

# MCLU

## Monthly Compliance & Legislation Update

Presenter: **Lettie Janse van Vuuren CA(SA)**

**26 JANUARY 2022**



*Stay informed on the multitude of  
Compliance and Legislation Updates*

*This webinar covers changes during the month of December 2021*

# Presenter

## Lettie Janse van Vuuren CA(SA)

- Lettie joined SA Accounting Academy in November 2017 as Head of Technical. She is a Chartered Accountant, Qualified Auditor, Assessor and Moderator.
- She is a **professional trainer and webinar host**, and with her relaxed and humorous presentation style, she is able to hold the attention of an audience. She has a unique ability to communicate with delegates at their respective levels of knowledge and experience. Over the last 20 years, she has trained thousands of partners, managers, trainee accountants and other professionals.
- She is responsible for our MCLU (Monthly Compliance and Legislation Updates).
- She was the Professional Development Manager at SAICA for 4 years and in charge of accrediting new training offices and monitoring existing ones (including the moderation of training offices and trainee assessments).
- Lettie is passionate about improving the efficiency and standardisation at practices. She has extensive experience on a variety of technical and practical topics which she consults on, including: SAICA re-accreditation assistance and preparation, IRBA inspection assistance and preparation, audit file reviews (post-issuance monitoring and EQCR), Quality control implementation, other office-specific manuals, and FASSET skills development facilitation.




# WHAT'S ON THE AGENDA?



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A new year means  
a new chapter.  
I hope 2022 is an  
incredible part  
of your story.



# ACCOUNTING UPDATE



**ACCOUNTING**

# Accounting Update

The following items are dealt with here:

## 1. IFRS Monthly News Summary

- *nothing really new or important*
- *Refer to Source Document*

## 2. ASB: Can past decisions about materiality affect future accounting?

- IGRAP 21 on The Effect of Past Decisions on Materiality outlines a detailed discussion on how, and when management should assess materiality, and when circumstances may indicate that an error(s) has been made.
- IGRAP 21 is effective for financial periods commencing on or after 1 April 2023, and earlier application is encouraged.
- The Guideline on The Application of Materiality to Financial Statements, although not mandatory, should be applied by entities when considering materiality

# Accounting Update *(continued)*

## 3. Body corporates financial statements published for comment

- SAICA has issued the draft IFRS for SMEs Illustrative Financial Statements for Body Corporates.
- Comment deadline is 31 January 2022
- *Refer to Source Documents:*
  1. *Cover Page*
  2. *Template*

## 4. Educational material on presentation of inventory write-offs and costs as a result of the civil unrest in South Africa

- This material published by SAICA highlights the requirements within IFRS Standards on presentation of inventory write-offs and other costs due to the civil unrest in South Africa
- *Refer to Source Document*

# Accounting Update *(continued)*

## 5. 2021 SAICA Medical Schemes Accounting Guide

- The Medical Schemes Accounting Guide has been revised and issued for the year ending 31 December 2021.
- Schemes are urged to consider their unique circumstances in terms of COVID-19 disclosures and the impact it has had in the reporting period

➤ *Refer to Source Document*

## 6. 2022 MTEF Guidelines for Public Entities

- National Treasury has issued Public Entities guidelines for costing and budgeting for compensation of employees

➤ *Refer to Source Document*

# AUDITING UPDATE



# Auditing Update

The following items are dealt with here:

## Standards:

1. Reminder: New AUP standard now effective
  - 1 January 2022 marked the effective date of the standard on agreed-upon procedures (AUP), which was issued in August 2020
  - *Refer to Source Documents*

## Legal/Ethics:

1. Revisions to the Code to promote the role and mindset expected of professional accountants are now effective
  - As of 31 December 2021. Access the revisions in the new electronic handbook:
  - <https://www.ethicsboard.org/publications/2021-handbook-international-code-ethics-professional-accountants>
  - *Refer to Source Documents*

# Auditing Update *(continued)*

Other:

## 3. Ground-breaking FRC report sets out what it expects from audit firms to deliver high quality

- Refer to <https://www.frc.org.uk/news/november-2021/ground-breaking-frc-report-sets-out-what-it-expect>
- The report, 'What Makes a Good Audit?', highlights the 6 key attributes that contribute to the running of high-quality audit practices

## 4. Non-audit services and auditors' independence

- Refer to <http://accountancyeurope.eu/wp-content/uploads/211029-Non-audit-services-and-auditors-independence.pdf>
- This publication covers the measures that ensure auditors' independence while providing other assurance services to the companies they audit, and details how auditor's independence is maintained through legal restrictions and ethical requirements, public oversight and audit committee scrutiny and transparency of fee-related information

# Auditing Update *(continued)*

## 5. IAASB: New Technology-Focused FAQ Available

➤ *Refer to Source Document*

- Non-authoritative support material to help auditors understand how to plan an audit under International Standard on Auditing (ISA) 300, Planning an Audit of Financial Statements, when using automated tools and techniques (ATT)

## 6. Accountancy Europe: AQs on audit facts, including some on audit, auditors and supervision

➤ *Refer to [https://www.accountancyeurope.eu/newsletters/newsletter-december-2021/?mc\\_cid=84168e33fc&mc\\_eid=373e39f09c](https://www.accountancyeurope.eu/newsletters/newsletter-december-2021/?mc_cid=84168e33fc&mc_eid=373e39f09c)*

- December newsletter contains section with FAQs on audit facts, e.g. answering some frequently asked questions on audit, auditors and supervision

# COMPANY SECRETARIAL UPDATE



Companies and Intellectual  
Property Commission

a member of **the dti** group

# Company Secretarial Update

The following items are dealt with here:

## **1. Notice 62 of 2021:** Update: Status on file transition project

- *Notice 44 of 2021 issued by CIPC of file transition project has reference.*
- *The contract handover project of moving 7.2 million Companies, Close Corporation, Trade Marks, Design, Copyright and Cooperatives files to the new storage facility was completed on 26 November 2021*
- *There will be a delay of 3 to 4 months of unavailability of files, while the new service provider takes the files on board to label and capture them on their systems for recording and retrieval purposes.*
- *Retrieval of files will still not be optimal and delays will be experienced until the end of the financial year end (March 2022) as CIPC anticipate the end date of capturing 7.2 million files*

➤ *Refer to Source Document*

# COVID-19 UPDATE



# COVID-19 Update

The following items are dealt with here:

## Practical guidance / New Announcements:

### 1. Directive on the Taxi relief fund

➤ *Refer to Source Document*

- Directive gazetted on 2 December 2021 on the Taxi Relief fund towards the impact of COVID-19 on the taxi industry
- The Department of Transport secured once off ex gratia relief funds to the value of R1 135 billion to assist operators towards the impact of COVID-19 in the taxi industry.
- **The relief fund of an amount of R5 000.00 per qualifying operator** is not intended to compensate for loss of income.
- The cut-off date for the submission of application of the taxi relief fund is 28 February 2022.
- All payments for qualifying applications must be completed by 31 March 2022

# EMPLOYMENT LAW UPDATE



# Employment Law Update

Nothing noteworthy during this period

# OTHER LAWS & REGULATIONS



# Other Laws & Regulations

The following items are dealt with here:

## 1. The Cybercrimes Act has finally commenced

- *Refer to*  
[https://www.gov.za/sites/default/files/gcis\\_document/202112/45562re11363proc42.pdf](https://www.gov.za/sites/default/files/gcis_document/202112/45562re11363proc42.pdf)
- The President of South Africa has proclaimed that certain sections of the Cybercrimes Act commenced on 1 December 2021, and is thus enforceable.
- The Cybercrimes Act impacts all of us who process data or use a computer, including inter alia, individuals, parents, journalists, organisations, banks and many others, who will probably commit many offences daily...
- Certain cybercrimes will, as of 1 December 2021, be punishable by fine or imprisonment
- The rest of the Cybercrimes Act will commence on a future date that the President will announce by proclamation

# Other Laws & Regulations

## *(continued)*

### 2. E-waste regulations come into force on 5 November 2021

- Refer to <https://www.moneyweb.co.za/news/tech/e-waste-regulations-come-into-force/>
- New regulations dealing with the end-of-life management of lighting and electrical and electronic waste have come into full force – and companies throughout the supply and distribution chain that fail to comply face the threat of hefty fines or even jail time.
- The Extended Producer Responsibility (EPR) regulations, created under section 18 (1) of the National Environmental Waste Management Act, affect all companies involved in the lighting, electrical and electronics industries, including those who sell computer and IT equipment, smartphones and renewable energy equipment. Battery importers or manufacturers and direct distributors, as well as the paper and packaging and single use product sectors, are also all impacted

# Other Laws & Regulations

## *(continued)*

### 3. Basic Education Laws Amendment Bill 2021: Explanatory summary

➤ *Refer to*

[https://www.gov.za/sites/default/files/gcis\\_document/202112/45601gen706.pdf](https://www.gov.za/sites/default/files/gcis_document/202112/45601gen706.pdf)

- The Bill, proposes to amend the South African Schools Act, 1996 (Act No. 84 of 1996), and the Employment of Educators Act, 1998 (Act No. 76 of 1998).
- Furthermore, the amendments are a response to court judgments that protect and give effect to the Bill of Rights.
- The Bill provides for system improvements in terms of admission of learners particularly admission of undocumented learners.
- It also provides for financial and public accountability frameworks for governing bodies and provincial departments - and more...

# TAXATION UPDATE



# Taxation Update

➤ *Each item is available to you as a Source Document*

The following items are dealt with here:

- **Guides (new, updated & issued):**  
*Refer to Notices section for Guides mentioned and updated*
- **Binding Rulings (Private/Class/General) issued:**
  - Binding General Ruling 59 – Calculation of VAT for table games of chance
    - applies with effect from 1 January 2022 and is valid until it is withdrawn, amended or the relevant legislation is amended
- **Interpretation Notes issued:**
  - None

# Taxation Update *(continued)*

- **Notices and other publications issued:**
  1. VAT Notice: Electronic services recipient/supplier
    - Public Notice prescribing the particulars that a tax invoice must contain, if the supply by a vendor relates to any enterprise contemplated in paragraphs (b)(vi) and (b)(vii) of the definition of “enterprise” in section 1(1) of the Act
  2. Average Exchange Rates: *The next update can be expected in March 2022*
    - Table A – A list of the average exchange rates of selected currencies for a year of assessment as from December 2003
    - Table B – A list of the monthly average exchange rates to assist a person whose year of assessment is shorter or longer than 12 months
  3. MobiApp update:
    - Taxpayers are now able to initiate a payment arrangement on outstanding debt via the SARS MobiApp.
    - This functionality will allow qualifying taxpayers to make a payment arrangement request for Personal Income Tax without the need to visit a SARS branch or contact the SARS Contact Centre. For more information, see the Guide for the Deferral of Payment Arrangements on SARS MobiApp.

# Taxation Update *(continued)*

- **Notices and other publications issued (continued):**

- 4. Deceased Employee – responsibility of the Employer:

- The Fourth Schedule to the Income Tax Act (the Act) places various obligations on an employer in respect of the deduction or withholding of employees' tax and the administrative requirements related thereto
    - For more information on deceased estates, insolvent estates, liquidation and more, see SARS Estates webpage <https://www.sars.gov.za/businesses-and-employers/estates/>

- 5. Media release – Implementation of Tax Directives Enhancements:

- SARS will introduce changes to its systems from 1 March 2022 to prevent taxpayers who receive income from more than one source, and where one of the sources is income from a retirement fund, ending up with a large tax debt payable to SARS after assessment of their income tax return
    - <https://kubernetes.sars.gov.za/media-release/>

- 6. Enhancements to the Disputes Process:

- The disputes forms i.e. Request for Remission (RFR), Notice of Objection (NOO) and Notice of Appeal (NOA) have been enhanced on eFiling to the HTML format. For more information, see the Guide on how to Dispute Administrative Penalties via eFiling.

# Taxation Update *(continued)*

- **Notices and other publications issued (continued):**

- 7. Updated Turnover Tax submission channels:

- The Postal channel for the application and/or submission of Turnover Tax has been discontinued
      - The following channels can be used:
        - By visiting a SARS Branch Office after making an eBooking appointment; or
        - By emailing the following:
          - Taxpayers: [contactus@sars.gov.za](mailto:contactus@sars.gov.za)
          - Tax Practitioners: [pcc@sars.gov.za](mailto:pcc@sars.gov.za)
        - For any related queries or submission of the supporting documents use the following channel: SARS Online Query System (SOQS).
        - For more information, see the updated Guide for the administration of Turnover Tax.
        - The eFiling option is not yet available for submission of the Turnover Tax (TT01) Application Form

# Taxation Update *(continued)*

- **Notices and other publications issued (continued):**
  8. All eFiling forms were successfully migrated to HTML5:
    - All forms have been successfully migrated.
    - You are no longer required to use the software which was introduced as an interim solution whilst SARS completed the migration.
    - Thus no further download and usage of the SARS Browser is needed
  9. Proposed Model for Establishing an Advance Pricing Agreement Programme in South Africa and Release of Draft Legislation:
    - Due date for public comment: 31 January 2022
    - <https://www.sars.gov.za/legal-counsel/preparation-of-legislation/discussion-papers/>

# Taxation Update *(continued)*

- **SARS Scams**

1. There is a new scam that purports to be from SARS, which deceives taxpayers about Income Tax refunds. *Do not open the link because it takes you to a phishing site*

**Court cases:** Refer to <https://www.sars.gov.za/Pages/Whats-New.aspx>

❖ 7 Tax Court cases <https://www.sars.gov.za/legal-counsel/dispute-resolution-judgments/tax-court/tc-2022-2020/>

1. SARSTC IT 25117 (ADM) [2021] Johannesburg (18 November 2021)
2. SARSTC IT 24790 (IT) [2021] CPT (15 October 2021)
3. SARSTC VAT 2060 (VAT) [2021] DBN (8 October 2021)
4. SARSTC IT 24596 (IT) [2021] CPT (17 September 2021)
5. SARSTC IT 24988 (ADM) [2021] JHB (5 August 2021)
6. SARSTC 0059/2019 (ADM) [2021] DBN (30 November 2021)
7. SARSTC 2020/95 (ADM) [2021] JHB (19 November 2021)

# Taxation Update *(continued)*

**Court cases (continued):** Refer to <https://www.sars.gov.za/Pages/Whats-New.aspx>

❖ 2 High Court cases <https://www.sars.gov.za/legal-counsel/dispute-resolution-judgments/high-court/hc-2022-2020/>

1. Naushaad Hamid v SARS (3280/2017) [2021] ZAKZNDHC (30 November 2021)
2. Chien Hui Kao v Commissioner of Customs and Excise (5580/19) [2021] ZAKZNDHC (2 November 2021)

❖ 1 SCA case re Tax Administration Act <https://www.sars.gov.za/legal-counsel/dispute-resolution-judgments/supreme-court-of-appeal-sca/sca-2022-2020/>

- Purveyors South Africa Mine Services (Pty) Ltd v CSARS (135/2021) [2021] ZASCA 170 (7 December 2021)
- Voluntary disclosure – whether taxpayer met the requirements of section 227 of the Tax Administration Act 28 of 2011 – Commissioner for the South African Revenue Service had knowledge of information subsequently disclosed and prompted taxpayer to comply – disclosure not voluntary
- requirements of section 227 not satisfied – appeal dismissed

# REGULATOR NEWS



# Regulator News

The following items are dealt with here:

- **SAICA press releases & other publications:**

1. Training Regulations 2022 have been published
  - These are only applicable to Registered Training Offices and became effective on 1 January 2022.
  - *Lettie presented ad-hoc webinar on 20 January 2022*
2. ASA December 2021 / January 2022  
<http://cdn.coverstand.com/52861/731591/8fdc9ddb8deb582f41341d283ce2b302e36724f9.pdf>

- **IRBA press releases & other publications:**

- IRBA News #56 – *October to December 2021*  
➤ *Refer to Source Document*

# Regulator News *(continued)*

- **SAIBA press releases & other publications:**
  - CFO Talks (CFO Talks™ is devoted to sharing ideas and conversations between CFOs. It is a platform which facilitates insightful and powerful talks relevant to CFOs)  
<https://cfotalks.com/>
  - Accounting Weekly (weekly newsletter) <https://accountingweekly.com/>
- **Companies Tribunal:**
  - 14 Decisions reached on cases heard (*1 Name dispute, 3 Exemptions, 1 AGM, 5 Directorship disputes, 2 Reviews, 2 Others*)  
➤ *Refer to Source Document*

# Regulator News *(continued)*

- **OTO:**

- Fairness for All - Office of the Tax Ombud monthly newsletter

➤ Refer to <http://www.taxombud.gov.za/Documents/fairness%20Ten.pdf>

- **IFAC:**

- CPA Canada, ICAS, IESBA IFAC release 2nd Publication in Series exploring Ethics in an era of complexity and digital change
- [https://www.ifac.org/knowledge-gateway/building-trust-ethics/publications/technology-double-edged-sword-both-opportunities-and-challenges-accountancy-profession-paper-2?utm\\_source=Main+List+New&utm\\_campaign=a29c79f792-EMAIL\\_CAMPAIGN\\_2021\\_12\\_20\\_04\\_02&utm\\_medium=email&utm\\_term=0\\_c325307f2b-a29c79f792-80727052](https://www.ifac.org/knowledge-gateway/building-trust-ethics/publications/technology-double-edged-sword-both-opportunities-and-challenges-accountancy-profession-paper-2?utm_source=Main+List+New&utm_campaign=a29c79f792-EMAIL_CAMPAIGN_2021_12_20_04_02&utm_medium=email&utm_term=0_c325307f2b-a29c79f792-80727052)
- Technology is a double-edged sword with both opportunities and challenges for the accountancy profession, the 2<sup>nd</sup> in a 4-part thought leadership series examining the professional accountant's role in a new technological era, has been published.
- This follows Complexity and the professional accountant: Practical guidance for ethical decision-making, the 1<sup>st</sup> publication in the series.

# Regulator News *(continued)*

- **FSCA publications & press releases:**

1. FSP fined an administrative penalty of R50 000 for Contravention of section 167 of the financial sector regulation act no.9 of 2017
  - FSCA has imposed an administrative penalty of R 50 000 on Smart Bold (Pty) Ltd and its director Mr. Mr Nkanyiso Oscar Ndlovu.
  - The FSCA commenced an investigation after having received complaints regarding Smart Bold. It was alleged that Smart Bold and Mr Ndlovu may have issued funeral policies during the period October 2019 to August 2020 without having been authorised to do so and without having an underwriter for Smart Bold's funeral scheme.

➤ *Refer to Source Document*

14 Warnings issued to the public against fraudulent FSPs

➤ <https://www.fsca.co.za/Pages/Media-Releases.aspx>

# Regulator News *(continued)*

- **SARS:**

1. Latest Tax Practitioner Newsletter – December 2021 (Issue 28)

- Deals with a few topics including eFiling forms which were successfully migrated to HTML5, RCB engagements, Dispute process and dispute resolution for PAYE penalties, Oakbay director sentenced to 10 years direct imprisonment and Tswaing Municipality assets attached over tax bills. For this and more, see the Tax Practitioner Connect Newsletter issue 28
- For this and more, see the Tax Practitioner Connect Newsletter issue 28  
<https://kubernetes.sars.gov.za/businesses-and-employers/tax-practitioner-connect-issue-28-december-2021/>

2. VAT Connect Newsletter – Issue 13

- The latest VAT Connect Newsletter was issued. It includes topics like Section 72 decisions, backdating of alternative methods of apportionment, incomplete applications for alternative methods of apportionment, rulings on electronic services issued under the 2014 Regulations, supply of a going concern, tax invoices, intermediaries – funeral policies, Customs documentation and registration required for exports and recent Publications
- <https://www.sars.gov.za/latest-news/latest-vat-connect-newsletter-2/>

# Regulator News *(continued)*

- **SARS (continued):**

- 3. Media Release – SARS uncovers non-compliance through data-driven risk detection

- SARS is working hard to increase and expand the use of data to improve the integrity of outcomes and enhance its capability to detect instances of non-compliance.
    - Using the data from various domestic and international sources, as input into machine learning models, risk profiling and case selection, a number of trends have already been observed with positive outcomes in a number of instances, some of which were previously reported.
    - Examples of domestic third-party sources includes banks, retirement funds, medical insurance providers, the properties deeds office, the companies register, the national register of motor vehicles, the National Treasury central supplier data base, as well as the national population register. International data sources includes the automatic exchange of information on South Africans with off-shore financial assets from about 100 foreign jurisdictions, as well as several mutual administrative agreements with sister organisations

# **GENERAL ANNOUNCEMENTS & NEWSY ARTICLES**



# Media articles

*Nothing newsworthy during this period*

# QUESTIONS





**for your participation!**