



The difference between running you tax department manually and running with a back-office system.

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USE AND BENEFITS OF A BACK-OFFICE SYSTEM

INTRODUCTION

It should be noted that it has become absolutely essential for Tax Practitioners to build their own internal automation systems to track and control various aspects of tax returns in their office improving their times and reducing their risks. You can't do the same by using the SARS e Filing website without having a back-office system to support you. You can of course do this manually by inserting data in a spreadsheet or writing it out.

A back-office system is the only sure way that you can reduce the **risk of errors** when submitting tax return data via the electronic route, because you are able to validate and check the data before you submit it. A back-office system gives you the ability to calculate the tax owing or a refund due pulling through the provisional tax payments that have been made from the system. Before you submit any tax return you need to convey to your client what is being submitted and to satisfy all the risk control requirements of your firm. There is really no way that you can do this from e-Filing.

By not connecting a tax computation program to the tax return e Filing process you are at risk of making a serious error or forgetting to enter some part of the tax return data inadvertently. This will be like preparing a trial balance without adding it up to see if it balances. You need to have something to balance to, to ensure the integrity of the data entered and submitted to SARS e Filing as all you are doing is entering raw meaningless data and sometimes consolidated data into the form and it is quite easy to make a capturing error. If you are entering data into an external calculation program one has to then enter the same data onto the SARS e-filing system. This is a major duplication which sometimes is impossible to balance. How does one check the calculation – wait for the assessment – and if you are wrong.

Back-office systems with tax calculations will allow you to print out a facsimile of the tax return document which should be approved by the partner or manager and then by the client. Your client must sign a tax return replica as approval for the information submitted. This document is to be filed in the client's tax file as well as in the tax

calculation as a scanned document or with a digital signature and is the proof that the information you have submitted to SARS e-filing is correct and you have confirmation that the taxpayer supplied the data. You may use this document to check the assessment when you receive it back.

A tax back office system actually checks the assessments automatically. Assessment checking should become virtually automatic right down to the source code level.

The biggest challenge that tax practitioners face is not getting notices from SARS. Larger practices actually have full-time people trolling the e-filing website to pick up the notices. Think about the consequences that occur when you miss a notice and 21 days have expired and, in many instances, where you get another 21 days you miss the second notice and things like expenditure are reversed and new assessments are issued. Think about the costs that you incur in time in order to get the situation sorted out. With a back-office system you receive the notices in your system on a daily basis and can allocate them to the staff member responsible.

The system should also allow the storage of various scanned **supporting documents** like IRP5's certificates, RA certificates, schedules etc which should attach to each taxpayer record and keep on file. This will allow you at any time to easily access the documentation and print it out for audit purposes and most importantly compare to what is downloaded from. SARS does not have issues with authenticity of scanned documents.

TIME LOST CAN NEVER BE RECOVERED!

The approach that is used in tax return production is very different to provisional tax returns (which is a bulk process) because tax returns is more of a build-up of the return which if we take all the steps in the process can be by multiple people i.e. review, signoff and submission.

E Filing Website	Back Office System
Analytics. SARS runs analytics and can tell exactly what you do including if	No Analytics. The first time SARS sees anything from a taxpayer is when

you play “ what if ” on the travelling allowance or other things. They may as well have a camera in your office.	the return is filed. Play “what if” without any consequences.
On average a high net worth taxpayer will be loaded 5-7 times on the e-Filing website system before the return is Filed. This takes time and there is no control over the process other than manual controls.	The first time SARS sees the tax return is when it’s filed via the Back-Office system. There is a huge advantage in building up a return on an external system independent of the website as there is total control of every aspect.
There is difficulty in accessing the tax return in a high-volume database as you have to log in each time and there are a number of key strokes to find the tax return. You cannot leave the return open as the system will take you out automatically forcing you to log in again.	Access a tax return instantly anywhere anytime irrespective of the size of the database and leave it open indefinitely.
One cannot print a return until completed so that the blanks can be filled in on the return.	Print a return at any time.
There is no facility to automate the moving of the tax return around the office on the SARS e Filing website. One has to advise others by email or verbally or by printing it out for completion and review taking time.	In building up a tax return the system allows the moving of the tax return around the office automatically through the various stages of preparation, signing and review. We use the status approach to tag tax returns.
It is difficult for multiple people to work on and review one return.	Multiple people can work on and review the return easily.
There are glitches in saving returns where changes made to a return are often lost.	No saving of a tax return when building up a return as it’s automatically saved on the system. There will never be a loss of data.
One can’t complete the return unless all the fields are completed resulting in the stepping through of many fields.	One only needs to complete the parts on the tax return that have to be completed and the rest can be ignored. We now have AI to tell you what’s missing from the previous year.
Sending the form to a client can prove difficult with all the different browsers and different versions of Adobe.	Not applicable as a report pack can be produced and sent to the client instantly at any time in a PDF format.
One cannot print the form until all the fields are completed.	A report pack can be produced at any time during the building stage.
Running on the SARs e Filing website is a duplication to your own in-house systems and files. Returns have to be printed and entered into the filing system.	There is no duplication as all the data is processed internally and then communicated to SARS.

Find assessments and notices individually on e-Filing.	The system downloads notices and assessments daily automatically and soon Statement of accounts
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By making use of the Accfin methodology in filing a tax return the practice will save 45 minutes per taxpayer per year which can result in substantial savings.

BENEFITS OF A BACK-OFFICE PROVISIONAL TAX SYSTEM

Tax Practitioners can show significant time savings making use of a back-office that will automate the whole provisional tax process.

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.

5.4 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.
2. **BACK OFFICE** 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 e 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 which takes minutes.
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. Companies don't calculate.	Calculate provisional tax globally in minutes for all tax types.
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 which are downloaded automatically on a daily basis.
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.	The back-office system will pull in the first part of the medical credits based on the last tax calculation taking the current rates into account.
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.

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 may refresh the basic amount as new assessments come through. 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 are 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 your clients a great disservice.

There is another very important issue in that SARS are putting up the incorrect figures in many instances earlier 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.