





Annual Report

SOUTH AFRICAN REVENUE SERVICE

2024/**25**

G20 SOUTH AFRICA 2025

Solidarity | Equality | Sustainability

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SARS

South African Revenue Service

Message from the Minister of Finance



"We are committed to investing and strengthening SARS as a Modern Administration capable of executing its mandate effectively and efficiently"

MESSAGE FROM THE MINISTER OF FINANCE

SARS, as a revenue authority, oversees the efficient and effective administration of all revenue due; ensuring optimal compliance with tax and customs legislation and facilitate legitimate trade which enables the South African government to build a capable state that fosters sustainable economic growth and social development, serving the wellbeing of all South Africans.

The Ministry of Finance supports SARS in achieving its vision to build A SMART, MODERN SARS WITH UNQUESTIONABLE INTEGRITY THAT IS TRUSTED AND ADMIRED. This future-ready SARS takes advantage of modern technology, improving efficiency and compliance through integrated and forward-thinking approaches.

DOMESTIC RESOURCES MOBILISATION (DRM)

The United Nations' (UN) 2030 Sustainable Development Goal 17.1 emphasises the importance of domestic resources mobilisation to enhance capacity for tax and other revenue collection; facilitate legitimate trade; and ensure voluntary compliance with tax laws and regulations.

Aligning with the UN 2030 Sustainable Development Goals, the National Treasury allocated an additional R1 billion to SARS to advance an autonomous and independent SARS through improved debt collection and enforcement in the age of artificial intelligence. This initiative helps enable SARS to use modern technology, data science, machine learning, advanced analysis, and skilled personnel to collect all revenue due to the fiscus, reducing government's dependencies on external donors and creditors. In essence, domestic resource mobilisation strengthens the contract between the state and its people, which is the foundation of a vibrant and inclusive democracy.

NATIONAL, REGIONAL, INTERNATIONAL COLLABORATION

Modernisation is a strategic priority for SARS to improve its operations and align with governmental and societal goals. This process involved collaboration at a national level with entities such as the Department of Home Affairs, and South African Reserve Bank (SARB). Regionally involvement of the Whole-of-Society and the Whole-of-Government is required to improve voluntary compliance and increase revenue collection. Through its collaborative efforts, SARS anticipates contributing towards the modernisation of the whole of the South African government. The goal is to implement a unique digital identity for individuals and entities to enhance the integrity of financial transactions. This initiative seeks to ensure data integrity by capturing information once through a common portal, with necessary segregation based on agency mandates. Additionally, a unified payment platform with e-invoicing/e-reporting will be introduced, replacing the current disparate and inefficient government payment systems.

SARS collaborates with, among others, the World Customs Organisation in the Eastern and Southern Africa region and African Tax Administration Forum, while it also cooperates internationally with Organisation for Economic Co-operation and Development's Free Trade Agreements, as well as WCO Council.

ECONOMIC OVERVIEW AND REVENUE COLLECTION

In 2024/25, South Africa's real GDP growth slowed to 0.4% from 1.0% the previous year, reflecting challenges, including structural inefficiencies, uncertainties, and elevated cost structures in manufacturing, mining, transport, and construction, despite gains in agriculture, electricity, trade, and finance. Household consumption, supported by two-pot retirement withdrawals, lower inflation, and reduced interest rates, was the primary driver of growth. Conversely, fixed investment, government spending, and exports constrained economic growth. Increased operating costs adversely affected corporate profitability, leading to a reduction in investment, while both compensation and employment growth experienced significant declines. Commodity prices remained volatile mainly driven by fluctuations in global demand and geopolitical conflicts in major consuming countries such as China and the United States. The deployment of digital technology and artificial intelligence poses both opportunity and risk, while corruption and sophisticated financial crimes continue to threaten tax revenue and customs duties.

Despite the weak economic conditions, SARS' net revenue collection for 2024/25 was R1 855.3 billion, a 6.6% increase from the previous year's collection of R1 740.9 billion and exceeded the Revised Estimate (RE) by R8.9 billion (0.5%). Revenue collected through the successful compliance programme contributed R304.0 billion for 2024/25.

CONCLUSION

I commend SARS' leadership and employees for their dedication in a challenging economic environment. Their commitment to SARS' mandate and exceeding revenue targets demonstrates their effectiveness and progress toward becoming a smart, modern tax administration, while consistently improving capabilities, public confidence, trust, and integrity.

I extend my sincere appreciation to all taxpayers, traders, and intermediaries who have voluntarily complied with their tax obligations and contributed to the common good of our nation. Your cooperation and support have enabled us to improve the tax ecosystem and strive toward a more prosperous and inclusive future for all South Africans.



Honourable Minister Enoch Godongwana
MINISTER OF FINANCE

Commissioner's Overview



"The story of SARS is a story about hope: Everything we do is about having a transformational impact on the wellbeing of the lives of people, especially the most vulnerable among us."

A YEAR OF EXTRAORDINARY CHANGE

As we reflect on the past year through the South African Revenue Service (SARS) Annual Report for 2024/25, I am immensely proud of the way in which SARS has remained committed in delivering on its mandate – working smarter to collect revenue, facilitate legitimate trade, and improve compliance in support of the economic and social well-being of all South Africans. In doing so, we continue to reinforce public trust and contribute meaningful to nation building.

This year has reminded us once again of the dynamic and often testing landscape in which we operate. The global economy has been shaped by rising geopolitical tensions, persistent policy uncertainty, subdued international trade, and marginal GDP growth. After decades of relative integration, the world has entered a period marked by heightened trade frictions, slowing growth prospects, and mounting geopolitical risks. At the same time, this period has been defined by rapid disruption and transformation. Accelerated technological change, the deepening of digitalisation, the growing influence of artificial intelligence (AI), shifting international tax norms, and mounting fiscal pressures, have all redefined the environment in which revenue administrations must operate. While medium-term forecasts point to some measure of stability, it is clear that the global environment will remain more complex, less predictable, and far more demanding than before.

In the 2024/25 financial year (FY), South Africa's domestic operating environment has remained complex, marked by structural constraints such as energy supply challenges, logistical inefficiencies, subdued investor confidence, and persistent unemployment - all of which placed pressure on growth and fiscal stability. At the same time, fiscal pressures remain acute as government seeks to balance stabilising public finances with meeting urgent social and developmental priorities. Domestically, our election ushered in a new era of coalition politics, reflecting the maturity of our democracy but also presenting new uncertainties and opportunities. Yet, amid these headwinds, encouraging signs of resilience and renewal have emerged. Easing inflation, gradual reforms in energy generation, improvements in logistics, and momentum in South Africa's green transition are beginning to unlock new opportunities for investment and growth. Certain sectors — including mining, financial services, and electricity — have demonstrated adaptability, while households, businesses, and institutions continue to show determination in navigating adversity.

In this context, the imperative of Domestic Resource Mobilisation (DRM) has come into sharper focus. DRM remains the most effective, lowest-cost, and sovereign means through which countries can fund their national development priorities. For South Africa, strengthening DRM is not merely a fiscal necessity, it is a moral and developmental imperative. It enables the state to close the tax gap, reduce revenue leakages, restore equity in public finance, and build enduring public trust. Developing a tax and customs system based on voluntary compliance is essential to achieve this strategic imperative.

SARS has remained a stabilising force, mobilising domestic resources, enhancing compliance, and reinforcing the foundations of inclusive growth and nation building. SARS continues not only to adapt, but to harness these shifts as opportunities to modernise our operations, strengthen institutional resilience, and position the organisation as a smart modern tax and customs administration for South Africa.

REBUILDING OF SARS INTO A SMART MODERN ADMINISTRATION

The rebuilding of SARS marked a deliberate and foundational phase—restoring institutional integrity, strengthening capability, and renewing public trust. This critical period laid the groundwork for the transformation of SARS into a SMART, modern administration—an institution defined by integrity, trusted by its employees, admired by the public, and capable of executing its mandate effectively in an increasingly complex and dynamic environment.

The journey was intentional and uncompromising, rooted in the need to restore the resilience and credibility necessary to fulfil our constitutional mandate. This was not merely a recovery effort—it was about building a robust platform for long-term transformation to better support DRM and fund government programmes. SARS had to re-establish itself as a high-performing institution—one that consistently improves tax compliance and collects the revenue required to enable government to build a capable, developmental state that delivers on the aspirations of all South Africans.

Following a serious breakdown in governance and institutional integrity between 2014 and 2018, we acted with resolve to restore SARS into an organisation of uncompromising ethical standards. This transformation began at the top—with a renewed focus on steward leadership, good governance, and integrity. We invested in institutional capacity, resumed modernisation initiatives, and worked to improve the overall health and performance of the organisation. We knew that restoring public trust was sacrosanct. Without it, we could not fulfil our mission—to collect revenue efficiently, improve voluntary compliance, and facilitate legitimate trade. Through this deliberate journey of rebuilding, SARS has repositioned itself as a SMART, modern institution—responsive to the demands of the digital era and committed to safeguarding South Africa's fiscal sovereignty and developmental future.

In response to the profound failures uncovered during the period of institutional compromise, the President appointed the Nugent Commission of Inquiry in 2018 to investigate the breakdown at SARS. The Commission's findings exposed serious governance failures, procedural violations, and the misuse of public institutions for private gain. SARS has since acted decisively to implement the Commission's recommendations—restoring credibility, strengthening governance, and rebuilding operational effectiveness. This included the appointment of ethical and capable leadership, legal action to recover misappropriated funds, and the re-establishment of key organisational structures such as the Large Business and High Wealth Individuals segments. Procurement and supply chain processes have been significantly enhanced, and compliance with governance frameworks have been restored. A comprehensive reparation process was also undertaken to support employees harmed during this period, including a pastoral and listening campaign, the reinstatement of affected individuals, closure of unfair disciplinary actions, and remedial support such as counselling, postgraduate study, and coverage of legal and medical costs. SARS provided formal advice to the Minister of Finance on future governance arrangements for SARS to ensure enduring institutional integrity.

At SARS, our people are our most valuable resource—the foundation on which we build our organisational success and deliver on our Higher Purpose. We are intentional in developing a high-performing, diverse, agile, and engaged workforce capable of adapting to the dynamic needs of our operating environment. Employees no longer merely process tasks, they now apply deeper analytical thinking, collaborate with ease, and deliver service marked by professionalism and integrity. To this end, we have made strong progress in embedding the SARS Leadership Model, which defines the responsibilities of leaders to demonstrate personal proficiency, manage people and work effectively, and positively influence others. This has strengthened our leadership pipeline and enabled us to live out the values enshrined in the Employee Rights Charter and our evolving Employee Value Proposition (EVP). The EVP pilot was evaluated, refined, and enhanced based on initial insights. We continue to develop a career development framework for core SARS job families, with implementation already underway in Taxpayer Service and Customs. Initiatives like the SARS Junior Board, Women in Leadership, SARS Has Talent, and inclusive practices for employees with disabilities, further embed diversity and belonging. With these efforts, SARS continues to nurture a future-ready workforce—engaged, empowered, and committed to serving all South Africans.

This journey of renewal has also laid the foundation for the reconceptualisation of SARS' transformation—driving a tough, often disruptive but ultimately inspiring modernisation effort to build a digitalised, future-fit SARS aligned with the Whole-of-Government (WoG) and Whole-of-Society (WoS) approach to achieve a future where tax eventually just happens. Through this values-driven and purpose-led turnaround, SARS has restored its institutional integrity and repositioned itself as a trusted, capable, and admired organisation—ready to serve South Africa's future with professionalism and purpose.

OVER THE PAST 5 YEARS EXECUTING ITS MANDATE EFFECTIVELY AND EFFICIENTLY

Delivering consistent results requires more than strategy or structure—it demands grit, discipline, and an unwavering commitment to excellence. It means showing up every day with purpose, doing every task no matter how small with accuracy, care, and integrity. There is no silver bullet or single defining moment; progress is forged in the crucible of daily effort, through millions of intentional actions carried out with focus and resolve. That is what builds momentum. That is what delivers impact. And that is how we continue to transform SARS into a high-performing, trusted institution that is ready to serve – *SARS at your service.*

While we continue to review and refine policies, invest in data science and technology, and assign people to meaningful work, we are deeply aware that the true foundation of a resilient and future-fit organisation lies in the culture, integrity, and values we embed and protect. At the heart of SARS is a belief that we rise or fall by the strength of our character, the courage of our leadership, and the calibre of our people. That is our DNA—and it sets the tone for how we serve.

Our commitment to building a SMART, modern SARS is beginning to bear fruit—despite operating in an increasingly complex environment, marked by persistent economic pressures, the proliferation of tax and customs crime, and significant budgetary constraints. Each incremental gain reaffirms the soundness and sustainability of our rebuilding journey and deepens our conviction in the direction we have taken.

Since 2020, the fulfilment of SARS' mandate has improved and shown positive upward trends:

- Gross revenue collection grew by a Compound Annual Growth Rate (CAGR) of 7%.
- Refunds disbursed grew by a CAGR 9%.
- Net revenue collection grew by a CAGR of 7%.
- Compliance revenue grew by a CAGR of 19%.
- Trade facilitation grew by a CAGR of 9%.
- Tax buoyancy over this period remained positive (mostly above unity).
- Through our AI fraud risk detection and verification work we have prevented the outflow of over R417 billion in impermissible refunds.

Furthermore, organisational health measures during this period improved:

- Taxpayer Service increased from 54% in 2019 to 87% in 2025.
- Public Trust increased from 48% in 2019 to 75% in 2025.
- Attitude towards compliance improved from 66% in 2019 to 77% in 2025.
- Employee Engagement rose from 61% in 2019 to 71% in 2025 despite challenges such as COVID-19 and financial and budgetary constraints.
- SARS has been recognised as the best Employer to work for by BComm Students and Business professionals (2022, 2023).
- Winning the BCX Innovation Award in Digital Transformation (2023).
- Winning the Microsoft South Africa Hackathon for Agentification (2025).
- Winning the Nedbank Top Empowerment Public Institution Organisation Award for 2024/25.
- Winning the Nedbank Top Empowerment Public Institution Leader Award for 2024/25.
- The Auditor-General SA reports for the periods 2020/21 to 2024/25 were unqualified with no material findings (clean audits) and are evident of SARS' effective resource stewardship.

2024/25 YEAR IN REVIEW: SIGNIFICANT ADVANCEMENT AND PROGRESS IN THE FULFILMENT OF SARS' MANDATE

SARS achieved 90% of its key results according to its 2024/25 Annual Performance Plan. These results were accomplished under challenging economic, social, and budgetary conditions.

Notable outcomes from these key results include the following – SARS:

- Achieved 100.48% of the Revised Revenue Estimate set by the Minister of Finance.
- Processed 9.3 million Personal Income Tax (PIT) assessments, providing a delightful seamless experience to more than 5.0 million taxpayers that were issued Auto Assessments.
- 92.27% of taxpayers and traders used digital and self-help platforms to interact with SARS during 2024/25.
- SARS selected 100.00% of verification cases and 88.41% of complex-audit cases through its automated risk-assessment functionality.
- Accredited Economic Operator register grew from 304 traders to 651 by 31 March 2025.
- Achieved uptime of 99.95% of the planned capacity of systems available to taxpayers, traders, and SARS employees.
- Achieved a 0.68% deviation between SARS' spending for the year and the allocation SARS received from National Treasury.
- Received an unqualified Auditor-General audit for the 2024/25 FY.
- Scored an encouraging 77.09% in the public-opinion survey.
- Service Charter performance was 86.66%, an improvement of 5.36 percentage points from 2023/24.

Despite economic challenges SARS achieved the revenue results as anticipated. The net revenue collection amounted to R1.855 trillion, which was R8.9 billion (0.48%) above the Revised Estimate (RE), posting a year-on-year growth of R114.4 billion (6.6%). Net revenue collected resulted from R2.30 trillion in gross revenue collections, being almost in line with the Revised Estimate and growing year-on-year by R147.8 billion (6.9%) which was reduced by R447.3 billion in refund payments, which has increased from the prior year by R33.4 billion (8.1%). While we are pleased that the refunding of R447.3 billion is good for the economy, I remain troubled about fraud and abuse of the refund system. In the period under review, SARS prevented impermissible refunds and revenue leakage of R147.9 billion. This revenue performance translates to a tax-to-GDP ratio of 25.1% versus 24.5% in the previous year, and tax buoyancy of 1.6 (net revenue).

SARS facilitated legitimate trade of more than 15.2 million declarations amounting to R3.90 trillion for the 2024/25 FY. Exports amounted to R2.05 trillion and imports to R1.85 trillion. Our efforts to improve legitimate trade facilitation are showing a positive trend. For the 2024/25 FY, the Trade Facilitation Index stood at 72.40%, compared to 71.60% for the previous year. Noteworthy, the initial year of implementation measured a mere 52.80% in the 2022/23 FY.

The SARS Compliance Programme covering comprehensive administrative and enforcement actions by SARS, increased by 16.7% from the prior year contributed R304.0 billion towards the fiscus. Our efforts to improve taxpayer and trader compliance are showing a positive trend. For the 2024/25 FY, the Voluntary Compliance Index stood at 66.87%, compared to 63.63% for the previous year.

Tackling serious instances of non-compliance. We are developing our capability to detect non-compliance and to make it hard and costly for non-compliant taxpayers and traders.

- Syndicated tax and customs crime interventions yielded R30 billion in revenue recovery and collapsed 4 illicit financial flow schemes.
- SARS litigation efforts resulted in 188 judgments handed down of which 156 cases were in favour of SARS, representing an 83% litigation success rate.
- The National Prosecuting Authority prosecuted 165 cases brought by SARS, of which 98% concluded with a positive outcome for SARS.

These results represent the efforts of more than 13 000 SARS employees, which translates into over 32 million service interactions and compliance interventions at our service centres, via the phone and through our digital self-service platforms. Our engagements involve resolving taxpayer and trader service queries, making calls to taxpayers, verifying declarations, conducting investigations and audits, follow ups on outstanding undisputed debt, and seeking to resolve disputed assessment outcomes, to name a few.

IMPROVED THE TAX AND CUSTOMS ECO-SYSTEM BY FOSTERING COLLABORATION

SARS actively collaborates with domestic, regional and international stakeholders to improve tax and customs outcomes and foster voluntary compliance. Through an integrated approach leveraging people, data, technology, and enabling legislation, SARS drives both service excellence and enforcement impact within a WoG framework.

Our partnerships span a wide range of strategic agencies, including the National Prosecuting Authority (NPA), South African Police Service (SAPS), South African Reserve Bank (SARB), Special Investigating Unit (SIU), Department of Home Affairs (DHA), and the Border Management Authority (BMA). These collaborations enable information sharing, joint operations, and systemic responses to financial and economic crime.

SARS also plays a key role in advancing South Africa's Financial Action Task Force (FATF) commitments. As an active contributor to the national response to the FATF Mutual Evaluation, SARS has implemented enhanced traveller and beneficial ownership reporting systems—strengthening our country's anti-money laundering and counter-terrorist financing framework. These efforts support the broader national strategy to exit grey listing and restore South Africa's international standing.

Playing a leading role in multilateral organisations such as the World Customs Organisation (WCO), in which South Africa holds executive leadership roles, the Organisation for Economic Cooperation and Development (OECD), Forum on Tax Administration (FTA), the African Tax Administration Forum (ATAF), and the OECD Global Forum, to name a few. These engagements continue to be driven by a clear bias towards action with service and enforcement focuses, ensuring value for money and direct return on investment to our various business areas, operations, and interests. Moreover, participation and interventions contribute to the building of a smart modern tax and customs administrations – domestically, regionally, and globally.

South Africa has to continue investing in and stepping up SARS' pace of transformation through modernisation. Unless we do so with intention and agilely adapting to change, we will fall behind in implementing our legal mandate and our efforts to enhance DRM. We cannot not do our work in the digital economy without the appropriate investment in people, data science and enabling technologies such as AI, and our digital platforms.

THE FUTURE SMART DIGITAL TAX AND CUSTOMS ADMINISTRATION

It is the beginning of the next phase of SARS' transformational journey. The years ahead call us to envision SARS not just as a rebuilt institution, but as a future-fit, smart, digital, data driven, intelligent and trusted organisation.

Imagine it is 2030, a SARS where tax just happens for the majority of South Africans – powered by people, data, and technology. A SARS where people and AI coexist to create exponential value. A SARS where our service model reflects our ethos: *the best service is no service*. A SARS that invests deeply in career and leadership development, rooted in stewardship and ethical excellence. And above all, a SARS that cultivates a high-performance culture and service – *SARS at your service*. Tax and customs professionals who lead with integrity, innovation, and pride in support of the Higher Purpose.

Building the Smart Digital Tax and Customs Administration Platform will include the following:

1. Prepare and upskill our staff to remain relevant in a future world of work, including co-existing with AI and Agentic AI.
2. Establish a unique digital identity to strengthen the integrity of registers and financial transactions in partnership with Other Government Agencies (OGA).
3. Create a comprehensive taxpayer account with a single entity "Customer Portal" to enable our own employees, whilst creating greater self-reliance for taxpayers.
4. Modernise the case management system to allow operational excellence across the administrative value chain, whilst embedding intelligence drawn from data science and AI.
5. Embed an entity-based compliance model into the case management system that allows a more proactive and ongoing assessment of taxpayer compliance risks.
6. Collaborate in building an instant payment system (Partnering with SARB).
7. Modernise the VAT administration to fundamentally transform the system by instrumenting every point of sale, across the end-to-end value chain to SARS, including electronic invoice.
8. Modernisation of Customs and Excise administration (with OGAs).

We are building on the existing work to harness the transformative power of technology, data science and AI in tax administration. Business and business models are rapidly evolving due to digital and AI innovations. Criminal syndicates are also exploiting these technologies. The purpose for building a SMART digital administration platform, embedded in data science, artificial intelligence and enabling technologies, is to foster trust, promote efficiency, and ensure transparency. We intend to do this by revolutionising the way taxpayers, traders and SARS engage to achieve voluntary compliance. Furthermore, AI also plays a crucial role in detecting and responding to issues of compliance, by predicting which sectors or entities are at the highest risk of non-compliance. This not only protects the country's revenue but also builds trust in our tax system.

As a wholly owned SARS technology development company, InterFront has significantly evolved to support the modernisation of SARS. Originally focused on customs systems, the company has now expanded its capabilities to include tax systems—managing key digital platforms such as SARS eFiling, the MobiApp, and e@syFile. With a growing portfolio of projects, InterFront is increasingly collaborating with OGAs to unlock cross-departmental synergies, protect the revenue base, and deliver benefits aligned with the WoS and WoG approach. Over the next five years, SARS will continue to strengthen InterFront's capacity to drive digital transformation innovation and build a resilient, future-ready administration.

Together we will redefine the landscape of tax and customs administration, where tax eventually just happens in South Africa!

HEARTFELT THANK YOU AND APPRECIATION FOR SUPPORTING SOUTH AFRICA

The story of SARS is about hope. Our mission is to positively impact the lives of people, especially the most vulnerable. South Africa's first democratic elections more than 30 years ago marked a milestone of hope from past injustices but much remains to be done. SARS is committed to serve its pivotal role in domestic revenue mobilisation in the development of a capable, ethical state.

SARS is a remarkable institution. The SARS employees can be proud of what they do for the people of South Africa. A sincere thanks to the more than 13 000 SARS employees and leadership who continually pursue "serving a Higher Purpose" and demonstrate exceptional public administration. Their dedication has greatly contributed to SARS fulfilling its mandate.

I express my gratitude to the President, Mr. Ramaphosa, the Minister of Finance, Mr. Godongwana, Deputy Ministers, Dr. D. Masondo and Mr. A.N. Sarupen, Director-General, Dr. D. Pieterse, and colleagues at the National Treasury and Parliament. I also thank our local, regional and international stakeholders, intermediaries, related bodies, and government departments and agencies.

SARS will continue striving to build a SMART, modern organisation with unquestionable integrity, admired by all. We remain inspired by the transformative purpose of serving all South Africans. Together we will redefine the landscape of tax administration, where tax eventually just happens in South Africa!

Thank you to every compliant taxpayer and trader for enabling the success story of SARS.

We appreciate you!

#YourTaxMatters!

Thank you.



Edward Chr Kieswetter

SARS COMMISSIONER

Contents

Message from the Minister of Finance	2
Commissioner's Overview	4
About this Report	9
Statement of Responsibility and Confirmation of Accuracy of the Annual Report	9
PART ONE: GENERAL INFORMATION	**10**
The Story of SARS	11
SARS Organogram	17
Performance Highlights	19
Volumes Processed in 2024/25	21
PART TWO: PERFORMANCE INFORMATION	**22**
SARS' Performance for 2024/25	23
Linking Performance with Expenditure	24
Internal and External Environment	25
Strategic Intent	27
Nine Strategic Objectives	43
PART THREE: GOVERNANCE AND RISK MANAGEMENT	**74**
Governance	75
Parliamentary Engagement	76
Executive Authority – Minister of Finance	77
SARS Committees	77
Enterprise Risk Management	78
Integrity Promotion	80
Compliance with Laws and Regulations	80
Fraud and Corruption	80
Minimising Conflict of Interest	81
Company Secretary	82
SARS Social Responsibility	82
Internal Audit Report	82
Audit and Risk Committee	84
Report of the Audit and Risk Committee	85
B-BBEE Compliance Performance Information	87
PART FOUR: HUMAN CAPITAL AND DEVELOPMENT	**88**
SARS People Management	89
Oversight Statistics	94
PART FIVE: PFMA COMPLIANCE REPORT	**98**
Irregular Expenditure	99
Fruitless and Wasteful Expenditure	100
Information on Late and Non-payment of Suppliers	102
Information on Supply Chain Management	102
Contract Variations and Expantions	103
PART SIX: FINANCIAL INFORMATION	**104**
Report by the SARS Accounting Authority	106
Report of the Auditor-General on SARS: Own Accounts	108
Statement of Financial Position	112
Statement of Financial Performance	113
Statement of Changes in Net Assets	114
Cash Flow Statement	115
Statement of Comparison of Budget and Actual Amounts	116
Accounting Policies and Notes to the Financial Statements	121
Annexures	**167**
Abbreviations	**180**

About this Report

This report is primarily intended, but not limited to, meeting the information requirements of the Public Finance Management Act 1 of 1999 and National Treasury's Annual Report guidelines. This Annual Report presents information on SARS' performance for the 2024/25 FY, governance, risks, stakeholder, human resources, as well as the Annual Financial Statements for SARS' Own Accounts.

SARS presents its performance information according to the government's performance monitoring methodology and has therefore aligned this report with its 2020/21 to 2024/25 Strategic Plan, and its 2024/25 Annual Performance Plan (APP). The Annual Financial Statements (Own Accounts) for the year ended 31 March 2025 were prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB), in accordance with section 91(1) of the Public Finance Management Act (PFMA).

As part of SARS' commitment to align the organisation with the King Report on Corporate Governance, it continues its journey to inculcate the principles of integrated thinking and reporting, to promote a more cohesive approach to reporting, that considers a broad range of reporting dimensions, and communicates all relevant factors that materially affect the ability of SARS to create value over the short, medium, and long term. On the journey towards a fully integrated report, SARS embedded some of the concepts from the International Integrated Reporting Framework (IIRF) into this report.

The Annual Financial Statements in this report were audited by the Auditor-General of South Africa who expressed an opinion. This report is approved by SARS' Accounting Officer, the Commissioner for SARS.

Statement of Responsibility and Accuracy of the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General. The Annual Report is complete, accurate and free from any omissions. This report has been prepared in accordance with the Annual Report guidelines issued by National Treasury.

The Annual Financial Statements (Part 6) included in this Annual Report were prepared in accordance with the applicable accounting standards.

The Accounting Officer is responsible for preparing the Annual Financial Statements, and for the judgements contained therein.

The Accounting Officer is also responsible for establishing and implementing a system of internal controls that have been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information, and the Annual Financial Statements.

The Auditor-General was engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information, and financial affairs of SARS for the Financial Year ended 31 March 2025.



Edward Chr Kieswetter
SARS COMMISSIONER

01

GENERAL INFORMATION

PART ONE





SARS Derives its Mandate from the SARS Act, 1997

To make provision for the efficient and effective administration of the revenue collecting system of South Africa.

SARS was established in terms of the South African Revenue Service Act, 1997, (SARS Act) as an organ of state within the public administration, but as an institution outside the public service. It is listed as a National Public Entity in schedule 3A of the PFMA. In terms of the SARS Act, the Commissioner for SARS is the Chief Executive Officer and Accounting Authority of SARS.

The following Acts are examples of the primary legislation SARS administers:

- Income Tax Act, 1962
- Customs and Excise Act, 1964
- Value-Added Tax Act, 1991
- Tax Administration Act, 2011
- Employment Tax Incentives Act, 2013

Our Mandate remains to:

- Collect all revenues due
- Ensure optimal compliance with tax and customs legislation
- Provide a customs service to optimise revenue collection, border protection and facilitate legitimate trade

SARS exists to serve the **HIGHER PURPOSE** of enabling Government to build a capable state that fosters **sustainable economic growth** and **social development** that serves the wellbeing of all South Africans

How SARS Fulfils its Mandate

SARS fulfils its mandate based on the principles that taxpayers and traders form the core of our work. We place the rights of taxpayers and traders at the heart of our organisation.

A taxpayer has the RIGHT to:	A taxpayer has an OBLIGATION to:
Be regarded as an honest taxpayer who ensures compliance by all means	Be honest
Be informed when the prescribed timeframes cannot be met	Submit complete and accurate information on time
Be provided with reasons for decisions taken regarding your tax, customs and excise affairs	Comply with all prescribed administrative processes and timeframes
Pay only what is due under the law	Pay your tax and/or duties on time and in full as required
Expect everyone to pay their fair share	Encourage others to pay their tax and/or duties on time and in full
Consistent and impartial application of the law	Not encourage or be a party to criminal activity in any form



SARS exists to serve the HIGHER PURPOSE

As SARS, we exist for CITIZENS: SARS enables government to build a capable state that fosters sustainable economic growth and social development that services the well-being of all South Africans.

As SARS leadership, we exist for EMPLOYEES: Through their daily work, employees find fulfilment of the professional, personal aspirations.

As SARS employees, we exist for TAXPAYERS: Providing taxpayers with a seamless, transparent, fair and professional platform to fulfil their obligations.



Strategic Focus

SARS Vision

We aspire to build a smart, modern SARS with unquestionable integrity that is trusted and admired.

SARS Mission

The SARS mission is to ensure that the Tax and Customs revenue due to the state is collected when they become due, by building a high level of taxpayer compliance, facilitating legitimate trade and building public confidence in SARS through a strong service ethos, and professional integrity.



SARS Values

Endeared by the sense that we serve a Higher Purpose in the service of South Africans, and committed to the fulfilment of our mission and mandate, we hold the following values dear:

- Uncompromising regard for taxpayer confidentiality.
- Unquestionable integrity, professionalism and fairness.
- Exemplary public service.
- Incontestable insights from data and evidence.

SARS Strategic Intent

To give effect to our mandate, our strategic intent is to develop and administer a tax and customs system decisively.

To support this intent, we implement nine Strategic Objectives.

Strategic Objectives

Core Business

1. Provide **Clarity and Certainty** for Taxpayers and Traders of their obligations
2. Make it **Easy** for Taxpayers and Traders to Comply with their obligations
3. **Detect** Taxpayers and Traders who do **not Comply**, and make non-compliance **Hard and Costly**

Enabling

4. Develop a **High Performing, Diverse, Agile, Engaged** and Evolved workforce
5. Increase and expand the use of **Data** within a comprehensive knowledge management framework to ensure integrity, drive insight and improve outcomes
6. Modernise our systems to provide **Digital and Streamlined** online services
7. Demonstrate effective **Resource Stewardship** to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence

Relationships

8. Work with and through **Stakeholders** to improve the tax ecosystem
9. Build **Public Trust and Confidence** in the tax administration system

Connecting our Higher Purpose and Mandate to our Strategic Objectives and Core Value Chain

HIGHER PURPOSE: Enabling government to build a capable state that fosters sustainable economic growth and social development that serves the wellbeing of all South Africans.

SARS VALUE CHAIN
(What we Administer)

- Registration
- Filing of Declarations
- Assessment of Filing
- Investigations and Audits
- Dispute Resolution
- Payments
- Debt Collection

STRATEGIC INTENT
(How we Administer)

Build an Administration Platform based on Voluntary Compliance

Underpinned by 9 clear Strategic Objectives

MEANS

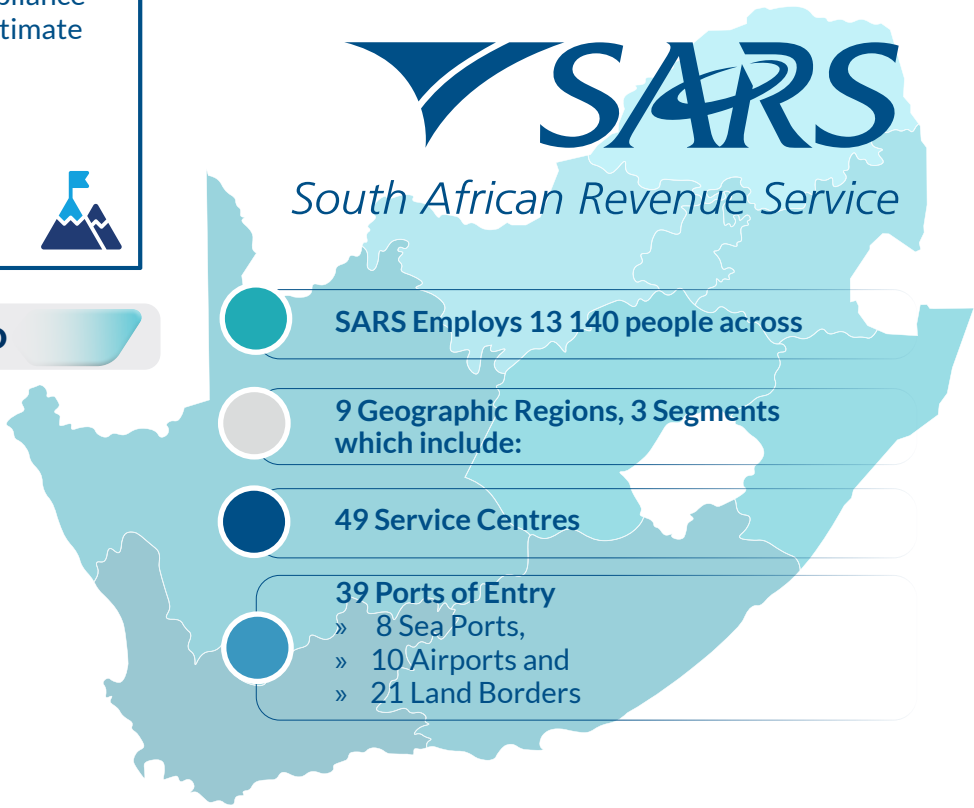
SARS MANDATE
(The Impact of our Work)

- Collect Tax and Customs Revenue
- Improve Compliance
- Facilitate Legitimate Trade

END

SARS

South African Revenue Service



SARS Employs 13 140 people across

9 Geographic Regions, 3 Segments which include:

49 Service Centres

39 Ports of Entry
- 8 Sea Ports,
- 10 Airports and
- 21 Land Borders

SARS Business Model

The SARS Business Model is the instrument that enables SARS to utilise the “means” to achieve the “end”.

Segmentation is a Key Principle of our Compliance Theory and Model

SEGMENTATION

- Individuals: Standard and Provisional
- Individuals: Wealthy and Complex
- Business: Large and International
- Business: Small and Medium
- Restricted: Individuals and Related Entities
- Intermediaries: Employers, Traders and Practitioners
- Tax-Exempt Entities
- Government and Embassies
- Estates

COMPLIANCE CONTINUUM

CLARITY AND CERTAINTY

- Outreach
- Awareness
- Education
- Publication
- Interpretations and Rulings
- Legal Policy and Products

EASE OF COMPLIANCE

- Registration
- Declaration and Filing
- Assessment
- Payments

COSTLY NON-COMPLIANCE

- Case Selection
- Theme Selection
- Audit and Investigation
- Dispute Resolution
- Debt Collection

KEY OUTCOMES

A PRODUCTION

- Voluntary Compliance
- Tax Gap
- Trade Facilitation
- Border Protection
- Total Revenue
- Compliance Yield
- Expense Budget
- Capital Budget

B PRODUCTION CAPABILITY

- Talent Management
- Modernisation
- Tax and Customs Policy Advise
- Data Management
- Research and Analysis
- Risk Management
- Planning
- Governance
- Stakeholders
- Operating Model

Strategic Intent

Develop a tax and customs system based on voluntary compliance.

Theory of Compliance

We believe that most taxpayers are honest and simply want to fulfil their obligations with the least amount of effort and cost.

Our Compliance philosophy drives our Compliance model

Taxpayer approach towards compliance:

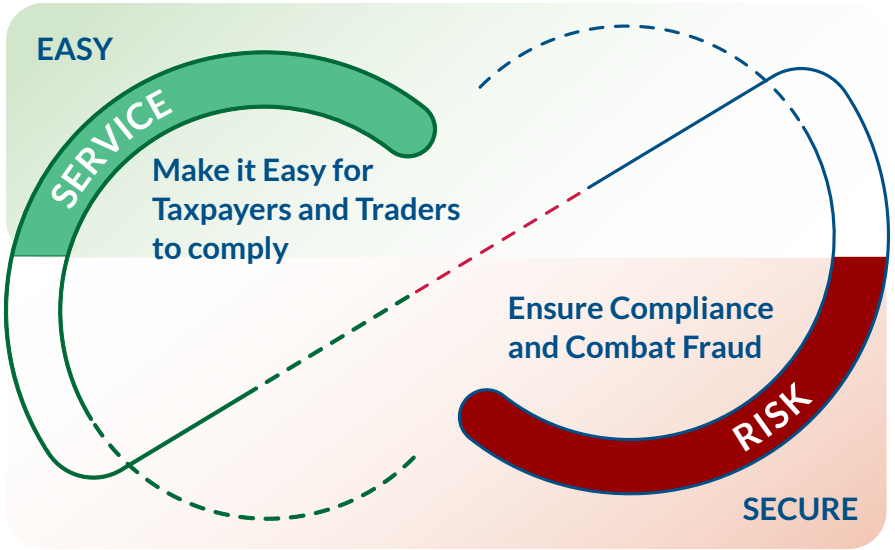
- Conscious decision not to comply
- Does not want to comply
- Willing but not always able to comply
- Willing to do whatever is necessary



SARS approach towards compliance:

- Enforce the full extent of the law
- Detect and deter non-compliance
- Provide assistance to comply
- Make it easy to comply

Finding the right balance



Finding the balance between service and risk

Organogram

SARS Commissioner



Edward Kieswetter

Deputy Commissioner Taxpayer Engagement and Operations



Johnstone Makhubu

Deputy Commissioner Strategy Enablement and Modernisation



Carl Scholtz

Deputy Commissioner Corporate and Enterprise Services



Bridgitte Backman

Chief of Staff Office of the Commissioner



Jeanneé Padiachy

Organisational Arrangements

Taxpayer Engagement and Operations

Operations

- Standard Operations
- Segmented Operations
- Audit and Investigations
- Customs and Excise Operations
- Dispute Prevention and Resolution

Enabling Operations

- National Operations Enabling
- National Operations Command
- Risk Profiling and Case Selection
- Debt Oversight and Planning
- Compliance and Revenue Programme
- Knowledge Management, Research and Taxpayer and Trader Education

Strategy Enablement and Modernisation

- Modernisation
- Product, Segment and Process Architecture
- Legislative Policy
- Enterprise Data Management
- Technology Solutions Delivery
- Enterprise Programme Management

Corporate and Enterprise Services

Governance and Regulatory Compliance

- Company Secretary
- Enterprise Governance and Risk
- Enterprise Planning and Reporting
- Safety, Health and Environment

People Management

- Learning and Development
- Recruitment
- Employee Engagement
- Employee Shared Services, Remuneration and Benefits
- Employee Relations
- Capacity Building and Transformation
- Gender Equity and People with Disability

Enterprise Services

- Corporate Legal Services
- Communications, Corporate and Professional Bodies
- Procurement
- Finance

Office of the Commissioner

- Advisors to the Commissioner
- Organised Labour
- Office of the Commissioner Administration
- Stakeholder Liaison
- Media Spokesperson
- Leadership Development
- Junior Board
- Internal Audit (administratively)
- Integrity Promotion and Assurance

2024/25 Highlights: Positioning our Progress Towards Achieving Vision 2025

SO 1
Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations

- The **AEO register** grew by **114%**, from prior year **304 to 651**
- **SARS website 13 million users**, recording more than **67 million** page views
- **71.72% Taxpayers and traders** are satisfied with the clarity and certainty provided

SO 2
Make it EASY for taxpayers and traders to comply with their obligations

- **92.27%** of taxpayers and traders used **digital** and **self-help platforms** to interact with SARS
- **98.26%** standard taxpayers accepted **Auto Assessments** (PY 97.3%)
- SARS **AI Assistant**, answered over **805k taxpayer queries** with > 99% confidence (since November 2024)

SO 3
DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY

- **Customs seizures** to the value of R6.3 billion
- **Four significant tax schemes collapsed**
- **188 judgments** were handed down, of which **83%** was in favour of SARS

SO 4
Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce

- SARS **Employee Engagement** Index score improved from **69% to 71%**
- **Racial equity** improved from 81.56% to 83.15%

STRATEGIC INTENT

R1.86 trillion
Net Revenue
Collected (6.6% growth Y/Y)

R304 billion
Compliance Revenue
collected through compliance interventions
(16.7% growth Y/Y)

Facilitated Trade
to the value of
R3.9 trillion
(-1.8% contracted Y/Y)

SO 5
Increase and expand the use of DATA

- **100%** of **standard** verification and **88.41%** of **complex** audit cases were selected through the **automated risk assessment** functionality
- SARS collected more than **160 million third party data records**
- **Over 150k taxpayers registered digitally** through the successful deployment of biometric identity verification

SO 6
Modernise our systems to provide DIGITAL and STREAMLINED online services

- **99.95% Systems availability** achieved from disciplined routine maintenance and upgrades to ICT infrastructure
- **Zero ICT security breaches** from known risks achieved through continued focus and vigilance regards cyber security threats

SO 7
Demonstrate effective STEWARDSHIP of our RESOURCES to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence

- **Clean audit report** from the Auditor General for the 2024/25 FY
- **Deviation** between **SARS' actual spending** and the **NT allocation** received was a mere **0.68%**

SO 8
Work with and through STAKEHOLDERS to improve the tax ecosystem

- Developed **trust-based relations with other agencies**, e.g. FIC and SARB
- **Extensive engagement** with tax and customs intermediaries as well as private and public sectors
- Formulated and approved a new **Enterprise Stakeholder Management Policy**
- Active participation in **OECD, WCO, ATAF** and **SACU** events

SO 9
Build PUBLIC TRUST and CONFIDENCE in the tax administration system

- **Service Charter** performance score was **86.66%, an improvement** of 5.36 percentage points from 2023/24.
- **77.09% Public Opinion** survey score was achieved

Revenue Collection 2024/25

Gross Revenue Collected
R2 302.6 billion
(PY: R2 154.8 billion)

−

Refunds Paid
R447.3 billion
(PY: R413.9 billion)

=

Net Revenue Collected
R1 855.3 billion
(PY: R1 740.9 billion)

Personal Income Tax (Includes Provisional and PAYE)

Net Revenue Collected

R733.2 bn 2025

R651.4 bn 2024

12.6% growth

Value Added Tax (VAT)

Net Revenue Collected

R457.8 bn 2025

R447.6 bn 2024

2.3% growth

Corporate Income Tax (CIT)

Net Revenue Collected

R323.2 bn 2025

R316.9 bn 2024

2.0% growth

Customs Duties

Gross Revenue Collected

R76.7 bn 2025

R70.5 bn 2024

8.7% growth

Fuel Levy

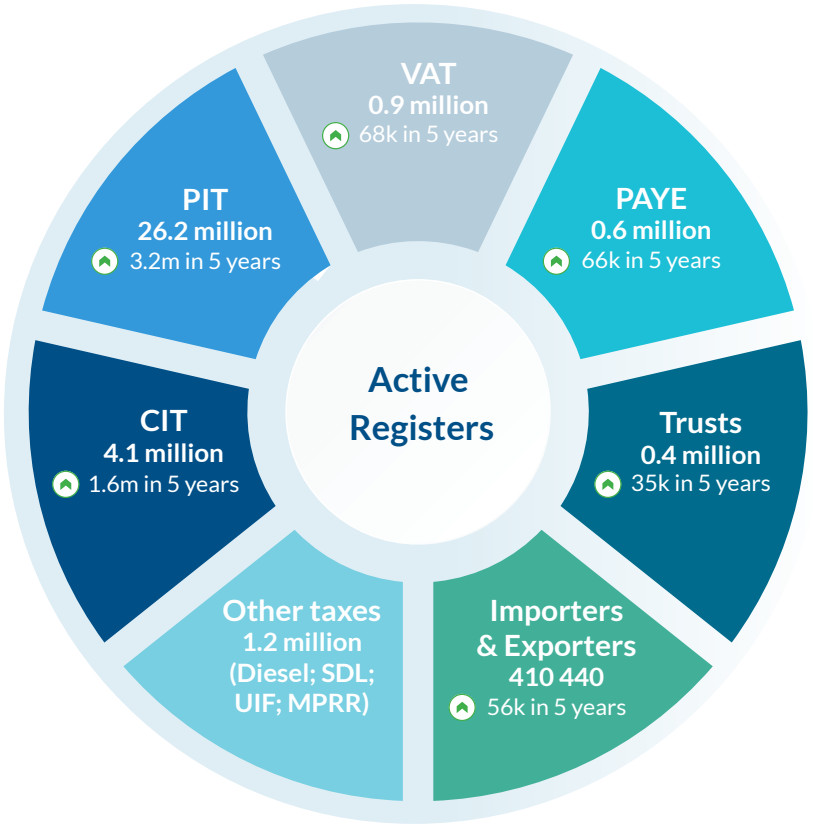
Net Revenue Collected

R85.9 bn 2025

R91.5 bn 2024

6.1% decline

Active Registers and Volumes Processed



Tax Volumes Processed

- Calls Answered: 2.3 million (PY: 2.4 million)
- Walk-ins served: 2.1 million (PY: 2.0 million)
- Tax Returns Received: 25.9 million (PY: 25.0 million)
- Verifications & Audits: 1.6 million (PY: 2.0 million)
- New Tax Registrations: 1.8 million (PY: 1.6 million)
- Complaints Finalised: 147 294 (PY: 140 084)
- Payments Processed: 19.4 million (PY: 18.7 million)
- Appeals Finalised: 9 738 (PY: 14 094)

Customs Volumes Processed

- Licensed Clearing Agents: 6 334
- Customs Seizures: 10 142 (PY: 6 980)
- Customs Import Declarations Processed: 12.1 million (PY: 4.8 million)
- Customs Export Declarations Processed: 4 million (PY: 3.9 million)
- New Importers: 10 615 (PY: 11 066)
- New Exporters: 12 144 (PY: 11 490)
- Customs Inspections: 281 330 (PY: 273 707)
- Post Clearance Audits: 1 477 (PY: 1 351)

02

PERFORMANCE INFORMATION
PART TWO





SARS' Performance for 2024/25

SARS' work enables government to build a capable state and to foster sustainable economic growth and social development that serve the wellbeing of all South Africans. This is the true reason for SARS' existence and encapsulates the Higher Purpose it serves.

The legal mandate of SARS is clearly set out in law: to collect tax revenue, ensure a culture of taxpayer compliance and facilitate trade across South Africa's borders.

How effectively SARS delivers this mandate depends on SARS':

- Technical competence to administer the relevant acts.
- Conceptualisation of a Compliance Programme.
- Understanding of and response to attendant risks.

The Strategic Plan 2020 - 2025 presented an inspirational vision to build "a smart, modern SARS with unquestionable integrity that is trusted and admired". It sets out a clear Strategic Intent (SI) "to follow the internationally recognised approach of Voluntary Compliance" and further translates this intent into nine clear Strategic Objectives (SO).

SARS has identified and committed to achieving nine SOs to guide and inform its efforts and decisions and to prioritise recources. The emphasis of SARS' strategy is to develop and administer a tax and customs system underpinned by voluntary compliance and enforced responsibly and decisively. In working to achieve its strategy, SARS implemented the Objectives and Key Results (OKR) methodology, which is a goal-setting framework to establish "objectives" along with the measurable "key results" that support the achievement of each objective.

The crucial SOs which encompass 62% of the Estimates of National Expenditure (ENE) are SOs 1 to 3:

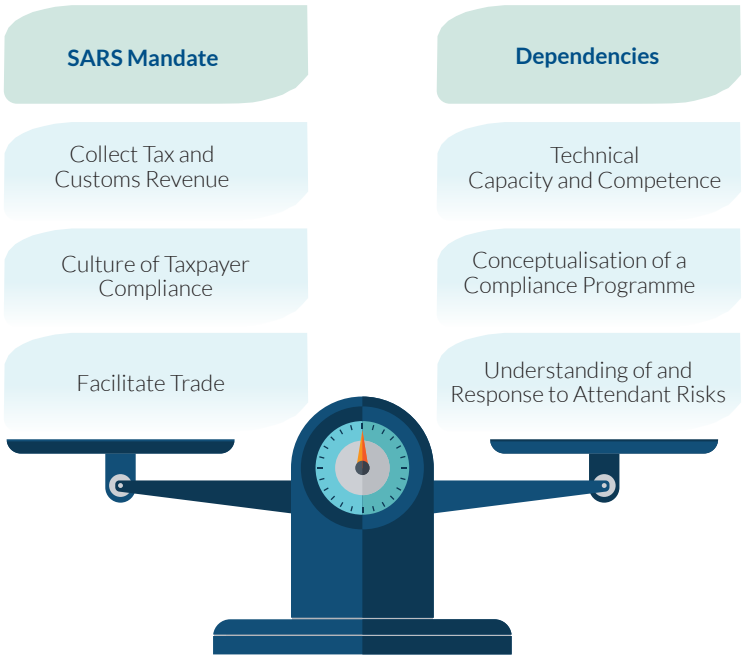
- SO 1: Provide CLARITY and CERTAINTY of tax obligations.
- SO 2: Make it EASY for taxpayers and traders to comply and fulfil their obligations.
- SO 3: Detect taxpayers and traders who DO NOT COMPLY, making non-compliance HARD and COSTLY.

Performance achievements in the 2024/25 Annual Performance Plan (APP) key results were very positive and were achieved under very difficult economic and social circumstances. Of the 22 key results, SARS met or surpassed the targets in 19 key results (86%), whereas three key results were not achieved.

Auditor-General (AG) Report on Audit of Predetermined Objectives (AoPO)

In the Auditor-General's management report on the 2024/25 Audit of Predetermined Objectives, the Auditor-General found SARS' reported performance information to be valid, accurate, and complete throughout the reporting period. The conclusion of the Audit of Predetermined Objectives for 2024/25 was a clean audit report.

The full report is available on page 108 of this publication.



Linking Performance with Expenditure

In the 2024/25 financial year, SARS allocated R13.56 billion across its nine SOs in support of Vision 2024/25—to build a smart, modern, and trusted revenue authority.

The largest allocations focused on facilitating taxpayer compliance (R4.4 billion) and enforcing compliance among non-compliant taxpayers and traders (R4.0 billion), reflecting a balanced strategy between service and enforcement. Investment in modernising core systems (R1.3 billion) and enhancing data capabilities (R1.2 billion) aligns with international best practices, recognising digital infrastructure and analytics as key enablers of performance.

Despite operating within a high fixed-cost environment, strategic allocations enabled measurable progress in automation, artificial intelligence, and operational efficiency. Targeted investment in workforce development and stakeholder engagement further reinforced SARS' long-term sustainability goals.

This spending profile affirms SARS' commitment to optimising limited resources to fulfil its mandate, drive voluntary compliance, and strengthen public confidence in the tax system.

Strategic Objective	2023/24 Actual Expenditure	2024/25 Actual Expenditure
	R'000	R'000
SO 1: Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations	184 409	193 865
SO 2: Make it EASY for taxpayers and traders to comply with their obligations	3 958 413	4 161 380
SO 3: Detect taxpayers and traders who do not comply, making non-compliance HARD and COSTLY	3 791 126	3 985 516
SO 4: Develop a HIGH performing, DIVERSE, AGILE, ENGAGED and EVOLVED workforce	723 059	760 134
SO 5: Increase and expand the use of DATA within a comprehensive knowledge management framework to ensure integrity, derive insights and improve outcomes	1 136 196	1 194 455
SO 6: Modernise our systems to provide DIGITAL and STREAMLINED services	1 256 896	1 321 344
SO 7: Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence	1 267 400	1 332 386
SO 8: Work with and through Stakeholders to improve the tax ecosystem	88 504	93 042
SO 9: Build PUBLIC TRUST and CONFIDENCE in the tax administration system	444 836	467 645
SARS Total	**12 850 841**	**13 509 768**
Ringfenced for Office of the Tax Ombud	51 582	48 986
Total Expenditure	**12 902 423**	**13 558 754**

Situational Analysis

Global Economic Environment

In 2024, global economic growth remained steady at 3.3%, with key regional shifts balancing out overall performance. Growth in advanced economies continued to be moderate, with growth in the US revised upward to 2.8% due to strong consumption and investment. The Euro Area began a modest recovery to 0.8% and the UK saw a slight acceleration to 1.1%. Japan's growth slowed owing temporary factors. Among emerging markets, Asia stood out with upward revisions, particularly China (5.0%) and India, driven by resilient exports and strong demand for AI-related goods. However, growth was downgraded for the Middle East, Central Asia, and sub-Saharan Africa because of oil production cuts, civil unrest, and weather shocks, though some recovery was anticipated in the following years. Inflation eased, and interest rates gradually declined, supporting investment and aligning economies closer to their potential outputs.

The World Bank's Global Economic Situation and Prospects reported that global merchandise trade growth accelerated in the second half of 2024, following a subdued recovery in the first half of 2024. However, the recovery was uneven, with emerging markets and developing economies experiencing steady growth, while trade remained weak across most advanced economies. The latest World Economic Situation and Prospects report indicates that the global economic outlook has deteriorated significantly since the January 2025 forecast amid heightened trade tensions and policy uncertainty. The organisation projects global trade growth to slow sharply from 3.3% in 2024 to 1.6% in 2025. Merchandise trade is forecast to weaken significantly in the second half of 2025, following a temporary surge in late 2024 and early 2025 as businesses frontloaded shipments ahead of anticipated tariff hikes. The trade outlook remains highly uncertain, amid unpredictable trade policies and the potential ripple effects across global relationships.

Domestic Economic Environment

South Africa's real Gross Domestic Product (GDP) increased by 0.4% in Q4-2024, following a contraction of 0.1% in Q3-2024, with gains driven by expansions in the primary sector owing especially to an agricultural rebound and the tertiary sector. This growth was primarily driven by the financial services sector. Notably, the agricultural sector faced its weakest performance in nearly three decades because of severe weather conditions. Despite the South African economy's annual growth slowing from 0.7% in 2023 to 0.5% in 2024, overall output remained 1.6% higher than pre-pandemic levels, highlighting the resilience of the service dominated economy amid mixed sectoral performances. South Africa's economy experienced modest growth. This subdued performance was attributed to several factors, including logistical constraints, weak consumer spending, and adverse weather conditions harming the agricultural sector.

In 2024, South Africa experienced a significant moderation in inflation, with the annual average Consumer Price Index (CPI) inflation rate declining to 4.4%, down from 6.0% in 2023. This marked the lowest inflation level in four years, since the pandemic-induced low of 3.3% in 2020. Overall, the moderation in inflation during 2024 provided a conducive environment for monetary easing, supporting economic recovery in South Africa. However, potential risks such as global economic uncertainties, currency fluctuations, and domestic factors from electricity tariffs to food prices were cautiously observed during the year.

During 2024, the South African Reserve Bank (SARB) initiated a cautious monetary easing cycle, reducing the repo rate by a cumulative 50 basis points over the year. This marked a shift from the previous tightening stance, as inflationary pressures subsided, and economic growth remained subdued. With its first rate drop in more than four years, the SARB lowered the repo rate by 25 basis points to 8.00% in September 2024. A further 25 basis-point decrease ensued, bringing the repo rate down to 7.75% in November 2024. Moderate to high interest rates continued to deter consumer expenditure on durable goods and capital asset investments, which could have an effect on tax collections. The repurchase rate remained at an average of 7.75% (prime averaging 11.25%) during 2024, reflecting a restrictive policy stance amid inflation concerns.

As of Q4-2024, South Africa's official unemployment rate stood at 31.9%, reflecting a slight decrease from 32.1% in the previous quarter. This latest figure indicates a modest improvement in employment figures towards the end of 2024. The expanded unemployment rate, which includes individuals discouraged from seeking work, remained unchanged at 41.9% during the same period.

A trade-balance surplus of R199.1 billion recorded for 2024/25 FY

The 2024 Budget tax increases amounted to R15 billion

South Africa's economy continued to grapple with falling commodity export prices due to reduced foreign demand, impacting CIT Provisional Tax collections. Commodity price volatility not only affected businesses and trading markets but also significantly influenced tax revenues, particularly net trade duties. South Africa faced increased risks due to production slowdowns, regulatory challenges, poor infrastructure, and policy uncertainty. The decline in mineral-export revenue led to lower profits for miners and posed a threat to the government's fiscal health.

South Africa recorded a trade-balance surplus of R199.1 billion for the year ending March 2025, a notable increase compared to the R145.6 billion surplus recorded in March 2024. During the same period, overall trade declined by 1.8%, with both exports and imports experiencing a contraction of 0.4% and 3.3% respectively, versus the previous year. Despite this surplus, the South African trade balance remains fragile going into 2025 with the global trade outlook remaining uncertain, especially South Africa's continued participation under AGOA. Moreover, in response to the changing trade landscape, South Africa is exploring alternative markets, particularly in Asia, Europe, the Middle East, and within the African continent, to mitigate the impact of reduced access to U.S. markets. These efforts aim to diversify export destinations and strengthen economic resilience amid global trade tensions.

The Effect of Tax Policy Measures

Since 2020, government has kept most tax rates stable despite economic shocks from the COVID-19 pandemic, public unrest, inflation, fuel price hikes, and power cuts. It provided temporary relief to assist individuals and businesses during this time. However, the economy has remained weak and commodity prices slowed, harming revenue growth and increasing fiscal pressures. The government's long-term strategy focuses on broadening the tax base, while improving compliance, and administrative efficiency to raise sustainable revenue and minimise rate hikes. Balancing revenue generation with spending cuts remains crucial to avoid unsustainable debt, as delaying tax increases now could necessitate larger ones later. Personal Income Tax (PIT), being stable and resilient, is crucial to ensure reliable revenue. The 2024 Budget tax increases amounted to R15 billion (mainly from direct taxes) in 2024/25 to ease fiscal pressures and support faster debt stabilisation.

The main tax proposals for the 2024/25 FY were:

PIT increased through bracket creep (tax brackets for inflation) that were not adjusted. Primary, secondary and tertiary rebates also remained unchanged, meaning the minimum tax-free threshold remained at R95 750. This was estimated to raise an additional R16.3 billion. The intention was to allow government to raise additional revenues without changing the tax rates. Further revenue was expected from not adjusting the monthly medical tax-credits for inflation, which was projected to generate an additional R1.9 billion. In total, PIT was estimated to generate an additional R18 billion in revenue.

The general Fuel Levy remained unchanged since 2022. The measure sought to mitigate the effects of higher inflation and rising fuel prices, and to provide relief to consumers. With high fuel prices and inflation continuing to affect consumers, fuel levies were again not increased in the 2024 Budget, resulting in R4 billion in tax foregone.

Specific excise duties on alcohol and certain categories of tobacco products were expected to increase by above-inflation rates of between 6.7% and 7.2%, thereby estimated to raise R0.8 billion in additional revenue.



Strategic Intent:

Collecting Customs and Tax Revenue Due

SARS aims to create a conducive tax ecosystem where most of the tax revenue is efficiently and easily receipted from voluntarily compliant taxpayers and traders. SARS aims to educate as well as make it easy and simple for taxpayers and traders to fulfil their tax obligations.

SARS also recognises the need to augment receipted revenue with compliance revenue. To do so SARS collects compliance revenue through enforcement making tax evasion hard and costly for wilfully non-compliant taxpayers and traders.

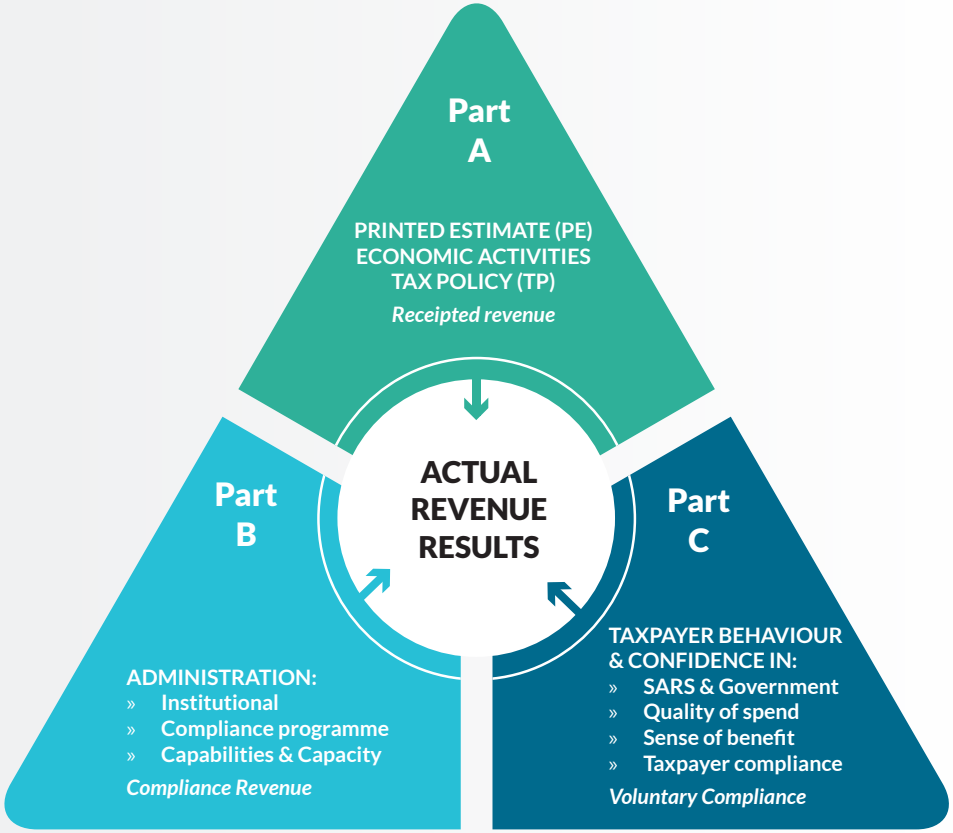
SARS Revenue Management System

Revenue collection is mainly the result of three interrelated factors, as depicted in the diagram:

Part A: The state of the economy sets the tone for the general collection climate, as well as the tax and customs policy framework e.g. tax rates for specific tax types, customs duties for specific products, rebates, and relief measures.

Part B: Efficacy of tax administration, which represents institutional integrity and ability to efficiently collect optimal revenues due to the state.

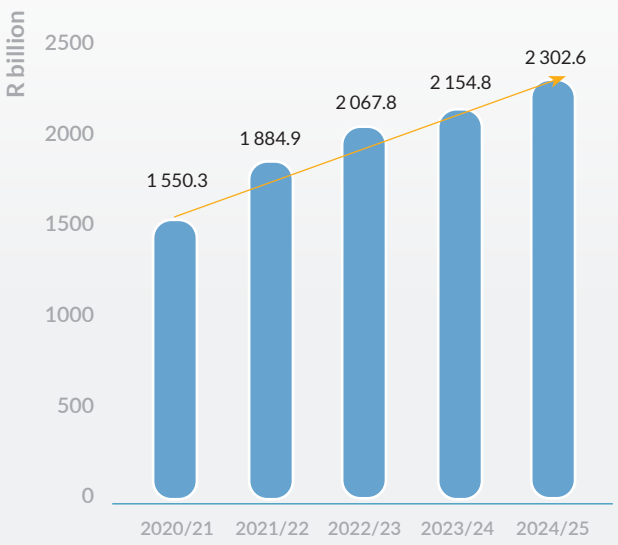
Part C: Public confidence and trust in government and SARS particularly regarding collections and spending which influences voluntary compliance behaviour of taxpayers and traders.



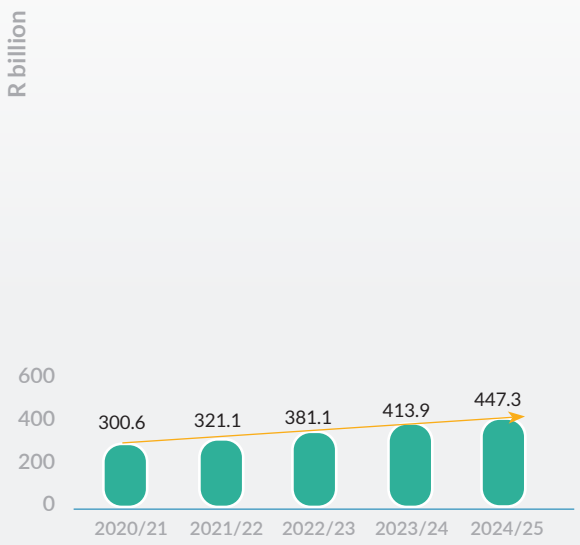
Progressive Revenue Collections

SARS collected more than the estimates set by the Minister of Finance for four of the past five years. For the 2024/25 FY, SARS collected again a record gross amount of R2 302.6 billion. SARS paid refunds of R447.3 billion to taxpayers versus R413.9 billion in the prior year, representing growth of 8.1%. This brings the net amount collected to R1 855.3 billion for the 2024/25 FY, which is a year-on-year (Y/Y) growth of 6.6% against gross GDP growth of 4.0%, and exceeded the Revised Estimate (RE) by R8.9 billion.

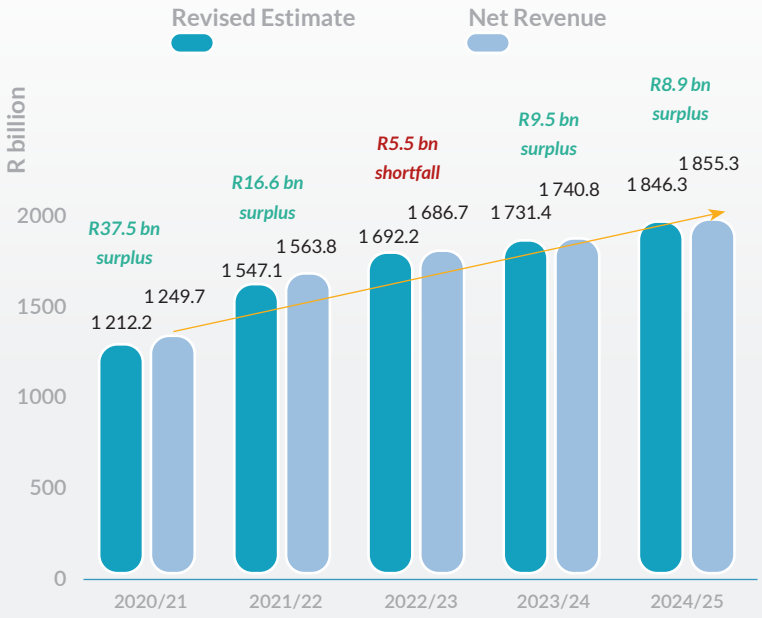
GROSS REVENUE



REFUNDS



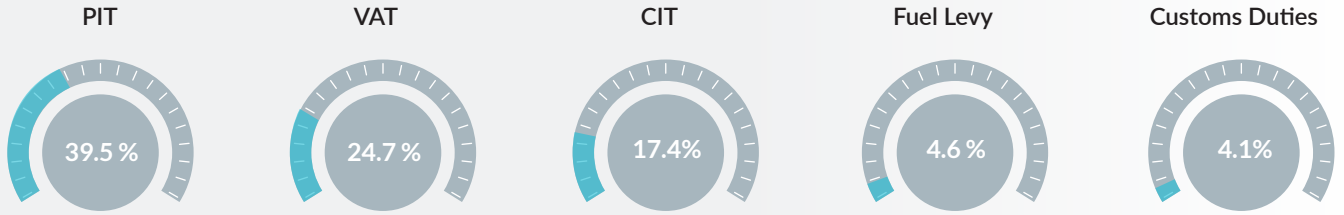
NET REVENUE



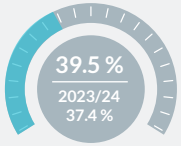
Tax Type Contribution to Tax Revenue

PIT, VAT, and CIT remain the largest sources of tax revenue and compose approximately 80% of the total tax-revenue collections. The table reflects the relative contributions of the different taxes to the tax-revenue portfolio. The relative contribution of CIT increased from 16.4% in 2020/21 FY to 17.4% in 2024/25, while PIT increased from 39.1% to 39.5% for the same period. VAT decreased from 26.5% in 2020/21, to 24.7% in the year under review. Over the past five years, the tax-to-GDP ratio has increased steadily from 23.7% in 2019/20, to 24.9% in 2022/23, reaching a peak of 25.1% in 2024/25.

Tax Type	Printed Estimate Feb 2024	Revised Estimate Feb 2025	Actual Result	Surplus/ Deficit on Printed Estimate	Surplus/ Deficit on Revised Estimate	Actual % of Total Tax Revenue
	R million	R million	R million	R million	R million	%
Personal Income Tax (PIT)	741 065	735 104	733 154	(7 911)	(1 950)	39.5%
Company Income Tax (CIT)	306 683	307 499	323 244	16 560	15 744	17.4%
Dividends Tax (DT)/Secondary Tax on Companies (STC)	36 142	37 732	42 988	6 846	5 256	2.3%
Value-Added Tax (VAT)	476 749	459 882	457 789	(18 960)	(2 093)	24.7%
Domestic VAT	559 123	563 932	561 407	2 284	(2 525)	30.3%
Import VAT	286 761	263 716	261 878	(24 882)	(1 838)	14.1%
VAT refunds	(369 135)	(367 766)	(365 497)	3 638	2 270	(19.7%)
Fuel Levy	95 771	83 104	85 883	(9 888)	2 779	4.6%
Customs Duties	76 818	76 334	76 698	(119)	364	4.1%
Specific Excise Duties	58 184	58 547	59 680	1 496	1 133	3.2%
Taxes on Property	20 600	21 533	22 505	1 905	973	1.2%
Skills Development Levy	24 500	24 493	24 448	(52)	(45)	1.3%
Other Taxes and Duties	26 522	35 700	28 881	2 359	(6 818)	1.6%
Total Tax Revenue	**1 863 035**	**1 846 335**	**1 855 270**	**(7 765)**	**8 935**	**100.0%**

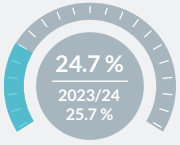


Net PIT
R733.2 bn
RE: -0.3%
PY: 12.6%



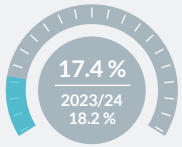
PIT collections were driven by growth in Provisional Tax, PAYE, and Assessment Tax payments. PIT is primarily paid by working individuals. Slow economic growth, retrenchments, and unemployment affected this tax. In **PAYE collections**, Y/Y growth was boosted by PAYE collections from the Two-Pot withdrawals, while partially muted by retrenchments, which continue to increase since PY. The Mining sector was particularly affected by retrenchments and recorded a Y/Y growth at a modest rate of 2.5%. Finalised tax directives for 2024/25 recorded a Y/Y net growth of R15.3 billion (36.9%), mainly driven by the R12.6 billion increase in Two-Pot withdrawals from the Finance, Community, and Mining and Quarrying sectors.

Net VAT
R457.8 bn
RE: -0.5%
PY: 2.3%



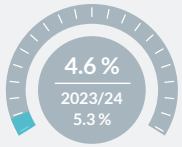
For **Domestic VAT**, the Y/Y growth was driven by the Finance (8.8%), Electricity (21.4%), and Wholesale/Retail (4.1%) sectors. **VAT Refunds** amounted to R365.5 billion with Y/Y growth of R22.6 billion (6.6%) against PY. The Y/Y growth was driven by the Finance (14.4%), Manufacturing (6.9%), and Community (22.5%) sectors; and partially offset by a R1.3 billion (-1.8%) contraction in the Wholesale/Retail sector. **Import VAT** amounted to R261.9 billion, which was lower than the RE by R1.8 billion (0.7%), while recording a Y/Y contraction of R3.2 billion (1.2%) from the 2023/24 FY. The latter was underpinned by decreases in commodity imports of electrical machinery (-17.6%), mineral fuels (-8.2%), original equipment components (-8.0%), and vehicles (-2.7%); and partially offset by a growth in machinery (1.5%), among others.

Net CIT
R323.2 bn
RE: 0.6%
PY: 2.0%



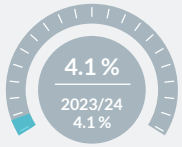
Net CIT collections ended the year at R323.2 billion, exceeding the RE by R2.0 billion (0.6%), while growing against the PY by R6.4 billion (2.0%). The Y/Y growth of **CIT Provisional Tax** collections from the SMME segment exceeded the 2023/24 collections by R12.2 billion (12.5%), while these gains were partially offset by the Large Business segment, which recorded a contraction of R1.7 billion (-0.8%). The Y/Y growth was mainly driven by the Finance, Electricity, and Wholesale and Retail Trade sectors. The performance surge was partially offset by the negative performance in the Mining and Quarrying sector, which contracted Y/Y. **CIT Assessment Tax** amounted to R21.5 billion, lower than the RE by 7.9% and contracting Y/Y by 4.6%. The contraction was due to an extraordinary payment by a manufacturing company in the 2023/24 FY, which did not repeat in the 2024/25 FY.

Net Fuel Levy
R85.9 bn
RE: 3.3%
PY: -6.1%



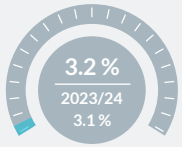
General Fuel Levy collections, a sub-component of the Fuel Levy, exceeded the RE by R1.6 billion (1.8%), but were R1.1 billion (1.1%) lower than the PY. Fuel levies from local manufacturers contracted by 5.3% compared to the PY, while collections from imported fuel increased by 11.5%. General Fuel Levy from local manufacturers were lower than the RE by R0.7 billion (1.0%), and imports were higher than the RE by R2.3 billion (9.7%).

Customs Duties
R76.7 bn
RE: 0.5%
PY: 8.7%



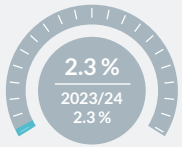
Customs Duties amounted to R76.7 billion, which was higher than the RE by R0.4 billion (0.5%) and grew from the previous year by R6.1 billion (8.7%). This performance was driven by Y/Y increases in clothing (16.5%), tobacco products (15.1%), footwear (11.6%), beverages (9.1%), vehicles (7.1%), and electrical machinery (1.4%).

Specific Excise
R59.7 bn
RE: 1.9%
PY: 11.5%



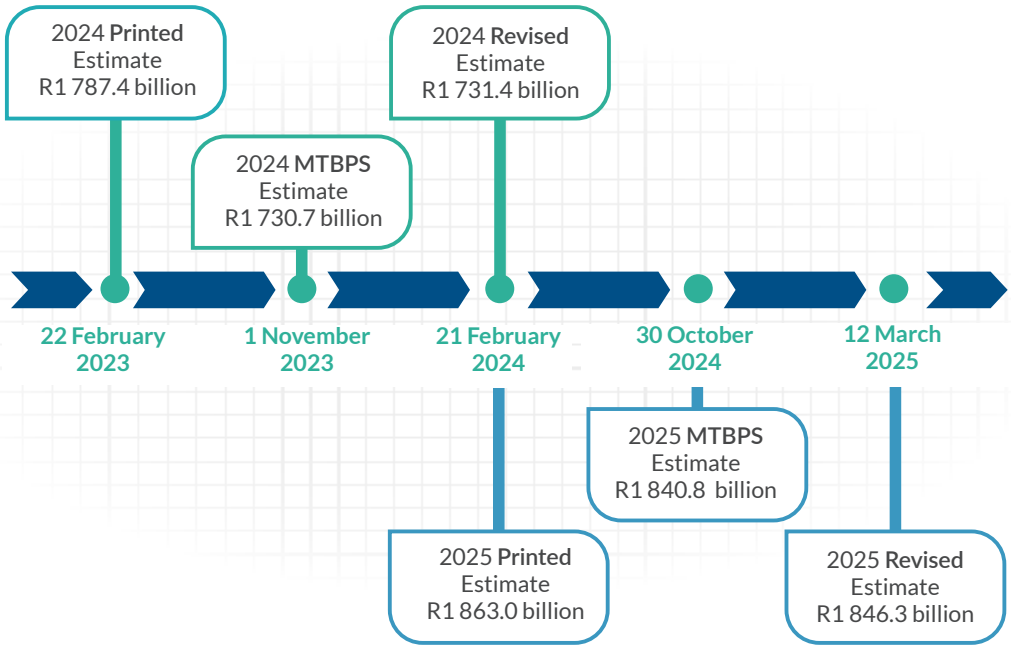
Against the PY, higher collections were recorded from beer (R3.1 billion, 14.1%); spirits (R2.0 billion, 16.1%); Cigarettes (R0.7 billion, 8.7%); and wine (R0.3 billion, 3.6%), offset by lower collections from petroleum (R0.3 billion, 33.2%). Excise collections from cigarettes were harmed by illicit trade. Higher-than-expected performance against the RE was driven by surpluses in collections from beer (R1.4 billion, 6.1%), spirits (R0.7 billion, 5.3%), and Revenue from Neighbouring Countries (R0.3 billion, 11.3%). **Specific Excise** was partially offset by a contraction in cigarettes of R0.8 billion (8.3%) and in petroleum products of R0.6 billion (44.8%).

Dividends Tax
R43.0 bn
RE: 13.9%
PY: 9.7%



DT/STC collections of R43.0 billion were significantly higher than the RE by R5.2 billion (13.9%), recording Y/Y growth of R3.8 billion (9.7%). DT collections were boosted by a of a once-off payment of R5.6 billion from a mining company.

Budget Estimates for 2023/24 to 2024/25



Revenue estimates for the next three years and the medium term are set or adjusted on three occasions during the FY. For the 2024/25 FY, estimates were announced in the February 2024 budget (generally referred to as the Printed Estimate, or PE); in October 2024 in the Medium-Term Budget Policy Statement (MTBPS); and in the March 2025 budget, also referred to as Revised Estimate (RE). Revenue estimates are predicted using various statistical forecasting models which consider prevailing and forecasted economic conditions to provide detailed estimates of the likely performance outcomes of the different tax types.

Maximum Tax Rates

The most recent change in the tax rate is the reduction in CIT from 28% to 27% from 31 March 2023.

CIT	PIT	DT	VAT
27%	45%	20%	15%

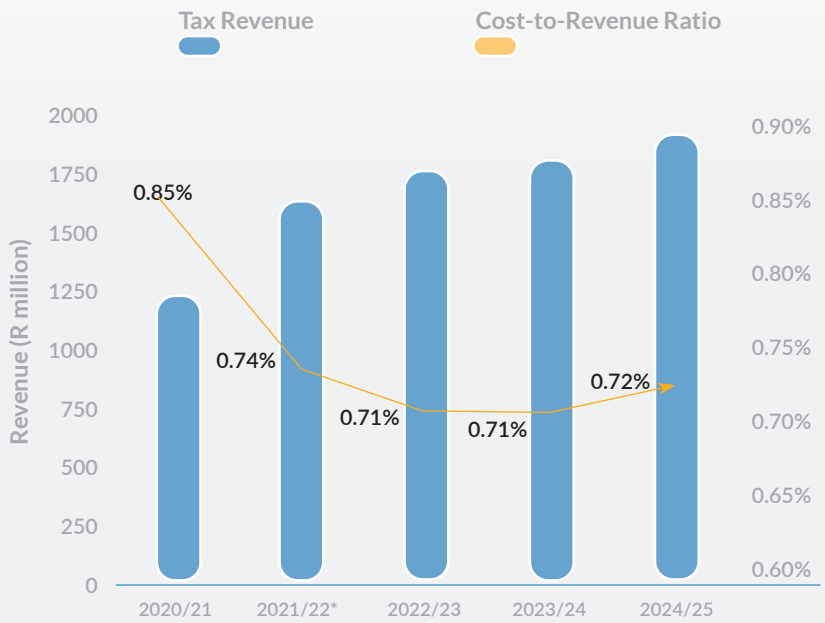
Budget Revenue Performance

The table shows the contribution of tax revenue and non-tax revenue to total national budget revenue. Payments to Botswana, eSwatini, Lesotho, and Namibia (BELN), in terms of the Southern African Customs Union (SACU) agreement, are deducted. Included in the total non-tax revenue that SARS collects are Mineral and Petroleum Resources Royalties (MPRR), mining leases and ownership, as well as receipts from other state departments and extraordinary receipts. SARS also collects Unemployment Insurance Fund (UIF), Skills Development Levy (SDL), and Road Accident Fund (RAF) contributions on behalf of the Departments of Labour, Higher Education, and Transport, respectively.

Tax Type	Printed Estimate Feb 2024	Revised Estimate Feb 2025	Actual Result	Surplus/ Deficit on Printed Estimate	Surplus/ Deficit on Revised Estimate
	R million	R million	R million	R million	R million
Tax revenue	1 863 035	1 846 335	1 855 270	(7 765)	8 935
Non-tax revenue	41 856	41 104	41 964	108	860
Mineral and Petroleum Resource Royalties	16 000	11 300	10 636	(5 364)	(664)
Mining leases and ownership	-	-	(27)	(27)	(27)
Other non-tax revenue and extraordinary receipts	25 856	29 804	31 355	5 498	1 551
Less: SACU payments	(89 871)	(89 874)	(89 874)	(3)	-
Total budget revenue	**1 815 020**	**1 797 566**	**1 807 360**	**(7 660)**	**9 795**

Cost-to-Revenue Performance

The cost-to-revenue for 2024/25 was 0.72% (0.71% for PY) and remained below the 1.00% benchmark for developing economies. SARS' cost-to-tax-revenue ratio does not account for collections of non-tax revenue on behalf of other institutions. Such revenue includes MPRR collections and UIF contributions, as well as RAF levies. If these amounts were included in the revenue collections, then the cost-to-tax-revenue ratio would have been even lower at 0.69%, which is the same as in the PY.



Note: 2021/22 Operating costs restated



Compliance Revenue

Compliance revenue is a result of identifiable compliance activities to improve compliance culture and trust in the tax ecosystem. These efforts are underpinned by the SARS Compliance Programme and Strategic Intent to develop and administer a tax and customs system of voluntary compliance, and to enforce decisively and responsibly where appropriate.



The key contributing compliance activities are to

- **Enhance risk management to mitigate impermissible refund outflows: ensuring the correct tax due is assessed (and paid).**
- **Collect old debt and pursue outstanding returns.**
- **Detect and respond to Syndicated Tax and Customs Crimes.**
- **Estimate Provisional Taxes fairly and accurately, and to collect these in good time.**
- **Regularise tax and customs obligations through the Voluntary Disclosure Programme.**

Optimal revenue collections are best achieved in an efficient and effective revenue administration (first dimension) where institutional integrity and good corporate governance are observed and valued. The prevailing economic climate (second dimension) will form the base from which this revenue will be collected.

During 2024/25 FY, SARS secured R304.0 billion (Y/Y growth of 16.7%) from identifiable compliance activities (cash = R156.1 billion and leakage protection = R147.9 billion).

SARS is optimising further compliance-revenue opportunities through its Revenue Recovery Programme. As part of this Programme, SARS is increasing the use of third-party data (local and international) to identify areas of non-compliance. However, these initiatives are expected to yield results only over the medium to long term, because they involve multiple stakeholders.

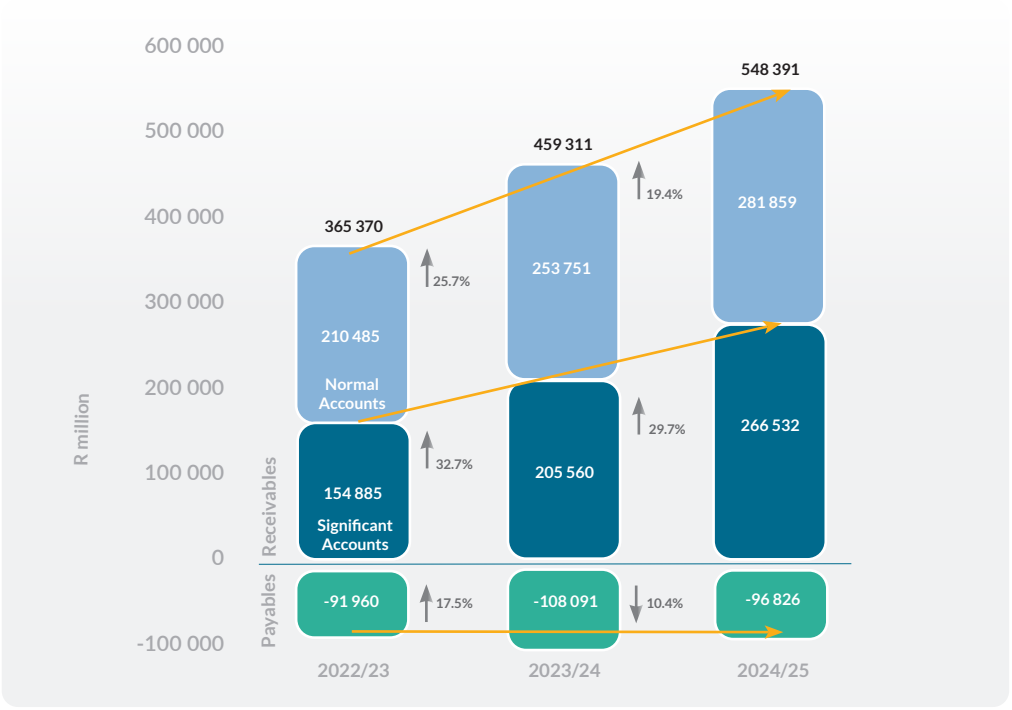
Payables and Receivables

Receivables and payables represent the balance on taxpayer statements of account at year-end. Accounts with debit balances are classified as receivables (due to SARS), whereas accounts in credit are classified as payables (due to taxpayers). A taxpayer may appear in both categories if an unverified or unallocated credit exists on one tax and there is a debt on another, or because of a timing difference in equalising verified credits against overdue debts.

Gross receivables before impairment grew by 19.4% over the PY, whereas payables reduced by 10.4%.

Taxpayer and Trader Receivables andPayables	31 March 2025	% Change	31 March 2024
	R million		R million
Receivables (Debit Accounts)	548 391	19.4%	459 311
- Accounts included in the above that are regarded as significant	266 532	29.7%	205 560
Payables (Credit Accounts)	(96 826)	(10.4%)	(108 091)

Balance Comparison





774 Seasonal workers were employed within the debt environment

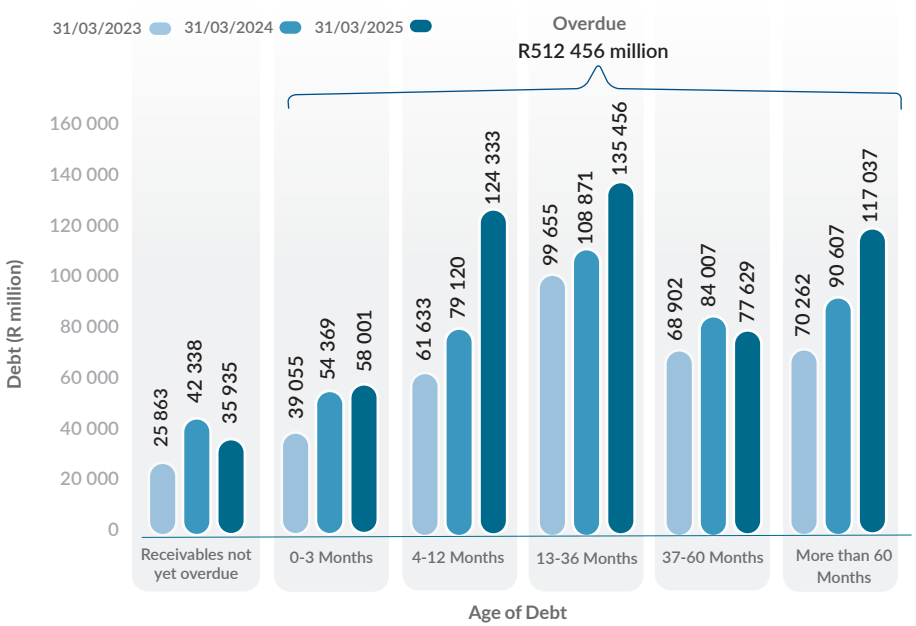
Impairment Assessment

In 2023/24, SARS introduced a debt-impairment process. This transition will continue over the next two financial years and allow SARS to disclose receivables at an amount that is likely to be collected, which is not currently the case. Individually insignificant receivables have been assessed as groups, considering their classification as a deceased estate, liquidation/insolvency, business rescue, or cessation of operations. The table below provides an updated impairment assessment.

Taxpayer and Trader Receivables Impairment Assessment	Individual Significant Receivables	Normal Receivables (Excluding Significant)	31 March 2025
Preliminary impairment as percentage of gross receivables	54%	37%	45%
Gross Receivables	266 532	281 859	548 391
-Preliminary Impairment Allowance	(145 000)	(105 000)	(250 000)
Net Receivables	**121 532**	**176 859**	**298 391**

Ageing of Receivables

R250 billion (49%) in gross overdue receivables are 25 months and older, (2024: R220 billion; 2023: R180 billion). This ageing signifies the length of time that the tax has remained unpaid from the date it became due (i.e. the taxable event), and not necessarily when the tax debt was posted to the account. For example, a VAT assessment posted today in respect of a tax liability due three years ago, will be aged 25–36 months.



Receivables temporarily written off as uneconomical to pursue have increased to R345 billion (2024: R293 billion), of which 29% is capital. Although collection is suspended, these accounts continue to accrue interest and, provided the debt remains valid, may be reinstated if SARS detects a change in circumstances. The policy and accounting treatment of temporary write-offs is under review. This may result in some of these temporary write-offs being reinstated or permanently written off.

Collection Approach

SARS applies a differentiated collection approach to tailor recovery actions to fit taxpayers' payment behaviour. This aligns with SARS' overarching compliance approach to assist those willing to comply, and to enforce recovery against those who do not.

This involves proactively engaging and assisting taxpayers willing to comply, followed by consequence-based collection steps for those unwilling to comply, and finally targeted enforcement.

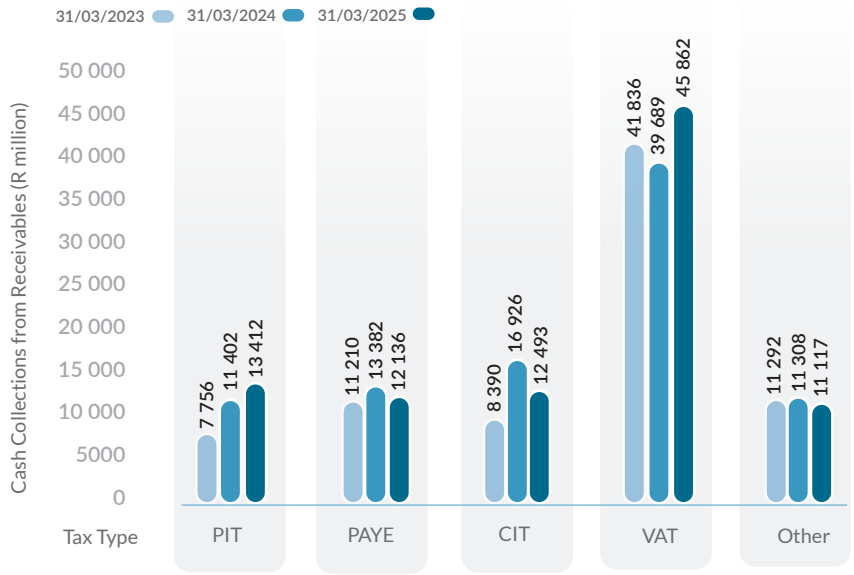
To improve debt-collection capacity, SARS has outsourced specific debts and expanded internal capacity by appointing seasonal workers as part of the debt-insourcing initiative. Process, system, and data capabilities have also been improved, particularly in the areas of behavioural modelling, debt segmentation, and financial reporting.



SARS applies a differentiated collection approach to tailor recovery actions to fit taxpayers' payment behaviour

Review of Collection Performance

Collection performance measures recovery actions taken to target non-payment/late payment, as well as actions necessary to maintain positive payment behaviour (referred to as "Prevent" actions). This process, and the accompanying rules, are being enhanced to improve behavioural modelling, collection insights, and general performance management. These changes will take effect in the 2025/26 financial year.



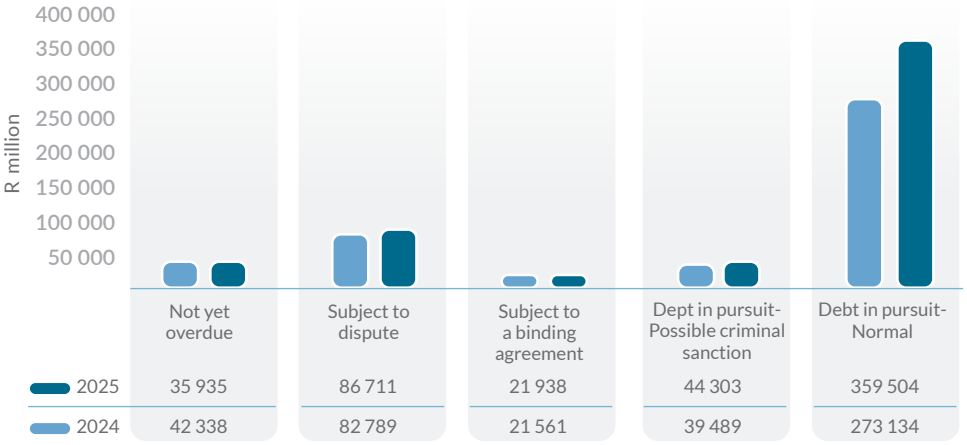
Total cash collected from receivables was R95 billion (2024: R91.3 billion). VAT was the largest contributor to the overall cash collections (R45.9 billion, 48%), followed by PIT (R13.4 billion, 14%).

Revenue losses for the 2024/25 FY amounted to R36.37 billion, which is net of reinstatement and recoveries. Compromised write-offs relate to agreements with taxpayers for SARS to forgo a portion of the tax debt, provided that doing so would secure the highest net return from the recovery of the debt. Temporary write-offs are the current year's write-offs that are uneconomical to pursue.

Schedule of Revenue Losses	31 March 2025	31 March 2024
	R million	R million
Temporary write-offs	29 127	29 094
Compromises	4 185	4 157
Permanent write-offs	3 057	2 900
Total	**36 369**	**36 151**

Total Receivables per Segment

Gross receivables are categorised to reflect collection risk and the debt recovery actions that may be taken. The figure below shows the movement in these categories against that of the prior year.



Audit assessments subject to an ongoing dispute are separately disclosed because of variability in assessment values, and because payment cannot generally be enforced due to recovery proceedings being suspended in accordance with section 164(2) of the Tax Administration Act. At the end of the financial year, R103 billion in receivable value was subject to dispute, of which R16.2 billion is disclosed as debt subject to possible criminal sanction. Payment is currently suspended in respect of R38 billion in dispute. This suspension may be revoked by SARS if the dispute is frivolous or vexatious, or due to change in circumstances or collection risk.

Subject to Dispute	31 March 2025	31 March 2024	Growth	
	R million	R million	R million	%
Objections	38 210	26 514	11 696	44.1%
Appeals	48 501	56 275	(7 774)	(13.8%)
Total	**86 711**	**82 786**	**3 922**	**4.7%**

Receivables subject to a binding agreement comprise voluntary and non-voluntary arrangements. Voluntary arrangements are primarily payment deferrals, whereas non-voluntary arrangements relate to third-party appointments, involving primarily salary, bank account, and lumpsum deductions.

Debt subject to criminal sanction is classified at a taxpayer or entity level notwithstanding that only certain tax cases are subject to investigation. Of the R44 billion in receivables, R33 billion relate to taxpayers identified in the 2023/24 FY. This debt is largely irrecoverable given its nature; high composition of penalties and interest (R32 billion); on-going disputes and collection status.

Active recovery steps are being taken against R359 billion of gross receivables and are at varying stages in the collection cycle. Several initiatives have been implemented:

- Pilot Project with National Prosecution Authority (NPA): a pilot was implemented with the NPA, where monthly meetings were held with NPA and Directorate for Priority Crime Investigations (DPCI). 1 198 returns were collected and R25.8 million banked in revenue.
- Debt Outsourcing: more recent debt that was not worked on internally was outsourced during the third quarter of the financial year with an improved yield. Older and impaired debt remained outsourced, achieving results in some cases that could not be achieved internally.
- Seasonal workers: 774 seasonal workers were employed within the debt environment to March 2025. These resources focus primarily on new inflow, thus allowing permanent resources to manage older and more complex debt inventory. This project will be ramped up with an additional 500 temporary workers in the first quarter.

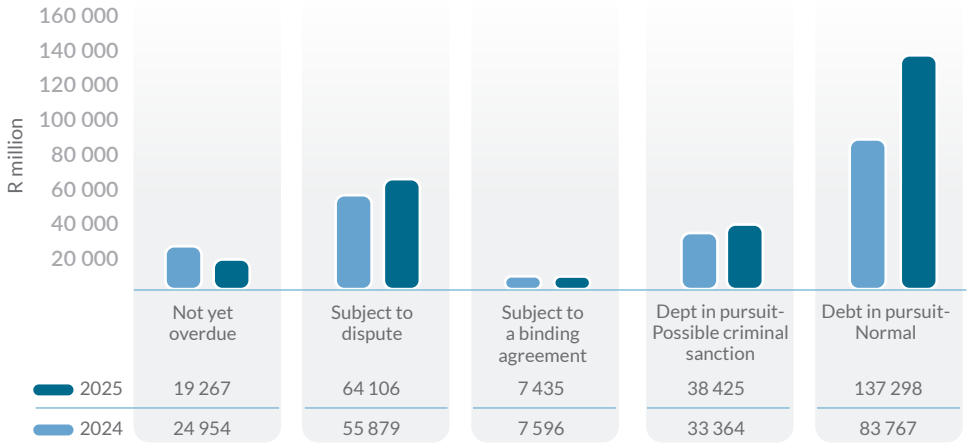
Collection of Significant Receivables

This reporting segment consists of taxpayers with a consolidated account balance of R50 million or more. These receivables are separately disclosed because of their materiality, and effect on reporting. This segment accounts for 49% of gross receivables and consists of 1 269 taxpayers (2024: 975 taxpayers).

This segment comprises:

- 755 cases carried forward from 2023/24 (R178 billion), which includes R34 billion relating to cases subject to on-going criminal investigation or compliance actions. The remaining debts comprise a high proportion of penalties and interest (R90 billion), the collection of which is hampered by ongoing disputes and complex recovery processes.
- 514 cases amounting to R89 billion, which includes R48 billion in penalties and interest.

Significant Receivables per Segment



	Not yet overdue	Subject to dispute	Subject to a binding agreement	Dept in pursuit-Possible criminal sanction	Debt in pursuit-Normal
2025	19 267	64 106	7 435	38 425	137 298
2024	24 954	55 879	7 596	33 364	83 767

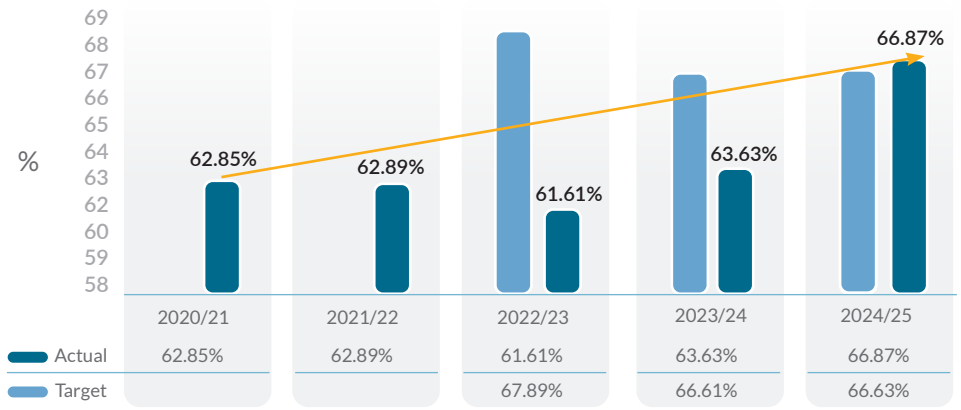




STRATEGIC INTENT: Voluntary Compliance

In the SARS environment, compliance refers to the degree to which taxpayers and traders fulfil their tax obligations: to register, file, report (declare), and pay accurately and on time, as required by legislation. In the fulfilment of SARS' legislative mandate, the main work of SARS is to optimise taxpayer and trader compliance.

Voluntary Compliance Index



	2020/21	2021/22	2022/23	2023/24	2024/25
Actual	62.85%	62.89%	61.61%	63.63%	66.87%
Target			67.89%	66.61%	66.63%

Voluntary Compliance Index Methodology

Voluntary compliance is essential for a functioning tax system, showing a society's commitment to civic duties and economic integrity. The 2024/25 financial year indicates an increase in the Voluntary Compliance Index (VCI).

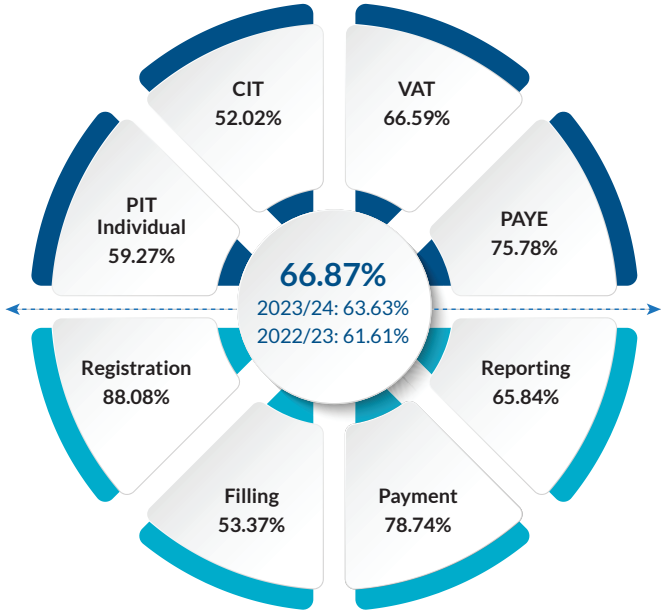
For the 2024/25 financial year, the VCI — which assesses taxpayer behaviour across registration, filing, reporting, and payments — rose to 66.87%, an increase of 3.24 percentage points from the previous year's base of 63.63%. This 3.24 percentage points rise surpasses the target of 3 percentage points, indicating a positive trend in compliance culture.

These gains are particularly noteworthy within the diverse tax system of South Africa. Pay-As-You-Earn (PAYE) demonstrated the highest VCI at 75.78%, followed by VAT at 66.59%, PIT Individuals at 59.27%, PIT Trusts at 53.39%, and CIT at 52.02%. Regionally, the Western Cape excelled with a VCI of 74.97%, whereas Limpopo showed a lower performance with a VCI of 57.25%.



Voluntary compliance is essential for a functioning tax system, showing a society's commitment to civic duties and economic integrity

Compliance per Tax Type

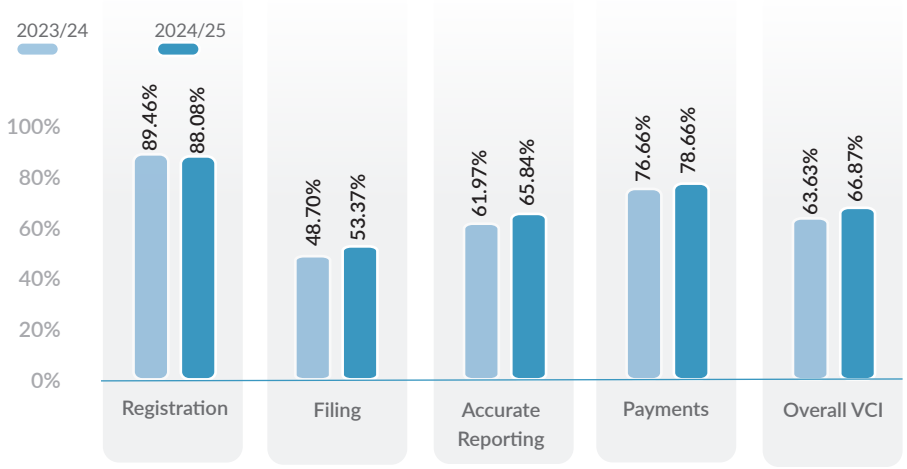


Compliance per Compliance Pillar

Compliance per Pillar and the VCI

Regarding the four compliance pillars, the highest level of compliance was observed in registration, with a compliance rate of 88.08%. This is followed by payment compliance at 78.74%, reporting compliance at 65.84%, and filing compliance at 53.37%.

Although the overall compliance level in registration remained high, it experienced a decrease of 1.38 percentage points, falling from 89.46% to 88.08%. This decline can be attributed to essential adjustments made to the active taxpayer base during the 2024/25 financial year.



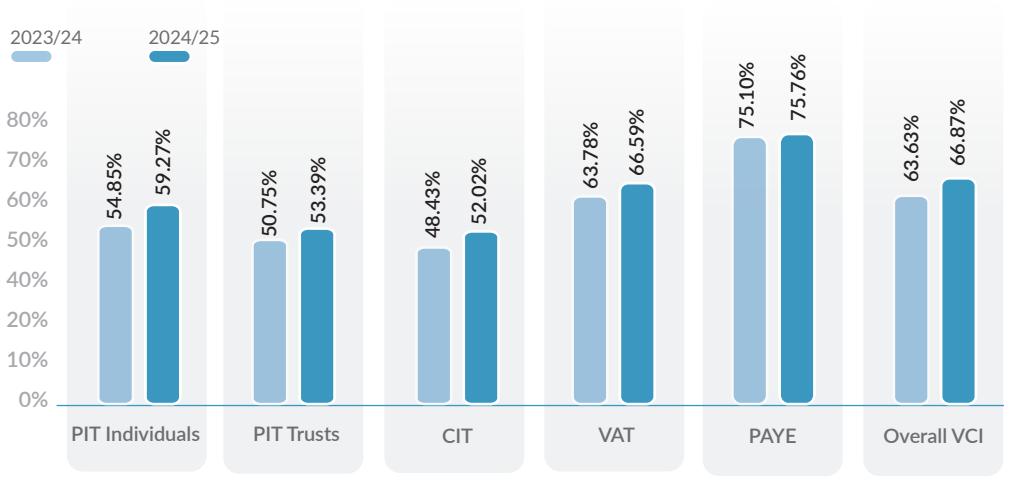
Filing compliance improved significantly by 4.67 percentage points (48.70% to 53.37%). Filing compliance overperformance was achieved in the categories of: PIT Individuals (+8.73 percentage points); Trusts (+6.66 percentage points); CIT (+6.05 percentage points); VAT (+3.82 percentage points); and PAYE (+0.95 percentage points).

Reporting/declaration compliance improved significantly, increasing by 3.87 percentage points (from 61.97% to 65.84%). Out of the 865 617 Individual cases selected for audit, 66.96% were found to be accurate; Trusts (23 377 cases, 89.66% accurate); CIT (58 743 cases, 70.37% accurate); VAT (339 635 cases, 56.12% accurate); and PAYE (48 994 cases, 96.63% accurate). Of the 865 617 PIT Individual audit and verification cases, 579 632 were reported (declared) accurately. Out of 23 377 Trust cases verified/audited, 20 960 were accurate. In CIT audits, 41 337 of 58 743 cases were accurate. For VAT, 190 607 of 339 635 verified/audited cases were accurate. Lastly, 47 345 of 48 994 PAYE cases were accurate.

The payment compliance level increased by 2.08 percentage points, rising from 76.66% to 78.74%. For the financial year 2024/25, payment compliance levels of all tax types, with the exception of PIT trusts, showed improvement compared to the 2023/24 financial year. Notably, payment behaviour regarding indirect taxes consistently outperformed that of income tax.

Compliance per Tax Product

The low PIT Individuals payment compliance may be attributed to economic hardships, as individuals struggle to fulfil all their debt obligations amid rising living costs. The payment compliance level for PIT trusts decreased by 0.6 percentage points, reaching 67.9%. Conversely, CIT payment compliance improved by 2.2 percentage points, increasing to 66.7%. The payment compliance rates for both VAT and PAYE showed improvement during the year. The VAT compliance rate rose by 0.5 percentage points to 86.1%, while the PAYE compliance level increased by 0.9 percentage points to 87.6%.

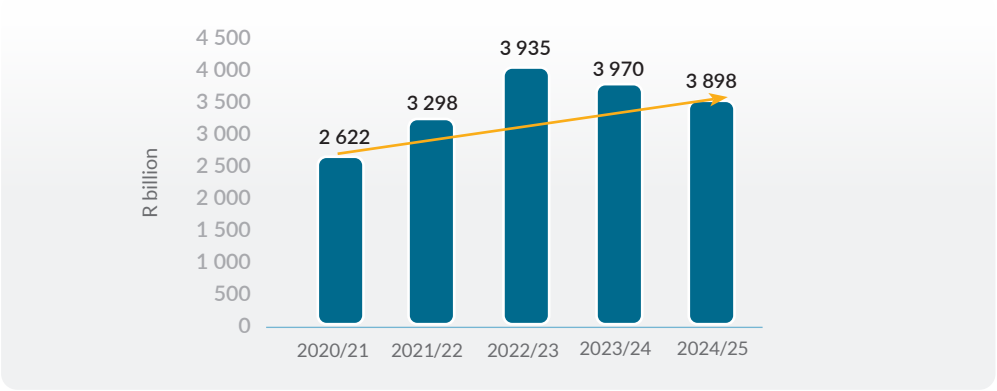




STRATEGIC INTENT: Enhanced Legitimate Trade

Trade facilitation, which is part of SARS' mandate, encompasses the processes that streamline cross-border transactions, ensuring the smooth flow of legitimate trade, while minimising unnecessary delays. Regulatory border-agencies enforce compliance with various laws and safety requirements. These agencies safeguard the country, its industries, and citizens from potential harm caused by illicit movements of goods and people across borders.

Trade Volumes



Note: Trade Statistics as on 1 April 2025

Progressive Trade Facilitation

Following a positive start to goods trade in 2025, many trade-reliant developing countries face mounting challenges from reduced exports, lower commodity prices, tighter financial conditions, and elevated debt burdens. The United States' proposed higher tariffs are likely to strain global supply chains, drive up production costs, and delay critical investment decisions, further weakening global trade growth. As a small, open, and mining-commodities exporting economy, South Africa's trade will likely be harmed by these developments.

Trade flows decreased by 1.8% year-on-year compared to the corresponding period in 2024, from R3.97 trillion to R3.89 trillion, driven by declines in both exports (-0.4%) and imports (-3.3%). The decrease in exports was primarily due to lower shipments of coal, iron ore, vehicles (passenger and goods), and platinum group metals. By contrast, the decrease in imports can be attributed to reduced imports of refined petroleum, original equipment components, and renewable-energy products.



Measuring Trade Facilitation

A Trade Facilitation Agreement was developed by the World Trade Organisation (WTO) to improve trade efficiency worldwide, encourage economic growth, and take advantage of new technology.

A core component of SARS' strategy is the heightened emphasis on enhancing trade facilitation, recognised as a pivotal factor in elevating voluntary compliance. To achieve this, SARS conducts an annual comprehensive Trade Facilitation Index (TFI) assessment to gauge the efficacy and performance of Customs and Excise procedures in enhancing cross-border trade dynamics. This mandate is anchored in aligning with globally recognised best practices.

The WTO has developed 12 global trade-facilitation indicators. These indicators have been adopted by international multilateral bodies such as the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the World Bank, and the World Customs Organisation (WCO). Their purpose is to help member countries improve border procedures; reduce trade costs; boost trade flows; and reap greater benefits from international trade. The essence of this TFI initiative is to refine customs protocols. It aims to stimulate economic growth by streamlining administrative processes at borders, championing transparency, and harnessing the potential of emerging technologies. These efforts ensure the swift movement, release, and clearance of goods at borders.

SARS adopted ten of the 12 indicators developed by the WTO

The TFI score of 72.4% is an improvement of 0.8 percentage points from 2023/24

SARS adopted ten of the 12 indicators developed by the WTO based on its relevance and application in operations, including Information Availability; Involvement of the Trade Community (Consultations); Appeal Procedures; Fees and Charges; Formalities (Documents, Automation, and Procedures); Cooperation (Internal and External); Governance; and Impartiality. These dimensions scrutinise various facets such as port efficiency, the customs milieu, the overarching regulatory environment, and the infrastructure of the service sector.

The actual TFI score of 72.40% is an improvement of 0.80 percentage points against the overall score of 71.60% achieved during the 2023/24 FY. Although this score falls short of the goal of 76.60% set by SARS, it is noteworthy that the perceptions of traders have improved since the previous period. The TFI score of 72.40% is notably higher than the Sub-Saharan African average of 58.00%. However, it falls short of the OECD and global best-practice average of 82.00%. This score reflects the focused discussions and stakeholder-inclusion efforts undertaken by SARS.

Despite geopolitical and economic tensions, new trade deals continued to be signed, reflecting resilience in global trade. The efficiency of South African ports remained a critical factor in trade, with ongoing efforts to improve logistics and reduce bottlenecks. However, the closure of the Mozambique border post resulted in significant economic losses for South Africa, with an estimated R5 billion lost owing to halted trade. This disruption affected South African exports and highlighted the need for stable and secure trade routes in the region.

The underperformance against the target is due to several factors:

- The indicators that showed the least improvement or largest decline are: "Governance and Impartiality"; "Formalities — Automation"; "Consultations"; and "Information Availability".
- Governance and Impartiality: the respondents adopted a negative view of SARS officials' ethical conduct. Additionally, 4.27% more respondents expressed a negative perception of SARS' systems/processes to manage unethical behaviour by officials (e.g. whistleblowing). This regression signposts a growing concern among traders about the ethical conduct and impartiality of SARS officials. This led to increased dissatisfaction and mistrust among traders and stakeholders, undermining SARS' credibility and effectiveness.
- Formalities Automation: the decline is from the growing concerns about the effectiveness and efficiency of electronic data exchange and document submission.

The best-performing indicators for 2024/25 FY versus 2023/24 FY include: "Formalities — Procedures"; "International Border Agency Cooperation"; "Domestic Border Agency Cooperation"; "Formalities — Documents"; "Fees and Charges"; and "Appeal Procedures". These indicators have all seen increases in positive perception.

The survey also highlighted the need for investment in automation and digital solutions for rail-trade facilitation. Also necessary are improvements in "Fees and Charges" for storage warehouse clients; "Appeal Procedures" for traders in the Northern Cape; and "Formalities" for traders with fewer than three years of experience.

It should be noted that the changing domestic and global trading conditions may harm the TFI outcome in future. SARS is monitoring the environment and will respond appropriately.

Mitigation Actions

An analysis of the survey results emphasised the need for better communication, training, and transparency across various customs and trade processes to improve efficiency and stakeholder satisfaction.

Measuring SARS' Performance for Strategic Intent:

Key Result

Revenue estimates are met or exceeded

Indicator SI 1:

% collection of revenue as agreed with the Minister of Finance

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
99.68% collection of revenue as agreed with the Minister	100.55% collection of revenue as agreed with the Minister	100.00% collection of revenue as agreed with the Minister	**100.48% collection** of revenue as agreed with the Minister	0.48 percentage points
R1 686.70 billion	**R1 740.87 billion**	**R1 846.34 billion**	**R1 855.27 billion**	**R8.93 billion**

Reason for Deviation

Net revenue collections for the FY yielded R1 855.27 billion, growing year-on-year by R114.40 billion (6.6%) yielding a surplus of R8.93 billion (0.5%) against the Revised Estimate of R1 846.34 billion.

Key Result

Overall compliance has increased as measured by a well- defined compliance index

Indicator SI 2:

Level of overall tax compliance (%)

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
-1.28% decline on baseline	2.02 percentage points increase on prior year's achievement	3.00 percentage points increase on prior year's achievement	**3.24 percentage points** increase on prior year's achievement	0.24 percentage points
61.61% (62.89% -1.28%)	**63.63%** (61.61% +2.02%)	**66.63%** (63.63% +3.00%)	**66.87%** (63.63% +3.24%)	

Reason for Deviation

This improvement can be attributed to enhanced filing, reporting, and payment compliance levels, which were 4.67, 3.87, and 2.08 percentage points higher, respectively, than the Voluntary Compliance Index at the end of the prior year (31 March 2024).

Key Result

Enhanced trade facilitation

Indicator SI 3:

Trade Facilitation Index (%)

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
A trade facilitation index was developed and approved. A baseline was determined and future targets were set **(52.80%)**	18.80 percentage points increase on baseline	5.00 percentage points increase on prior year's achievement	**0.80 percentage points** increase on prior year's achievement	-4.20 percentage points
	71.60%	**76.60%** (71.60% +5.00%)	**72.40%**	

Reason for Deviation

There have been improvements in certain areas of trade facilitation, however "automation" and "consultations" need attention. The reduction in perception of "automation" indicates a need for further enhancements to maintain trader satisfaction.

Taxpayer Experience Statement:

The overall taxpayer and trader **experience is empowering and enabling.** Taxpayers and traders **proactively receive clarity guidance** and where required, have **easily accessible** additional **customised support.** Certain **segments** of taxpayers and traders may also access **leverage products** such as advance pricing agreements, advance rulings (including VAT rulings and binding general rulings) and **cooperative compliance programmes.**



STRATEGIC OBJECTIVE 1

Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations

SARS endeavours to administer tax and customs laws that are clear, easily understood, and applied by taxpayers and traders to the greatest extent possible as it is perceived that taxpayers and traders who are aware, clear, and certain of their rights and obligations are more likely to comply voluntarily.

Throughout the 2024/25 financial year, SARS has been dedicated to enhancing clarity and certainty for taxpayers, which is the key outcome of Strategic Objective 1. This objective focuses on providing clear guidance, improving taxpayer satisfaction, and fostering voluntary compliance. Key initiatives contributing to this objective include the Clarity and Certainty Survey, educational programmes, the Advance Pricing Agreements (APA) programme, legislative framework updates, the Crypto-Asset Reporting Framework (CARF), Customs Mutual Administrative Assistance Agreements, and the Voluntary Disclosure Programme (VDP). Together these efforts aim to build public trust and confidence in the tax administration.

Enhancing Clarity and Certainty for Taxpayers

During the 2024/25 financial year, SARS focused on enhancing clarity and certainty for taxpayers regarding their tax obligations. The Clarity and Certainty Survey, conducted annually since 2020, measured taxpayer satisfaction with SARS' guidance. Overall, 71.72% of respondents expressed satisfaction with the clarity and certainty of the guidance provided by SARS - a 4.86 percentage point improvement from the previous year.

71.72% of Respondents expressed satisfaction with the clarity and certainty of the guidance provided by SARS

32k Traders and taxpayers completed the survey, compared to 14k in 2023/24

Among them, more Traders (79.52%) were satisfied compared to Companies (71.53%) and Individuals (71.28%). Similarly, the overall proportion of traders who were clear and certain of their obligations was notably high at 93.24%, followed by 90.38% of Companies and 88.40% of Individuals. In total, 89.04% of taxpayers and traders surveyed reported being clear and certain about their respective obligations.

Highlights:

i. 32 167 (clean data analysed) taxpayers and traders completed the study in 2024/25 FY versus to the 14 588 of the previous financial year, 2023/24.

ii. Most respondents found compliance processes adequately explained in guides (77.25%) and guidelines (71.32%). Meanwhile, compared to the previous year, +14.30% of respondents considered information provided on the "Payment" pillar of compliance adequate.

iii. An overall increase of +14.32% was observed among those who had engaged with tax legislation compared to the 2023/24 tax year suggesting that more taxpayers and traders are becoming aware of their tax obligations and rights.

iv. In line with SARS' modernisation project, eFiling was the most used (68.91%) and most preferred (52.33%) channel and platform for accessing tax and customs information, demonstrating its success and alignment with most taxpayers' needs.

v. eFiling (71.10%) was also predominantly used to submit returns, followed by SARS Branch Offices (9.56%), SARS Mobi-App (6.83%) and Electronic Data Interchange, (2.46%).

vi. Survey categories that showed the greatest improvements in satisfaction in 2024/25 versus 2023/24 were Traders (+17.04%), Trusts (+20.55%), and CIT (+10.30%).

These results underscore the successful delivery of clear and precise guidance. Planned actions to mitigate identified challenges are to simplify internal processes, investing in digital solutions, boosting staff capacity during peak periods, implementing standardised educational programmes, enhancing communication channels, and establishing robust feedback mechanisms.

Each of these initiatives helps to improve taxpayer satisfaction and confidence in the guidance provided by SARS.

Education Programmes and Outreach

To improve the eFiling experience for taxpayers, SARS embarked on a pre eFiling season education programme, addressing challenges from previous filing seasons. SARS conducted experiments to understand taxpayer preferences, enhancing SARS communication to reflect these preferences and nudge taxpayers towards compliance. Additionally, SARS tested eFiling messaging and tax products with different taxpayer focus groups to improve the taxpayer experience.



Educational content was distributed via SARS' YouTube Channel, social media platforms, WhatsApp, and SOQS, reaching millions of taxpayers. A significant focus was placed on educating taxpayers about the new Two-Pot retirement system, with specific videos, leaflets, webinars, posters, and training sessions conducted to simplify complex processes and highlight tax obligations.

SARS' fiscal and financial education project piloted in five high schools in Gauteng and four in the Western Cape, using micro learning videos to promote tax morality and voluntary compliance. By embedding fiscal citizenship and educating young citizens about the importance of tax revenues and responsible compliance, these outreach efforts ensure the long-term clarity and certainty for future taxpayers.

Advance Pricing Agreements (APA)

SARS began consultation regarding draft APA legislation in November 2020. The final version was included in the Tax Administration Laws Amendment Bill, 2023, promulgated on 1 November 2023; and in the Tax Administration Laws Amendment Act, 2023, promulgated on 22 December 2023 in Parliament. SARS is developing the subordinate legislative framework as enabled by the main provisions now contained in the Income Tax Act, 1962. This framework will create a structured and predictable environment for multinational enterprises.

Legislative Framework

In December 2024, several acts were promulgated, implementing most of the 2024 National Treasury Budget announcements. The legislative framework included:

- The Rates and Monetary Amounts Amendment Act, 2024
- Taxation Laws Amendment Act, 2024
- Tax Administration Laws Amendment Act, 2024
- The Revenue Laws Amendment Act, 2024
- Revenue Laws Second Amendment Act, 2024
- The Global Minimum Tax Act, 2024
- Global Minimum Tax Administration Act, 2024

These legislative changes introduced and refined the Two-pot retirement system, addressed the OECD/G20 Global Anti-Base Erosion Model Rules, and amended rules to the Customs and Excise Act to cater for fuel bunkering operations. By ensuring a clear and comprehensive legislative framework, SARS supports the goal of providing clarity and certainty regarding tax laws and regulations.

Crypto-Asset Reporting Framework (CARF)

As an early adopter of the Common Reporting Standard (CRS), South Africa will commence exchange under CARF by 2027. Commissioner Kieswetter signed the CRS and CARF Customs Mutual Administrative Assistance (CMAA) addenda at the Global Forum meeting in Paraguay, demonstrating SARS' commitment to transparency and automatic exchange of financial information. This forward-looking initiative significantly contributes to Strategic Objectives 1 and 8 by establishing a transparent and reliable reporting framework for crypto assets.

Customs Mutual Administrative Assistance Agreement

SARS enhances operational efficiency and compliance through CMAA Agreements. The agreement with Nigeria entered into force on 1 May 2024, joining 23 bilateral and nine multilateral CMAA instruments. These agreements enable cooperation, information exchange, and technical assistance with other Customs administrations, supporting Strategic Objectives 1, 2, 3, and 8 by fostering a collaborative and informed approach to customs operations.

Leveraged Legal Products

SARS continued to provide guidance through 1 161 tax interpretation documents, comprising binding rulings (251), non-binding opinions (851), binding general rulings (10), guides (15) interpretation notes (16), newsletters (1), frequently asked questions (2), rates tables (5), and draft documents for comment (10). Notable publications included a guide on allowances and deductions for renewable energy assets, a binding general ruling on the value-added tax treatment of certain supplies of goods or services by municipalities to a national or provincial government, and a draft interpretation note for comment relating to the taxation of missionaries.

In addition, 8 057 valuations, tariff determinations, and rules of origin were issued. These publications ensure that taxpayers have access to clear and authoritative guidance, directly contributing to the clarity and certainty of taxpayers' and traders' obligations.



Voluntary Disclosure Programme (VDP)

SARS encouraged taxpayers to regularise their tax affairs through the VDP, receiving 1 578 new applications and processing 1 652, resulting in VDP agreements worth R4.66 billion. The programme collected R5.06 billion in revenue, with 36 Deferment of Payment (DOP) applications approved for instalment arrangements totalling R327.89 million. SARS also processed 221 VDP non-binding private opinions, offering certainty to taxpayers.

Processed
1 652
VDP applications

Collected R5.06 billion
in revenue

By providing a structured and supportive environment for voluntary disclosure, the VDP aids in clarifying taxpayer responsibilities and promoting compliance.

Authorised Economic Operator (AEO) Programme

The AEO Programme saw significant growth, with 378 new and renewal applications accredited, bringing the total to 651 - a 114% increase from the previous year. This reflects the programme's maturity, automation, and effective marketing, supporting voluntary compliance and trader certainty.

By accrediting reliable and compliant traders, the AEO Programme incentivises adherence to customs regulations, ensuring a predictable and clear trading environment.

The 2024/25 financial year stands as a testament to SARS' unwavering commitment to providing clarity and certainty for taxpayers and traders, enhancing voluntary compliance, and fostering a capable state that serves the well-being of all South Africans. Through strategic initiatives, educational programmes, robust legislative frameworks, and proactive engagement, SARS continues to build public trust and confidence in the tax administration system, ensuring efficient and effective delivery of quality outcomes.

Measuring SARS' Performance for Strategic Objective 1:

Key Result

Most taxpayers and traders surveyed perceive SARS' guidance as clear, unambiguous and easy to follow.

Indicator SO 1.1:

% of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS.

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
75.33%	66.86%	77.00%	71.72%	-5.28 percentage points

Reason for Deviation

Survey results depicted gaps in the provision of clarity and certainty of obligations, particularly in respect of guides and guidelines. Although the guides and guidelines are effective in clarifying the processes to those who engage with them, a notable portion of the population does not use these resources.

Key Result

Expanded enrolment of Economic Operators to the Authorised Economic Operator (AEO) Programme.

Indicator SO 1.2:

Number of AEO accreditations

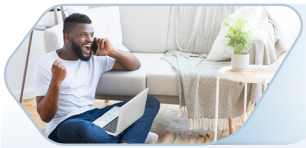
Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
Not applicable	190	130	378	248

Reason for Deviation

The strong uptake of the AEO programme reflects its growing maturity since 2021, with clear trade-facilitation benefits for compliant traders. Automation, expanding mutual recognition arrangements, and focused marketing have further boosted its appeal.

Taxpayer Experience Statement:

Engagements with taxpayers and traders in the fulfillment of their obligations will be mainly **online, intuitive and self-managed** with minimal face-to-face visits. For standard **taxpayers** (largely non-provisional taxpayers), the fulfillment of their **registration, filing, declaration and payment** obligations will be **seamless**. **Exceptions** will be resolved **with ease and minimal intervention**. Complex taxpayers (largely provisional taxpayers - individuals and entities) as well as their **intermediaries** will experience engagements **customised** to their specific needs. Increasingly, **trusted intermediaries** will be empowered and **enabled** as authorised agents acting on our behalf.



STRATEGIC OBJECTIVE 2

Make it EASY for taxpayers and traders to comply with their obligations

SARS recognises that providing an easily accessible, professional, and efficient service promotes voluntary compliance. Its service must enable taxpayers and traders, throughout their lifecycle, to meet their obligations easily, cost-effectively, and conveniently. SARS works to provide equitable access to service channels, and a seamless service across registration, filing, declaration, payment, and deregistration, using mainly its online self-service channels.

SARS is currently accessible through a variety of channels:

- SARS Branch Offices
- Contact Centres
- eFiling
- SMS
- WhatsApp
- USSD
- MobiApp
- SARS Online Query System
- Self Service Terminals (Kiosks)
- Lwazi Chatbot
- E-mail channels
- SARS Website

SARS Online Query System

Submissions increased with

> 1 000%

479k
In 2020/21

>5 million
In 2024/25

Active from April 2020

Auto Assessments

Auto Assessments increased by

525%

<800k
In 2020/21

>5 million
In 2024/25

Active from July 2020

Self Service Terminals

Interactions increased by

428%

132k
In 2021/22

>697k
In 2024/25

Active from October 2021

USSD Channel

*#

>28 million Interactions during 2024/25

Active from 15 March 2023

Branch Offices

In branch volume decreased by

>48%

5 million
In 2019/20

2.6 million
In 2024/25

Migration of Taxpayers to Self-Service Channels

SARS is committed to making it easy for taxpayers and traders to comply with their tax obligations. This strategic objective focuses on providing accessible, professional, and efficient services that promote voluntary compliance. By leveraging online, intuitive, and self-managed engagements, SARS aims to reduce the need for face-to-face interactions and simplify the compliance process.

A total of 40 million digital and manual interactions were recorded. The improvement in performance was achieved through concerted efforts in both implementing suitable platforms and educating taxpayers on their use and advantages.

Digital use was concentrated on the eFiling platform, attracting 60.25% of total interactions. PIT and PAYE products showed the most uptake at 12 million and 5 million interactions, respectively. Every year, SARS embarks on various filing seasons when taxpayers are encouraged to file their tax declaration in line with their obligations. The 2024 campaign was very successful, building on prior years. This campaign saw the gathering of nearly 160 million third-party data records, which are upstream of all filing-season processes. Processing this large volume of data through artificial intelligence and machine learning enabled SARS to pre-populate more tax returns, improve the integrity of taxpayer declarations, and simplify the experience of a larger number of taxpayers, thanks to SARS Auto Assessment.

In addition, SARS' various digital platforms have seen high uptake, including the SARS Online Query System (SOQS), which recorded the second-highest contribution to digital interactions at 11.98%. Through this platform, taxpayers can interact with SARS without going to a branch office for service requests.

Digital Platforms and Online Engagements

SARS has prioritised online engagements, making interactions with taxpayers and traders primarily digital. This approach minimises the need for physical visits to branch offices and ensures that the compliance process is convenient and user-friendly. The migration of taxpayers from physical platforms, such as SARS Branch Offices, to digital platforms is progressing well. 92.27% of taxpayers and traders use SARS' digital platforms (out of a combined 12 084 269 digital and manual unique users, 11 150 476 used digital channels), against a target of 91.00% for the 2024/25 FY. This positive variance of +1.27 percentage points is attributable to SARS' education of taxpayers on the use and benefits of these digital channels.

SARS' digital platforms include eFiling, SARS MobiApp, self-service terminals, e@syFile, and the SARS Online Query System. The number of taxpayers and traders assisted at Branch Offices declined from 5 million in 2019/20 to 2.6 million in 2024/25. Self-service terminal interactions increased from 263 000 in 2023/24 to 697 000 in 2024/25. This increase reflects the ongoing efforts to educate taxpayers on the benefits and use of digital platforms.

5.02 million Individuals processed in 2024/25

92.27% of Taxpayers and traders use SARS' digital platforms

Standard Taxpayers' Returns Auto-assessed

Another significant initiative is the implementation of Auto Assessment for standard taxpayer returns since 2020. SARS uses data and information to file and assess tax returns automatically, making it unnecessary for individual taxpayers to file returns themselves. In the 2024 filing season, a notable increase of 30.05% was observed in the auto-assessment of standard taxpayers, with 5.02 million individuals processed in 2024/25 versus the previous year's 3.86 million. 98.26% of these Auto Assessments were accepted without any change, an improvement from the 2023/24 achievement of 97.33%. This result is imputable to enhanced rules and selection criteria. This high acceptance rate underscores the effectiveness of Auto Assessment and indicates a favourable response from taxpayers to the process.

Customised Engagements for Complex Taxpayers

For complex taxpayers, such as provisional taxpayers and entities, SARS provides customised engagements tailored to their segment's needs. This ensures that even those with more complicated tax situations can comply easily. Efforts to manage inventory reaped positive results, including analysing the effect of once-off payments on forecasts; cleaning up the register; understanding payment patterns for different High Wealth Individuals (HWIs); and driving payment and filing compliance.

Empowering Intermediaries

SARS empowers trusted intermediaries to act as authorised agents on taxpayers' behalf. This enables intermediaries to serve their clients effectively, further simplifying compliance. The development of a tax-practitioner readiness programme filled knowledge gaps regarding SARS processes and enforcement actions against non-compliant tax practitioners. This programme resulted in 160 de-registrations and formal complaints lodged against 15 tax practitioners.

SMME Compliance Programme

Small, Micro, and Medium-sized Enterprises (SMMEs) play a critical role in the South African economy. To improve compliance for SMMEs, SARS has begun to implement a focused SMME compliance programme to simplify SMMEs' interaction with SARS. The programme includes usability testing of the ITR14 return, and studies of SARS' medium-business service offering. Advanced data analysis enabled SARS to identify some of the root causes of non-compliance among SMMEs. To deal with economically active SMMEs that fail to file returns, SARS successfully concluded its Estimated Assessment Pilot, which demonstrated the potential to influence taxpayer behaviour positively. The pilot engaged 200 taxpayers with outstanding returns. Of these, 22 taxpayers filed 48 returns, yielding more than R1 million in tax revenue. Continued focus and interventions will lead to improved satisfaction and efficiency in this segment.



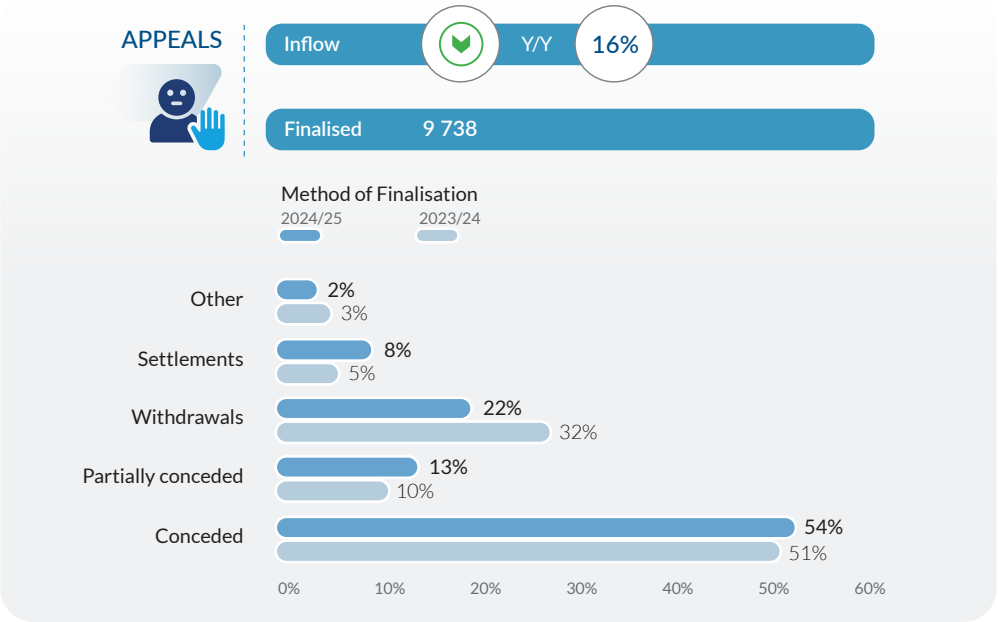
Alternative Dispute Resolution

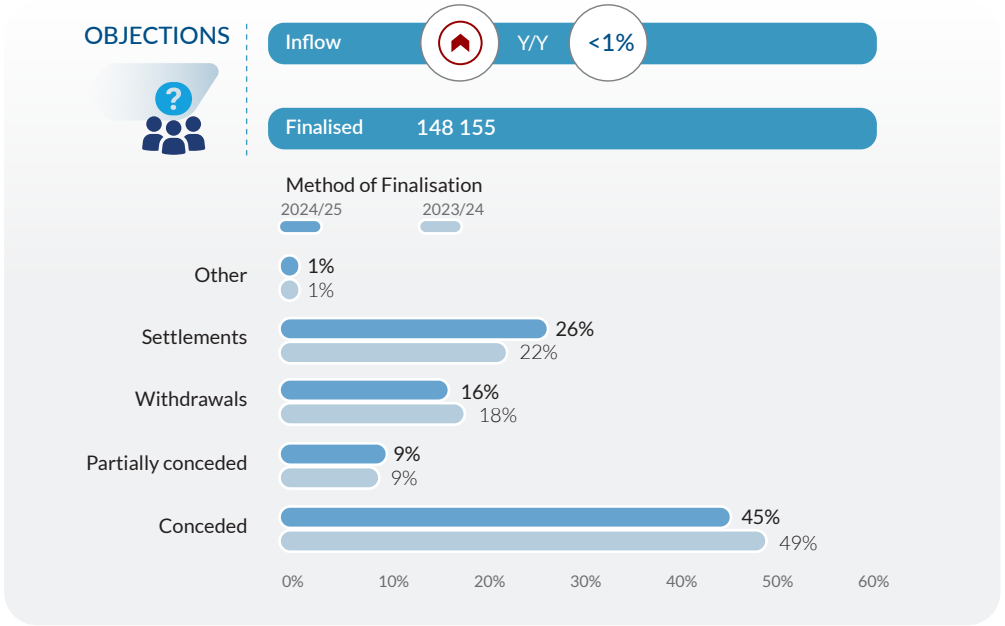
The Alternative Dispute Resolution (ADR) process at SARS is designed to provide a fair, efficient, and cost-effective way to resolve disputes between taxpayers and SARS. ADR is initiated when a taxpayer is dissatisfied with an assessment or decision made by SARS. Governed by Chapter 9 of the Tax Administration Act, 2011, ADR provides a legal framework for resolving disputes across various tax types, excluding customs and excise.

SARS handles the pre-litigation notices filed by taxpayers to resolve disputes before escalation to litigation. The year under review saw a 16% increase, pre-litigation notices, reaching 1 776, compared to the previous year. Most notices were related to tax administration, with 71% concerning audit functions and 29% relating to debt management.

The objection process is an essential part of dispute resolution. In the 2024/25 FY, 145 667 objections were filed, a <1% increase from the previous year. Most objections were fully or partially allowed. Although SARS finalised 6.79% fewer objections than in the PY, the average turnaround time increased by 75%. The percentage of objections allowed rose by 5%, while disallowed objections decreased from 18% to 14%.

8 447 appeals were received, which is a decrease of 16% from the PY. This was due to an 18% decrease in appeals under R1 million, while appeals over R1 million increased by 12%, to 628 in the 2024/25 FY. 9 738 appeals were finalised against an inflow of 8 447. Of these, 9 230 related to finalised appeals under R1 million, which is 32% lower than the volume finalised in the 2023/24 FY. The reduction can be attributed to the complexity of cases and pending trials, such as the employment tax incentives scheduled for hearing in April 2025. Appeals finalised in the Tax Court increased to 254 in 2024/25 compared to 234 in the PY.





SARS is committed to resolving disputes expediently and without unnecessary litigation. As such, 97% of appeals were resolved through ADR, consistent with the PY. Despite reducing the number of finalised appeals, this ratio was achieved without compromising the correct application of tax law. The rate of appeals conceded by SARS increased from 51% in the 2023/24 FY to 54% in 2024/25, while the rate at which taxpayers withdrew appeals declined from 32% in 2023/24 to 22% in 2024/25. Fewer appeals were conceded by SARS after litigation began.

In terms of litigation cases, SARS won 156 of 188 judgements in the 2024/25 FY, translating to an 83% success rate, compared to an 86% success rate in the PY.

SARS' initiatives under Strategic Objective 2 collectively contribute to creating a more user-friendly and efficient tax administration, promoting voluntary compliance among taxpayers and traders. By making engagements primarily online; providing seamless fulfilment of obligations; customising engagements for complex taxpayers; empowering intermediaries; and expanding digital platforms and self-service terminals, SARS is making it easy and simple for taxpayers to comply with their tax obligations.

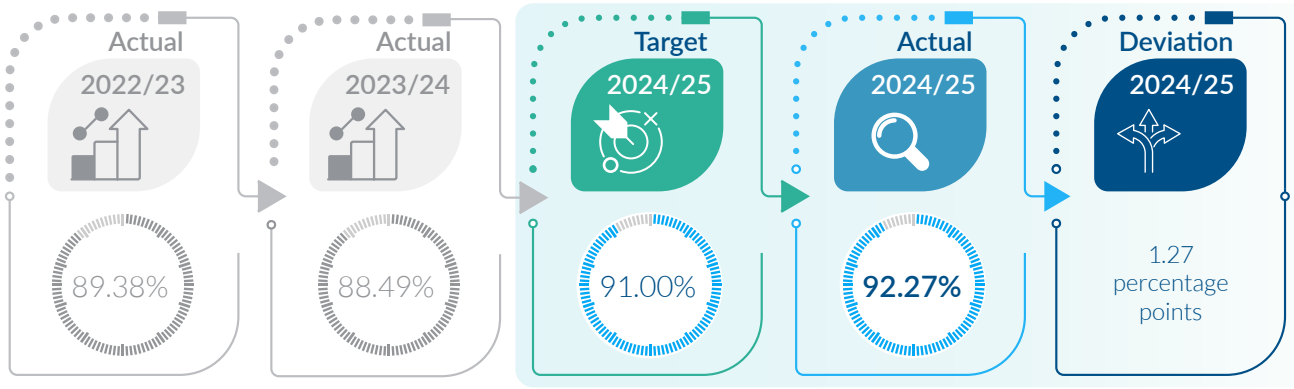
Measuring SARS' Performance for Strategic Objective 2:

Key Result

Increased number of taxpayers and traders using digital and self-help platforms

Indicator SO 2.1:

% of taxpayers and traders using digital and self-help platforms to interact with SARS



Reason for Deviation

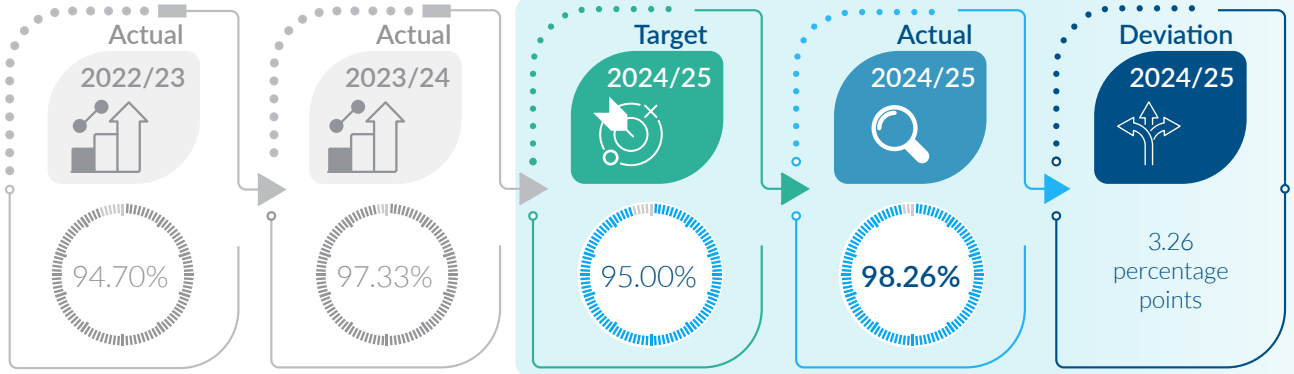
The positive variance of +1.27 percentage points resulted from implementing digital platforms and educating taxpayers on their use and benefits. SARS will continue to drive customised education interventions for targeted taxpayer segments.

Key Result

Standard taxpayers are auto-assessed by SARS

Indicator SO 2.2:

% of standard taxpayers' returns auto-assessed by SARS (individual taxpayers)



Reason for Deviation

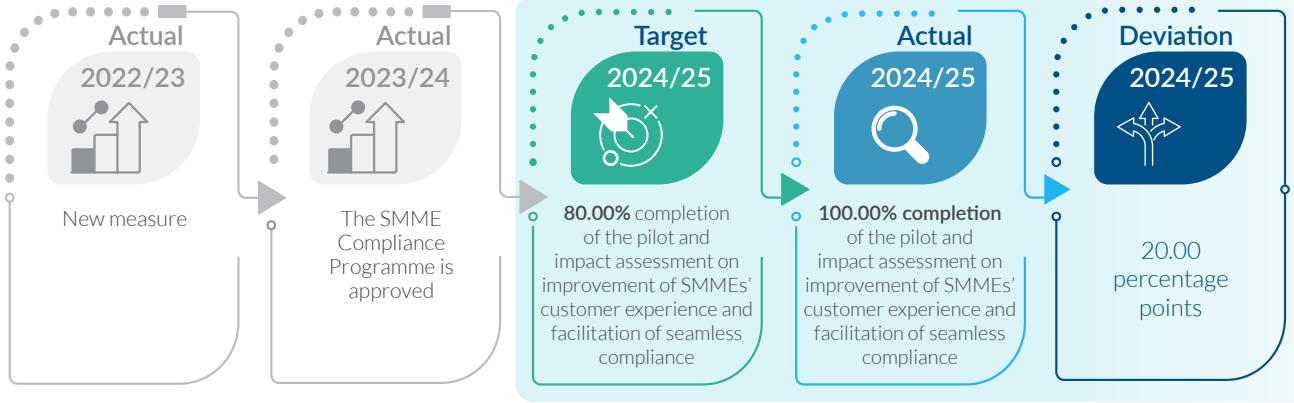
The achievement resulted from improved business rules and criteria for identification of taxpayers for Auto Assessment, based on the previous year's learnings.

Key Result

A focused SMME Compliance Programme implemented

Indicator SO 2.3:

% implementation of the focused SMME Compliance Programme initiatives on the pilot population



Reason for Deviation

By proactively engaging, during the pilot, with medium-sized businesses and offering tailored solutions, SARS managed to build trust and reduce frustration, contributing to a more efficient and compliant business environment, which lead to improved satisfaction and efficiency.

Taxpayer Experience Statement:

Taxpayers and traders who negligently, deliberately, aggressively, or criminally **stay out of the tax system or do not comply**, will be detected immediately when non-compliance occurs. They will experience a **response appropriate to the nature and degree of their non-compliance**, which progressively, may include **friendly reminders** to more **intrusive and investigative engagements** that enforce compliance. Where necessary, **hard enforcement** may include court action, asset seizure and criminal prosecution. Non-compliant taxpayers and traders may under **certain circumstances** be **named and shamed**. The cost of non-compliance will be **high and severe**.



STRATEGIC OBJECTIVE 3

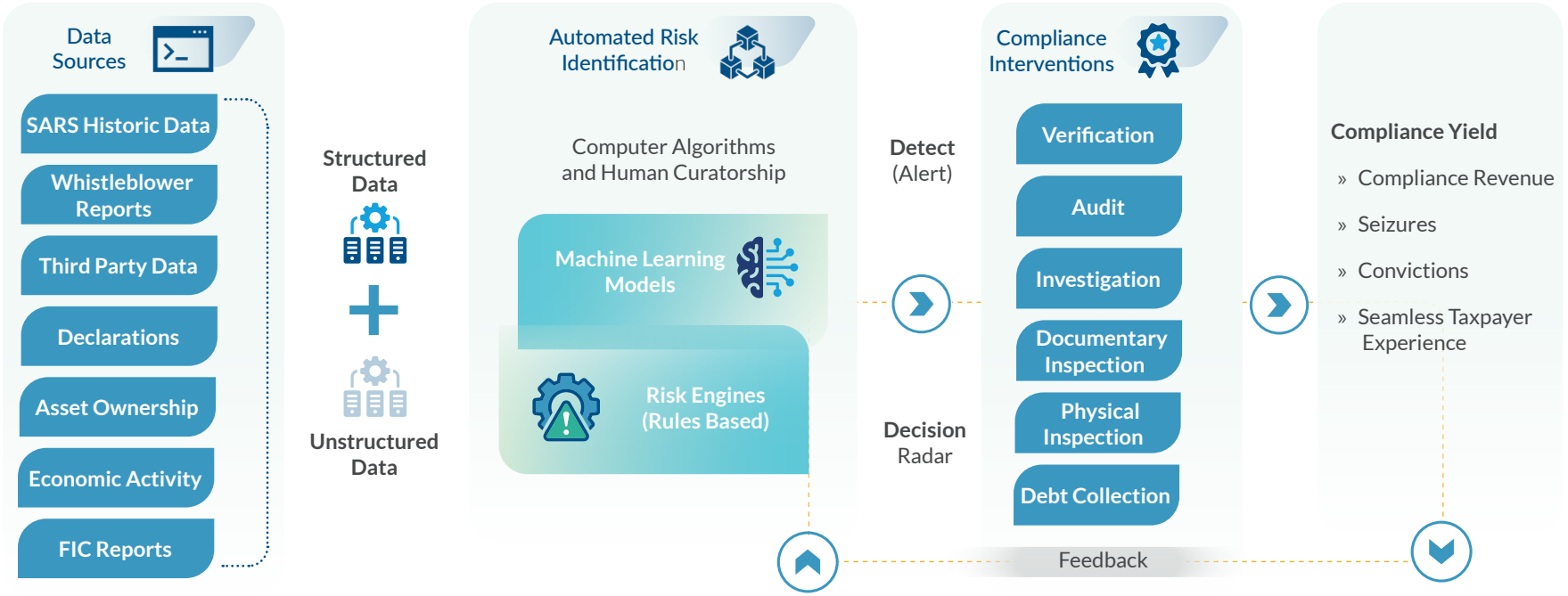
DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY

SARS' theory of compliance segments taxpayers by willingness and ability to comply, enabling a differentiated compliance approach. For those unwilling to comply, SARS deploys a continuum of interventions — from written notices and desk audits to criminal prosecution, depending on the taxpayer's behaviour.

SARS is moving from a reactive enforcement approach to a data- and intelligence-led compliance model. The organisation has systematically built capabilities across five critical dimensions: data, systems, skills, people, and intelligence. This transformation enables early detection of non-compliance, real-time taxpayer engagement, and scalable enforcement actions.

At the core is a risk detection engine powered by advanced analytics and machine learning. This engine continuously scans internal and third-party datasets to propose optimal compliance interventions. The accuracy of risk detection is tracked through a formal feedback loop to optimise the algorithms. By using large volumes of data, SARS has exponentially expanded its ability to detect risk beyond its automated risk engines, which focused on historic and current tax returns or customs declarations. The new data-driven approach is more effective in identifying taxpayers who deliberately do not comply, such as those who are not registered for tax, do not file their returns, or significantly under-declare their income. SARS collaborated with the Financial Intelligence Centre (FIC) and used data shared through the OECD's Automatic Exchange of Information programme to detect illicit financial flows. SARS' data-driven risk-detection process is depicted in the infographic.

Data-driven Compliance Risk Detection



Data-driven Compliance Risk Detection

This indicator tracks SARS' ability to detect risk accurately. In the 2020/21 reporting period, SARS approved its revised methodology and formulated its data-driven risk-detection framework. Following the achievement of these milestones, SARS focused on exceeding its target of 95% accuracy in data-driven automated risk-detection.

SARS continued to implement a risk-based compliance approach underpinned by artificial intelligence, machine learning, and real-time data analysis. This approach enables the early identification of risks and the prompt engagement of taxpayers and traders when potential non-compliance is detected. Where appropriate, SARS provides guidance and reasonable time for corrective action, ensuring fairness and proportionality in its compliance strategy.

Continuous enhancements to SARS' data-driven compliance framework

99.84% SARS automated risk-detection engine

In 2024/25, the accuracy of SARS' automated risk-detection engine reached a new high of 99.84%, exceeding the target of 95%. PIT had 100% valid cases; CIT 98.25%; Trusts 98.80%; VAT 99.65%; and Customs 99.87%. This achievement reflects continuous enhancements to SARS' data-driven compliance framework, including feedback loops from audit outcomes to improve the predictive capability of risk algorithms.

This financial year's results highlight a highly effective risk-assessment framework, with the overall performance significantly exceeding the targets. This exceptional performance can be attributed to the refinement of SARS' risk-management processes. Implementation of advanced analytical tools and methodologies significantly improved the accuracy of risk identification.

This demonstrates the SARS' commitment to maintaining robust and effective risk assessment, meeting high standards of accuracy and reliability.

Compliance Interventions and Results

SARS' theory of compliance states that most taxpayers are honest and simply want to fulfil their obligations with the least effort and cost. This theory guides enforcement interventions based on taxpayers' willingness and ability to comply. Aligned to this philosophy, SARS implements a range of compliance activities — ranging from reminders and verifications, to in-depth audits and criminal investigations tailored to the nature and severity of the risk detected. SARS made significant strides in its enforcement operations in the 2024/25 FY.

A total of 1.7 million verification cases were closed, generating a yield of R95 billion. Personal Income Tax (PIT) cases made up the largest portion, with one million cases, while the VAT cases generated the biggest yield of R52.0 billion. Overall, verifications impacted the highest number of taxpayers, promoting and enhancing tax compliance across all major tax types.

Specialised audit interventions aim to improve voluntary compliance by conducting complex, comprehensive, integrated, and in-depth civil audits of SMMEs. These audits target taxpayers and traders who make a conscious decision to not comply. Audits can draw on forensic methodologies and analysis of internal and third-party data to identify and quantify risk. Audits deal with all tax types, with additional focus on visiting athletes/entertainers and international property transfers.

In 2024/25, SARS completed 3 757 audit cases, resulting in assessments amounting to R46 billion. These audits focused on deliberate non-compliance, including false declarations, non-disclosure of income, and fraudulent refund claims. The contribution to compliance revenue was R20.5 billion, with in-depth audits achieving a 93% success rate.

Specialised audits of specific areas of non-compliance, with some having started several years ago, include:

Category	Completed Cases	Assessment Value
Customs	35	R1.3 billion
Employer Tax Incentive (ETI)	28	R230.0 million
FIC referrals to SARS	82	R2.0 billion
Lifestyle audits (including luxury vehicles)	237	R1.8 billion
Security industry	80	R3.6 billion

Significant strides were made in detecting and prosecuting tax-related crimes. 290 cases were profiled and referred for criminal investigation, with the primary contributors being outstanding returns, non-registration, and returns submitted without payments, accounting for 56.20% of the referrals. Organised refund fraud, particularly VAT-related fraud, was the second major contributor, making up 25.86% of the referrals. Other notable categories included income-tax fraud and customs and excise violations.

In terms of enforcement actions, Criminal Investigations finalised 165 cases in court through the NPA, achieving a conviction rate of 98.18%. Additionally, SARS handed over 319 cases to the NPA, with an actual prejudice amounting to R824 000 and potential prejudice at R2.5 million. These efforts have resulted in significant financial recoveries.

1.7 million Verification cases generating a yield of R95 billion

3 757 Spesialised audit cases completed, yielded R46 million

SARS has been proactive in identifying and targeting current crime trends such as the sale of VAT-registered "shelf companies" on social media; the use of fraudulent bank statements from various banks; and the registration of new VAT vendors using foreigner fronting. Awareness sessions and training have been conducted to equip officials with the knowledge to identify and combat these fraudulent activities.

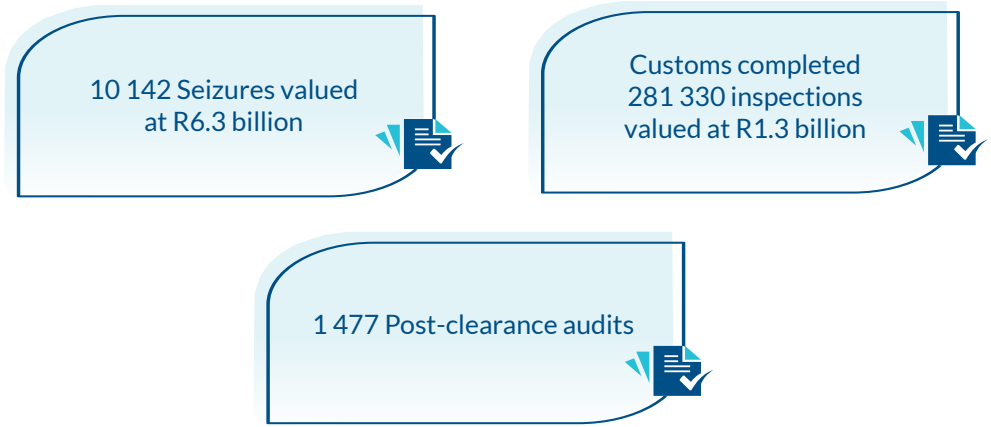
SARS has been targeting the illicit economy, which includes illicit financial flows and tax fraud. The illicit economy encompasses all economic activities hidden from officials for regulatory, monetary, and institutional reasons. This phenomenon has gained attention globally because of its adverse effects on socio-economic stability and growth prospects. Illicit trade and financial flows undermine the rules and measures that sovereign nations employ to organise commerce, protect citizens, raise revenue, and enforce moral codes.

SARS has identified several key drivers contributing to the illicit economy, including tax evasion, money laundering, bribery, corruption, smuggling, and illicit financial flows. These activities represent a significant threat to SARS, linking tax evasion, base erosion, and profit shifting to poor tax-revenue performance.

To combat these challenges, SARS has established the Focused Investigations Projects: Commissions, and Illicit Economic Activities (Tax, Customs, and Excise). SARS aims to confront the illicit economy by building strong partnerships with multinational and multi-lateral bodies while adopting a whole-of-government and societal approach. Strengthening partnerships with other government agencies, such as tax authorities, financial intelligence units, and law enforcement agencies, is essential for detecting illicit financial flows concealed in trade.

SARS has adopted several strategies to respond to the illicit economy, including conducting investigations to combat serious tax, customs, and excise offenses; collaborating with law enforcement; prioritising investments in digital economy; improving investigation capabilities by using data; and coordinating with international organisations and related forums. SARS also assists law enforcement agencies in the fight against financial crimes with tax implications.

Efforts in preliminary investigations and tactical analyses of illicit financial flows and trade have resulted in revenue collection and loss-prevention, totalling R22.4 billion. The Dedicated Capacity Commissions unit has referred 34 projects for civil audits or criminal investigations, making significant progress in procurement fraud, VAT fraud, and illicit financial flows.



The primary focus was to investigate serious customs and tax non-compliance, supported by interventions across high-priority industries such as illicit fuel, poultry, clothing and textiles, scrap metal, liquor, and cigarettes.

Disrupting Illicit Financial Flows

SARS intensified its efforts to disrupt the illicit economy, which encompasses tax evasion, smuggling, money laundering, illicit trade, and illicit financial flows. These activities represent a significant threat to fiscal sustainability and economic fairness. Over the past five years, SARS has strengthened its capabilities to detect, investigate, and disrupt illicit economic activities. Key achievements include the establishment of the Syndicated Tax and Customs Crimes (STCC) division, leading to significant revenue recoveries and numerous criminal case referrals to the National Prosecuting Authority.

SARS has also disrupted specific illicit industries, including gold, fuel, and smuggled alcohol (ethanol). Enforcement actions have included search and seizures, preservation applications, repatriation of foreign assets, tax inquiries, and civil actions.

Specific to Customs, the Inter-Agency Working Group on Illicit Trade conducted joint operations, between the STCC unit and Customs, resulting in 10 142 seizures valued at R6.3 billion (2023/24: 6 980 seizures valued at R6.7 billion).

Customs completed 281 330 inspections valued at R1.3 billion for 2024/25 (2023/24: 273 707 inspections valued R795.2 million); and 1 477 post-clearance audits with a 56% success rate (2023/24: 1 351 with a 52% success rate).

For total seizures, 72% of narcotics seizures were reported by O.R. Tambo International Airport valued at an estimated R356.8 million (FY2023/24: 77% valued at an estimated R1.1 billion). There were 45% more seizures conducted in 2024/25 than in the previous year, amounting to 10 142 (2023/24: 6 980).

Customs Seizures

COUNTERFEIT GOODS
619 busts valued at
R646.3 million

MEDICAMENTS
702 busts valued at
R318.3 million

NARCOTICS
326 busts valued at
R386 million

CLOTHING AND TEXTILES
302 busts valued at
R74.6 million

CIGARETTES
559 busts valued at
R252.7 million

PRECIOUS METALS/ STONES
25 busts valued at
R4.3 billion

CITES
13 busts valued at
R152.6 million

Key Achievements:

- Illicit Fuel and Petroleum Industry (two schemes): SARS identified schemes involving oil majors selling fuel to local entities without including duties and levies, under the pretense of export. This resulted in the collection of R763.7 million and settlement proposals totalling R2.7 billion.
- Illicit Fuel Adulteration (one scheme): SARS disrupted a scheme involving the adulteration of diesel with paraffin, causing a R3 billion loss to the fiscus. Assets, equipment, and products were detained, and criminal cases were initiated.
- VAT Fraud and Illicit Gold Trade (one scheme): SARS targeted fraudulent VAT claims in the gold trade, recovering R6.1 billion in revenue. This included halting R1.9 billion in VAT refunds and preventing R2.2 billion in fraudulent claims.

SARS' actions have significantly disrupted illicit networks, leading to the exit of key money-laundering facilitators; severing of ties between implicated entities and banking institutions; and the cessation of operations by major role-players.





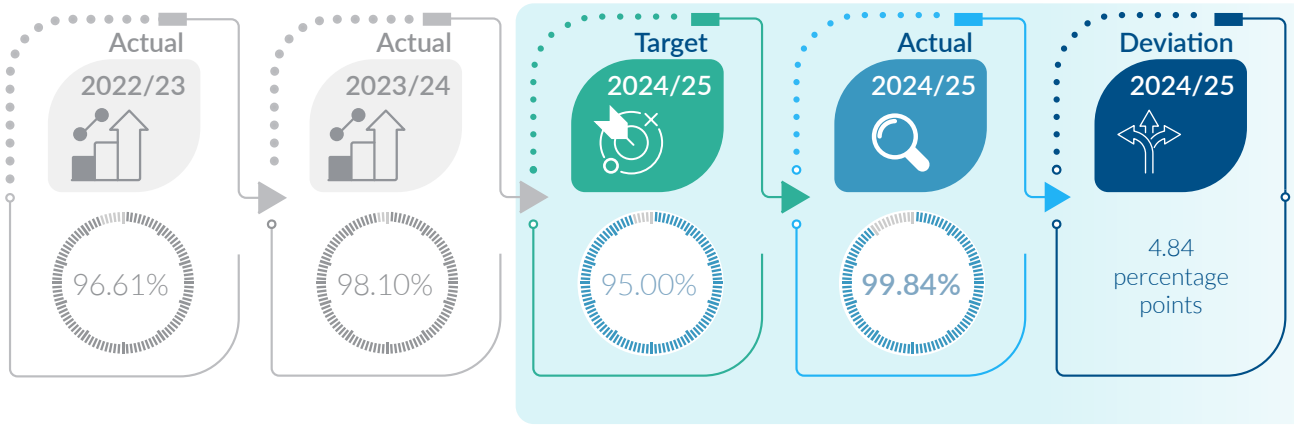
Measuring SARS' Performance for Strategic Objective 3:

Key Result

Increased compliance through the accurate detection of risk

Indicator SO 3.1:

% risk detection rate



Reason for Deviation

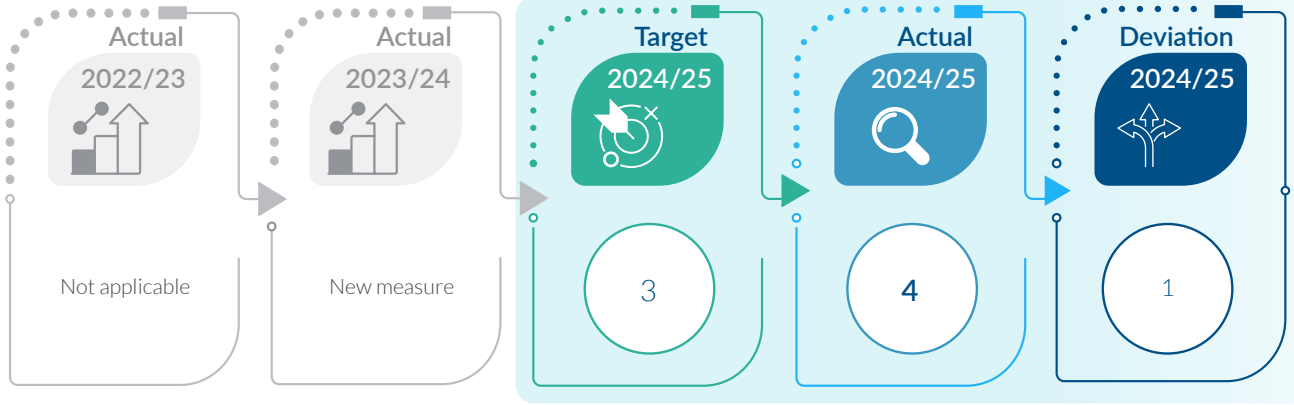
All compliance risks detected from tax-verification/audit cases generated by the risk engine, were followed through to the completion and outcome of the risks identified. Where there was no adjustment to the initial assessment, such cases were sampled for quality review and the outcomes were incorporated into the risk engine for refinement or improvement. This feedback loop improved in the accuracy of risk detection.

Key Result

Collapsed illicit schemes

Indicator SO 3.2

Number of significant schemes collapsed



Reason for Deviation

SARS has targeted specific illicit industries such as gold, fuel, and petroleum, as well as alcohol (ethanol) smuggling. Enforcement actions included search and seizures, preservation applications, repatriation of foreign assets, tax inquiries, and civil action from 4 schemes concluded during the year.

Employee Experience Statement:

Our employees consider us to be an **Employer of Choice** and are engaged to deliver the best taxpayer and trader experience characterised by **professionalism and actions that are beyond reproach**. Tasks have become **less administrative, more analytical and service oriented**. They easily collaborate to **leverage their combined strengths**. We **invest in them** appropriately and provide them with the **right tools for the job.** They are able to **respond to future demands** of the work environment and **changing needs of taxpayers and traders** with ease.



STRATEGIC OBJECTIVE 4

Develop a HIGH-performing, DIVERSE, AGILE, ENGAGED, and EVOLVED workforce

At the heart of SARS' "People Philosophy" is the recognition that SARS serves the public through the organisation's role in the country's fiscal management. SARS also serves individual members of the public through day-to-day interactions at branches and contact centres. SARS employees should be highly skilled in resolving taxpayers' and traders' queries.

Staff Establishment
(13 140)

11 992 Permanent
133 Graduates
1 015 Short term

Gender

Male: 36.29%
Female: 63.71%

Equity

Racial: 83.15%
Gender: 50.92%
Disability: 2.12%

Employee Engagement

71.00%
(2025 survey)

On-the-spot Awards

7 847 nominees
R457 million

Workforce Profile

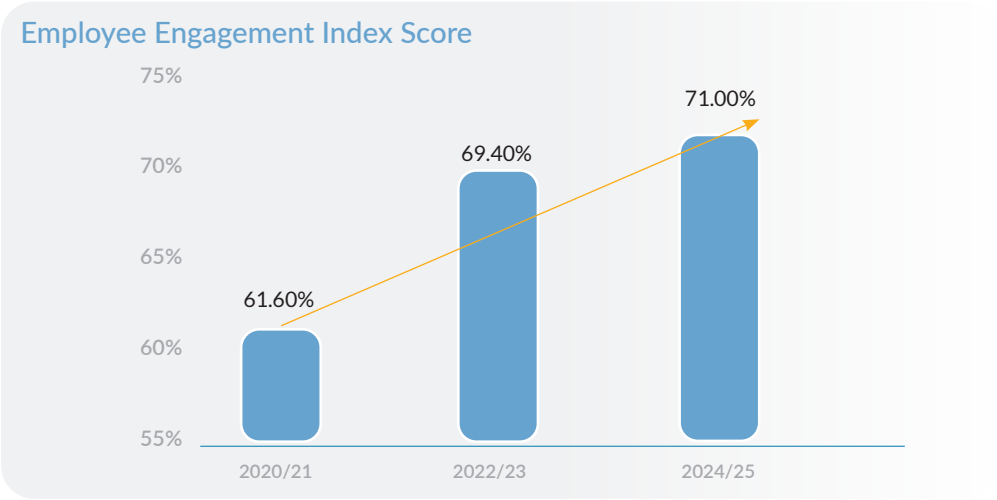
African: 67.54%
White: 16.61%
Coloured: 9.94%
Indian: 5.67%



SARS strives to develop a high-performing, diverse, agile, engaged, and evolved workforce as part of its strategic objectives. SARS is committed to leadership development, workforce diversity, and modernisation. This ambition is framed within a broader aim to support SARS' higher purpose, which is to enable the government to build a capable state that fosters sustainable economic growth and social development for the wellbeing of all South Africans.

Employee Engagement Index (EEI)

The rational and emotional connection that employees have with the organisation is measured through the EEI. High engagement levels are associated with increased productivity, retention, and employees' transformation into net promoters of the organisation. In 2024/25, SARS achieved an EEI score of 71.0%, placing it in the top 10% of comparable public-sector organisations globally and locally. This score reflects a significant improvement from previous years, with scores recorded at 69.4% in 2022/23 and 61.6% in 2020/21.



Key engagement factors have shown progress from 2022/23 and 2024/25, although some areas require improvement to sustain this upward trajectory. By lowering barriers in categories such as Leadership and Team Effectiveness; Reward and Recognition Framework; Remuneration; Career Development and Mobility Pathways; Integrity Assurance; and Work-Life Integration and Employee Wellbeing, SARS aims to maintain its high EEI score and foster a resilient and engaged workforce aligned with its strategic objectives.

Employment Equity

SARS measures its success in representing the country's demographics within its workforce, promoting diversity, gender equality, and creating opportunities for people with disabilities. While SARS exceeded its Racial Equity target, it narrowly missed its targets for Gender and Disability Equity. Recruitment opportunities, although constrained by limited financial resources, are the main drivers of Employment Equity targets.

Comparative results show progress in transforming the workforce profile to reflect the country's demographics. For instance, Racial Equity results improved from 81.56% in 2023/24 to 83.15% in 2024/25. Gender representation at leadership levels slightly improved from 50.75% to 50.92%, though it fell short of the target of 51.82%. Disability representation saw a slight decline from 2.21% to 2.12%. SARS continues to optimise its recruitment processes to close Employment Equity Plan gaps sustainably.

Career Progression

SARS prioritises the career progression of its workforce. This key result looks at the rate at which job families or clusters of job families are migrated into one of the SARS People Capability and Career Management (PCCM) frameworks developed for this purpose. The objective of the PCCM is to allow staff to migrate to more advanced levels of work complexity by way of proven skills and performance over an extended period. Employees are allowed to control the speed of their career development, rather than rely on a vacancy-driven model.

SARS prioritises the career progression of its workforce

7 Prioritised job families were designed and approved

For the financial year 2024/25, seven prioritised job families were approved, including Leveraged Legal Products; IT Development Plan; IT Operations Run and Support; IT Technology Build; Data Analytics; Engineering Design; and Human Resources. SARS achieved an average of 90% progress against project milestones for these prioritised job families.

Recognising the importance of fostering a capable and motivated workforce, SARS has undertaken various initiatives to create an empowering and enabling environment for its employees. These efforts are comprehensively detailed in Part Four of the annual report, which covers human capital and development in depth.

Measuring SARS' Performance for Strategic Objective 4:

Key Result

Improved engagement of SARS employees

Indicator SO 4.1:

Employee Engagement Index score

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
69.40%	The Employee Engagement action plan to address shortcomings, identified in the last survey, was developed and approved and is in the process of being implemented. The impact of the interventions will be tested in the next survey scheduled for 2024/25.	Achieve a top-15% place in the market (the market comprises of RSA institutions and government-comparable sectors)	**Achieved a top-10%** place in the market (the market comprises of RSA institutions and government-comparable sectors)	5 percentage points

Reason for Deviation

The SARS Employee Engagement Score of 71% is well above the national public-sector average. Most South African organisations typically range from 55%–60%. The result reflects a high-performing organisational culture and a solid foundation for an improved employee experience and institutional growth.

Key Result

Attainment of Employment Equity Plan targets

Indicator SO 4.2:

% Attainment of targets per Employment Equity Plan

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
Racial Equity: 80.29% Gender Equity: 50.13% Disability Equity: 2.08%	Racial Equity: 81.56% Gender Equity: 50.75% Disability Equity: 2.21%	Racial Equity: 81.96% Gender Equity: 51.82% Disability Equity: 3.39%	Racial Equity: **83.15%** Gender Equity: **50.92%** Disability Equity: **2.12%**	Racial Equity: 1.19 percentage points Gender Equity: -0.90 percentage points Disability Equity: -1.27 percentage points

Reason for Deviation

In balancing the need to promote from within while also bringing in new talent, some of the equity goals of this key result were missed. Recruitment opportunities, which are crucial for achieving Employment Equity targets, were limited owing to constrained financial resources.

Key Result

People Capability and Career Management (PCCM) framework progressively implemented

Indicator SO 4.3:

% implementation of prioritised job families

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
Not applicable	New measure	Achieve 90% implementation of prioritised job families	Achieve **90%** implementation of prioritised job families	None

Reason for Deviation

Not applicable.

Taxpayer Experience Statement:

By expanding and increasing the use of data, data analytics and artificial intelligence, we **create** the **capability to understand** the **compliance behaviour** of taxpayers and traders to **provide clarity and certainty** where it is needed, **simple, easy and seamless service** that fosters voluntary compliance, and **timely/ early detection** of risks, trends and instances of **non-compliance** that enable us to enforce responsibly. We have incorporated data into a comprehensive system of **knowledge management.** The composite effect of the **expanded and increased use of data** must substantively **support** our strategic intent of **voluntary compliance**.



STRATEGIC OBJECTIVE 5

Increase and expand the use of DATA within a comprehensive knowledge-management framework to ensure integrity, derive insights, and improve outcomes

SARS is becoming an information-driven enterprise by shifting its focus from traditional descriptive analytics to predictive and prescriptive analytics.

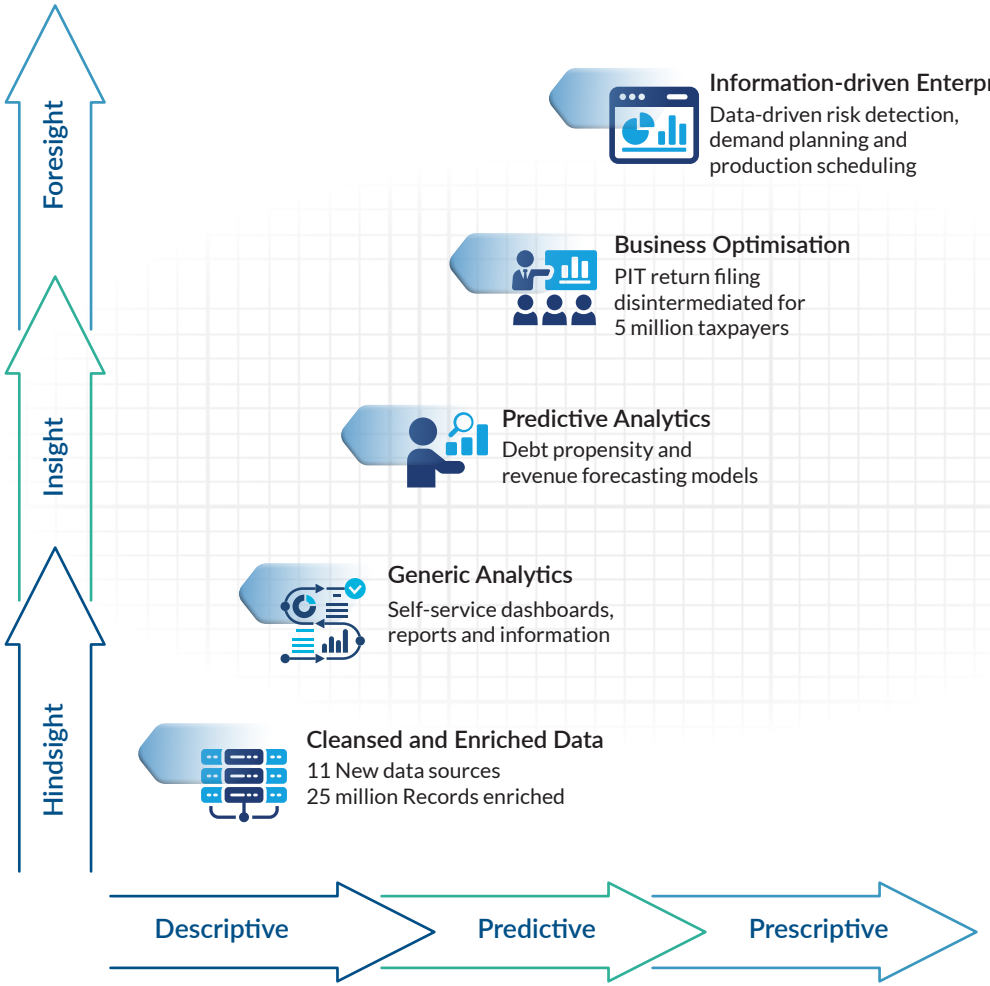
Expand the Use of Data, Data Analytics, and Artificial Intelligence

SARS continued to increase and expand the use of data to deliver its mandate and improve efficacy on many fronts, which include:

- Pre-filling of tax returns.
- Disintermediating the need for return filing, through the auto-assessment of more than 5 million non-provisional personal income taxpayers.
- Detecting risk through SARS' data-driven risk detection model.
- Informing the automated scheduling of resources assigned to specific functions.
- Displaying up-to-date information on enterprise-wide performance through more than 130 dashboards and interactive data products.
- Feeding the various machine-learning models that enable SARS to predict who needs to be registered for tax, who is likely to file their returns, who is likely to under-declare taxable income, and who is likely to pay tax debt.
- Exchanging vast amounts of data with more than 120 countries.

Maturity in Data Use and Analytics

SARS continues to add more sophisticated tools to its arsenal every year. Improving its data products and moving the organisation up the maturity curve, SARS' compliance programme focuses on prescriptive analytics. The recent addition and use of graph databases enable SARS to extend its focus to related parties and incidents across a longer time span. SARS is also extending its analytical platforms to incorporate artificial intelligence and large language models.



Data Collection

As part of its annual third-party data-collection drive, SARS collected more than 160 million records from more than 200 000 institutions. SARS' focus on data engineering enables it to verify the accuracy of information and inform how to validate acquisition rules at source, which is reflected in the accuracy of Auto Assessments exceeding 98%.

Data Consolidation

SARS collates data from internal and external data sources. This information is consolidated and processed by its analytical platform through more than 3 000 automated routines that run daily.

Data Governance

SARS annually reviews its Data Governance Framework and has recently included an ethics framework for artificial intelligence. Efforts to enhance data quality have been intensified, with a framework and policy pending approval to regulate accurate and reliable data collection, processing, and storage. Additionally, a monthly data-quality report is issued to foster a strong "data culture". Over the past year, SARS was subjected to a rigorous peer review on data safeguards from an international OECD team and achieved a clean report, which is testament to SARS' resource stewardship and adherence to global standards.

Data-driven Risk Detection

SARS continues to successfully integrate advanced data analytics, machine learning, and artificial intelligence into its risk-detection processes. SARS uses data to determine gaps that may exist where taxpayer submissions are incomplete, non-existent, misrepresented, or fraudulent. By using third-party data from various national and international sources, SARS automated the creation of standard audit cases, achieving a 100% automation rate. Manual case-creation is avoided given sufficient third-party data to identify an alleged risk for standard matters. Only in exceptional instances, like complex tax matters, are in-depth cases created manually.

Standard matters are based on risk rules that have been determined to exhibit elevated levels of risk, whereas complex matters involve elaborate tax evasion, meaning that risk detection may be beyond the scope of information available to SARS.

SARS uses the third-party data submitted by financial institutions; medical schemes; Companies and Intellectual Property Commission (CIPC); Deeds Office; National Register of Motor Vehicles; National Treasury Central Supplier Database; and the national population register. International data sources include the Automatic Exchange of Information on South Africans with offshore financial assets from about 120 foreign jurisdictions, as well as several mutual administrative agreements with sister organisations.

Automated Audit Case Selection

Product	Total	Automated	Manual	% Automated
Excise	2 304	2 304	0	100.00%
Customs	123 686	123 686	0	100.00%
Ops Audit	1 429 566	1 429 566	0	100.00%
Standard Audit	**1 555 556**	**1 555 556**	**0**	**100.00%**
In-depth Complex Audit	2 054	1 603	451	78.04%
Standard Complex Audit	2 440	2 322	118	95.16%
Customs	788	745	43	94.54%
Complex Audit	**5 282**	**4 670**	**612**	**88.41%**
Total	**1 560 838**	**1 560 226**	**612**	**99.96%**

- 100% of Standard Audit cases were created through automated risk-evaluation.
- An improved annual rate of 88.41% for complex cases originated from an automated process, compared to 66.95% in the 2022/23 FY and 82.80% in the 2023/24 FY.

This reflects the successful integration of data to create complex cases, leading to improved productivity and accuracy.

Exchange of Information (EOI)

The OECD promotes transparency and the exchange of information on tax matters between jurisdictions. South Africa participates in OECD activities through the Enhanced Engagement Programme and has endorsed the OECD standards on EOI. The progress report provided is aligned to and compliant with the OECD EOI standards.

South Africa received 201 incoming exchanges of information: 66% of these were Spontaneous Exchanges of Information including Tax Rulings. Requests for Information and Assistance in Recovery/Collection requests made up the remaining 34% of the exchanges. 76% of all incoming exchanges have been finalised and 100% of requests older than 90 days have received progress reports.

Automatic Exchange of Information is the systematic and periodic transmission of bulk taxpayer information to and from Treaty Partners in respect of the CRS and the Foreign Account Tax Compliance Act (FATCA) exchanges. South Africa received 775 CRS packages from 107 partner jurisdictions and sent 94 packages to 86 jurisdictions per the Multilateral Competent Authority Agreements in place. South Africa also received 712 Country-by-Country Report packages, containing transfer-pricing information from 112 000 multinational entities, relating to 678 000 constituent entities in 57 partner jurisdictions. (A constituent entity is defined as a separate business unit of a multinational entity that is included in its consolidated financial statements). SARS sent 304 packages to 65 partner jurisdictions.

Type of Exchange	Number of Exchanges
Spontaneous Exchange of Information received	132
Information and Assistance in Recovery/Collection received	69
CRS Packages received	775
CRS Packages sent	94
Country-by-Country Report Packages received	712

Business Insights, Production Planning, and Performance Analysis

SARS has made significant strides in adopting data-driven operations, leading to remarkable innovation and efficiency. By taking advantage of advanced data capabilities, SARS has transformed its operations, significantly enhancing productivity, rigour, and efficiency. Notable achievements include the implementation of Enterprise Self Service in the cloud; development of numerous dashboards using cloud technology; cube integration; and comprehensive reporting with near-real-time views alongside advanced analytics. The Enterprise Data Self-Service Portal, accessible through the cloud, hosts 139 PowerBI Dashboards, 27 Cubes, and 459 Integrated Reports and Refreshable Workbooks. These advancements have markedly improved organisational performance and streamlined decision-making.

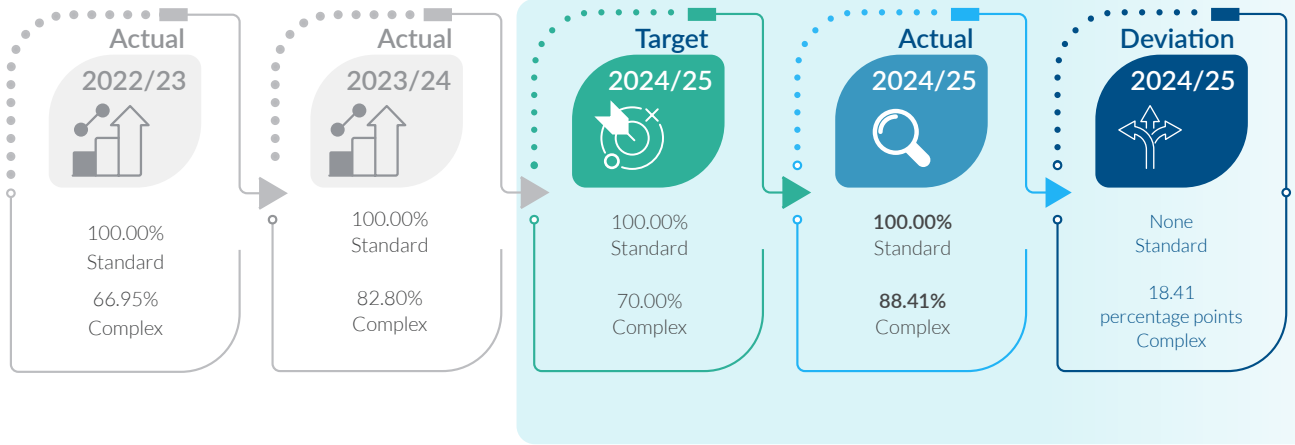
Measuring SARS' Performance for Strategic Objective 5:

Key Result

Risk detection, assessment, and profiling are largely automated, data-driven, and substantively informs case selection for standard matters (manual risk-profiling and case selection are used only for complex matters)

Indicator SO 5.1:

% utilisation of automated risk assessment for taxpayers and traders



Reason for Deviation

This outcome reflects that SARS enhanced risk-detection methods by designing an enterprise-wide risk-differentiation mechanism. This includes advanced technologies such as Statistical Modelling, Advanced Analytics, Artificial Intelligence and Supervised Machine-Learning Algorithms that use large volumes of internal and external data to mitigate identified risk. SARS also implemented methods to introduce compliance models and monitor taxpayer behavioural patterns, with the intention to prioritise high risk cases and avoid false alerts.

Taxpayer Experience Statement:

SARS is committed to providing **reliable and secure digital services** to all its constituents. SARS strives to create an environment where taxpayers and traders, practitioners, and travellers can **meet their obligations with ease** and, when possible, with seamless integration to deliver a **world-class experience**. This commitment to excellence extends to SARS' stakeholders, for whom SARS provides access to reports and analyses that **promote transparency and accountability**. SARS' digital platforms provide **reliable and secure services** to taxpayers, traders, and employers, enabling them to meet their obligations **simply and easily from anywhere**.



STRATEGIC OBJECTIVE 6

Modernise SARS' systems to provide DIGITAL and STREAMLINED online services

SARS is investing to keep its technology foundation solid by modernising its systems. SARS executed several initiatives and projects in the 2024/25 FY as part of its modernisation to ensure continued availability of reliable, secure, and accessible digital platforms to serve all its constituents.

SARS is committed to modernising its systems to provide digital and streamlined online services. This strategic objective aims to enhance the efficiency and effectiveness of SARS' operations by using advanced technology and innovative solutions. By transitioning to digital platforms, SARS seeks to improve taxpayer experience, reduce administrative burden, and enable seamless access to its services. The modernisation initiative will also enable better data management, increased transparency, and enhanced compliance, ultimately contributing to a more robust and responsive tax administration.

SARS has made significant strides in achieving its Annual Performance Plan (APP) targets, reflecting a sustained focus on operational excellence, system resilience, and security. Key achievements include a 99.95% availability of mission-critical systems and zero security breaches from known risks.

Technology and Security

The IT security of SARS remains a top priority in the face of sophisticated and financially driven cyber threats that attempt to exploit any vulnerabilities in SARS' external-facing digital platforms. SARS is preventing attacks that could lead to data theft and manipulation, disrupt business-critical services, damage its reputation, and undermine public confidence in SARS and its systems. During the 2024/25 FY, SARS upgraded its security infrastructure, such as firewalls for digital platform hosting, identity verification, and access.

Management environments, email infrastructure, and the Security Incident and Event Management system were also upgraded. Mechanisms deployed to mitigate security risks included Distributed Denial of Service (DDoS) protection; Anti-Spam and Anti-Phishing measures; Advanced Threat Protection (ATP) in email and web services; and Endpoint Protection.

Service Modernisation

SARS' technology delivery supported its strategic objectives, enhancing service, modernisation, compliance enforcement, and data-driven decision-making. The SARS website served more than 13 million unique users, recording more than 67 million page views. Additionally, the introduction of WhatsApp for taxpayers facilitated over 1 million interactions, while the SARS AI Assistant, launched in November 2024, answered over 805 000 taxpayer queries with a 99.83% high-confidence rate.



IT security of SARS remains a top priority in the face of sophisticated and financially driven cyber threats.

Digital Self-Service

SARS expanded its digital self-service capabilities through SOQS, processing millions of self-service interactions both online and via self-service kiosks. This initiative made it easier for taxpayers and traders to comply with their obligations.

Compliance and Security Enhancements

Significant progress was made in strengthening the detection of non-compliance. The Biometric Identity Project enhanced security for eFiling and MobiApp profiles by implementing advanced facial-recognition technology, which enabled taxpayers to register digitally and securely. Additionally, the implementation of the Mandatory Disclosure Rules (MDR) Exchange Portion aligned SARS with international standards under the OECD Common Reporting Standard.

Strategic Project Delivery

Strategic project delivery remained a cornerstone, including the successful implementation of the Two-Pot Retirement System Phase 1 and 2; improvements to the Customs Single Window Portal; enhancements to the CIT and Trust tax product processes; and the expansion of real-time payment reporting.

Innovation and AI Integration

Innovation was embedded throughout SARS' operations. Innovation is essential for enabling the government to build a capable state that fosters sustainable economic growth and social development, serving the well-being of all South Africans. AI innovation projects, such as converting Customs analysts' English questions to SQL queries, and enhancing e-verification for retirement annuities, showcased the transformative potential of AI. Additionally, the early adoption of AI assistance significantly benefited daily operations, particularly email, communication, collaboration, and productivity applications.

A multi-disciplinary SARS team, supported by a Microsoft partner, participated in a Microsoft AI hackathon titled "Reimagining Your Contact Centre". Despite strong competition from major private organisations, SARS won the hackathon. SARS plans to pilot this technology in a contained operational environment before evaluating its feasibility.

The new Entity Compliance Model (ECM) is envisaged to enhance SARS' ability to detect non-compliance through a comprehensive compliance-scoring approach similar to credit-scoring models adopted by financial institutions.

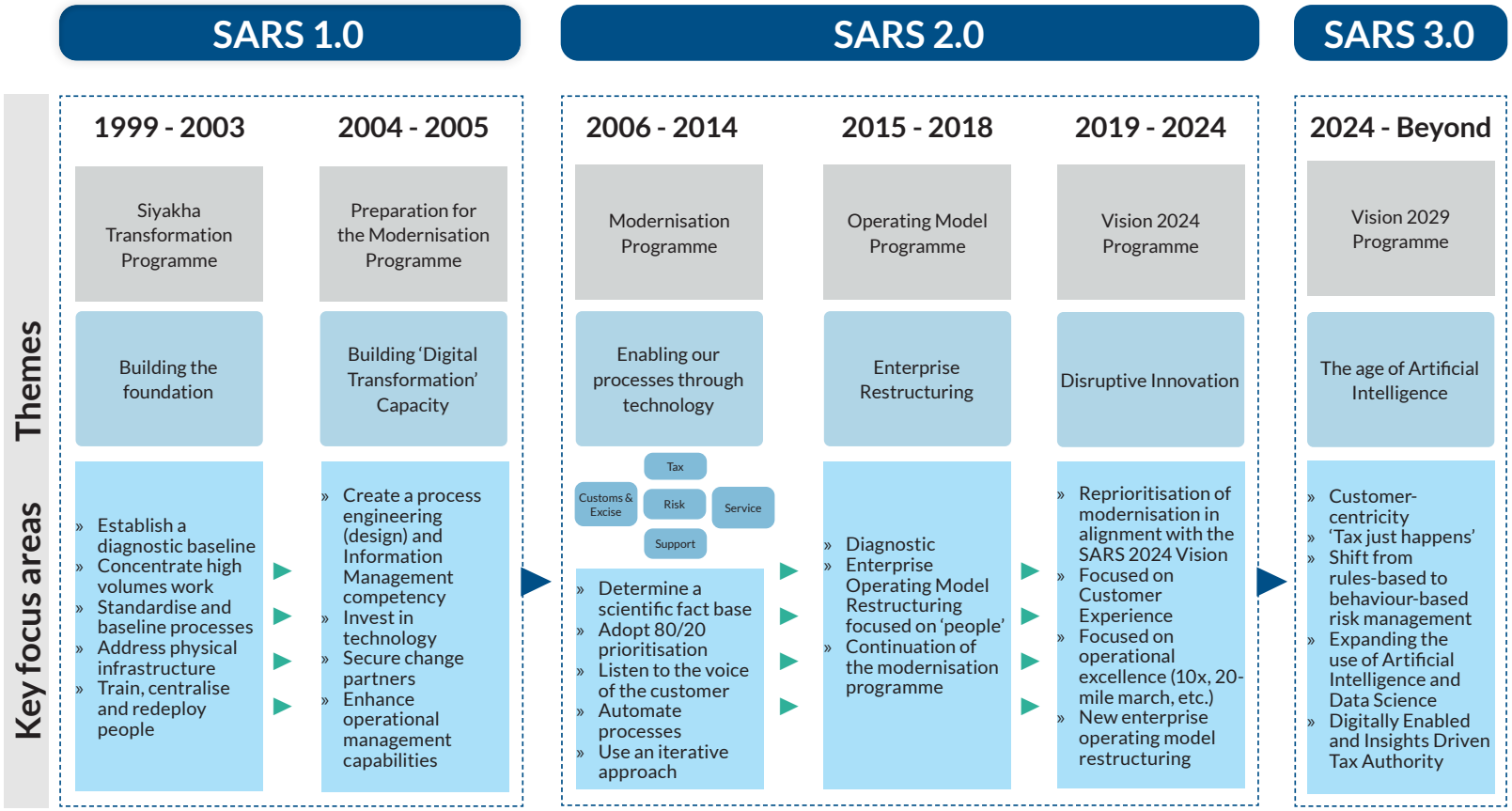
SARS stands on the brink of an exciting new era, using AI capabilities to transform its operations. The integration of AI has just begun, and the opportunities ahead are vast. These advancements are transforming the way SARS operates.



New and existing eFilers can now use biometric facial recognition to access their profiles.

The Modernisation of SARS

SARS' Journey to Date



The modernisation of SARS is not a finite task that can be completed once-off. It should be seen as an evolution which necessitates the ongoing formulation and review of digital-transformation strategies. Since 1999, SARS has undertaken two major modernisation efforts, each with distinct phases. Modernisation 1.0 (Siyakha, "We Are Building": 1999–2005) occurred during the internet era which markedly stepped up the shift from a siloed world into a global one.

Connection, data sharing, and access to public data through the internet created a more ubiquitous playing field. SARS rode this wave by focusing on limited digitisation of data, culminating in the preparation for Modernisation 2.0 (Digital Transformation). This enabled organisational and process reforms to improve manual efficiencies for a better taxpayer experience. Modernisation 2.0 (2006–present) was triggered by a foundational shift with the introduction of smartphones and the transition to mobile. This opened a world of possibilities, a new business model, and the introduction of new social and mobile channels, which spurred SARS' digital transformation.

The depth and scope of data digitisation increased significantly, transforming a physical taxpayer experience to an early digital experience. The period 2020–2022 marked the covid-pandemic era during which SARS had to accelerate various digital innovations to rethink serving taxpayers in a noncontact and remote world. Since 2022 to the present, SARS has made some progress toward limited AI application and machine learning while preparing for Modernisation 3.0 (Age of AI).

Introducing Modernisation 3.0

Over the next five to ten years, SARS will not only digitise its processes further, but also incorporate AI and data-driven insights into its operations. A technology platform that transforms the way SARS works and interacts with taxpayers, traders, and intermediaries will be the conduit through which this will be achieved.

Firstly, SARS aspires to position itself as a digitally enabled and insights-driven tax authority, harnessing the power of automation, highly skilled personnel, and AI. The use of AI will be ethical and connected to a highly integrated tax and customs ecosystem involving the whole of society and the Whole-of-Government. The AI platform will run complex algorithms, which are the tax and customs laws, and deliver an output for each taxpayer showing how much the taxpayer must pay and how the tax due should be paid. In other words, SARS needs to shift from "doing digital" to being digital.

Secondly, SARS aims to help modernise the Whole-of-Government by collaborating with OGAs to:

- Establish a unique digital identity for individuals and entities.
- Ensure data integrity by capturing data once, through a common portal with the necessary segregation, based on the mandates of agencies.
- Introduce a common payment platform with e-invoicing to position SARS as the preferred common disbursement platform.

Modernisation means defining how the enabling environment, as identified in SARS' strategic objectives, has to change. From a people perspective, SARS needs to intensify the investment in leadership and skills development. It needs to adapt to the future world of work, where increasingly routine tasks can be automated, and the work of employees is augmented with insights from data and AI. SARS must continue to embed its Higher Purpose and nurture a culture of innovation and continuous learning. On data and technology, SARS has identified key modernisation initiatives to build a digital tax-administration platform enabled by data, AI, and smart technology.

Over the next five years, SARS will harness the power of people, data science, and AI in tax administration. Businesses are rapidly evolving, and so are the models to run them. Criminal syndicates are also exploiting new technology.

The purpose of building a smart digital administration platform is to foster trust, promote efficiency, and increase transparency. The intent is to revolutionise the way taxpayers, traders, and SARS engage with one another to achieve voluntary compliance. AI also plays a crucial role in detecting and responding to issues of compliance, by predicting which sectors or entities are at highest risk of non-compliance. This not only protects the country's revenue, but also builds trust in South Africa's tax system.

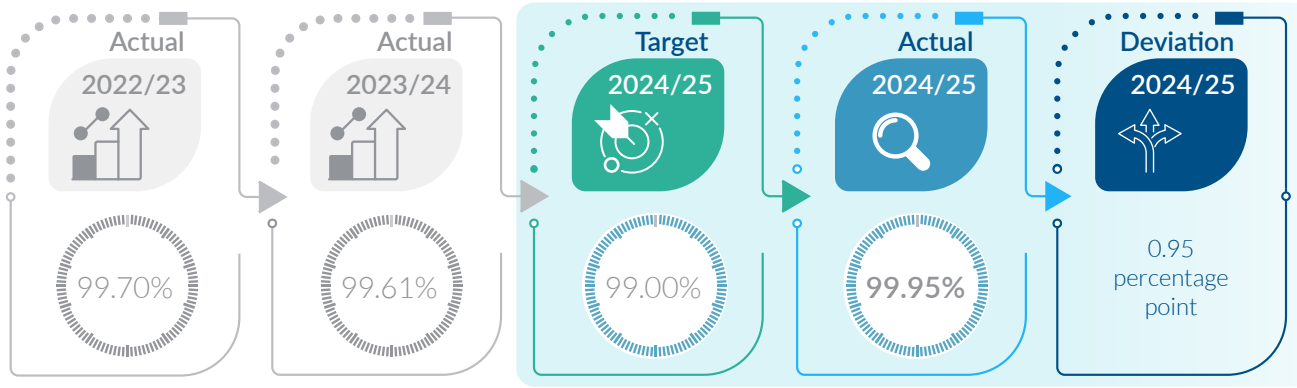
Measuring SARS' Performance for Strategic Objective 6:

Key Result

Digital platforms' availability for taxpayers and traders

Indicator SO 6.1:

% of planned capacity to be available for mission-critical systems



Reason for Deviation

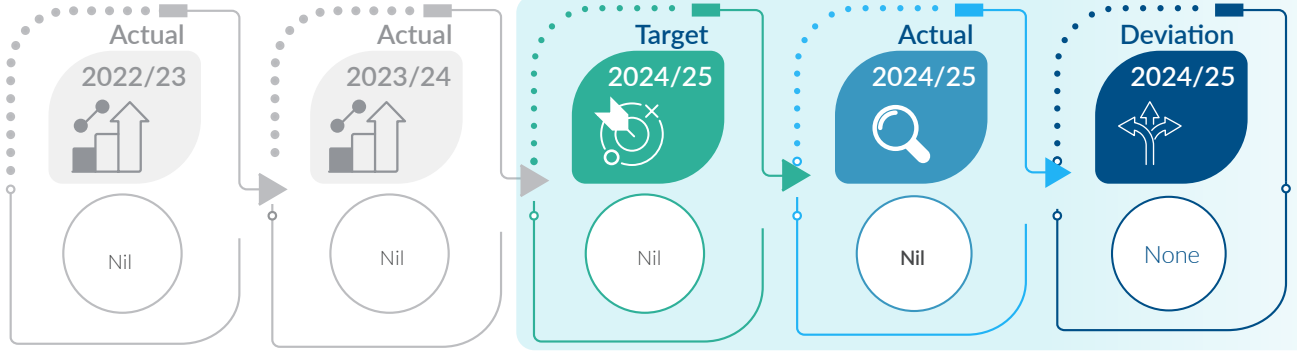
The performance is founded in a well-considered and planned maintenance schedule, executed within the allocated change windows, resulting in minimal unplanned downtime. Furthermore, preventative and adaptive maintenance was implemented to support optimal uptime and minimise outages.

Key Result

Security of taxpayer and trader information and interactions via digital platforms

Indicator SI 6.2:

Number of security breaches on digital platforms from known risks



Reason for Deviation

Not applicable.

Taxpayer Experience Statement:

We **steward the limited resources entrusted to us** in a manner that **creates value** to achieve quality **outcomes and performance excellence**. The way we **organise** ourselves reflects **agility and responsiveness** to deliver the **best experience** for all of our constituencies. We demonstrate a **high work ethic, strive for performance excellence** and achieve the most with the least effort and cost, and **best-in class innovations** that enable us to achieve our strategic intent.



STRATEGIC OBJECTIVE 7

Demonstrate effective STEWARDSHIP of SARS' resources to ensure EFFICIENCY and EFFECTIVENESS in the delivery of high-quality outcomes and performance excellence

SARS is reconfiguring its costs to enable a more variable budget in the long term; allocate and use resources optimally; and to support the Strategic Intent and realise Vision 2025 and beyond.

Unqualified Audit Opinion from the AG

This measure is to assess SARS' commitment to maintain and promote good governance in the organisation. It measures compliance levels with all government's statutory requirements. See Auditor-General's report.

Expenditure Estimates over the Medium Term (In-Year Budget)

In 2024/25, SARS received a baseline grant allocation increase of 1.89%, while operational expenditure — largely influenced by contractual obligations — grew by approximately 5.84%. SARS reaffirmed its funding requirements through formal MTEF and ENE submissions.

Despite ongoing funding pressures, SARS demonstrates operational efficiency relative to international benchmarks. Employee costs account for 66% of the budget (compared to an OECD average of 73%), with 13% allocated to Information Communication and Technology (ICT) (within the OECD range of 11–20%), and 8% to facilities.

SARS continues to prioritise strategic investment in ICT as the foundation of its modernisation. Digital transformation initiatives — including the integration of artificial intelligence, data analytics, and secure digital platforms — remain critical to improve taxpayer services, strengthen compliance, and safeguard the integrity of South Africa's revenue system.

When measuring the deviation between the budget allocation SARS received from National Treasury and SARS' actual expenditure, the positive performance of 0.68% against an annual target of 2.00% was due to funds being spent or committed by year-end. The actual expenditure for the financial year was R13 976 million of the budget allocation of R14 071 million, which amounts to a performance of 0.68%, and a positive deviation of 1.32 percentage points on the measure.

2024/25 Actual Expenditure	R'million
Opex	12 617
Capex (net of discount)	340
Projects	218
Revenue Recovery Fund	801
Total expenditure	**13 976**
Numerator (budget allocation less actual expenditure)	95
Denominator (budget allocation)	14 071
% Deviation	**0.68%**



Spending Allocation

In 2024/25, SARS delivered strong performance under tight fiscal conditions. Net revenue collections grew by 6.6% year-on-year, significantly outpacing the 1.89% increase in government funding. Expenditure was well contained, with a final budget deviation of 0.68%, well below the 2% threshold.

The rollover submission, prepared in accordance with Section 53 (3) of the PFMA and Instruction Note No. 12 of 2020/21, reflects the full cash utilisation of SARS' budget for the 2024/25 financial year.

Through strategic prioritisation, SARS avoided indiscriminate cost-cutting and instead achieved R262 million in efficiency gains, which were redirected toward high-impact areas such as ICT modernisation and employee value initiatives. Nonetheless, talent retention remained a challenge, as private sector competition continued to affect staffing levels. Despite these constraints, SARS maintained institutional agility, preserving service-delivery and value through data-driven resource deployment and operational discipline.

Conditional Grant of R1 billion from National Treasury

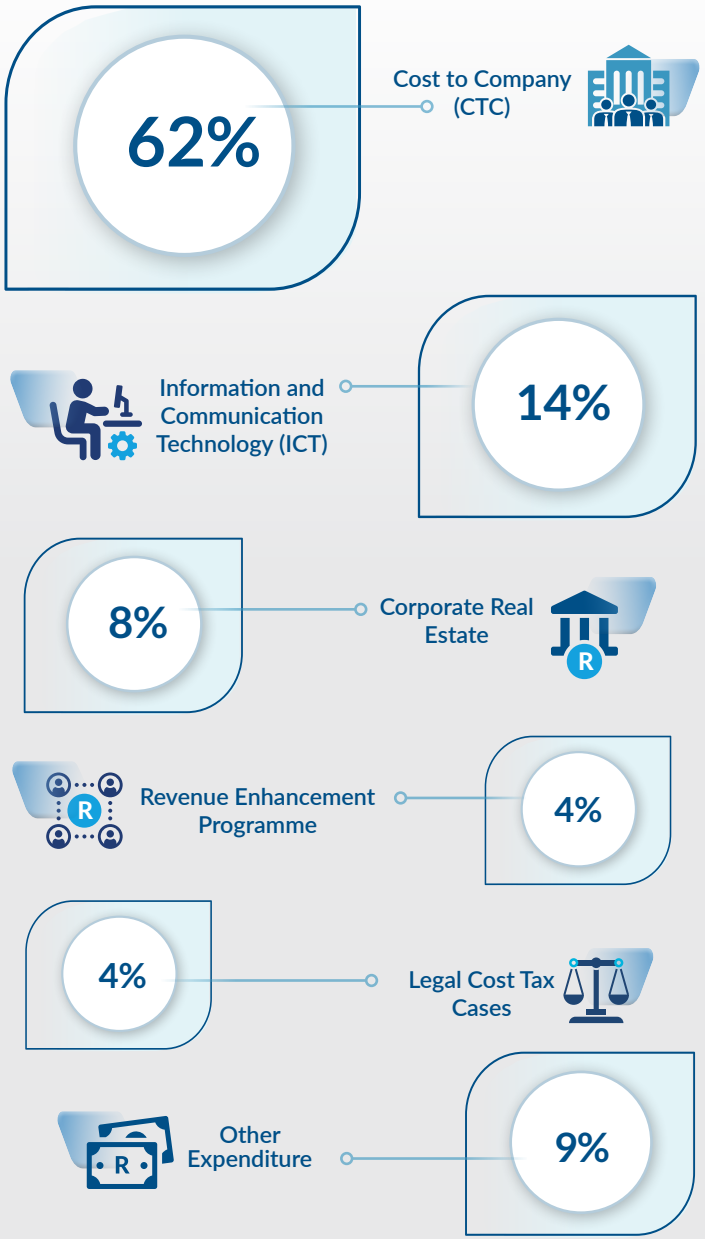
In November 2023, the Minister of Finance allocated a R1 billion grant to SARS to enhance revenue mobilisation — focusing on tax verification, debt reduction, and tax-base expansion.

This investment supported the onboarding of 1 073 additional personnel. By 31 March 2025, SARS collected R35.1 billion, with Debt Management contributing R29 billion at a cost of R259.4 million, yielding a return of R111.80 per R1 spent (ROI: 11 180%). The broader programme finalised over 1 million cases, achieving an overall ROI of 4 702% and a cost-to-revenue ratio of 2.13%.

To date, R746.3 million of the grant has been used, with R253.7 million earmarked for 2025/26 to complete remaining cases and scale up enforcement. These exceptional results underscore the high returns from investing in SARS' capability and reinforce the case for shifting from a traditional expenditure-control model to a performance-based investment funding approach. Sustaining this model is key to maximising SARS' long-term revenue contribution to the fiscus.

Description	Targets	Actual: Jan 2024-Mar 2024 (3 months)	Actual: 31 Mar 2025 (12 months)	Project Result Since Inception
	R'000	R'000	R'000	R'000
# Projects	10	9	9	9
Funding provided/used and contractually committed	R1 000 000	R617 666	R801 280	
Funding used/actual spend		R198 720	R547 590	R746 311
Contractually committed purchase orders		R418 945	R253 689	
# Of cases (identified and closed)	1 400 000	335 609	682 535	1 018 144
# Of human resources onboarded	1 013	620	1 073	
# Tools of trade (laptops and headsets)	450	558	183	741
Revenue	R34 774 263	R7 500 668	R27 594 178	R35 094 846
Cost-to-Revenue Ratio	2.88%	2.65%	1.98%	2.13%

2024/25 SARS Total Expenditure



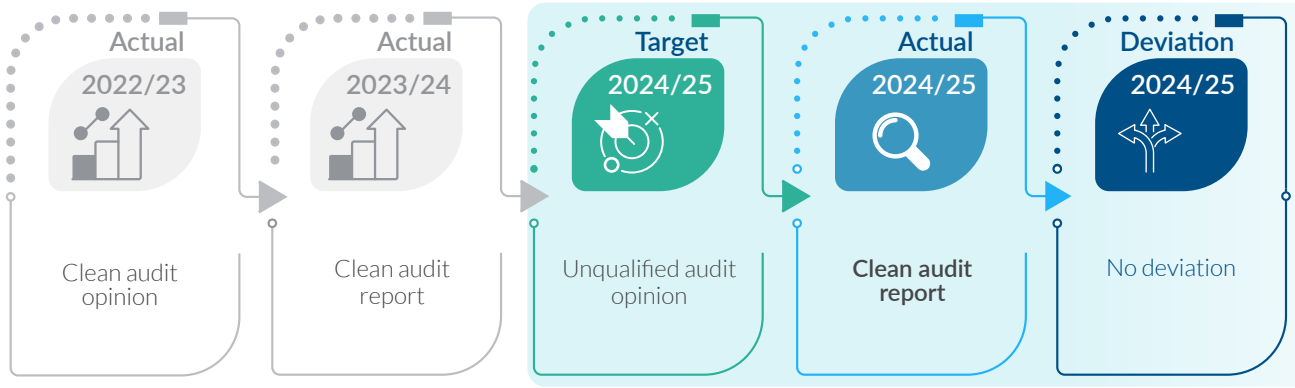
Measuring SARS' Performance for Strategic Objective 7:

Key Result

Unqualified audit opinion received from the Auditor-General (AG) on both Own Accounts and Revenue Accounts

Indicator SO 7.1:

Unqualified audit opinion from the AG



Reason for Deviation

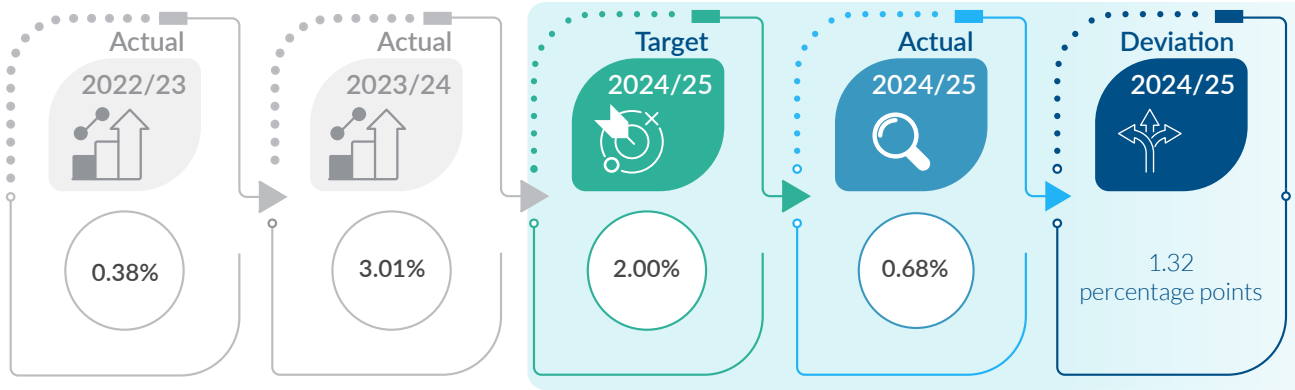
The final audit outcome for 2024/25 was a clean audit report.

Key Result

Demonstrate effective resource stewardship through the appropriate spending of the budget allocation received from National Treasury

Indicator SO 7.2:

% deviation between SARS' spending for the year and the allocation SARS received from National Treasury



Reason for Deviation

Actual expenditure reflects the spending priorities, and the contractual and legal obligations for which SARS is liable.

Taxpayer Experience Statement:

We have **effective and beneficial partnerships** with all stakeholders in the tax ecosystem that **deliver maximum benefits** for the taxpayers and traders, government and the public. We **leverage** each other's **strengths** to **resolve** tax administration **challenges and improve voluntary tax compliance**. Our **interactions and exchanges** are **formal, professional, and transparent**. Intermediaries experience **their engagement** with us as **empowering** and **enabling** mainly through online digital services.



STRATEGIC OBJECTIVE 8

Work with and through STAKEHOLDERS to improve the TAX ECOSYSTEM

SARS' collaborative approach and strategic leadership have positioned it as a key role player in the global tax ecosystem.



Enterprise Stakeholder Universe

In the past year, SARS focused on setting the direction for stakeholder relationships. The organisation formulated its Enterprise Stakeholder Management Policy, which sets parameters for stakeholder relationships and establishes management responsibility to build these relationships. This policy aims to ensure that SARS' stakeholder engagements are effective, beneficial, and conducted within the stipulated legislative and regulatory framework.

SARS is committed to fostering effective and beneficial partnerships within the tax ecosystem to enhance organisational performance. SARS adheres to a stakeholder-inclusive and shared-value approach, balancing the needs, interests, and expectations of its stakeholders by maintaining vital partnerships with government entities, and with local and international stakeholders.

SARS' engagement principles are designed to advance its mandate by:

- Balancing the needs, interests, and expectations of stakeholders.
- Demonstrating accountability through beneficial performance in areas of materiality.
- Recognising the collective contribution and collaboration from stakeholders as critical for sustainable performance.
- Making the most of stakeholders for innovation and new partnerships to advance SARS' mandate.
- Embedding stakeholder management in the culture and core functions of SARS.
- Establishing mutual trust-based relationships for all stakeholder engagements.
- Maintaining stakeholder engagement as an ongoing process.



During the past financial year, SARS has substantially enhanced its strategic value and operational excellence through active engagement with stakeholders. By collaborating with private sector-partners, SARS has resolved operational challenges, mitigated fraud, and improved information sharing and data reporting. These efforts have significantly contributed to higher levels of voluntary compliance with tax and customs regulations.

A highlight of the year was the successful implementation of the Two-Pot pension fund system, achieved through collaboration with various industry bodies. SARS also collaborated with Recognised Controlling Bodies (RCBs), the Banking Association of South Africa (BASA), medical aid schemes, and financial institutions to resolve operational issues, improve system functionality, and boost tax compliance.

Successful implementation of the Two-Pot pension fund system

SARS collaborated with various industry bodies to resolve issues, improve systems and boost compliance

The establishment of the Tax Practitioner Readiness Programme and the Business Rescue Committee has been instrumental in dealing with technical and compliance-related challenges. SARS has also focused on Automatic Exchange of Information (AEOI) compliance and trust modernisation with banking institutions, as well as introducing new reporting requirements with medical schemes. SARS has participated in external events, including the Annual Tax Indaba, to underscore the complexities of tax administration and its development over the past three decades. These engagements reflect SARS' commitment to fostering collaboration, improving communication, and enabling stakeholders voluntarily to comply with tax regulations.

Interagency Liaison and Whole-of-Government Approach

By working collaboratively, SARS has unlocked information exchanges that enhance the tax ecosystem and deepen trusted relationships. SARS has focused on aligning its national, regional, and international positions on the critical role of modernisation and digitisation in transforming tax and customs administrations. This approach has strengthened strategic and operational alignment, enhancing voluntary tax compliance through consistent information exchange.

SARS has achieved this through two strategies:

1. **Systematised Information Management:** SARS has established and maintained four types of information-based relationship networks:
   - **Informational Relationship Networks:** connecting SARS with government agencies and international partners to exchange information voluntarily.
   - **Developmental Relationship Networks:** facilitating easy and clear information exchanges with government and international partners.
   - **Synchronisation Relationship Networks:** collaborating with government and international partners through common strategies and joint planning, particularly with law enforcement agencies.
   - **Strategic (Joint Action) Relationship Networks:** sharing information, building capacity, aligning digitisation strategies, and combining resources with government agencies for mutual benefit.
2. **Influencing Agendas:** SARS has significantly influenced national, regional, and international agendas to achieve strategic and operational alignment. This is evidenced by the trust placed in South Africa to lead international organisations. Notable achievements include:
   - Re-election of Commissioner Edward Kieswetter as Chairperson of the WCO Council.
   - Appointment of Commissioner Kieswetter as Vice-Chairperson of the OECD Forum on Tax Administration (FTA).
   - Election of Commissioner Kieswetter as Chairperson of the African Tax Administration Forum's (ATAF) council.
   - Contribution to the Financial Action Task Force (FATF) peer review, supporting the country's agenda to be removed from the greylist and to develop modern systems to meet FATF standards.

Through these initiatives, SARS has reaffirmed its dedication to improving tax administration, facilitating lawful trade, and ensuring the secure transit of goods and travellers across borders. The organisation's collaborative strategy and strategic leadership have established it as a prominent entity within the global tax framework.

Implementation of the Action Plan Developed through Self-Assessment of the OECD/SARS Trust Maturity Model

SARS is taking significant strides in establishing trust-based collaborative relations with the entire government. This initiative aims to ensure sustained optimal information exchanges, which are crucial for supporting voluntary tax compliance. The cornerstone of this effort is the implementation of an approved action plan designed to create the Trust Barometer. The Trust Barometer is a comprehensive tool that measures four distinct levels of trust: emerging, progressing, established, and aspirational. In a pilot programme, SARS, in collaboration with law enforcement agencies, has successfully used the barometer and achieved an aggregated level-two result, categorised as "Progressing".

SARS set ambitious targets for the implementation of its three-year plan (2024/25-2026/27). The organisation aimed to deliver 50% of the plan in the first year, 75% in the second year, and 100% by the end of the third year. Impressively, in the 2024/25 financial year (year one), SARS completed 69.12% of the total three-year plan, surpassing its initial target. This achievement underscores SARS' commitment to fostering trust and collaboration within the government, ultimately enhancing tax compliance.

SARS is committed to fostering trust and collaboration to enhance tax compliance

SARS is taking significant strides in establishing trust-based collaborative relations with the entire government

Measuring SARS' Performance for Strategic Objective 8:

Key Result

Effective stakeholder engagements are established and improved

Indicator SO 8.1:

Stakeholder engagement effectiveness index

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
Not applicable	New measure	Formulate a new Enterprise Stakeholder Management Policy	A **new approved** Enterprise Stakeholder Management Policy was formulated	None

Reason for Deviation

Not applicable

Key Result

Develop trust-based relations with law-enforcement agencies, FIC, and SARB

Indicator SO 8.2:

Percentage of implementation of the action plan developed through self-assessment of the OECD/SARS Trust Maturity

Actual 2022/23	Actual 2023/24	Target 2024/25	Actual 2024/25	Deviation 2024/25
Not applicable	New measure	Achieve 50% of action plan	Achieved **69.12%** of action plan	19.12 percentage points

Reason for Deviation

Of the 17 planned milestones in the OECD/SARS Trust Maturity Model action plan, 11.75 were finalised.

Taxpayer Experience Statement:

The **public** is confident that **our stewardship** of the country's tax system is **professional, unbiased and fair**; we always **act and do the right thing** all the time; we maintain the **highest standards of integrity** and **ethics**; we have **transparent governance systems** and processes and we have **capable and trustworthy leaders**. We accept that ultimately, we are **accountable** to taxpayers, traders, and their representatives, the general public and elected public office bearers, whose trust we must earn.



STRATEGIC OBJECTIVE 9

Build PUBLIC TRUST and CONFIDENCE in the tax-administration system

To build public trust and confidence in the tax administration, this objective fosters transparency and reliability within the system, so that taxpayers are assured of its fairness and integrity.

Service Charter Commitments

By implementing customer-focused initiatives, improving communication, and simplifying processes, SARS will strive to build a robust relationship with the public. Ultimately, this will lead to greater compliance, reduced tax evasion, and more effective collection of revenue, contributing positively to the broader economy.

Service Charter Performance Index

The SARS Service Charter establishes clear standards and expectations for service delivery. It aims to ensure transparency, accountability, and efficiency in the interactions between SARS and taxpayers. By outlining these standards, SARS seeks to build trust and confidence among taxpayers, demonstrating its dedication to serving the public with integrity and professionalism.

The SARS Service Charter aims to enhance the taxpayer experience by focusing on several key areas. It commits to providing courteous, prompt, and professional service, ensuring timely responses to enquiries and accurate information dissemination. The charter emphasises accessibility, making SARS services available to all segments of the population through both physical offices and online resources. Transparency and accountability are also prioritised, with measures in place to keep taxpayers informed about their rights and obligations while holding SARS accountable for its actions. Lastly, the charter underscores the importance of protecting the confidentiality and security of taxpayer information, detailing measures to safeguard sensitive data and enforce its responsible use.

SARS has consistently strived to deliver outstanding service to taxpayers, and the Service Charter Performance Index is a key measure of this commitment. This index essentially shows how well SARS is meeting its service promises to the public.

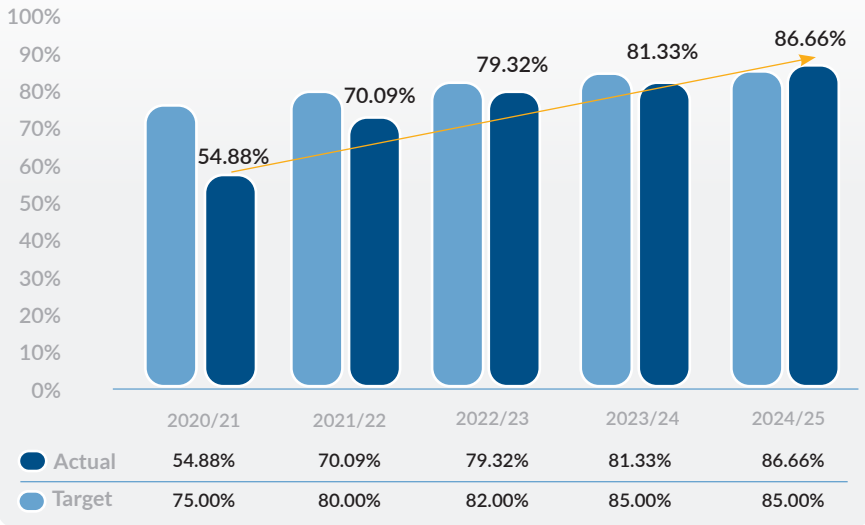
In the 2024/25 financial year, SARS achieved an impressive index score of 86.66%, surpassing the target of 85%. This means SARS not only met but also exceeded its goals for providing excellent service. Here is a breakdown of the performance throughout the year:

- First quarter: 84.60%
- Second quarter: 86.71%
- Third quarter: 87.43%
- Fourth quarter: 86.66%

Overall, this year's performance was 5.33 percentage points higher than in the previous year's 81.33%.

SARS received more complaints this year, with the number rising from 143 415 in the 2023/24 financial year to 145 347 in 2024/25. SARS believes, this increase in complaints might be due to increased awareness and outreach efforts by the Office of the Tax Ombud.

Service Charter Performance Score



Despite the higher number of complaints, SARS improved its resolution time, resolving 83.11% of complaints within 21 business days. This is an improvement from the 79.43% resolution rate achieved in the previous year. The resolution rate within the turnaround time for cases escalated to the Tax Ombud improved significantly from 34.09% in 2023/24 to 46.66%.

The 2024/25 financial year performance highlights SARS' dedication to improving the taxpayer experience. The advancements in the Service Charter Performance Index, coupled with effective complaint resolution and better case management, underscore SARS' unwavering commitment to excellence and public trust in the tax system.

Overview of Tax Ombud and Complaint Management Office Cases Handled by SARS

Resolving tax disputes and managing complaints are essential to maintain taxpayer trust and an equitable tax administration. This section reviews the Tax Ombud cases and the Complaint Management Office cases dealt with by SARS.

Tax Ombud Cases

The Office of the Tax Ombud was established to provide an independent and impartial channel for taxpayers to resolve complaints about service or procedural/administrative issues they have experienced with SARS. The Tax Ombud operates under the parameters set out by the Tax Administration Act.

Common problems are:
- Delays in processing refunds.
- Incorrect tax assessments.
- Unresolved queries and disputes.
- Communication and service-related issues.

It is pleasing that amid these challenges, SARS resolved 83.14% of complaints within the 21-business-days turnaround time, which is 3.68 percentage points above the 2023/24 FY rate of 79.43%. For cases escalated to the Tax Ombud, the resolution rate within the turnaround time was 46.63%, improving by 12.57 percentage points versus the 2023/24 FYE score of 34.09%.

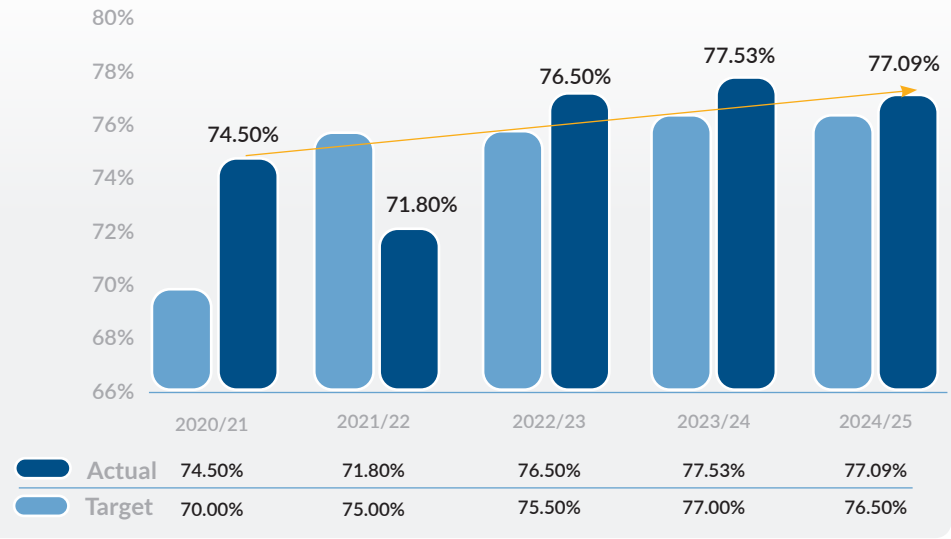
Complaint Management Office Cases

The Complaint Management Office within SARS deals with grievances and service complaints directly from taxpayers. This office aims to resolve issues swiftly and efficiently, ensuring taxpayer concerns are handled without the need for escalation to the Ombud.

Types of complaints handled include:
- Service delays.
- Incorrect information provided.
- Issues with tax return submissions.
- Discrepancies in accounts.

The Tax Ombud and the Complaint Management Office help maintain transparency, accountability, and trust in the tax system. By providing avenues for redress, SARS demonstrates its commitment to fair and responsive tax administration.

Public Opinion Survey



SARS continues to make strides toward its Vision 2030: becoming a "smart, modern SARS with unquestionable integrity that is trusted and admired".

Public trust is a crucial element in the effective functioning of any governmental institution. SARS, as the national tax-collection agency, relies significantly on the trust of the public to ensure compliance and the smooth operation of its services.

Public trust is crucial for SARS as it encourages compliance with tax regulations, leading to higher revenue collection and reduced enforcement actions. Trust also promotes voluntary disclosure of financial information, reducing tax evasion and promoting fairness in the tax system. Additionally, public trust fosters cooperation, enabling SARS to improve its services through feedback and participation. A strong reputation built on trust enhances SARS' credibility and ability to enforce tax laws, fostering a culture of compliance within society.

To evaluate the current levels of public trust and to identify areas for improvement, a comprehensive survey was conducted. Central to achieving this vision is the SARS Annual Performance Plan, which outlines the strategic initiatives and goals for the organisation. To support this vision, SARS conducted the Public Opinion Survey and the Attitude to Tax Compliance Index (ATCI). These studies aim to gauge public trust in the tax system, providing valuable insights that guide strategic decisions. The results from the 2024/25 survey are promising, revealing encouraging trends in public sentiment.

Key Findings

The survey results indicate a positive trajectory in several key areas:

- Overall compliance score: 77.09%, surpassing the target of 76.50% by 0.59 percentage points.
- Positive trends: notable improvements in accessibility, fiscal responsibility, and tax diligence.
- Rising trust: trust in SARS has consistently increased over the past four years, from 48.00% in 2019 to 76.50% in 2025.

Thematic performance highlights reveal substantial improvements in several areas compared to the previous year. Accessibility has increased by 1.46 percentage points to 74.23%; fiscal responsibility has risen by 1.45 percentage points to 77.49%; followership has grown by 1.20 percentage points to 87.78%; and tax diligence has improved by 2.18 percentage points to 90.42%.

To improve SARS' performance and public trust, the organisation must offer more transparency and better communication about tax policies. Independent oversight should eliminate corruption and enforce accountability. Simplifying engagement and expanding educational programmes using digital platforms are essential, as is boosting staff competency and community outreach. Promoting voluntary compliance through ethical enforcement, proactive taxpayer guidance, and regular stakeholder dialogues will improve fiscal citizenship.

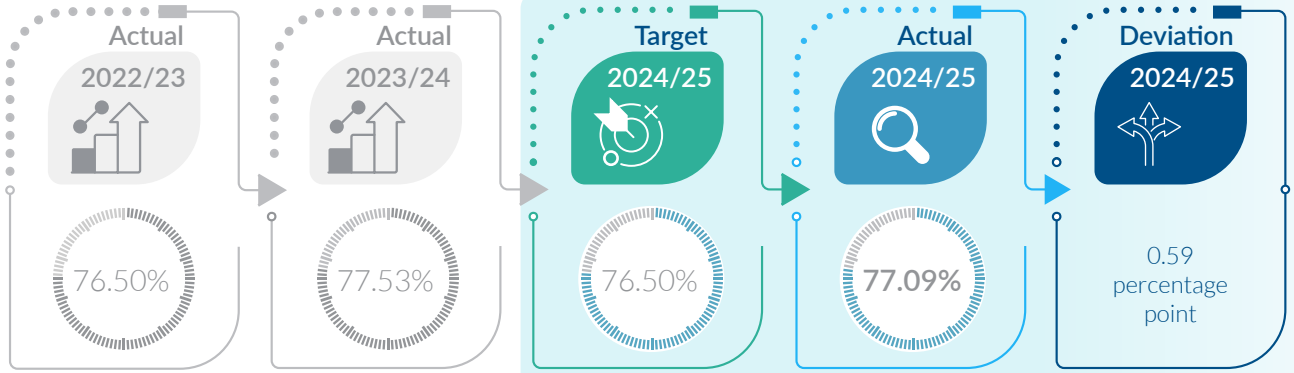
Measuring SARS' Performance for Strategic Objective 9:

Key Result

Public opinion survey results reflect high trust and confidence in SARS

Indicator SO 9.1:

% score per public opinion survey



Reason for Deviation

The public opinion score target was exceeded, subsequently to improvements in the following themes:

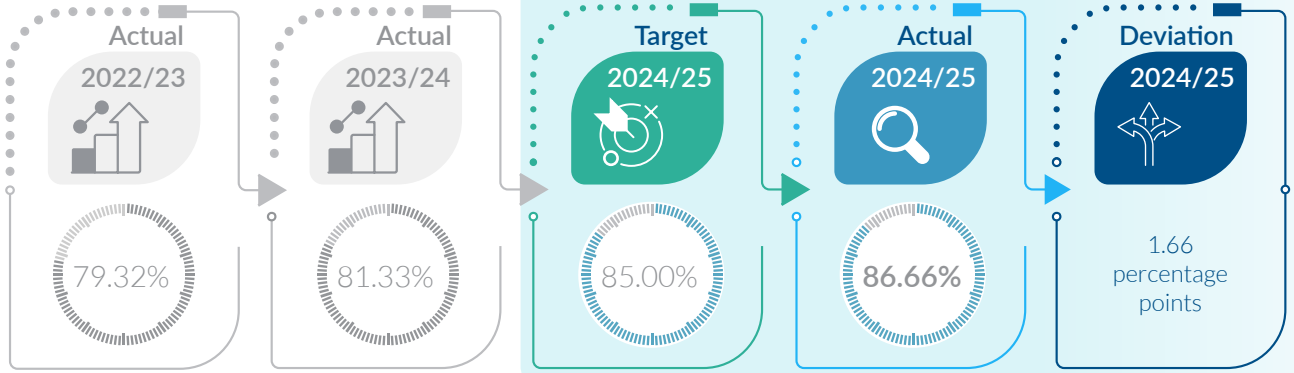
Accessibility (74.23%);
Fiscal Responsibility (77.49%);
Followership (87.78%); and
Tax Diligence (90.42%).

Key Result

Adherence to Service Charter commitments

Indicator SO 9.2:

% Service Charter performance score



Reason for Deviation

Continuous bi-monthly engagements with regional service anchors, deliberating on weakest links and agreements on actions to rectify them, helped to maintain consistent performance during the financial year.

03

GOVERNANCE AND RISK MANAGEMENT

PART THREE





Governance

SARS remains steadfast in its commitment to transparency and accountability in fulfilling its legislative mandate. The organisation embraces good governance principles, which are the foundation of its philosophy of organisational excellence. SARS' governance structures are designed to support the Commissioner in leading SARS to deliver the organisation's obligations to the South African government and society.

The 2024/25 financial year saw a strengthening of SARS' internal governance controls to support its strategic objectives. Revenue collection and the facilitation of legitimate trade were prioritised, even though SARS rigorously applies good governance principles in all its activities.

During the review period, SARS began to develop a comprehensive governance approach. This approach integrates governance, risk management and legislative compliance, into interconnected disciplines that work cohesively to strengthen governance controls, mitigate risk, and uphold legitimacy.

A notable advancement was made in establishing ethical governance for AI. SARS leadership adopted the vision of using technology to create a smart organisation. Well-governed AI systems can provide immediate information, instant responses, reduced administrative burden, and interactive data for taxpayers and traders. These systems can also help to detect fraudulent claims and organised crime early through improved data analysis. SARS is committed to adopting digital innovations to remain relevant in a rapidly evolving landscape.

SARS is aware that AI, if unregulated in the organisation, may have unintended consequences that require careful control. Recognising the importance of public trust, SARS acknowledges the necessity for a governance framework to ensure the fair and safe use of AI. To this end, SARS has developed a draft Artificial Intelligence Governance and Ethics Framework to promote the adoption of AI while guarding against adverse effects. The principles outlined in the framework will help to build trust among stakeholders regarding SARS' use of AI.

In the coming year, SARS will continue to enhance governance within the organisation and pursue its overarching goal of enabling the government to build a democratic state that fosters sustainable economic growth and social development for the well-being of all South Africans.



SARS remains steadfast in its commitment to transparency and accountability in fulfilling its legislative mandate.

Parliamentary Engagement

Standing Committee on Finance (SCOF)

Date of Meeting	Matters Raised
10 May 2024	Pension Funds A/B and Public Procurement Bill: National Council of Provinces (NCOP) Amendments
13 May 2024	Pension Funds A/B and Public Procurement Bill: NCOP Amendments Adopted
15 July 2024	National Treasury Annual Performance Plan 2024/25 with Minister and Deputy Minister
20 August 2024	Induction Workshop: Engagement with National Treasury and Entities
10 September 2024	Workshop on Tax Legislation
17 September 2024	2024 Draft Tax Bills and Rates Bill: National Treasury and SARS Briefing
8 October 2024	Tax, Rates and Revenue Bills: Public Hearings
9 October 2024	Tax, Rates and Revenue Bills: Public Hearings Day 2
15 October 2024	National Treasury Entities 2023/24 Audit Trends
22 October 2024	South African Revenue Service (SARS) 2023/24 Annual Report
23 October 2024	Tax, Rates and Revenue Bills: SARS and National Treasury Response to Submissions
29 October 2024	Finance Budgetary Review and Recommendations Report
30 October 2024	Closed Meeting Budget Lock-up Session
31 October 2024	2024 Medium-Term Budget Policy Statement (MTBPS): National Treasury briefing with Ministry
5 November 2024	2024 MTBPS: Financial and Fiscal Commission and Parliamentary Budget Office (PBO) Briefing
6 November 2024	Revised Fiscal Framework and Revenue Proposals: Public Hearings
8 November 2024	Revised Fiscal Framework and Revenue Proposals: National Treasury and SARS Response to Public Submissions
12 November 2024	Revised Fiscal Framework and Revenue Proposals Committee Report (National Assembly and NCOP)
19 November 2024	Taxation Laws Amendment Bill (TLAB), Tax Administration Laws Amendment Bill (TALAB), and Rates Bill: Deliberations and Adoption
20 November 2024	Revenue Laws Amendment Bill (RLAB), Global Tax Bills: Deliberations and adoption
27 November 2024	National Treasury and Entities on Audit Action Plans with Deputy Minister
12 March 2025	Closed Meeting: Budget Lock-up
14 March 2025	2025 Budget: National Treasury Briefing with Minister
25 March 2025	2025 Fiscal Framework and Revenue Proposals: Public Hearings
28 March 2025	2025 Fiscal Framework and Revenue Proposals: National Treasury and SARS Response to Public Submissions with Minister and Deputy Minister

Select Committee on Finance (SECOF)

Date of Meeting	Matters Raised
16 April 2024	Pension Funds Amendment Bill: Public Hearings
19 April 2024	Pension Funds Amendment Bill: Adoption
22 October 2024	Workshop on Tax, Rates and Revenue Bills
30 October 2024	Closed Meeting: Budget Lock-up
31 October 2024	2024 MTBPS: National Treasury Briefing with Ministry
20 November 2024	TLAB, TALAB, RLAB, Global Tax Bills and Rates Bill: National Treasury and SARS Briefing
26 November 2024	TLAB, TALAB, Rates Bill, Global Tax Bills and Revenue Bill: Public Hearings
29 November 2024	TLAB, TALAB, Rates Bill, Global Tax Bills and Revenue Bill: National Treasury and SARS Response to Public Submissions
3 December 2024	TLAB, TALAB, Rates Bill, Global Tax Bills and Revenue Bill: Adoption
12 March 2025	Closed Meeting: Budget Lock-up
14 March 2025	2025 Budget: National Treasury Briefing with Minister

Standing Committee on Appropriations (SCOA)

Date of Meeting	Matters Raised
25 October 2024	Pre-MTBPS Workshop: PBO Briefing
30 October 2024	Closed Meeting: MTBPS Lock-up
31 October 2024	2024 MTBPS: National Treasury Briefing with Ministry
29 November 2024	Public Hearings on the 2024 MTBPS, 2024 Adjustments Appropriation Bill and the 2024 Special Appropriation Bill
12 March 2025	Closed Meeting: Budget Lock-up
14 March 2025	2025 Budget: National Treasury Briefing with Minister

Select Committee on Appropriations (SECOA)

Date of Meeting	Matters raised
25 October 2024	Pre-MTBPS Workshop: PBO Briefing
30 October 2024	Closed Meeting: MTBPS Lock-up
31 October 2024	2024 MTBPS: National Treasury Briefing with Ministry
12 March 2025	Closed Meeting: Budget Lock-up
14 March 2025	2025 Budget: National Treasury Briefing with Minister

Executive Authority – Minister of Finance

SARS had regular engagements with the Minister of Finance throughout the 2024/25 FY. SARS submitted 12 monthly reports to the Minister of Finance in the month following the reporting month, in addition to all the reports required per the PFMA. The Ministry of Finance noted these reports within 24 to 72 hours after submission and no concerns were raised by the Executive Authority.



SARS Committees

SARS Executive Committee

The SARS Executive Committee had five members and one permanent invitee for the full 2024/25 FY. The committee convened four official EXCO meetings during the 2024/25 financial year. Weekly check-in sessions were also held when required.

Number of Meetings Held	Name of Member	Designation	Permanent/ Acting	EXCO Member/Invitee	Changes in Membership 2024/25 FY
4 meetings	Edward Kieswetter	Commissioner	Permanent	EXCO Member	Not applicable
	Jeanneé Padiachy	Chief of Staff	Permanent	EXCO Member	Not applicable
	Johnstone Makhubu	DC: Taxpayer Engagement and Operations	Permanent	EXCO Member	Not applicable
	Bridgitte Backman	DC: Corporate Enterprise Services	Permanent	EXCO Member	Not applicable
	Carl Scholtz	DC: Strategy Enablement and Modernisation	Permanent	EXCO Member	Not applicable
	Refiloe Ramaphakela	Head: Internal Audit	Permanent	Permanent EXCO Invitee	Not applicable

Audit and Risk Committee

The Audit and Risk Committee (ARC or the "Committee") is constituted as a Committee of the Accounting Authority of SARS and is a shared Committee of Interfront and SARS. The Committee assists the Accounting Authority of SARS to comply with its obligations under the applicable legislation including, without limitation, the Public Finance Management Act 1 of 1999 as amended; the Companies Act 71 of 2008 as amended; the South African Revenue Service Act of 1997; and any other applicable law or regulatory provision, including King IV Report on Corporate Governance for South Africa, 2016 ("King IV").

The SARS Audit and Risk Committee had five external members for the 2024/25 FY.

Number of Members and Meetings Held		
13 meetings 5 members (1 April 2024 – 30 September 2024) 3 members (1 October 2024 – 31 March 2024)	5 official ARC meetings	In-committee sessions with the Commissioner
	4 meetings	Auditor-General
	1 meeting	Internal Audit
	1 meeting	Interfront
	1 meeting	Chief Financial Officer
	1 meeting	DC: Corporate Enterprise Services

Name of Member	Changes in Membership 2024/25 FY
Mr Barend Petersen: member	Chairperson from 1 October 2024
Ms Carmen Mpelwane	Not applicable
Ms Alice le Roux	Appointment date: 1 October 2024
Ms Doris Dondur	Term end date: 30 September 2024
Mr Thabiso Ramasike	Term end date: 30 September 2024

Enterprise Governance and Risk Committee (EGRC)

The SARS Enterprise Governance and Risk Committee had nine members and one permanent invitee; it convened three EGRC meetings during the 2024/25 financial year.

Number of Members and Meetings Held	Name of Member	Designation	EGRC Member/Invitee	Changes in Membership 2024/25 FY
3 meetings	Edward Kieswetter	Commissioner	EGRC Member	Not applicable
	Jeanneé Padiachy	Chief of Staff	EGRC Member	Not applicable
7 members and 1 permanent invitee (1 April 2024 to 31 July 2025.)	Johnstone Makhubu	DC: Taxpayer Engagement and Operations	EGRC Member	Not applicable
	Bridgitte Backman	DC: Corporate Enterprise Services	EGRC Member	Not applicable
	Bongiwe Mabanga	Chief Procurement Officer	EGRC Member	Not applicable
	Schalk Human	Chief Finance Officer	EGRC Member	Not applicable
9 members and 1 permanent invitee (1 August 2024 to 31 March 2025.)	Carl Scholtz	DC: Strategy Enablement and Modernisation	EGRC Member	Not applicable
	Refiloe Ramaphakela	Head: Internal Audit	Permanent EGRC Invitee	Not applicable
	Lebogang More	Company Secretary	EGRC Member	Started 1 August 2024
	Tshisikhawe Munyama	Interim Chief Revenue Officer	EGRC Member	Started 1 August 2024

Enterprise Risk Management

SARS' risk-management approach includes identification, managing, and reporting of key risks that may affect the organisation's ability to deliver its mandate, vision, and strategic objectives. This proactive approach has demonstrated the agility and resilience of the organisation's management of key risks.

The SARS enterprise-risk landscape includes strategic and operational risks influenced by internal and external factors. The management of the enterprise risks was a critical element in SARS' achievement of its legislative mandate and higher-than-expected performance for the 2024/25 FY.

The emergence of Artificial Intelligence (AI) has presented both opportunities and risks for SARS, including significant cyber and data threats. SARS embarked on multiple AI projects notably the successful deployment of the Intelligent Website AI Assistant. This initiative has received positive feedback from the public for its effective responses to queries. SARS remains committed to addressing cybersecurity challenges and has ensured there were no security breaches in the financial year.

A series of risk workshops were conducted to identify and address the key operational risks to SARS. These workshops evaluated both the internal and external risk landscapes and established appropriate strategies to mitigate the identified risks while achieving SARS' objectives as outlined in the APP. The approach provided SARS business units with the opportunity to actively participate in the risk management process, framework, and policies, thereby promoting a sound risk-based culture.

Despite the increasingly uncertain environment, SARS continued to provide a seamless service to all its stakeholders, including taxpayers and traders. The mature and vigilant approach to risk management boosted SARS' overall revenue performance.

SARS maintained its risk-focused working relationship with international bodies such as the Enterprise Risk Management Community of Interest (ERM-COI) of the OECD Forum on Tax Administration (FTA). This was achieved by participating in the OECD-FTA Emerging Risk Survey during the financial year. Additionally, the Commissioner of SARS was appointed as the Vice-Chairperson of the OECD-FTA at the 17th FTA Plenary held in Athens, Greece, in November 2024, further strengthening the relationship between the OECD-FTA and SARS. SARS continues to strengthen and enhance its risk culture to remain relevant and responsive.

SARS Strategic Risk Profile 2024/25

- Occurrence and probability of crime corruption, bribery, and other forms of fraudulent activity South Africa.
- Weaknesses in leadership.
- Rapid changes in technology.
- Unstable and uncertain economy.
- Erosion of the tax base.
- Erosion of the social contract between Government and the people of South Africa.
- Inability to retain and compete for scarce and specialised skills.
- Insufficient SARS resources.

SARS continues to strengthen and enhance its risk culture to remain relevant and responsive.

Strategic Risks	Mitigating Strategic Objective/s (SO)	Mitigating Actions
1. Occurrence and probability of crime, corruption, bribery, and other forms of fraudulent activity in South Africa	SO3, SO 8 and SO9	» Enforce the law visibly swiftly publish convictions and identify the convicted. » Ensure clarity and certainty about the consequences of non-compliance. » Intensify and strengthen the anti-corruption programmes. » Advocate for financial prudence at government structures (including the Fusion Centre).
2. Rapid changes in technology	SO6 and SO7	» Provide a seamless registration, filing, declaration, and payment experience for standard taxpayers and traders, to ensure simplicity and ease of adoption by taxpayers (e.g. Auto Assessment). » Expand secured digital platforms availability (24/7). » Configure costs to modernise targeted systems to keep abreast of rapid technological change.
3. Erosion of the tax base	Strategic Intent and all nine Strategic Objectives	» Execute tax-gap minimisation programmes; adopt tax-broadening strategies; and develop a full understanding of the economy to improve tax collection from a wider base of taxpayers. » Reach out and educate people (natural and juristic) who are eligible to be registered. » Implement the new debt strategy; establish outreach programmes; and improve data analytics to detect fraud risks, build transfer-pricing skills, and minimise non-compliance. » Develop a coherent and technology-based enforcement action plan across SARS divisions.
4. Inability to retain and compete for scarce and specialised skills	SO4	» Implement the revised EVP. » Embed the Employee Rights Charter clarifying the five employee rights. » Create meaningful roles and define career progression, beginning with Service Consultants. » Foster a culture of continuous professional development within the organisation.
5. Insufficient SARS resources	SO7 and SO4	» Engage the Minister of Finance and National Treasury to ameliorate the funding shortfall. » Deploy SARS resources effectively. » Improve efficiencies across the SARS value chain, as an integrated systemic operational improvement programme. » Implement the revised EVP. » Develop a differentiated hybrid funding model. » Quantify revenue generated through compliance work and extrapolate to demonstrate possible additional revenue to the fiscus.
6. Weaknesses in leadership capability	SO4	» Embed the SARS leadership model. » Adopt a dedicated mentoring programme for senior leadership. » Create a conducive environment for SARS leaders to flourish. » Conduct the Employee Engagement Survey.
7. Unstable and uncertain economy	All nine Strategic Objectives	» Adopt tax-broadening strategies and develop a full understanding of the economy to improve tax collection from a wider base of taxpayers. » Increase investigative and audit capacity as a deterrent. » Improve the SARS Compliance Programme. » Participate in the national fiscal and monetary framework.
8. Erosion of social contract between government and the people of SA	SO3, SO8 and SO9	» Act with visible independence and professionalism beyond reproach, without fear and favour. » Show measurable success in reducing tax non-compliance and crime. » Demonstrate exemplary stewardship among public institutions. » Work with and through intermediaries to strengthen the tax ecosystem.

Integrity Promotion

SARS has made significant efforts to embed integrity into the core of its culture, operations, and business practices. In line with this objective, SARS concentrated on cultivating a culture of integrity to enhance trust, both within the organisation and with external stakeholders. These efforts are vital to encourage voluntary compliance, facilitate trade, and meet revenue targets. SARS will keep prioritising ethical behaviour and fostering a culture of integrity.



222 Attended leadership training



37 Ethics and integrity sessions for 1 715 employees

To promote integrity, the following actions were taken:

- SARS enhanced leadership and management with ethics and integrity training as part of the SARS Embedding Leadership Model (ELM) programme, involving 222 leaders. Participants learned about SARS' Values, associated behaviours, and the Code of Conduct and Ethics. SARS held 37 Ethics and Integrity sessions for 1 715 employees, resulting in increased reports of integrity violations and alleged fraud and corruption.
- SARS monitored the completion of the monthly Ethics eLearning Course to support Integrity Promotion initiatives and reinforce trust among SARS employees. The course awakens and reinforces the moral compass of SARS employees confronted with ethical dilemmas, helping them to make informed and decisive choices. In the review period, 1 078 employees completed one or more modules, and 369 finished the entire course.

To integrate integrity into the core of the organisation, SARS:

- Reviewed the Ethics eLearning modules designed for leadership and employees. Completion of the Ethics eLearning course is mandatory for all SARS employees each year.
- Developed a tool to evaluate and align individual values with the organisational values of SARS. This occurs during onboarding and throughout employees' careers with SARS.
- Appointed Integrity Ambassadors for all Regional Directors and their teams to support ethics and integrity. Integrity Ambassadors cultivate a workplace free from harassment, bullying, intimidation, and discrimination, while enhancing the visibility and support for Regional Directors and employees.

Compliance with Laws and Regulations

SARS comprehensively reviewed and updated its Compliance Risk Universe (CRU) to align it with evolving compliance requirements and strategic objectives. This process involved refining existing compliance-risk categories and incorporating new and emerging risks. The updated CRU offers a more accurate and dynamic compliance-risk framework that allows SARS to prioritise and respond effectively to compliance threats.

Additionally, SARS implemented a new Compliance Management System to enhance compliance-risk monitoring, control tracking, and compliance reporting. This initiative aims to create a more agile, data-driven, and strategically aligned compliance programme, enabling SARS to manage compliance risks proactively. In the upcoming year, SARS plans to develop the Compliance Management System by expanding automation, improving reporting capabilities, and integrating compliance processes into business operations.

SARS will continue to review its regulatory universe to include new and amended legislation and track its compliance.

Fraud and Corruption

SARS' initiatives to promote integrity and counteract internal fraud and corruption are ongoing. By facilitating a culture of integrity and ethical behaviour, SARS delivers good governance, improves ethical decision-making, and protects SARS officials, stakeholders, and its reputation.

SARS maintained its collaborative approach to make the organisation resilient to fraud and corruption by promoting integrity at personal, systems, and transactional levels. SARS continued to focus on strengthening governance and stakeholder relationships.

SARS has a Protected Disclosures (Whistleblower) Policy. Several entry points can be used to report suspicions/allegations of fraud and corruption:

- Email Anti-Corruption@sars.gov.za.
- Report via the "Report SARS Employee Corruption" channel on the SARS website.
- Inform line managers' managers if the immediate line manager is implicated.
- Call the SARS Hotline at 0800 00 2870.
- Inform any member of the ACU.
- Inform any member of the Employee Relations Unit.
- File a Report of Suspected Non-compliance (RSN) on the SARS website or intranet.

All incidents are analysed, evaluated, and assigned to the relevant SARS unit via an RSN form. A case is registered, and all related actions are recorded. If disciplinary action is recommended, it is referred to the Disciplinary Initiations Unit (DIU) for evaluation. For confirmed fraud/corruption, a criminal case is registered, and support is given to SAPS and National Prosecuting Authority (NPA) until court conclusion.

Actions Taken where Reported Matters Involve SARS Employees

SARS is dedicated to preventing, detecting, and investigating internal fraud, theft, corruption, and serious misconduct reportedly committed by SARS employees or third parties. SARS will take the necessary disciplinary and criminal action. All allegations are duly considered and, where appropriate, thoroughly investigated.

143 cases were escalated for investigation. Most cases escalated for investigation involved information breaches, unauthorised Interference in Tax Matters (ITM), Irregular Customs Processes (ICP), and matters affecting SARS' own accounts.

143 Cases logged for investigation

89 Internal disciplinary action taken

136 cases were finalised, of which 89 were referred for internal disciplinary action (involving 115 individual matters); nine cases were referred to SAPS; and four cases were referred to the NPA. 82 disciplinary matters were finalised, and positive outcomes were attained in 78% of the matters. This includes 20 dismissals (an additional six matters were finalised owing to the employees' dismissal in another matter); resignations and four lesser sanctions were imposed in 34 cases. These sanctions ranged from Final Written Warnings coupled with suspension without pay, to corrective counselling.

Substantial positive outcomes were achieved in criminal cases: five employees and two external individuals were criminally convicted during the year. Direct-imprisonment sentences ranged from four to 20 years. Eight employees were arrested from June 2024 to July 2024, and another two employees appeared in court with these employees. These employees appeared in court on charges related to fraud, money laundering, contravention of the Tax Administration Act 28 of 2011; contravention of the Customs and Excise Act 91 of 1964; and contravention of the Prevention of Organised Crime Act 121 of 1998. An employee was arrested in March 2025 on charges related to extortion, and three others were also arrested during March 2025 in relation to theft of detained goods from a Customs warehouse. In February 2025, two external accused persons also pleaded guilty in a case pertaining to fraudulent Change of Banking Details (COBD).

78% Actions against employees, including dismissals, resignations, and lesser sanctions

4 Cases referred to NPA

These outcomes demonstrate SARS' continued zero-tolerance of internal fraud and corruption. The organisation drives a culture that deters misconduct and integrity transgressions. Combating corruption within SARS cannot be achieved without dealing with the entire ecosystem. External enablers (clearing agents, depot managers, and tax practitioners) facilitate unethical or unlawful practice. This ecosystem must be SARS' focus and will receive attention in 2025/26.

Minimising Conflict of Interest

SARS aims to build a smart, modern organisation with unquestionable integrity by proactively managing conflicts of interest. This involves being aware of situations that compromise or appear to compromise employees' judgment in the course of their duties. SARS achieved 100% compliance, with all employees declaring their private interests (DoPI). Additionally, 5 112 employees' private interests were verified, especially those considered high-risk, such as Top Management and Supply Chain Management, including the Specification, Evaluation, and Adjudication Committees. Some members of these committees who had conflicts of interest were recused from participating in decision-making to ensure the integrity and reliability of the outcomes, and to protect SARS' reputation as a fair and impartial organisation.

By following a risk-based approach to verify declared private interests, potentially conflicted interests are assessed and mitigated promptly. SARS also verified external candidates' private interests so that the organisation does not appoint candidates whose interests may pose a risk to the organisation. External candidates were required to resolve or mitigate such risks before their appointment. Out of 709 identified conflict risks, 353 candidates resolved or mitigated the risks and were subsequently appointed.

100% Compliance on DoPI submissions

5 112 Employees' private interests verified

Other proactive measures include preventing employees from conducting business with the state. No employees were found to be conducting such business. Members whose companies were registered on the National Treasury's Central Supplier Database (CSD) were asked to deregister their companies to prevent them from conducting business with the state. Efforts to provide clarity and ensure compliance continued through awareness sessions to educate employees and managers about their responsibilities and obligations.



Company Secretary

SARS' Accounting Authority appoints a Company Secretary who provides the entity with professional corporate-governance services, including advice and guidance on the fiduciary duties, responsibilities, compliance, and adherence with laws and regulations. Advocate Lebogang More was appointed as Company Secretary on 1 August 2023.

In my capacity as Company Secretary, I, Lebogang More, hereby certify that, to the best of my knowledge:

a) SARS has submitted to the relevant authorities all such declarations and reports as required in terms of the Public Finance Management Act 1 of 1999 (PFMA) and the Regulations thereof as amended for the financial year ended 2024/25. All such declarations and reports appear to be true, correct, and up to date
b) The Accounting Authority has complied with his obligations in terms of governance, disclosure, and fiduciary responsibilities as set out in applicable legislation, including the PFMA and King IV Report on Corporate Governance.
c) SARS has complied with its founding legislation, the South African Revenue Services Act 34 of 1997 as amended, and all statutory requirements applicable to its operations; and
d) No significant non-compliance matters have been brought to my attention during the year under review that would materially affect the integrity of the Annual Report.

SARS Social Responsibility

Donations Programme

SARS facilitated the donation of 7 982 decommissioned IT and non-IT assets to 118 beneficiaries across all provinces in South Africa. Through strategic partnerships with the Department of Education and the Department of Social Development, SARS identifies beneficiaries among non-fee-paying public schools and non-profit, community-based organisations. Instead of auctioning depreciated assets that are no longer in use, SARS directs these resources toward institutions in need — providing IT equipment and furniture for educational and community upliftment. This initiative not only strengthens SARS' commitment to social benefit, but also optimises cost-efficiency by reducing warehousing expenses and mitigating unnecessary licensing fees for retired IT assets. Efficient asset disposal ensures financial prudence while supporting communities that can benefit from these resources.



7 982 Decommissioned IT and non-IT assets donated



118 Beneficiaries

Annual Nelson Mandela Day

In 2024, the Nelson Mandela Foundation centered its Mandela Day efforts on early childhood development and food security, inspiring SARS employees to contribute within their communities.

The Junior Board spearheaded a drive to support children in need, collecting and donating blankets, canned food, and sanitary products to NGOs across Gauteng, KwaZulu-Natal, Western Cape, and Eastern Cape.

Other

SARS' Kimberley office provided blankets and socks to children in the community. The Upington office donated clothes and non-perishable food items to a local centre supporting survivors of gender-based violence. The Vioolsdrift Border Post collaborated with government counterparts at border crossings to assist a local clinic with essential supplies. SARS also played a pivotal role in disaster relief following severe flooding in Eastern Cape, Western Cape, and KwaZulu-Natal. In collaboration with the Department of Trade, Industry, and Competition; National Treasury; and the Department of Social Development, SARS helped donate blankets and clothing sourced from state warehouses, offering critical support to affected communities.

Internal Audit Report

Objective

Internal auditing enhances SARS' ability to serve the public interest by improving governance, risk management, and control. It contributes to operational efficiency, reliable reporting, legal compliance, asset protection, and ethical culture, ultimately fostering public trust. Internal auditing provides independent, risk-based assurance, advice, and insights that strengthen SARS':

» Achievement of objectives.
» Governance, risk management, and control.
» Decision-making and oversight.
» Reputation and credibility among its stakeholders.
» Service to the public interest.

Summary of Work Done for the 2024/25 FY

Internal audit has executed its work in accordance with the approved audit plan by the Audit and Risk Committee. The key features of the audit plan included:

» A balanced approach that enabled Internal Audit to draw an appropriate conclusion on its evaluation of governance processes, risk management, and control.
» A risk-based methodology considering a wide spectrum of risks — including Strategic, Operational, Compliance, Financial, Sustainability, and Environmental — within which the organisation operates. Both internal and external risks were considered.
» An agile and responsive approach to business needs, delivering focused audit projects conducted promptly and efficiently.
» Responsiveness to stakeholders (Commissioner, Management, and ARC).

Accordingly, the plan included audit projects focusing on information technology, core business operations, support operations, and financial management. Shown in the "Audit Projects at a Glance" illustration are some of the key areas evaluated during the financial year, with results presented to management and the Audit and Risk Committee.

Audit Projects at a Glance

The audit projects indicated in this diagram emerged from the planning process and were included in the operational plan for the 2024/25 financial year. Our resources and efforts were focused on these projects:



Fraud Audit Reviews

1. Internal Fraud Awareness Campaigns Review
2. VAT Refunds Fraud
3. Fictitious PAYE Employers
4. Anti-Fraud Program (for taxpayers) review



Taxpayer Engagement Operations Environment

1. Taxpayer Education
2. VAT Registration Review
3. Taxpayer Register Review: Segment SMME
4. Filing and Payment Compliance Index Performance
5. Tax Verification - Continuous Audit reviews
6. Tax Compliance Status Verification
7. Inventory management: Debt
8. Taxpayer Engagement Governance Review Process (Zwonaka)
9. Customs Modernisation programme Review
10. Customs Post Clearance Audit (PCA)
11. Road Accident Fund (RAF)



Information Technology Audit Reviews

1. Data Privacy Compliance Review
2. Review of Information Security Awareness and Training
3. Identity Access Management (IAM)
4. Information Security Programme Review
5. Cloud Security Status Review (Advisory)
6. Business Continuity Management (BCM) Initiative review
7. Back-up Management Review
8. Emerging Technologies Audit (Advisory)

Environment Social Governance (ESG) will be covered as an Ad-hoc audit review
E-Invoicing and Digital Reporting Programme Assurance – Information gathering





Corporate and Enterprise Environment

1. Annual Financial Statement Review
2. Internal Financial Controls - Process Level Controls - Trade & Other Payables
3. Internal Financial Controls (IFC) - Process Level Control - Own Accounts – Provisions
4. Physical Facilities (Infrastructure / Building Maintenance including space planning) Review
5. PFMA Expenditure Review
6. Guarantees and Suretyships Review
7. Debt Write Off Reconciliation Process
8. Tender Compliance Review
9. Organisational Health and Safety
10. Payroll increases and bonuses



Performance Audit Reviews

SARS - Audit of Predetermined Objectives (AoPO) 2024/25

Audit and Risk Committee



Ms Doris Dondur

Chartered Accountant (SA),
Chartered Director (SA)
External

Appointed: 2 August 2018;
Term ended: 30 September 2024
Attended: 10 meetings in 2024/25

Qualifications:

- Bachelor of Accounting (Stellenbosch)
- Honours B Compt (Unisa)
- Global International Executive Development Programme (Wits and London Business School)
- International Executive Development Programme (University of Reno)
- Honours in Business Administration (Stellenbosch Business School)
- Master's in Business Administration (Stellenbosch Business School)
- Post Graduate Certificate in Labour Relations (Unisa) (Cum Laude)



Mr Thabiso Ramasike

CAIB (SA)
(Institute of Bankers of SA)
External

Appointed: 14 July 2016;
Term ended: 30 September 2024
Attended: 7 meetings in 2024/25

Qualifications:

- BComm (UJ)
- Senior Executive Development Programme (GIBS)
- Global International Executive Development Programme (University of Toronto and York University, Canada)



Ms Carmen Cary-Anne Mpelwane

Chartered Accountant (SA),
CFA Charter Holder
External

Appointed: 24 February 2022

Attended: 8 meetings in 2024/25

Qualifications:

- Bachelor of Business Science (Finance Honours, UCT)
- Postgraduate Diploma in Accounting (UCT)



Mr Barend Petersen

Chartered Accountant (SA)
External

Appointed: 20 September 2021
Chairperson from 1 October 2024
Attended: 7 meetings in 2024/25

Qualifications:

- B Compt (Unisa)
- Honours B Compt (Unisa)



Ms Alice le Roux

Registered Auditor, Chartered Accountant (SA),Tax Practitioner
External

Appointed: 1 October 2024

Attended: 2 meetings in 2024/25

Qualifications:

- Bachelor of Accounting (Stellenbosch)
- Honours B Compt (Unisa)

Report of the Audit and Risk Committee

The SARS Audit and Risk Committee is pleased to present its report for the financial year ending 31 March 2025.

Audit and Risk Committee Responsibility

The Committee is satisfied that it has complied with its responsibilities as outlined in Section 51(1)(a)(ii) of the PFMA, Treasury Regulation 27.1. The Committee also reports that it has adopted and reviewed formal Terms of Reference as its Audit and Risk Committee Charter and has discharged all its responsibilities as contained therein.

Audit and Risk Committee Membership

Until 30 September 2024, the Committee had four Independent Members chaired by Ms Doris Dondur. As of 1 October 2024, it has three Independent Members chaired by Mr Barend Petersen. The Committee held five ordinary meetings for the financial year ending 31 March 2025, as per its Terms of Reference.

The Effectiveness of Internal Controls

The PFMA requires the Accounting Authority to ensure that the organisation has and maintains effective, efficient, and transparent systems of financial, risk management and internal controls. The Committee reviews the effectiveness of internal controls and oversees risk management. The reviews on the effectiveness of the internal controls were conducted and covered financial, operational, compliance and risk assessment.

In line with the applicable legislation, Internal Audit provides the Committee and management with reasonable assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their effectiveness and efficiency and by developing recommendations for enhancement or improvement. The Committee has reviewed the Internal Audit findings which did not reveal any shortcomings in internal controls during the year under review.

Through the Committee's analysis of the audit reports and engagement with the management team, the Committee reports that the system of internal controls for the period under review was adequate and effective and the risks were found to be at an acceptable level.

In-Year Management and Monthly/Quarterly Reports

The public entity has reported monthly and quarterly to National Treasury, as required by the PFMA. The Committee has reviewed the quarterly management reports of the organisation and is satisfied with the adequacy of information provided by the organisation.

Evaluation of Financial Statements

The Committee reviewed the Annual Financial Statements prepared by the public entity and is satisfied that they comply with the applicable Accounting Standards and that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates.
- Clarity and completeness of disclosure and whether disclosures made have been properly set in context.
- Changes in Accounting Policies and Practices.
- Significant adjustments resulting from the Audit.
- Compliance with accounting standards and legal requirements.
- Explanation for the accounting treatment adopted.
- Material, unique transactions.
- Reasons for year-on-year fluctuations.
- Asset valuations and revaluations.
- Re-assessment of the useful life of the assets.

Internal Audit

Internal Audit is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across all the significant areas of the organisation and its operations.

The Committee is responsible for ensuring that the organisation's internal audit function is independent and has the necessary resources, skills, standing and authority within SARS to enable it to discharge its responsibilities effectively. The Internal Auditors have unrestricted access to the Committee. The Committee has also had in-committee meetings with the Head of Internal Audit.

The Head of Internal Audit has a direct functional reporting line to the Chairperson of the Committee. The Committee reviews and approves the Internal Audit Plan annually. Internal Audit's activities are measured against the approved internal audit plan and the Head of Internal Audit tables progress reports in this regard to the Committee.

For the financial year ended 31 March 2025, the Internal Audit function derived at their overall opinion as per the table below which summarises the internal audit overall opinion based on the audit results of the various audit projects undertaken for the financial year under review:

Process	Opinion
Control Environment	Adequate

The Committee is satisfied that Internal Audit has appropriately discharged its functions and responsibilities in the year under review. Accordingly, the Committee has reviewed the Internal Audit Charter, approved the audit plan, and deliberated on the quarterly reports as submitted by Internal audit.

External Audit Report: Auditor-General of South Africa (AGSA)

The Committee noted the terms of the AGSA's engagement letter, audit strategy, and audit fees in respect of the 2024/25 financial year. It is legislated that the Auditor-General of South Africa is the appointed auditors of the entity, and the Committee has noted that there were no non-audit services rendered by them during the year.

The Committee has also had in-committee meetings with the AGSA.

Risk Management

Management is responsible for the establishment and maintenance of an effective system of governance relating to, inter alia, risk management and the prevention and detection of fraud and internal controls. Internal Audit was guided by the prevailing section of governance systems which determines the risk profile provided by management in identifying critical audit areas and management's inputs in the formulation of its 3-year strategic and annual plans.

The entity has an Enterprise Governance and Risk Committee that is composed of Executive Committee members and senior management to fulfil the risk management responsibilities. The risk registers are updated quarterly to ensure that all the major risks, including emerging risks facing the organisation are effectively managed. The Committee monitors the risk register and management's progress with regards to the implementation of the risk mitigating actions at its quarterly meetings.

Conclusion

The Committee has reviewed the AGSA's management and audit reports for the financial year ended 31 March 2025 and concurs with their conclusions.

The Committee, therefore, accepts the audit opinion and conclusion expressed by the AGSA on the Annual Financial Statements, Annual Performance Report, and Annual Report.

The review of Annual Financial Statements and the Annual Performance Report for the 2024/25 FY was completed at the Committee's meeting held on 29 July 2025.

Signed on behalf of the Audit and Risk Committee by:



Mr Barend Petersen
Chairperson of the Audit and Risk Committee
29 July 2025

B-BBEE Compliance Performance Information

Elements	Available Points	Score Achieved 2024	Score Achieved 2023
Management Control	20.00	16.59	16.34
Skills Development	25.00	10.64	8.1
Enterprise & Supplier Development:	50.00	48.23	40.75
Procurement	30.00	28.23	25.69
Supplier Development	15.00	15.00	10.89
Enterprise Development	5.00	5.00	4.16
Socio-Economic Development	5.00	5.00	5.00
Total Achieved	**100.00**	**80.47**	**70.19**
Level Achieved		**Six**	**Seven**

Management Control

SARS has achieved 16.59 in 2024 vs 16.34 in 2023. This can be attributed to several key initiatives and strategic changes implemented in the organisation leadership.

Skills Development

- SARS achieved 10.64 in 2024 vs 8.1 in 2023.
- The leviable amount increased by 1.08% in 2024.
- The increase in the headcount number of learners contributed to the increase in Skills Dev score.

Enterprise and Supplier Development: Procurement

SARS achieved 28.23 points in 2024 on this element, below is the breakdown depicting how well SARS has performed in this area.

- Spend from All Empowering Suppliers; 5/5.
- B-BBEE Spend from empowering suppliers who are 51% black owned; 11/11.
- B-BBEE Spend from empowering suppliers who are 30% black women owned; 5/5.
- B-BBEE Spend from designated groups who are 51% black owned; 2/2.

Supplier Development

SARS achieved 15 points in 2023 in comparison with 10.89 points in 2023 for Supplier Development. This was as a result of the R10 million spent on Supplier Development initiatives and through implementation of shorter supplier payment periods.

Enterprise Development

SARS achieved 5 points in 2024 in comparison with 4.19 points in 2023 for Enterprise Development. This due to a R10 million investment towards enterprise and supplier development initiative in partnership with the National Empowerment Fund (NEF).

Socio-Economic Development

Socio-Economic Development points have remained constant at 5 points. This can be attributed to the positive impact made by to SARS contribution to the SAICA Thuthuka Bursary Fund.

SARS has made significant strides towards its transformation objectives as evident in SARS achieving a record first B-BBEE Level 6 in its history.

Criteria Response	Yes/No	Discussion
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	Not applicable – SARS is a schedule 3A entity not charged with the responsibility of issuing licenses, concessions, or other authority in respect of economic activity.
Developing and implementing a preferential procurement policy?	Yes	SARS has a Procurement policy that aligns to the preferential Procurement Policy Framework of government.
Determining qualification criteria for the sale of sate-owned enterprise?	No	Not applicable as it does not fall within the scope of SARS mandate.
Developing criteria for entering into partnerships with the private sector?	No	None required within SARS' Mandate.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	SARS evaluated the goals and objectives of the Thuthuka Upliftment Fund before making a financial contribution to be managed by the fund and utilized for the purpose of providing bursaries to students.

04

HUMAN CAPITAL AND DEVELOPMENT

PART FOUR





SARS People Management

Embedding the SARS Leadership Model

SARS focuses on enhancing leadership at all levels. SARS' Leadership Development initiatives foster continuous learning. During the financial year, 95% of executive leaders engaged in sessions to discuss, align, and better understand the Leadership Model's attributes. This practical approach supports SARS' Higher Purpose and its goals of stewardship, service obsession, care, and growth. The Leadership Model was shared with various administrations nationally and internationally. SARS has embarked on an ambitious modernisation programme, with leadership playing a central role. This includes initiatives to strengthen leadership in the realm of AI; preparing employees for the future of work; enhancing employee engagement; and transforming workforce diversity, integrity, and professionalism.

The SARS Leadership Model establishes a framework outlining the competencies and attributes expected of all SARS leaders. It serves to guide SARS in fulfilling its mandate to collect all revenue, improve compliance, and facilitate legitimate trade. This model communicates SARS' aspirational vision and how it aims to be perceived by its stakeholders.

The Leadership Model is balanced with the Employee Rights Charter, which gives employees the right to:

- Do work they enjoy.
- Understand the meaning of the work they do.
- Know what to do to be successful in their role.
- Receive helpful performance feedback.
- Experience a fair deal.

It is the role of SARS leaders to deliver SARS' Employee Value Proposition, so that employees' rights are a "lived experience". When leaders behave in a way that allows employees to experience their rights concretely, SARS cultivates engaged employees who are connected intellectually, psychologically, and emotionally with SARS.

Women in Leadership

The Women in Leadership (WIL) initiative at SARS is a key component of its commitment to workforce diversity. WIL helps to develop and empower women in leadership roles and prepare them for the future world of work. WIL governance documents and Competency Building Framework are implemented and monitored by the Regional Forums, who go above and beyond to apply the care and growth model to all employees. WIL collaboration with existing committees and forums has intensified, enabling WIL to contribute to common goals to achieve gender balance. Empowered WIL members share their leadership work and experiences with external administrations. The future endeavours of WIL will be integrated into the people-modernisation initiative and the "Accelerate Action" plan.

Junior Board

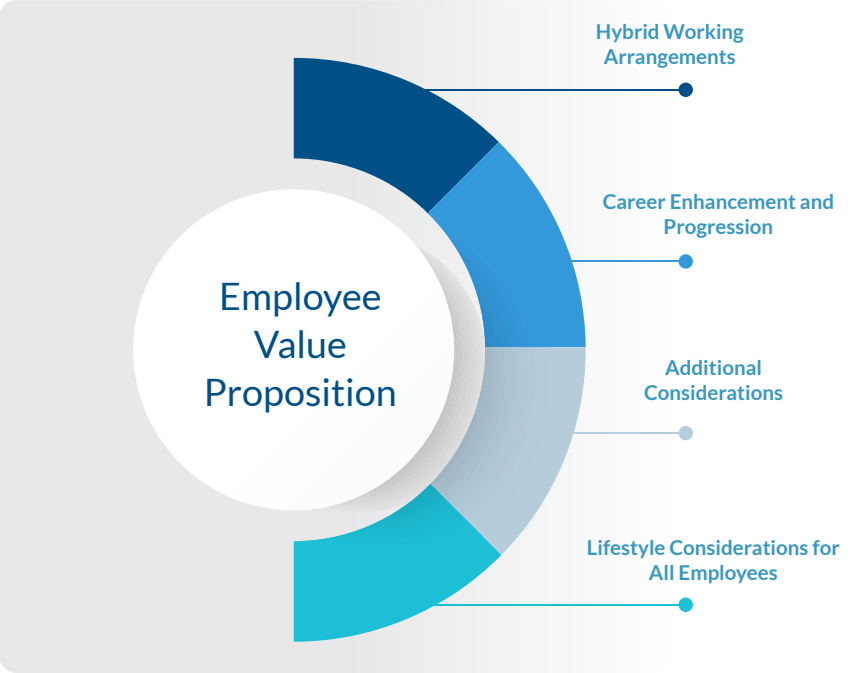
The Youth@SARS initiative builds future leaders and strengthens SARS' leadership. The Junior Board and Council 2.0 enhance young employees' leadership skills, contribute to strategic goals, and engage the "Youth@SARS" community.

Initiatives such as the SARS Leadership Model, Junior Board, and WIL enhance leadership capabilities and prepare employees for future work environments. In the future, these initiatives will be integrated into SARS' broader modernisation programme so that the organisation remains at the forefront of innovation and leadership.

Employee Value Proposition (EVP)

The SARS EVP aims to provide a flexible, agile, and meaningful value proposition by offering a conducive working environment and continuous career development. EVP enables SARS employees to thrive and achieve the organisation's vision and strategy. This will enable SARS to attract and retain the best talent while aligning the EVP to the changing world of work and employee expectations.

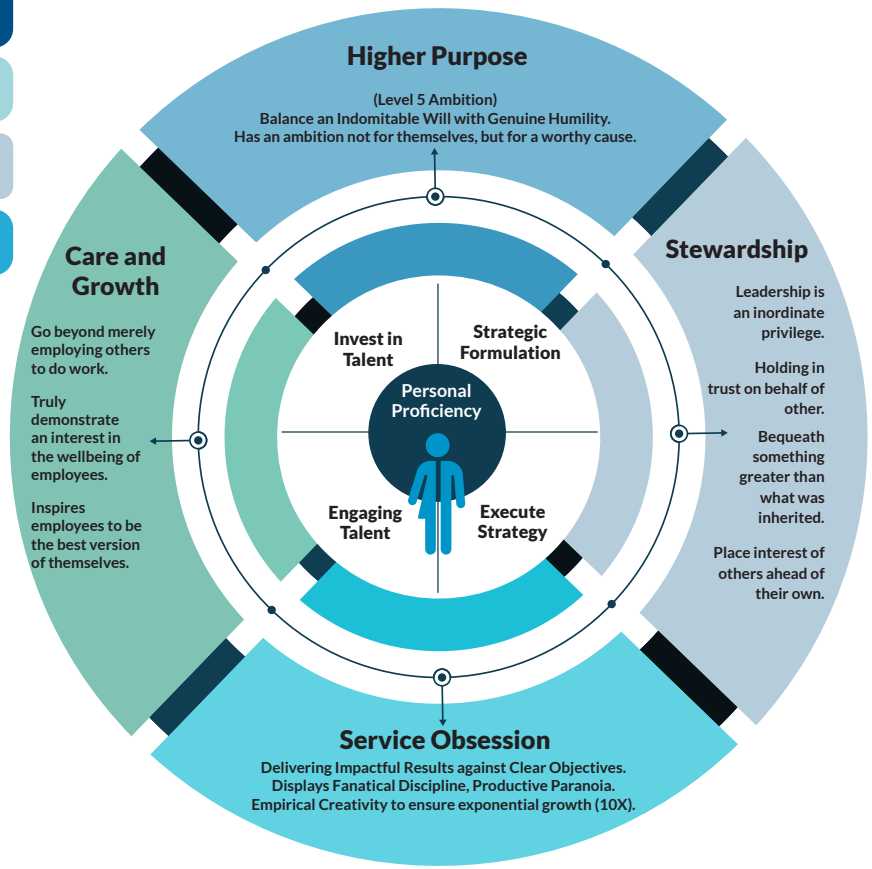
The focus is on the enhanced offerings related to Career Enhancement and Progression continued as planned. SARS remains committed to find the best balance between employee and taxpayer/trader experience. SARS is refining its EVP to be flexible, agile, and meaningful. It prioritises a conducive working environment and continuous career development linked to the organisation's Higher Purpose, enabling employees to thrive and achieve the vision and strategy.



Leadership Model and Employee Value Position

SARS Leadership Model
Every SARS Leader shall

1. **Display Personal Proficiency**
   WHO I AM
   (Personally and Professionally)
2. **Manage people and work**
   WHAT I DO
   (Personal Competence)
3. **Impact others positively**
   WHAT I STAND FOR
   (Personal Brand)



How managers should behave toward employees

The intellectual, psychological and emotional contract between SARS and its Employees that renders a highly engaged workforce to deliver the institutional mandate effectively, while providing an experience to every employee that is fulfilling and rewarding

Financial and Non-Financial Components of Rewards and Benefits

Employee Engagement Model (Employee Rights Charter)

Every Employee has the right to:

- Do work they enjoy
- Understand the meaning of their work
- Know what "winning" means
- Receive helpful performance feedback
- Experience a "fair deal"

What employees should expect from their managers

SARS Employee Value Proposition =
The Intellectual, Psychological and Emotional "Contract" + Financial and Non-Financial Rewards

Enterprise Capacity Management

SARS continues to adopt an integrated approach to Strategic Operational Performance Analysis and Resource Planning. This empowers the organisation to maximise resource use, while enhancing overall efficiency and effectiveness. Enterprise Workforce and Resource Planning aligns the needs and priorities of the organisation with those of its resources to meet the organisation's Strategic Objectives.

SARS has implemented Activity Based Management Principles through the consortium for Advanced Management International Institute (CAM-I) framework. These principles integrate the demand for resources derived from the Strategic Objectives through the execution of activities. These methodologies are supported by the SARS Enterprise Capacity and Performance Measurement Policy, providing a uniform framework to manage Enterprise Capacity and Performance Measurement. SARS constantly monitors and reviews resource supply and demand across the value chain.

SARS has built additional capacity within key specialised disciplines, as part of its Strategic Recruitment Drive, such as Debt Management; Information Technology; Audit and Risk Detection; Data Analytics/Science; and Investigations. Furthermore, SARS has established several graduate programmes across various fields of specialised skillsets. These graduate programmes develop capacity in areas of high specialisation. To date, these efforts have contributed to steady growth in critical skills which enable SARS to achieve its Strategic Objectives.

In summary, SARS' Strategic Operational Performance Analysis and Resource Planning method:

- Improves SARS' workforce with upskilling and reskilling.
- Invests in critical skills and emerging jobs to balance the supply and demand of skills.
- Improves resource scheduling for high-priority work items coordinated nationally across SARS' regional footprint.
- Allocates dedicated capacity to maximise output in planned initiatives and campaigns.
- Provides practical intelligence on non-value-adding activities; root-cause analysis; productivity metrics; benchmarks; and scenario planning.
- Identifies areas for improvement.
- Supports long-term planning to align resource capacity with operational requirements and SARS' mandate.

SARS has also enhanced its daily operations production plan by integrating diagnostics across processes, personnel, and technology. Business Unit Models have been improved to provide real-time views of productivity, allowing for more agile resource management and planning. Additionally, the development of a Predictive Master Production Plan is underway, enabling SARS to deploy resources dynamically in response to taxpayers' cyclical demand.

The National Command Centre Report, published monthly, offers valuable insights into organisational trends, ensuring an optimal balance between resource supply and demand. In-depth regional and functional analysis reports further highlight factors affecting resource performance across SARS' national footprint.

Staffing decisions are informed by established organisational-capacity plans and budget considerations, both of which are regularly reviewed to meet evolving operational needs.

Staff Recognition

The Annual Recognition Awards celebrate excellence by recognising individuals and teams who have made exceptional contributions to achieving SARS' strategic objectives. These awards aim to foster a culture of high performance, collaboration, and accountability while acknowledging innovative approaches and exceptional service.

The Annual Recognition event was during January 2025 and was broadcasted. The recognition event included National Winners as well as Long Service Recognition.

Each SARS employee was also awarded with a Public Trust Award. This was because of the previous survey in which public trust in SARS moved from 48% to 75%. The Public Trust Award recognised the contribution of every employee that led to this collective result.

The various recognition awards are listed in the table.

Type of Award	Description	Number of Staff Nominated	Number of Winners
On-the-spot Awards	Nominees	7 847	N/A
National Recognition Awards	Individuals award nominations	1 772	40 individuals on national level
	Team awards nominations	767 teams	20 teams (153 individuals) on national level



Safety, Health and Wellness

In the execution of their responsibilities, SARS employees may be exposed to adverse Safety, Health, and Environmental (SHE) conditions. Environmental risk has attracted increasing attention. SARS has strengthened the application of environmental regulations for its workplaces. SARS is also looking to understand the effect of climate change on workplaces; waste management; pollution control; and the impact of SARS activities on biodiversity, habitat management, and disaster management.

SARS has conducted several Baseline Risk Assessments to determine the nature and extent of risks affecting employees. The Risk Assessments cover the broad landscape of offices, residential accommodation, and job-specific activities. The Risk Assessments have identified a combination of risks that SARS is managing. These risks are physical, chemical, biological, ergonomical, and psychological. These assessments are implemented to ensure a safe and healthy working environment.

SARS has improved its Enterprise Wellness Strategy to promote employee resilience, wellbeing, and sustained performance. Through a combination of national initiatives and regionally led implementation plans, the Wellness Programme has expanded its presence across the organisation, reinforcing wellness as a strategic enabler of organisational effectiveness.

SARS has seen a notable increase in employee engagement with Wellness services, particularly in areas such as clinical support, stress debriefing, health education, and preventative interventions. This upward trend indicates a positive shift from seeking assistance only during times of distress to proactively managing wellbeing and stress before they escalate.

The programme achieved an engagement rate of 44.97%, reflecting strong participation and trust in the services provided. The most frequently cited issues included family and relationship challenges, trauma, workplace difficulties, and symptoms of anxiety and depression. These trends continue to guide the focus of wellness interventions, including specific training in mental health, resilience building, financial wellness, and stress management. These interventions seek to equip employees with practical tools to navigate both personal and work-related pressures. The increase in usage also indicates an increased need for these programmes thus necessitating a pro-active approach.

However, there was a slight decline in participation by line managers and employee dependents, underscoring the need to re-engage leadership more actively. Emphasising the availability and value of family support services also remains crucial to broaden the overall benefit of the programme.

To sustain momentum, SARS used digital platforms, launched awareness campaigns, and equipped line managers with tools to promote wellness within their teams. These efforts enable support to remain accessible, visible, and aligned with the evolving needs of the workforce.

Gender Equality and Persons with Disabilities

SARS remains unwavering in its dedication to foster equality for women and persons with disabilities. This commitment began in 2020, with a focus on eliminating Gender-Based Violence (GBV) and identifying inequality as a significant factor contributing to Gender-Based Violence and Femicide (GBVF). Consequently, SARS established three key streams: Equality for Persons with Disabilities, Gender Equality, and SARS Response to GBVF.

To support persons with disabilities internally, SARS has introduced a variety of programmes. These include appointing Disability Champion leads for five primary categories; providing ongoing Sign Language training; and revising policies to deliver reasonable accommodation. Externally, SARS has initiated campaigns such as Deaf Awareness Month and graduate programmes, designed to create more opportunities for persons with disabilities.

In terms of promoting gender equality, SARS works closely with Employment Equity and Skills Development Committees (EESDC) to enhance diversity and inclusion. Key initiatives such as the Women in Customs forum and International Women's Day celebrations underscore SARS' commitment to these values. Furthermore, the "DARE TO DECLARE" campaign encourages employees to disclose disabilities, facilitating better accommodation and support.

SARS' efforts to combat GBVF include reviewing the organisational code of conduct; establishing Men's Forums; and launching the "SARS SAYS NO TO GBV" campaign. These comprehensive strategies highlight SARS' dedication to creating a secure, inclusive, and equitable environment for all employees and stakeholders.



Talent Management and Development

Continuous Development of the Workforce

At the heart of Strategic Objective 4 lies a commitment to develop a professional SARS workforce. The way SARS develops employees is by investing in them appropriately, providing them with development opportunities, and diversifying the talent pipeline with cohorts of graduates.

In responding to the need to build a talent pipeline for SARS, the organisation has enrolled 205 graduates across tailored development programmes and implemented various Youth Development Initiatives.

Enrolled 205 graduates across tailored development programmes

9 041 (70%) Employees have participated in structured training and mentorship programmes

In line with the strategy to insource staff previously employed for cleaning services, SARS continues to invest in the upskilling and reskilling of General Assistants through structured development programmes.

Driven by SARS' commitment to inclusive professional development, 9 041 (70%) employees have participated in structured training and mentorship programmes. Additionally, 449 bursaries have been awarded, enabling employees to pursue recognised occupational qualifications and certifications. This aspiration is enabled by tailored, role-based, and competency-based learning paths. These paths enable every employee to grow from where they are to where they aspire to be within the defined job families.

Future Direction

Looking ahead, SARS will bolster its learning and development frameworks by incorporating AI-driven analytics, assessments, and continuous feedback. These will allow training programmes to remain up to date and beneficial, fostering a highly skilled and adaptable workforce.

The continued implementation of Learning and Talent Development interventions underscore SARS' commitment to employee growth and organisational excellence. By investing in people, SARS not only enhances individual capabilities, but also drives the overall success of SARS.

Employee Performance Management

SARS continued to refine its approach to employee performance management, aligning individual contributions with the strategic objectives while fostering a culture of growth, accountability, and recognition.

This year, SARS continued the practice of quarterly performance evaluations (99% participation rate) and encouraged regular check-ins as feedback mechanisms. This enabled managers and employees to engage in meaningful, ongoing dialogues, ensuring alignment with evolving business priorities. By taking advantage of various performance-management platforms and reporting mechanisms, SARS enhanced transparency, allowing employees to track their progress against key performance indicators and access personalised development plans.

The focus was to align individual goals with the organisational priorities and central pre-population of 75% of scorecards. This approach clarified expectations and supported engagement through a stronger sense of purpose in employees' work, measured by the engagement survey.

The management of poor work performance has been automated. SARS identified Skill (30%), Knowledge (17%), and Motivation (10%) as the major reasons for under-performance;remedial action was taken in 52% of the incidents.

Data analytics play a pivotal role in optimising SARS' performance-management approach. By analysing performance trends, SARS identifies high-impact areas for improvement, such as time-management and cross-functional collaboration. This data-driven strategy helps SARS formulate performance interventions to boost team productivity.

Looking ahead, SARS is committed to refining its performance-management practices. The organisation plans further process integration and enhanced reporting capabilities. SARS is exploring AI-driven tools to provide predictive insights into employee-performance trends. By continuing to prioritise feedback, development, and recognition, SARS is sustaining a high performing, engaged workforce that drives the organisation's long-term success.

This year's achievements reflect the dedication of SARS' employees, modern management practices, and the strength of the performance-management system, positioning SARS for continued growth and excellence in the years to come.



Oversight Statistics

Workforce Profile (Employment Equity)

Occupational Levels		Male				Female				Foreign Nationals		Total
		African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top Management	Value	28	5	9	19	18	4	5	6	0	0	94
	%	29.79%	5.32%	9.57%	20.21%	19.15%	4.26%	5.32%	6.38%	0.00%	0.00%	100.00%
Senior Management	Value	113	15	34	52	93	10	21	45	1	0	384
	%	29.43%	3.91%	8.85%	13.54%	24.22%	2.60%	5.47%	11.72%	0.26%	0.00%	100.00%
Professionally Qualified	Value	1 043	165	157	350	1 096	174	157	453	14	7	3 616
	%	28.84%	4.56%	4.34%	9.68%	30.31%	4.81%	4.34%	12.53%	0.39%	0.19%	100.00%
Skilled	Value	1 898	261	119	223	3 647	580	231	917	6	4	7 886
	%	24.07%	3.31%	1.51%	2.83%	46.25%	7.35%	2.93%	11.63%	0.08%	0.05%	100.00%
Semi-skilled	Value	94	19	4	13	242	43	8	102	-	-	525
	%	17.90%	3.62%	0.76%	2.48%	46.10%	8.19%	1.52%	19.43%	0.00%	0.00%	100.00%
Unskilled	Value	118	7	-	2	485	23	-	-	-	-	635
	%	18.58%	1.10%	0.00%	0.31%	76.38%	3.62%	0.00%	0.00%	0.00%	0.00%	100.00%
Grand Total	Value	3 294	472	323	659	5 581	834	422	1 523	21	11	13 140
	%	25.07%	3.59%	2.46%	5.02%	42.47%	6.35%	3.21%	11.59%	0.16%	0.08%	100.00%

Occupational Levels	Description
Top Management	Commissioner | Deputy Commissioners | Chief of Staff | Heads as direct reports
Senior Management	Represents Senior Management: Broadband Level Executive
Professionally Qualified	Professionally Qualified & Experienced Specialists, Middle and Junior Management and some Fixed Short Term Contract employees
Skilled	Represents Functional Operators, Seasonal Workers and some Fixed Short Term Contract employees
Semi-skilled	Represents Trainees and Administrators
Unskilled	Represents General Assistants

Average Cost to Company per Division (Annual CTC) as at 31 March 2025

Cluster	Personnel Expenditure (CTC)	% Personnel Expenditure to Total Personnel Cost (CTC)	Number of Employees	Average Cost per Employee
	R	%	#	R
Chief of Staff and OOC	160 521 424	1.88%	120	1 337 679
Corporate and Enterprise Services	831 576 375	9.74%	1 000	831 576
Strategy Enablement and Modernisation	1 125 437 006	13.18%	1 107	1 016 655
Taxpayer Engagement and Operations	6 418 543 147	75.19%	10 913	588 156
Grand Total	**8 536 077 951**		**13 140**	**649 625**

Average Cost to Company per Occupational Level

Occupational Levels	Personnel Expenditure (CTC)	% Personnel Expenditure to Total Personnel Cost (CTC)	Number of Employees	Average Cost per Employee
	R	%	#	R
Top Management	264 263 056	3.1%	94	2 811 309
Senior Management	689 324 833	8.1%	384	1 795 117
Professionally Qualified	3 710 166 423	43.5%	3 616	1 026 042
Skilled	3 625 090 179	42.5%	7 886	459 687
Semi-skilled	166 160 580	1.9%	525	316 496
Unskilled	81 072 881	0.9%	635	127 674
Total	**8 536 077 951**		**13 140**	**649 625**

Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	2023/24	2024/25	% of Total no. of Disciplinary Actions 2024/25
Demoted	2	0	0.00%
Dismissed (Disciplinary Hearing)	34	8	26.67%
Final Written Warning	15	3	10.00%
Salary Suspended	13	5	16.67%
Written Warning	1	2	6.67%
Not Guilty	3	4	13.33%
Employee Deceased	1	0	0.00%
Employee Resigned	14	3	10.00%
Charges Withdrawn	3	1	3.33%
Other	3	4	13.33%
Total	**89**	**30**	

Staff Movement

Occupational Levels	Employment at beginning of period	Employment at end of period	All Employees Headcount Growth
Top Management	4	94	90
Senior Management	473	384	-89
Professionally Qualified	3 678	3 616	-62
Skilled	7 426	7 886	460
Semi-skilled	558	525	-33
Unskilled	666	635	-31
Total	**12 805**	**13 140**	**335**

Appointments

Occupational Levels	All Appointments: External	Re-Instatement
Top Management	3	
Senior Management	9	
Professionally Qualified	118	2
Skilled	727	1
Semi-skilled	98	
Unskilled	0	
Total	**955**	**3**

Termination Reasons

Exit Reason	Permanent Employees	All Employees
Death	38	40
Resignation	206	258
Retirement	211	211
Termination ER	25	30
Other	0	86
Total	**480**	**625**

Injury on Duty

Number of Injury on Duty	2024/25	% of Total
Claim Rejected	2	4.76%
In Adjudication	5	11.90%
Liability Accepted	18	42.86%
New Claim	13	30.95%
Waiting on Information	4	9.52%
Total	**42**	**100.00%**

Recruitment

Occupational Levels		Male				Female				Foreign Nationals		Total
		African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top Management	Value	0	1	0	1	0	0	1	0	0	0	3
	%	0.00%	33.33%	0.00%	33.33%	0.00%	0.00%	33.33%	0.00%	0.00%	0.00%	100.00%
Senior Management	Value	4	0	0	1	3	0	1	0	0	0	9
	%	44.44%	0.00%	0.00%	11.11%	33.33%	0.00%	11.11%	0.00%	0.00%	0.00%	100.00%
Professionally Qualified	Value	32	2	9	9	53	2	4	7	0	0	118
	%	27.12%	1.69%	7.63%	7.63%	44.92%	1.69%	3.39%	5.93%	0.00%	0.00%	100.00%
Skilled	Value	215	12	10	4	444	25	12	5	0	0	727
	%	29.57%	1.65%	1.38%	0.55%	61.07%	3.44%	1.65%	0.69%	0.00%	0.00%	100.00%
Semi-skilled	Value	34	0	0	1	62	0	0	1	0	0	98
	%	34.69%	0.00%	0.00%	1.02%	63.27%	0.00%	0.00%	1.02%	0.00%	0.00%	100.00%
Unskilled	Value	0	0	0	0	0	0	0	0	0	0	0
	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grand Total	Value	285	15	19	16	562	27	18	13	0	0	955
	%	29.84%	1.57%	1.99%	1.68%	58.85%	2.83%	1.88%	1.36%	0.00%	0.00%	100.00%

Note: Re-Instatements Excluded

Attrition

Occupational Levels		Male				Female				Foreign Nationals		Total
		African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top Management	Value	2	0	0	3	0	0	1	0	0	0	6
	%	33.33%	0.00%	0.00%	50.00%	0.00%	0.00%	16.67%	0.00%	0.00%	0.00%	100.00%
Senior Management	Value	3	4	1	6	2	0	2	5	0	1	24
	%	12.50%	16.67%	4.17%	25.00%	8.33%	0.00%	8.33%	20.83%	0.00%	4.17%	100.00%
Professionally Qualified	Value	42	7	6	27	34	3	4	28	0	1	152
	%	27.63%	4.61%	3.95%	17.76%	22.37%	1.97%	2.63%	18.42%	0.00%	0.66%	100.00%
Skilled	Value	96	14	1	23	133	25	7	70	0	0	369
	%	26.02%	3.79%	0.27%	6.23%	36.04%	6.78%	1.90%	18.97%	0.00%	0.00%	100.00%
Semi-skilled	Value	15	0	1	0	25	1	1	12	0	0	55
	%	27.27%	0.00%	1.82%	0.00%	45.45%	1.82%	1.82%	21.82%	0.00%	0.00%	100.00%
Unskilled	Value	2	0	0	0	15	2	0	0	0	0	19
	%	10.53%	0.00%	0.00%	0.00%	78.95%	10.53%	0.00%	0.00%	0.00%	0.00%	100.00%
Grand Total	Value	160	25	9	59	209	31	15	115	0	2	625
	%	25.60%	4.00%	1.44%	9.44%	33.44%	4.96%	2.40%	18.40%	0.00%	0.32%	100.00%

Annual Leave

Occupational Level	Total Days	Number of Employees Using Annual Leave	Average Days per Employee
Top Management	2 416	97	25
Senior Management	10 535	395	27
Professionally qualified	96 420	3 687	26
Skilled	191 681	7 931	24
Semi-skilled	11 504	488	24
Unskilled	14 092	647	22
Grand Total	**326 646**	**13 245**	**25**

Sick Leave

Occupational Level	Total Days	Number of Employees Using Sick Leave	Average Days per Employee
Top Management	314	61	5
Senior Management	2 188	276	8
Professionally qualified	26 484	3 001	9
Skilled	75 156	7 057	11
Semi-skilled	4 031	378	11
Unskilled	5 767	578	10
Grand Total	**113 940**	**11 351**	**10**

Performance Rewards

Occupational Level	Performance Rewards	Personnel Expenditure (CTC)	% of Performance Rewards to Total Personal Cost
	R	R	%
Top Management & Senior Management	50 863 777	953 587 889	5.33%
Professionally qualified	210 993 365	3 710 166 423	5.69%
Skilled	182 359 184	3 625 090 179	5.03%
Semi-skilled	7 830 492	166 160 580	4.71%
Unskilled	4 917 147	81 072 881	6.07%
Total	**456 963 965**	**8 536 077 951**	**5.35%**

Note: FY 2023/24 - performance paid in 2024/25 FY

Training Expenditure

Initiative	Pivotal Programme	Socio-economic Status	Number of Learners	Amount Spent
			#	R
New Employee Bursaries Approved	Yes	Employed	622	17 749 927
External short courses and programmes	No	Employed	2 072	12 407 599
Internal short courses and programmes	No	Employed	8 674	4 333 140
CA Learnership	Yes	Unemployed	31	2 975 375
Graduates /Internship	No	Unemployed	61	11 874 155
Customs Cadet	No	Unemployed	63	8 466 165
Total			**11 523**	**57 806 361**

05

PFMA COMPLIANCE REPORT

PART FIVE





Irregular Expenditure

The Irregular Expenditure closing balance had increased by R46.3 million to R78.9 million by 31 March 2025.

Management is enforcing controls by implementing audit recommendations by internal and external auditors. Management is also using internal audit as an assurance provider to test the level of compliance with supply chain management prescripts.

The following table relates to the overall reconciliation of irregular expenditure.

Reconciliation of Irregular Expenditure

Description	2024/25	2023/24
	R	R
Opening balance	32 528 731	900 352
Adjustment to opening balance		(108 797)
Opening balance as restated	**32 528 731**	**791 555**
Add: Irregular expenditure confirmed	49 519 770	32 537 821
Less: Irregular expenditure condoned	(3 194 250)	(758 058)
Less: Irregular expenditure recoverable	-	(1 634)
Less: Irregular expenditure not recovered and written off	-	(40 953)
Closing balance	**78 854 252**	**32 528 731**

Reconciling Notes to the Annual Financial Statement Disclosure

The table below breaks down line-item four on the table above.

Description	2024/25	2023/24
	R	R
Irregular expenditure that relates to the 2022/23 FY and identified in 2023/24	-	9 088
Irregular expenditure for the current year	49 519 770	32 528 732
Total	**49 519 770**	**32 537 821**

During the year ended March 2025, R3.2 million was condoned in the current financial year. Of this amount, R3 190 550 was incurred in the current financial year and R3 700 was incurred in the prior financial year.

Details of Current and Previous Years' Irregular Expenditure (under Assessment, Determination, and Investigation)

Description	2024/25	2023/24
	R	R
Irregular expenditure under assessment	78 854 252	32 525 031
Irregular expenditure under determination	-	3 700
Irregular expenditure under investigation	-	-
Total	**78 854 252**	**32 528 731**

All transactions identified in the current year as irregular expenditure by management were under assessment.

Details of Current and Previous Years' Irregular Expenditure Condoned

Description	2024/25	2023/24
	R	R
Irregular expenditure condoned	(3 194 250)	(758 058)
Total	**(3 194 250)**	**(758 058)**

Transactions amounting to R3.2 million were condoned through National Treasury or the delegated authority of the Accounting Authority.

Details of Irregular Expenditure Recoverable

Description	2024/25	2023/24
	R	R
Irregular expenditure recoverable	-	(1 634)
Total	-	**(1 634)**

Details of Irregular Expenditure Written off (Irrecoverable)

Description	2024/25	2023/24
	R	R
Irregular expenditure written off	-	(40 953)
Total	**-**	**-**

Details of Current and Previous Years' Disciplinary or Criminal Steps Taken as a Result of Irregular Expenditure

Description	2024/25	2023/24
	R	R
Consequence management/disciplinary steps taken	(3 194 250)	(758 058)
Total	**(3 194 250)**	**(758 058)**

Transactions to the value of R3.2 million were removed from the irregular-expenditure register after conclusion of appropriate consequence management, ranging from training interventions to formal disciplinary processes in accordance with the disciplinary code of conduct.

Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure

Description	2024/25	2023/24
	R	R
Opening balance	102 207 662	94 506 128
Add: Fruitless and wasteful expenditure confirmed	881 098	7 701 535
Less: Fruitless and wasteful expenditure not condoned and removed	-	-
Less: Fruitless and wasteful expenditure recoverable	(404)	-
Less: Fruitless and wasteful expenditure not recoverable and written off	(8 412 878)	-
Closing balance	**94 675 479**	**102 207 662**

Reconciling Notes to the Annual Financial Statement Disclosure

Description	2024/25	2023/24	2022/23
	R	R	R
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2024/25	-	-	86 093 251
Fruitless and wasteful expenditure that relates to 2023/24 and identified in 2024/25		7 701 535	-
Fruitless and wasteful expenditure for the current year	881 098	-	-
Total	**881 098**	**7 701 535**	**86 093 251**

Fruitless and wasteful expenditure of R881 098 relating to 2024/25; R7.7 million relating to 2023/2024; and R86.1 million relating to 2022/23 and prior years was identified in the current year.

Details of Current and Previous Fruitless and Wasteful Expenditure (under Assessment, Determination, and Investigation)

Description	2024/25	2023/24
	R	R
Fruitless and wasteful expenditure under assessment	102 207 662	102 207 662
Fruitless and wasteful expenditure under determination	880 694	-
Fruitless and wasteful expenditure from 2022/23 under investigation and written of in 2024/25	(8 412 878)	-
Fruitless and wasteful expenditure under investigation	-	-
Total	**94 675 479**	**102 207 662**

Fruitless and wasteful expenditure of R880 694 is under determination for the 2024/25 financial year.

Details of Current and Previous Fruitless and Wasteful Expenditure Removed (Not Condoned)

Description	2024/25	2023/24
	R	R
Fruitless and wasteful expenditure NOT condoned and removed	-	-
Total	**-**	**-**

No fruitless and wasteful expenditure was NOT condoned and removed for the 2024/25 financial year.

Details of Current and Previous Fruitless and Wasteful Expenditure Recoverable

Description	2024/25	2023/24
	R	R
Fruitless and wasteful expenditure recoverable	404	-
Total	**404**	**-**

Fruitless and wasteful expenditure of R404 is recoverable for the 2024/25 financial year.

Details of Fruitless and Wasteful Expenditure not Recoverable and Written off

Description	2024/25	2023/24
	R	R
Fruitless and wasteful expenditure written off	8 412 878	-
Total	**8 412 878**	**-**

Fruitless and wasteful expenditure of R8 412 878 was written off for the 2024/25 financial year.

Details of Current and Previous Years' Disciplinary or Criminal Steps Taken as a Result of Fruitless and Wasteful Expenditure

Description	2024/25	2023/24
	R	R
Fruitless and wasteful expenditure recovered	(404)	-
Total	**(404)**	**-**

A disciplinary process was followed where an employee was responsible for the late payment of a utility account, which resulted in interest payable, which was recovered from the respective employee in the current financial year.

Information on Late and Non-Payment of Suppliers

Description	Number of Invoices	% of Invoices/ Total Invoices	Amount	% of Rand Value/Total of Rand Value
	#	%	R	%
Invoices paid within 30 days or agreed period	42 966	95.44%	2 915 461 819	95.57%
Invoices paid after 30 days or agreed period	1 188	2.64%	117 820 550	3.86%
Invoices older than 30 days or agreed period (unpaid and without dispute)	544	1.21%	15 107 175	0.50%
Invoices older than 30 days or agreed period (unpaid and in dispute)	322	0.72%	2 295 639	0.08%
Valid invoices received	45 020	100.00%	3 050 685 184	100.00%

SARS received 45 020 invoices, of which 95.44% were paid on or before the due date. 1 188 invoices, representing 2.64%, were not paid on time because of delayed verification of supporting documentation. This delay was caused by incomplete information on the invoices, which made it difficult to match them to the requested goods and services.

Additionally, some vendors were non-compliant with tax regulations, which needed to be resolved before payments could be processed. There were also delays in processing goods receipts because of internal inefficiencies. However, these inefficiencies are resolved as soon as they are discovered to ensure that payments are made by the required due date.

Information on Supply Chain Management

Supply chain management enables SARS business units and amplifies SARS' ability to implement its strategy by providing required goods, services, and infrastructure. On 31 March 2025, SARS had 738 active contracts to complement internal capacity and capability to achieve SARS' objectives. During the 2024/25 FY, 24 competitive bids and 128 transactions through other means (63 deviations and 65 variations) were concluded to contribute to the capacity and capability of the organisation.

SARS has reported all transactions procured by "other means" as well as expansions and variations to the National Treasury and Auditor-General of South Africa in terms of the PFMA SCM Instruction No. 03 of 2021/22.

SARS succeeded in negotiating savings amounting to R118 million. The savings will accrue over the remaining contract period for each of the transactions in ensuing financial years.

Procurement by Other Means

National Treasury defines limited bidding as "a bidding process reserved for a specific group or category of possible suppliers through procurement by:

a) sole source where there is no competition in the market and only one (1) supplier is able to provide the goods or services;
b) single source where a thorough analysis of the market and a transparent and equitable pre-selection process is used to decide on one supplier among a few prospective bidders to make a proposal."

In total, 63 deviations amounting to R2 105 341 356.33 were concluded in the 2024/25 FY.

Ninety-seven percent (97%) of total value of deviations in the 2024/25 FY pertained to Single Source Limited bids. Two-point six percent (2.6%) of deviations (in value) were as a result of sole source limited bids.

Reason for Deviation	Rand Value	Number	Percentage
Single Source (Limited bid)	R 2 048 207 302	38	97.29%
Sole Source (Limited bid)	R 54 736 248	22	2.60%
Emergency Procurement	R 8 999	1	0.00%
RFQ exceeding Threshold	R 2 388 805	2	0.11%
Total	**R 2 105 341 356**	**63**	**100.00%**

See Annexure 2 for the details of deviations.

Contract Variations and Expansions

SARS approved 65 expansions and variations in the 2024/25 FY with a total value of R1 625 329 719. This was a 6% decrease year-on-year compared to the 2023/24 FY.

Variations YTD	Rand Value	Number	Percentage
ICT	R 1 129 761 801	12	69.51%
Corporate Real Estate Procurement	R 480 898 452	26	29.59%
Professional Services	R 13 768 048	11	0.85%
Procure to Pay	R 901 417	16	0.06%
Total	**R 1 625 329 719**	**65**	**100.00%**

The ICT area had the highest approved amount, making up 69.51% of the total approved variations and expansions for the 2024/25 financial year. Notably, there were two significant variations contracts approved by ICT: one for modernisation with an approval value of R607 500 017, and another for the Microsoft Enterprise License Agreement, valued at R200 461 468.

Furthermore, the 26 transactions from CRE Procurement are related to lease renewals for various SARS offices. The variation on these contracts were necessary due to the impracticality of finding other suitable facilities that meet SARS' business requirements, coupled with the high costs associated with branch relocation.

See Annexure 3 for the details of variations and expansions.

06

FINANCIAL STATEMENTS

PART SIX





South African Revenue Service
Financial Statements for the year ended 31 March 2025

106 Report by the SARS Accounting Authority

108 Report of the Auditor-General on SARS: Own Accounts

112 Statement of Financial Position

113 Statement of Financial Performance

114 Statement of Changes in Net Assets

115 Cash Flow Statement

116 Statement of Comparison of Budget and Actual Amounts

121 Accounting Policies

131 Notes to the Financial Statements

The following supplementary information does not form part of the financial statements and is unaudited:

178 Donations in kind

The financial statements set out on page 112-166 which have been prepared on the going concern basis, were approved and signed by:



Edward Chr Kieswetter
SARS COMMISSIONER
31 July 2025

Report by the SARS Accounting Authority

Introduction

The Accounting Authority presents this report that forms part of the Annual Financial Statements of the South African Revenue Service (SARS) Finance Own Accounts for the year ended 31 March 2025. Where applicable, specific reference has been made to Administered Revenue Accounts; otherwise, all other statistics quoted in this report are solely for the Own Accounts.

SARS was established in terms of the South African Revenue Service Act, 1997 (Act No. 34 of 1997) "SARS Act" as an organ of the state within the public administration but as an institution outside the public service. It is listed as a national public entity in schedule 3A of the Public Finance Management Act, 1999 (PFMA).

Under the SARS Act, the Commissioner for SARS is the entity's Chief Executive Officer and Accounting Authority.

Principal Activities

The SARS Act mandates the entity to collect all Tax and Customs revenue due to the State, enforce compliance with tax and customs legislation, and facilitate legitimate trade.

Organisational Structure

The controlling entity adopted a new strategy in 2020/2021 and aligned its organisational structure to enable the implementation of its vision, strategic intent, and nine strategic objectives. The work is organised into four clusters of activity; nine regions were introduced, and a broad, flat leadership structure supported it overall.

Executive Committee Members

The EXCO is an oversight committee of SARS that is accountable to the Commissioner. Its powers and terms of reference are delegated and approved by the Commissioner.

The EXCO consists of the following members:

Mr. E.C. Kieswetter	Commissioner
Ms. J.E. Padiachy	Chief of Staff
Ms. B.S.M. Backman	Deputy Commissioner: Corporate and Enterprise Services
Mr. N.J. Makhubu	Deputy Commissioner: Taxpayer Engagement and Operations
Mr. C. Scholtz	Deputy Commissioner: Enterprise Strategy and Modernisation
Ms. R.V. Ramaphakela	Head Internal Audit (Not an EXCO member but a Permanent Invitee)

Revenue Accounts

Revenue comprises all the taxes, levies, duties, fees, and other monies collected during the year in respect of Administered Revenue Accounts. The Finance Own Accounts budget provides the operating expenditure for revenue accounts. Revenue collected is informed by the prevailing economic conditions, their effect on the South African economy, and the overall level of compliance with revenue laws.

SARS and the Office of the Accountant-General agreed in the 2013/14 financial year that SARS Revenue Accounts is not a separate legal entity and that the financial information presented will be prepared in management account format on the cash basis of accounting. However, the cash basis of accounting is not an acceptable reporting framework for the PFMA. As such, SARS Revenue Accounts prepares its financial accounts using the Modified Cash Standard (MCS). Revenue Accounts are subject to the regulatory audit. A separate audit report from Own Accounts is issued by the Office of the Auditor General and included as part of the Annual Report. The financial information is reported as part of the Annual Performance Report.

Review of the Financial Statements (Own Accounts)

The financial results are contained in the annual financial statements. The annual financial statements fairly reflect the operations of the SARS Own Accounts for the financial year ended 31 March 2025 and its financial position as at that date.

Going Concern

The annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Accounting Policies

The financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board (ASB), as per the prescribed framework by the National Treasury and directives issued by the ASB.

Internal Controls

Internal controls include risk-based system controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with best business practices. They also include policies and procedures established by the Accounting Authority with independent oversight by the Audit and Risk Committee. SARS has established an internal audit function with the required independence.

Corporate Governance

The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practices.

Surrender of Surplus Funds

SARS will submit as per National Treasury Instruction No. 12 of 2020/2021 pertaining to the retention of surpluses, but considering commitments, it will declare that SARS has no surpluses to declare and surrender.

Judicial Proceedings

SARS is mandated by the provisions of, amongst others, the SARS Act of 1997, Income Tax Act, 1962; Value Added Tax Act, 1964; Customs and Excise Act, 1964; Tax Administration Act, 2011; and Employment Tax Incentives Act, 2013 to perform legal acts or institute or defend any legal action in its own name. By virtue of its mandate, SARS is continuously involved in litigation.

Public/Private Partnerships

There are currently no Public/Private Partnerships in operation or under consideration.

Events After the Balance Sheet Date

There are currently no events after the balance sheet date that require disclosure.

Addresses

The entity's business, postal and registered addresses are:

Business address	Postal address	Registered address
299 Bronkhorst Street Nieuw Muckleneuk 0181	Private bag X923 Pretoria 0001	299 Bronkhorst Street Nieuw Muckleneuk 0181

Addresses for SARS' other offices are available from SARS upon request or on the SARS website, **www.sars.gov.za.**

Yours Sincerely,



EDWARD CHR KIESWETTER
SARS COMMISSIONER
31 July 2025

Report of the Auditor-General to Parliament on the South African Revenue Service: Own Accounts

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the South African Revenue Service (Sars): Own Accounts and its subsidiary set out on pages 112 to 166, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, consolidated and separate cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sars: Own Accounts and its subsidiary as at 31 March 2025 and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor general for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of Sars: Own Accounts and its subsidiary, in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Presentation of financial statements

7. As disclosed in the presentation of the financial statements, note 1 to the consolidated and separate financial statements, the reporting activity of Sars has been divided into Revenue Accounts and Own Accounts.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

9. The supplementary information set out on pages 167 to 180 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited this information and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting authority for the consolidated and separate financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

12. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken basis of these consolidated and separate financial statements.
13. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 110, forms part of my auditor's report.

Report on the audit of the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

15. I selected the following objectives presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected objectives that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
Strategic objective 1: provide clarity and certainty for taxpayers and traders of their obligations	45	The overall taxpayer and trader experience is empowering and enabling. Taxpayers and traders proactively receive clarity guidance, and where required, have easily accessible additional customised support. Certain segments of taxpayers and traders may also access leverage products such as advance pricing agreements, advance rulings (inclusive of value-added tax - VAT rulings and binding general rulings) and cooperative compliance programmes.
Strategic objective 2: make it easy for taxpayers and traders to comply with their obligations	49	Engagements with taxpayers and traders in the fulfilment of their obligations will be mainly online, intuitive and self-managed, with minimal face-to-face visits. For standard taxpayers (largely non-provisional taxpayers), the fulfilment of their registration, filing, declaration and payment obligations will be seamless. Exceptions will be resolved with ease and minimal intervention. Complex taxpayers (largely provisional taxpayers - individuals and entities) as well as their intermediaries, will experience engagements customised to their specific needs. Increasingly, trusted intermediaries will be empowered and enabled as authorised agents acting on our behalf.
Strategic objective 3: detect taxpayers and traders who do not comply, making non-compliance hard and costly	54	Taxpayers and traders who negligently, deliberately, aggressively or criminally stay out of the tax system or do not comply will be detected immediately when non-compliance occurs. They will experience a response appropriate to the nature and degree of their non-compliance, which progressively may include friendly reminders to more intrusive and investigative engagements that enforce compliance. Where necessary, hard enforcement may include court action, asset seizure and criminal prosecution. Non- compliant taxpayers and traders may, under certain circumstances, be named and shamed. The cost of non-compliance will be high and severe.

16. I evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

19. I did not identify any material findings on the reported performance information for the selected objectives.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.

22. The table that follows provides information on the achievement of planned targets and lists the key indicator that was not achieved as reported in the annual performance report. The reason for any underachievement of the target are included in the annual performance report on pages 27 to 73.

Strategic objective 1: provide clarity and certainty for taxpayers and traders of their obligations

Targets achieved: 50%		
Key indicator not achieved	**Planned target**	**Reported achievement**
Percentage (%) of taxpayers and traders surveyed are satisfied with the clarity and certainty provided by SARS	77%	71.72%

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for a public entity's compliance with legislation.

24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

27. The accounting authority is responsible for the other information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

28. My opinion on the consolidated and separate financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. If, based on the work I have performed, I concluded that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

31. I considered internal controls relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

32. I did not identify any significant deficiencies in internal controls.

Auditor General

Pretoria
31 July 2025

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity and its subsidiary to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

» plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation-selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55{1)(a); 55{1}{b); 55(1)(c)(i) Section 56; Section 57{b); Section 66(3)(c) Section 66(5)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1;2.1(a); 2.1(f)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction IndustryDevelopmentBoard Regulations, 2004	Regulation 17; 25(7A)
Treasury Regulation, 2005	Regulation 16A3.2; 16A3.2(a) Regulation 16A6.1; 16A6.2(a); 16A6.2{b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7{a);31.3.3; 31.2.7(a); Regulation 32.1.1(a);32.1.1(b);32.1.1(c); 33.1.1; 33.1.3
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1,6.2,6.3,6.5,6.6,6.8 Paragraph 7.1,7.2,7.3,7.6,7.8 Paragraph 8.2; 8.5 Paragraph 9.1; Paragraph10.1; 10.2 Paragraph 11.1; 11.2
Preferential Procurement Regulations, 2022	Paragraph 4.1;4.2;4.3;4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.17, 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4 (a) and (b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
National Treasury Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3

Statement of Financial Position as at 31 March 2025

	Note(s)	Economic entity		Controlling entity	
		2025	2024*	2025	2024*
		R'000	R'000	R'000	R'000
Assets					
Current Assets					
Inventories	9	20 726	22 335	20 726	22 335
Tax receivable - controlled entity	27	102	192	-	-
Receivables from exchange transactions	10	61 986	125 185	61 715	119 826
Prepayments	8	563 179	511 835	555 370	506 374
Cash and cash equivalents	11	1 191 516	1 541 112	1 132 479	1 511 372
		1 837 509	**2 200 659**	**1 770 290**	**2 159 907**
Non-current Assets					
Property, plant and equipment	3	2 577 165	2 861 910	2 565 759	2 851 006
Intangible assets	4	1 589 989	1 626 450	1 589 773	1 624 877
Living resources	5	4 899	4 962	4 899	4 962
Investment in controlled entity	6	-	-	-	-
Receivables from exchange transactions	10	3 719	3 793	3 719	3 793
Deferred tax - controlled entity	7	4 172	3 575	-	
Prepayments	8	6331	22 390	6 331	22 390
		4 186 275	**4 523 080**	**4 170 481**	**4 507 028**
Total Assets		**6 023 784**	**6 723 739**	**5 940 771**	**6 666 935**
Liabilities					
Current Liabilities					
Finance lease obligation	13	6 816	20 542	6 816	20 542
Trade and other payables	17	764 057	832 256	765 047	850 417
VAT payable - controlled entity		4 365	4 616	-	-
Deferred income	14	163	168	163	168
Provisions	15	442 625	255 579	425 179	240 766
		1 218 026	**1 113 161**	**1 197 205**	**1 111 893**
Non-current Liabilities					
Finance lease obligation	13	5 592	8 737	5 592	8 737
Operating lease liability		31 257	27 661	30 980	27 132
Employee benefits	16-16.4	368 750	353 149	368 750	353 149
		405 599	**389 547**	**405 322**	**389 018**
Total Liabilities		**1 623 625**	**1 502 708**	**1 602 527**	**1 500 911**
Net Assets		**4 400 159**	**5 221 031**	**4 338 244**	**5 116 024**
Asset revaluation reserve	12	144 105	121 095	144 105	121 095
Accumulated surplus		4 256 054	5 099 936	4 194 139	5 044 929
Net Assets		**4 400 159**	**5 221 031**	**4 338 244**	**5 166 024**

*See Note 36 & 35

Statement of Financial Performance as at 31 March 2025

	Note(s)	Economic entity		Controlling entity	
		2025	2024*	2025	2024*
		R'000	R'000	R'000	R'000
Revenue					
Revenue from exchange transactions					
Rendering of services	18	19 850	23 278	-	-
Other income	19	508 806	447 651	509 287	447 751
Interest received		164 367	152 278	160 092	148 926
Gain on disposal of assets	3&4	14	214	14	214
Total revenue from exchange transactions		**693 037**	**623 421**	**669 393**	**596 891**
Revenue from non-exchange transactions					
Government grant	18	12 388 563	12 280 696	12 388 563	12 280 696
Conditional grant	18	-	1 000 000	-	1 000 000
Negotiated discount and donations received	18	621	19 768	621	19 768
Total revenue from non-exchange transactions		**12 389 184**	**13 300 464**	**12 389 184**	**13 300 464**
Total revenue		**13 082 221**	**13 923 885**	**13 058 577**	**13 897 355**
Expenditure					
Employee costs		(9 773 428)	(9 186 479)	(9 661 610)	(9 079 793)
Administrative expenses		(989 799)	(999 826)	(987 849)	(1 009 769)
Depreciation and amortisation	3-5	(641 869)	(603 031)	(637 736)	(598 481)
Asset impairment and scrappings, inventory adjustments	22	(136 859)	(40 048)	(136 859)	(40 048)
Finance costs	23	(5 135)	(7 156)	(5 135)	(7 156)
Operating leases	24	(438 784)	(460 573)	(436 662)	(456 834)
Other expenses		(53 117)	(23 868)	(52 841)	(23 868)
Loss on disposal of assets	3&4	(151)	(319)	-	-
Inventories		(18 627)	(11 539)	(18 627)	(11 539)
Professional and special services		(1 875 304)	(1 795 418)	(1 981 659)	(1 880 039)
Total expenditure		**(13 933 073)**	**(13 128 257)**	**(13 918 978)**	**(13 107 527)**
(Deficit)/Surplus before taxation		**(850 852)**	**795 628**	**(860 401)**	**789 828**
Taxation	25	(2 641)	(1 727)	-	-
(Deficit)/Surplus for the year		**(853 493)**	**793 901**	**(860 401)**	**789 828**

*See Note 36 & 35

Statement of Changes in Net Assets as at 31 March 2025

	Revaluation reserve on land and buildings	Accumulated surplus / (deficit)	Total net assets
	R'000		R'000
Economic entity			
Opening balance as previously reported	101 239	4 301 040	4 402 279
Adjustments			
Correction of error Note 35	-	(1 483)	(1 483)
Balance at 01 April 2023 as restated*	**101 239**	**4 299 557**	**4 400 796**
Surplus in revaluation of land and buildings	26 334	-	26 334
Depreciation on revalued portion of land and buildings	(6 478)	6 478	-
Surplus for the year	-	793 901	793 901
Total changes	**19 856**	**800 379**	**820 235**
Balance at 31 March 2024	**121 095**	**5 099 936**	**5 221 031**
Deficit for the year	-	(853 493)	(853 493)
Surplus in revaluation of land and buildings	32 621	-	32 621
Depreciation on revalued portion of land and buildings	(9 611)	9 611	-
Total changes	**23 010**	**(843 882)**	**(820 872)**
Balance at 31 March 2025	**144 105**	**4 256 054**	**4 400 159**
Controlling entity			
Opening balance as previously reported	101 239	4 250 106	4 351 345
Adjustments			
Correction of error Note 35	-	(1 483)	(1 483)
Balance at 01 April 2023	**101 239**	**4 248 623**	**4 349 862**
Surplus for the year	-	789 828	789 828
Surplus in revaluation of land and buildings	26 334	-	26 334
Depreciation on revalued portion of land and buildings	(6 478)	6 478	-
Total changes	**19 856**	**796 306**	**816 162**
Balance at 31 March 2024	**121 095**	**5 099 936**	**5 221 031**
Deficit for the year	-	(860 401)	(860 041)
Surplus in revaluation of land and buildings	32 621	-	32 621
Depreciation on revalued portion of land and buildings	(9 611)	9 611	-
Total changes	**23 010**	**(850 790)**	**(827 780)**
Balance at 31 March 2025	**144 105**	**4 194 139**	**4 338 244**

Cash Flow Statement as at 31 March 2025

	Note(s)	Economic entity		Controlling entity	
		2025	2024*	202	2024*
		R'000	R'000	R'000	R'000
Cash flow from operating activities					
Receipts					
Rendering of services		22 066	16 159	-	-
Government grant		12 388 563	12 280 696	12 388 563	12 280 696
Conditional grant		-	1 000 000	-	1 000 000
Interest received		162 098	151 612	157 817	148 232
Other income		565 024	377 014	565 262	377 667
		13 137 751	13 825 481	13 111 642	13 806 595
Payments					
Employee costs		(9 518 259)	(9 599 937)	(9 411 282)	(9 498 471)
Suppliers		(3 521 558)	(3 388 871)	(3 638 552)	(3 451 180)
Tax refund paid	27	(3 148)	(1 198)	-	-
VAT refunded		(251)	3 082	-	-
		(13 043 216)	(12 986 924)	(13 049 834)	(12 949 651)
Net cash flows from operating activities	**26**	**94 535**	**838 557**	**61 808**	**856 944**
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(207 856)	(384896)	204 338)	(380 885)
Proceeds from sale of property, plant and equipment and intangible assets	3 & 4	1 635	1 321	1 542	1 292
Acquisition of intangible assets	4	(209 240)	(248 567)	(209 235)	(248 516)
Acquisition of living resources	5	(798)	(1 676)	(798)	(1 676)
Net cash flows from investing activities		**(416 259)**	**(633 818)**	**(412 829)**	**(629 785)**
Cash flows from financing activities					
Finance lease payments		(22 737)	(18 107)	(22 737)	(18 107)
Interest payments on finance leases		(5 135)	(7 156)	(5 135)	(7 156)
Net cash flows from financing activities		**(27 872)**	**(25 263)**	**(27 872)**	**(25 263)**
Net increase/(decrease) in cash and cash equivalents		**(349 596)**	**179 476**	**(378 893)**	**201 896**
Cash and cash equivalents at the beginning of the year		1 541 112	1 361 636	1 511 372	1 309 476
Cash and cash equivalents at the end of the year	**11**	**1 191 516**	**1 541 112**	**1 132 479**	**1 511 372**

*See Note 36 & 35

Statement of Comparison of Budget and Actual Amounts as at 31 March 2025

Budget of Controlling entity prepared on Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
Controlling entity				
Statement of Financial Performance				
Revenue				
Non-tax revenue				
Other income	431 549	509 287	77 738	Note 1
Interest received	41 873	160 092	118 219	Note 2
Gains on disposal of assets	-	14	14	
Total non-tax revenue	**473 422**	**669 393**	**195 971**	
Transfer revenue				
Government grant	12 388 563	12 388 563	-	
Negotiated discount and donations received	-	621	621	
Total revenue from non-exchange transactions	**12 388 563**	**12 389 184**	**621**	
Total revenue	**12 861 985**	**13 058 577**	**196 592**	
Expenditure				
Compensation of employees	(9 021 457)	(9 608 377)	(586 920)	Note 3
Goods and services	(3 664 552)	(3 667 730)	(3 178)	Note 4
Depreciation and amortisation	(645 268)	(637 736)	7 532	Note 5
Finance costs	(227)	(5 135)	(4 908)	
Total expenditure	**(13 331 504)**	**(13 918 978)**	**(587 474)**	
Actual (deficit) amount on Comparable Basis as presented in the Budget and Actual Comparative statement	**(469 519)**	**(860 401)**	**(390 882)**	

Reference:

Comments on income and expenditure items with a variance of more than 10%, as well as items where it seemed prudent to provide context, irrespective of the variance, are given below. Non-cash items in relation to the accounting adjustments for GRAP compliance and asset/inventory stock adjustments are not explained as they are not budgeted for.

The controlling entity's approved budget is as per the ENE submission to National Treasury, which represents the published budget as per the Annual Performance Plan (APP).

The over recovery of other income was mainly attributable to an unbudgeted, once-off insurance claim related to the SITA disaster recovery site.	**Note 1**
Interest income surpassed conservative budget forecasts due to elevated bank balances, reflecting delays in wage negotiations, recruitment challenges amid a competitive labour market, and committed funds remaining unspent at year-end.	**Note 2**
Employee-related costs exceeded the approved budget due to increased temporary staffing to support revenue enhancement initiatives, the provision of performance bonuses—initially unbudgeted due to funding constraints—and a 1% salary adjustment implemented following a collective agreement with organised labour. The agreement was concluded as an alternative to implementing the High Court judgement related to the third year of the 2019/2020 to 2021/2022 substantive wage agreement. These additional costs were primarily funded through the over-recovery of revenue and recruitment delays resulting from ongoing skills shortages.	**Note 3**
In alignment with the controlling entity's modernisation vision, certain operational costs were strategically deferred to prioritise unfunded infrastructure capital and critical project requirements essential for long-term transformation. In addition the downgrade of LeHae la SARS from a Grade A to a Grade B+ property, due to the lack of upgrades and market shifts, has led to a decrease in market rental value and an unfavourable capitalisation rate, resulting in higher impairments, which is not budgeted for.	**Note 4**
Depreciation and amortisation realised lower than planned due to protracted procurement processes and delayed project execution as well as GRAP 17 and 31 related adjustments.	**Note 5**

Statement of Comparison of Budget and Actual Amounts as at 31 March 2025

Budget on Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
Controlling entity				
Statement of Financial Position				
Assets				
Inventories	25 311	20 726	(4 585)	
Receivables and prepayments	517 430	627 135	109 705	
Cash and cash equivalents	523 802	1 132 479	608 677	
Carrying value of assets	4 532 693	4 160 431	(372 262)	
Total Assets	**5 599 236**	**5 940 771**	**341 535**	
Equity and Liabilities				
Finance lease obligation	443	12 408	11 965	
Deferred income	163	163	-	
Trade and other payables	1 169 079	796 027	(373 052)	
Provisions and employee benefits	377 868	793 929	416 061	
Accumulated surplus	3 936 046	4 194 139	258 093	
Asset revaluation reserve	115 637	144 105	28 468	
Total Equity and Liabilities	**5 599 236**	**5 940 771**	**341 535**	

Statement of Comparison of Budget and Actual Amounts as at 31 March 2025

Budget on Accrual Basis	Approved budget	Actual amounts on comparable basis	Difference between approved budget and actual	Reference
	R'000	R'000	R'000	
Controlling entity				
Cash Flow Statement				
Cash flows from operating activities				
Non-tax receipts				
Other income	431 549	565 262	133 713	Note 1
Government grant	12 388 563	12 388 563	-	
Interest received	41 873	157 817	115 944	Note 2
	12 861 985	**13 111 642**	**249 657**	
Payments				
Compensation of employees	(9 021 457)	(9 358 049)	(336 592)	Note 3
Goods and services	(3 717 848)	(3 691 785)	26 063	Note 4
	(12 739 305)	**(13 049 834)**	**(310 529)**	
Net cash flows from operating activities	**122 680**	**61 808**	**(60 872)**	
Cash flows from investing activities				
Acquisition of property, plant and equipment	(79 444)	(204 338)	(124 894)	Note 5
Proceeds from sale of property, plant and equipment, intangible assets and living resources	-	1 542	1 542	
Acquisitions of intangible assets	(96 305)	(209 235)	(112 930)	Note 5
Acquisition of living resources	-	(798)	(798)	Note 5
Net cash flows utilised in investing activities	**(175 749)**	**(412 829)**	**(237 080)**	
Cash flows from financing activities				
Repayment of finance leases	(17 566)	(27 872)	(10 306)	
Net cash flows utilised in financing activities	**(17 566)**	**(27 872)**	**(10 306)**	
Net decrease in cash and cash equivalents	(70 635)	(378 893)	(308 258)	
Cash and cash equivalents at the beginning of the year	594 437	1 511 372	916 935	
Cash and cash equivalents at the end of the year	**523 802**	**1 132 479**	**608 677**	

Reference:

Comments on income and expenditure items with a variance of more than 10%, as well as items where it seemed prudent to provide context, irrespective of the variance, were given below. Non-cash items in relation to the accounting adjustments for GRAP compliance and asset/inventory stock adjustments are not explained as they are not budgeted for.

The over-recovery of other income was primarily driven by prior year cash inflows from receivables, mainly UIF commissions, as well as an unbudgeted, one-off insurance claim related to the SITA disaster recovery site. The outstanding UIF commission debts as at 31 March 2024 were settled in 2024/25, following the required governance process for approval by the Director-General, as the payment had exceeded the delegated approval threshold.	**Note 1**
Interest income surpassed conservative budget forecasts due to elevated bank balances, reflecting delays in wage negotiations, recruitment challenges amid a competitive labour market, and committed funds remaining unspent at year-end.	**Note 2**
Employee-related costs exceeded the approved budget due to increased temporary staffing to support revenue enhancement initiatives, the provision of performance bonuses—initially unbudgeted due to funding constraints—and a 1% salary adjustment implemented following a collective agreement with organised labour. The agreement was concluded as an alternative to implementing the High Court judgement related to the third year of the 2019/2020 to 2021/2022 substantive wage agreement. These additional costs were primarily funded through the over-recovery of revenue and recruitment delays resulting from ongoing skills shortages.	**Note 3**
In alignment with the controlling entity's modernisation vision, certain operational costs were strategically deferred to prioritise unfunded infrastructure capital and critical project requirements essential for long-term transformation.	**Note 4**
To support SARS' modernisation goals, certain operational costs were strategically delayed focusing on infrastructure capital and essential project needs for long-term improvement, while commitments from the 2023/24 financial year was fulfilled in the current financial year.	**Note 5**

Accounting Policies

1. Presentation of Financial Statements

The reporting activity of the South African Revenue Service (SARS) is divided into Revenue Accounts and Own Accounts. Revenue Accounts report on assets, liabilities and revenue that are controlled by national government and are managed by the controlling entity on behalf of national government. Own Accounts report on assets, liabilities, revenue, and expenses associated with the administration and collection of taxes and duties. These activities are mainly funded by transfers from National Treasury.

The Annual Financial Statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board, in accordance with section 91(1) of the Public Finance Management Act,1999 (Act 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting, and are in accordance with historical cost convention, unless specified otherwise. They are presented in South African rand.

The significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.2 Consolidation

Basis of consolidation

The economic entity's annual financial statements include those of the controlling entity and its controlled entity. Control exists when the controlling entity has the power to govern the financial and operating policies of another entity to obtain benefits from its activities.

The results of the controlled entity are included in the consolidated annual financial statements from the effective date of acquisition, or date when control commences, to the effective date of disposal or date when control ceases. The annual financial statements of the controlling entity and its controlled entity, used in the preparation of the consolidated annual financial statements, are prepared as of the same reporting date.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation, except for Value Added Tax (VAT) on inter-company transactions because the controlling entity is VAT-exempted.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements. Significant judgements and estimates include:

Receivables

The economic entity assesses its receivables for impairment at the end of each reporting period. Write-offs are made according to the economic entity's write-off policy.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables, is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the applicable interest rates that are available to the economic entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use calculations and fair value, less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumption may change, which may then impact the entity's estimations and require a material adjustment to the carrying value of the cash-generating and non-cash-generating assets.

If there is objective evidence that an impairment loss on the carrying value of assets has been incurred, the amount of the loss is the difference between the asset's carrying amount and estimated recoverable amount. The amount is recognised as a gain/loss in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in the carrying amount exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment was reversed.

The controlling entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates of expected future cash flows for each group of assets are prepared. Expected future cash flows used to determine the value in use of intangible assets are inherently uncertain and could materially change over time. They are significantly affected by several factors, including projected future revenue forecasts and economic factors such as inflation, exchange rates and interest rates.

The controlling entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The controlling entity defines the event as the inability to verify an asset for two years, upon which the carrying value is impaired to zero. If the asset remains unverified, it will be written off on the subsequent reporting date.

Provisions

Provisions were raised, and management was prudent in determining estimates based on the information available. Additional disclosure of these estimates of provisions is included in note 15 - Provisions.

Taxation - controlled entity

This accounting policy is not applicable to the controlling entity as it is exempt from the payment of Income Tax in terms of section 10(1)(cA) of the Income Tax Act, 1962 (Act 58 of 1962). In respect of the controlled entity, judgement is required in determining the provision for income taxes due to the complexity of the legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The controlled entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Income Tax and Deferred Tax provisions in the period in which such a determination is made.

The controlled entity recognises the net future tax benefit related to Deferred Income Tax assets, to the extent that it is probable that the temporary differences will reverse in the foreseeable future. Assessing the recoverability of Deferred Income Tax assets requires the controlled entity to make significant estimates relating to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the controlled entity to realise the net Deferred Tax assets recorded at the end of the reporting period could be impacted.

Provision for doubtful debt

On trade and other receivables, an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the trade and other receivables carrying amount, and the present value of estimated future cash flows discounted at the applicable ministerial rate, computed at initial recognition.

In the controlling entity's assessment for impairment, the following methodologies are used at the end of each financial year:

- One hundred percent of the out-of-service debt (excluding credit balances) is classified as impaired; and
- Any other debts that may be deemed irrecoverable.

Useful life and residual value of assets

As described in the accounting policy below, the economic entity reviews the estimated useful life and residual value of property, plant and equipment, intangible assets and living resources at the end of each reporting period.

Cash-generating assets - controlled entity

Judgements made by management in applying the criteria to designated assets as cash-generating assets or non-cash-generating assets are as follows:

Cash-generating assets are identified by management as assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset. Assets in the controlling entity do not generate any cash inflows. Therefore, only assets in the controlled entity are seen to be cash-generating assets. Management considers non-cash- generating assets as assets other than cash-generating assets.

1.4 Property, plant, and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the economic entity.
- The cost of the item can be measured reliably.

Property, plant, and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Recognition of costs in the carrying amount of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment are carried at cost, less accumulated depreciation, and any accumulated impairment losses, except for land and buildings, which are carried at revalued amounts being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations of land and buildings are performed annually to ensure that the carrying amount does not differ materially from the fair value at the end of the reporting period.

When land and buildings are revalued, any accumulated depreciation at the date of the revaluation is not eliminated against the gross carrying amount of the asset, and the net amount restated to the revalued amount of the asset. The cost price will reflect the grossed-up value instead of the revalued amount. This does not have any effect on the value as per the Statement of the Financial Position.

Any increase in land and building's carrying amount, because of a revaluation, is credited directly to the revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in land and building's carrying amount, because of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to the net assets, to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in total net assets, related to a specific component of land and buildings, is transferred directly to accumulated surplus as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of that asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful life to their estimated residual value and is carried at cost, less accumulated depreciation, and any accumulated impairment losses.

The useful life of items of property, plant and equipment for the economic entity have been assessed as follows:

Category	Average useful life
Land	Unlimited useful life
Buildings and building components	18 to 45 years
Plant and equipment	11 to 12 years
Furniture, fittings and office equipment	3 to 19 years
Land and water vehicles	5 to 13 years
ICT equipment	3 to 15 years
Leasehold improvements	7 to 15 years
Power supply equipment	9 to 15 years
Security equipment	10 to 15 years
Assets under construction	No useful life as assets are not available and/or ready for use

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

At each reporting date, the economic entity assesses whether there is any indication that the economic entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate (refer note 34).

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The carrying amount of items of property, plant and equipment is derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

The economic entity separately discloses the following in the notes to the financial statements:

- Expenditure to repair and maintain property, plant and equipment and intangible assets (see note 3).
- Relevant information relating to assets under construction or development (see note 3).

1.5 Intangible assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity.
- The cost or fair value of the asset can be measured reliably.

Intangible assets are initially recorded at cost and subsequently measured at cost, less any accumulated amortisation and accumulated impairment losses.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Cost on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an initial project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits or service potential.
- There are available technical, financial and other resources to complete the development and to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

The amortisation method for intangible assets is reviewed at each reporting date.

At each reporting date, the economic entity assesses whether there is any indication that its expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If there is any such indication, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate (refer note 34).

The amortisation charge for each period shall be recognised in surplus or deficit unless this or another standard permits or requires it to be included in the carrying amount of another asset.

Amortisation for the controlling entity is provided to write down the intangible assets, on a straight-line basis, over their respected useful life to their estimated residual value as follows:

Item	Useful life
Intellectual property and other rights (controlled entity)	11 years
ICT software	3 to 16 years
Software assets under development	No useful life as assets are not available and/or ready to use

The economic entity discloses relevant information relating to intangible assets and software assets under construction or development, in the notes to the financial statements (see note 4).

Intangible assets are derecognised when no future economic benefits or service potential are expected from their use or at the date of disposal.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised.

1.6 Living resources

Living resources are those resources that undergo biological transformation processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

In the case of the controlling entity, living resources represent the detector dogs in the Customs operational environment.

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the living resource will flow to the controlling entity, and the cost or fair value of the asset can be measured reliably.

A living resource that qualifies for recognition as an asset is measured at its cost.

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition as an asset, a group of living resources are carried at its cost, less any accumulated depreciation and any accumulated impairment losses.

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is allocated on a straight-line basis over its useful life.

At each reporting date the controlling entity assesses whether there is any indication that the entity's expectations about the residual value and the useful life of a living resource have changed since the preceding reporting date. If there is any such indication, the controlling entity revises the expected useful life and/or residual value accordingly. The change(s) is accounted for as a change in an accounting estimate.

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation methods and useful life of items of living resources have been assessed as follows:

Item	Average useful life
Customs Detector Dogs	10 years

Impairment

At each reporting date the controlling entity assesses whether there is an indication that the living resource may be impaired. If there is any such indication, the controlling entity estimates the recoverable amount or the recoverable service amount of the living resource.

The carrying amount of a living resource is derecognised on retirement or death, or when no future economic benefits or service potential are expected from its use at the date of its disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

1.7 Investments in controlled entity

Economic entity financial statements

The investment in the controlled entities is consolidated in the economic entity's financial statements. Refer to the accounting policy on consolidations note 1.2.

Controlling entity financial statements

In the entity's separate financial statements, the investments in controlled entities are carried at cost less any accumulated impairment.

The investment in the controlled entity that is accounted for in accordance with the accounting policy on financial instruments in the consolidated financial statements, are accounted for in the same way in the controlling entity's separate financial statements.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation, using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Classification

The entity has the following classes of financial assets, as reflected in the Statement of Financial Position or in the notes thereto:

Class	Measurement method
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

The entity has the following classes of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

Class	Measurement method
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when it becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting (transaction date).

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus, transaction cost that is directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition at fair value or amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a recognised valuation technique. The objective of using a recognised valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations.

Impairment of financial assets measured at amortised cost

At the end of each reporting period, the entity assesses whether there is any objective evidence that a financial asset or group of financial assets should be impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount, and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly. The reversal does not result in a carrying amount of

the financial asset that exceeds what the amortised cost model would have been had the impairment not been recognised at the date the impairment is reversed. The balance of the reversal amount is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expires, are settled, waived, or when the entity transfers to another party substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit, using trade date accounting (transaction date).

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its Statement of Financial Position upon settlement.

Recognition

Interest relating to a financial instrument is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument are recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset, and the net amount presented in the Statement of Financial Position when the entity has a current legally enforceable right, to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.9 Tax - Controlled entity

Current tax assets and liabilities

The current tax for current and prior periods, to the extent that it is unpaid, is recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a statutory receivable.

Tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to/or recovered from the tax authority, using the tax rates and tax laws that have been enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability, in a transaction that, at the time of the transaction, affects neither accounting surplus nor taxable profit or tax loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expense

Current and deferred tax are recognised as an income or an expense and included in surplus or deficit for the period.

1.10 Leases

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased asset, or if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, to produce a constant periodic rate on the remaining balance of the liability.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual payments, is recognised as an operating lease liability.

1.11 Inventories

Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost of the inventories can be measured reliably.

Inventories are initially measured at cost.

Inventories are measured at the lower of cost and current replacement cost, where they are held for distribution at no charge.

Current replacement cost is the cost that the controlling entity incurs to acquire the inventories on the reporting date.

The cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition available for use.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories of a similar nature and use for the controlling entity.

The amount of any write-down of inventories to current replacement cost and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Cash and cash equivalents

Cash equivalents are held to meet short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, and where applicable, deposits in a Corporation of Public Deposits bank account held with the Reserve Bank, in instances where there are surplus funds available.

1.13 Impairment of cash-generating assets- controlled entity

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

At each reporting date the controlled entity assesses whether there is any indication that a cash-generating asset may be impaired. If there is any such indication, the controlled entity estimates the recoverable amount of the asset.

1.14 Impairment of non-cash-generating assets

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

At each reporting date the controlling entity assesses whether there is any indication that a non-cash-generating asset may be impaired. If there is any such indication, the controlling entity estimates the recoverable service amount of the asset.

1.15 Share capital/contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity, after deducting all its liabilities.

1.16 Employee benefit obligations

The value of each major class of employee benefit obligation is disclosed in the employee benefits note (refer to note 28).

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Long term employee benefits

Other long-term employee benefits are all employee benefits other than short-term employment benefits, post- employment benefits and termination benefits that are not due to be settled within 12 months from the end of the period in which the employees render the related service.

Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months from the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Salaries and other contributions.
- Bonus and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- As an expense, unless another accounting standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of future compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay because of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of incentive and service-related payments when it has a present legal or constructive obligation to make such payments because of past events and a reliable estimate of the obligation can be made. There is a present obligation when the entity has no realistic alternative but to make the payments.

The total Employee costs disclosed in the Statement of Performance encompass a broader range of salary-related expenditures and include direct remuneration, statutory contributions, accrued liabilities, other employment related expenditure i.e. recruitment, training/ development, relocation, and wellness programs. etc.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into the Government Employees Pension Fund for the controlling entity and Allan Gray Retirement Annuity Fund for the controlled entity and will have no legal or constructive obligation to pay further contributions if the Government Employees Pension Fund or the Allan Gray Retirement Annuity Fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered a service to the entity during a reporting period, it recognises the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense).

1.17 Provisions and contingencies

Provisions are recognised when:

- The entity has a present obligation as a result of a past event.
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised but are disclosed.

1.18 Commitments

Items are classified as commitments when an entity has contractually committed itself to future transactions by placing a purchase order or signing a works order, that would normally result in the outflow of cash.

Contractual commitments exclude operational expenditure that relates to normal business activities.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in the notes to the financial statements, if any of the following criteria are met (refer to note 30):

- Contractual commitments should be non-cancellable or only cancellable at significant cost.
- Authorised, but not yet contracted for cost, include costs of projects already started at the reporting date and for which a procurement vehicle is in place.
- The cost relates to an approved business case for a project (inclusive of capital and operational cost).

1.19 Revenue from exchange transactions

Revenue from exchange transactions comprises the gross inflow of economic benefits or service potential during the reporting period, when those inflows result in an increase in net assets.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

Revenue from exchange transactions comprises the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when the following criteria is met:

(a) The amount of revenue can be measured reliably.

(b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

(c) The stage of completion of the transaction at the reporting date can be measured reliably.

(d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.20 Revenue from non-exchange transactions

Revenue from non-exchange transactions comprises the increases in economic benefits, relating to a grant appropriated by Parliament and distributed by National Treasury to enable the controlling entity to execute its mandate in terms of the SARS Act,1997 (Act 34 of 1997).

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When the entity recognises an asset because of a non-exchange transaction, it also recognises revenue equivalent to the amount of the asset measured at its fair value, as at the date of acquisition, unless it is also required to recognize a liability. Where a liability is required to be recognized it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue.

Donations

Donations, including goods and services in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

1.21 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in rand, by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction to the foreign currency amount.

At each reporting date, foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates that are different from those at which they were translated on initial recognition during the period, or in previous financial statements, are recognised in surplus or deficit in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in South African rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.22 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The carrying amount is the amount at which an asset is recognised in the Statement of Financial Position.

The cost method is the method used to account for statutory receivables that require such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for the purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The controlling entity recognises statutory receivables when the definition of an asset is met and when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The controlling entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The controlling entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed after initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable (where applicable).
- Amounts that have been derecognised.

Impairment losses

The controlling entity assesses its statutory receivables for impairment at the end of each reporting period. Write- offs are made according to the economic entity's write-off policy.

Derecognition

The controlling entity derecognizes a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expire or waived.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.24 Fruitless and wasteful expenditure

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

All fruitless and wasteful expenditure is investigated to establish its reasons and determine the required consequence management and recoverability steps before it is condoned and removed from the register.

1.25 Irregular expenditure

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense.

All irregular expenditure is investigated to establish its reasons and determine if value was derived. The required consequence management is taken before it is condoned by National Treasury or the Accounting Authority or delegated authority in cases where not condoned by National Treasury and removed from the register.

Irregular expenditure that was identified during the current financial year is recorded in the irregular expenditure register and disclosed accordingly, clearly indicating if it was incurred in the current or prior period.

Condoned irregular expenditure transactions, are removed from the register and disclosed accordingly.

1.26 Budget information

The controlling entity is subject to appropriations of budgetary limits, which are given effect through authorising legislation. The controlling entity's approved budget is as per Estimates of National Expenditure submission to National Treasury, which represents the published budget as per the Annual Performance Plan.

General purpose financial reporting by the controlling entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

This accounting policy applies only to the approved budget of the controlling entity.

The financial statements and the budget are on the accrual basis of accounting.

The controlling entity selects to disclose the comparison of budget and actual spend in separate comparison statements.

Comparative information is not required.

1.27 Related parties

Only related parties of the controlling entity are disclosed. The controlling entity operates in an economic sector that is currently dominated by entities that are directly or indirectly controlled by the South African government. Because of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Only transactions with related parties, not at arm's length or not in the ordinary course of business, are disclosed.

Management, regarded as members of the Executive Committee, are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, when they are required to perform such functions.

Close family members of a person considered to be a member of management are those family members, including spouses and individuals who live together as spouses, who may be expected to influence, or be influenced by each other in their dealings with the economic entity.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified: those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date, once the event has occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken based on the financial statements.

1.29 Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board on a basis consistent with the prior year.

Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 April 2025 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 2023 Improvements to the Standards of GRAP 2023	Still to be determined by the Minister of Finance	Unlikely that there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Still to be determined by the Minister of Finance	Unlikely that there will be a material impact
iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely that there will be a material impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	The economic entity will measure the impairment of financial assets held at amortised cost, using the expected credit loss model. This change will be applied retrospectively to contractual receivables by recognising the adjustments to the carrying amount in the opening accumulated surplus or deficit.

3. Property, plant, and equipment

Economic entity R'000	March 2025			March 2024		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	212 639	-	212 639	198 721	-	198 721
Buildings	671 065	(291 375)	379 690	724 052	(272 525)	451 527
Plant and equipment	138 106	(104 031)	34 075	134 486	(96 509)	37 977
Furniture, fittings, and office equipment	421 727	(290 000)	131 727	420 654	(294 873)	125 781
Land and water vehicles	269 392	(147 677)	121 715	263 779	(145 105)	118 674
ICT equipment	3 514 125	(2 183 305)	1 330 820	3 434 528	(1 892 080)	1 542 448
Leasehold improvements	833 932	(526 446)	307 486	829 675	(499 741)	329 934
Power supply equipment	133 973	(100 688)	33 285	124 921	(96 546)	28 375
Security equipment	182 397	(156 669)	25 728	181 486	(153 013)	28 473
Total	**6 377 356**	**(3 800 191)**	**2 577 165**	**6 312 302**	**(3 450 392)**	**2 861 910**

Controlling entity R'000	March 2025			March 2024		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	212 639	-	212 639	198 721	-	198 721
Buildings	671 065	(291 375)	379 690	724 052	(272 525)	451 527
Plant and equipment	138 106	(104 031)	34 075	134 486	(96 509)	37 977
Furniture, fittings, and office equipment	420 532	(289 348)	131 184	418 833	(293 705)	125 128
Land and water vehicles	269 392	(147 677)	121 715	263 779	(145 105)	118 674
ICT equipment	3 492 812	(2 171 848)	1 320 964	3 413 304	(1 880 170)	1 533 134
Leasehold improvements	832 928	(526 446)	306 482	824 237	(495 236)	329 001
Power supply equipment	133 973	(100 688)	33 285	124 921	(96 546)	28 375
Security equipment	182 377	(156 652)	25 725	181 466	(152 997)	28 469
Total	**6 353 824**	**(3 788 065)**	**2 565 759**	**6 283 799**	**(3 432 793)**	**2 851 006**

3. Property, plant and equipment (continued)

Reconciliation of the carrying amount of property, plant and equipment - Economic entity - 2025

Figures in Rand thousand (R'000)	Opening balance	Additions	Additions through finance leases	Disposals	Donations received	Transfers	Revaluation reserve surplus net of realisation income of revaluation reserve	Compensation for replacement of assets	Depreciation	Impairment loss/scrappings	Impairment reversal	Total
Land	198 721	-	-	-	-	-	13 918	-	-	-	-	212 639
Buildings	451 527	17 054	-	-	-	-	18 702	-	(25 455)	(82 138)	-	379 690
Plant and equipment	37 977	3 626	-	-	-	-	-	-	(7 524)	(4)	-	34 075
Furniture, fittings, and office equipment	125 781	36 695	834	(46)	-	72	-	-	(22 700)	(8 954)	45	131 727
Land and water vehicles	118 674	12 460	-	(1 528)	-	-	-	-	(7 285)	(616)	10	121 715
ICT equipment	1 542 448	102 582	5 031	(192)	621	(6 468)	-	2 307	(310 038)	(5 488)	17	1 330 820
Leasehold improvements	329 934	25 950	-	-	-	-	-	-	(35 102)	(13 296)	-	307 486
Power supply equipment	28 375	6 468	-	-	-	2 908	-	-	(4 146)	(326)	6	33 285
Security equipment	28 473	3 021	-	-	-	(1 529)	-	-	(3 907)	(330)	-	25 728
	2 861 910	**207 856**	**5 865**	**(1 766)**	**621**	**(5 017)**	**32 620**	**2 307**	**(416 157)**	**(111 152)**	**78**	**2 577 165**

The controlling entity received a donation in the form of funding of R621 000 from a cellular service provider for the purchase of cellular devices. Refer to note 34 for the total impact of changes in useful life and residual value on accumulated depreciation.

Net transfers between property, plant and equipment and intangible assets as per note 4 contra each other.

Reconciliation of the carrying amount of property, plant and equipment - Economic entity – 2024

Figures in Rand thousand (R'000)	Opening balance	Additions	Additions through finance leases	Disposals	Donations received	Transfers	Revaluation reserve surplus net of realisation income of revaluation reserve	Compensation for replacement of assets	Depreciation	Impairment loss/ scrappings	Impairment reversal	Total
Land	187 580	-	-	-	-	-	11 152	-	-	(11)	-	198 721
Buildings	438 787	20 961	-	-	-	-	15 181	-	(21 965)	(5 671)	4 234	451 527
Plant and equipment	52 750	163	-	-	-	-	-	-	(14 935)	(1)	-	37 977
Furniture, fittings, and office equipment	147 332	11 149	2 143	(2)	630	24	-	-	(34 832)	(903)	240	125 781
Land and water vehicles	115 568	9 442	-	(577)	-	-	-	-	(5 747)	(12)	-	118 674
ICT equipment	1 507 224	297 849	9 344	(341)	19 139	(453)	-	71	(285 942)	(5 323)	880	1 542 448
Leasehold improvements	339 584	29 325	-	-	-	134	-	-	(35 783)	(3 326)	-	329 934
Power supply equipment	25 953	6 201	-	-	-	635	-	-	(4 401)	(13)	-	28 375
Security equipment	32 004	9 806	-	(500)	-	(340)	-	-	(12 480)	(17)	-	28 473
	2 846 782	**384 896**	**11 487**	**(1 420)**	**19 769**	**-**	**26 333**	**71**	**(416 085)**	**(15 277)**	**5 354**	**2 861 910**

The controlling entity received a donation from the World Customs Organisation (WCO)-Belgium in the form of a virtual reality kiosk (R629 667).

The controlling entity also received a donation in the form of funding of R19.1 million from a cellular service provider for the purchase of cellular devices and data dongles. During the audit of 2024/2025 it was discovered that there were CAPEX accruals that were not accounted for which were subsequently recognised in 2023/2024. This also had an impact on the depreciation and impairment of buildings. In addition to this, the realisation of the revaluation reserve required a transfer directly against the accumulated surplus or deficit and was subsequently effected. Refer to note 35.

Additions have been reclassified to show additions through finance leases (non-cash items) separately, so as to correspond to the cash flow statement. Refer to note 36.

3. Property, plant and equipment (continued)

Reconciliation of the carrying amount of property, plant, and equipment - Controlling entity - 2025

Figures in Rand thousand (R'000)	Opening balance	Additions	Additions through finance leases	Disposals	Donations received	Transfers	Revaluation reserve surplus net of realisation income of revaluation reserve	Compensation for replacement of assets	Depreciation	Impairment loss/scrappings	Impairment reversal	Total
Land	198 721	-	-	-	-	-	13 918	-	-	-	-	212 639
Buildings	451 527	17 054	-	-	-	-	18 702	-	(25 455)	(82 138)	-	379 690
Plant and equipment	37 977	3 626	-	-	-	-	-	-	(7 524)	(4)	-	34 075
Furniture, fittings and office equipment	125 128	36 652	834	-	-	72	-	-	(22 593)	(8 954)	45	131 184
Land and water vehicles	118 674	12 460	-	(1 528)	-	-	-	-	(7 285)	(616)	10	121 715
ICT Equipment	1 533 134	99 367	5 031	-	621	(6 468)	-	2 307	(307 557)	(5 488)	17	1 320 964
Leasehold Improvements	329 001	25 689	-	-	-	-	-	-	(34 912)	(13 296)	-	306 482
Power supply equipment	28 375	6 468	-	-	-	2 908	-	-	(4 146)	(326)	6	33 285
Security equipment	28 469	3 022	-	-	-	(1 529)	-	-	(3 907)	(330)	-	25 725
	2 851 006	**204 338**	**5 865**	**(1 528)**	**621**	**(5 017)**	**32 620**	**2 307**	**(413 379)**	**(111 152)**	**78**	**2 565 759**

The controlling entity received a donation in the form of funding of R621 000 from a cellular service provider for the purchase of cellular devices. Refer to note 34 for the total impact of changes in useful life on accumulated depreciation.

Net transfers between property, plant and equipment and intangible assets as per note 4 contra each other.

Reconciliation of the carrying amount of property, plant and equipment - Controlling entity – 2024

Figures in Rand thousand (R'000)	Opening balance	Additions	Additions through finance leases	Disposals	Donations received	Transfers	Revaluation reserve surplus net of realisation income of revaluation reserve	Compensation for replacement of assets	Depreciation	Impairment loss/ scrappings	Impairment reversal	Total
Land	187 580	-	-	-	-	-	11 152	-	-	(11)	-	198 721
Buildings	438 787	20 961	-	-	-	-	15 181	-	(21 965)	(5 671)	4 234	451 527
Plant and equipment	52 750	163	-	-	-	-	-	-	(14 935)	(1)	-	37 977
Furniture, fittings, and office equipment	146 585	11 148	2 143	-	630	24	-	-	(34 739)	(903)	240	125 128
Land and water vehicles	115 568	9 442	-	(577)	-	-	-	-	(5 747)	(12)	-	118 674
ICT equipment	1 499 531	293 857	9 344	-	19 139	(453)	-	71	(283 912)	(5 323)	880	1 533 134
Leasehold improvements	338 425	29 307	-	-	-	134	-	-	(35 539)	(3 326)	-	329 001
Power supply equipment	25 953	6 201	-	-	-	635	-	-	(4 401)	(13)	-	28 375
Security equipment	32 002	9 806	-	(500)	-	(340)	-	-	(12 482)	(17)	-	28 469
	2 837 181	**380 885**	**11 487**	**(1 077)**	**19 769**	**-**	**26 333**	**71**	**(413 720)**	**(15 277)**	**5 354**	**2 851 006**

The controlling entity received a donation from the World Customs Organisation (WCO)-Belgium in the form of a virtual reality kiosk (R629 667).

The controlling entity also received a donation in the form of funding of R19.1million from a cellular service provider for the purchase of cellular devices and data dongles. During the audit of 2024/2025 it was discovered that there were CAPEX accruals that were not accounted for which were subsequently recognised in 2023/2024. This also had an impact on the depreciation and impairment of buildings. In addition to this, the realisation of the revaluation reserve required a transfer directly against the accumulated surplus or deficit and was subsequently effected. Refer to note 35.

Additions has been reclassified to show additions through finance leases (non-cash items) separately, so as to correspond to the cashflow statement. Refer to note 36.

3. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was 31 March 2025. Revaluations were performed by an independent professional valuer, Mr. PL Niesing, registered as a Professional Valuer in terms of Section 20(2)(a) of the Property Valuers Profession Act, 2000 (Act No.47 of 2000), of Meto Properties (Pty) Ltd Meto Properties (Pty) Ltd. is not connected to the economic entity.

Land and buildings are re-valued independently every year.

The valuations of Lehae la SARS (Erf 419, 281 Bronkhorst Street, Nieuw Muckleneuk, 0180) and Alberton South Campus (Erf 1087, New Redruth Extension 6, McKinnon Crescent, Alberton, 1449) were performed using the Capitalisation of Net Annual Income method. This method is generally considered to determine the market value of an income producing property such as shopping centres, offices and industrial or commercial properties, where the building has an earning potential.

To determine the Market Value of Lehae la SARS, Meto Properties (Pty) Ltd considered the preferred valuation approach in terms of International Valuation Standards, when valuing income producing properties, namely the Income Approach. The year-on-year value (FY2024 to FY2025) declined by 21.00%. This decline is due to the fact that the property was previously graded as Grade A, but due to a lack of major upgrades to the buildings over an extended period and shifts in the office market with more P-Grade offices being developed, the property is now considered to offer Grade B+ offices, which significantly affected the market rental, and the capitalisation rate applied. Further to this, reliance was placed on the gross building areas obtained from actual floor plans which resulted in a change in the Gross Lettable Area of -1,333m². Property expenses, including Assessment Rates have been normalised where necessary to determine a sustainable Net Operating Income, which was capitalised at 9.50%. The adjusted additional bulk value has been deferred for 1 year at 9.50% per annum and no capital deduction has been considered in the valuation calculations. The weighted average gross market rental per m² is R166.27 and a long-term vacancy rate of 5.00% was used. The Market Value is corroborated by the Comparable Sales Method.

When determining the Market Value of the Alberton Campus, the valuators relied on the Income Approach. Year- on-year growth (FY2024 to FY2025) was 4.80%. This is primarily due to there not being material changes in market parameters or property fundamentals and the gross lettable area has been adjusted in line with the floor plans received. As no major refurbishment of the building has been undertaken, the grade has been reassessed and concluded it to be a B+ grade. Demand for offices in this node remains relatively static. Property expenses have been normalised where necessary to determine a sustainable Net Operating Income, which has been capitalised at 10.50%. The additional bulk has been deferred for one year at 9.50% per annum. Although no capital deduction has been considered in the valuation calculations, the roof remains problematic and overall, the improvements are in an average state of maintenance. The weighted average gross market rental per m² is R134.42 and a long-term vacancy rate of 5.00% was used. The Market Value is corroborated by the Comparable Sales Method.

The valuations of the Ficksburg and Fouriesburg houses were performed using the Market Approach, considering the Direct Comparable Method. The Market Approach provides an indication of value by comparing the asset with identical or comparable assets for which price information is available.

The minimal growth in the Ficksburg property values of 2.1%, excluding Erf 807 Ficksburg which had a reduction in value of 54.4%, can be attributed to the demand for residential properties in Ficksburg remaining poor. It should also be noted that the real estate market in Ficksburg is closer linked to the general South African economy (GDP growth, employment, interest rates, etc.) compared to Fouriesburg, which is a tourist driven economy. Erf 807 Ficksburg is still affected by a major structural crack that will impact the marketability and salability of this property.

The increase in property values in Fouriesburg (ranging between 2.40% and 6.20%) is due to there not being any material changes in the demand and selling prices of residential properties in Fouriesburg since the previous year.

Refer to Note 12 for the change in the revaluation surplus.

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

3. Property, plant and equipment (continued)

Property, plant, and equipment in the process of being constructed or developed that have been delayed

Smart Border project	3 094	4 576	3 094	4 576

The SMART Border Project forms part of the bigger Customs Modernisation Programme. Two key components include the Automated Number Plate Recognition (ANPR) System designed to streamline arrival and exit management by reading vehicle number plates automatically and the CCTV Camera Installation Programme at tobacco manufacturing warehouses, intended to identify any deviations in tobacco production that may indicate illicit or potentially illicit manufacturing of tobacco products. The implementation of these programmes, however, has faced significant delays due to legal challenges involving the CCTV Camera Installation Programme and design and pilot site delays involving the ANPR System. The installation of the latter has been postponed to the 2025/2026 financial year.

Expenditure incurred to repair and maintain Property, Plant, and Equipment and Intangible Assets included in the Statement of Financial Performance

Contracted services	980 017	947 316	1 063 857	987 732
General expenses	69 747	63 855	69 626	63 468
	1 049 764	**1 011 171**	**1 133 483**	**1 051 200**

Repairs and maintenance forms part of Administration Expenses and Professional and Special Services on the face of the Statement of Financial Performance.

4. Intangible assets

Figures in Rand thousand (R'000)						
Economic entity	March 2025			March 2024		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intellectual property and other rights	73 583	(73 583)	-	73 583	(72 387)	1 196
ICT Software	4 905 991	(3 376 516)	1 529 475	4 704 546	(3 187 024)	1 517 522
Software under development	60 514	-	60 514	107 732	-	107 732
Total	**5 040 088**	**(3 450 099)**	**1 589 989**	**4 885 861**	**(3 259 411)**	**1 626 450**

Figures in Rand thousand (R'000)						
Controlling entity	March 2025			March 2024		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
ICT Software	4 902 176	(3 372 917)	1 529 259	4 699 303	(3 182 158)	1 517 145
Software under development	60 514	-	60 514	107 732	-	107 732
Total	**4 962 690**	**(3 372 917)**	**1 589 773**	**4 807 035**	**(3 182 158)**	**1 624 877**

Reconciliation of the carrying amount of intangible assets - Economic entity – 2025

Figures in Rand thousand (R'000)							
	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss / scrappings	Total
Intellectual property and other rights	1 196	-	-	-	(1 196)	-	-
ICT software	1 517 522	8 916	(6)	249 272	(223 839)	(22 390)	1 529 475
Software under development	107 732	200 324	-	(244 255)	-	(3 287)	60 514
	1 626 450	**209 240**	**(6)**	**5 017**	**(225 035)**	**(25 677)**	**1 589 989**

Refer to note 34 for the total impact of changes in residual value and useful life on accumulated depreciation.
Net transfers between property, plant and equipment and intangible assets as per note 3 contra each other.

Reconciliation of the carrying amount of intangible assets - Economic entity – 2024

Figures in Rand thousand (R'000)							
	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss/ scrappings	Total
Intellectual property and other rights	2 789	-	-	-	(1 593)	-	1 196
ICT software	1 318 230	20 964	(5)	392 520	(184 645)	(29 542)	1 517 522
Software under development	272 649	227 603	-	(392 520)	-	-	107 732
	1 593 668	**248 567**	**(5)**	**-**	**(186 238)**	**(29 542)**	**1 626 450**

The opening balances of some classes have been adjusted due to the prior period error adjustment in 2023/24.

4. Intangible assets (continued)

Reconciliation of the carrying amount of intangible assets - Controlling entity – 2025

Figures in Rand thousand (R'000)						
	Opening balance	Additions	Transfers	Amortisation	Impairment loss/scrappings	Total
ICT software	1 517 145	8 911	249 272	(223 679)	(22 390)	1 529 259
Software under development	107 732	200 324	(244 255)	-	(3 287)	60 514
	1 624 877	**209 235**	**5 017**	**(223 679)**	**(25 677)**	**1 589 773**

Refer to note 34 for the total impact of changes in useful life on accumulated depreciation.

Net transfers between property, plant and equipment and intangible assets as per note 3 contra each other.

Reconciliation of the carrying amount of intangible assets - Controlling entity - 2024

Figures in Rand thousand (R'000)						
	Opening balance	Additions	Transfers	Amortisation	Impairment loss/scrappings	Total
ICT software	1 317 308	20 913	392 520	(184 054)	(29 542)	1 517 145
Software under development	272 649	227 603	(392 520)	-	-	107 732
	1 589 957	**248 516**	**-**	**(184 054)**	**(29 542)**	**1 624 877**

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

4. Intangible assets (continued)

Intangible assets in the process of being constructed or developed that have been delayed

Trust Administrative Penalties Imposition Project	3 156	-	3 156	-

The Trust Administrative Penalties Imposition Project aims to improve the filing compliance for Trusts, by introducing administrative penalties. The project was initially planned to be implemented on 13 September 2024 but was postponed because the Service Provider's Masters Services Agreement (MSA) expired before the team could start development work as initially scheduled. After the MSA was renewed, the project resumed with a new implementation date set for 11 April 2025. The project was successfully implemented on that date.

Registration and Register Clean-up- UnMerge Functionality	1 017	678	1 017	678

The project, which included e-Filing and Service Manager components, was originally planned to be implemented on 19 April 2024. However, during the Quality Assurance (QA) testing phase, it was identified that the e-Filing solution did not align with the entity level requirements specified in the business requirements. As a result, the rollout of the e-Filing component has been postponed allowing for further adjustments. These adjustments will be implemented in phases due to its complexity and need for thorough testing. The initial components were released in April 2024, with the remaining parts scheduled for September or December 2025, depending on business readiness.

	4 173	678	4 173	678

Intangible assets in the process of being constructed or developed that have been halted:

Mineral and Petroleum Resources Royalties (MPRR) project - eAccount phase	416	416	416	416

The project entails the modernisation and implementation of the MPRR tax product that will form the foundation of the accrual basis of accounting solution for subsequent tax products. The project is experiencing delays due to the continued inability to attract and retain experienced and capable technical resources while the workload is increasing due to multiple project involvement (resources shared across projects). This places pressure on remaining project staff and impacts the scheduled release cycles, therefore pushing the release out. Due to resource issues, the project has been halted until the SAP Centre of Excellence (SAP CoE) can sufficiently cross- skill junior resources across different workstreams to increase capability and improve resource utilisation. The final penalty, interest, and clearing solutions and processes were successfully implemented. Now that the complex defects are resolved, the SAP CoE capacity is no longer a threat to the MPRR project and it was therefore not impaired.

Fraud Case Management Project	-	-	-	-

The project aimed to address the challenges faced by the Syndicated Tax and Customs Crime (STCC) division in addressing VAT refund fraud. The project was initiated to automate the reversal of fraudulent VAT returns, aiming to enhance visibility and efficiency in handling such cases. The project was put on hold due to several unforeseen complexities that led to significant cost escalations. The substantial rise in costs required additional funding, which contributed to the decision to put the project on hold. Additionally, the project underwent several changes in scope, further complicating its development and implementation. These factors combined to delay the project's progress and ultimately led to it being put on hold and as a result impaired.

	416	416	416	416

5. Living resources

Figures in Rand thousand (R'000)						
Economic entity R'000	March 2025			March 2024		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Customs Detector Dogs	6 913	(2 014)	4 899	6 873	(1 911)	4 962

Figures in Rand thousand (R'000)						
Controlling entity R'000	March 2025			March 2024		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Customs Detector Dogs	6 913	(2 014)	4 899	6 873	(1 911)	4 962

Reconciliation of living resources - Economic entity – 2025

Figures in Rand thousand (R'000)					
	Opening balance	Additions	Depreciation	Impairment loss/scrappings	Total
Customs Detector Dogs	4 962	798	(678)	(183)	4 899

Reconciliation of living resources - Economic entity – 2024

Figures in Rand thousand (R'000)					
	Opening balance	Additions	Depreciation	Impairment loss/scrappings	Total
Customs Detector Dogs	4 628	1 676	(707)	(635)	4 962

Reconciliation of living resources - Controlling entity – 2025

Figures in Rand thousand (R'000)					
	Opening balance	Additions	Depreciation	Impairment loss/scrappings	Total
Customs Detector Dogs	4 962	798	(678)	(183)	4 899

Reconciliation of living resources - Controlling entity – 2024

Figures in Rand thousand (R'000)					
	Opening balance	Additions	Depreciation	Impairment loss/scrappings	Total
Customs Detector Dogs	4 628	1 676	(707)	(635)	4 962

6. Interests in other entities

Investment in controlled entity

Name of company	Determination of ownership interest	% holding 2025	% holding 2024	Carrying amount 2025	Carrying amount 2024
International Frontier Technologies SOC Ltd	South African Revenue Service	100.00 %	100.00 %	-	-

The controlled entity has a share capital of R1 (One rand).

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

7. Deferred tax - controlled entity

Deferred tax asset

Deferred tax asset	**4 172**	**3 575**	**-**	**-**

Reconciliation of deferred tax asset/(liability)

At the beginning of the year	3 575	3 557	-	-
Reversing temporary difference on intellectual property	226	301	-	-
Temporary difference on property, plant, and equipment	(296)	(28)	-	-
Originating temporary difference on operating lease	(68)	(82)	-	-
Temporary difference on repayments	(128)	(116)	-	-
Movement in provision and accruals	863	(57)	-	-
	4 172	**3 575**	**-**	**-**

8. Prepayments

Prepaid expenditure	546 173	506 122	538 364	500 661
Leave taken in advance	23 337	28 103	23 337	28 103
	569 510	**534 225**	**561 701**	**528 764**
Current	563 179	511 835	555 370	506 374
Non-current	6 331	22 390	6 331	22 390
	569 510	**534 225**	**561 701**	**528 764**

The Economic and Controlling entity have reclassified Prepayments between current and non-current balances for the first time this financial year, as some of the prepayment transactions occurred over periods longer than 12 months. The comparative figures have been adjusted accordingly. Refer to Note 36.

9. Inventories

Corporate uniforms	16 479	15 074	16 479	15 074
Combat uniforms	4 101	7 081	4 101	7 081
Uniforms personal protective equipment	146	180	146	180
	20 726	**22 335**	**20 726**	**22 335**

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

10. Receivables from exchange transactions

Statutory receivables	37 693	97 028	37 693	97 028
Trade debtors	674	5 620	-	-
Government departments	9 746	9 316	9 746	9 316
Staff accounts receivable	4 830	4 179	4 830	4 179
Refundable deposits	3 833	3 867	3 818	3 852
Interest receivable	5 466	3 190	5 466	3 190
Sundry receivables	3 331	5 564	3 749	5 840
Advance Tax Ruling (ATR) debtors	132	214	132	214
	65 705	**128 978**	**65 434**	**123 619**
Current assets	61 986	125 185	61 715	119 826
Non-current assets	3 719	3 793	3 719	3 793
	65 705	**128 978**	**65 434**	**123 619**

Statutory receivables included in receivables from exchange transactions above are as follows:

UIF commission	33 662	92 994	33 662	92 994
SDL commission	4 031	4 034	4 031	4 034
	37 693	**97 028**	**37 693**	**97 028**
Financial asset receivables included in receivables from exchange transactions above	**28 012**	**31 950**	**27 741**	**26 591**
Total receivables from exchange transactions	**65 705**	**128 978**	**65 434**	**123 619**

Statutory receivables' general information

Transaction(s) arising from statute

The controlling entity collects UIF under the Unemployment Insurance Contributions (UIC) Act, 2002 (Act No.4 of 2002) and SDL under the Skills Development Levies (SDL) Act, 1999 (Act 9 of 1999) on behalf of the Departments of Labour and Higher Education and Training, respectively.

The SDL Act defines the "Commissioner" as the SARS Commissioner, established by section 2 of the SARS Act, 1997 (Act 34 of 1997). Section 6 indicates that the levy should be paid to the Commissioner, and Sections 10(1) and (2) indicate how the collection costs should be administered.

Section 16 of the UIF Act, defines the "Commissioner" as the SARS Commissioner established by section 2 of the SARS Act. Section 8 of this Act indicates that UIF contributions should be paid to the Commissioner, and section 16 indicates how collection costs should be administered.

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

10. Receivables from exchange transactions (continued)

Determination of the transaction amount

SDL Commission

Section 10(2) of the SDL Act provides that the total amount of such collection costs, excluding the start-up capital costs, may not exceed two per cent of the total amount of the SDL paid to SARS by every qualifying employer per month.

UIF Commission

Section 16(2) of the UIF Act provides that such collection costs be defrayed at an amount "equal to one and a half per cent of the total amount of the payments collected, or where the actual expense exceeds one and a half per cent of that amount, such actual costs".

Interest or other fees levied or charged

No interest is levied or charged.

Basis used to assess and test whether a statutory receivable is impaired

The economic entity assesses its statutory receivables for impairment at the end of each reporting period. Write- offs are made according to the economic entity's write-off policy.

Receivables past due but not impaired relating specifically to Statutory Receivables

Statutory receivables that are less than three months past due are not considered to be impaired. At 31 March 2025 R nil (2024:Rnil) were past due but not impaired.

Receivables impaired relating specifically to Statutory Receivables

Statutory receivables that are less than 3 months past due are not considered to be impaired. At 31 March 2025 R nil (2024:Rnil) were past due but not impaired. Therefore, no statutory receivables were impaired and provided for.

Fair value of receivables from exchange transactions

Trade and other receivables	65 705	128 978	65 434	123 619

Trade and other receivables are carried at original amounts, which approximate fair value, less provision made for the impairment of these revievables.

Receivables from exchange transactions past due but not impaired

Trade and other receivables that are less than three months past due are not considered to be impaired. At 31 March 2025, R5.1 million (2024: R 8.6 million) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

One month past due	424	164	78	1
Two months past due	59	3 351	59	1
Three months past due	4 618	5 040	4 618	5 024

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

10. Receivables from exchange transactions (continued)

Receivables from exchange transactions impaired

As of 31 March 2025, R 3.6 million (2024: R 3.3 million) were impaired and provided for.

The ageing of these receivables from exchange transactions is as follows:

Three to six months	656	588	656	588
Over six months	2 902	2 693	2 902	2 693

Included in the provision for government debtors is an amount owed to the controlling entity by the Department of Public Works to the value of R825 876 (2024: R825 876). Constant service lapses at border posts by the Department of Public Works required the controlling entity to appoint service providers to attend to the required service. The costs incurred by the controlling entity was billed to the Department of Public Works and engagements for recovery continue.

Included in the provision for third party debtors (sundry receivables) is an amount of R434 812 (2024:R434 812) in respect of debt owed by the previous Commissioner of SARS, Mr TS Moyane.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	3 281	5 333	3 281	5 333
Provision for impairment	1 080	427	1 080	427
Amounts written off as uncollectible	(803)	(2 479)	(803)	(2 479)
	3 558	**3 281**	**3 558**	**3 281**

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	585	625	581	622
Bank balances	395 143	1 516 299	381 898	1 510 750
Short-term deposits	795 788	24 188	750 000	-
	1 191 516	**1 541 112**	**1 132 479**	**1 511 372**

Short-term deposits comprise cash held with major banks with high quality credit standing and short-term deposits that are held with the Corporation for Public Deposits.

12. Asset revaluation reserve

Opening balance	121 095	101 239	121 095	101 239
Current year revaluation	32 621	26 334	32 621	26 334
Depreciation on the revalued portion of assets	(9 611)	(6 478)	(9 611)	(6 478)
	144 105	**121 095**	**144 105**	**121 095**

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

13. Finance lease obligation

Office equipment and vehicle tracking units				
Minimum lease payments due				
Within one year	9 360	24 928	9 360	24 928
In second to fifth year inclusive	7 208	12 411	7 208	12 411
	16 568	**37 339**	**16 568**	**37 339**
Less: future finance charges	(4 160)	(8 060)	(4 160)	(8 060)
Present value of minimum lease payments	**12 408**	**29 279**	**12 408**	**29 279**
Non-current liabilities	5 592	8 737	5 592	8 737
Current liabilities	6 816	20 542	6 816	20 542
	12 408	**29 279**	**12 408**	**29 279**

The controlling entity entered into a 36-month lease agreement for the provision of self-service kiosk terminals in the prior financial year, with no annual escalation or renewal option clause and a net carrying value of R2.8 million.

The existing 36-month lease term for the multi-functional machines relating to the outgoing service provider, has no annual escalation clause, and is being phased out in stages affecting the 2024/2025 and 2025/2026 financial years. The remaining multi-functional machines have a net carrying value of R570 487 (2024: R16.3 million).

The controlling entity entered into a new 36-month lease agreement for the provision of multi-functional machines with a new service provider, that are being phased in during the 2024/2025 and 2025/2026 financial years. These multi-functioning machines have no annual scalation or renewal option clause and a net carrying value of R811 211.

The lease term for the vehicle tracking units is 60 months, with an annual escalation of 6% with no renewal clause and a net carrying value of R1.9 million (2024: R2.6 million).

The multi-functional machines, vehicle tracking units and kiosks under lease were capitalised, and the corresponding finance lease liability raised. The leases are payable in monthly installments.

14. Deferred income

Donations for distributions	84	93	84	93
Tower rentals	79	75	79	75
	163	**168**	**163**	**168**
Current liabilities	163	168	163	168
	163	**168**	**163**	**168**

Tower rentals are charged annually in advance for the installation and operation of electronic communication equipment.

15. Provisions

Reconciliation of provisions - Economic entity - 2025

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Adjustments during the year	Total
Performance bonuses	241 259	431 102	(516 370)	-	275 112	431 103
Provision for dismantling costs	11 455	4 783	(7 924)	(3 531)	-	4 783
Provision for building rentals	2 280	2 674	(47)	(168)	-	4 739
Provision for insurance	585	2 000	(442)	(143)	-	2 000
	255 579	**440 559**	**(524 783)**	**(3 842)**	**275 112**	**442 625**

Reconciliation of provisions - Economic entity – 2024

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Adjustments during the year	Total
Performance bonuses	725 685	241 259	(714 030)	-	(11 655)	241 259
Provision for dismantling costs	3 102	11 455	(3 102)	-	-	11 455
Provision for building rentals	260	2 077	-	-	(57)	2 280
Provision for insurance	94	585	(78)	(16)	-	585
	729 141	**255 376**	**(717 210)**	**(16)**	**(11 712)**	**255 579**

Reconciliation of provisions - Controlling entity – 2025

Figures in Rand thousand (R'000)						
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Adjustments during the year	Total
Performance bonuses	226 446	413 657	(501 778)	-	275 332	413 657
Provision for dismantling costs	11 455	4 783	(7 924)	(3 531)	-	4 783
Provision for building rentals	2 280	2 674	(47)	(168)	-	4 739
Provision for insurance	585	2 000	(442)	(143)	-	2 000
	240 766	**423 114**	**(510 191)**	**(3 842)**	**275 332**	**425 179**

Reconciliation of provisions - Controlling entity – 2024

Figures in Rand thousand (R'000)					
	Opening balance	Accumulation	Utilised during the year	Reversed during the year	Total
Performance bonuses	714 587	226 446	(702 888)	(11 699)	226 446
Provision for dismantling costs	3 102	11 455	(3 102)	-	11 455
Provision for building rentals	260	2 077	-	(57)	2 280
Provision for insurance	94	585	(78)	(16)	585
	718 043	**240 563**	**(706 068)**	**(11 772)**	**240 766**

15. Provisions (continued)

Performance bonuses

Performance bonuses represent the provision for annual performance bonuses payable to employees in terms of performance agreements. The final quantum of the performance bonus payable is uncertain.

Provision for dismantling costs

A provision for dismantling costs was raised for lease contracts where the terms of the lease stipulate that the building needs to be returned to the landlord in a condition that is similar to what it was at the onset of the lease. This is usually referred to as white-boxing the property. The final quantum payable is uncertain.

Provision for building rentals

A provision for building rental escalations was raised on contracts that could not be included in the straight-line calculations for operating leases pending conclusion of lease agreement negotiations. The calculations were based on the escalation rates as per the latest concluded contracts.

Provision for insurance

A provision for fleet-related repairs was raised on incidents that were reported for the controlling entity's fleet involved in accidents or other related incidents for which the controlling entity has not yet received a quote or invoice for the repairs. The calculations were based on the estimated cost per incident as provided by the insurance service provider. The final cost of the repairs is uncertain.

16. Employee benefits

The leave valuation was performed on a member-by-member basis, using the Projected Unit Credit Method specified by the Statement on Employee Benefits. This valuation method determines the obligation that has accrued at the date of valuation, allowing for salary escalations, the probability of benefits being paid, probabilities of survival and the time value of money.

Salary increases were linked to inflation using the real yield curve, fixed at 5.5%.

Interest cost is the increase in the present value of the leave obligation, which arises because the leave benefits are one period closer to settlement.

Main valuation assumptions applicable to the controlling entity

	31 March 2025	31 March 2024
Discount rate	Bond yield curve	Bond yield curve
Inflation	Real yield curve	Real yield curve
Salary increases	Inflation (*)	Inflation (**)
Real discount rate	4,1% - 5,1% p.a. depending on duration	4,4% - 5,2% p.a. depending on duration
Leave accrual	2 days	2 days
Normal retirement age	65	65
Mortality tables: males	SA 85/90 light	SA 85/90 light
Mortality tables: female	SA 85/90 light - 3 years	SA 85/90 light - 3 years

(*) Salary increases were capped at 5.5% with effect from 1 April 2025.

(**) An additional 1% increase was allowed with effect 1 April 2024.

16.1 Employee benefits - special dispensation leave

Leave pay represents entitlements of amounts due to personnel, for leave accumulated during 2020 and 2021.

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
Opening balance	59 657	59 408	59 657	59 408
Actuarial adjustment	(5 214)	(5 868)	(5 214)	(5 868)
Estimated benefits paid	(3 133)	(4 773)	(3 133)	(4 773
Remeasurement - actuarial (gains) and losses from changes in financial assumptions	(2 081)	(1 095)	(2 081)	(1 095)
Interest cost	6 855	6 117	6 855	6 117
	61 298	**59 657**	**61 298**	**59 657**

As a result of the COVID-19 pandemic which spanned across 2020 and 2021, the utilisation of annual leave decreased during this period. Taking this into consideration, the controlling entity's leave policy was amended, and these days are no longer forfeited.

A new leave category, special dispensation leave (the remaining days from 2020 and 2021 calendar years) was added to unused days at the end of June 2022.

The special dispensation leave can be utilised by employees during their employment with the controlling entity or paid upon service termination.

16.2 Employee benefits - leave accumulated prior 1999

Leave pay represents the entitlements of amounts due to personnel, for leave accumulated prior to 1999.

Opening balance	4 744	5 193	4 744	5 193
Actuarial adjustment	(587)	(943)	(587)	(943)
Benefits paid	581)	(1 074)	(581)	(1 074)
Remeasurement - actuarial (gains) and losses from changes in financial assumptions	(6)	131	(6)	131
Interest cost	508	494	508	494
	4 665	**4 744**	**4 665**	**4 744**

Some employees still have leave that was accumulated before 1 January 1999.

Leave accumulated prior to 1 January 1999 may be taken as leave at the discretion of management, based on operational needs. Such leave will however only be paid out on death or retirement.

16.3 Employee benefits - accumulated annual leave

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
Opening balance	288 748	271 482	288 748	271 482
Actuarial adjustment	(19 282)	(10 781)	(19 282)	(10 781)
Benefits paid	(17 965)	(14 925)	(17 965)	(14 925)
Remeasurement - actuarial (gains) and losses from changes in financial assumptions	(1 317)	4 144	(1 317)	4 144
Interest cost	33 321	28 047	33 321	28 047
	302 787	**288 748**	**302 787**	**288 748**

Employees are entitled to a specified number of paid working days' annual leave based on the length of their uninterrupted past service with the controlling entity.

16.4 Sensitivity of Employee benefit results

Sensitivity to salary increase assumptions	Standard assumptions	Salary increases (-1%)	Salary increases (+1%)
	R'000	R'000	R'000
Leave accumulated prior 1999	4 665	4 445 (-4.7%)	4 901(+5,0%)
Accumulated annual leave	302 787	-281 258 (-7.1%)	326 819 (+7,9%)
Special dispensation leave	61 298	57 029 (-7.0%)	66 047(+7,7%)
Total liability	**368 750**	**342 732 (-7.1%)**	**397 767(+7.9%)**

These results indicate the extent to which the accrued leave benefit liability is sensitive to the salary escalation assumption. As can be seen, a one percentage point increase/decrease will result in a significant increase/decrease in the total liability.

Sensitivity to withdrawal rates assumptions	Standard assumptions	Withdrawal rates (-10%)	Withdrawal rates (+10%)
	R'000	R'000	R'000
Leave accumulated prior 1999	4 665	4 675 (+0.2%)	4 656 (-0.2%)
Accumulated annual leave	302 787	300 382 (-0.8%)	305 131 (+0.8%)
Special dispensation leave	61 298	60 880 (-0.7%)	61 708(+0,7%)
Total liability	**368 750**	**365 937 (-0.8%)**	**371 495(+0.7%)**

A 10% change in the withdrawal rates will result in a relatively small change in the total liability.

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

17. Trade and other payables

Trade payables	261 604	369 073	271 416	397 475
Accruals for salary-related expenses	500 482	462 463	488 899	452 222
Other payables	1 971	720	4 732	720
	764 057	**832 256**	**765 047**	**850 417**

During the audit of 2024/25 it was discovered that there were accruals that were not accounted for in the correct financial period, this was subsequently accounted for in 2022/2023 and 2023/2024. Refer to note 35.

18. Revenue

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	19 850	23 278	-	-

The amount included in revenue arising from non-exchange transactions are as follows:

Government grant	12 388 563	12 280 696	12 388 563	12 280 696
Conditional grant	-	1 000 000	-	1 000 000
Negotiated discount and donations received	621	19 768	621	19 768
	12 389 184	**13 300 464**	**12 389 184**	**13 300 464**

19. Other income

Commissio received n	162	-	162	-
UIF and SDL commission received	431 748	414 462	431 748	414 462
Sundry receipts	70 614	28 317	71 095	28 536
Profit from exchange rate differences	3 910	4 702	3 910	4 583
SDL training grant	65	99	65	99
Compensation for replacement assets	2 307	71	2 307	71
	508 806	**447 651**	**509 287**	**447 751**

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

20. Surrender of surpluses

The controlling entity will make a submission as per National Treasury Instruction No.12 of 2020/2021 pertaining to the retention of surpluses, but considering commitments (refer to note 30), the controlling entity does not have a surplus to surrender.

21. Auditors' remuneration

Audit fees	44 918	43 599	43 853	42 695

Auditors' remuneration forms part of the professional and special services on the face of the Statement of Financial Performance.

22. Asset impairment and scrapping, inventory adjustments

Net Impairments

Property, plant and equipment, intangible assets and living resources (Refer to notes 3 to 5 for detail on impairment and impairment reversals per asset class)	136 935	40 101	136 935	40 101
Net reversal of inventories	(76)	(53)	(76)	(53)
	136 859	**40 048**	**136 859**	**40 048**

The economic entity reviews and tests the carrying value of property, plant and equipment when events or changes in circumstances suggest that the carrying amount may not be recoverable in line with the asset policy and GRAP 21 prescripts. In 2025 assets to the value of R108.8 million (2024:R25.4 million) were impaired.

Impairment of land and buildings amounted to R82.1 million (2024: R5.7 million) with impairment reversals of Rnil (2024:R4.2 million) representing adjustments in terms of valuations performed. Refer to note 3.

The impairment loss amounts as per notes 3 to 5, include losses made on the scrapping of assets of R28.0 million (2024: R14.8 million).

23. Finance costs

Finance leases	5 135	7 156	5 135	7 156

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

24. Operating lease

Building & related rentals on straight-line basis	438 784	460 573	436 662	456 834
Contractual building and related rentals	435 439	476 108	432 814	472 067

Clauses pertaining to the controlling entity's renewal or purchasing options are evaluated on a case-by-case basis. The escalation rates vary between 0% and 10.5% per annum.

The controlled entity's office leases were for an initial period of 5 years with an annual rental escalation of 7%, and an expiry date of 31 August 2024. Subsequently an addendum was signed to extend the initial period of the St. Andrew offices lease by a further 2 years with a more favourable rental escalation of 5%. The office lease contains an option to extend the leases after the initial period by a further 5 years.

Minimum future lease payments:

Economic entity - 2025	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Building and related rentals	312 558	694 011	44 189	1 050 758
Economic entity - 2024	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Building and related rentals	277 819	389 251	5 649	672 719
Controlling entity - 2025	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Building and related rentals	310 832	693 277	44 189	1 048 298
Controlling entity - 2024	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Building and related rentals	274 888	386 792	5 649	667 329

25. Taxation - controlled entity

Major components of the tax income/(expense)

Current				
Local income tax - current period	(3 271)	(1 738)	-	-
Local income tax - recognised in current tax for prior periods	34	(7)	-	-
	(3 237)	(1 745)	-	-
Deferred				
Deferred tax movement current year	596	18	-	-
	(2 641)	**(1 727)**	**-**	**-**

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense

Applicable tax rate	27%	27%	0%	0%
Accounting surplus - controlled entity	**9 547**	**5 805**	**-**	**-**
Tax at the applicable tax rate of 27% (2024: 27%)	2 578	1 567	-	-
Tax effect of adjustments on taxable income				
Originating temporary differences	596	18	-	-
Non-deductible expenses	97	153	-	
Prior year adjustments	(34)	7	-	-
	3 237	**1 745**	**-**	**-**

The controlling entity is exempt from payment of Income Tax in terms of section 10(1)(cA) of the Income Tax Act, 1962 (Act 58 of 1962).

26. Cash generated from operations

Deficit)/surplus	853 493)	793 901	(860 401)	789 828
Adjustments for:				
Depreciation and amortisation	641 869	603 031	637 736	598 481
(Gain)/Loss on sale of assets	137	105	(14)	(214)
Donations received	(621)	(19 768)	(621)	(19 768)
Compensation for replacement assets	(2 307)	(71)	(2 307)	(71)
Finance costs	5 135	7 156	5 135	7 156
Impairment and impairment reversals on property, plant and equipment and intangible assets	136 935	40 101	136 935	40 101
Movement in operating lease liabilities	3 596	(15 535)	3 848	(15 233)
Movement in employee benefits	15 601	17 066	15 601	17 066
Movement in provisions	187 046	(473 562)	184 413	(477 277)
Movement in tax receivable	90	547	-	-
Movement in deferred tax	(597)	(18)	-	-
Changes in working capital:				
Inventories	1 609	(2 754)	1 609	(2 754)
Receivables from exchange transactions	63 273	(67 590)	58 185	(61 872)
Prepayments	(35 285)	(107 477)	(32 937)	(107 082)
Trade and other payables	(68 197)	60 337	(85 369)	88 578
VAT	(251)	3 083	-	-
Movement in deferred income	(5)	5	(5)	5
	94 535	**838 557**	**61 808**	**856 944**

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

27. Current (tax receivable)/tax payable - controlled entity

Balance at beginning of the year	192	739	-	-
Current tax recognised in surplus or deficit	(3 237)	(1 745)	-	-
Balance at end of the year	(102)	(192)	-	-
	(3 147)	**(1 198)**	**-**	**-**

28. Employee benefit obligations

Defined contribution plans

Entitlement to retirement benefits is governed by the rules of the pension fund. The economic entity has no legal or constructive obligation to pay for future benefits, this responsibility vests with the pension fund.

The total economic entity's contribution to such schemes	670 469	640 935	658 727	630 530

The total economic entity contribution to the defined contribution retirement fund forms part of employee cost on the face of the Statement of Financial Performance.

29. Financial instruments disclosure

Categories of financial instruments

Financial assets by category				
Receivables from exchange transactions at amortised cost	65 705	128 978	65 434	123 619
Cash and cash equivalents at fair value	1 191 516	1 541 112	1 132 479	1 511 372
	1 257 221	**1 670 090**	**1 197 913**	**1 634 991**
Financial liabilities by category				
Finance lease obligations at amortised cost	12 408	29 279	12 408	29 279
Payables from exchange transactions at amortised cost	263 575	369 793	276 148	398 195
	275 983	**399 072**	**288 556**	**427 474**

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

30. Commitments

Authorised capital expenditure

Contracted for capital expenditure, but not provided for				
Property, plant and equipment	223 864	73 361	223 864	73 361
Intangible assets	138 075	123 590	138 075	123 590
	361 939	**196 951**	**361 939**	**196 951**
Authorised, but not yet contracted capital expenditure				
Property, plant and equipment	32 123	33 981	32 123	33 981
Intangible assets	559 308	765 364	559 308	765 364
	591 431	**799 345**	**591 431**	**799 345**
Total capital commitments				
Contracted for capital expenditure, but not provided for	361 939	196 951	361 939	196 951
Authorised, but not yet contracted for capital expenditure	591 431	799 345	591 431	799 345
	953 370	**996 296**	**953 370**	**996 296**

Authorised operational expenditure

Contracted for operational expenditure	152 603	318 708	151 830	318 364
Authorised, but not yet contracted for operational expenditure	27 879	49 935	27 879	49 935
	180 482	**368 643**	**179 709**	**368 299**
Total operational commitments				
Contracted for operational expenditure	152 603	318 708	151 830	318 364
Authorised, but not yet contracted for operational expenditure	27 879	49 935	27 879	49 935
	180 482	**368 643**	**179 709**	**368 299**

Total commitments

Authorised capital expenditure	953 370	996 296	953 370	996 296
Authorised operational expenditure	180 482	368 643	179 709	368 299
	1 133 852	**1 364 939**	**1 133 079**	**1 364 595**

31. Contingencies

Contingencies exclude any matters arising as a result of tax-and-customs related activities. The timing and/or quantum of the below cases are uncertain.

A. Contingent Liabilities

1. Trade Vendors

1.1 A lawsuit has been instituted against the controlling entity wherein the Plaintiff is alleging to have suffered damages in the amount of R16.5 million due to a decision made by the controlling entity to award a tender deemed unlawful. The legal process is at the discovery stage of the pleadings in preparation for a pre-trial conference between the litigants.

1.2 The controlling entity and National Treasury were served with a claim in the 2023/2024 financial year that seeks to have the general conditions of a contract declared unconstitutional. Additionally, the claim requested that the vendor's 10-year restriction of doing business with the South African government, be set aside. The claimant is seeking legal costs against the controlling entity and National Treasury. The case is still ongoing.

1.3 In December 2019, a service provider invited the controlling entity to join as a defendant in a lawsuit against an employee of the controlling entity. The controlling entity has not joined the court proceedings or filed any pleadings. The matter has been dormant for 5 years and will be removed from the contingency register.

2. Customs accommodation fringe benefit matter

The Voluntary Disclosure Process (VDP) to regularise the payment of the outstanding fringe benefits tax obligation relating to Customs Residential Accommodation was concluded in March 2025. The controlling entity was granted relief from paying the Administrative Non-Compliance Penalty of R5.9 million as well as the Understatement Penalty (Tax Administration Act, 2011 (Act 28 of 2011) section 223(1)) of R14.7 million. The fringe benefit tax obligation of R58.9 million and the interest of R34.5 million was paid on 20 March 2025. The matter has been removed from the contingency register although the controlling entity is investigating whether any additional fringe benefit taxes are payable in terms of utility costs associated with Customs Residential Accommodation.

3. Employee related labour matters

3.1 Several matters pertaining to employee benefits such as leave encashment, travel allowance and other matters are receiving attention and will be reported as and when they are concluded.

3.2 The controlling entity received a disability claim, in line with its Group Life insurance cover from a former employee who retired due to ill health. The claim was however repudiated by the Insurer and the employee has now instituted proceedings against the controlling entity amounting to R662 000.

3.3 The controlling entity has taken a Labour Court judgment on appeal, where it was found that the dismissal of an employee was substantively unfair, and that the employee is to be reinstated. The compensation is estimated at R3.2 million with legal cost estimated at R1.0 million.

3.4 In another case, the CCMA found in favour of the Applicant instructing the controlling entity to reinstate the employee. The controlling entity has taken the matter on review to the Labour Court. The compensation is estimated at R2.1 million with legal cost estimated at R1.2 million.

31. Contingencies (continued)

4. Third party liability and other claims on Tax and Customs related matters

4.1 The controlling entity received a claim for R178 000 for legal cost and interest from a trader alleging the controlling entity defaulted on a settlement agreement, forcing the trader to file an application to compel the controlling entity to comply with the settlement agreement. The parties are currently considering a possible settlement.

4.2 The controlling entity received a damages claim for R12.5 million from the plaintiffs who are suing the controlling entity for general damages due to emotional distress and loss of amenities of life. The plaintiffs are unlikely to be able to prove all the essential elements necessary for a damages claim, especially the elements of wrongfulness / negligence on the part of the controlling entity and the quantum.

4.3 In the 2023/2024 financial year, the controlling entity received a demand for R 950 million from a trader for compensation for damages allegedly suffered due to the unlawful conduct of the entity's investigators. The claimant alleges the controlling entity disclosed confidential and privileged information resulting in the trader suffering damages. No further steps have been taken by the claimant since the letter of demand was submitted to the controlling entity.

4.4 The controlling entity received a damages claim amounting to R5.8 million in the 2018/2019 financial year for loss of income and damage to the retained property of the taxpayer. Although the plaintiff may have a valid claim, the computation of the damages appears to be overstated and entirely unrealistic. The case has not made any progress since the date of registering the claim.

4.5 The case in which a trader has sued the controlling entity to recover its legal costs after the controlling entity overturned its decision regarding the tariff classification of certain imported goods has been finalised. A default judgment was received against the controlling entity who must pay the trader R279 000 which includes interest of R48 000.

4.6 As reported in the 2022/2023 financial year, a court order was issued against the controlling entity to pay legal costs in a tax matter. The taxpayer has not provided the controlling entity with a taxed bill of cost; therefore, the cost order remains unsettled.

5. Insurance related claims

During 2023/2024 the controlling entity received a third party liability claim for R500 000 from a taxpayer as compensation for personal injuries allegedly suffered by a taxpayer at a branch office on 29 September 2023. The controlling entity's Insurer is still addressing the summons with the taxpayer's legal representative.

B. Contingent Assets

1. Trade Vendors

1.1 Arbitration in the matter reported during the 2018/19 financial year regarding the successful bidder's failure to deliver in accordance with the tender specifications was finalised during 2021/2022. The arbitrator in this case cancelled the April 2016 agreement between the parties. The controlling entity is entitled to R10.6 million with interest for the payment of equipment that did not meet the tender specifications. The company is under liquidation and the controlling entity is trying to recoup the money owed which includes cost.

1.2 On 19 June 2024 a burglary occurred at the SARS Alberton Campus in which ICT equipment to the value of approximately R1.7 million were stolen. A security service provider's failure to detect and respond effectively to the incident has resulted in the controlling entity's loss; the controlling entity is engaging the service provider to recoup the loss.

2. Legal costs arising from reports by the Public Protector

The court cases arising from reports by the Public Protector (PP) into Mr. Pillay's pension matter, the so called "rogue unit" matter and the investigation into the maladministration, corruption, procurement irregularities and improper conduct by the controlling entity in connection with the handling of a tender for the provision of bespoke software development, maintenance and support services, as well as the legal proceedings that have ensued from taking the reports on review have been concluded in favour of the controlling entity and legal costs were awarded against the Public Protector. To date, the controlling entity has recovered cost in the amount of R4.1 million. The process of recovering interest on the amounts owed to the controlling entity is ongoing, of which the timing and amount are uncertain. Refer to note 41.

3. Insurance related claims

3.1 The controlling entity's insurer has repudiated the claim relating to the fire that broke out at the SARS Branch office in Rissik Street Marshal Town, Johannesburg on 20 September 2023. The controlling entity will now engage the landlord, who is according to the Memorandum of Understanding, responsible for repairs to the building. The cost of the damage which includes replacement costs, restoration, and clean-up is estimated at R1.0 million.

3.2 The claim for the fire at the SARS Bellville office is in the final stages of being concluded in favour of SARS. The estimated amount of the claim is R2.0 million.

32. Related parties - controlling entity

Relationships	
32.1 Interfront	Refer to note 6
32.2 Key members of the controlled entity's board who are employed by the controlling entity	Mr. V.C. Ntlhabyane - Non-Executive Director Mr. H. Smith - Non-Executive Director Mr. E. Smith - Non-Executive Director Mr. G. Vermaas - Independent Non-Executive Director (appointed effective 13 June 2023)

	Controlling entity	
	2025	2024
	R'000	R'000

The controlling entity is a Schedule 3A Public Entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999). Related parties include other state-owned entities, government departments, and all other entities within the spheres of government.

The controlling entity collects UIF in terms of the UIC Act, and SDL in terms of the SDL Act, on behalf of the Department of Employment and Labour and the Department of Higher Education and Training, respectively. It also administers Road Accident Fund levies and diesel refunds in terms of the Customs and Excise Act, 91 (Act of 1964) on behalf of the Road Accident Fund.

The Office of the Tax Ombud is an impartial and independent avenue established in October 2013 in terms of the Tax Administration Act, 2011 (Act 28 of 2011) to resolve taxpayers' complaints against the controlling entity and the Office of the Tax Ombud grant appropriation is administered through the controlling entity.

The controlling entity continues to assist the Department of Home Affairs (DHA) in maintaining the enhanced Movement Control System, as well as assisting in the modernisation agenda of the department, which delivers and maintains the ID, passport, certificates, and visa systems. The partnership is strategically positioned to enable government to achieve continuous improvement in processes, systems and services. The controlling entity offers technological-related support and management skills in the partnership.

National Treasury provided the controlling entity with a grant for its operating expenditure, and to fund specific projects.

Only transactions with related parties, not at arm's length or not in the ordinary course of business, are disclosed.

Related party balances - controlling entity

Amounts included in trade receivable regarding related parties		
Interfront	684	437
Department of Home Affairs (DHA)	7 949	8 914

Amounts included in trade and other payables		
Interfront	13 894	30 127

Related party transactions - controlling entity

Rendering of services to related parties		
Department of Home Affairs (DHA)	13 265	71 783

Rendering of services by related parties		
Interfront	222 192	192 549

33. Executive Remuneration

Controlling entity (R'000) – 2025

Figures in Rand thousands (R'000)	Salary	Bonus payments	Allowances	Contributions (pension fund,group life and UIF)	Settlements (*)	Total
Commissioner	8 015	2 000	161	134	458	10 768
Deputy Commissioner: Corporate and Enterprise Services	4 007	329	941	528	-	5 805
Deputy Commissioner: Enterprise Strategy and Modernisation	5 225	582	-	87	-	5 894
Deputy Commissioner: Taxpayer Engagement & Operations	4 654	822	140	551	222	6 389
Chief of Staff	3 077	553	96	351	181	4 258
	24 978	**4 286**	**1 338**	**1 651**	**861**	**33 114**

(*) A settlement in terms of a wage dispute dating back to 2019 was reached with the controlling entity's employees. A once-off cash payment in lieu of annual increases were paid to the controlling entity's employees who were in the entity's employment as at 31 March 2019.

Controlling entity (R'000) – 2024

Figures in Rand thousands (R'000)	Salary	Bonus payments (*)	Allowances	Contributions (pension fund,group life and UIF)	Sign-on bonus	Total
Commissioner	7 793	3 630	156	131	-	11 710
Chief of Staff	2 929	835	91	333	-	4 188
Chief Financial Officer (2 months)	426	501	12	40	-	979
Chief Revenue Officer (2 months)	486	839	16	61	-	1 402
Head: Border Operations, Ports of Entry and Customs Compliance (2 months)	491	683	10	9	-	1 193
Head: Enterprise Data Management (2 months)	574	725	7	10	-	1 316
Head: Governance and Risk (2 months)	373	555	9	45	-	982
Head: Internal Audit (permanent invitee) (2 months)	358	532	14	44	-	948
Head: Operations Enabling and Production Planning (2 months)	541	730	8	9	-	1 288
Head: Taxpayer and Trader Education Products (2 months)	285	520	16	38	-	859
Head: Technology and Solution Delivery (2 months)	607	800	22	65	-	1 494
Regional Director: Gauteng North (2 months)	526	705	13	68	-	1 312
Deputy Commissioner: Enterprise Strategy and Modernisation (10 months)	4 167	-	-	69	-	4 236
Deputy Commissioner: Corporate and Enterprise Services (7 months)	1 987	-	525	295	1 500	4 307
Deputy Commissioner: Taxpayer Engagement & Operations (10 months)	3 689	-	111	436	-	4 236
	25 232	**11 055**	**1 010**	**1 653**	**1 500**	**40 450**

On 1 June 2023, the controlling entity appointed a new Executive Committee comprising of the Commissioner and three Deputy Commissioners. Mr. JN Makhubu, who served as the Chief Revenue Officer until 31 May 2023, was appointed as the Deputy Commissioner of Taxpayer Engagement and Operations on 1 June 2023. Mr. C Scholtz was appointed as the Deputy Commissioner of Enterprise Strategy and Modernisation on the same day, while Ms. BSM Backman was appointed as the Deputy Commissioner of Corporate and Enterprise Services on 1 September 2023.

(*) Performance bonuses, paid out in July 2023, are disclosed for the full 12 months as it relates to the 2022/2023 financial year.

34. Change in estimate

Property, plant and equipment and intangible assets

Management assesses the useful life, residual value and depreciation of property, plant and equipment, intangible and living resource assets annually. In the current period, the estimated useful life of the below asset classes was revised with the following impact on depreciation charges for the current period:

Change in useful life Controlling entity

Figures in Rand thousands (R'000)				
	Prior useful life estimate	Current useful life estimate	Current year effect of change in depreciation/ amortisation on statement of financial performance. Positive is increase in depreciation/ amortisation, negative is decrease in depreciation/ amortisation.	Impact in future periods on statement of financial performance. Positive is increase in depreciation/ amortisation, negative is decrease in depreciation/ amortisation.
Buildings	21 to 38 years	25 to 39 years	(1 008)	1 008
Furniture, Fittings and Office Equipment	4 to 15 years	6 to 17 years	(1 565)	1 565
Plant and equipment	10 years	12 years	(5 250)	5 250
ICT Equipment	2 to 11 years	3 to 13 years	(49 063)	49 063
Security Equipment	11 to 13 years	13 to 15 years	(1 285)	1 285
Land and water vehicles	5 years	7 years	(181)	181
Power supply	12 years	14 years	(595)	595
ICT software	14 years	16 years	(615)	615
			(59 562)	**59 562**

Change in residual value Controlling entity

Figures in Rand thousands (R'000)				
	Prior residual value estimate	Current residual value estimate	Current year effect of change in depreciation on statement of financial performance. Positive is increase in depreciation negative is decrease in depreciation	Impact in future periods on statement of financial performance. Positive is increase in depreciation/ negative is decrease in depreciation
Buildings	**20% to 64%**	**15% to 75%**	**2 988**	**(26 151)**

35. Prior period error

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	Economic Entity 2024	Controlling Entity 2024
Trade and other payables	(25 426)	(25 426)
Intangible Assets (cost)	273	273
Intangible Assets (amortisation)	(1)	(1)
Opening balance of accumulated surplus	1 483	1 483
Realisation of revaluation reserve	(6 478)	(6 478)
Accumulated surplus	30 149	30 149
Statement of Financial Performance		
Depreciation expense	6 479	6 479
Employee cost	(66)	(66)
Professional and special services	22 312	22 312
Administration expenses	1 184	1 184
Impairments	240	240
	30 149	**30 149**

During the audit of 2024/2025 it was discovered that there were accruals that were not accounted for which were subsequently recognised in 2023/2024. This also had an impact on the depreciation and impairment of buildings. In addition to this, the realisation of the revaluation reserve required a transfer directly against the accumulated surplus or deficit and was subsequently effected. Refer to note 3 and note 17.

36. Comparative Figures

Certain comparative figures have been reclassified and the effects are as follows:

Statement of financial position

Economic entity – 2024

	Note	As previously reported	Re- classification	After reclassification
Prepayments (Current)	8	534 225	(22 390)	511 835
Prepayments (Non-current)	8	-	22 390	22 390
		534 225	**-**	**534 225**

Controlling entity - 2024

	Note	As previously reported	Re- classification	After reclassification
Prepayments (Current)	8	528 764	(22 390)	506 374
Prepayments (Non-current)	8	-	22 390	22 390
		528 764	**-**	**528 764**

Cash flow statement

Economic entity – 2024

	Note	As previously reported	Re- classification	After reclassification
Cash flow from investing activities				
Acquisition of property, plant, and equipment	3	(396 144)	11 487	(384 657)
		(396 144)	**11 487**	**(384 657)**
Cash flow from financing activities				
Finance lease payments	3	(6 620)	(11 487)	(18 107)
		(6 620)	**(11 487)**	**(18 107)**

Controlling entity – 2024

	Note	As previously reported	Re- classification	After reclassification
Cash flow from investing activities				
Acquisition of property, plant, and equipment	3	(392 133)	11 487	(380 646)
		(392 133)	**11 487**	**(380 646)**
Cash flow from financing activities				
Finance lease payments	3	(6 620)	(11 487)	(18 107)
		(6 620)	**(11 487)**	**(18 107)**

Certain prepayments disclosed in 2023/2024 as current prepayment transactions have been reclassified as non-current prepayments as the prepayments occurred over periods longer than 12 months. Refer to Note 8.

New finance lease additions have been excluded from investing activities as they are non-cash items, accounted for as part of lease repayments under financing activities. Refer to note 3.

37. Risk management

Capital risk management - controlled entity

The entity's objectives when managing capital are to ensure the entity's ability to continue as a going concern. There have been no changes to what the entity manages as capital, the strategy for capital maintenance, or externally imposed capital requirements from the previous year.

Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the Executive Committee. It provides written policies for overall risk management, as well as a review covering specific areas.

The economic entity stays up to date with relevant regulations and ensures strict compliance to mitigate legal and regulatory risks. Employees are trained to recognise and respond to potential risks, fostering a risk-aware culture within the economic entity. Strong internal controls are implemented to prevent fraud and errors that can lead to financial losses. Further to this, the economic entity obtains comprehensive insurance policies to transfer certain risks, such as property damage, liability, or business interruption.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet ongoing planned operations associated with financial instruments.

The economic entity's risk to liquidity is a shortfall in funds available to cover operational and capital requirements. The economic entity manages liquidity risk through strict budget management.

The controlling entity's chief source of income is an annual grant from National Treasury for funding its operational and capital requirements. This grant is allocated in accordance with the provisions governing the Medium-Term Expenditure Framework. The controlling entity follows an extensive planning and governance process to determine its operational and capital requirements, which is then presented to National Treasury.

The table below analyses the economic entity's financial liabilities into relevant maturity groupings, based on the remaining period at the statement of financial position.

Economic entity

At 31 March 2025	One year or less	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	263 575	-	-	263 575
Finance lease obligation	6 816	5 592	-	12 408
At 31 March 2024	**Not later than one year**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade and other payables	369 793	-	-	369 793
Finance lease obligation	20 542	8 737	-	29 279

Controlling entity

Trade and other payables	276 148	-	-	276 148
Finance lease obligation	6 816	5 592	-	12 408
At 31 March 2024	**Not later than one year**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade and other payables	398 195	-	-	398 195
Finance lease obligation	20 542	8 737	-	29 279

The controlling entity has housing guarantees that are recovered from the employee's salary and/or pension when the guarantees are claimed. The full liquidity risk associated with these guarantees as at 31 March 2025 was R253 200 (2024: R263 980).

	Economic entity		Controlling entity	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

37. Risk management (continued)

Interest rate risk

Interest rate risk is the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates.

Exposure to interest rate risk on financial assets and liabilities is monitored on a continuous and proactive basis. The economic entity's exposure to interest rate risk is limited. Interest rates implicit to the finance leases are not varied over the term of the lease contracts.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The economic entity is exposed to credit-related losses, in the event of non- performance by counter-parties to financial instruments.

The controlling entity only deposits surplus funds at the Corporation for Public Deposits while the controlled entity only deposits cash with major banks with high quality credit standing, and limits exposure to any one counter-party.

Staff debts are recovered directly from the employee's salary and/or pension as per policy requirements.
Financial assets exposed to credit risk at year end were as follows:

Financial instrument				
Cash and cash equivalents	1 191 516	1 541 112	1 132 479	1 511 372
Receivables from exchange transactions	65 705	128 978	65 434	123 619

Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The controlled entity provides services to one international customer, and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the EURO. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The economic entity does not currently hedge foreign exchange fluctuations.

38. Going concern

The financial statements have been prepared based on a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The controlled entity delivers maintenance and support, as well as new and enhanced system developments to the controlling entity as its most significant client, which is expected to continue in the near future.

39. Fruitless and wasteful expenditure.

Fruitless and wasteful expenditure relating to goods and services	881	7 702	881	7 702

Investigations of transactions in relation to prior and current years to the value of R 881 098 is in process of being concluded, after which condonation will follow.

Refer to Annual Report page 100 for detailed reconcilliations and related disclosure.

40. Irregular expenditure

Irregular expenditure relating to goods and services	49 520	32 538	49 520	32 538

Investigations and consequence management for eighteen transactions to the value of R3.2 million were concluded.
Investigations of transactions in relation to prior and current years to the value of R78.9 million is in the process of being concluded, after which condonation will follow.
Refer to Annual Report page 99 for detailed reconciliation and related disclosure.

41. Other matters

Public Protector Reports

Legal review proceedings of the Public Protector's directives in the following matters were finalised in favour of the controlling entity during the prior financial year:

1. Mr Ivan Pillay's early retirement pension matter was concluded on 16 June 2022.
2. The establishment of an alleged illegal (the so-called "Rogue Unit") investigative unit concluded on 10 November 2022.
3. Allegations of maladministration, corruption, procurement irregularities and improper conduct in connection with the handling of a tender for the provision of bespoke software development, maintenance and support services by Barone Budge Dominick (Pty) Ltd concluded in August 2022. The PP has not appealed the ruling.

The courts ordered the Public Protector to pay legal costs amounting to of R4.1 million to the controlling entity. This amount has been fully recovered. The process of recovering interest on the amounts owed to the controlling entity is ongoing. Refer to note 31.

42. Fraudulent activities

Management is committed to a zero-tolerance policy when it comes to fraud and corruption. These issues are taken extremely seriously and the entity has strict measures in place to prevent and detect any such activity. The Organisation's goal is to maintain the highest standards of transparency, integrity, and ethical conduct in all its business operations and therefore continues to investigate and report all fraudulent activities identified.

43. Nugent Commission of Inquiry

The President appointed a Commission of Inquiry into tax administration and governance at the controlling entity (the Nugent Commission), following the "capture" of the controlling entity between 2014 and 2018. Retired Supreme Court of Appeal judge Honourable Justice Robert Nugent, was appointed as Commissioner, assisted by Mr Michael Katz, Advocate Mabongi Masilo and Mr Vuyo Dominic Kahla.

The Nugent Commission made 16 recommendations, 27 sub-recommendations, 17 of which relate to governance in the controlling entity and are, therefore, the controlling entity's responsibility and 10 of which relate to governance of the controlling entity, which is the responsibility of National Treasury.

The Nugent Commission found that there had been a massive failure of integrity and governance at the controlling entity relating to certain service providers with irregularities, which resulted from both process-related violations and the utilisation of service providers to further interests that did not serve the controlling entity.

In line with the recommendations of the Nugent Commission, the controlling entity implemented and finalised a reparations process, not necessarily pecuniary in nature, in 2022/2023. Further details of the reparations process are provided below.

One of the principal recommendations was the recruitment and appointment process for senior ICT and data management officials, including the appointment of a Deputy Commissioner for Enterprise Strategy and Modernisation and a Chief Technology & Innovation Officer, which has been concluded.

The controlling entity has finalised 14 of the 17 recommendations. The following recommendations are still a work in progress:

1. A letter of demand has been sent to Gartner to recover the money paid for their work in capturing the controlling entity. A similar letter has been sent to Grant Thornton. Gartner has not responded, and the controlling entity is following up. Given the difficulty in finding records and witnesses since the restructuring of Grant Thornton in 2018, the controlling entity is considering the way forward.
2. The matter of irregular procurement and corruption involving Bain and Company Inc. has been referred to the National Prosecution Authority (NPA) for further investigation. Bain is challenging the constitutionality of National Treasury's General Conditions of Contract (GCC) which led to their placement on National Treasury's list of restricted suppliers for 10 years. Bain's application against both National Treasury and the controlling entity has progressed to the point that all parties have filed their respective heads of argument and await a hearing date. If successful, it could result in costs awarded against the controlling entity, National Treasury and the Minister of Finance.
3. The controlling entity is continuing with civil litigation proceedings against former employees who used public funds for their personal purposes. The legal process has advanced to the pre-trial conference and discovery stage, with the pleadings stage having closed. Due to the protracted period, the controlling entity's attorneys will request the earliest possible trial date.

The controlling entity continues to work with Internal Audit and National Treasury's Office of the Chief Procurement Officer to ensure that controls are heightened within the supply chain management processes.

The governance-related violations included the appointment of the class of employees that is regarded as management in line with section 18(3) of the SARS Act without obtaining the requisite Ministerial approvals, which also led to non-compliance, was clarified with the Minister of Finance, concluding this matter.

The controlling entity concluded the reparations process recommended by the Nugent Commission for current and former employees who were negatively affected by the "capture" of the controlling entity between 2014 and 2018.

The controlling entity has been independently advised that recovery of the reparation costs falls outside the public liability policy and the prospects for recovery are very low and therefore this matter is closed.

Additionally, the controlling entity has submitted the letters of demand to two identified "enablers" of the controlling entity's capture, aimed at recovering some of the expenditure and costs incurred by the institution due to their actions. One enabler has not yet responded, and the controlling entity continues engaging for a response. The second party has indicated its willingness to negotiate, and such negotiations are being conducted by the Chief Financial Officer.

44. Zondo Commission

The Judicial Commission of Inquiry into State Capture (Zondo Commission) dealt specifically with the capture of the controlling entity in Part 1, volume 3 of its report. It called on the controlling entity to support a deeper investigation of the Bain & Company Inc. procurement contracts at the controlling entity and all other state entities. The Zondo Commission further endorsed the findings and recommendations of the Nugent Commission of Inquiry and made an additional recommendation that an open, transparent, and competitive public process be implemented for the appointment of the SARS Commissioner.

The Zondo Commission explicitly directed the controlling entity to investigate several tax-related matters, which the controlling entity is acting upon. The bulk of the Zondo Commission's recommendations identify matters that the controlling entity is analysing and investigating for civil, criminal, and administrative tax and customs non- compliance. The controlling entity is responsible for implementing twelve matters, of which ten have been implemented and two are work in progress.

The controlling entity provided inputs to the Presidential Plan for the Implementation of the Zondo Commission of Inquiry recommendations and ensure the optimal, systematic and sustained impact of the implementation of the recommendations of the Commissions of Inquiry, the controlling entity has drafted an action plan that will address matters raised in the Zondo Commission reports in the context of a new comprehensive, integrated strategic intent and enterprise strategy that advances voluntary tax compliance, combats tax evasion and, as an integral part thereof, combats all forms of corruption, including the manifestation of corruption commonly described as "state capture".

45. Constitutional Court judgement on tax confidentiality

On 30 May 2023, the Constitutional Court handed down its judgment in the matter between Arena Holdings (Pty) Ltd and the controlling entity. The judgment ruled that provisions in sections 35 and 46 of the Promotion of Access to Information Act (PAIA), 2000 (Act 2 of 2000) and provisions in sections 67 and 69 of the Tax Administration Act (TAA), 2011 (Act 28 of 2011) are unconstitutional in that they pertain to the absolute prohibition of access to tax records without any provisions made for access to such records in the public interest. The Constitutional Court has given legislators two years from the date of the judgment to amend the relevant legislation. Until this is done, the orders made in the ruling will be applicable.

The controlling entity has provided inputs into the Department of Justice and Constitutional Development's process to amend the PAIA and has collaborated with National Treasury in amending the TAA in accordance with the Constitutional Court judgment. Accordingly, the Tax Administration Laws Amendment Act, 2024 (Act 43 of 2024) amended the TAA and Customs and Excise Act, 1964 (Act 91 of 1964) by respectively substituting and inserting the following provisions to give effect to the ConCourt judgment: Customs and Excise Act, 1964 (Act 91 of 1964), Section 4(3), Section 67(4) and Section 69(2)(bA).

Since the judgment, the controlling entity has received four requests for access to tax records, as well as two third- party notices. To safeguard taxpayer confidentiality, while adhering to both the letter and spirit of the judgment, the controlling entity has set up a working committee and governance processes to deal with such requests.

ANNEXURE 1

Unaudited Schedule of Taxpayer Credits on 31 March 2025

Tax Types	2025	2024
	R'million	R'million
Income Tax	**(28 323.69)**	**(29 693.84)**
Income Tax	(28 666.95)	(30 089.00)
Unallocated receipts	(5.88)	(5.87)
Returns not received	349.14	401.03
Pay As You Earn	**(4 309.99)**	**(7 037.22)**
Pay As You Earn	(226.54)	(194.78)
Unallocated receipts	(4 101.31)	(6 861.33)
Returns not received	17.85	18.89
Value Added Tax	**(44 579.40)**	**(51 165.25)**
Value Added Tax	(41 430.03)	(47 622.79)
Unallocated receipts	(4 487.23)	(4 039.33)
Returns not received	1 337.87	496.88
Unemployment Insurance Fund	**(9.57)**	**(9.36)**
Unemployment Insurance Fund	(11.51)	(11.30)
Returns not received	1.94	1.94
Skills Development Levy	**(8.06)**	**(8.16)**
Skills Development Levy	(8.89)	(8.99)
Returns not received	0.82	0.83
Diesel	**(15 288.44)**	**(18 767.74)**
Diesel	(15 441.79)	(18 769.16)
Returns not received	153.35	1.42
Secondary Tax on Companies	**(58.67)**	**(58.21)**
Secondary Tax on Companies	(4.16)	(2.31)
Unallocated receipts	(56.10)	(56.10)
Returns not received	1.59	0.20
Estate Duty	**0.00**	**0.00**
Estate Duty	(6 782.67)	(6 574.19)
Returns not received	6 782.67	6 574.19
Dividend Tax	**(3.90)**	**(3.90)**
Dividend Tax	(982.71)	(794.86)
Unallocated receipts	(3.90)	(3.90)
Returns not received	982.71	794.86
Administrative Penalties	**(96.44)**	**(46.68)**
Administrative Penalties	(95.14)	(45.28)
Unallocated receipts	(1.30)	(1.40)
Customs	(225.86)	(1 183.29)
Excise	(104.45)	(117.47)
Mineral and Petroleum Resource Royalty	(3 817.77)	0.00
Total Taxpayer Credits	**(96 826.24)**	**(108 091.12)**

Unaudited Schedule of Taxes, Duties and Administrative Penalties on 31 March 2025

Tax Types	0 - 3 Months	4 - 6 Months	7 - 9 Months	10 - 12 Months	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months	More Than 60 Months	Overdue Debt	Returns Received Taxes not yet due
	R'million	R'million	R'million	R'million	R'million	R'million	R'million	R'million	R'million	R'million	R'million
Income Tax	36 384.71	24 847.21	16 526.97	36 187.78	36 079.94	22 181.34	17 760.27	12 391.81	22 222.16	224 582.20	16 867.47
Individuals	13 879.22	9 725.51	8 234.54	25 825.85	11 937.84	8 476.81	6 341.38	4 063.77	11 088.52	99 573.45	4 003.46
Trusts	1 146.73	435.36	2 311.53	249.42	3 239.59	316.58	781.53	238.21	784.36	9 503.31	307.47
Companies	21 358.76	14 686.34	5 980.90	10 112.51	20 902.51	13 387.96	10 637.36	8 089.83	10 349.28	115 505.44	12 556.54
Pay As You Earn	2 330.40	1 874.04	2 036.57	2 322.20	7 595.86	5 606.38	4 329.10	3 893.72	12 361.06	42 349.31	12 342.14
Value Added Tax	6 291.84	6 417.47	7 484.75	10 505.22	24 747.91	22 197.74	14 086.81	12 350.96	67 855.51	171 938.21	5 424.06
Secondary Tax on Companies	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	287.29	287.28	0.00
Diesel	3.32	27.64	10.80	5.14	155.28	198.27	86.83	83.51	643.10	1 213.88	0.00
Skills Development Levy	126.92	96.53	90.05	105.37	338.98	331.24	253.60	183.26	1 109.47	2 635.44	331.95
Unemployment Insurance Fund	212.72	159.07	151.92	171.84	517.75	553.50	391.33	375.25	1 720.25	4 253.63	321.47
Customs	5 766.72	120.89	205.20	4 086.24	3 553.72	595.11	922.97	1 084.03	4 957.27	21 292.15	0.00
Excise	2 735.62	328.44	1 115.97	4 353.70	1 707.15	307.91	145.71	4 530.62	716.98	15 942.10	0.00
Administrative Penalties	3 210.40	1 964.31	1 682.56	1 246.29	5 238.93	3 054.62	2 678.47	1 556.38	4 195.95	24 827.89	0.21
Estate Duty	76.13	11.35	32.67	20.46	48.96	13.33	23.30	12.23	66.97	305.40	0.00
Dividends Tax	648.90	30.37	21.98	30.94	62.20	102.47	46.28	44.33	212.07	1 199.54	647.43
Donations Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29.65	29.65	0.00
Mineral and Petroleum Resource Royalty	213.05	17.52	33.42	9.98	126.83	140.83	192.10	206.52	659.60	1 599.86	2.04
Total Taxpayer Debt	**58 000.72**	**35 894.85**	**29 392.86**	**59 045.15**	**80 173.52**	**55 282.72**	**40 916.77**	**36 712.63**	**117 037.33**	**512 456.54**	**35 934.80**

ANNEXURE 2 Procurement by Other Means

Reference Number	Services	Service Provider	Reason for Deviation	Value Approved
EX 01/2024	Appointment of Institute of Directors South Africa (IoDSA) to complete the final integrated examination of the Certified Director Programme for SARS Company Secretary.	The Institute of Directors South Africa (IoDSA)	Single source (Limited bid)	R8 633.63
EX 02/2024	1. Procurement of software and recording components to upgrade two existing machines used to record tax-court proceedings (not new complete machines, only software and components). 2. Procurement of maintenance and support of the two upgraded machines (#1 above) for a period of five years and ten months.	Digital Voice Processing (Pty) Ltd	Sole source (Limited bid)	R528 300.20
EX 03/2024	Komatipoort — provision of residential space for a period of five years.	Theo's Accommodation & Other Projects	Single source (Limited bid)	R3 937 812.00
EX 04/2024	Bellville Safe2Park — provision of 205 parking spaces for 12 months effective 5 April 2024.	Safe2Park Managed Services (Pty) Ltd	Single source (Limited bid)	R2 220 420.60
EX 05/2024	The appointment of Advocate Solutions (Pty) Ltd to provide maintenance, support, and ad-hoc services for bulk document scanners across SARS. The deviation period is 12 months, effective from 1 April 2024 to 31 March 2025.	Advocate Solutions (Pty) Ltd	Sole source (Limited bid)	R911 081.36
EX 06/2024	Ratification of emergency procurement for backup water supply to Kimberly office backup tank.	CBW Industries (Pty) Ltd	Emergency procurement	R8 999.98
EX 07/2024	Contracting of Neo Technologies (Pty) Ltd for the renewal of 24 PowToon licenses and procurement of additional 11 licenses for a period of one year from 10 May 2024 to 9 May 2025, based on Sole Supplier status.	Neo Technologies	Sole source (Limited bid)	R724 500.00
EX 08/2024	Attendance of ITWEB Security Summit by four delegates from Internal Audit Division for two days, 4–5 June 2024.	IT WEB (Pty) Ltd	Sole source (Limited bid)	R26 549.82
EX 09/2024	Renewal of Worldwide Tax Daily Tax Notes International web subscription (TAXANALYSTS) for 60 months.	Taxanalysts	Single source (Limited bid)	R248 094.03
EX 10/2024	Attendance of e-Invoicing and e-Reporting Conference for two delegates from Innovation Incubator division.	OpenPeppol	Single source (Limited bid)	R16 400.40
EX 11/2024	Modification of the current cooling tower system in Pinetown TPS office.	Pleasantair (Pty) Ltd	Single source (Limited bid)	R109 100.00
EX 12/2024	The amendment of the lease start-date of 1 June 2024 for the new Belville corporate office. (Provision of office space in Bellville for the corporate office for a period of five years.)	Eris Property Group (Pty) Ltd	Single source (Limited bid)	R65 591 945.22
EX 13/2024	Relocation of Customs from the Gqeberha branch office to Coega Industrial Development Zone.	Coega Development Corporation (CDC)	Single source (Limited bid)	R14 113 946.94
EX 14/2024	Provision of office space in Bellville for the corporate office over five years and six months.	Fair Resort Properties (Pty) Ltd	Single source (Limited bid)	R13 234 262.12
EX 15/2024	Appointment of Vukile Property Limited for the provision of new Vereeniging TPS Branch office space at Bedworth Centre for five years at a total cost of R10 128 503.15 incl. VAT with proposed escalation rate of 6%.	Vukile Property Limited	Single source (Limited bid)	R10 128 503.15
EX 16/2024	Appointment of Economic Modelling Academy to provide executive macro-economic modelling training for six months at an estimated cost of R 475 000.00 including VAT.	Economic Modelling Academy	Single source (Limited bid)	R475 000.00
EX 17/2024	Use of reserved postal services by SARS Mail Centre Division located at Trescon building in Durban.	South African Post Office	Sole source (Limited bid)	R25 096.54
EX 18/2024	Relocation of Kariega TPS office from shop 57 & 58 to an alternative space in shop L01 at a total cost of R10 703 590.51, VAT inclusive.	Corkwood Square (Pty) Ltd	Single source (Limited bid)	R10 703 590.51
EX 19/2024	Attendance of Customer Experience Management Africa Summit for three delegates from Taxpayer and Trader Education Products.	Spintelligent T/A Vuka Group	Sole source (Limited bid)	R18 400.00
EX 20/2024	The renewal of maintenance and support of ESKORT Audit Support, Computer Audit Edition (SESAM) for three years (36 months) from 1 November 2024 to 31 October 2027.	Netcompany — Intrasoft South Africa (Pty) Ltd	Sole source (Limited bid)	R4 820 805.00

2024/25 Procurement by Other Means (continued)

Reference Number	Services	Service Provider	Reason for Deviation	Value Approved
EX 21/2024	Appointment of the South African Police Service for the processing of fingerprints for criminal-record verification reports for security vetting.	South African Police Service	Sole source (Limited bid)	R680 045.00
EX 22/2024	Provision of the venue hire, food, beverages, and related services by Century City Conference Centre and Hotels from 30 November to 5 December 2024.	Century City Conference Centre	Single source (Limited bid)	R2 207 980.00
EX 23/2024	PROSCI Methodology Application Programme subscription for three years	Picourseware (Pty) LTD t/a and Change	Sole source (Limited bid)	R534 639.60
EX 24/2024	Appointment of Government Technical Advisory Centre (GTAC) to provide technical strategic planning support to the Office of the Tax Ombud	Government Technical Advisory Centre (GTAC)	Single source (Limited bid)	R98 581.00
EX 25/2024	Procurement of a 60-month renewal subscription to the Parliamentary Monitoring Group website.	Parliamentary Monitoring Group	Sole source (Limited bid)	R54 050.00
EX 26/2024	Two delegates from Corporate Enterprise Services office to attend the 25th Global Conference on Environmental Taxation on 18–20 September 2024.	Stellenbosch University Business School	Single source (Limited bid)	R14 000.00
EX 27/2024	4th Annual International FM Conference themed "Accelerate FM in Africa: Digitize Your World" from 21–22 October 2024.	South African Facilities Management Association	Single source (Limited bid)	R19 680.00
EX 28/2024	The renewal of Dealmakers subscription services for 12 months effective from 23 October 2024 until 22 October 2025 based on Gleason Publications (Pty) Ltd being a sole provider.	Gleason Publication Pty Ltd	Sole source (Limited bid)	R69 000.00
EX 29/2024	Procurement of the Green Star South Africa Accredited Professional (GSSA AP) Training Programme and Certification.	Green Building Council of South Africa	Sole source (Limited bid)	R134 800.00
EX 30/2024	Attendance of an online Hands-On Hacking Fundamentals training for two days from 15–16 October 2024, by two SARS delegates and Enterprise Infrastructure Hacking training for two days from 17–18 October 2024.	Orange Cyberdefense South Africa	Sole source (Limited bid)	R58 500.00
EX 31/2024	The appointment of Qualtrics International Inc. to procure Qualtrics Customer XM and Design XM licenses, including maintenance and support.	Qualtrics International Inc.	Sole source (Limited bid)	R4 354 794.13
EX 32/2024	The renewal of maintenance and support of ACL SAP connector (one unit) maintenance and support of ACL Robotics Enterprise (18 units) for three years (01/01/2025–31/12/2027). The total to be approved amounts to R4 939 713.76 (Including VAT and including a 10% provision for ROE fluctuations).	SurTech Solutions RSA (Pty) Ltd	Sole source (Limited bid)	R4 939 713.76
EX 33/2024	Appointment of LRMG (Pty) Ltd. to provide Org plus training to one SARS delegate.	LRMG (Pty) Ltd.	Single source (Limited bid)	R4 830.00
EX 34/2024	Re-appointed ENS Forensic (Pty) Ltd to continue the forensic investigation into suspected irregularities within the Physical Security Division.	ENS Forensic (Pty) Ltd	Single source (Limited bid)	R404 181.60
EX 35/2024	Request to implement Phase 1 Cash Device machine with Absa Limited at OR Tambo International Airport for 1 month/30 days.	Absa Bank Limited	Single source (Limited bid)	R100 000.00
EX 36/2024	For two delegates from Physical Facilities to attend the 17th Green Building Convention from 5 November–7 November 2024.	Green Building Council of South Africa	Sole source (Limited bid)	R16 100.00
EX 37/2024	The appointment of CyberAntix (Pty) Ltd for Security Operations Centre as a Service (SOCaas) and resources to supplement Internal Security Operations Centre (SOC) for 12 months.	CyberAntix (Pty) Ltd	Single source (Limited bid)	R18 407 450.85
EX 38/2024	Procurement of uniforms	Shali Safety Protection Hub & Projects	RFQ exceeding threshold	R1 098 805.00
EX 39/2024	The appointment of DELL Computer (Pty) Ltd for maintenance and support of 1 000 Syncplicity Software Licenses for five years, with a year-on-year increase of 1 000 licences starting from 1 April 2025 until 31 March 2030 at an amount of R18 292 683.00 (VAT inclusive), with a 10% provision for growth, based on Sole Supplier status.	DELL Computer (Pty) Ltd	Sole source (Limited bid)	R18 292 683.00

2024/25 Procurement by Other Means (continued)

Reference Number	Services	Service Provider	Reason for Deviation	Value Approved
EX 40/2024	Exhibition space and participation at the Township Economic Summit in Tembisa from 21–22 November 2024 at a total cost of R17 250.00 including VAT.	Township Entrepreneur's Alliance (TEA)	Single source (Limited bid)	R17 250.00
EX 41/2024	The renewal of research hub IT professionals' licenses for three years from 1 December 2024 to 30 November 2027, under the SITA Framework Agreement.	State Information Security Agency (SITA)	Single source (Limited bid)	R5 912 002.11
EX 42/2024	The appointment of Open Text South Africa (Pty) Ltd for the renewal of licence maintenance and support for Enterprise Content Management: Documentum, Intelligent Capture, Exstream, and professional services at an amount of R106 791 314.07 plus 10% contingency at R10 679 131.41, which totals to R117 470 445.48, VAT inclusive, for five years from 27 December 2024 to 26 December 2029.	Open Text South Africa Pty Ltd	Single source (Limited bid)	R117 470 445.48
EX 43/2024	Provision of office space at Brooklyn.	Brooklyn Bridge Office Park	Single source (Limited bid)	R77 779 108.75
EX 44/2024	The appointment of Bloomberg Finance L.P. for the Bloomberg Terminal subscription for global forecasts, based on Sole Supplier. The appointment will be for a period of 24 months.	Bloomberg Finance L.P.	Sole source (Limited bid)	R1 366 200.00
EX 45/2024	Sizwe Tower N alternative services, cabling, and network switches.	Gaproc Media, Integral and BTSA	Single source (Limited bid)	R 61 059 160.66
EX 46/2024	For Corporate Group Membership subscription to Knowledge Management South Africa (KMSA).	Knowledge Management of South Africa (KMSA)	Single source (Limited bid)	R20 455.00
EX 47/2024	Appointment of SafetyCloud to provide Safety Management Training Course (SAMTRAC) to four SARS delegates from the Health and Safety Unit	SafetyCloud (previously known as NOSA)	Single source (Limited bid)	R77 745.75
EX 48/2024	Provision of truck and vehicle storage facility.	Ryncor CC	Single source (Limited bid)	R5 304 606.00
EX 49/2024	The appointment of Analista for maintenance and support of Simio Professional Simulation Edition and OptQuest Software, for a period of three years, from 1 January 2025 to 31 December 2027.	Analista	Single source (Limited bid)	R715 221.40
EX 50/2024	Provision of warehouse space for the Cape Town region for five years.	Growthpoint Properties	Single source (Limited bid)	R48 919 388.85
EX 51/2024	Deviation to appoint the current Sizwe subcontractors: Orange Cyberdefense South Africa for penetration test (Security Assessment) on a month-to-month for period of 12 months. The subcontractors will be appointed month-to-month for 12 months, at an amount of R20 000 000.00, VAT inclusive, subject to budget availability, while Tower NSE tender RFP3/2024 is being finalised.	Orange Cyberdefense South Africa	Single source (Limited bid)	R20 000 000.00
EX 52/2024	Maintenance of HVAC chillers at Lehae la SARS for five years.	Service First GP (Pty) Ltd	Sole source (Limited bid)	R4 567 224.31
EX 53/2024	Provision of the venue hire, food, beverages, and related services by Cape Town International Convention Centre Company (RF) SOC LTD from 5 April to 10 April 2025.	Cape Town International Convention Centre Company (RF) SOC LTD	Single source (Limited bid)	R4 996 099.46
EX 55/2024	Procurement of psychometric assessment credits and services for in-house psychometric assessment of all bargaining-unit employees, and out-sourcing of assessment centre services of all senior managers and specialists, or higher-level positions, for recruitment, development, and other talent management.	BIOSS Southern Africa	Single source (Limited bid)	R2 737 000.00
EX 56/2024	Procurement of psychometric assessment credits and services for in-house psychometric assessment of all bargaining-unit employees, and out-sourcing of assessment centre services of all senior managers and specialists, or higher-level positions, for recruitment, development, and other talent management.	SHL Saville Holdingsworth (Pty) Ltd	Single source (Limited bid)	R1 715 006.93

2024/25 Procurement by Other Means (continued)

Reference Number	Services	Service Provider	Reason for Deviation	Value Approved
EX 57/2024	For five employees from the Corporate Legal Services (CLS) Division to attend the online self-paced Software Law training for an estimated cost of R38 712.00, including VAT. The training will take place over three years, with each session lasting one day and approximately four hours of learning time.	University of Cape Town	Single source (Limited bid)	R38 712.00
EX 58/2024	Supply and delivery of Thermo Scientific TruNarc handheld narcotic analyser.	DRLM Innovations	RFQ exceeding threshold	R 1 290 000.00
EX 59/2024	1. Renewal of the maintenance and support of 61 Teammate+ licences (used by SARS Internal Audit). 2. Renewal of the maintenance and support of 646 Teammate+ licences (used by SARS Enforcement).	Wolters Kluwer Tax & Accounting Southern Africa (Pty) Ltd	Sole source (Limited bid)	R7 492 050.38
EX 60/2024	Provision of additional parking bays for the Trescon staff for two years and two months at 0% escalation, effective 15 March 2025.	Delta Property Fund	Single source (Limited bid)	R3 408 600.00
EX 61/2024	The renewal of maintenance and support services of the Vanguard solution for two years (1 April 2025 to 31 March 2027) with an option to extend for a further one year from 1 April 2027 to 31 March 2028.	Blueturtle Technologies (Pty) Ltd	Sole source (Limited bid)	R4 847 308.56
EX 62/2024	Deviation request to appoint International Frontier Technologies SOC Limited ("Interfront") to maintain and develop services of business-process workflow covering SARS' contact centres, tax registration, audits, bank-detail changes, and orchestration of processes to ensure accurate assessments and taxpayer compliance status.	International Frontier Technologies SOC Limited ("Interfront")	Single source (Limited bid)	R1 531 492 088.00
EX 63/2024	Deviation request to appoint Government Printing Works (GPW) for: Publication of Government Notices in the Government Gazette. SARS ID-cards system maintenance; acquisition of the encrypted devices; printing of security cards (including card holders pouches). Customs folders (i.e. Z20, books, labels, and Registers), and printing paper; printing of Certificate of Origin. The recommendation for appointment of GPW is for five years.	Government Printing Works (GPW)	Single source (Limited bid)	R24 500 000.00
EX 64/2024	The renewal of BarnOwl Risk Management Tool Licenses support and maintenance at an amount of R274 407.25 (incl. VAT) for a period of one year from 1 April 2025–31 March 2026.	IDI Technologies (Pty) Ltd	Sole source (Limited bid)	R274 407.25

Annexure 3 Details of Variations and Expansions

Reference Number	Service	Service Provider	Reason for Variation/ Expansion	Value Approved
VAR 01/2024	Procurement of audio-visual for revenue results announcement media conference.	Airlocked Events Management & Projects	Value	R 77 038.50
VAR 02/2024	Resources to assist SARS with tax-verification capacity to reduce high levels of VAT, PIT, and CIT inventory; improve service to taxpayers; improve compliance levels; and maximise revenue collection.	Deloitte & Touche; Nexia SAB&T	Time	R 0.00
VAR 03/2024	Extension of subsisting agreements between SARS and Tipp Focus Holdings (Pty) Ltd, Accounting & Financial Advisory (Pty) Ltd, and Deloitte & Touche for two months, with no financial implication.	Tipp Focus Holdings; Accounting & Financial Advisory; Deloitte & Touche	Time	R 0.00
VAR 04/2024	Amendment of the lease agreement entered between SARS and Jarrabilla Investments (Pty) Limited (a subsidiary of Dipula Income Fund) for the Soweto Bara TPS Office.	Jarrabilla Investments (Pty) Limited (a subsidiary of Dipula Income Fund)	Value & Time	R 11 622 655.04
VAR 05/2024	Technical review required to enable SARS to meet its statutory obligations in time for AG audit.	Altimax	Value	R 50 400.00
VAR 06/2024	Request to vary the contract period of RFP 46-2018 Bulk Printing Agreement (Pre-printed Forms and System Generated Forms) with Bidvest Data and Shereno Printers for 12 months from 1 June 2024 to 31 May 2025. This request is only to extend the time period and not the contract value, as there is sufficient funds in the existing contract with Pre-printed Forms (Tower 1) at an amount of R28 384 681.93 and System Generated Forms (Tower 2) at an amount of R28 545 600.20 (postage R23 540 382.08 and printing R5 005 218.12.	Bidvest data postage; Bidvest data; Shereno printers cc	Time	R 0.00
VAR 07/2024	Variation of subsisting agreement between SARS and ENS Forensic (Pty) Ltd for the provision of forensic investigations into the suspected irregularities within the Physical Security Division for a period of two months at no additional cost.	ENS Forensic (Pty) Ltd	Time	R 0.00
VAR 08/2024	LISA subscription for an additional 12 Software Asset Management team members at a cost of £19 080.00 (R507 957.30 including VAT @ an exchange rate of R23.10) for a period of 24 months.	Itam Learning Review Limited	Value & Time	R 507 957.30
VAR 09/2024	Variation on the current contract for air-quality testing as a result of a fire which occurred on 16 May 2024.	Rayten Engineering Solutions	Value	R 59 340.00
VAR 10/2024	Additional budget needed for additional equipment and catering for the National Management Forum.	Birchwood Hotel & Conference	Value	R 50 000.00
VAR 11/2024	Additional items added on the catalogue for staff welfare (FS) that were omitted.	First Technology		R 0.00
VAR12/2024	Variation of the lease agreement entered between SARS and ZMT Properties (Pty) Ltd for the Standerton TPS Office Parking for 31 parking bays for a period of five years at an estimated total cost of R851 718.11 incl. VAT with an option for early exit.	ZMT Properties (Pty) Ltd	Value & Time	R 851 718.11
VAR 13/2024	Lease extension between SARS and Uhuru Professional Electrical Contractors (Pty) Ltd for the ground floor office space measuring 1 722.24 m² and 45 parking bays at Provence House, Emalahleni/Witbank) Branch Office, for 24 months, with an option for early termination, effective from 1 August 2024 until 31 July 2026.	Uhuru Professional Electrical Contractors (Pty) Ltd	Value & Time	R 7 207 652.65
VAR 14/2024	Variation of the lease agreement entered between SARS and Blue Dot Properties (Pty) Ltd for Mmabatho Branch office for a period of two years, at an estimated total cost of R11 868 639.39 (incl. VAT), with an option for early exit.	Blue Dot Properties (Pty) Ltd	Value & Time	R 11 868 639.39

2024/25 Details of Variations and Expansions (continued)

Reference Number	Service	Service Provider	Reason for Variation/ Expansion	Value Approved
VAR 15/2024	Variation of scope within the awarded contract for the replenishment of diesel generators; to include the Mobile Cargo Scanner generator at Beitbridge border post, at a value of R523 228.20 over a period of five years.	Dynamic Power Engineering (Pty) Ltd	Value	R 523 228.20
VAR 16/2024	Variation of the lease agreement entered between SARS and Eskom Holdings for Megawatt Park Tax Court Office lease for a flexible period of two years effective from 1 July 2024 to 30 June 2026, with an option for early exit, at an estimated cost of R4 792 705.93, VAT inclusive.	Eskom Holdings	Value & Time	R 4 792 705.93
VAR 17/2024	Request to vary Microsoft Enterprise Licence Agreement with an estimated amount of R200 461 468.20, until contract expiry date on 28 February 2026. This includes 20% contingency cost to accommodate organic growth, exchange-rate fluctuations, and evolving business requirements linked to the Microsoft contract.	Microsoft Ireland Operations Limited; Microsoft South Africa (Pty) Ltd	Value	R 200 461 468.20
VAR 18/2024	Variation for the lease extension between SARS and Tanekk cc for a period of three years, effective from 1 November 2024 until 31 October 2027 with an option of an early exit at an estimated cost of R882 491.08 (incl. VAT).	Tanekk cc	Value & Time	R 882 491.08
VAR 19/2024	Variation of a lease agreement entered between SARS and Eris Property Group (Pty) Ltd for the provision of 138 additional parking bays at the new Bellville corporate office (Parc Du Cap) for a period of four years, ten months, at an estimated amount of R10 008 877.68, VAT inclusive.	Eris Property Group (Pty) Ltd	Value	R 10 008 877.68
VAR 20/2024	Variation on the scope — PO 3100036237 — for roller-door repairs.	Brycin's General Maintenance	Value	R 5 000.00
VAR 21/2024	Extend the current contract between SARS and SOMA Initiative (Pty) Ltd for Health Risk Management service for a period of 12 months, on a month-to-month basis, with no additional financial implications.	SOMA Initiatives (Pty) Ltd	Time	R 0.00
VAR 22/2024	Extension of subsisting agreements between SARS and National Empowerment fund for six months.	National Empowerment Fund	Time	R 0.00
VAR 23/2024	Leasing of office space at Oracle Building. The leased space is situated in the Woodmead area and accommodates the Large Business Centre (LBC) and High Wealth Individuals (HWI) units	Government Employees Pension Fund (GEPF) through Mowana Properties Limited	Value & Time	R 9 582 878.70
VAR 24/2024	Request to vary the contract for maintenance and development services with Barone, Budge & Dominick, for a period of three years, from 1 January 2025 to 31 December 2027.	Barone, Budge & Dominick (Pty) Ltd	Value & Time	R 607 500 017.00
VAR 25/2024	The variation of the lease agreement entered into between SARS and 2 Degree Properties (Pty) Ltd for the Mitchells Plain TPS branch office.	2 Degrees Properties (Pty) Ltd (a subsidiary of Liberty Holdings Limited)	Value & Time	R 24 920 907.00
VAR 26/2024	Additional funds needed for ad-hoc requests	DMS Fire and Security Sytems (Pty) Ltd	Value	R 300 000.00
VAR 27/2024	Expansion of agreements under the panel of expert advisory services (RFP 52/2018) for a period of 12 months at R10 000 000.00, with an option for early exit as soon as the competitive bidding process for RFP 16/2024 is finalised.	Various	Value & Time	R 10 000 000.00
VAR 29/2024	Lease agreement entered between SARS and Redefine Properties (Pty) Ltd for the Roodepoort TPS Office.	Redefine Properties (Pty) Ltd	Value & Time	R 20 805 758.44
VAR 30/2024	Lease agreement entered between SARS and Fortress Commercial Investments (Pty) Ltd for the Gqeberha Sanlam TPS Office.	Fortress Commercial Investments (Pty) Ltd	Value & Time	R 15 544 797.55

2024/25 Details of Variations and Expansions (continued)

Reference Number	Service	Service Provider	Reason for Variation/ Expansion	Value Approved
VAR 31/2024	Procurement to approve the extension of a subsisting agreement between SARS and Gijima Holdings for a period of one month with no financial implication.	Gijima Holdings	Time	R 0.00
VAR 32/2024	Support and maintenance services of the Multi-functional Devices (Printers) for a period of 16 months, from 1 January 2025 to 30 April 2026, at amount of R5 827 723.44, VAT inclusive, plus contingency amounting to R1 000 000.00, VAT inclusive.	Evolution Technology Group (Pty) Ltd	Value & Time	R 6 827 723.44
VAR 33/2024	Variation of the current contract with Orange Cyberdefense South Africa Pty Ltd (OCD) for consolidated External and Internal Vulnerability Monitoring Services for a period of 12 months, on a month-to-month basis, from 1 January 2025 to 31 December 2025, while undergoing a competitive bidding process.	Orange Cyberdefense South Africa Pty Ltd	Value & Time	R 1 681 323.00
VAR 34/2024	Variation of scope and authorisation of the adjustments to PO 3100033896 to reflect the extension of services to the George Office.	Celankobe Engineering and Architectural	Time	R 0.00
VAR 35/2024	Lease agreement entered into between SARS and Karabo Parking Management (Pty) Ltd for the Tramshed parking for 100 parking bays.	Karabo Parking Management (Pty) Ltd	Value & Time	R 6 509 474.31
VAR 36/2024	Variation of Statistical Analysis System (SAS) software licenses contract, deployed by the SAS Institute (Pty) Ltd for the installation and configuration of outstanding SAS hotfixes at an amount of R392 941.78, VAT inclusive.	SAS Institute (Pty) Ltd	Value	R 392 941.78
VAR 37/2024	Lease extension between SARS and Mathcompt (Pty) Ltd for Rustenburg TPS office.	Mathcompt (Pty) Ltd	Value & Time	R 25 199 170.94
VAR 38/2024	Variation for extension of the waste removal contract as there are still funds remaining on the contract.	Aloesha Enterprises	Time	R 0.00
VAR 39/2024	Extension of time on variation VAR 43/2023 of RFP14/2019 for Integrated Pest Control Management Services for a period of two months.	Supercare Hygiene; Masana Hygiene Services; Kusile Hygiene & Industrial Services	Time	R 0.00
VAR 40/2024	Variation for extension of the bulk water contract as there are still funds remaining on the contract.	Bogsman Construction	Time	R 0.00
VAR 41/2024	Additional funds needed on contract due to the expansion on the scope of work for gardening services at Lehae la SARS.	Agility Business Solutions	Value	R 180 000.00
VAR 42/2024	Request to vary the current contract of Geographical Information Solution (GIS), including maintenance and support services with AfriGIS (Pty) Ltd, on a month-to-month basis for a period of 12 months from 1 January 2025 until 31 December 2025.	AfriGIS (Pty) Ltd	Value & Time	R 3 580 696.84
VAR 43/2024	Kroonstad lease renewal: lease agreement entered between SARS and 54 Hillstreet Investments (Pty) Ltd for a period of five years.	54 Hillstreet Investments (Pty) Ltd	Value & Time	R 13 000 676.54
VAR 44/2024	Variation of the lease agreement entered between SARS and Ingenuity Property Investment Limited for the Lower Long taxpayer service office for a period of five years.	Ingenuity Property Investment Limited	Value & Time	R 38 301 640.72
VAR 45/2024	Variation of the lease agreement entered between SARS and Sanlam Life Insurance limited for the P166 office space for a period of five years.	Sanlam Life Insurance limited	Value & Time	R 213 280 799.54
VAR 46/2024	Lease renewal between SARS and Delta Property Fund for Randburg Services Centre for two years.	Delta Property Fund	Value & Time	R 20 788 155.00
VAR 47/2024	Variation of the current PO to include catering during rehearsals for the SARS Annual Recognition Awards	Airlocked Events Management and Projects	Value	R 9 729.00

2024/25 Details of Variations and Expansions (continued)

Reference Number	Service	Service Provider	Reason for Variation/ Expansion	Value Approved
VAR 48/2024	The contract expansion of Integrated Pest Control Management Services between SARS and the current service providers over a period of 18 months.	Supercare Hygiene; Masana Hygiene Services; Kusile Hygiene & Industrial Services	Value & Time	R 3 612 648.60
VAR 49/2024	Variation for additional funds and extension of the contract duration to allow sufficient time for the litigation process between SARS and the service provider to be concluded.	Container Leasing Africa	Value & Time	R 103 730.00
VAR 50/2024	Lease agreement entered between SARS and Zelpy 1325 (Pty) Ltd for the Albany House parking space for a period of two years and three months, effective 1 February 2025 until 30 April 2027.	Zelpy 1325 (Pty) Ltd	Value & Time	R 14 699 777.73
VAR 51/2024	Lease agreement entered between SARS and Delta Property Fund Limited for the CMH parking space to include 20 additional parking bays.	Delta Property Fund Limited	Value	R 580 635.00
VAR 52/2024	Variation of scope and time of the subsisting agreement entered between SARS and Nexia SAB&T for the provision of investigations into suspected irregularities at the OR Tambo International Airport customs operations for a period of four months at a total projected cost of R 2 500 000.00.	Nexia SAB&T	Value & Time	R 2 500 000.00
VAR 53/2024	Increase in the number of SAP Learning Hub Enterprise subscriptions from 40 to 60 licences at no additional cost to SARS.	SAP Education South Africa	Time	R 0.00
VAR 54/2024	Additional funds required for procuring frames and certificates for the Annual Recognition Awards.	Shereno Printers	Value	R 41 179.50
VAR 55/2024	The request to expand RFT 17-2022 Bulk High Volume Scanners Agreement with Nakede Management Services to include the relocation of scanners at an additional amount of R200 000.00 (including VAT).	Nakede Management Services	Value	R 200 000.00
VAR 56/2024	Request to vary the current Session Initiation Protocol (SIP) Trunk Services contract with Telkom Soc Limited. The proposed variation amounts to R12 873 945.99, VAT inclusive, for 24 months, on a month-to-month basis, from 1 April 2025 to 31 March 2027.	Telkom Soc Limited	Value & Time	R 12 873 945.99
VAR 57/2024	Approve the variation of the subsisting agreement entered between SARS and SafetyCloud/NOSA to provide HS&E training (SAMTRAC) through a classroom webinar at an additional cost of R10 090.96.	SafetyCloud/NOSA	Value	R 10 090.96
VAR 58/2024	Request for expansion of scope of Tower E with Sizwe Africa IT Group to include human-resource services that are currently provided under Tower N, at an amount of R6 751 277.46. To vary Tower E (End-User Device Support) with Sizwe Africa IT Group and Tower S (Server Device Support) with Gijima Holdings for a period of 12 months on a month-to-month basis from 1 July 2025 to 30 June 2026, at an amount of R38 727 314.59, VAT inclusive, to allow the award and transitioning of the tender RFP 03/2024.	Sizwe Africa IT Group; Gijima Holdings	Value & Time	R 45 478 592.05
VAR 59/2024	Lease expansion between SARS and MRR Management CC for the Sibasa Integrated Service Centre (ISC) at Thohoyandou over a period of five years.	MRR Management CC	Value & Time	R 16 902 473.11
VAR 60/2024	Lease expansion between SARS and Die Willie Rousseau Trust for Paarl Integrated Service Centre (ISC) for a period of three years, effective 1 April 2025, with an option for an early exit and at an estimated cost of R9 410 691.58, incl. VAT.	Die Willie Rousseau Trust	Value & Time	R 9 410 691.58
VAR 61/2024	Extension of time for the contract between SARS and Fidelity Cash Solutions (Pty) Ltd for RFP 60/2018 Provision of Assets in Transit Services to SARS. The extension is on a month-to-month basis for a maximum period of 12 months.	Fidelity Cash Solutions (Pty) Ltd	Time	R 0.00
VAR 62/2024	Variation for current Smart Access, toll-free (0800 share-call number) contract with Telkom Soc Limited. The proposed variation amounts to R75 769 409.60, VAT inclusive, for a period of 24 months, on a month-to-month basis, from 1 April 2025 to 31 March 2027.	Telkom Soc Limited	Value & Time	R 75 769 409.60

2024/25 Details of Variations and Expansions (continued)

Reference Number	Service	Service Provider	Reason for Variation/ Expansion	Value Approved
VAR 63/2024	Request to vary RFP 14/2016 Network Carrier and Infrastructure Services (also known as Tower DVS) contracts for a period of 12 months, from 1 July 2025 to 30 June 2026, with an option to renew for a further period of 12 months, from 1 July 2026 to 30 June 2027, at an amount of R415 771 052.20. This extension will provide adequate time for the review of specifications, tender re-advertisement, and to facilitate a smooth transition between the current and new suppliers, thereby avoiding service disruptions and maintaining continuous business operations.	Internet Solutions (a division of Dimension Data [Pty] Ltd); Telkom SOC SA Limited; MTN (Pty) Ltd	Value & Time	R 174 995 683.61
VAR 64/2024	Additional funds required for SASL interpretation service.	Happy Cloud (Pty) Ltd	Value & Time	R 25 000.00
VAR 65/2024	Increase the contract value for pre-employment screening services expiring on 30 June 2026. The request for expansion is as a result of an increase in the volume of the employees recruited through the recruitment process.	ZOIA Consulting T/A Dots Africa	Value	R 750 000.00
VAR 66/2024	Reduction of scope in the award of RFP 18/2022 with respect to online monitoring for the maintenance backup and supply of diesel to SARS generators nationwide. The contract is still in place and there is no extension of the period.	Matase Industrial Solutions (Pty) Ltd; Elroi Opulence Consortium; Superfecta Trading 209 (Pty) Ltd, now known as Dynamic Power Engineering.	Time	R 0.00

Annexure 4 Donations in Kind (Controlling Entity)

		2025	2024
No.	Description	R'000	R'000
1	World Customs Organization (WCO)	1 192	898
	Attendance to co-facilitate a WCO Leadership and Management Development workshop for the Royal Malaysian Customs Department (RMCD); Operation Thunder 2024; Project Octagon sub-regional workshop on Anti-Money Laundering; Anti Corruption and Counter-Terrorism Financing for the East and Southern Africa Region; Leadership and Management Development and Capacity-Building workshop as part of the 91st Fellowship Programme, etc. (2025). Attendance of various WCO meetings, events, workshops, conferences, etc. (2024).		
2	Sweden Tax Agency (STA)	254	
	Attendance of a regional workshop by SARS officials as part of the International Capacity Building-Programme in partnership with STA, National Treasury (South Africa), and the Collaborative Africa Budget Reform Initiative (CABRI) (2025).		
3	African Tax Administration Forum (ATAF)	249	101
	Attendance of ATAF Continental Value-Added Tax workshop; ATAF Annual Meetings (2025). Attendance of ATAF programme and workshop, etc. (2024).		
4	Southern Africa Regional Trade Facilitation Programme	124	
	Participation in a study visit to the Integrated Targeting and Operations Centre (2025).		
5	African Continental Free Trade Agreement (AFCFTA)	98	
	Attendance of the eighth meeting of the Sub-Committee on Trade Facilitation (SCTFCCTV), Customs Cooperation and Transit, and the eighth meeting of the Directors-General of Customs. Attendance of the AFCFTA meeting on National Trade Facilitation Committees (2025).		
6	Organisation for Economic Co-operation and Development (OECD)	68	314
	SARS experts and mentees to provide assistance to the Eswatini Revenue Service (ERS) as part of Tax Inspectors without Borders (TIWB) Tax Crime Investigations Programme (2025). Attendance of various OECD programmes, missions, and workshops, etc. (2024).		
7	Southern Africa Customs Union (SACU)	66	12
	Attendance of SACU meeting (2025); Attendance of SACU meeting (2024).		
8	European Union (EU)	47	51
	Attendance of the Global Forum on Rules of Origin Interconnectivity and the WCO Technical Committee on Rules of Origin (TCRO) (2025). Attendance of EU workshop (2024).		
9	United Nations University World Institute for Development Economics (UNU-WIDER)	38	155
	Attendance of a specialised training programme on the hosting of administrative datasets for research purposes, facilitated by the United Kingdom Office for National Statistics (UK-ONS) (2025). Attendance of various workshops and a conference (2024).		
10	FinCen and the UD Department of State's Bureau of International Narcotics and Law Enforcement Affairs	37	
	Attendance of the Counter Illicit Finance Training (CIFT) (2025).		
11	African Regional Technical Assistance Center (AFRITAC)	34	
	Attendance of the International Monetary Fund's AFRITAC South regional workshop on mirror data analysis (2025).		
12	Eastern and Southern Africa Anti–Money Laundering Group (ESAAMLG)	34	
	Attendance of ESAAMLG typology study group on the Illicit cross-border movement of cash, and on Bearer Negotiable Instruments (BNIS) (2025).		
13	United Nations (UN)	33	
	Attendance of the UN sub-committee on the taxation of extractive industries (2025).		

Annexure 4 Donations in Kind (Controlling Entity) (continued)

		2025	2024
No.	Description	R'000	R'000
14	South African Development Community (SADC)	12	80
	Attendance of the launch of the North–South Corridor Time Release Study (TRS) meeting (2025). Attendance of a SADC workshop and a meeting (2024).		
15	Swedish Tax Agency (STA)		275
	To conduct a benchmark visit to the STA by SARS officials' benchmark visit to STA as part of the International Capacity Building Program (ICBP) with STA, National Treasury, and the Collaborative Africa Budget Reform Initiative (CABRI) (2024).		
16	International Monetary Fund (IMF)		98
	Attendance of the IMF Managing International Corporate Tax Risks workshop in Santiago, Chile. Attendance of training on the completion of the International Survey on Revenue Administration (ISORA) at the IMF's Africa Training Institute (2024).		
17	The Government of Canada		69
	Attendance of the peer-to-peer training on the Chemical Weapons Convention Transfer Regimes of Customs Training Institutions (2024).		
18	Korea Customs		64
	Attendance of Korea Customs Week 2023, themed Digital Customs and Global Customs Cooperation (2024).		
19	International Law Enforcement Agency (ILEA)		64
	Participation in the International Border Inspection Training (IBIT) programme at ILEA (2024).		
20	Customs Cooperation Fund (CCF)		51
	Attendance to deliver a WCO People Management and Development Diagnostic Mission to the Customs Authority of Serbia (CAS) (2024).		
21	United Nations Programme (UNEP)		36
	Attendance of UNEP network meeting of the Anglophone Ozone Officers and Thematic Meeting for Customs Officers (2024).		
22	Zambia Revenue Authority (ZRA)		29
	Attendance of the Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development (IGF) — Global Conference on the Future of Resource Taxation (2024).		
23	National School of Government (NSG)		24
	Attendance of Tshisikhawe Munyama of the Module 2 of South Africa–Kenya Economic Governance School (2024).		
24	Trade Facilitation and Customs Modernisation (TFCM)		23
	Co-Facilitation of a WCO Authorised Economic Operation (AEO) Mission for the Kenya Revenue Authority (2024).		
25	United Nations Office on Drugs and Crime (UNODC)		21
	Attendance of the Pre-Operational Briefing for Operation Saving Wildlife through Multilateral Cooperation in Africa (SAMA) (2024).		
26	Inland Revenue Board of Malaysia (IRBM)		18
	Attendance of the High Net-Worth Individuals workshop (2024).		
Grand Total		**2 286**	**2 383**

Abbreviations and Acronyms

ADR	Alternative Dispute Resolution
AEO	Authorised Economic Operator
AI	Artificial Intelligence
APA	Advance Pricing Agreement
APP	Annual Performance Plan
ARC	Audit and Risk Committee
CARF	Crypto-Asset Reporting Framework
CIT	Company Income Tax
CMAA	Customs Mutual Assistance Agreements
CRS	Common Reporting Standard
DOPI	Declaration of Private Interests
DT	Dividends Tax
EEI	Employee Engagement Index
EGRC	Enterprise Governance and Risk Committee
EOI	Exchange of Information
EVP	Employee Value Proposition
EXCO	Executive Committee
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FTA	Forum on Tax Administration
FY	Financial Year
GBV	Gender Based Violence
GDP	Gross Domestic Product
GIBS	Gordon Institute of Business Science
ICT	Information Communication and Technology
LBI	Large Business and International
MCAA	Multilateral Competent Authority Agreement
MNEs	Multinational Enterprises/Entity
MPRR	Mineral and Petroleum Resources Royalties
NPA	National Prosecuting Authority
NT	National Treasury

OECD	Organisation for Economic Co-operation and Development
PAYE	Pay-As-You-Earn
PE	Printed Estimate
PFMA	Public Finance Management Act
PIT	Personal Income Tax
PPCM	People Capability and Career Management
PY	Prior Year
RAF	Road Accident Fund
RCBs	Registered Controlling Bodies
RE	Revised Estimate
SACU	Southern African Customs Union
SAPS	South African Police Service
SARB	South Africa Reserve Bank
SARS	South African Revenue Service
SDL	Skills Development Levy
SMME	Small, Micro and Medium Segment
SOQS	SARS Online Query System
STC	Secondary Tax on Companies
STCC	Syndicated Tax and Customs Crimes
TFI	Trade Facilitation Index
UIF	Unemployment Insurance Fund
UJ	University of Johannesburg
UN	United Nations
UNISA	University of South Africa
VAT	Value-Added Tax
VCI	Voluntary Compliance Index
VDP	Voluntary Disclosure Programme
WCO	World Custom Organisation
WIL	Women in Leadership
WTO	World Trade Organisation
Y/Y	Year-on-Year

Notes