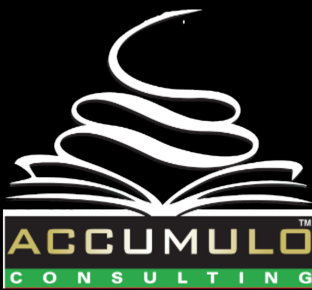

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Embracing Change

It is not the most intellectual of the species that survives; it is not the strongest that survives; but the species that survives is the one that is able best to adapt and adjust to the changing environment in which it finds itself.
– Charles Darwin

They say the only constant in life is change, it may confuse us, it may confound us but regardless, it will come.

The small changes may be subtle or develop slowly over time. We might not even notice them, they could be insignificant, unstoppable and even welcomed.

Some are by design, they are within our control and we opt for options that we feel will have a positive influence in our lives.

We choose change that enables us to trade-up and we embrace it joyfully.

Then there is that unwelcome shift, that we have little say in. Thrust upon us and requiring us to adjust on both a business and personal levels.

This refashioning may bring on range of feelings but treating it as an opportunity for metamorphosis, could possibly lead to greater things for us.

As we grit our teeth and accept the impending VAT increases and nosiness of AI, we are hopeful that theses changes in circumstances may just be a kick-start to think out-the-box, create something new, repurpose outdated resources or even grow our own food.

As April holidays approach and offer us a few days rest and recreation, if you have chosen to plant a vegetable patch in this time, we are sure the Easter Bunny will be happy to hear it.

The team at Accumulo Consulting trust we will all continue to evolve along with the world around us and that the changes we do decide on, bring us happiness and prosperity.

With best wishes, your team at

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VAT Increase in South Africa

Source: BusinessTech 19/03/2025

South Africa's proposed Value-Added Tax (VAT) increase in 2025 will still proceed under current circumstances, even if the 2025 Budget has not passed through parliament.

Finance Minister Enoch Godongwana recently announced that VAT would increase by half a percentage point in May 2025 and by the same amount again in April 2026.

These two increases will take VAT to 16%, less than the 17% proposed by Godongwana in the cancelled February 2025 budget.

Several political parties in the Government of National Unity (GNU) said they would not support the increase in VAT.

Without a majority in parliament, the ANC's ability to pass the budget is uncertain. Many are concerned that the VAT increase will most affect low-income households.

However, the opposition won't stop the VAT hike from being implemented.

Speaking at the PSG Think Big Series, Chris Axelson, Acting Deputy Director-General: Tax and Financial Sector Policy at National Treasury gave an in-depth analysis of the process to approve the budget.

National Treasury will need to wait on the Standing Committee on Finance, which has had its first hearing on a fiscal framework. This framework will then pass onto public hearings.
The National Treasury will then respond to the framework. National Treasury will then send a report to the National Assembly, where MPs will have to vote to adopt it.
Axelson said he is hopeful that a resolution between parties will be found within the coming weeks to pass the budget.

If there aren't enough votes to pass the budget, South Africa will enter uncharted territory. This will see amendments proposed by the committees or see National Treasury head back to the drawing board.

However, as it stands by law, the VAT increase to 15.5% will be effective on 1 May as it was announced by the Minister during his speech. The increase thus does not need parliament's approval.

Although there is widespread anger at the increase, he said that the potential increase in VAT is the least damaging to economic growth.
"R100 would have been an inflationary increase, however, we allocated an extra R50 for old age grants to compensate for the impact of the increase in VAT," said Axelson.

"In the revised budget, we have allocated an additional R30 as we recognise that these groups are under pressure."

Infrastructure is key

Spending needs to increase in South Africa, but Axelson said that finding the funds is another challenge, particularly since the post-Covid commodity boom has now ended.

As mining companies are now struggling, Axelson said that one effective growth strategy is the investment in infrastructure.

"Some of the additional revenue is going to these new projects. We've got a budget facility for infrastructure that is now meeting more frequently to review and initiate projects," he said.

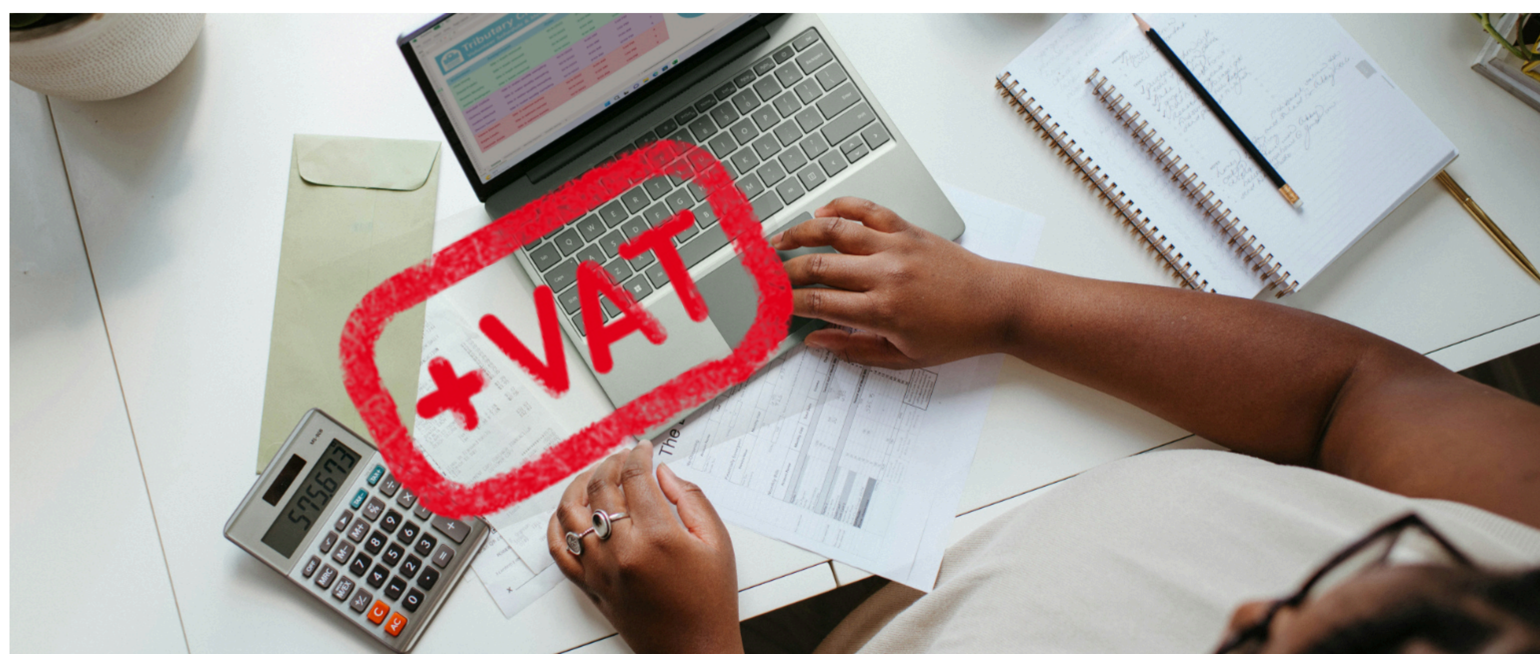
"There's been a lot of success from Operation Vulindlela on energy transmission, and now that's extending to other types of government programmes."

Axelson noted that reliable water and power, along with efficient roads and transport are essential.

"Investing in these areas can potentially lower business costs, improve efficiency and make them more effective."

Thus, public-private partnerships (PPPs) are seen as essential to fund, build, maintain and operate public infrastructure.

There has been increased realisation in government circles that they need to partner with the private sector to facilitate economic initiatives.



Taxman to use AI to Identify Tax Dodgers

Source: fanews.co.za

Okay, we're not in the clutches of George Orwell's totalitarian, brainwashed society just yet. But, for South African taxpayers, his novel's depiction of mass surveillance by the state is approaching like a speeding bullet.

SARS isn't just using AI to become more automated or efficient, but to crack open the private financial affairs of taxpayers and with startling efficiency," says Thomas Lobban, Legal Specialist at Latita Africa.

Anyone hiding their undeclared wealth within digital coffers will find refuge in them no more. The canary in the coalmine has died. It's time to come clean or face the consequences.

Enforcement for everyone

SARS has been promising stricter enforcement for years. With increasing frequency, they've started demonstrating how true to their word they keep, tightening the net on non-compliant taxpayers across the spectrum.

Won or lost, SARS' court battles with big names like South African Breweries, Coronation Fund Managers and Sasol, among others, have been splashed all over the media. And the exposure of tax and VAT fraud worth millions has put perpetrators in prison, with SARS bearing its sharp teeth more than ever.

However, it's not just big business and kingpins who need to worry. Now, we're seeing SARS hold directors personally liable for their company's tax debt. Or, it's infiltrating bank accounts to check why taxpayers' deposits add up to more than their declared income.

SARS AI vision for the future

"SARS doesn't necessarily have the auditing workforce to review such huge volumes of data, suggesting that it's flexing its AI and machine learning capabilities to get the job done," says Lobban.

Don't think for a minute that SARS is just fiddling with AI. It's wrong to underestimate the predator hunting you.

Speaking recently at a Public Economics Forum , Commissioner Edward Kieswetter revealed SARS had used AI to detect over R10 billion in invalid refunds, and could now complete an assessment in under seven seconds.

These processes depend very much on access to third party data that is becoming more readily available to SARS every year - probably even more so in the future. For example, SARS has been making big strides towards the digitalisation of VAT (think "e-invoicing").

Imagine all your financial activities being branded to identify you as the sole actor behind them. Perfectly traceable, bundled, ordered and analysed by AI to reveal not just what you earn but how you live … and what you're hiding.

Such a future is approaching rapidly, with SARS showing no sign of slowing down. And its cascading successes in this regard only serve to add more fuel to the fire.

Voluntary disclosure or bust

For those with hidden wealth, the best way out may be through SARS' voluntary disclosure programme (VDP) – and the sooner the better. The VDP is an amnesty that allows taxpayers to come clean about undeclared income, avoid criminal liability and have penalties either scrapped or substantially reduced.

It's not a free pass, though, as the outstanding tax and interest often needs to be paid over to SARS within one week after the process has been completed. In addition, it's typically an invasive process that demands complete transparency, documented proof, and a verifiable explanation for the behaviour behind the non-compliance.

For these reasons, it might be tempting to enter a wait-and-see pattern, but that's just exacerbating the problem. When SARS eventually does raise an adverse finding, or even just notifies you of an impending or potential audit, VDP will be off the table and criminal charges could potentially apply. And while you wait, the interest compounds uncapped, making settlement even more difficult as time goes by.

Can't run, can't hide

With SARS exploiting AI and third-party data like never before, there's little chance of hiding undeclared wealth for much longer. So, it's time for taxpayers to take the plunge and get their house in order.

"The evidence that SARS is serious about enforcement is there for anyone to see, so delaying the inevitable is just courting disaster," says Lobban.

According to enca.com SARS has been allocated over R7-billion over the next three years to modernise its systems..

SARS

South African Revenue Service

Embrace Tech, Don't Get Left Behind

Accounting is changing rapidly, driven by powerful technologies like AI and cloud computing.

This fundamental shift is here to stay −those who embrace it will thrive with those who don't risk it being left behind. Jordaan Berger, VP of Finance for Sage in Africa, the Middle East, and Asia-Pacific, shares valuable insights to keep you ahead of the game.

Remember the story of Tom and Eileen Lonergan? They were the couple scuba-diving in 1998 at St Crispin's Reef in Australia's Great Barrier Reef who surfaced after a 40-minute dive to discover the dive crew had left them behind. They were never found. Jordaan Berger shared this tragic story at the SAICA Finance Leaders conference when opening his presentation 'How CFOs Can Thrive Through Tech-Driven Transformation' to serve as a powerful metaphor for what can happen if we don't embrace technology.

Here are some of the key insights he shared that can help save time and stay ahead of the competition.

While everyone talks about the transformative power of technologies like AI, the actual adoption rate is surprisingly low. Jordaan pointed out that only a small fraction of businesses are actively implementing these technologies. Whatever the reason for the glacial adoption rate, Jordaan urges finance leaders to overcome it as they step into 2025.

Key benefits of cloud computing

Have you ever lost precious data because a hard drive crashed or a laptop was stolen? Ever restored a backup over the wrong version in Pastel? Events like these can mean you have to reprocess data, which can be time- consuming, to say the least.

Fortunately, cloud-based solutions eliminate that risk. And it's why Jordaan stresses the importance of adopting a 'cloud first' mentality.

While cloud-native products- software applications and services that are designed to take advantage of cloud computing - have a higher cost of ownership, they offer scalability, enhanced security, and seamless updates. Plus, they free you from the burden of managing servers and backups. Everything is at your fingertips, accessible from anywhere, anytime - safe and secure in the cloud.

AI is not as scary as you may think

Imagine a system that automatically detects anomalies in your general ledger, flagging potentially fraudulent transactions before they become a problem. Or a timekeeping tool that intelligently populates your timesheets based on your calendar and emails. Or an accounts payable automation system that reduces invoice processing time from minutes to mere seconds. These aren't futuristic fantasies, they're real solutions available today.

Your window into key metrics

Gone are the days of creating reports in Excel. Modern dashboards give you real-time insights into key metrics, allowing you to track performance, identify trends, and make informed decisions. Better still, they're customisable, user- friendly, and accessible to everyone in your organisation.

No more scrambling to answer the MD's questions about revenue growth or renewal rates or compiling an Excel report. The information is right there, at your entire team's fingertips, customisable for each user.

New Legislation

Jordaan Burger warns of new legislation that will give SARS more access to your data, including copies of all your invoices, through e-invoicing.

Practical steps for digital transformation

Jordaan's presentation was a wake-up call. He urges accountants to embrace technology, not fear or resist it. To be proactive, not reactive while thinking of the people the processes, and the technology.

So, what can you do to ensure you or your team isn't left behind? A small step is to begin keeping up to date with new trends. Attend webinars, read articles, and talk to your colleagues about the latest technologies. Identify areas in your workflow where technology can make a difference. Don't be afraid to experiment. And most importantly, don't be afraid to ask for help. There are plenty of resources available to help you adopt new tools. Keep up with the currents of change and you won't be lost at sea. Embrace technological opportunities and plot a course toward a more efficient, productive, and fulfilling future.

The future of accounting is digital. Are you ready to be a part of it?

AUTHOR Kyle Keegan
March 2025

75%
OF CFOS
say their responsibility for digital transformation has increased in the last year alone.

&

80%
OF GLOBAL FINANCE LEADERS
agree that AI and machine learning will have a major impact on HR, recruitment, and talent management.

Update on SARS Operational and Tax Administration Matters

SARS EBOOKING CHALLENGES

Members note difficulty booking appointments on the SARS eBooking form. In some instances, there is no availability for certain types of appointments and/or no dates are available in certain branches or service categories. SARS is investigating the root cause, and we will update members once more feedback is available.

In the interim, SARS has advised that tax practitioners may choose any branch and/or category for which an appointment is available. It is suggested that the description of the issue indicate the true reason for the appointment and when uploading documents, include a screenshot evidencing the inability to book an appointment for the correct branch and reason category.

SARS AUTO-VAT REGISTRATIONS

A few complaints were raised regarding SARS' process of automatically registering certain taxpayers for VAT where SARS believes the requirements for compulsory registration have been met.

The concern is that this happens without any consultation with the taxpayer to gain an understanding of the business and the nature of the supplies and may result in wrongful registration. To rectify this then becomes a challenge for the taxpayer.

SARS noted that in cases where SARS intends to register a taxpayer for VAT, a letter is sent to the latest email address on the taxpayer's profile, allowing engagement during a specified time period. It is only if the correspondence is ignored that automatic registration would happen.

Concerns were raised that the information used by SARS may be outdated or inaccurate and SARS was requested to review its processes to ensure that consultation does indeed take place. For example, if email correspondence is 'ignored' it could be that it was not received, and SARS should follow up until it reaches the taxpayer or tax practitioner. Guidance was also required as to steps to take where a taxpayer was wrongfully registered.

In addition, where a taxpayer has correctly been registered, a question arises as to the action to be taken where such registration is backdated by SARS.

INEFFICIENCIES IN REGISTERING A TRUST VIA THE SARS ONLINE QUERY SYSTEM

There are concerns around the time taken to initiate a trust registration via the SARS Online Query System. The problem arises because one needs to complete the same details on the online form as well as the related IT77TR, resulting in duplication and inefficiencies.

SARS agrees that there is a process design issue, and this matter will therefore be returned to the SARS National Stakeholder team for consideration.

REMISSION OF ADMINISTRATIVE PENALTIES

Where penalties are imposed due to late submission of returns, the tax practitioner may request remission of such penalties, where appropriate. Members note that there are undue delays in SARS finalising such requests, and in the interim SARS takes collection steps (which could result in a third-party appointment and funds being taken from the taxpayer's bank account).

Members noted that in some instances, there is/was no opportunity to request a suspension of payment until SARS had considered the remission request, resulting in SARS following up on the 'outstanding' debt. It was proposed that SARS delay collection until consideration is given to the request for remission or to at least consider the remission request within a shorter period, given that there is currently no relief available to the taxpayer as a result of SARS delays in responding.

SARS advised that the system should allow one to request a suspension of payment where a remission request is made. There was a system error which was fixed over the weekend of 15/16 February 2025.

Members may escalate matters where the system does not allow one to make a suspension request where a remission of penalties was requested. SARS further advised that where there is a verification case in progress, SARS will not allow a suspension of payment unless the case is finalised.

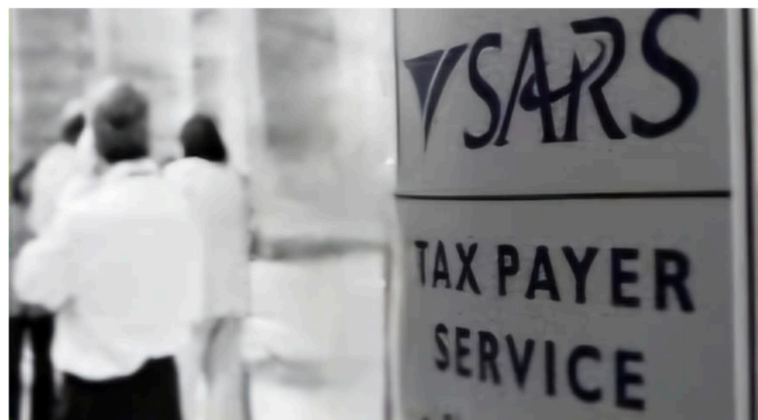
SUBMISSION OF IT144 (DONATIONS TAX FORM)

According to the SARS website, the donations tax form (IT144) must be dropped off at a SARS branch together with proof of payment.

This information appears to be outdated, resulting in multiple member queries, given that walk-ins at SARS branches are frowned upon in the absence of an appointment. This manual approach is also inefficient and not aligned to SARS' goal of online service channels.

On enquiring with SARS, it was advised that where a donation, which requires the submission of the IT144 and payment of donations tax, has been made, the form must be completed manually, and payment is to be made via eFiling.

The form (IT144) and proof of payment must then be submitted to SARS via email.



Why Ignoring CIPC Could Cost You Everything

Source: accountingweekly.com

Think annual returns are just admin? Think again. If you skip your CIPC filing, your company could be deregistered—wiped from the system like it never existed. No contracts, no banking, no legal protection. And if you think reinstating it is easy? It's not.

Here's what every business owner, director, and accountant needs to know about CIPC compliance, the risks of ignoring it, and how to stay on the right side of the law (without unnecessary admin headaches).

What is an Annual Return—And Why Does It Matter?
An annual return isn't just a formality—it's how CIPC confirms your business is still active. If you don't file it, the system assumes your company is dead. All companies and close corporations registered in South Africa have to file an annual return at CIPC, this includes dormant and inactive companies.

What Happens If You Don't File?
If you do not file you may face the following challenges:

- Deregistration – Your company legally ceases to exist. No contracts, no banking, no protection.
- Directors and/or members could be held responsible – Even if the business is gone, liability doesn't disappear. Directors and members could still be held responsible for debts and legal issues.
- There may be Late Penalties – The longer you wait, the more it costs to fix.
- Reinstating a company is a long, expensive process.

What Do You Need to File?
When submitting an annual return, the following need to be filed:

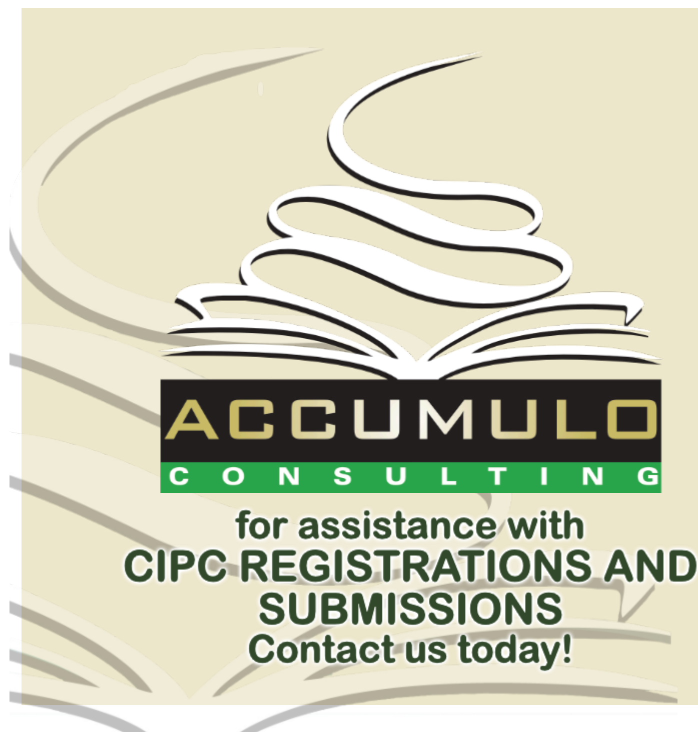
- A Beneficial Ownership Declaration – Who really owns the company? This is a legal requirement to prevent fraud and financial crimes.
- Financial Statements: Audited Financial Statements (AFS) – Required for certain companies based on size, turnover, and public interest score. Financial Accountability Supplement (FAS) – For businesses that don't require full audited financials.

When Are Annual Returns Due?
For Companies:
Due within 30 business days from your anniversary date.
Late = penalties and eventual deregistration.

For Close Corporations:
Due in the anniversary month of your registration.
Miss it? Expect penalties and the risk of deregistration.

Don't Let a Missed Filing Affect Your Business
Don't wait for trouble. If you're unsure about your compliance status, act now.

Contact Accumulo Consulting, we can assist you to ensure your CIPC affairs are in order.



Wealth Taxes: Are They Coming to South Africa?

Source: Tax and Fiduciary Team / Investec Wealth & Investment

What is a wealth tax?
Wealth tax is essentially a tax based on the total value of a person's assets.This could include things like property, cars, and investments.Unlike other taxes that are triggered by specific events—like selling a house or inheriting money - a wealth tax is usually charged every year based on the value of these assets and is a Deemed tax.

Which countries have wealth taxes?
Many countries have tried implementing wealth taxes, but most have scrapped them because they can be expensive to manage and don't bring in much revenue. For example, countries like Norway, Spain, and Switzerland still have wealth taxes. France and Italy have limited wealth taxes, focusing only on certain assets like real estate.

Interestingly, India, which is also a BRICS country like South Africa, used to have a wealth tax but it was so Ineffective even the tax collectors were trying to avoid it, so they got rid of it in 2015.

Why all the fuss?
Wealth taxes are often used by politicians as the "Robin Hood" of taxes which take money from the rich and give it to the poor. However, the reality is often different, and this has been proven time and time again.
.
In South Africa, it's widely accepted that a small group of people owns the vast majority of the wealth. There is massive "missing" middle class, with implications for a tax policy.

This highlights the fact that the focus should be on creating this "missing middle" by creating jobs and stimulating the economy rather than introducing a wealth tax, which might not help much anyway. There is simply not enough wealth in South Africa to tax. This is further exacerbated by the fact that a wealth tax is notoriously complicated and expensive to administer. The juice likely isn't worth the squeeze.

Does South Africa have any form of wealth tax?
Interestingly, South Africa already has several taxes that act like wealth taxes, often referred to by Prof Tickle as "stealth wealth taxes." These include:

- Luxury Car Tax: Introduced in 2011.
- Capital Gains Tax: This tax has been around since the early 2000s and was adjusted in 2016.
- Transfer Duty: Charged on properties valued above a certain amount.
- Municipal Rates: Based on the value of property.
- Dividend Tax: Currently set at 20%, which is higher than the global average of 15%.
- Estate Duty and Donations Tax: Currently at 20 or 25% with the estate duty exemption remaining unchanged since 2007.
- Securities Transfer Tax: Tax on the transfer of securities.

The Davis Tax Committee Report has acknowledged that these existing taxes are sufficient, although they also note that better administration of these taxes is needed.

Arguably, SARS should continue to focus on tax compliance rather than implementing new taxes. We have seen this trend over the last three budgets.

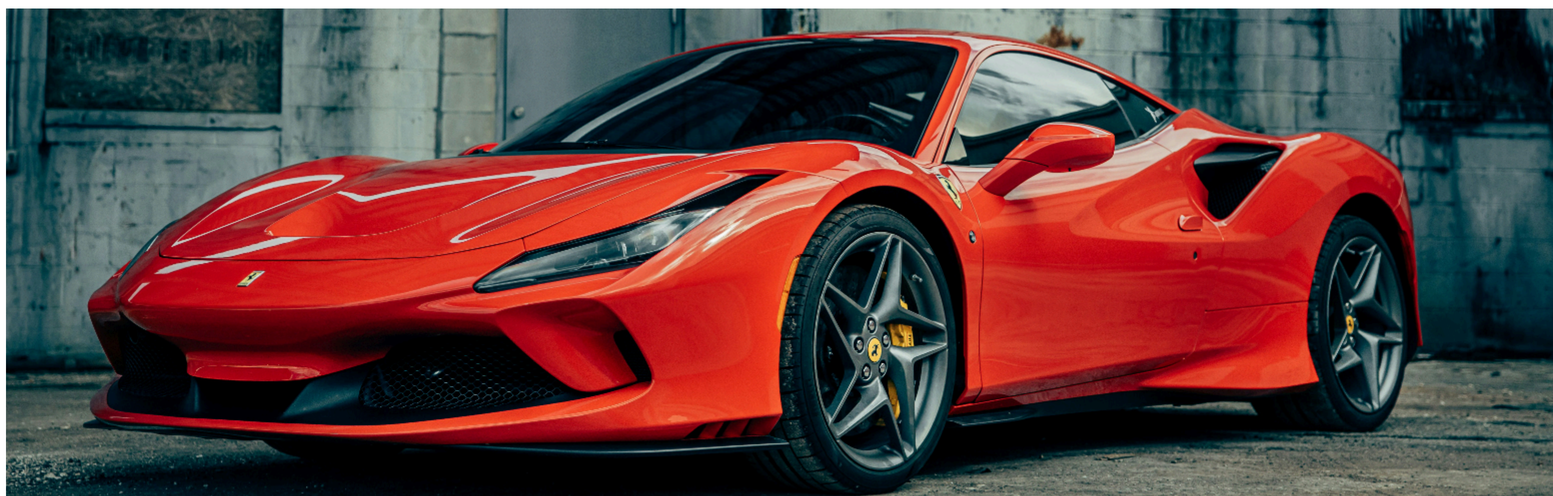
What are the unintended consequences of a wealth tax?
Whether it's rugby or tax, there are always unintended consequences when new laws or regulations are introduced. The (inevitable) unintended consequences of a wealth tax will depend on how the government implements it.

Wealthy individuals, who have the means, might choose to move their assets or even relocate to countries without such taxes. If the tax is applied to specific assets, people might start shifting their investments to avoid the tax, which could distort financial decisions.

For our entrepreneurs, cash flow is king and wealth taxes could be problematic for them. Many entrepreneurs are "cash hungry", needing to access facilities to meet their monthly costs while they wait for revenue to come in. A wealth tax would thus be a further burden on their cash flows, impacting their growth and the economy as a whole.

There is no silver bullet (or tax on the value of the silver bullet) to solve South Africa's government revenue problems. We need to see continued improvement and discipline across the many areas, including:

- Lower government expenditure and debt.
- Resourcing SARS: the government should continue to improve the existing infrastructure at SARS.
- Keep focusing on compliance and data.
- Continued relaxation of exchange controls.
- More taxpayers widen the tax net.



How the EU's Carbon Tax Could Reshape South African Exports

Source: businesslive.co.za

A new mechanism implemented by the European Union (EU) to curb carbon-intensive goods entering its market could place South African businesses and agricultural enterprises at a costly disadvantage, according to Mark Boshoff, head of Climate Resilience and Sustainability Strategy at Nedbank Commercial Banking.

Because the EU is SA's largest trading partner, accounting for over 20% of total trade, this policy shift is crucial for local exporters to understand and has implications on efforts by local companies to decarbonise their operations as part of their overall climate resilience strategies.

In April 2023 the EU enacted the Carbon Border Adjustment Mechanism (CBAM), a policy that aims to put a "fair price" on carbon emissions associated with the production of carbon-intensive goods imported into the EU. This move is designed to level the playing fields for EU companies that have been under pressure to reduce their carbon footprints at considerable expense against potentially cheaper, carbon-intensive imports from non-EU countries like SA.

Part of the broader European Green Deal, the CBAM seeks to reduce greenhouse gas emissions by 55% by 2030. It employs the "polluter pays" principle, encouraging businesses to adopt cleaner production methods. The EU justifies the CBAM by pointing to the risk of "carbon leakage", where companies relocate high-carbon production to countries with weaker environmental regulations. The CBAM also aims to prevent EU-made products from being replaced with more carbon-intensive imports.

For SA, the CBAM poses a particular challenge. While the country is transitioning to a low-carbon economy at a snail's pace, its current carbon taxes are low in comparison with EU carbon taxes. This differential in carbon taxes will lead to higher costs being imposed on South African goods entering the EU in the medium to long term to bring pricing in line with domestic production of the EU.

The higher cost to import one country's goods could result in importers seeking out other countries that have advanced further in carbon emissions transitioning. This is especially concerning given SA's high carbon intensity, at 1.5 times that of China and double the global average. Much of this stems from Eskom's reliance on coal, which accounts for roughly 43% of the country's greenhouse gas emissions. South African businesses then use this high carbon energy in the production of their goods and attempt to export goods with a high carbon production content, Boshoff says.

South African exports to the EU may struggle to compete against goods from countries with lower carbon footprints. This comes at a time when local businesses are looking to diversify their export markets amid stagnant domestic demand and competition from low-cost imports like those from China.

However, there is some breathing room. The CBAM will be implemented in phases, offering companies time to adjust. The transition period, which began in October 2023, runs until December 2025. During this time, certain industries — such as iron and steel, cement, fertilisers and chemicals — will be gradually phased into the system, initially exempt from carbon taxes. By 2026, these exemptions will be phased out while more industries will be added.

In response, South African companies that depend on EU exports may need to make significant investments to meet these new requirements. Some may seek alternative markets with less stringent regulations, but this is not a long-term solution.

The documentation required for CBAM compliance overlaps with other jurisdictions implementing their own carbon border mechanisms while reporting frameworks, such as environmental, social, and governance and International Financial Reporting Standards, begin to impact most markets, businesses and enterprises in some way and carbon costs will need to be accounted for, whether these companies are exporting to the EU or elsewhere. Also, listed companies and large companies are under increasing pressure to purchase low-carbon input goods, and domestic purchasers may begin to seek better options for procurement.

High-carbon economies like SA may find themselves trapped behind a "carbon wall", struggling to sell carbon-intensive goods as more countries and companies demand low-carbon products to satisfy their own supply chain needs.

As the CBAM is rolled out, now is the time for South African businesses to review their operations and reduce emissions where possible. Steps like conducting energy audits, investing in renewable energy solutions to replace or lessen dependence on Eskom coal-generated electricity, and upgrading outdated, energy-intensive equipment can lead to long-term savings on carbon and expenses. These could offset the upfront costs of cleaner technology.

Beyond energy, businesses should look at reducing waste and exploring circular economy solutions. Finding buyers for offcuts or partnering with recyclers can reduce landfill waste and create additional income streams. Similarly, sourcing from sustainable suppliers can help reduce a company's indirect carbon footprint, especially for small and medium enterprises.

Climate change is a global problem that requires innovative solutions. Businesses that take proactive steps to reduce their carbon reliance will be better positioned to compete both locally and internationally.