

## **MEDIA RELEASE**

*Issued by:*



### **Deadline for the SARS third party report submissions looming**

***Auditors need to consider reportable irregularities***

*Johannesburg, Thursday, 23 May 2013* – The South African Revenue Services (SARS) requires certain entities to submit third party reports in terms of Section 26 of the Tax Administration Act.

The initial deadline for the submission of these returns is the end of May 2013 but; SARS has extended the deadline for medical aid and insurance payments until 28 June 2013, explaining that this extension will allow these third parties sufficient time to prepare their systems to submit in the new format. However, all other third party data suppliers are still required to submit their data electronically in the new format by 31 May 2013.

Ashley Vandiar, project director of Assurance at the South African Institute of Chartered Accountants (SAICA) draws attention to the fact that the government gazette which mandates third parties to submit returns of information makes specific requirements of Estate Agents and Attorneys. “In terms of the Estate Agents Act, all Estate Agents are required to be audited irrelevant of whether or not they are a company, close corporation or even a sole proprietor,” says Vandiar, adding that likewise, Attorney’s trust accounts are also required to be audited in terms of the Attorneys Act.

He explains that this then means the provisions of Section 45 of the Auditing Professions Act relating to reportable irregularities needs to be considered by the appointed auditor. “We advise

Chartered Accountants [CAs(SA)] who are acting in the capacity of auditors for Estate Agents and Attorneys to consider if the third party return as requested in terms of Section 26 of the Tax Administration Act has in fact been done. If not, auditors need to consider whether or not the definition of reportable irregularities has been satisfied in which case, they would be required to report the matter to the Independent Regulatory Board for Auditors (IRBA).” Vandiar recommends, adding that IRBA has the authority to raise the issue with SARS.

The SAICA Ethics Committee also considered, the requirement of certain entities having to submit third party reports, at its last meeting and agreed that non-compliance would be a breach of an act and if management was aware of this, it could very well result in a reportable irregularity subject to the other parts of the definition of reportable irregularity being satisfied. “We caution auditors who fail to report reportable irregularities of the possible fine and or imprisonment that they could face in terms of Section 52 of the Auditing Professions Act.” Vandiar warns.

Vandiar draws special attention to CAs(SA), warning them that they could also be in violation of the SAICA Code of Professional Conduct (the Code) by failing to comply. Section 130 of the Code places an obligation on CAs(SA) to act with professional competence and due care at all times.”

“The principle of professional competence and due care requires all CAs(SA) to maintain professional knowledge and skill at the level required to ensure that clients receive competent professional service as well as the maintenance of professional competence which requires a continuing awareness and an understanding of relevant technical, professional and business developments.”

Vandiar warns that failure to comply with this requirement could be seen as a breach of professional competence and due care, should a complaint be lodged against a CA(SA).

Ends

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## ABOUT SAICA:

The South African Institute of Chartered Accountants (SAICA), South Africa's pre-eminent accountancy body, is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 34 500 members who are Chartered Accountants and hold positions as CEOs, MDs, board directors, business owners, chief financial officers, auditors and leaders in their spheres of business operation. Most of these members operate in commerce and industry, and play a significant role in the nation's highly dynamic business sector and economic development.

SAICA serves the interests not only of the Chartered Accountancy profession, but also of society in general through its key objective of upholding professional standards and integrity. The pre-eminence of South African Chartered Accountants [CAs(SA)] nationally and internationally attests to the successes achieved by SAICA on a broad global canvas. SAICA's members enjoy the privilege of using the highly regarded and prestigious CA(SA) designation. Members of SAICA are subjected to a Code of Professional Conduct, which provides guidelines for ethical and professional behaviour. Fundamental ethical principles to which CAs(SA) are expected to achieve include:

- Integrity;
- Objectivity;
- Professional Competence and Due Care;
- Confidentiality; and
- Professional Behaviour.

SAICA members serve on international accounting bodies including; the Trustees of the International Financial Reporting (IFRS) Foundation, the International Accounting Standards Board (IASB), the IFRS Interpretations Committee, the IFRS Advisory Council and the Council of the International Federation of Accountants (IFAC). SAICA is also a member of The Global Accounting Alliance (GAA).

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