



THE CHANGING PROVISIONAL TAX PROCESSES

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1. THE CHANGING PROVISIONAL TAX PROCESSES

1.1 Introduction

The new electronic processes that SARS have introduced over the years have been a baptism of fire to the Tax Practitioner community. It is understood that change does cause disruption and re-learning, and there are bound to be teething problems and we accept that and plan for it where possible. The problem in South Africa is that there is not sufficient time after tax legislation changes to make the necessary system changes so that the law can be properly implemented by SARS. Sometimes these changes are communicated very late, causing disruption and late delivery of amendments to software. Sometimes the wording of the legislation is really difficult to understand and takes time to unwind.

Take for example the 14 days rule for the determination of the basic amount and the way this has been implemented by SARS on the IRP6. You should be well aware that during the process the figure can change or could be wrong on the website. The law says one 14 days but in reality its actually 60 days as that's when SARS loads the figures. There are a number of issues where from a practical point of view legislation cannot be met as it's impossible to change computer systems quickly.

Right now for P2 2024 the IRP6 data was uploaded in November.

From my understanding, National Treasury makes the laws without taking into account their practical implementation on SARS systems and their roll out. In the past, when the laws were changed, SARS had to delay the implementation and even with the delay SARS could not program the changes on their own systems in time which is understandable.

SARS also has introduced policy changes like the **turnover field** on companies in order to reduce their risk which is an excellent example of the way SARS introduces internal policy changes not in line with legislation. There was very little notice and no time for software vendors to make the necessary changes as it was a last-minute thing. In the past many practitioners I have spoken to just insert a zero, but now it's enforced for companies as the provisional tax return can't be filed without the turnover figure.

1.2 Provisional Tax changes

Any back-office e Filing system must be super-efficient at provisional tax as the provisional tax system lends itself very nicely to the e-Filing model. The ability to download form data straight into a Tax Management system and then submit the calculated data back to SARS saves this country millions of rand in labour. In fact, this concept is proved as provisional tax systems are running incredibly well. The amount of provisional tax paid into SARS runs into the billion.

Unfortunately, provisional tax law has been changing over the years. We have now reached a point where the law is complicated and the penalty regime onerous. There are also various interpretation issues as up and until recently SARS has not issued clarity on a number of things. Interpretation notes goes some way towards dealing with various interpretation notes.

The law was changed with effect from 1 January 2010. In effect provisional tax remains almost the same as it has always been, however a two-tier system was introduced. Taxpayers who earn more than 1 million rand will need to produce an accurate estimate for the P2 payment in terms of the legislation. The estimate must be within 80 percent on assessment and if not, SARS will apply a penalty if SARS are of the opinion that there has been an attempt to delay or reduce taxes.

There is no question now that any Taxpayers doing their own IRP6 are in fact taking a huge risk as the chances are they will never understand the new laws unless they have a tax background and of course they will be subject to penalties.

The big risk factor now has now suddenly come out of the blue during January 2022. We find that individual provisional taxpayers provisional tax status has been deactivated based on the payments on assessment falling below the limits. This has caused tremendous angst in the tax community. Please read my article.

1.3 Note From The Author

In my view the method of calculating P2 in many companies is extremely difficult. It's ok when the economy is static or predictable in terms of growth. Let's look at a few situations where this is not the case: -

- **A smaller company with fluctuating turnover whose profits are over R1 million, whose books are far behind can never make an accurate prediction because there is no time before the P2 payment and the year end.**
- **A large listed enterprise with many branches and many tax allowances can never make the prediction accurately as there is no time. As a rule, it will take at least 3 months to get an accurate result.**
- **Paragraph 19(3) causes havoc with cash flow where it kicks in as SARS can force the increase of the income without going through an objection process. Only a review can change this which is costly and timeously.**
- **Now we have the situation where at the P2 time for individuals we have to know what their income is in order to determine if they are provisional taxpayers so that the extension date can be met either in October or January.**

Owing to the factors above it's quite easy to get an understatement penalty simply because the way the penalty is legislated is simply not fair and is perhaps not constitutional. Taking this even further we are now faced with admin penalties because we got the provisional tax status wrong.

1.4 Comments On Basic Amount

The interpretation note states the following:-

“The amount of the estimate cannot be less than the basic amount unless the Commissioner, having regard to the circumstances of the case, agrees to accept a lower amount.”

Clearly there are some practical difficulties with this! Please remember this only applies to the basic amount where the income is less than R1 million.

Remember in past years one would write to the Commissioner motivating the lower basic amount. To my knowledge no reply was ever received, but there was a record of a lower basic amount being used and permission from the Commissioner being sought, the permission being granted tacitly. We accepted the non-reply of the Commissioner as to the fact that the Commissioner had agreed to the use of the lower amount.

Later on, the motivation for a lower amount used to be inserted on the SARS e Filing website when filing the form. Currently no motivation is sent through. There is now no method for advising the Commissioner that a lower amount is being used, therefore it's a good idea to ensure that you have supporting documentation when you lower the basic amount.

There clearly was a **disconnect** between what the law said and with the practical situation of submitting an amount lower than the basic amount. SARS have clarified this in the interpretation note which now says;

“The amount of the estimate *cannot be less than the “basic amount” unless the circumstances of the case justify the submission of an estimate of a lower amount.*”

It is important to note that the basic amount is **not a substitute for an estimate**. It is only used if the estimate is wrong. The basic amount is a measure to avoid penalties. According to notes on income tax it is a **“safe haven”**.

It is therefore a good idea to be able to justify a lower amount. Prepare for this in advance.

If SARS sees that an amount has being lowered materially SARS will ask the taxpayer to justify the estimate in terms of Para 19(3) and if not satisfied with the justification will increase the amount. There is **no method of objection** but there is a **review** that can be requested. It is therefore necessary to make sure that the reason for lowering the amount can be justified. The Covid lockdown and loadshedding would be a good reason for reducing the basic amount.

1.5 Issue In Regard To the Amount Appearing On the Irp6

SARS provides an IRP6 with an amount on it i.e. the basic amount according to SARS.

Prior to the payment date in the past, provisional taxpayers were sent a form with the latest assessment reflected on it. Now of course this figure is reflected on the IRP6 page on the SARS e Filing website. In regard to the last basic amount being over R1 million SARS now leaves this blank so that the taxpayer has to do the calculation from scratch.

Owing to various logistical problems SARS as a rule loads the figures onto the website at least 60 days prior to the payment date. Clearly there is a disconnect between the law and what SARS are able to do logistically as the definition of the basic amount talks about 14 days prior to the submission date which is totally not feasible for larger practices or a large tax base as there is just not enough time to handle the logistics in terms of the time available. The logistics being the calculations and confirmation from clients. Now when doing a P2 you need to know if your client will be deactivated

If the practice files IRP6 returns on different dates then the 14 days for the basic amount and using the last assessment could be different for each taxpayer causing a logistic nightmare!

For many years now, SARS has had technical difficulty in collecting the assessment figures for the IRP6 as this is a bi-annual process for the big provisional tax runs of August and February as well as issues with timing and in many cases collecting the correct figures. In many instances a zero is provided where there should be a figure and in many other instances the timing is wrong and the incorrect basic amount is shown on the IRP6. Clearly the 14 days as in the basic amount definition is not practical because by the time the Practitioner receives the IRP6 it is too late to do a proper and decent job. In the past from a legislation point of view we used to have a 60-day period which was far more practical as this gave the Practitioner more time to do proper calculations and liaise with their clients.

We have been told in the past that the amount on the form is the deemed basic amount and can be used for the purposes of calculating provisional tax, but this is

not really correct. Think about the person at home who does not have proper records and does not really understand the laws, how do they handle provisional tax, do they just accept the figure, what happens when it's wrong and there are penalties. The problem with the figure on the IRP6 return is that through the process the figure may change on the SARS e Filing website as new assessments come in. In practice the figure does not change because the load it as a batch file. It is not in real time.

In January 2023 the figures were loaded 2 weeks late simply because they forgot to load the batch file.

What is the position where the wrong basic amount is used by SARS or a zero is used. If a taxpayer receives an assessment which reflects a higher taxable income than that shown on the IRP6, after he has received the IRP6, he may use the figure reflected in the IRP6 (see paragraph 19(1)(e))

In terms of Para 19 (3) the Commissioner may ask the taxpayer to justify the estimate used and if the justification is not adequate the Commissioner can push up the estimate. What is the effect of the penalty situation if the wrong figure on the IRP6 is used?

Clarity is needed on whether the amount on the IRP6 is the deemed basic amount and what is the effect if it's wrong and the taxpayer who may be totally oblivious to this uses this wrong figure. The way the legislation is worded SARS takes no responsibility for the figures being wrong. It is really important to understand that's SARS are not responsible for providing the correct figures as they are in fact doing taxpayers a favour by providing the figures at all, therefore it is imperative that Tax Practitioners get the figures correct.

Owing to the above this is the reason why a good back office system will tell you what the correct cutoff date is for the determination of the correct basic amount. The system will allow you the choice of choosing the correct amount. The back-office systems should provide the practitioner with various differences like the last assessment the date of the assessment and the downloaded figure.

About 3 or 4 weeks prior to the payment date practitioners should **stop filing tax returns** to prevent assessments which will cause changes in the basic amount and

in so doing make the logistics easier for themselves. This will prevent the basic amount from changing. One has also

1.6 Business Day

This means a day which is not a Saturday, Sunday or public holiday.

The TA Act generally uses business days in the context of time periods for registration, submission of returns or requested relevant material and calendar days in the context of time periods for payment of tax or calculation of interest.

The definition of basic amounts talks about 14 days prior to the **submission date**. This is in fact 14 actual days based on the above definition which may have a major impact on which basic amount should be used. As the legislation uses **submission date, the 14 days can be different for every taxpayer depending on the submission date.**

The **cutoff** date for P1 Aug 2015 is 16 August 2015 and for P2 Feb is 14 Feb 2016.

1.7 Letter That Sars Send Out In Terms Of 19(3)

Detailed below is an actual letter sent out by SARS in the situation where the taxpayer sold a property and made a huge capital gain which he neglected to tell the Tax Practitioner much to the Tax Practitioners embarrassment.

Tax Practitioners need to take precautions and prevent this from happening.

**INCOME TAX: FIRST PROVISIONAL TAX PAYMENT FOR 2016 YEAR OF ASSESSMENT:
2016
DUE DATE: 29 FEBRUARY 2016**

With regard to the calculation of provisional taxes made, the amount of tax payable is determined on the estimated taxable income. This requires you to specifically estimate your taxable income for the relevant year of assessment and not revert to the basic amount.

With reference to the estimate of taxable income made in respect of the above provisional tax period, kindly furnish me, in terms of section 46 of the Tax Administration Act No. 28 of 2011 and

paragraph 19(3) of the Fourth Schedule to the Income Tax Act No 58 of 1962, as amended ('the Act') with the following documents and supporting information used in determining your estimate of taxable income for the 2016 year of assessment.

- Computation of the above mentioned taxable income (including but not restricted to, if applicable interest income, share options and foreign income) as at 29 February 2016.
- If applicable, a schedule of net capital gains calculated for the financial year.

These gains should also be included in the computation of taxable income, in terms of section 26A and the Eighth Schedule of the Act.

- Key assumptions applied in determining the taxable income.

Kindly submit the above information to me on or before 17 November 2015. If on receiving your response it has been determined that an additional amount is payable (in terms of para 19(3) of the Fourth Schedule of the Act, as amended) a second SARS letter will be sent to you requesting the payment of the additional amount.

It must be noted that this additional payment that may become due, will be free of interest or a penalty for the late payment of provisional tax, if it is paid within the new prescribed payment period recorded in the SARS second letter. Furthermore, this additional payment, could assist you to ensure that you do not fall foul of the provisional tax underestimation penalty under Para 20 of the Fourth Schedule of the Income Tax Act. You are therefore respectfully requested to ensure that you take advantage of this opportunity to ensure that your provisional taxes are paid in full.

Interesting to note that in the case of a P1 if the taxpayer rectifies there will be no penalty in the situation of the above example.

1.8 Some Differences Between Provisions and Practice

	Provisions	Actual
REGISTRATION AS A PROV TAXPAYER	USED TO BE Register within 21 days of becoming a provisional taxpayer. NOW Retrieve an IRP6	Retrieve an IRP6 on the SARS website and you are a provisional taxpayer. SARS will penalise if no

	in terms of Interpretation Note	provisional tax is paid when there is a payment due.
Cut-off date for determination of the basic amount	USED TO BE 60 days from the <i>payment date</i> . NOW 14 days from the <i>submission date</i> (not the payment date). This Could make the cut-off date different for every taxpayer in a tax practice.	Most make use of the SARS figure that is downloaded at the 60 day mark. It is very difficult to implement the rule from the submission date unless you have a back office system which guides you.
LOWERING THE BASIC AMOUNT ON P1 ON LESS THAN R1 MILLION.	USED TO BE Obtain the permission of the commissioner. In practice nothing is done so there was a disconnect between legislation and practice.	NOW the basic amount can be lowered if the circumstances of the case justify the submission of an estimate of a lower amount as stated – as per interpretation note. SARS can ask you to justify the estimate in terms of Para 19(3) and push the amount up if they are not happy with the justification.
UNDERSTATEMENT PENALTIES.	There are clear cut rules as included in the interpretation note and the provisions making the penalty regime much	SARS may work on the DATA loaded on the e Filing website and not the proper figure causing disruption.

	stronger especially for P2.	
MISSING A PAYMENT DATE FOR P2.	USED TO BE A penalty of 10% and interest charged at the prescribed rates.	NOW A nil payment will be assumed after 4 months 19(6) and an understatement penalty will be charged which could be substantial.

1.9 Deferral of Payment - Instalment Payment Agreement

- A senior SARS official may enter into an agreement with a taxpayer in the prescribed form under which the taxpayer is allowed to pay a tax debt in one sum or in instalments, within the agreed period if satisfied that:
 - Criteria or risks that may be prescribed by the Commissioner by public notice have been duly taken into consideration; and
 - The agreement facilitates the collection of the debt.
- The agreement may contain such conditions as SARS deems necessary to secure collection of tax.
 - SARS may terminate an instalment payment agreement if the taxpayer fails to pay an instalment or to otherwise comply with its terms and a payment prior to the termination of the agreement must be regarded as part payment of the tax debt. The agreement remains in effect for the term of the agreement except if:
 - A senior SARS official may modify or terminate an instalment payment agreement if satisfied that:
 - The collection of tax is in jeopardy;
 - The taxpayer has furnished materially incorrect information in applying for the agreement; or
 - The financial condition of the taxpayer has materially changed.
- A termination or modification:

- Takes effect as at the date stated in the notice of termination or modification sent to the taxpayer; and
- Takes effect 21 business days after notice of the termination or modification is sent to the taxpayer.

1.10 Deferral Of Payment - Criteria For Instalment Payment Agreement

- A senior SARS official may enter into an instalment payment agreement only if:

The taxpayer suffers from a deficiency of assets or liquidity which is reasonably certain to be remedied in the future;

The taxpayer anticipates income or other receipts which can be used to satisfy the tax debt;

Prospects of immediate collection activity are poor or uneconomical but are likely to improve in the future;

Collection activity would be harsh in the particular case and the deferral or instalment agreement is unlikely to prejudice tax collection; or

The taxpayer provides the security as may be required by the official.

1.11 The registration process:

"You have to register the taxpayer for provisional tax under **Organisations** tax types. SARS then has to verify the provisional tax registration. If verification is successful, registration will be approved. If taxpayer's details have changed, SARS wants to authenticate the provisional tax profile and request supporting documents. Once supporting documents have been submitted, and SARS are satisfied, they will approve the provisional tax registration."

I am not sure if this applies – it may only apply to expats.

1.12 To deregister:

So a letter on your letterhead and email it to your SARS pcc email addresses.

Region

North (including Pretoria, North West, Limpopo, Mpumalanga & West Rand) pcc.north@sars.gov.za

Central (including East Rand, Soweto, Alberton, Vereeniging) pcc.central@sars.gov.za

Ensure that you have the following information on you letter for deregistration:

- Tax reference number
- Tax practitioner number
- When following up, quote the original case number that you were allocated in your email (you will receive this once pcc replies on your email)
- E-mail address to enable SARS to respond to your enquiry (even if you sent an e-mail still put your e-mail on your letter)
- Subject of e-mail – clearly state what the enquiry is about (deregistration of Provisional Tax)
- Attachment if required
- Limited to 5 queries per e-mail, should you have more than one to deregister.

Once you receive feedback that SARS has deregistered your client as a provisional taxpayer goto website and untick the provisional tax under Organisation on e-filing.

The above cannot apply any more as if the taxpayer is below the payment limit then it's an automatic deactivation that will appear on the assessment.

2. PROVISIONAL TAX AUTOMATION– IN THE TAX PRACTITIONERS OFFICE

2.1 Interaction with SARS

The copyright granted to ISV's that was used in the past for reproducing the IRP6 forms have been abolished forever, in fact a good few years ago as everything is now electronic.

In regard to provisional tax, back office tax systems interact with the SARS e Filing server on the following basis:

1. Register directly from within the back-office system a taxpayer either individually or in bulk electronically with SARS e Filing and receive an electronic receipt to this effect. This in effect connects the practise tax base with the SARS e Filing profile.
2. Pull down the taxpayers IRP6 form data from the SARS e Filing server into the IRP6 forms received database of the back office system for comparison with taxpayer assessment records. (***There are some issues in regard to the timing of this- see the provisional tax notes***)
3. When the provisional tax has been processed and finalised in a back office system and communicated to the clients of the tax practice, the IRP6 forms are then submitted electronically to SARS e Filing server.

2.2 Interaction with Back Office System

A back office system will carry out the following automatic functions:-

1. Calculation of provisional tax globally.
2. Comparing different situations with your own in house records.
3. Moving provisional tax records around the office for finalisation and review.
4. Automatic communications with the client by way of email.
5. Pulling through the medical credit automatically from the last tax calculation.

2.3 Benefits of a Back Office Provisional Tax System

The whole point of making this process electronic for end users and ISV's is to reduce the logistics and the huge cost associated with these logistics. Huge money has been spent by SARS and ISV's on making these systems work and now the time has come to use these systems so Tax Practitioners can show significant time savings.

The benefits to the Tax Practitioner of making use of a back office system that connects with SARS is huge. In my view there is no comparison. The savings are in obtaining the SARS IRP6 figures and entering it into your system as this data is downloaded automatically and then once the figure has been finalised to submit the figures automatically back to SARS. According to statistics that we have it takes a few minutes to download a thousand IRP6 data records and will probably take about double that to resubmit them once the figures have been finalized and confirmed by the Tax Practitioners clients. This represents a huge saving in time, because firms that still go onto the website and re-submit the data need to spend days and they need to get their planning right in order to do this. Take into account the ability of a back office system to communicate quickly with clients by attaching letters to e-mail and providing digital signatures and confirmation will significantly reduce this task making provisional tax a breeze.

SARS have indicated that the volumes for provisional tax are reasonable through back office systems and it makes it worthwhile for them as opposed to the situation with the filing of income tax returns which seems to have a low uptake by Tax Practitioners.

2.4 The Different Systems for Provisional Tax – Manual Versus Back Office

There are two types of user methods listed below:-

1. **MANUAL** No tax system in use at all. All SARS processing happens on the e Filing web site. The company may be using a spreadsheet to track and control.
2. **BACK OFFICE** (Sky Tax) system with full interaction with SARS.

We will all agree that **provisional tax law** has become very **complicated** and is prone to risk and errors. There is no way that most of your clients will be able to handle it properly, understanding all the laws and the penalties, especially the new understatement laws. I am therefore going to paint the picture for each of the scenarios mentioned above. Of course size plays a part and that a firm has some volume.

1. No Tax system in use. Use the Filing website only	2. Use Back Office System in full interaction with SARS
Each taxpayer's IRP6 to be retrieved one at a time which is very time consuming as there is no bulk retrieval.	Globally retrieve IRP6's into the Tax system for processing, manipulation and communicating with clients.
Calculate one provisional taxpayer at a time on the website. Time consuming as you have to access each taxpayer individually and make the changes individually. There is no global processing option.	Calculate provisional tax globally in minutes.
Have to check the figures being used against a manual tax file. Time consuming and impossible in a larger database.	Not necessary all automatic as a difference report is produced. Shows the difference between what SARS says and the last assessment.
No quick method for checking the difference between SARS IRP6 figures and the correct basic amount figure.	Producing the difference report is an automatic function and will highlight the differences.
Medical credits have to be calculated manually. Turnover has to be input manually.	The back-office system will pull in the first part 6A of the medical credits based on the last tax calculation taking the current rates into account as well as inserting the turnover from the last tax return.

No method of communication with clients. This is a manual very time-consuming method and has to be done one by one on an email system outside the SARS system.	Communication with clients is automatic with forms and letters created automatically being emailed to taxpayers in bulk.
There is no method to track and control the status of a PT return like client confirmation unless a manual or spreadsheet is kept. This is very time consuming.	Ability to track and control the status automatically by making use of digital signatures.
E file IRP6 on the e filing website client by client which is very time consuming.	E file IRP6 from the Back-Office application in bulk.
Check if taxpayers have paid one at a time.	Pull down the receipts from SARS in order to see who has not paid.

There are some important issues that go beyond the table above that one needs to understand.

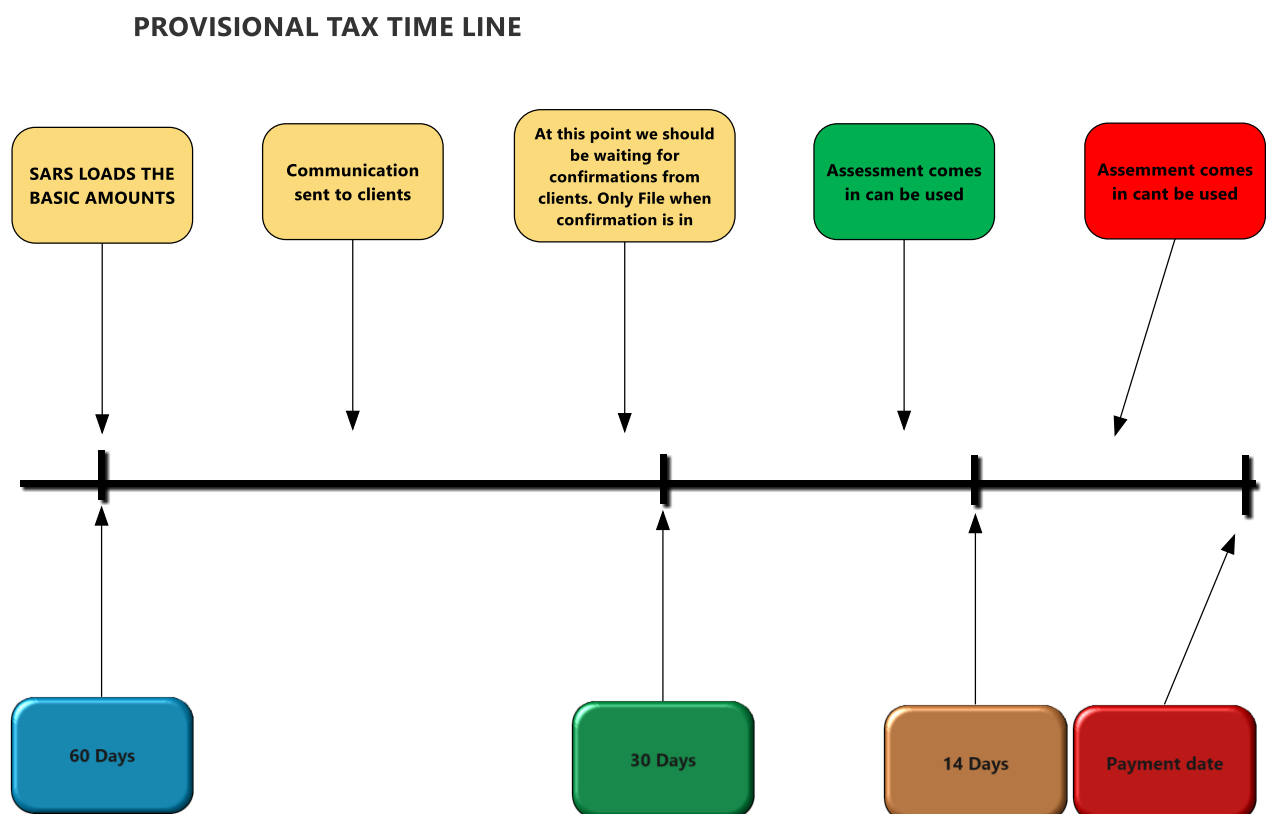
SARS loads the basic amounts about **60 days prior** to the payment date. The website. The practitioner will never know if they miss an email or SMS about the assessments from SARS. The method of trying to find the assessment is extremely time consuming on the SARS e Filing website. With a back-office system, the assessments are loaded daily directly from SARS and all that the practitioner has to do is look at the assessments file to decide which figure is going to be used by comparing it with the current provisional tax status. In a manual system and a system without connection this would have to be checked manually. On a large database this is almost impossible. By not being connected with an integrated system with SARS Tax Practitioners are doing their clients a great disservice.

There is another very important issue in that SARS are putting up the incorrect figures in many instances and earlier basic amount rather than the later correct ones that is why one needs a difference report which will give the Tax Practitioner an idea as to which figure should be used.

The communication aspect is automatic, the ability to send bulk emails will save an inordinate amount of time as opposed to one at a time.

3. TIMING ISSUES IN REGARD TO PROVISIONAL TAX PROCESSING

Timing of the provisional tax process is very important from a logistical point of view. Detailed below is a chart depicting how you should work the timing? If you manage this process well it will make the provisional process much simpler.



It is absolutely imperative when making use of the provisional tax e-Filing system that you get your timing right. For example, if the payment date is the 31st August the practitioner needs to know by the 20th of the month before the payment date that the taxpayer agrees with the figures to be submitted, because once the practitioner presses the button and submits the provisional tax form to SARS there is no way that this can be changed easily. Of course you can do a 2nd version but this is costly and time consuming and will not look professional to your clients.

A practice should also put in more effort in advising high net worth taxpayers with their payment details earlier rather than later.

4. PROVISIONAL TAX PAYMENTS

When we started this e Filing process the majority of firms indicated that they were not interested in generating payments to SARS on behalf of their clients because of the risk issues involved.

What we have found is that larger accounting firms do not wish to get involved in payments and would rather let the client make the necessary arrangements to pay the provisional tax. Smaller accounting firms get involved in generating the payments for their clients and larger firms don't.

We in the past thought it would be a good idea to do payments but because of all the third parties involved we believe that it is too risky.

From the past

"I think the time has now come to find the mechanism to generate payments in bulk and users can make their choice as to whether they want to or not. In our systems we are in fact carrying all the bank accounts if you are e-filing tax returns. I do not see why we cannot introduce a bulk facility so that when the necessary confirmations from the client have come in, the system will then automatically generate payments in bulk, subject to the client's final authorization. The system of Payments is now geared towards this as the notification is sent to the bank and the client needs to authorise. There will be huge time savings in this."

The download of receipts into Sky Tax which we now do will make this process much easier.

5. THE RISK OF PROVISIONAL TAX

Provisional Tax has become very very risky. It is a possibility that depending on when you submit your tax return every single taxpayer in you tax base could have a **different basic amount**, because of the definition of basic amount which counts back 14 days from the **submission date**. The planning for Provisional Tax has

become very critical. In the past the submission date was the date that we use to count back the 60 days for the basic amount.

The next issue that has become significantly important is the fact that SARS does not get the **correct figures on the website**. There may be an earlier figure which is displayed before the latest correct figure. There may even be a blank. Now this becomes a problem where you want to calculate provisional tax and the taxpayer's income is below a million rand and you use the incorrect basic amount. If SARS was in a position to show the correct basic amount below R1 million rand this would make provisional tax much simpler and Tax Practitioners have a basis of comparison.

Now take into account that one should use the correct estimate and the basic amount should be the metric for calculating the penalty.

The situation as mentioned above makes it really difficult to get the right figure on a manual basis. It is much safer to have a back-office system that will allow you to make the right choice, as it is very easy to get this wrong when you are working manually. It should be noted that the onus is on the taxpayer and tax practitioner to get the numbers right.

Where the taxpayer's income is over a million rand then we need to start doing more accurate tax calculations working out the **6A and 6B Medical Credits** and if there is a Capital Gain to actually work it out as accurately as possible. The gap between final tax calculation and provisional tax narrows as provisional tax becomes more complicated and risky. The missing of a capital gain in provisional payment is a high-risk area which will allow SARS to punish the taxpayer if it's left out of a provisional tax calculation.

To this end it is very important that you have a tax calculator on hand so that you can do the tax calculations inserting the figures into the Provisional Tax calculation.

RISK OF HIGH NET WORTH INDIVIDUALS

The calculation for high net individuals has become complex. One needs to have all the source codes from the last assessment to do the correct calculation. Sky Tax allows you to do that.