



& Associates

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25 *Years!*
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7 November 2023

Dear Client,

I have been struggling for some time now on whether to do a client letter this year or not.

I normally try to be positive, but another incident this morning just broke the camel's back.

Red tape is making it increasingly difficult for taxpayers and small businesses to operate in this country.

In many cases dealing with SARS, and other authorities, they have these long lists of demands / blocks to be ticked before any service can be delivered. In many cases the operators do not know or understand why certain info is required / requested.

If they knew, they would be able to use discretion and consider alternatives in order to reach the same end goal.

Two examples:

A. When someone is sequestrated, their tax number is allocated to the sequestrated estate.

The taxpayer then must apply for a new tax number.

SARS "cannot" or "refuse" to issue a new tax number, unless the taxpayer can supply them with an official letter (document of rehabilitation). This costs money. So, if the person decides not to apply for rehabilitation, he / she cannot be issued with a new tax number and submit their annual tax returns.

2/...

B. When a business wants to register for VAT, SARS requires that they submit invoices which correlates with the deposits on the business bank account.

1. So, if you want to tender for a contract, you cannot, because you do not have a VAT registration. You cannot trade without the tender, but you cannot tender without a VAT no.
2. Even if you invoice clients in excess of a R1 million you cannot get a VAT number until they actually deposit the money into your account. So, you cannot claim the input VAT on the stock and other expenses incurred in order to bring the work to completion, before the invoice can be raised. And if the client takes 45 to 60 days to deposit the money, your cash flow is under severe pressure, as you would have had to pay all the costs upfront.

Then you can also not issue the client with a VAT invoice as you do not have a VAT registration at the time when the invoice is raised.

Every year more and more red tape is created to make it as difficult as possible to operate a business and / or render a service to clients.

The already oversized public sector becomes more and more inefficient. It is then required from us to also do their work in order to get our service delivered. An example of this is the latest requirement by CIPC (Registrar of Companies) for all registered CC's and NPCs to submit A Register of Beneficial Ownership / Securities register. (The deadline was 30 September 2023). I attach an extract from the CIPC explanatory memo.

Explanatory note: Upload of mandatory documents

1. Mandate - every person mandated to file beneficial ownership information on behalf of a company, must be mandated in writing to do so, and such mandate must be uploaded to the CIPC. The filer is mandated by the company itself, and thus the mandate can be in the form of a signed, director's or shareholders' resolution / letter / power of attorney. Any person can file beneficial ownership information on behalf of an entity, as long as the mandate is in place. This includes, company secretaries, attorneys' firms, auditors, secretarial companies and even the directors of the company.

2. Certified ID / passport copy - a correctly certified ID / passport copies for each beneficial owner saved, must be uploaded to CIPC. Uncertified identification copies: incorrectly certified or certification older than 3 months will invalidate the beneficial ownership filing.
3. Securities register - section 33(1) (Aa) of the Companies Act - every company must file a copy of its securities register with the Commission annually - securities register contains all the information relating to shareholders of a company (legal owners). Within each company's securities register, the prescribe BO-information must be recorded (section 50). Securities registers filing with Commission are not applicable to affected companies.
4. Beneficial Interest register - section 56(7) (aA) - affected companies must establish and maintain a register of beneficial interest in securities (in issue), the extent of the beneficial

How this complies with the POPIA act, I have no idea. Basically, we are assisting in compiling a DATA BASE for CIPC. No guarantees that this info will not be made available to SARS and any other government institution and others.

The same lack of service applies to the Master of the High Court where estates are handled, as well as Department of Labour (UIF / Workmen's Compensation) where a new or upgraded computer system was implemented and all data lost. Guess who needs to capture all the info before a claim can be submitted...

We would like to hear from you, especially if you have good news, as we are interested in your business and your success is our success. Unfortunately, the reverse is also true.

Please also remember that we can assist with other financial needs such as drafting of Wills and Estate Administration.

If we have already drawn up your Will, remember it is wise to revise the content every few years as your situation may have changed. It is also a good idea to give us an updated Statement of Assets and Liabilities, showing all property and policies as well as liabilities (if any).

As always, the main purpose of this annual letter is to thank you again for trusting OJD with your tax returns and other financial concerns. It is appreciated and hope we can continue for some time still.

We wish you all a happy and peaceful festive season and hope we all return with renewed energy and hope in 2024.

Also please ensure we receive your VAT and P.A.Y.E. figures before we close on 14th of December 2023. We will be back on 4th of January 2024. Our office will also be closed on 8th of December 2023 for our staff Christmas lunch.

Enjoy the festivities but be safe!

Best Regards

A handwritten signature in black ink, appearing to read 'Nico', with a stylized flourish extending to the left.

Nico Mansvelt & Staff