

# Annex 1 – Additional data by type of tax

## 1 Income Tax

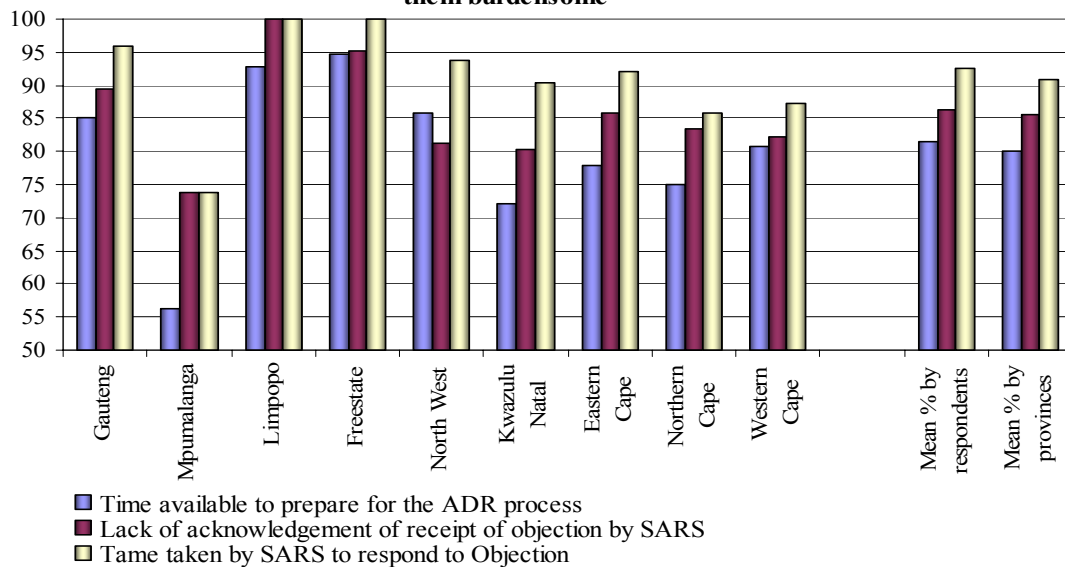
### 1.1 Objections, disputes, and queries

The work of tax practitioners for their clients does not stop at the submission of tax returns (discussed in the main text, above). They also represent businesses in negotiations with the SARS in cases of disagreements, e.g. when businesses object to tax assessments issued by the SARS. It takes tax practitioners about two hours to prepare a written objection (Question 22).

After the objection is submitted to SARS it takes about 10 weeks for SARS to respond to this correspondence (Question 24). Average response time varies dramatically from 15.3 weeks in the Limpopo province to 6.8 weeks in the North West province.

The majority of respondents reported that time available to prepare for the alternative dispute resolution (ADR) process (the process followed if a taxpayer does not agree to SARS' response to their objection), the lack of acknowledgement of receipt of objection by SARS and the time taken by SARS to respond to their client objections is a burden (Question 25). Chart 4 shows that while over a half of respondents have found each of these aspects burdensome in each province, the most burdensome from their perspective was the length of time taken by SARS to respond to their clients written objections.

**Chart 4: Aspects of objection process: percentage of respondents who find them burdensome**



## 1.2 Quality of SARS services and reform agenda

Several questions in the questionnaire dealt with the overall quality of SARS services in respect of income tax and a question was posed about the single most effective reform that would reduce the income tax compliance burden (Question 106b).

Table 1 shows that, on average for the whole country, two issues were mentioned significantly more often than others as the single most effective reform to reduce the compliance burden on SMEs with regard to income tax: (i) special simplified tax regime for small businesses; and another one that can be seen as specific for the population targeted by the survey (ii) direct access to SARS assessors. Respondents from different provinces mostly agreed on the priorities of the suggested reform options. Two most noticeable differences are in Mpumalanga and the Northern Cape provinces where respondents see decentralization of SARS decision-making powers to regional offices as a far more urgent reform compared to their colleagues in other provinces. At the same time, direct access to SARS assessors is much less important to respondents in the latter two provinces.

**Table 1: Question 106b - Single most effective reform that would reduce income tax compliance burden**

	No experience with this tax	Reduce penalties and interest charges	Ability to register and change personal details online	Direct access to SARS assessors	Special simplified income tax regime for small businesses	Decentralize most of the SARS decision-making powers to SARS regional offices	Other
Gauteng	1.3	5.0	14.3	36	35	5	3
Mpumalanga	0.0	8.3	16.7	18.3	28.3	25.0	3.3
Limpopo	0.0	10.0	16.0	36.0	24.0	10.0	4.0
Freestate	0.0	3.6	6.0	42.2	28.9	16.9	2
North West	0.0	6.8	15.3	28.8	30.5	16.9	1.7
Kwazulu Natal	0.4	6.5	10.7	29.4	40.5	10.3	2.3
Eastern Cape	0.0	3.6	9.6	43.4	33.7	8.4	1.2
Northern Cape	0.0	5.9	11.8	23.5	23.5	35.3	0.0
Western Cape	1.4	5.7	9.9	32.6	38	9	3
mean % by respondents	1.0	5.6	12.4	34.1	35.2	8.9	2.9
mean % by provinces	0.3	6.2	12.3	32.3	31.3	15.3	2.4

When asked what is the single most burdensome aspect of dealing with SARS in respect of income tax (Question 109a), respondents most often mentioned either (i) capturing and processing errors made by SARS and time taken to correct these errors; or (ii) inefficiency of SARS call centers (see Table 2 for details). Only two provinces had some other burdensome aspect among the two mentioned most often. For respondents in the

Mpumalanga province it was the waiting period for assessments and refunds from SARS and for respondents from Limpopo it was loss of documentation by SARS (for both these provinces these aspects were the second most burdensome aspect instead of “the capturing and processing errors by SARS”).

Respondents were also asked to evaluate seven different aspects of SARS’ services in respect to income tax (Question 37). For the country as a whole, all services, but one scored “above average”. Respondents found SARS’ email communication to be the worst service among seven. The Mpumalanga province tax practitioners were most critical about SARS’ services – percentage share of respondents who considered certain services “poor” or “very poor” was the highest for this province for 5 out of seven services under consideration, for the remaining two this percentage share was second highest among nine provinces (see Table 3 for details). The lowest overall level of dissatisfaction with SARS services (estimated as an average rank of percentage of “poor” and “very poor” responses) was registered in Limpopo province followed by Gauteng and the Northern Cape. As it was mentioned above, Mpumalanga respondents were by far the most unsatisfied, followed by respondents from the Eastern Cape and the North West provinces.

**Table 2: Question 109a - Single most burdensome aspect of dealing with SARS in respect to income tax – Ranking of aspects by level of difficulty (1 –least burdensome, 8 – most burdensome)**

	Cannot register without bank account	Call centre inefficiencies and lack of knowledge by call center personnel	Capturing and processing errors by SARS	Loss of documentation by SARS	Penalties and interest incorrectly raised by SARS	Waiting period for assessments and refunds from SARS	Reconciling the assessment to the tax return	Other
<b>Gauteng</b>	2	7	8	5	4	6	1	3
<b>Mpumalanga</b>	4	5	8	5	3	7	1	2
<b>Limpopo</b>	4	6	8	7	1	5	2	2
<b>Freestate</b>	1	7	8	2	4	6	2	5
<b>North West</b>	3	7	8	5	3	6	1	1
<b>Kwazulu Natal</b>	2	7	8	5	3	6	1	4
<b>Eastern Cape</b>	4	8	7	5	1	6	1	3
<b>Northern Cape</b>	5	7	8	6	1	4	1	1
<b>Western Cape</b>	2	8	7	4	4	6	1	3
<b>Mean by respondents</b>	2	7	8	5	4	6	1	3
<b>Mean by provinces</b>	4	7	8	5	3	6	1	2
<b>Number of observation</b>	85	427	533	219	132	280	56	97

**Table 3: Question 37 - Evaluation of SARS services in respect to income tax (share of respondents considering certain service to be poor or very poor)**

	Personal communication	Communication by mail	Communication by fax	Communication by phone	Communication by email	Technical knowledge of SARS personnel	Communication of changes in regulations
<b>Gauteng</b>	7.2	5.2	16.4	9.5	29	8.1	14.1
<b>Mpumalanga</b>	15.8	15.8	27.8	22.2	42.1	16.7	15.8
<b>Limpopo</b>	0	11.1	16.7	0	17.6	0	11.1
<b>Freestate</b>	9.1	8.3	4	16.7	42.3	3.6	3.6
<b>North West</b>	11.1	5.6	23.5	12.5	31.6	16.7	11.8
<b>Kwazulu Natal</b>	9.9	6	18.8	12.2	31.4	9.8	10.8
<b>Eastern Cape</b>	15.4	6.9	13.3	7.7	40.6	13.8	16.1
<b>Northern Cape</b>	12.5	0	25	14.3	28.6	0	0
<b>Western Cape</b>	14.9	4.1	27.4	12.2	35.7	8.2	13.4
<b>Mean by respondents</b>	10.2	5.6	19.4	11	32.1	8.5	12.9
<b>Mean by provinces</b>	10.6	7	19.2	11.9	33.2	8.5	10.7
<b>Number of observations</b>	610	675	639	607	660	703	691

### **1.3 Waiting Times and Service Standards**

The averages presented in the main text with regard to waiting times for SARS responses may be rather misleading, so in order to put them in perspective we estimated the percentage of respondents who waited for SARS's response/action longer than it is stated in the SARS service charter. Table 4 shows these results. This table shows that the worst situation is with the income tax registration – almost 80% of businesses in Kwazulu Natal receive their registration number later than what is stated in the SARS service charter, even in the “best” case of the Freestate province, 30% of respondents reported that it takes longer than 10 business days. It is not much better in case of income tax refunds – judging by the provincial average, more than 50% of businesses wait for their refunds for more than 30 business days. The other three service categories in Table 5 have lower percentages of respondents reporting waiting time longer than stated in the SARS service charter, but this is not necessarily a reason for celebration – the time periods stated in the charter are very long – 90 business days is more than 4 calendar months.

In terms of the overall service record, the Limpopo province seems to have the worst one, followed by the Freestate and Gauteng. The situation is the least troublesome in Mpumalanga and the Western Cape and NorthWest.

What is surprising is the degree of variation across provinces – the SARS service charter is supposed to be universal across the country, but in reality the situation is very far from this. The difference between “best” and worst provinces is between 48 percentage points for time it takes to receive an income tax registration number from SARS once all of the necessary documentation has been submitted and time it takes SARS to process an

income tax return and around 30 percentage points for other three indicators presented in Table 4.

**Table 4: Percentage of respondents who waited for SARS's response/action longer than it is stated in the SARS service charter.**

	q16 Time it takes to receive an income tax registration number from SARS once all of the necessary documentation has been submitted	q20 Time it takes SARS to process an income tax return	q.21b Time it takes to get an income tax refund	q.24 Time it takes SARS to respond to an objection	q.32 Waiting time for SARS response as a result of inspection / audit	Overall ranking (average of specific rankings)
<b>SARS charter norm</b>	<b>&gt; 10 working days</b>	<b>&gt;90 w/d*</b>	<b>&gt;30 w/d</b>	<b>&gt;90 w/d*</b>	<b>&gt;90 w/d*</b>	
Gauteng	62.6	25.5	55.0	20.4	9.1	7
Mpumalanga	50.0	27.5	42.1	7.9	0.0	1
Limpopo	59.3	38.5	66.7	40.4	20.8	9
Freestate	30.3	32.8	68.8	15.0	15.8	8
North West	38.1	23.8	65.0	5.0	4.2	2
Kwazulu Natal	78.0	20.7	49.5	17.8	13.0	4
Eastern Cape	66.7	21.0	66.7	13.6	8.8	4
Northern Cape	37.5	62.5	62.5	6.3	30.0	4
Western Cape	60.7	14.6	45.8	8.4	6.9	2
Mean by respondents	61.7	23.1	53.4	16.4	9.7	32.9
Mean by provinces	53.7	29.7	57.9	15.0	12.1	33.6

\* The closest response options offered in the survey was "from 3 to 6 months" and "over 6 months". The estimates presented in the table are calculated as a sum of percentages for "over 6 months option and 1/2 of the percentage for "from 3 to 6 months" option.

## 2. Provisional Tax

### Quality of SARS services and reform agenda

Several questions in the questionnaire dealt with the overall quality of SARS services with respect to provisional tax and a question about the single most effective reform that would reduce the provisional tax compliance burden (Question 106c).

Table 5 shows that, on average for the whole country, one issue was mentioned significantly more often than others as the single most effective reform to reduce the compliance burden on SMEs: “special simplified tax regime for small businesses.” Respondents from ALL provinces agreed that this is the most important among suggested reform options. The second most effective reform according to respondents was reduction of fines and interest charges, followed closely by the “ability to register and change personal details on line”.

When asked what would be the single most burdensome aspect of dealing with SARS with respect to income tax (Question 109b), respondents were consistent with their earlier responses regarding the most effective reform – penalties and interest incorrectly raised by SARS was considered the most burdensome aspect of dealing with SARS vis-à-vis provisional tax as well (respondents from 5 out of 9 provinces selected this aspect as the most burdensome). Second most burdensome aspect mentioned by respondents was the capturing and processing errors made by SARS and the time taken to correct these errors. Table 6 shows that in case of provisional tax respondents were not as unanimous about most burdensome aspect as in case of income tax.

**Table 5: Question 106c - Single most effective reform that would reduce provisional tax compliance burden**

	No experience with this tax	Reduce penalties and interest charges	Ability to register and change personal details online	Direct access to SARS assessors	Special simplified tax regime for small businesses	Decentralize most of the SARS decision-making powers to SARS	Other
Gauteng	2.0	17.4	19.0	16.8	35.6	5.4	3.8
Mpumalanga	5.0	25.0	15.0	1.7	33.3	13.3	6.7
Limpopo	2.0	16.0	20.0	14.0	28.0	12.0	8.0
FreeState	3.7	15.9	12.2	19.5	26.8	17.1	4.9
North West	.0	18.6	18.6	16.9	28.8	15.3	1.7
Kwazulu Natal	.8	18.0	16.9	12.3	36.8	8.8	6.5
Eastern Cape	1.2	10.8	16.9	22.9	34.9	7.2	6.0
Northern Cape	.0	23.5	5.9	11.8	41.2	17.6	.0
Western Cape	1.9	17.8	16.1	15.4	36.5	8.1	4.3
% by respondents	1.9	17.5	17.4	15.7	35.1	7.9	4.5
% by provinces	1.8	18.1	15.6	14.6	33.5	11.6	4.6

**Table 6: Question 109a - Single most burdensome aspect of dealing with SARS in respect to provisional tax – Ranking of aspects by level of difficulty (1 –least burdensome, 9 – most burdensome)**

	No experience in dealing with this tax	Deregistr. process - time taken to deregister	Call centre ineffic. and lack of knowledge by call center staff	Capturing and processing errors by SARS and time taken to co	Loss of document. by SARS when proof of receipt has been	Penalties and interest incorrectly raised by SARS	No confirm. received from SARS when estimates used the t	Reconciling the assessment to the tax return	Other
<b>Gauteng</b>	3	7	6	<b>8</b>	4	<b>9</b>	5	1	2
<b>Mpumalanga</b>	3	<b>7</b>	1	<b>7</b>	5	<b>9</b>	6	3	1
<b>Limpopo</b>	2	5	7	<b>8</b>	<b>9</b>	6	3	1	4
<b>FreeState</b>	2	5	<b>6</b>	<b>6</b>	4	<b>6</b>	<b>9</b>	2	1
<b>North West</b>	3	5	4	<b>9</b>	7	<b>8</b>	5	1	2
<b>Kwazulu Natal</b>	1	<b>8</b>	5	7	2	<b>9</b>	5	2	4
<b>Eastern Cape</b>	4	4	7	<b>8</b>	2	<b>9</b>	6	1	2
<b>Northern Cape</b>	4	5	<b>9</b>	1	5	7	<b>8</b>	1	1
<b>Western Cape</b>	3	6	<b>8</b>	5	1	<b>9</b>	7	3	1
<b>% by respondents</b>	3	5	7	8	4	9	6	1	2
<b>% by provinces</b>	3	5	7	8	4	9	6	1	2
<b>No. of observations</b>	105	244	269	285	151	374	250	69	93

Respondents were also asked to evaluate seven different aspects of SARS’ services in respect to provisional tax (Question 46). For the country as a whole, four out of seven services scored “below the average” (i.e. mean score by province was less than 3.5) compared to only one in case of income tax. Respondents found SARS’ email communication to be the worst service among seven (same as in case of income tax). The FreeState province tax practitioners were most critical about SARS’ services – percentage share of respondents who considered certain services “poor” or “very poor” was the highest for this province for 5 out of seven services under consideration (see Table 7 for details). The lowest overall level of dissatisfaction with SARS services (estimated as an average rank of percentage of “poor” and “very poor” responses) was registered in the North West province.

**Table 7: Question 37 - Evaluation of SARS services in respect to provisional tax (share of respondents considering certain service to be poor or very poor)**

	<b>Personal commun.</b>	<b>Commun. mail</b>	<b>Commun. by fax</b>	<b>Commun. by phone</b>	<b>Commun. by email</b>	<b>Technical knowledge of SARS personnel</b>	<b>Commun. of changes in regulations</b>
<b>Gauteng</b>	18	7	24	20	42	11	13
<b>Mpumalanga</b>	21	0	23	14	36	0	20
<b>Limpopo</b>	18	25	36	29	56	24	33
<b>Freestate</b>	38	28	33	30	42	29	38
<b>North West</b>	23	8	0	0	39	0	0
<b>Kwazulu Natal</b>	21	7	25	14	31	13	17
<b>Eastern Cape</b>	15	14	24	15	42	11	16
<b>Northern Cape</b>	11	0	22	10	50	0	0
<b>Western Cape</b>	19	9	35	18	44	9	12
<b>Mean by respondents</b>	20	9	27	18	41	11	14
<b>Mean by provinces</b>	21	11	25	17	42	11	17
<b>Number of observations</b>	554	586	545	552	562	614	595

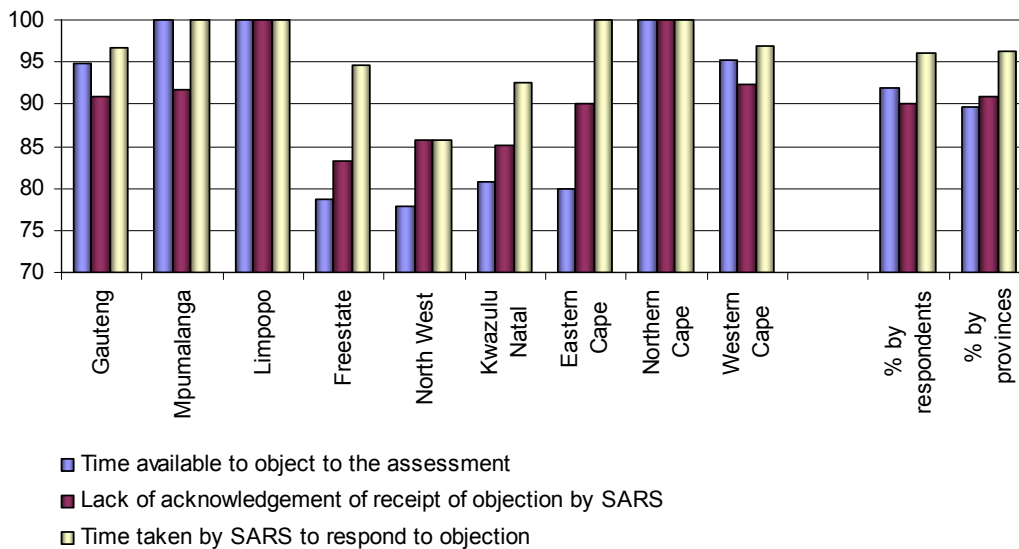
### 3 Value Added Tax

#### 3.1 Objections, disputes, and queries

As discussed above regarding income tax, tax practitioners also represent their clients in negotiations with the SARS in cases of queries, disagreements, (e.g. when businesses object tax assessments issued by the SARS) and inspections for VAT. It takes intermediaries about 2 1/4 hours to prepare a written objection (Question 58). After an objection is submitted to SARS regarding VAT, it takes just under eight weeks for SARS to respond to this correspondence (Question 60). Average response time ranges from under six weeks in Western Cape Province to over nine weeks in Limpopo, Freestate and Mpumalanga Provinces.

The majority of respondents reported that time available to prepare the alternative dispute resolution (ADR) process for VAT (the process followed if a taxpayer does not agree to SARS' response to their objection), lack of acknowledgement or receipt of objection by SARS and time taken by SARS to respond to their client objections as burdensome (Question 61). Chart 4 shows that while over a half of respondents have found each of these aspects burdensome in each province, the most burdensome from their perspective was the length of time taken by SARS to respond to their clients' written objections.

**Chart 4 - Aspects of objection process: percentage of respondents who find them burdensome**



The provinces with the highest percentage of respondents feeling burdened by these three aspects of the objection process were Limpopo and Northern Cape (with all respondents complaining), while Freestate, North West and Kwazulu Natal provinces have the lowest relative percentage of respondents complaining about these problems.

When respondents were asked specifically about the ADR process (Question 62), we again found the length of time taken by SARS to respond to be the most burdensome – almost 70% of respondents reported that this is burdensome, as compared to 64% reported for the time taken to finalize ADR process, and about 62 and 61 percent for the time spent on the process itself and time spent on preparation for the ADR, respectively. The worst overall situation was reported for the Gauteng province. In the Western Cape and Freestate provinces, the ADR process seems to result in the fewest complaints.

### 3.2 Quality of SARS services and reform agenda

Several questions in the questionnaire dealt with the overall quality of SARS services in respect to VAT (Q73) and a question about the single most effective reform that would reduce the VAT compliance burden (Question 106a).

Table 8 shows that, on average for the whole country, the most frequently desired reform is “higher mandatory VAT registration thresholds”, agreed by about one quarter of respondents. The next three issues were “ability to register and change personal details online,” “direct access to SARS assessors,” and “simplified registration procedures.” Respondents from different provinces mostly agreed on the priorities of the suggested reform options. Respondents from the more rural provinces of Northern Cape and Mpumalanga were even more strongly in favor of higher VAT thresholds than other provinces.

**Table 8: Question 106a - Single most effective reform that would reduce VAT tax compliance burden**

	No experience with this tax	Reduce penalties and interest charges	Simplified registration procedures	Simplified deregistration procedures	Ability to register and change personal details online	Direct access to SARS assessors	Higher mandatory VAT registration thresholds	Lower optional VAT registration thresholds	Decentralise most of the SARS decision-making powers to SARS	Other
Gauteng	6.4	5.0	14.7	1.3	20.2	18.3	22.2	.8	7.5	3.5
Mpumalanga	3.3	5.0	8.3	.0	18.3	6.7	33.3	.0	21.7	3.3
Limpopo	2.0	8.0	10.0	2.0	18.0	24.0	20.0	.0	8.0	8.0
Freestate	2.4	6.0	12.0	1.2	13.3	22.9	22.9	.0	16.9	2.4
North West	1.7	5.1	13.6	1.7	20.3	16.9	27.1	.0	10.2	3.4
Kwazulu Natal	3.1	5.0	21.0	.4	22.5	8.8	24.4	1.5	8.8	4.6
Eastern Cape	3.6	2.4	9.6	1.2	22.9	20.5	24.1	1.2	9.6	4.8
Northern Cape	.0	.0	.0	.0	17.6	17.6	41.2	.0	23.5	.0
Western Cape	4.7	5.4	14.6	.9	15.8	13.9	28.8	.5	10.8	4.5
mean % by respondents	4.9	5.1	14.7	1.1	19.2	16.1	24.7	.7	9.6	4.0
mean % by provinces	3.0	4.7	11.5	1.0	18.8	16.6	27.1	.4	13.0	3.8

When asked what is the single most burdensome aspect of dealing with SARS in respect of VAT (Question 109c), respondents in all provinces were unanimous that it was the “period taken to register as a VAT vendor and time taken to be notified of such registration” (see Table 9). In distant second place was the “waiting period for assessments and refunds from SARS” (cited by Freestate, Northwest and Kwazulu as the second-most burdensome aspect of VAT) and “call center inefficiency and lack of knowledge by call center staff” (cited by Limpopo, Eastern Cape and Western Cape).

**Table 9: Question 109c - Single most burdensome aspect of dealing with SARS in respect to VAT – Ranking of aspects by level of difficulty (1 –least burdensome, 9 – most burdensome)**

	No experience in dealing with this tax	Deregistration process - time taken to deregister	Period taken to register as a VAT vendor and time taken to b	Call centre inefficiencies and lack of knowledge by call center	Capturing and processing errors by SARS and time taken to co	Loss of documentation by SARS when proof of receipt has been	Waiting period for assessments and refunds from SARS	Reconciling the assessment to the tax return	Other
Gauteng	4	3	9	6	8	5	7	1	2
Mpumalanga	4	2	9	4	6	7	7	2	1
Limpopo	1	3	9	8	6	7	5	1	3
Freestate	2	2	9	5	7	6	8	1	2
North West	1	4	9	7	6	5	8	1	1
Kwazulu Natal	5	1	9	6	7	3	8	1	4
Eastern Cape	4	5	9	8	1	7	5	1	1
Northern Cape	1	4	9	6	4	8	6	1	1
Western Cape	4	3	9	8	6	4	7	1	2
Mean by respondents	4	3	9	7	6	5	8	1	2
Mean by provinces	3	3	9	7	5	6	8	1	2
Number of observation	107	74	818	202	180	159	214	27	66

Respondents were also asked to evaluate seven different aspects of SARS’ services in respect to VAT (Table 10, Question 73). For the country as a whole, all services scored “above average”, but respondents found SARS’ email communication to be the worst service among seven, with almost 40% citing it as “poor” or “very poor”. The range across provinces was significant, with over 60% of respondents in the Northwest and Mpumalanga complaining about poor e-mail service while less than 30% of respondents in Limpopo and Kwazulu complained about it. The second most common complaint was about communication by fax, especially in Western Cape.

**Table 10: Question 73 - Evaluation of SARS services in respect to VAT (share of respondents considering certain service to be poor or very poor)**

	Personal communication	Communication by mail	Communication by fax	Communication by phone	Communication by email	Technical knowledge of SARS personnel	Communication of changes in regulations
<b>Gauteng</b>	7.2	5.2	16.4	9.5	29	8.1	14.1
<b>Mpumalanga</b>	15.8	15.8	27.8	22.2	42.1	16.7	15.8
<b>Limpopo</b>	0	11.1	16.7	0	17.6	0	11.1
<b>Freestate</b>	9.1	8.3	4	16.7	42.3	3.6	3.6
<b>North West</b>	11.1	5.6	23.5	12.5	31.6	16.7	11.8
<b>Kwazulu Natal</b>	9.9	6	18.8	12.2	31.4	9.8	10.8
<b>Eastern Cape</b>	15.4	6.9	13.3	7.7	40.6	13.8	16.1
<b>Northern Cape</b>	12.5	0	25	14.3	28.6	0	0
<b>Western Cape</b>	14.9	4.1	27.4	12.2	35.7	8.2	13.4
<b>Mean by respondents</b>	10.2	5.6	19.4	11	32.1	8.5	12.9
<b>Mean by provinces</b>	10.6	7	19.2	11.9	33.2	8.5	10.7
<b>Number of observations</b>	610	675	639	607	660	703	691

### **3.3 Waiting Times and Service Standards**

Since average waiting times (as presented in the main text above) may be somewhat misleading, in order to put them in perspective we estimated the percentage of respondents who waited for SARS's response/action longer than it is stated in the SARS service charter. Table 11 shows these results. This table shows that the worst situation is with the VAT registration – over 90% of businesses in Kwazulu/Natal receive their registration number later than it is “promised” by the SARS service charter; even in the “best” case of Northern Cape province, over 60% of respondents reported that it takes longer than 10 business days.

The processing time for VAT refunds is much better, ranging from full achievement of the SARS service standard of 20 working days in Mpumalanga to just over 20% facing delays in the North West Province. However, the time it takes a business actually to receive a VAT refund is not as good, such that the best performing province, Western Cape, has about 34% of respondents waiting longer than the 21 days of the SARS service standard, ranging up to a high of 58% facing delays in the North West Province.

In terms of the overall service record, Limpopo province seems to have the worst situation for the probability of lengthy delays, followed by Mpumalanga. The situation is the least troublesome in the Western Cape province.

What is noteworthy is the degree of variation across provinces – the SARS charter is supposed to provide uniform standards across the country, but there are many provinces showing significant shortfalls.

**Table 11: Percentage of respondents who waited for SARS's response/action longer than it is stated in the SARS service charter.**

	q16 Time it takes to receive a VAT registration number from SARS once all of the necessary documentation has been submitted	q20 Time it takes SARS to process a VAT return	q.21b Time it takes to get a VAT refund	q.24 Time it takes SARS to respond to an objection	q.32 Waiting time for SARS response as a result of inspection / audit	Overall ranking (average of specific rankings)
<b>SARS charter norm</b>	<b>&gt; 10 w/d</b>	<b>&gt;20 w/d</b>	<b>&gt;21 w/d*</b>	<b>&gt;90 w/d**</b>	<b>&gt;90 w/d**</b>	
Gauteng	82.1	8.3	41	11.5	8.4	5.0
Mpumalanga	80	0	56.4	15.8	25.1	4.2
Limpopo	85.7	15.4	50	15.4	5.6	3.2
Freestate	78.6	7.7	40.9	13	20.9	5.4
North West	75	21.1	58	8.4	0.5	5.0
Kwazulu Natal	90.5	12.5	44.3	7.2	4.4	4.8
Eastern Cape	84.2	5.3	50	10.7	4.2	5.6
Northern Cape	62.5	14.3	57.2	6.2	33.4	4.6
Western Cape	87	6.4	34.1	4.5	2.6	7.0
Mean by respondents	83.5	8.7	42.2	9.6	7.6	
Mean by provinces	80.6	10.1	48	10.3	11.6	

\* The calculation is based on approximation of 21 working days to 4 weeks

\*\* The closest response options offered in the survey was "from 3 to 6 months" and "over 6 months". The estimates presented in the table are calculated as a sum of percentages for "over 6 months" option and ½ of the percentage for "from 3 to 6 months" option.

## 4. Employees' Tax

### 4.1 Quality of SARS services and reform agenda

Several questions in the questionnaire were dealing with overall quality of SARS services in respect to employees' tax (Q94) and a question about the single most effective reform that would reduce the compliance burden for employees' tax (Question 106d).

Table 12 shows that, on average for the whole country, the most frequently desired reform for employees' tax is a "special simplified tax regime for small businesses", agreed by almost one third of respondents. The next two issues were "ability to register and change personal details online," and "direct access to SARS assessors," agreed by 20% and 18% respectively. Respondents from different provinces mostly agreed on the priorities of the suggested reform options.

**Table 12: Question 106a - Single most effective reform that would reduce the tax compliance burden for employees' tax**

	No experience with this tax	Reduce penalties and interest charges	Ability to register and change personal details online	Direct access to SARS assessors	Special simplified tax regime for small businesses	Decentralize most of the SARS decision-making powers to SARS regional offices	Other
Gauteng	6.1	9.6	21.5	19.9	31.4	7.8	3.6
Mpumalanga	.0	14.0	24.6	7.0	29.8	15.8	8.8
Limpopo	6.0	14.0	26.0	20.0	16.0	12.0	6.0
Free State	6.1	7.3	17.1	22.0	32.9	13.4	1.2
North West	1.7	15.3	23.7	13.6	30.5	13.6	1.7
Kwazulu Natal	5.7	11.8	19.1	13.4	38.5	6.9	4.6
Eastern Cape	3.6	13.3	24.1	21.7	27.7	9.6	.0
Northern Cape	11.8	11.8	29.4	5.9	17.6	17.6	5.9
Western Cape	8.5	10.7	15.6	17.8	34.8	8.3	4.3
mean % by respondents	11.7	20.1	37.9	33.8	61.1	16.4	7.2
mean % by provinces	6.2	10.7	20.1	18.0	32.5	8.7	3.8

When asked what is the single most burdensome aspect of dealing with SARS in respect to employees' tax (Question 109d), respondents in almost all provinces agreed that it was "reconciling the assessment to the tax return." (see Table 13).

**Table 13: Question 109d - Single most burdensome aspect of dealing with SARS in respect to employees' tax – Ranking of aspects by level of difficulty (1 –least burdensome, 9 – most burdensome)**

	No experience in dealing with this tax	Time taken to receive IRP 5 and IT3(a) books from SARS	Call centre inefficiencies and lack of knowledge by call centre personnel	Capturing and processing errors by SARS and time taken to correct these errors	Loss of documentation by SARS when proof of receipt has been obtained by taxpayer	Penalties and interest incorrectly raised by SARS	SARS contacts your client directly regarding 'missing' returns	Reconciling the assessment to the tax return	Other
Gauteng	6	7	5	1	2	4	3	8	9
Mpumalanga	8	3	8	1	2	3	3	6	6
Limpopo	6	6	3	1	2	5	4	9	8
Freestate	8	5	2	4	2	7	1	5	9
North West	9	5	3	2	3	6	1	8	7
Kwazulu Natal	6	2	5	1	7	3	4	9	8
Eastern Cape	4	6	1	4	3	6	2	8	9
Northern Cape	4	4	4	1	3	4	2	9	4
Western Cape	5	7	3	1	4	5	2	9	8
Mean by respondents	6	7	4	1	2	5	3	9	8
Mean by provinces	7	6	4	1	3	5	2	9	8
Number of observation	176	157	229	348	277	207	267	81	97

Respondents were also asked to evaluate seven different aspects of SARS' services in respect to employees' tax (Table 14; Question 94). For the country as a whole, all services scored "above average", but respondents found SARS' email communication to be the worst service among seven, with over one third citing it as "poor" or "very poor". The range across provinces was significant, with fully half of respondents in Northern Cape Province complaining about poor e-mail service while only 10% of respondents in Mpumalanga complained about it. The second most common complaint was about communication by fax, especially in the Western Cape.

**Table 14: Question 73 - Evaluation of SARS services in respect to employees' tax (share of respondents considering certain service to be poor or very poor)**

	<b>Personal communication</b>	<b>Communication by mail</b>	<b>Communication by fax</b>	<b>Communication by phone</b>	<b>Communication by email</b>	<b>Technical knowledge of SARS personnel</b>	<b>Communication of changes in regulations</b>
<b>Gauteng</b>	10.9	5.4	17.1	9.9	31.1	7.6	10.9
<b>Mpumalanga</b>	.0	.0	10.0	10.0	10.0	9.1	10.0
<b>Limpopo</b>	.0	.0	25.0	25.0	20.0	16.7	.0
<b>FreeState</b>	16.7	7.7	16.7	20.0	45.5	18.2	10.0
<b>North West</b>	.0	.0	10.0	.0	33.3	20.0	.0
<b>Kwazulu Natal</b>	12.2	8.7	20.5	14.0	31.9	12.2	13.6
<b>Eastern Cape</b>	9.1	16.7	20.0	8.3	25.0	8.3	33.3
<b>Northern Cape</b>	33.3	.0	20.0	.0	50.0	.0	20.0
<b>Western Cape</b>	15.0	1.6	26.2	11.5	43.5	10.4	7.1
<b>Mean by respondents</b>	11.3	5.1	19.4	10.9	33.6	9.8	10.9
<b>Mean by provinces</b>	10.8	4.4	18.4	11.0	32.3	11.4	11.7
<b>Number of observations</b>	293	279	275	292	316	302	293