

## SOMETHING TO DECLARE

# SARS announces measures to facilitate international trade



Virusha Subban

Taxpayers encouraged to complete voluntary audits

**U**NDER the South African Revenue Service Act of 1997, SARS is mandated to:

- Collect all revenues due;
- Ensure maximum compliance with tax and customs legislation; and
- Provide a customs service that will maximise revenue collection, protect our borders and facilitate trade.

In furthering this mandate, SARS recently issued its strategic plan for 2010-2011 to 2012-2013. This strategic plan identifies a number of deliverables that will pan out over a three-year period.

One of these deliverables is a streamlined audit and customs inspection process which will strengthen SARS's audit capability to deal with complex cases and serious taxpayer and trader non-compliance. One of the key activities that have been identified to achieve the identified deliverables is that SARS will develop and implement measures of voluntary and enforced compliance. This process has already begun with many taxpayers having already been requested to submit to voluntary audits in past weeks.

SARS intends to develop a single registration system that will provide an integrated view of each taxpayer and trader for tax and a consolidated view of all customs transactions. SARS intends to roll this out in the not too distant future.

Taxpayers and traders can also look forward to improved ease and speed of declaration processing and inspections, through modernising processes and systems to facilitate imports.

There is an emphasis on accreditation for those traders who are able to meet the prescribed standards and therefore qualify for accreditation.

SARS intends to group taxpayers and traders with similar behaviour and service preferences together.

Once segmented groups are identified, SARS aims to tailor the products and services it provides to these segments to suit the groups' specific needs. The services offered by SARS will therefore become centred around the needs and requirements of the taxpayer or trader.

The segmentation into various groups will be conducted through an analysis of past activities and compliance behaviour. Mention has been made of possibly 10 different segments into which taxpayers will be slotted into for customs purposes. SARS will begin with designing the first five segments which are hoped to be implemented during the course of the year and 2011.

Segmentation will be a preliminary step in the move towards implementation of the Accredited Economic Operator (AEO) programme. In the 2009 strategic plan issued by SARS it was noted that the receiver intended to commence with customs modernisation and complete the pilot project for introducing the AEO programme in line with the World Customs Organisation's Safe Framework of Standards by March 31 2010. SARS has been extremely pro-active and interactive with taxpayers and traders with regard to the whole modernisation agenda.

Not much information is currently available about the AEO scheme that SARS intends to implement, but, if we draw from the European Union (EU) experience where an AEO scheme is operational for a few years, we note that AEOs benefit from facilitations for customs controls or simplifications for customs rules or both, depending on the type of AEO certificate.

There are three AEO certificate types in the EU:

**Customs simplifications.** AEOs will be entitled to benefit from simplifications provided for under the customs rules.

**Security and safety.** AEOs will be entitled to benefit from facilitations of customs controls relating to security and safety at the entry of the goods into the customs territory of the EU, or when the goods leave the customs territory of the EU.

**Customs simplifications or security and safety.** AEOs will be entitled to benefit from both simplifications provided for under the customs rules and from facilitations of customs controls relating to security and safety.

■ Virusha Subban is a senior associate at ENS.