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Understanding SARS objections:

Deadlines, extensions and how to get it right

Understanding dispute resolution & SARS debt management

Trade & Taxes

As SARS continues to intensify enforcement through data analytics and AI, taxpayers are increasingly exposed to technical and procedural risk.

Scenario

Let us assume that you, an individual taxpayer (referred to as "Person A"),:

- Run your own business, earn drawings or salary and dividends, and have been issued with an additional assessment by SARS.
- You operate your business from a home office, and the business pays rent to Person A for the space used exclusively for business purposes.
- SARS disallows the rental expenditure on the basis that it does not qualify as expenditure actually incurred for business purposes and imposes penalties for the underpayment of tax.
- You do not agree with the additional taxes imposed, as you believe the rental expenditure qualifies for deduction in determining taxable income.

This type of dispute is increasingly common as SARS adopts a more assertive audit approach. The quality of the objection process often determines whether a matter is resolved efficiently or escalates unnecessarily.

Don’t object “blind”: request reasons first

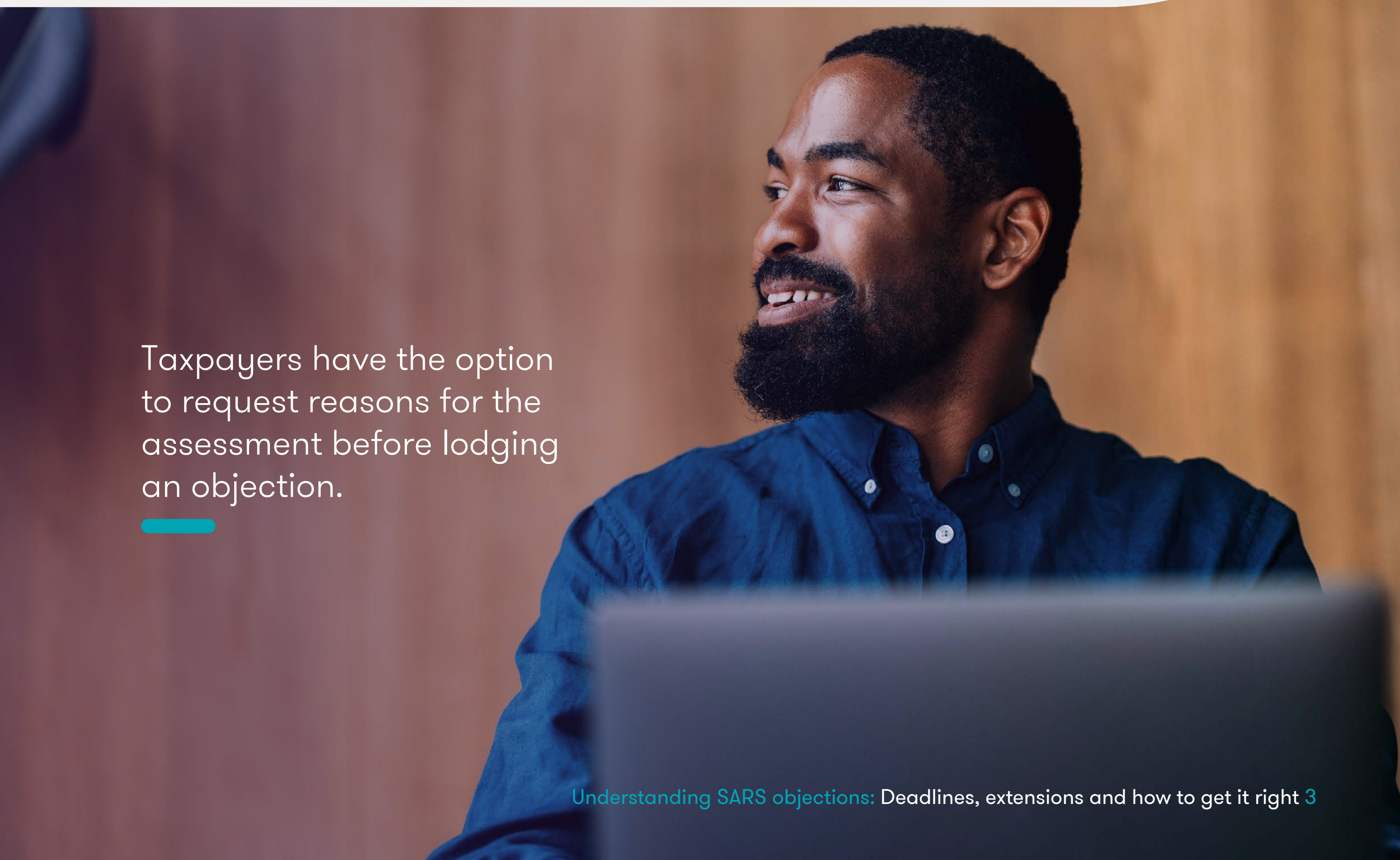
It is important not to act too quickly without understanding the basis of SARS’ decision. In some cases, SARS issues an assessment with limited detail explaining the adjustments made. Without proper reasons, a taxpayer may object “blind” and miss the real issue.

Taxpayers have the option to request reasons for the assessment before lodging an objection. This request must be submitted within 30 business days of receiving the assessment.

Requesting reasons helps clarify why SARS, for example, disallowed the rental expenses. This enables you to properly formulate your grounds of objection and ensures that your submission addresses the actual point of disagreement. It also effectively extends the timeline within which the objection must be submitted, allowing you time to collect supporting evidence that may be required.

Objection deadlines you must know

Strict deadlines apply. If a request for reasons was submitted, the objection must be lodged within 80 business days from the date SARS provides its response. If no request for reasons was submitted, the objection must be lodged within 80 business days from the date of the assessment. Failure to meet these deadlines can have serious consequences,regardless of the technical merits of the case.



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What if you cannot submit the objection within the specified timelines?

A taxpayer may request an extension to lodge a late objection, but the request must be properly motivated and supported by valid reasons for the delay.

If the extension is not adequately justified, SARS may reject the objection outright, regardless of the merits of the case. Even if the taxpayer is technically correct, missing the deadline without proper justification can render the objection unsuccessful.

Where the 80-business-day period has lapsed, a taxpayer may request:

- An extension of up to 30 business days if reasonable grounds exist for the delay. This is a lower threshold and may include administrative oversight, illness, miscommunication with an advisor, delays in obtaining third-party information, or technical filing issues.
- An extension exceeding 30 business days may be granted only if exceptional circumstances that caused the delay exist. This is a significantly higher threshold and may include serious illness or hospitalisation, death in the family, natural disasters, systemic failures beyond the taxpayer's control, or fraud by a third party.

However, the extension may not extend beyond 3 years.

The "valid objection" requirement

SARS does not accept vague or general objections. A valid Notice of Objection must:

- Clearly specify which part of the assessment is being disputed
- Set out detailed grounds of objection
- Attach all relevant supporting documentation
- Address SARS' stated reasons for the assessment (where provided)

Simply stating, "I disagree with the assessment," is insufficient and will likely result in the objection being disallowed.

Grounds of objection: what SARS expects

When setting out the grounds of objection, the taxpayer must:

- Clearly explain what SARS did (the specific adjustment or decision)
- Explain why it is incorrect, with reference to both the law and the relevant facts
- State what the correct position should be
- Provide evidence supporting that position

The objection should be structured logically and read as a reasoned argument rather than a general complaint.

Supporting documents: critical to success

Supporting documents are critical. SARS determines objections based on the information placed before it. If the necessary supporting evidence is not attached, SARS will often disallow the objection.

Importantly, SARS is not obliged to request or search for missing documentation, which means the taxpayer bears the responsibility of submitting a complete and properly supported objection.

Unsure whether to object? We can help.

Disputing a tax assessment can be a daunting process and getting it right from the outset is crucial. If you have received an assessment from SARS and would like to explore your options or need assistance with lodging an objection, our team is ready to guide you every step of the way.

If you are currently engaging with SARS or anticipating a dispute, early structuring of your response can materially affect the outcome.

For general enquiries please contact us at **info@sng.gt.com**

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