

Gordhan set to amend tax laws over collection

Finance Minister Pravin Gordhan plans to amend tax laws to compel South African Revenue Service commissioner Tom Moyane to improve his tax collection accountability and provide National Treasury with the information it requires for planning, Treasury deputy director-general Ismail Momoniat said on Wednesday.



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An amendment broadening and strengthening existing sections of the Income Tax Act and the Value-Added Tax (VAT) Act is included in the draft Rates and Monetary Amounts Amendment Bill, which incorporates the tax changes announced in the 2017/18 budget tabled in Parliament by Gordhan last week.

Momoniat said in a briefing to Parliament's two finance committees, the amendments were necessary because of tax collection challenges.

Gordhan has expressed concern over tax collection by SARS and told journalists ahead of his budget speech in Parliament last week that some of the R30.4bn shortfall in tax revenue in 2016/17 was due to SARS not fulfilling its duties. He said he had had several engagements with SARS senior management to discuss the issue.

Moyane has strongly rejected these statements.

Currently, Section 107 of the Income Tax Act and Section 74 of the VAT Act only apply to certain taxes.

The proposed amendments would expand this to cover most taxes, Momoniat told MPs. Treasury chief director of legal tax design Yanga Mputa said these sections allowed the minister to prescribe regulations regarding the duties of people employed to administer the Income Tax Act in order to ensure better tax collection.

These sections would be amended to make the information the minister may require more explicit. Mputa said the aim was to improve tax collection and transparency.

In the past, Gordhan has complained about the lack of accountability by SARS on matters of general administration and about not being informed by Moyane about important developments within the tax authority. More recently, there have been concerns over whether SARS has withheld VAT refunds in order to boost its tax revenue collection.

Momoniat said that both legal provisions explicitly pointed out that the minister of finance could make regulations in relation to information he or she deemed necessary from the commissioner in order to ensure transparency and reporting on tax collection.

Source: Business Day

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