



(d) Conducting campaigns

A sustained, well directed series of communications campaigns serve the dual purpose of raising awareness and encouraging a culture of compliance. Low levels of taxation and filing process knowledge among taxpayers and traders has a direct negative effect on SARS' efficiency and ultimately reduces our ability to provide good service. A tax return that is accurately completed and filed on time using an electronic channel costs significantly less to process than a return that is inaccurate and filed after the deadline. Communication campaigns are also integral to the inculcation of a national culture of responsible fiscal citizenship. Such a culture, if it becomes pervasive, leads not only to high levels of compliance but also substantially reduces the costs associated with enforcement. Communication campaigns will therefore remain at the core of the SARS Business Approach.

(e) Enhancing anti-smuggling and control of illicit trade

SARS Customs' role is to ensure the efficient, effective and secure movement of goods from the point of origin to final destination across the entire trade supply chain. To the extent that goods are accompanied by persons, we also control the movement of persons. Our functions are to control market entry and protect South African markets, industry and society against illicit imports, exports and transshipments of controlled goods. We control market entry by applying tariffs, administering preferential trade schemes such as AGOA, administering agreements such as the SADC Trade Protocol to ensure a level playing field between imported and locally manufactured goods and implementing Government incentive schemes such as the MIDP. We protect national industries against harmful unfair trade practices such as dumping, subsidised goods and enforce safeguards. We protect society against the importation of hazardous, harmful and dangerous goods by controlling the movement of environmentally sensitive goods under CITES and enforcing our country's intellectual property rights regimes. SARS Customs is a key player in the trade supply chain and clearly a catalyst for improved business competitiveness. All other things being equal, the way in which we do our job at a port of entry may convince business to use that port of entry or to redirect business to another more efficient port of entry. Our challenge therefore is to work smarter so that we contribute to trade expansion and minimize economic security breaches and risk.



(f) Operational efficiency

Operations will be conducted more efficiently and we aim to deliver “more with the same” by reducing operational and administrative costs, enhancing management capability and applying technology appropriately. These operational interventions will enhance efficiency for the benefit of taxpayers and traders as well as employees.

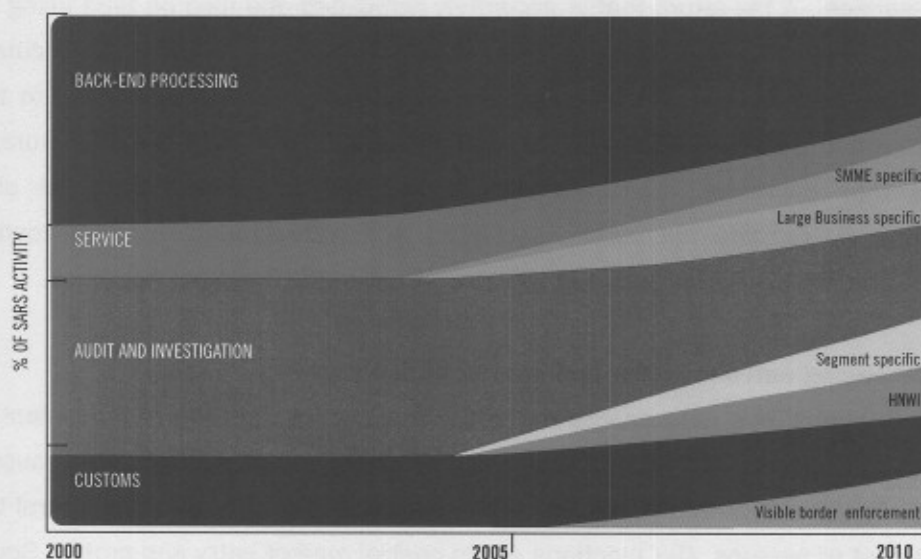


Figure 3: The level of back office processing is to be significantly reduced over the next 5 years. This will result in capacity that will be used to provide increased levels of service and a more segmented approach to enforcement.

We will monitor and measure the execution of our business plans and projects against stated goals with a view to improving the cost effectiveness of human and other resources. Every employee will be measured in terms of his or her contribution to the achievement of these goals through the new Performance Management Development System.

(g) People development

SARS is a knowledge organisation and appropriately skilled people are its key asset. SARS will continue to enhance the delivery of its strategic intent through the efficient recruitment, retention and development of its people. The inculcation of a team culture is vital to the development of a learning organisation. Attention will continue to be given to achieving better employment equity and enhancing the

wellbeing of staff. The development of a suitable cadre of progressive managers is a crucial challenge. Integrity, ethical standards and professionalism are values that will continue to be emphasised.

(h) Partnerships and accords

SARS' role demonstrates the contribution that it can make to the democratisation of South Africa by encouraging the increased participation of more South Africans as fiscal citizens. This national imperative can only be realised through partnering with other government departments, business and foreign governments and with the private sector through Public Private Partnerships (PPPs).

In order to support implementation of the compliance model, SARS will strengthen existing relations and forge new partnerships where appropriate. In particular, relations with other government departments and industry stakeholders will be sustained and strengthened. In relation to small businesses, SARS will partner with other government departments and agencies through the Multi-Purpose Community Centres (MPCCs). Bilateral arrangements, such as the Bilateral Container Security initiative with the United States of America, will be maintained and where appropriate expanded to our other major trading partners. New partnerships will be established with representative bodies in the international trade and travel industries to complement the customs strategy. In addition, SARS will continue to engage tax practitioners and representative organisations in recognition of their important role.

(i) Synergy between tax and customs

An integrated Revenue and Customs approach delivers a single view of our taxpayers/traders and enables SARS to provide a one stop service. As businesses are often taxpayers and traders of both Revenue and Customs administrations, they potentially have most to gain in terms of reduced compliance costs from an integrated Revenue-Customs approach. There is therefore a real opportunity to reduce compliance costs by taking an overview of the services provided and developing a single view through an integrated approach to audits for direct and indirect taxes.



7. STRATEGIC OBJECTIVES, OUTCOMES, KEY MEASURES AND TARGETS



In order to deliver on its mandate on a sustained basis, SARS will focus on the following strategic objectives, accompanying outcomes, key measures and targets which will drive the agency's operations. This strategic plan and the accompanying operational plans will ensure that every employee takes accountability for realising the objectives and understands fully the contribution that each of them needs to make in the context of their position.

It is the intention that taxpayers and traders will have a positive experience with SARS at all its points of interaction. Furthermore public feedback, both through our offices and the SARS Service Monitoring Office, provides an opportunity to evaluate the quality of SARS service and to rectify service failures where appropriate.

7.1 Optimise revenue collection

To attain optimal revenue collection by educating citizens about their tax obligations, by maintaining a sustainable revenue base, promoting full compliance through improved offerings (products and services), effective and fair enforcement and improving internal efficiencies.

Our outcomes for this strategic objective are to:

- Optimise collections
- To advise on appropriate tax policy and legislative interventions

Our key measures for this strategic objective are:

	2005/2006	2006/2007	2007/2008
Revenue target	R 372 Billion	R 414 Billion	R 454 Billion
Revenue collected as a percentage of GDP	24,4%	24,7%	24,6%
Cost as a percentage of total revenue	1,3%	1,3%	1,4%
Debt as a percentage of total revenue	12%	11%	10%
Non-tax revenue collected	R 6,75 Billion	R 6,85 Billion	R 7,07 Billion



7.2 Better taxpayer and trader experience

To ensure easy and cost-effective access, SARS must be equipped to respond quickly, consistently and accurately. SARS must understand, manage and meet the expectations of taxpayers and traders.

Taxpayers and traders includes individual taxpayers, customs clients, foreign visitors, other government departments, partners in SADC and foreign governments with whom SA has mutual administrative agreements.

Service must be of highest quality at all times and must be tailored according to market segments e.g. large business, small business and mainstream business. Service must be underpinned by the values captured in the SARS Service Charter. Ultimately the primary purpose of service to the taxpayer and trader base would be to assist them to meet their legal obligations.

Our outcomes for this strategic objective are:

- Targeted communication, taxpayer education and expectation management
- Enhanced service processes and responses to queries
- Perform against SARS Service Charter
- Effective, easily available and efficient channels
- Efficient dispute resolution

Our key measures for this strategic objective are:

	2005/2006	2006/2007	2007/2008
Percentage of achievement against SARS Service Charter	85%	90%	95%
Customer satisfaction survey index	85%	90%	95%
Year-on-year percentage reduction in number of complaints	12%	15%	18%

SARS PERFORMANCE SCORECARD (2005/06)

Customer

- Achieve 85% performance against SARS service charter
- Achieve 85% customer perception survey index
- Achieve 12% reduction in number of complaints
- Improved trade administration and border security framework
- Implement 50% of Kyoto Convention
- Implement small business programme

Process (internal efficiency)

- Achieve 55% customs hit rate
- Achieve 60% success in risk-profiled cases
- Ensure 75% transactions delivered within standard throughput time
- Achieve 90% of throughput time for trade administration/processes
 - Achieve 92% accuracy of assessments
 - Achieve 100% implementation of operational management

Objectives

- *Optimise revenue collection*
- *Better customer experience*
- *Improve compliance and risk reduction*
- *Enhanced human capacity*
- *Improved trade administration and border security*
- *Greater operational efficiencies*

• *Promoting good governance*

Learning & growth

- Achieve 100% of employment equity targets
- Implement governance framework
- Implement new Performance Management Development System
- Implement skills development plan

Results (financial)

- Meet R372,8 billion revenue
- Achieve 9% increase in compliance behaviour (Registration, filing, payments)
- Achieve 24,4% of GDP collected as revenue
- Ensure 1,3% as percentage cost of revenue collected
- Ensure debt book reduced to 12% of revenue



7.3 Improved compliance and risk reduction

There is a direct relationship between the optimisation of revenue collection and the nature of the compliance culture in the country. Enforcement is critical part of any compliance strategy. Enforcement is more effective if it is based on sound business intelligence and a well developed risk management process. The objective of any strategy in this regard is to incentivise compliance, disincentivise non-compliance with appropriate sanctions. The goal being that every taxpayer and trader fully meets their legal obligation and no more.

Our outcomes for this strategic objective are to:

- Understand and segment the tax base and develop appropriate compliance strategies
- Improve compliance culture
- Assess and mitigate risk

Our key measures for this strategic objective are:

	2005/2006	2006/2007	2007/2008
Percentage increase in compliance behaviour (registration, filing and payments)	9%	9%	9%
Increase in effective tax rates per selected industry sector	Improvement by 3%	Improvement by 5%	Improvement by 7%
Enforcement revenue (banked)	R25 Billion	R25 Billion	R25 Billion
Percentage success in risk based audits	60%	70%	80%
Percentage audit coverage across tax types:			
• CIT	1,15%	1,15%	1,15%
• PIT: Salaried Individuals	0,5%	10,7%	0,7%
• PIT: Non-Salaried Individuals	1,2%	0,7%	1,5%
• PAYE	2,0%	2,0%	2,5%
• VAT	5,0%	5,0%	5,5%