

GMS Flash Alert

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South Africa - 2023 Individual Tax Filing Season Soon to Begin

In South Africa, the 2023 individual tax filing season opens on Friday, 7 July 2023 at 8:00pm (SAST; GMT +2).

On Wednesday, 14 June 2023, the South African Revenue Service (SARS) published a notice in the Government Gazette (No. 48788) listing the persons who must submit and persons who are not required to submit tax returns as well as the periods within which the tax returns are due, for the 2023 year of assessment (period 1 March 2022 to 28 February 2023).¹

WHY THIS MATTERS

This information and the guidance/instructions provided by the notice will help taxpayers, their employers, and tax service providers, determine who is subject to the upcoming filing deadlines, and to prepare to take the steps necessary to assemble documentation and information, complete and go over returns, and timely submit, with the aim of being in compliance.

The filing requirements will be much simpler for any taxpayers that are subject to an automatic assessment by SARS, as long as they agree with the automatic assessment. It is advisable that taxpayers subject to automatic assessment still undertake a careful review of the SARS assessment in conjunction with their qualified tax professional.

When Are 2023 Tax Returns Due for Submission to SARS?

- On or before Monday, 23 October 2023; and
- For provisional taxpayers, on or before Wednesday, 24 January 2023, if submitted electronically by using the SARS eFiling platform.

Who Must Submit a 2023 Income Tax Return?

Subject to the exclusions listed for taxpayers who are not required to submit a return (see below), taxpayers with gross income exceeding the following thresholds must submit a return:

- ZAR 91,250 (if under the age of 65 at the end of the year of assessment);
- ZAR 141,250 (65 years or older but under 75 at the end of the year of assessment);
- ZAR 157,900 (75 years or older at the end of the year of assessment).

In addition to the above, the Government Gazette lists specific categories of income streams, funds held, or assets owned, that may trigger a requirement to submit a return, e.g., trade income, capital gains and capital losses exceeding ZAR 40,000, funds held in foreign currency or foreign assets owned with a total value of ZAR 250,000 and related income or capital gains from these foreign currency funds or assets, participation rights in controlled foreign companies, taxable turnover, and South African-source interest of non-residents not qualifying for exemption. Taxpayers with these income streams/investments should consult the Government Gazette for more information.

Further, every person who is requested by the Commissioner in writing to furnish a return, irrespective of the amount of income or nature of receipts or accruals of the person, must submit a return.

When Are Natural Persons Not Required to Submit an Income Tax Return?

Although natural persons may have to register for income tax, they will not be required to submit an income tax return if one or more of the below criteria are met:

- 1 The gross income of the natural person consists solely of one or more of the following:
 - Remuneration income received from one employer for the full tax year, which...
 - does not exceed ZAR 500,000;
 - does not include any taxable allowances and/or taxable benefits; and
 - the amount has been correctly subjected to employees' tax.
 - South African-sourced interest (other than interest from a tax-free investment) not exceeding...
 - ZAR 23,800 in the case of a person below the age of 65 years at the end of the year of assessment; or
 - ZAR 34,500 in the case of a person aged 65 years or older at the end of the year of assessment;
 - Dividends where the recipient was a non-resident throughout the 2023 year of assessment.
 - Amounts received or accrued from a tax-free investment; and
 - A single lump sum received from a pension or provident fund, pension preservation fund, provident preservation fund, or retirement annuity fund, and tax has been deducted or withheld in accordance with a directive issued by the Commissioner.

2 The above does not apply to a natural person who:

- intends to claim any additional allowable deductions, such as medical expenses, retirement annuity contributions, and/or travel expenses; or
- was granted a taxable fringe benefit; or
- received/accrued any amount in respect of services rendered outside South Africa.

3 Accurate and complete automatic assessments

When the Commissioner issues a natural person with an automatic assessment and the declarations reflected on the assessment are complete and correct as at the date of the assessment based on an estimate to give effect to automatic assessment.

Important Changes to Automatic Assessments

SARS has indicated that it will issue automatic assessments for a large number of taxpayers, based on third-party data collected, as was done in the prior tax filing season. Taxpayers selected for automatic assessment will be notified between 1 July and 7 July 2023, via sms or email.

Should a taxpayer agree with the automatic assessment, no further action is required by the taxpayer. To the extent that a taxpayer is not in agreement with the automatic assessment issued, the taxpayer will have until Monday, 23 October 2023, to prepare and submit an amended tax return to SARS.

Should an automatic assessment be issued by SARS after 23 October 2023, and the taxpayer is not in agreement with the automatic assessment, the taxpayer will have 40 business days to prepare and submit an amended tax return to SARS, calculated from the date of the notice of assessment.

Channels for the Submission of an Income Tax Return and Document Retention

Natural persons can submit an income tax return either electronically by using the SARS eFiling platform, provided that the person is registered for eFiling, or through the assistance of a SARS official at a SARS office.

It should be noted that SARS may request supporting documents to verify the information declared in an income tax return. In terms of the Tax Administration Act No. 28 of 2011, taxpayers are required to keep all supporting documents to their tax returns for a period of five years.

KPMG INSIGHTS

During the period leading up to the official start of the filing season, the pre-populated data reflected on a taxpayer's income tax return may not be accurate and complete as SARS may still be in the process of populating data received from all sources. Furthermore, in some cases, SARS may have limited access to certain third-party information that may impact the disclosure in a taxpayer's tax return. Therefore, it is recommended for taxpayers to not accept the automatic assessment without a thorough review thereof or consultation with their tax practitioner.

FOOTNOTE:

1 See [Government Gazette/Staatskoerant](#), Vol. 696, 14 June/Junie 2023, No. 48788.

Also see SARS, Media release, "[2023 Filing season for Individuals and Trusts](#)" (23 June 2023).

RELATED RESOURCE:

This article is excerpted, with permission, from "2023 Tax Filing Season – Natural Persons," in *Tax & Legal Alert* (June 2023), a publication of the KPMG International member firm in South Africa.

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ZAR 1 = EUR 0.049
ZAR 1 = USD 0.053
ZAR 1 = GBP 0.042
ZAR 1 = INR 4.386

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Contact us

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