

## ***Chapter 26***

### **South Africa: Mobile tax units**

#### *South Africa Revenue Service*

*This chapter presents South Africa's taxpayer education programme. It first gives an overview of the whole programme and its objectives, followed by a focus on one specific element, the South African Revenue Services' Mobile Tax Units (MTUs). An additional section provides information on the staffing and costs of the initiative. It subsequently looks at the impacts and lessons learnt of the initiative, followed by an outlook on next steps.*

The South African Revenue Service (SARS; see Box 26.2) has long understood the importance of public tax awareness for achieving a culture of tax compliance. SARS has taken a lead role in taxpayer education, introducing a variety of initiatives ranging from targeted seminars to longer term outreach activities. One of these is SARS' mobile tax units (MTUs) described below.

SARS' taxpayer education falls under the remit of Branch Operations, whose Education and Campaigns Unit supports the SARS compliance programme and ensures that selected taxpayer and future taxpayers groups – individuals, employers, small business owners, school children, government as employer and government employees – are the recipients of data-driven education and campaigns to improve tax compliance.

### South Africa's taxpayer education

Engaging taxpayers to increase compliance and the revenue base is a priority for SARS, which is working to enhance its outreach, education, service and enforcement (Box 26.1). SARS runs targeted campaigns for specific tax measures, identified through data analysis of taxpayers and potential taxpayers operating informally. One specific target is small and medium contractors and sub-contractors working in the construction sector; the aim is to assist employers with their pay-as-you-earn (PAYE) reconciliations and improve value-added tax (VAT) compliance through the physical verification of business applications. SARS offers seminars and co-operates with businesses to encourage them to register as taxpayers and assists them with tax compliance.

#### Box 26.1. Objectives of taxpayer education in South Africa

- Explain why citizens should pay tax and how tax revenue is used.
- Show taxpayers how to be independently compliant (e.g. e-filing).
- Reach taxpayers in even the most remote rural areas through mobile tax offices.
- Make taxpayers aware of their obligations, make it easy to meet them and assist them where they are in support of the organisation's Compliance Model.

*Source:* South Africa Revenue Service.

SARS extends its reach by maintaining a presence in shopping malls and other points of service, especially during tax season; through MTUs (see below) to reach taxpayers in rural areas; and by co-located services in other government institutions that work in areas where SARS is less visible.

SARS also reaches millions of taxpayers through TV and radio, explaining the importance of good fiscal citizenship and showing taxpayers how to become tax compliant. In particular, SARS has a relationship with the TV station eNews Channel Africa (eNCA). An annual eNCA Tax Day reaches 3 million viewers. During this, SARS' employees offer tax clinic services, assisting eNCA staff with their tax affairs while SARS executives and the commissioner conduct interviews promoting tax compliance. The same happens during Primedia Tax Day where SARS assists its affiliated radio stations, Talk702 and Cape Talk. The reach is equally wide as the television station. This partnership has given SARS access to many more taxpayers.

Partnerships are key for SARS. It works with regional and local government institutions to assist their constituencies with tax matters and compliance. It reaches future taxpayers through academic institutions and schools, and it also co-operates with civic associations, private entrepreneurs, businesses and business organisations. For example, in the construction sector many sub-contractors operate informally, outside of the tax base. By working with the construction sector associations, SARS runs educational campaigns to improve compliance standards and disseminate legislative information to construction companies.

### **Focus on: SARS' mobile tax units**

SARS developed a Location Strategy (2009) to determine the extent of the need to expand its footprint in areas where there was no organisational presence. This detailed analysis of its presence across the country identified the need for a stronger presence in rural areas, where there are few SARS offices. SARS decided to explore the use of converted vehicles as mobile offices as an innovative and cost-effective way to reach the neediest areas identified in the analysis (the provinces of KwaZulu-Natal, Eastern Cape and Limpopo). These MTUs would help citizens register as taxpayers, receive education on why taxes should be paid, increase the number of citizens who pay taxes and increase citizens' tax literacy while providing them with the technical know-how to be tax compliant.

A trial run in 2009 began with one MTU. This proved a success and made the case for more MTUs to be set up in regions where SARS offices were thin on the ground. By 2011, the process had progressed and three additional MTUs had been sourced and were ready to use. In September 2011, after a three-month testing phase, the three MTUs were launched for the filing season. This made the service available to thousands of taxpayers and resulted in increased compliance. Without these mobile units, taxpayers would have to travel hundreds of kilometres to deal with their tax matters. SARS decided to procure six more MTUs (which were to be launched in 2013).

Running in tandem with the deployment of the MTUs, SARS made efforts to co-locate its staff in existing government service centres (such as health, education, the military and the police) throughout the country to provide services to the public without building an entire parallel infrastructure. This helped alleviate queues at branch offices and reduced the costs to the taxpayer. It also allowed SARS to visit the employees of these government departments in their workplace to help them become tax compliant.

SARS teams have established good relations with local and community media, including print media and newspapers, in order to publicise MTU activities and locations in particular regions.

### **Staffing and costs of the programme**

To date, the Education and Campaigns Unit has employed some 300 people with varying skills and for various time periods. About 30 staff members consistently service taxpayers via the MTUs (2 at national level and 28 regional staff). This number will increase given that SARS has procured six new MTUs, which will need to be staffed from regional offices.

This new initiative has meant that employees need training to integrate the MTUs into existing SARS systems. Employees also need to have a working knowledge of all tax types (income tax, VAT, PAYE and so on) in order to advise and assist taxpayers. To

achieve this, monthly online training is provided to keep staff informed. Staff operating the MTUs have to also be comfortable with information technology as the MTUs operate via satellite connections.

To operate the current three MTUs costs SARS ZAR 306 200 per month (approximately USD 30 000). These costs include:

- satellite costs
- fuel costs
- equipment (printers, scanners)
- maintenance.

These costs exclude human resources and staff accommodation when employees travel from one area to the next.

## Impacts

The initiative has not yet been externally evaluated. However, the automated SARS data collection system is able to capture changes in taxpayers' perspectives. SARS also commissions research annually to establish taxpayer satisfaction with the organisation's initiatives. Since the launch of the first and subsequent MTUs in September 2011 and December 2012, the scheme has achieved the following results:

- Improved reach. A total of 77 367 taxpayers have visited the MTUs at 601 centres with an average of 128 taxpayers per location. Those visiting the MTUs did so to register as taxpayers, to submit tax returns, to check tax statuses and to reconcile companies' PAYE accounts.
- Increased number of registered taxpayers. Since introducing the MTUs, SARS has seen growth in the tax register – with an average of 2 000 rural-based registrations per annum.
- Greater tax literacy. There has been growth in the number of taxpayers able to complete their tax obligations independently by making use of SARS' e-filing, as taught, in part, by the MTUs.
- Improved tax "morale". There has been an improvement in people's sense of moral obligation to pay taxes "voluntarily". This is evident by a yearly increase in people submitting their tax returns on time, for example a 7.7% increase from 2012 to 2013. There are also more positive perceptions that taxpayers are treated fairly and transparently by the tax administration, and that other taxpayers are paying their fair share. By taking tax to the people, SARS is seen as a caring organisation.

## Lessons learnt

It cannot be taken for granted that taxpayers know how to fulfil their tax obligations; as new tax measures are introduced and the tax register grows, additional taxpayer education is necessary. Whilst e-filing allows for greater independence, "taking tax to the people" has helped raise tax compliance since taxpayers seem more comfortable with face-to-face interaction.

The main challenge for the MTUs has been a technical one – the accessibility of the SARS systems through satellite communications. Satellite coverage is not always

optimal, especially in some of the rural areas. This often results in long queues of taxpayers waiting to be served. To resolve this, SARS has had to build strong relationships with its IT counterparts so as to ensure a quick response when MTUs are deployed to rural areas.

### Next steps

To reach more people in rural areas, SARS procured six more MTUs for deployment during 2013. The six new MTUs have been equipped with wireless connections allowing them to expand their coverage.

#### Box 26.2. South African Revenue Service (SARS)

SARS is the main tax collecting agency in South Africa, responsible for all national taxes, duties and levies. It is also responsible for facilitating trade and protecting South African borders from illegal importation and exportation of goods. While it is a tool of the state, its administrative functioning is autonomous.

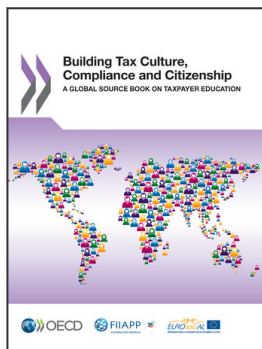
SARS places a high value on customer-oriented service, ensuring the taxpayer has every means by which to exercise tax compliance in a transparent and equitable way. There are approximately 15 000 employees currently, 51 SARS branch offices and 57 customs offices. There are also three mobile tax units currently in operation, with plans afoot for the procurement of another six.

For more information:

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*Source:* South Africa Revenue Service.



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