



# Tax Dispute Resolution: Request Reasons of Assessment

The South African tax system, just like many other tax systems around the globe, substantially operates on self-reporting or self-assessments. Taxpayers are required in terms of the law to file their returns in the form and manner prescribed by the Tax Act. The self-assessment system is susceptible to abuse by some taxpayers as it relies heavily on their honesty and/or their good or bona fide behaviors. The South African Revenue Service (SARS) has been given significant powers to perform tax audits on returns submitted by taxpayers. Where it is established from the tax audit that an assessment does not reflect the correct application of a tax Act to the prejudice of SARS or the fiscus, SARS is empowered to raise additional assessment in terms of section 92 of the Tax Administration Act (the TAA). When a taxpayer is aggrieved by an additional assessment raised by SARS, he or she has a right to dispute it.

As part of the tax dispute resolution process, the taxpayers are entitled to request reasons for assessment. The reasons for assessment enable the taxpayer to understand the basis of the assessment and to formulate its objection against the assessment.

*Essential requirements for a request for reasons for assessment.*

In terms of Rule 6, a taxpayer who is aggrieved by an assessment may, prior to lodging an objection, request SARS to provide reasons for the assessment required to enable the taxpayer to formulate an objection.

#### The request must meet the following requirements:

- It must be made in prescribed form and manner,
- It must specify an address at which the taxpayer will accept delivery of the reasons and,
- It must be delivered to SARS within 30 days from the date of assessment.

It is important to note that SARS may provide an extension of the period within which the request for reasons must be submitted where reasonable grounds exist for the delay in complying with the prescribed period. Such an extension may not exceed 45 days.

Importantly, the taxpayer need not lodge an objection until a response to a request for reasons for assessment is received from SARS.

#### How to submit the request

The request for reasons can be submitted to SARS electronically via eFiling and the SARS branches for Personal Income Tax (PIT), Company Income Tax (CIT), Value-Added Tax (VAT) and Pay-As-You-Earn (PAYE). A manual process for request for reasons also exists for all other taxes.

**Have you received a letter of request for information, notice of audit or verification, letter of audit findings, or final letter of assessment?**

**Please contact us for any assistance relating to tax dispute resolution.**



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