Saipa: Non-compliant tax practitioners risk deregistration

The South African Institute of Professional Accountants (Saipa) has urged its tax practising members to ensure they are compliant with the South African Revenue Services (Sars) requirements.

Faith Ngwenya, Saipa technical executive

Tax practitioners need to submit their tax clearance certificates, along with a declaration that they have not been found guilty of any criminal offences; and comply with the required continuing professional development (CPD) annually. Failure to comply with these requirements means the institute will not be able to activate a practitioner as a member, thus not being able to service their clients for tax purposes, says Faith Ngwenya Saipa technical executive.

The Tax Administration Act (TAA) requires tax practitioners to register with a recognised controlling body and Sars.

To register a practitioner must belong to or fall under the jurisdiction of a recognised controlling body, have the minimum qualifications and experience set by the controlling body and have no criminal convictions for certain offences set out in the act.

Threat of deregistration

National Treasury proposed in the February 2018 budget an amendment to the TAA to have non-compliant tax practitioners deregistered. Treasury said if a practitioner has not complied on a continuous or repetitive basis and does not correct their behaviour after being notified by Sars, they will be deregistered as a practitioner.

In recent weeks, Sars held a meeting with the leadership of the recognised controlling bodies and proposed a two-day workshop to address some of the issues raised during the meeting, including the deregistration of tax practitioners, says Ngwenya.

"Deregistration is not happening yet, and the process of how it will be done must still be developed."

Whilst it remains unclear how many of our members are non-compliant from the Sars side, Saipa has already excluded +/- 1,000 members from the list of tax practitioners in good standing as they have not met our annual compliance test which includes payment of their subscription fees, tax clearance status, criminal record declaration and compliance with CPD.

Impact of deregistration

A member who has been deregistered or is not activated as a member of Saipa due to non-compliance will not be able to offer tax services.

One of the complaints that Saipa receives from members involves the withholding of taxpayer profiles by the former tax practitioner when a new one has been engaged by the taxpayer. Ngwenya adds that the Institute's legal and compliance division will investigate these complaints.

She notes that practitioners are required to release the profile once the taxpayer has switched to a new practitioner. In some cases, they decline to release the taxpayer's profile due to, amongst others, alleged non-payment for services rendered. This process can be extremely frustrating for taxpayers.

Area of concern

Ngwenya says although Saipa and other recognised controlling bodies are required to meet stringent registration requirements, tax practitioners who are not registered still slip through the system.

Some tax practitioners can circumvent the system by registering multiple profiles pretending to be an individual filing his own return, or a company doing its own submissions."We have raised the issue and it has to be addressed by Sars otherwise it simply makes a mockery of the tax practitioner registration process."