**KNOWING YOUR TAX COMPLIANCE STATUS**

There are many reasons why a taxpayer may want to know their tax compliance status. A taxpayer may, for example, require a Tax Clearance Certificate (TCC) for a tender or an emigration application.  An application for a TCC may be made at a SARS branch or via e-filling. Generally, SARS must issue or decline to issue a TCC within 21 business days from the date on which the application is submitted.

SARS may confirm that the taxpayer is tax compliant by issuing a TCC only if satisfied that the taxpayer is registered for tax and does not have any outstanding tax debts or returns. Tax debts that are subject to instalment payment arrangements, compromise agreements, or where payment of the tax debt has been suspended pending an objection or appeal are excluded. SARS may confirm the taxpayer’s tax compliance status as at the date of the request, or a previous date as prescribed by the minister in a regulation. The TCC must be in the prescribed form and include the original date of issue of the status confirmation, the taxpayer’s name, reference number and identity or registration number, and the date of the confirmation of the tax compliance status.

SARS may also alter the taxpayer’s status to non-compliant if the TCC was issued in error or was obtained on the basis of fraud, misrepresentation or non-disclosure of material facts. SARS must however give the taxpayer prior notice and an opportunity to respond to the allegations of at least 14 days before the alteration. In the recent case *Red Ant Security Relocation and Eviction Services (Pty) Ltd v CSARS* the taxpayer’s compliance status was altered to non-compliant after the lapse of a deferred tax payment plan had left a further tax liability which had been disputed.  Ren Ant’s main complaint was that SARS had not afforded it the right to be heard before changing its status to non-compliant. Rent Ant, which derived most of its income from providing services to municipal entities and would not have been paid without a valid TCC, successfully obtained an urgent interdict against SARS to restore its tax compliance status.

Usually a taxpayer’s tax compliance status will be indicated as non-compliant by SARS for the period commencing on the date that the taxpayer fails to submit a return or pay a tax debt and ending on the date that the non-compliance is remedied.

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**NOTE: This information should not be regarded as legal advice and is merely provided for information purposes on various aspects of tax law.**

**For more information contact Sharon Cochrane, details below**.