectrum, the proportion experiencing verifications exceeding 12 months has dropped to zero, a remarkable improvement from 8% in 2025.



We also asked respondents whether their VAT refunds were paid within 21 business days. In 2026, 79% agreed (37% “strongly agree” and 42% “somewhat agree”), compared with 75% in 2025 and 62% in 2024. This improvement is encouraging and aligns with the SARS Service Charter commitment to process 9 out of 10 refunds above R100 within 3 business days.

Was the company’s VAT refund paid within 21 days from submitting a return or receiving a notice from SARS indicating that the VAT verification had been completed?



Nine-year trend:

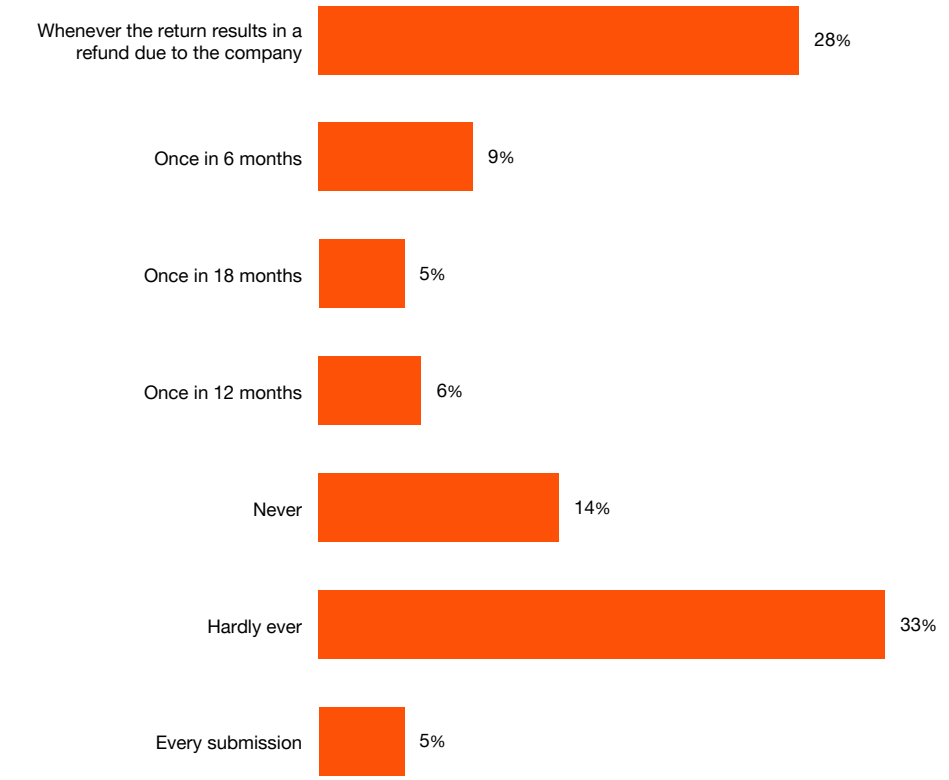
VAT refund processing has shown consistent improvement, with those agreeing refunds are paid within 21 days rising from 62% in 2024 to 79% in 2026. The proportion strongly disagreeing has fallen from 22% to just 9% over the same period.



Selection for VAT201 audit

In a new question for 2026, corporate respondents were asked about the frequency of full VAT201 audits (as distinct from verifications). The results suggest that full VAT audits remain relatively uncommon: 33% reported they “hardly ever” experience a VAT audit, whilst 28% said this occurs “whenever there is a refund”. Only 5% reported audits on every submission.

How often does SARS audit the company’s VAT201 returns?



VAT modernisation

VAT modernisation is high on SARS' agenda, and the 2026 survey introduced new questions on this topic. Participants were asked for their views on VAT modernisation, and the responses revealed a mix of cautious optimism and practical concern.

Many respondents acknowledged that modernisation is a necessary and overdue step, aligning South Africa with global trends towards real-time, data-driven tax administration. Supporters highlighted the potential for improved compliance, reduced fraud, faster refunds, and greater transparency.

However, significant concerns emerged around implementation. Respondents frequently cited the cost burden, particularly for SMEs and smaller businesses that may lack the IT infrastructure or resources to adapt. Questions were raised about SARS' own system readiness, with some expressing scepticism about whether the technology will function as intended. Several participants noted that whilst modernisation may reduce administrative burden in the long term, the transition period is likely to bring increased compliance workload, integration challenges, and uncertainty whilst exact requirements remain unclear. Concerns about the impact on supply chains were also raised, with larger businesses noting that their smaller suppliers and customers may struggle to meet new system requirements, potentially affecting trading relationships.

Overall, the feedback suggests broad support for the strategic direction of VAT modernisation, tempered by calls for clear guidance, stakeholder engagement, realistic timelines, and careful consideration of the practical and financial impact on businesses of all sizes.

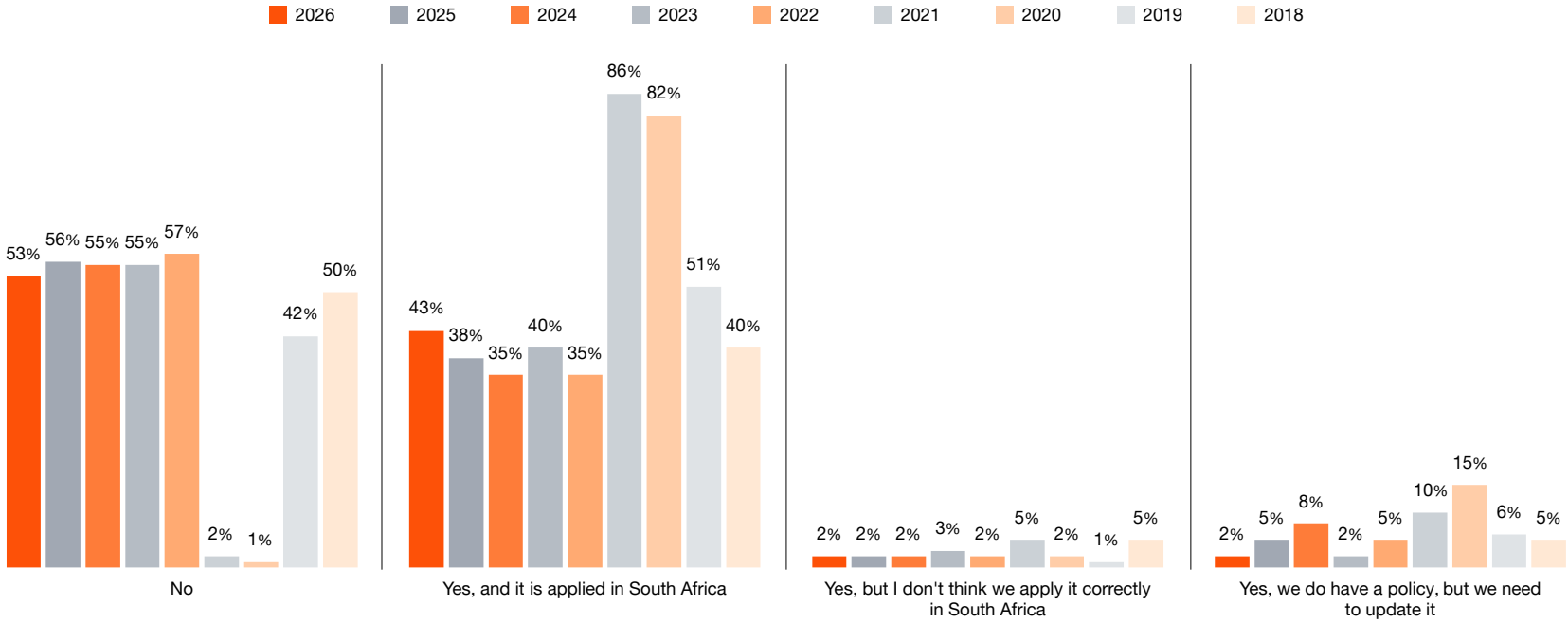
Transfer pricing (TP)

TP sits at the intersection of global commerce and national tax sovereignty, making it a perennial flashpoint between multinationals and revenue authorities. For SARS, the stakes are high: cross-border pricing arrangements can shift significant value across jurisdictions. For taxpayers, the complexity and duration of TP audits represent a substantial compliance burden as well as potential tax uncertainty. Over nine years, the survey has tracked a landscape of fluctuating frequency but growing sophistication.

Company TP policy

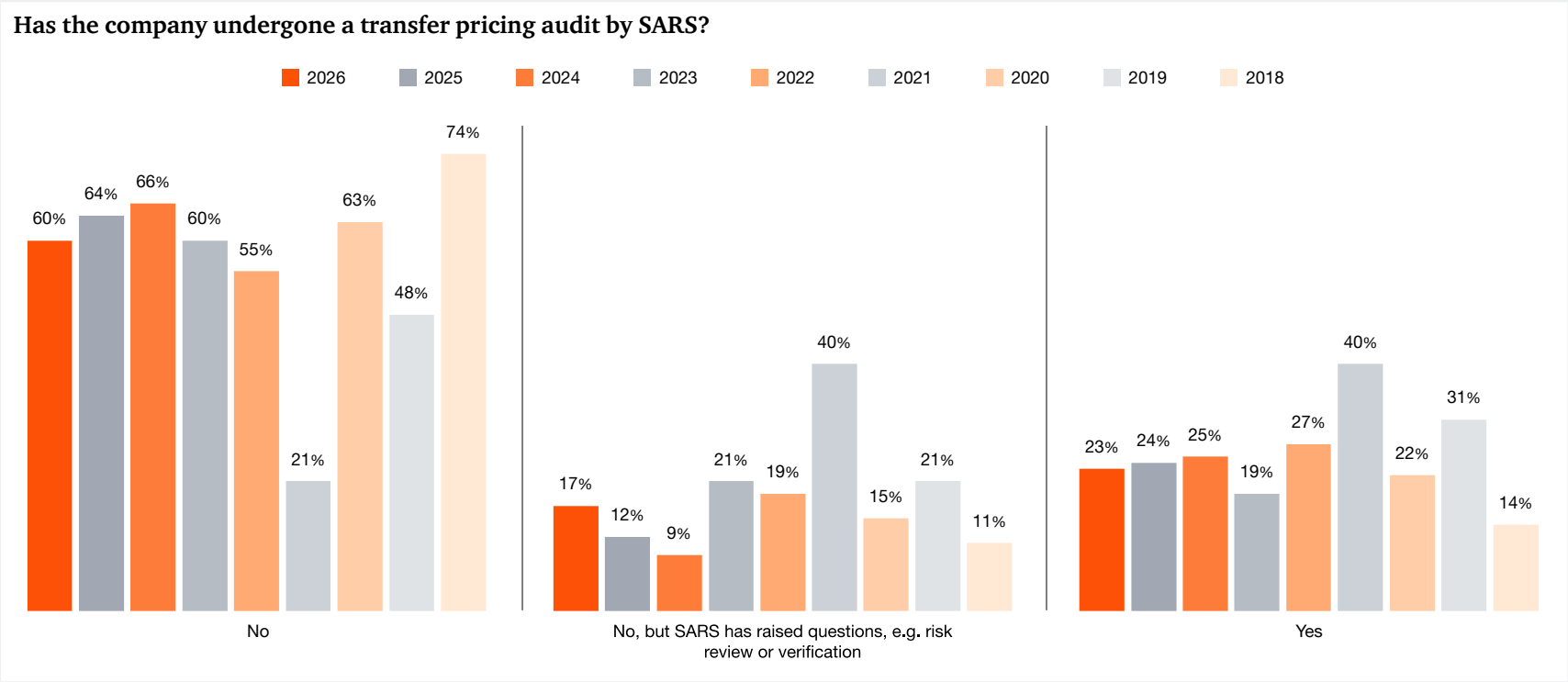
In 2026, 47% of respondents reported having a TP policy in place in South Africa (43% applied correctly, 2% needing updating, and 2% not applied correctly), compared with 45% in 2024 and 2025. The proportion without a TP policy remained at 53%, consistent with prior years but still a concern given SARS' increasing scrutiny in this area.

Does the company have a transfer pricing policy in place in South Africa?



Frequency of TP audits

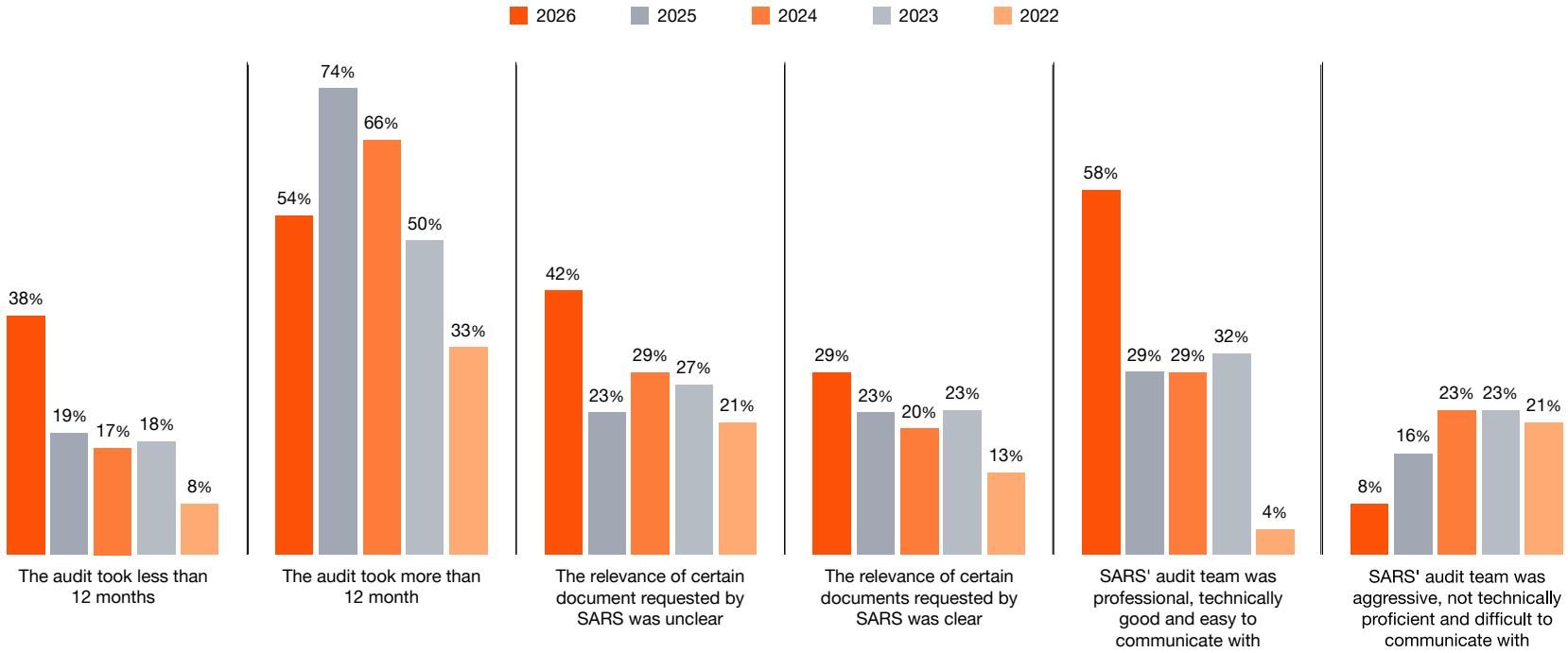
In 2026, 23% of respondents had undergone a TP audit, broadly consistent with 24% in 2025. A further 17% reported that SARS raised questions or conducted a risk review without proceeding to a full audit, up from 12% in 2025. The proportion of companies selected for TP audits remained relatively consistent over the nine-year period.



Experience of TP audits

For those who have been through a TP audit, the experience in 2026 looks markedly different from previous years. Some 58% found the SARS audit team “professional and easy to communicate with”, double the 29% recorded in both 2025 and 2024. The proportion describing the SARS team as “aggressive or not proficient” has shrunk to just 8%, down from 16% in 2025 and 23% in 2024. Yet TP audits remain a test of patience and financial budgets: 54% still took more than 12 months to conclude, though even this represents an improvement from 74% in 2025 and 66% in 2024.

Please select all the options that describe the company’s experience with the transfer pricing audit, e.g. duration of the audit, clarity of documents required by SARS, and SARS audit team proficiency. Select all that apply:

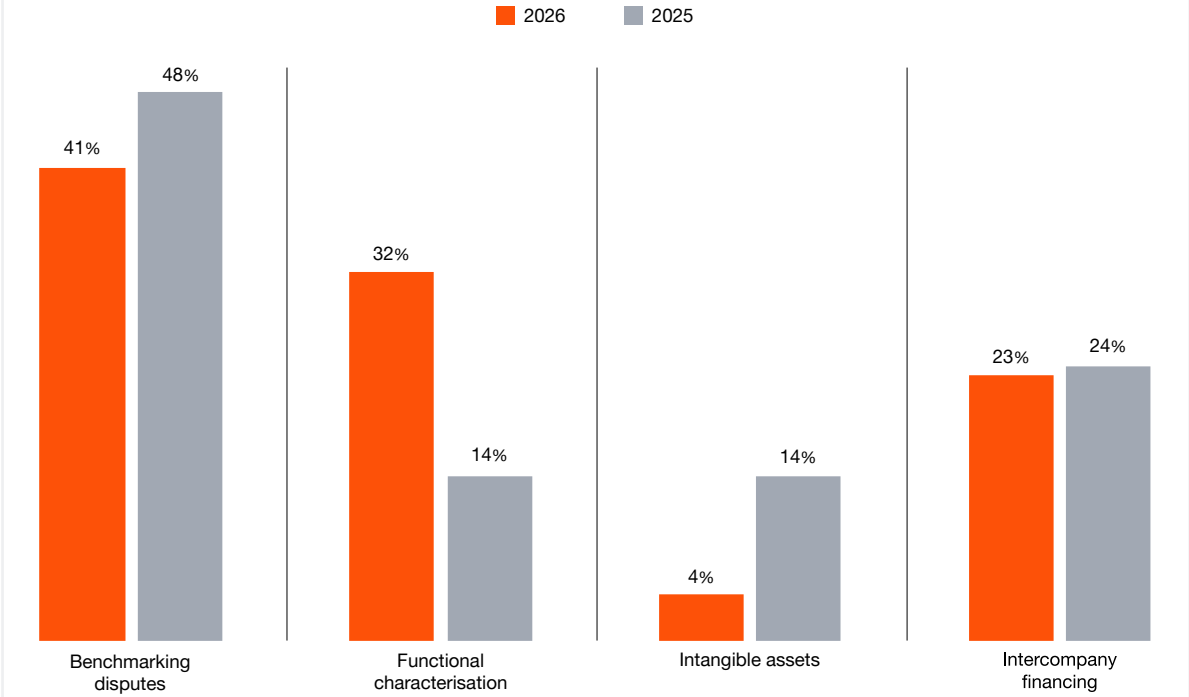




Types of TP disputes

Benchmarking disputes remain the most common type of TP dispute (41%), though this has decreased from 48% in 2025. Functional characterisation disputes have risen to 32% (from 14% in 2025), suggesting SARS is increasingly challenging how entities characterise their operations. Intercompany financing disputes remain steady at 23% (24% in 2025).

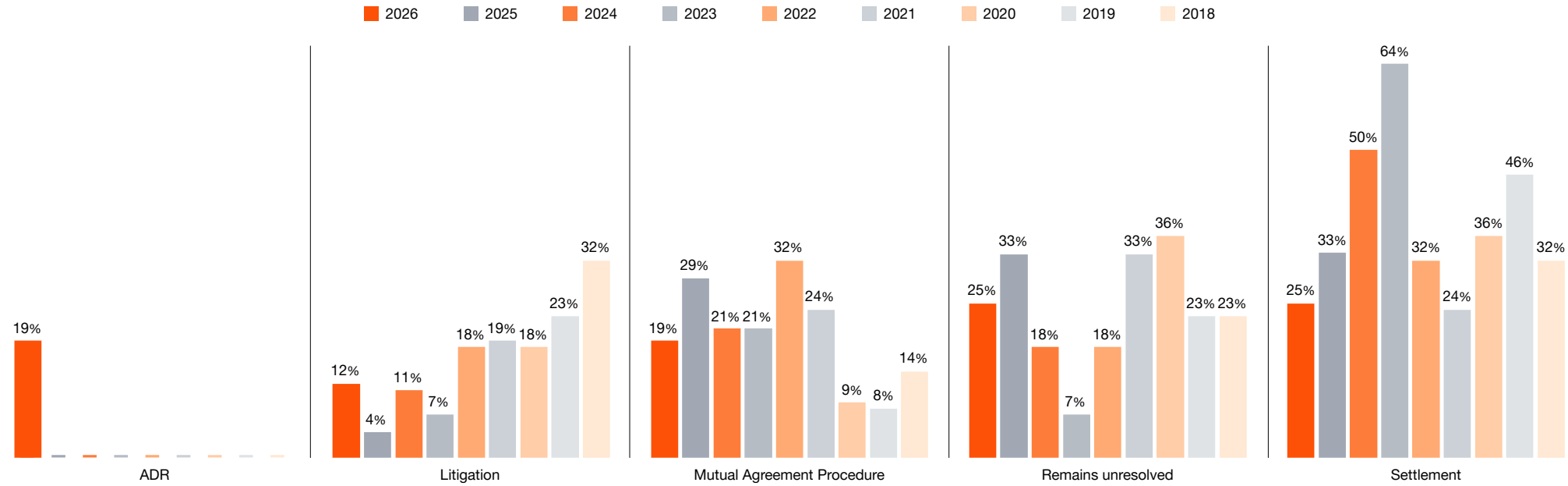
What types of transfer pricing disputes has the company faced?



Resolving TP disputes

The resolution of TP disputes has diversified. In 2026, settlement and “remains unresolved” each accounted for 25% of outcomes, with Alternative Dispute Resolution (ADR) emerging as a new resolution channel at 19% and Mutual Agreement Procedure (MAP) also at 19%. Litigation accounted for 12% of outcomes, up from 4% in 2025. The proportion of unresolved disputes fell from 33% in 2025 to 25% in 2026, a positive development that suggests SARS is resolving these disputes quicker.

If the company received a transfer pricing assessment, how was it resolved?





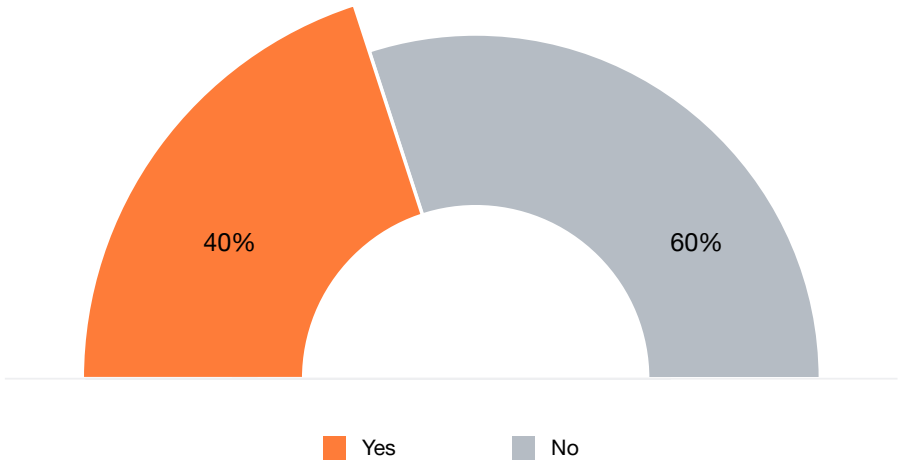
Pillar II

The OECD's Pillar II framework, the GloBE Rules, represents a seismic shift in international tax policy. By requiring large MNE's (being groups with annual consolidated revenue of at least EUR 750 million in at least two of the four preceding fiscal years) to pay a minimum effective tax rate of 15% in every jurisdiction where they operate, Pillar II rewrites the rules of global tax competition. For South African Multinational Enterprises (MNEs) and foreign multinationals with local operations, the implications are profound. The 2026 Taxing Times Survey introduced dedicated questions on Pillar II for the first time, capturing a business community in the early stages of adaptation.

Understanding and impact

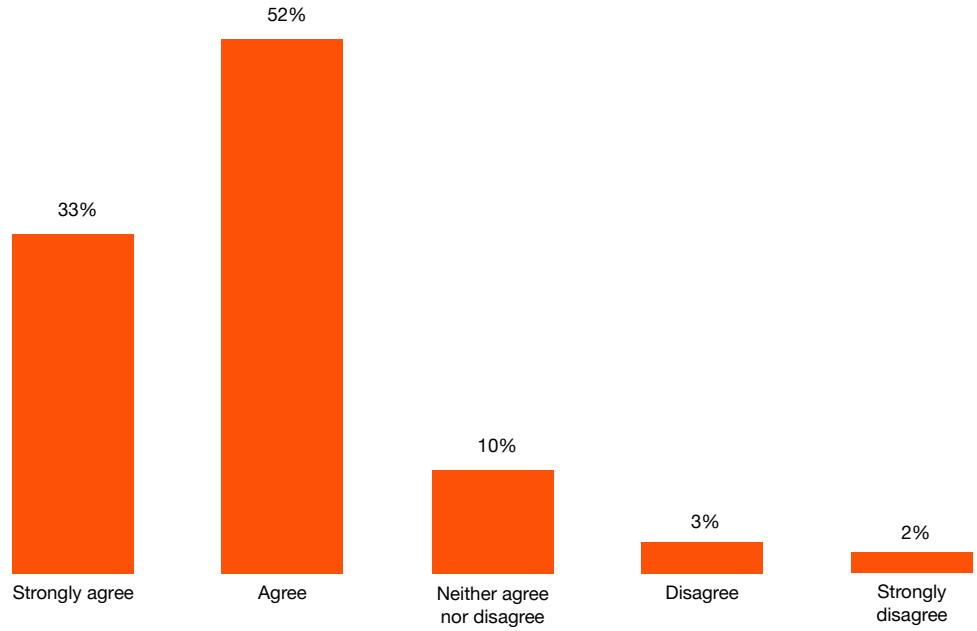
When asked whether Pillar II would affect their company, 40% of respondents said yes. Among those affected, the majority (67%, combining “agree” and “strongly agree”) indicated that systems and process changes represent a significant investment. Encouragingly, 85% reported having a clear strategy for Pillar II calculations.

Will Pillar II affect your company? (2026)



Systems and process investment

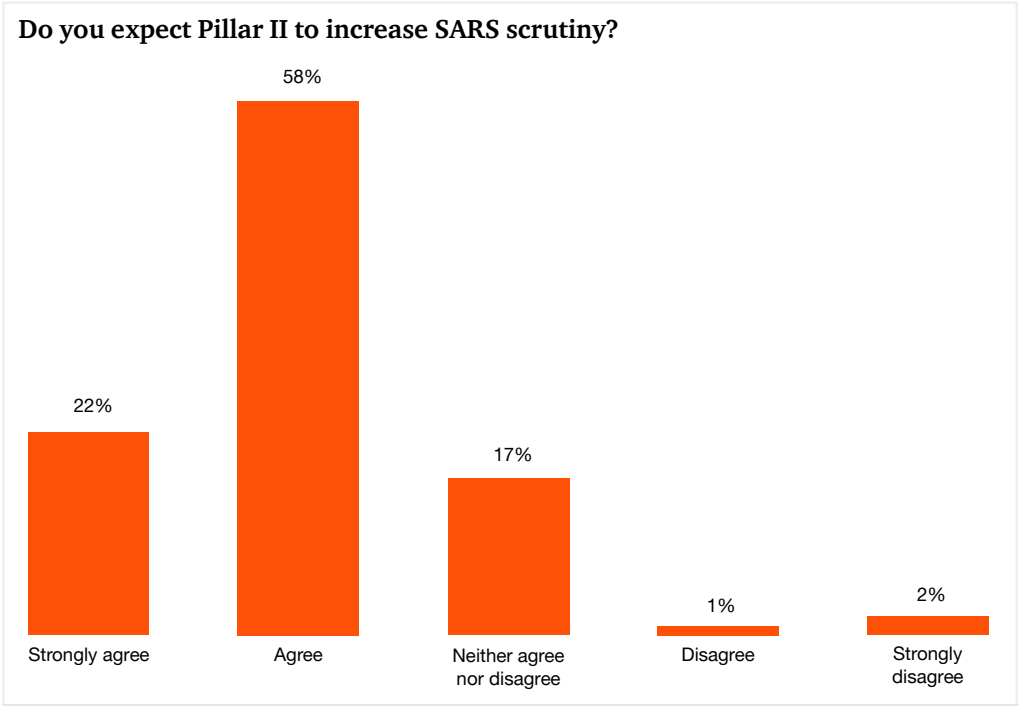
Clear strategy for Pillar II calculations (2026)





Concerns about increased SARS scrutiny

A significant 80% of respondents (combining “agree” and “strongly agree”) expect Pillar II to increase scrutiny from SARS. Only 3% disagreed. This reflects a widespread expectation that SARS will leverage the new framework to expand its audit and compliance activities, particularly in the area of international tax.





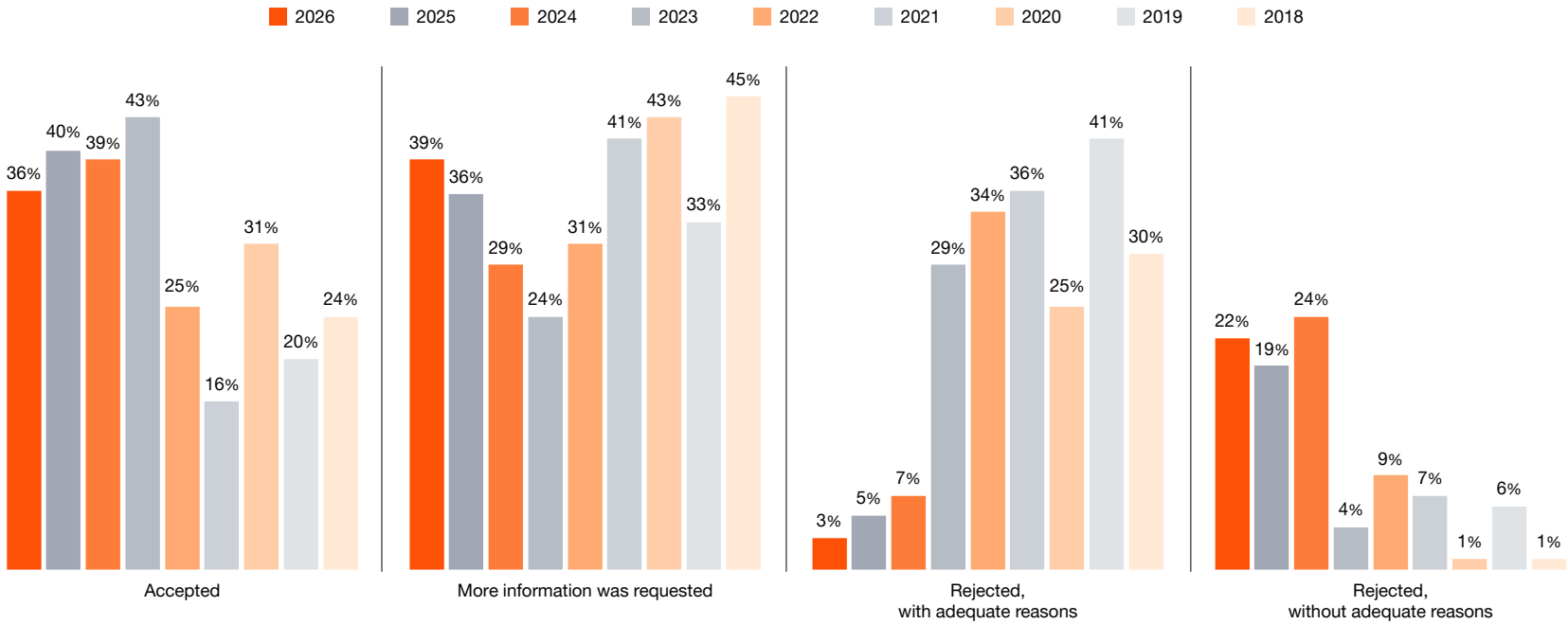
Disputes and the debt management process

When a tax dispute arises, the stakes are high and the process can be grueling and expensive. Chapter 9 of the TAA and the rules promulgated under section 103 provide the roadmap, but the journey from objection to resolution is rarely straightforward. Over nine years, the survey has tracked how well this framework serves corporate taxpayers navigating contested terrain.

Suspension of payment

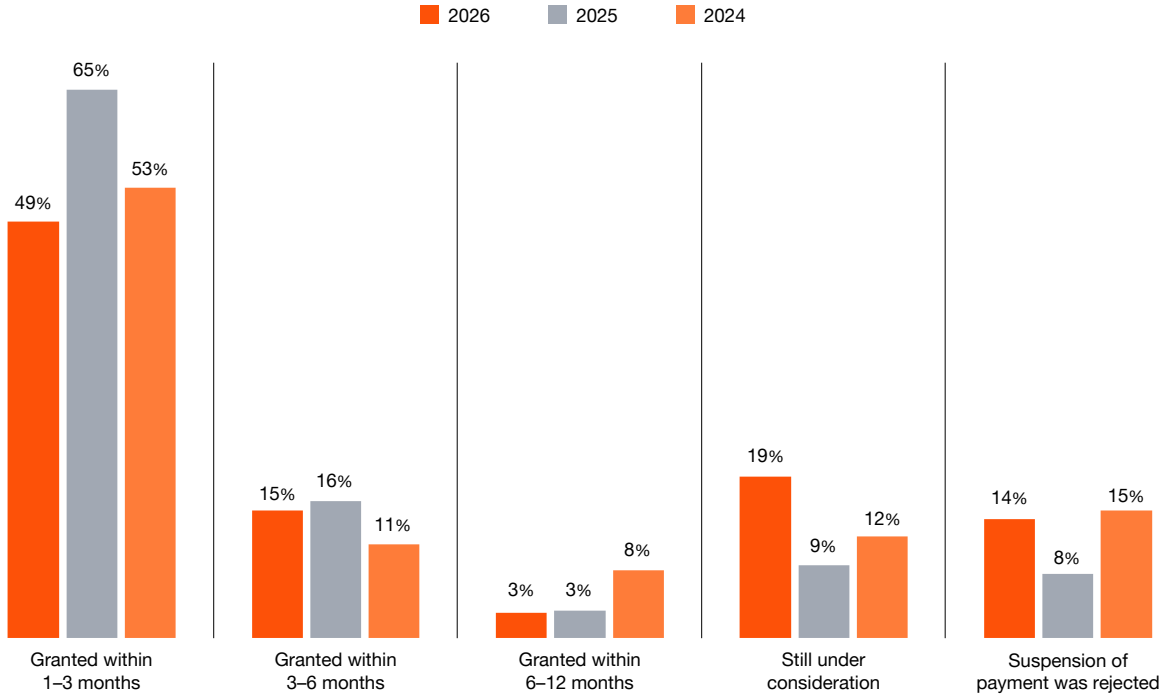
Section 164(3) of the TAA permits a taxpayer to apply for the suspension of payment of disputed tax pending the resolution of an objection or appeal. In 2026, 36% of respondents had their suspension requests accepted (down from 40% in 2025), whilst 22% were rejected without adequate reasons (up from 19% in 2025). A further 39% were asked for more information.

When the company submitted a suspension of payment request (section 164 of the TAA) to SARS pending a dispute how did SARS handle the request? The suspension of payment was



Processing times for suspension-of-payment requests weakened in 2026. Although 49% were granted within one to three months, this was down from 65% in 2025. Nineteen per cent remained under consideration, more than double the 9% reported in 2025, while 14% were rejected, up from 8%. These results point to an area requiring continued attention, particularly clearer communication on outstanding information, reasons for delay, and expected decision dates.

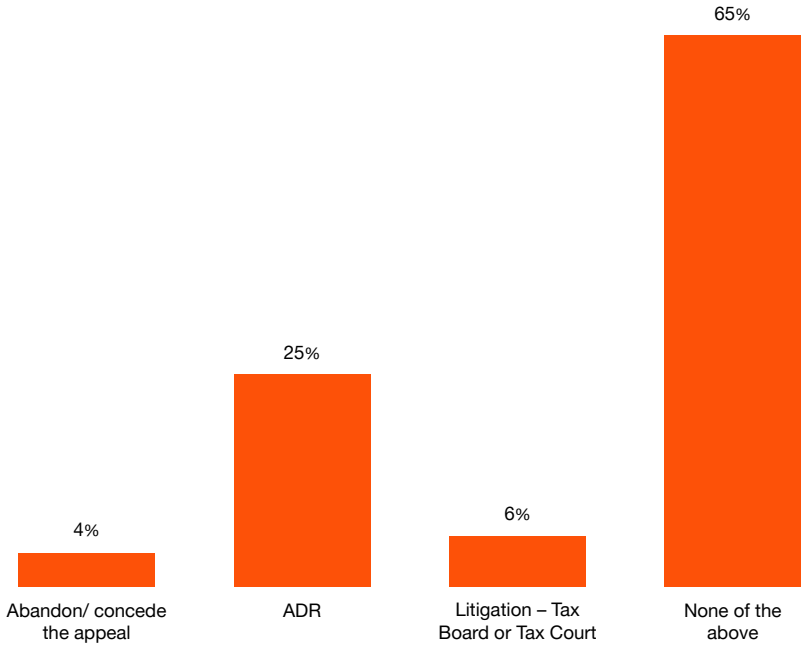
How long did SARS take to process your suspension of payment request?



Alternative Dispute Resolution (ADR)

ADR remains a valuable mechanism for resolving tax disputes outside of formal litigation. In 2026, 25% of respondents had engaged in ADR at the appeal stage, whilst 6% proceeded to litigation through the tax board or tax court. The majority (65%) had not reached the appeal stage, and 4% abandoned or conceded their appeal.

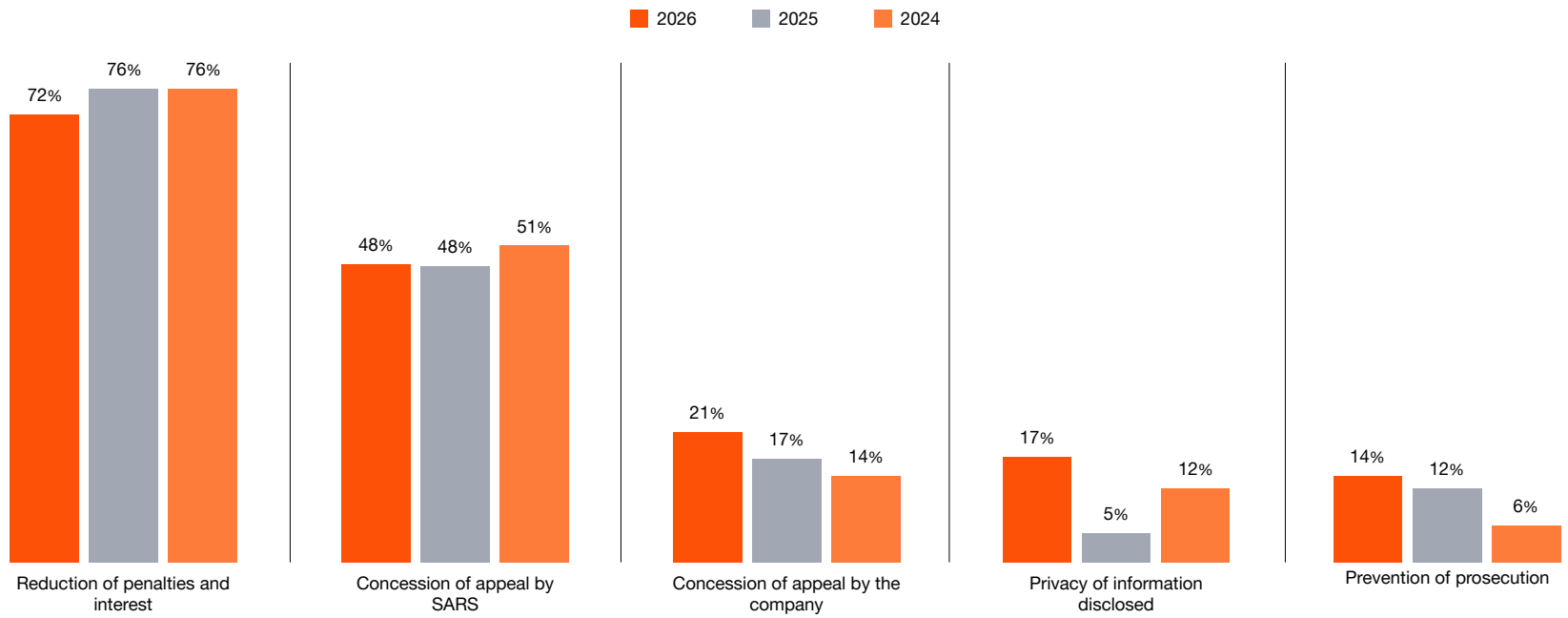
At the appeal stage, did you pursue ADR or litigation? (2026)



Benefits of the ADR process

Among those who participated in ADR, the most cited benefit was the reduction of penalties and interest (72%), followed by concession of the appeal by SARS (48%). Concession by the company itself was reported by 21% (up from 17% in 2025), suggesting a growing willingness by taxpayers to reassess their positions through the ADR process.

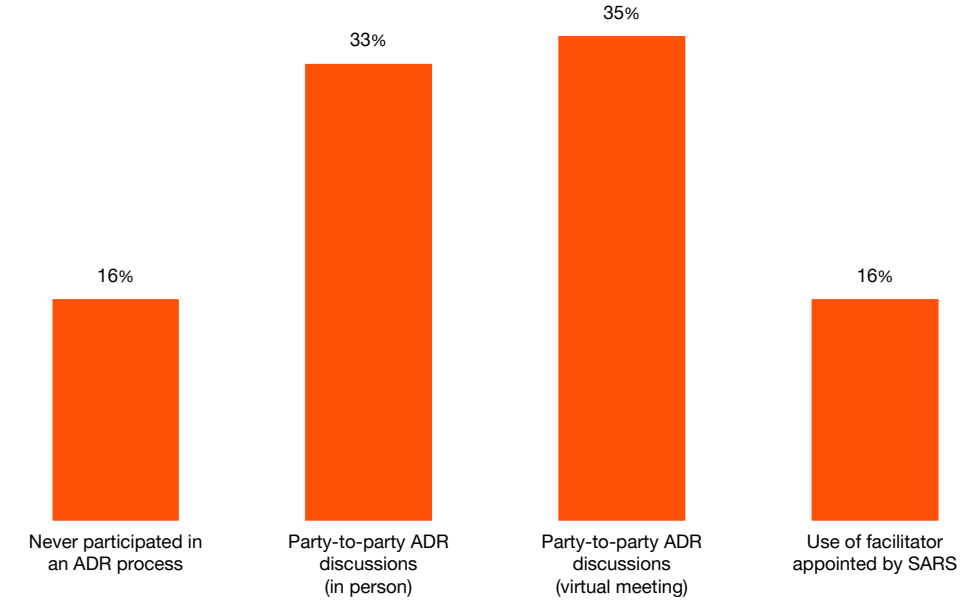
What benefits do you experience from the ADR process?





When asked which ADR option worked best, “party to party virtual” (35%) and “party to party in person” (33%) were the most popular. Only 16% favoured a SARS appointed facilitator, and 16% had never participated in ADR.

Which ADR options work best? (2026)



Nine-year trend:

ADR continues to deliver tangible benefits for participants, with reduction of penalties and interest consistently cited by over 70% of users across three survey years. The growing popularity of party-to-party formats suggests a preference for direct engagement over formally facilitated processes.



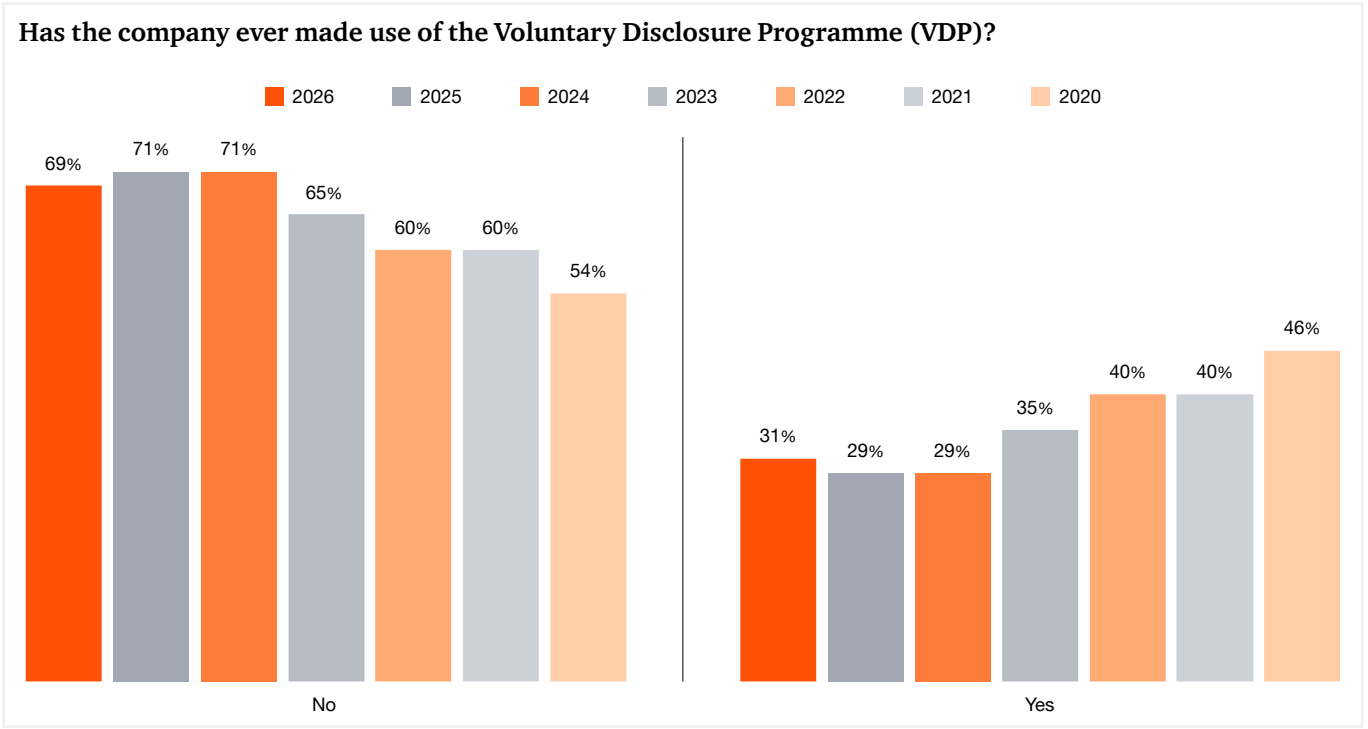
Voluntary Disclosure Programme (VDP)

The VDP offers taxpayers a lifeline: a chance to come clean on undisclosed tax defaults in exchange for relief from USP and, in certain circumstances, criminal prosecution. Governed by Part B of Chapter 16 of the TAA, the VDP has become an established fixture in South Africa's tax landscape. The Taxing Times Survey has tracked its usage and effectiveness since 2018.



VDP applications

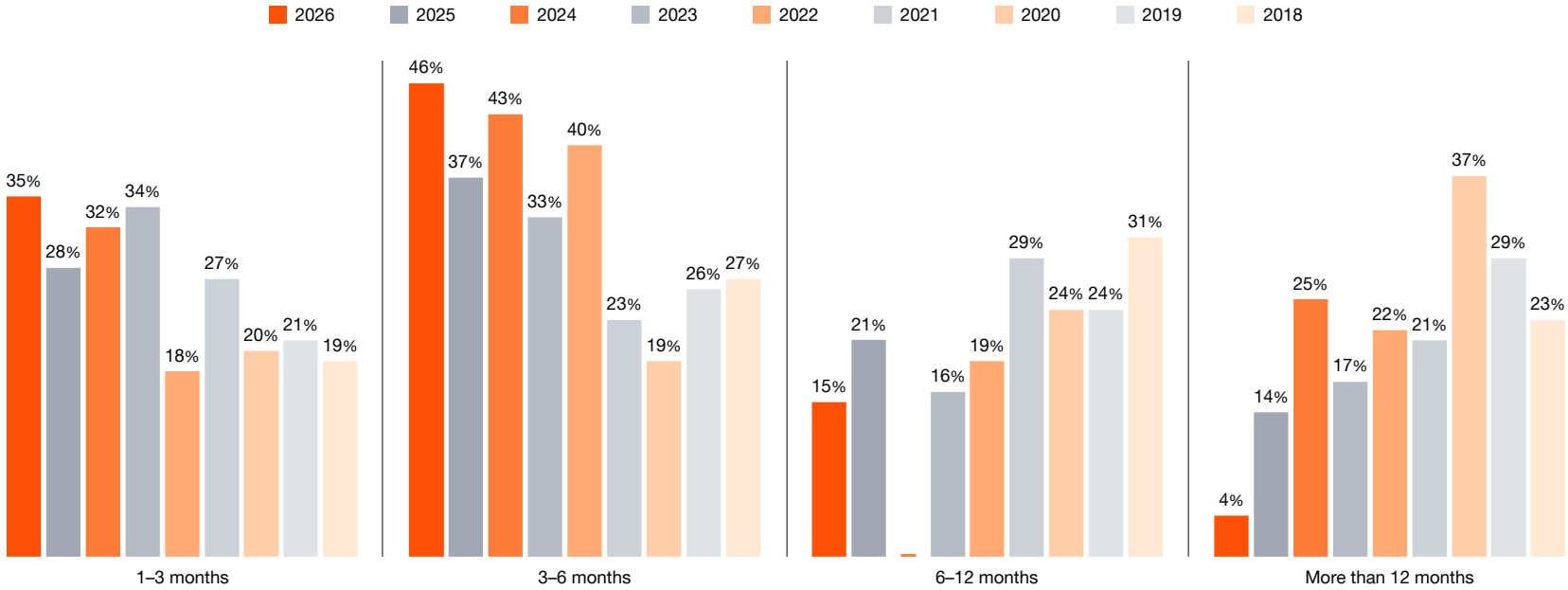
In 2026, 31% of respondents had used the VDP, broadly consistent with 29% in both 2025 and 2024. Over the nine-year period, VDP usage peaked at 40% in both 2020 and 2021 before declining and stabilising around 30%.



Turnaround times

For taxpayers awaiting a VDP outcome, time matters. The 2026 results bring encouraging news: 81% of applications were finalised within six months (35% within one to three months and 46% within three to six months), up from 65% in 2025. The proportion exceeding 12 months has shrunk to just 4%, down from 14% in 2025 and 25% in 2024. For those considering a voluntary disclosure, SARS is now delivering decisions faster than at any point in recent memory.

In the company's experience, how long does it usually take SARS to finalise the company's VDP application?



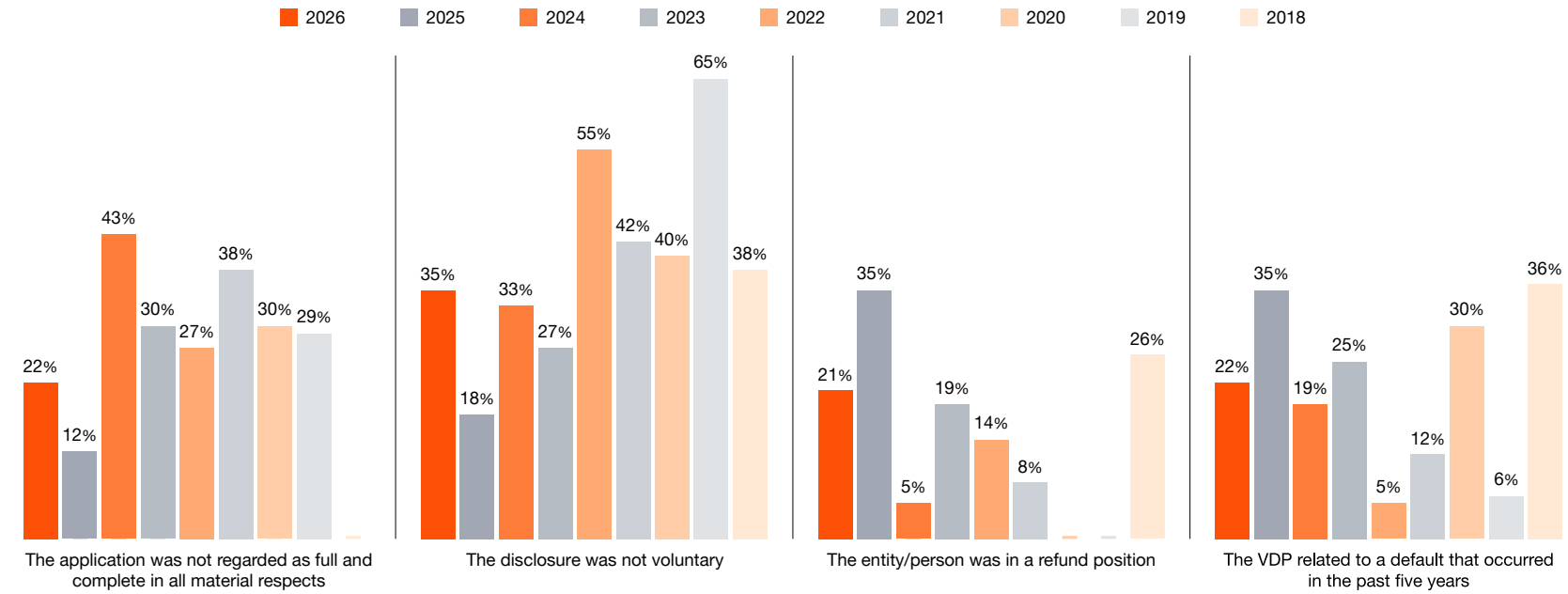
Nine-year trend:

VDP turnaround times have improved significantly, with finalisation within six months rising from 65% in 2025 to 81% in 2026. This aligns with the SARS Service Charter commitment to finalise 9 out of 10 VDP applications within 90 business days.

Denial reasons

Among VDP applications that were denied, the most common reason was that the disclosure was “not voluntary” (35%), followed by the application not being “full and complete” (22%), default in the past five years (22%), and the entity being in a refund position (21%). This year, the reasons for rejection appear to be evening out, in contrast to 2025 where the distribution of rejection reasons deviated significantly from prior years’ trends.

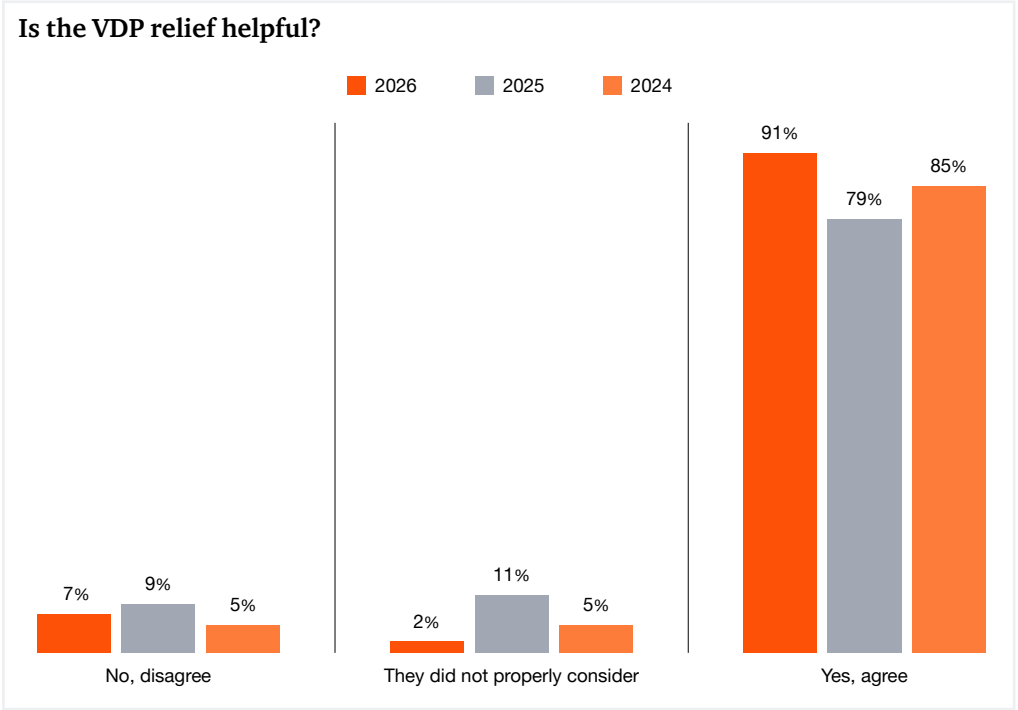
In the company’s experience, what is SARS’ reason for rejecting the VDP application?





Value of VDP relief

The value proposition of the VDP has never been clearer. An overwhelming 91% of respondents agreed that VDP relief is helpful, the highest endorsement in the survey's history and up from 79% in 2025 and 85% in 2024. When asked whether interest remission would make the VDP more appealing, a new question for 2026, 91% agreed. The appetite for broader relief is unmistakable.





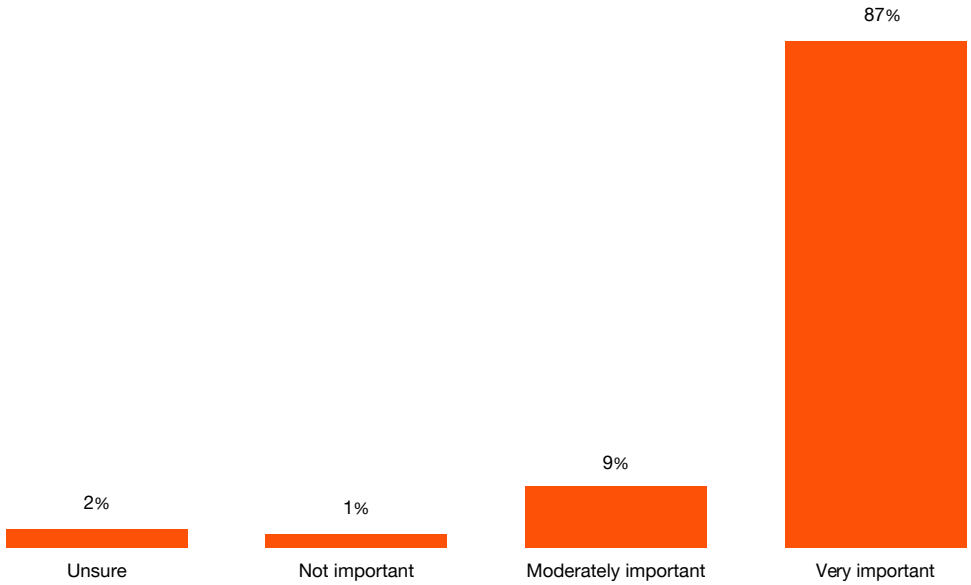
AI and data analytics

AI and data analytics are reshaping the future of the world and tax administrations. For SARS, these tools promise sharper risk profiling, faster compliance checks, and more efficient resource allocation. For taxpayers, they raise questions about transparency, fairness, and the balance between automation and human judgement. The 2026 survey introduced new questions to gauge where corporate South Africa stands on this digital frontier.

Workforce upskilling

Technology alone is not the answer. An overwhelming 87% of respondents considered SARS' investment in workforce upskilling to be "very important", with a further 9% rating "moderately important". Only 1% believed technology should drive improvements on its own. The message is clear: in complex audit and dispute resolution scenarios, there is no substitute for skilled human judgement.

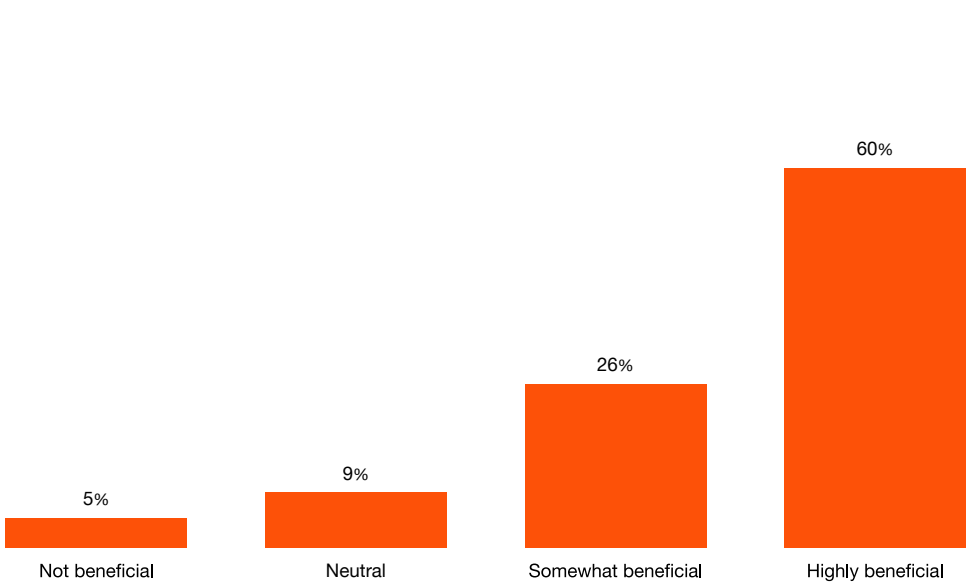
How important is SARS investing in workforce upskilling? (2026)



Single Customer View and data consolidation

Respondents generally saw value in a consolidated "Single Customer View" of taxpayer data, 60% rated it as "highly beneficial", citing its potential to simplify compliance and improve service delivery. A further 26% described it as "somewhat beneficial" (dependent on data accuracy), whilst 5% selected that it will not be beneficial as the risk of data misuse outweighs the benefits.

How beneficial would a consolidated Single Customer View be? (2026)

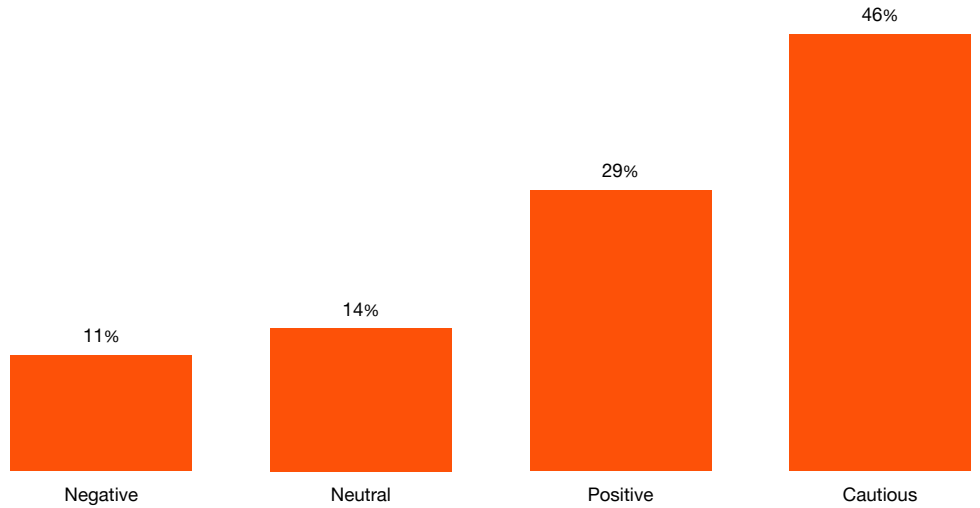




AI driven compliance models

Respondents were more cautious about SARS using AI-driven compliance models for real time risk profiling. Whilst 29% were positive (believing it would create a fairer system and reduce fraud), 46% took a cautious view, emphasising the need for transparency and fairness in automated decision making. Some 11% were negative, expressing concerns about over monitoring and the potential for increased disputes.

Views on SARS using AI-driven compliance models for risk profiling (2026)





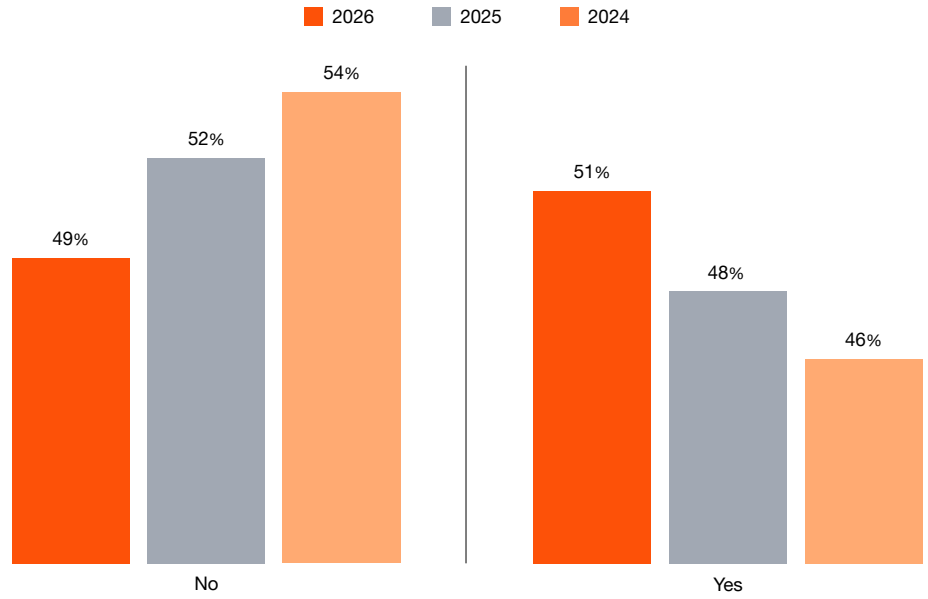
SARS' service delivery

Service delivery is the thread that weaves together every chapter of this report. From verification timelines to dispute resolution, from VDP turnarounds to LB&I engagement, the quality of SARS' service shapes the taxpayer experience at every turn. In 2026, the picture that emerges is one of genuine progress tempered by persistent inconsistency.

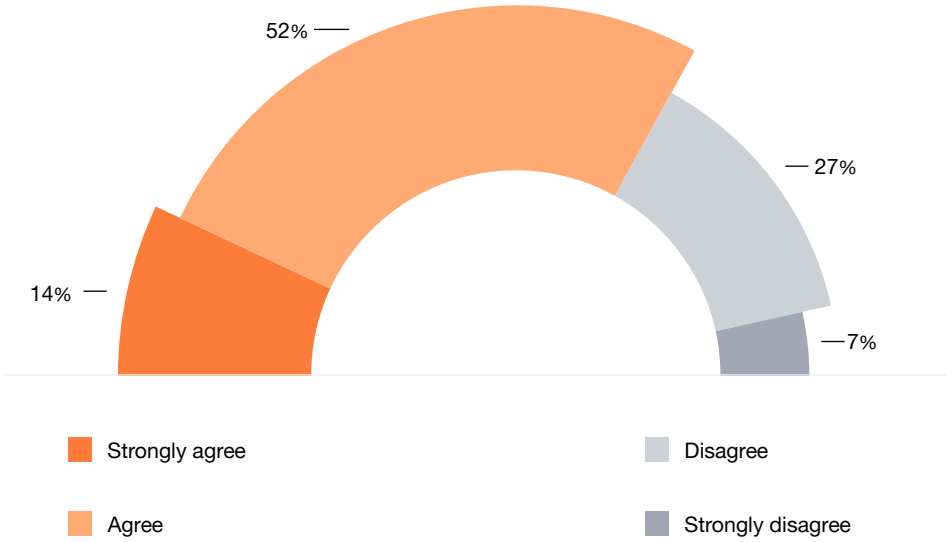
SARS' LB&I

In 2026, 51% of respondents were registered at LB&I, up from 49% in 2025 and 46% in 2024, reflecting the growing reach of this division. Following the restructuring and revival of the LB&I and the introduction of forum discussions with taxpayers, 66% of respondents agreed (52% "agree", 14% "strongly agree") that engagements have improved. This represents a steady increase from 45% in 2022.

Is the company registered at SARS' Large Business and International Division (LB&I)?



Post the restructuring of LB&I and forum discussions held with taxpayers, the engagements with SARS improved.





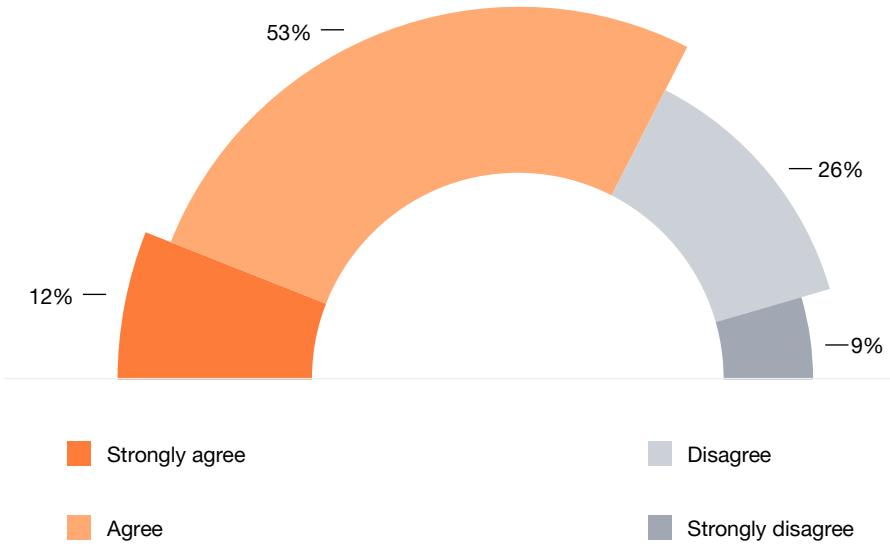
When asked to elaborate, participants offered a nuanced picture. Many valued the introduction of dedicated relationship managers, noting that having direct contact at SARS has made it easier to route queries appropriately and access senior stakeholders when needed. Regular meetings, personalised service, and more face-to-face engagement were cited as positive developments, with some respondents describing swifter resolution of queries and strengthened relationships. However, concerns persist. A recurring theme was that the quality of service varies significantly depending on the competency and responsiveness of the individual relationship manager assigned. Several respondents reported slow turnaround times, unanswered telephone calls, and emails that go without response, often requiring constant follow-up over extended periods. Some noted that whilst engagement has improved at a strategic level, operational and administrative burdens remain heavy, with bureaucratic processes not yet fully addressed. Others observed that good intentions at senior level do not always filter through to front-line service delivery.

Overall, the feedback suggests that the restructuring has created a valuable framework for engagement, but consistent execution and improved responsiveness across all relationship managers remain areas for further development.

Compliance with tax obligations

A new question in 2026 asked whether it has become easier to comply with tax obligations. Some 65% of respondents agreed (53% “agree”, 12% “strongly agree”), whilst 35% disagreed. This baseline measurement provides a useful reference point for future editions.

Has it become easier to comply with its tax obligations? (2026)



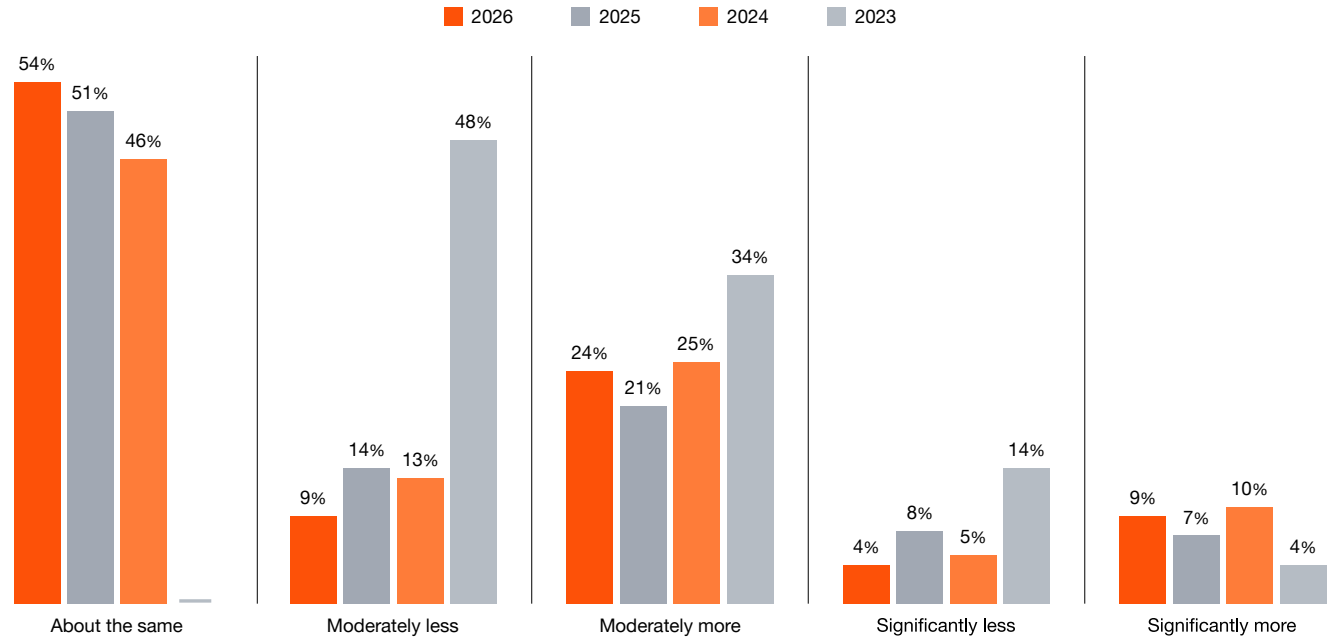
Participant feedback was mixed. Many noted that eFiling has simplified routine submissions and made compliance more accessible, with improved communication, clearer verification requests, and better digital platforms cited as positives. However, others reported that compliance has become more onerous, pointing to increased verifications, repetitive information requests, and growing complexity from new requirements such as Pillar II registration.

Several respondents observed that whilst technical submission has improved, the administrative burden has increased, and resolving issues with SARS remains time-consuming. The quality of assistance from SARS call centres and consultants was also a concern, with inconsistent training and knowledge levels noted. Overall, the feedback suggests that digital tools have eased basic compliance, but complexity, administrative workload, and service delivery challenges continue to frustrate taxpayers.

Trust in SARS

Trust is the currency of a functional tax system. Without it, voluntary compliance falters and the cost of enforcement spirals. In 2026, 33% of respondents trust SARS more than a year ago (24% “moderately more”, 9% “significantly more”), whilst 54% reported trust levels as “about the same”. Only 13% reported trusting SARS less, a further improvement on 22% in 2025 and 18% in 2024. The challenge now is to translate these gains into deeper, more sustained confidence in SARS.

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



We asked respondents to tell us more and the views varied. Some noted improved communication, better engagement through relationship managers, and a more open approach from SARS leadership, with faster response times and clearer processes cited as positives. However, many reported that their experience has not meaningfully changed, with operational delays, inconsistent service, and staff knowledge gaps continuing to erode confidence. Several respondents expressed frustration that whilst senior leadership sets the right tone, this does not always translate to front-line service delivery. Concerns about aggressive audit approaches, lack of adherence to SARS’ own timelines, and difficulties resolving administrative issues were also common. Overall, the feedback suggests that trust is gradually building, but sustained improvement in service consistency, staff capability, and responsiveness will be essential to shift perceptions more meaningfully.

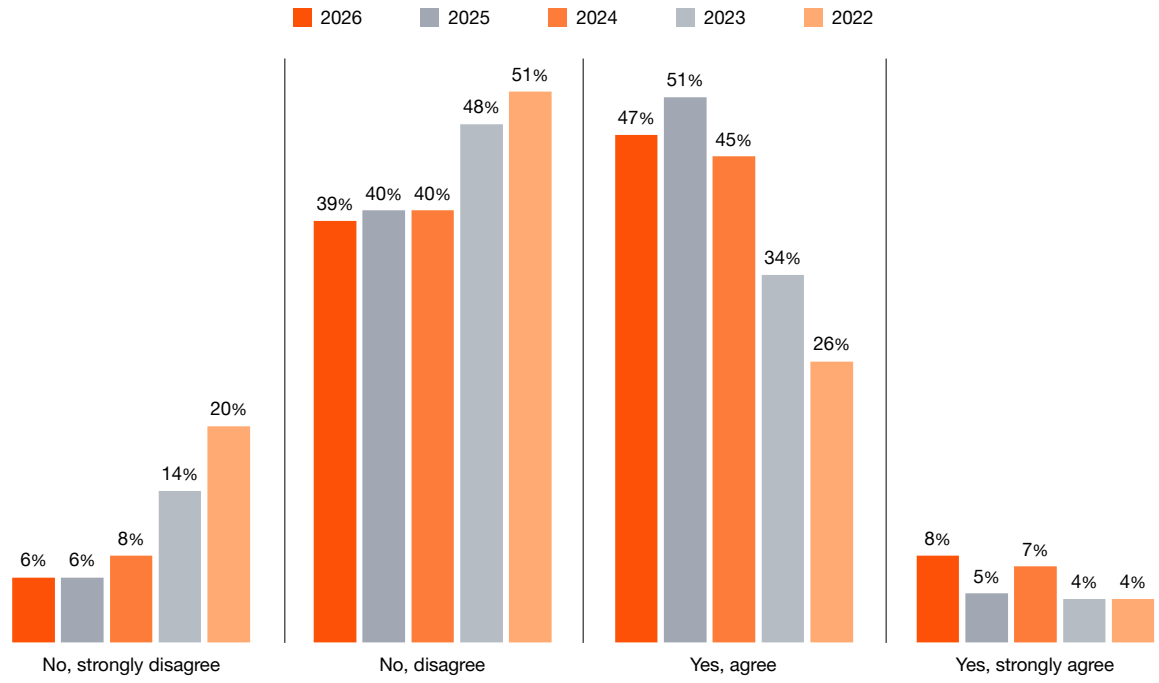
Nine-year trend:

Trust in SARS has shown a consistently positive trajectory. The proportion trusting SARS less has fallen from 22% in 2025 to 13% in 2026, whilst trust stability (“about the same”) has increased. Sustaining this momentum will be essential for voluntary compliance.

Delivering quality outcomes and performance excellence

Are taxpayers seeing better outcomes? The answer is increasingly yes. In 2026, 55% agreed that SARS has improved in delivering quality outcomes (47% “agree”, 8% “strongly agree”), compared with 56% in 2025 and 52% in 2024. This represents a dramatic shift from the 30% recorded in 2022. Strong disagreement has fallen to 6%, down from 20% in 2022. The needle is moving, even if some taxpayers remain unconvinced.

Has SARS improved in delivering quality outcomes?



We asked that the participants tell us more based on the above answers and the feedback was divided. Some acknowledged improvements in digital platforms, automated processing, and more transparent engagement, with faster turnaround times and greater willingness by SARS to review disputes cited as positives.

However, many felt that the administrative burden has increased rather than decreased, with system challenges, lengthy verification processes, and inconsistent service quality cited as ongoing frustrations. Several respondents noted that whilst eFiling and automation have improved data collection and enforcement, these gains have not translated into reduced workload or faster resolution of queries for taxpayers.

Concerns about staff knowledge levels and the difficulty of resolving outlier issues were also raised. Overall, the feedback suggests that SARS is on the right track with its modernisation agenda, but operational execution remains uneven, and further refinement is needed before taxpayers experience tangible improvements in service outcomes.

Nine-year trend:

The perception of quality outcomes has improved dramatically over five years, from 30% agreement in 2022 to 55% in 2026, a 25-percentage point increase. Strong disagreement has been cut by two thirds (from 20% to 6%).

Reflection on SARS' Service Charter

The SARS Service Charter, effective on 1 April 2026, sets out measurable commitments across the full spectrum of taxpayer interactions. The Charter provides a framework for accountability, establishing clear turnaround times and service standards against which SARS' performance can be measured.

Key commitments from the 2026 Charter include:

- Verification: 8 out of 10 verifications within 21 business days
- Audit: 9 out of 10 audits within 90 business days
- Refunds above R100: within 3 business days (subject to correct banking details, no outstanding debt or returns, and no audit or verification initiated)
- Objections: 7 out of 10 within 60 business days
- ADR: 8 out of 10 within 90 business days
- VDP: Acknowledgement within 30 business days; finalisation within 90 business days (9 out of 10)
- Tax clearance status: 9 out of 10 within 5 business days

Measuring our survey data against these Charter commitments provides valuable insight. For example:

- 53% of VAT verifications were completed within 21 days in 2026, suggesting that the Charter's target of 8 out of 10 verifications within 21 business days is not yet being met from the taxpayer's perspective.
- Similarly, whilst 31% of audits were completed within one to three months, the Charter's 90 business day target for 9 out of 10 audits appears ambitious given the 23% of audits that still exceed 12 months. These gaps represent both a challenge and an opportunity for SARS to align operational performance with its stated commitments.

Key takeaway:

The Service Charter sets a welcome benchmark, but the 2026 survey data shows a clear gap between SARS' published commitments and the experience of corporate taxpayers, most notably in audit durations, progress reporting and the processing of suspension of payment requests. At the same time, faster verifications, improved VAT refund and VDP turnaround times, and SARS' greater willingness to reconsider its position after audit findings show that progress is real. Taxpayers should use the Charter actively: keep records of SARS' turnaround times, refer to the Charter commitments when engaging SARS on delays, and escalate where the published standards are not met.



PwC’s Tax Controversy and Dispute Resolution services

PwC’s Tax Controversy and Dispute Resolution (TCDR) team offers comprehensive support across the full tax dispute lifecycle. Drawing deep technical expertise and practical experience, the team assists clients in navigating the complexities of tax audits, objections, appeals, ADR proceedings, and litigation before the Tax Board and Tax Court.

Key insights from the 2026 tax controversy life cycle

The 2026 survey reveals a revenue authority in transition. SARS is demonstrating a greater willingness to engage and reconsider its position, with a 77% reconsideration rate reflecting a cultural shift in dispute resolution. USP remain a flashpoint, but perceptions of fairness are improving. TP audits have grown in sophistication and professionalism, though they still test taxpayers' patience. The message from the data is nuanced: real progress is being made, but the journey is far from complete.

ADR continues to deliver tangible value for taxpayers, particularly through reductions in penalties and interest, and remains a recommended first port of call for those seeking efficient resolution of disputes. The introduction of the SARS Service Charter provides a new accountability framework against which taxpayers can benchmark their experiences and hold SARS to its stated commitments. Looking ahead, the implementation of Pillar II will bring additional complexity for multinational taxpayers, requiring careful engagement with SARS as the new rules bed down in practice.

Our team: Your trusted partner in 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. Whether you are facing a routine verification, a complex TP dispute, or a novel Pillar II enquiry, our team brings the expertise and experience to guide you to the best possible outcome.

Our services include:

- Tax audit support and management
- Objections and appeals
- Alternative Dispute Resolution
- Tax Board and Tax Court litigation
- Voluntary Disclosure Programme applications
- Transfer pricing dispute resolution
- Mutual Agreement Procedure and Competent Authority assistance
- Pillar II advisory and compliance support
- Proactive tax risk management and governance

Contact



Elle-Sarah Rossato
Director, Tax Controversy and Dispute Resolution,
PwC South Africa
+27 (0) 82 771 7417
elle-sarah.rossato@pwc.com

Contributors

Janie Pienaar

Margaret Vermaak

Hopolang Mollo

Afreen Ayob

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