

Relief for taxpayers during the Lockdown period

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The Disaster Management Tax Relief Administration Bill 2020 seeks to alleviate cash flow burdens on taxpayers, which may arise as a result of Covid-19 restrictions implemented under the Disaster Management Act, 2002.



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The relief provided under Clause 7 of the Bill affords taxpayers additional time to comply with selected tax obligations or due dates that fall within the lockdown period. For the purposes of Clause 7, the listed time periods which fall within the lockdown period are regarded as *dies non* i.e. a day that has no legal effect. The Bill defines the lockdown period as being from 26 March 2020 until 30 April 2020.

It is important for taxpayers to note that the relief does not extend to the filling of returns or payments due under the Tax Acts. In these circumstances, a taxpayer may apply to the South African Revenue Service (Sars) for an instalment payment arrangement, which is provided for under Section 167 of the Tax Administration Act, 2011.

In addition, the Commissioner does not automatically grant the relief. A taxpayer is required to apply to the Commissioner for condonation and prove to the Commissioner why the lockdown or any circumstance arising from the lockdown was the fundamental reason for the taxpayers' inability to comply with the relevant time period or tax obligation.

The condonation provision specifically applies to non-compliance with time periods occurring after the start of the lockdown and does not apply in circumstances where the Tax Act allows the Commissioner to automatically extend the time period. In these circumstances, the taxpayer must apply to the Commissioner for an extension before the expiry of the time period as opposed to after the expiry of the time period.

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