



**TAXPAYERS' PERCEPTION TOWARDS SARS IN POST-APARTHEID SOUTH
AFRICA: 2018–2022 PERIOD**

*(THE RESEARCH DOCUMENT IS PART OF A BIGGER PROJECT:
TAXPAYERS' PERCEPTION TOWARDS SARS: POST-APARTHEID ERA)*

by

Thina Dlepu

Student Number: 22729722

Submitted in partial fulfilment of the requirements for the degree

MCom (Taxation)

in the

FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

at the

UNIVERSITY OF PRETORIA

Supervisor: Keamogetswe Molebalwa

Date of submission: 31 August 2022

ACKNOWLEDGEMENTS

I would like to extend my deepest gratitude to the following:

To God, who has given me strength throughout this journey. I am truly grateful for His grace and unconditional love.

To my supervisor, Keamogetswe Molebalwa, who provided me with guidance and support during this journey. Thank you for being patient.

To my family and friends, for the support and encouragement during this journey. Thank you for believing in me when I did not.

To my daughter, Olothando, we did it.



ABSTRACT

TAXPAYERS' PERCEPTION TOWARDS SARS IN POST-APARTHEID SOUTH AFRICA: 2018–2022 PERIOD

by

NAME AND SURNAME: Thina Dlepu
SUPERVISOR: Keamogetswe Molebalwa
DEPARTMENT: Department of Taxation
DEGREE: MCom (Taxation)
COURSE CODE: 07250185

Background

The 27th of April 1994 marked South Africa's first post-apartheid elections and it also meant that South Africa's laws and administrative functions needed to change to reflect a new and inclusive democratic South Africa (Public Affairs Research Institute, 2017:25).

The new South African government established the Katz Commission in 1994 which was tasked with improving tax administration in South Africa, modernising the tax system and ensuring the tax system was equitable (Public Affairs Research Institute, 2017:27). The Katz Commission recommended an institutional reform of the South African tax administration office (which resulted in the establishment of the South African Revenue Service (SARS) in 1997 as a semi-autonomous national tax collection agency under the South African Revenue Service Act 34 of 1997 (Katz Commission, 1994; South African Revenue Services, 2022). It also recommended that the perceptions of tax by taxpayers needs to be addressed.

Main purpose of study

This study aims to determine taxpayer perceptions towards SARS during the 2018–present period (2022) as well as factors that influence taxpayer perceptions with regards to taxation were investigated. Limited research has been conducted on taxpayers' perception; as such, there is a limited understanding of what taxpayer perception towards SARS is in the post-

apartheid era. The study will therefore provide policymakers with insight on taxpayers' perception, resulting in tax policy changes and improved tax administration by SARS.

Method

The data for the study was collected through an online questionnaire. The questionnaire consisted of 16 questions which were compiled from an extensive literature review. Questions 1–13 of the questionnaire were close-ended questions; responses were analysed using a descriptive analysis approach. Questions 14–16 were open-ended questions and responses were analysed using a content analysis approach. This study therefore made use of both qualitative (for open-ended questions) and quantitative data (for close-ended questions).

Results and conclusion

This research found that corruption and the poor service delivery contributes largely to the negative perception towards SARS and taxation in South Africa. Taxpayer perception is largely influenced by how the government utilises the tax revenue collected. The study recommends that the South African government work on service delivery and eradicate corruption.

Keywords: SARS, South Africa, Taxation, Tax Administration, Taxpayers' Perceptions.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	I
ABSTRACT	II
LIST OF TABLES	VI
LIST OF FIGURES	VI
CHAPTER 1: INTRODUCTION	1
1.1 BACKGROUND TO THE STUDY	1
1.2 RESEARCH PROBLEM	6
1.3 RATIONALE OF THE STUDY	7
1.4 RESEARCH QUESTION	7
1.5 RESEARCH OBJECTIVES	7
1.6 STRUCTURE OF MINI-DISSERTATION	7
CHAPTER 2: RESEARCH DESIGN AND METHODOLOGY	9
2.1 INTRODUCTION	9
2.2 RESEARCH DESIGN	9
2.2.1 Philosophical stance of the study	9
2.2.2 The nature of the study	12
2.2.3 Reasoning methods	14
2.2.4 Units of analysis	15
2.2.5 Time horizon of the study	16
2.2.6 Types of data	16
2.2.7 Sources of data	17
2.3 RESEARCH METHODOLOGY	18
2.3.1 Data collection	18
2.3.2 Data analysis and interpretation of data	19
CHAPTER 3: LITERATURE REVIEW	21
3.1 INTRODUCTION	21
3.2 TAX ADMINISTRATION	21
3.2.1 Tax Administration in South Africa	24
3.2.2 Tax Legislation in South Africa	25
3.3 TAXPAYER PERCEPTION	30

3.3.1 Fairness	30
3.3.2 Level of trust in the government	32
3.3.3 Level of trust in the tax authority	34
3.3.4 Tax evasion	35
CHAPTER 4: DATA ANALYSIS AND PRESENTATION OF RESULTS	37
4.1 INTRODUCTION	37
4.1.1 Demographic background	37
4.1.2 Respondent's perception	40
4.2 ANALYSIS OF RESULTS	41
4.3 CONCLUSION	44
CHAPTER 5: CONCLUSION	45
5.1 INTRODUCTION	45
5.2 ADDRESSING THE RESEARCH OBJECTIVES	45
5.3 LIMITATIONS TO THE STUDY	47
5.4 RECOMMENDATIONS FOR FUTURE RESEARCH	47
5.5 CONCLUDING REMARK	48
LIST OF REFERENCES	49
APPENDIX A: QUESTIONNAIRE	59
APPENDIX B: DECLARATION OF PLAGARISM	68

LIST OF TABLES

Table 1: List of Abbreviations & Acronyms vi
 Table 2 : Responses regarding the respondents' perception towards SARS.....41

LIST OF FIGURES

Figure 1: Age distribution37
 Figure 2: Gender composition.....38
 Figure 3: Population group.....38
 Figure 4: Urban and rural setting39
 Figure 5: Province.....39
 Figure 6: Net income.....40

Table 1: List of Abbreviations & Acronyms

Abbreviation/Acronym	Meaning
Organisation for Economic Co-operation and Development	OECD
South African Revenue Service Act 34 of 1997	SARS Act
South African Revenue Services	SARS
Tax Administration Act 28 of 2011	TAA
Tax Administration Diagnostic Tool	TADAT
Value Added Tax	VAT

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND TO THE STUDY

"No government can exist without taxation. This money must necessarily be levied on the people; and the grand art consists of levying so as not to oppress." - *Frederick the Great*

This quote highlights two important factors; what taxes aim to achieve and whether taxpayers believe they are being oppressed. Taxation is essential in order for Governments to provide services to citizens (Peters, 1991:2) with the main goal of taxation being to collect revenue to fund government expenditure (Burgess & Stern, 1993:762). Taxation is transferred from the taxpayers to the State and thereafter to those in need (Ramsey, 1927:1; Szarowská, 2014:662). The government makes use of tax collection agencies to administer tax law and collect revenue for expenditure incurred by the State.

Income taxes have been levied in South Africa since 1914 (Oberholzer & Stack, 2009:738). The 27th of April 1994 marked South Africa's first post-apartheid elections wherein people of all races were able to cast their votes in the country's first democratic elections. This was a momentous occasion for South Africa as it marked the end of the apartheid rule and introduced a new constitutional order, where each citizen worked towards a united, non-racial, and democratic society. This, however, also meant that a number of South Africa's laws and administrative functions needed to change to reflect a new and inclusive democratic South Africa (Public Affairs Research Institute, 2017:25).

The new South African government was cognisant of the dire need to modernise tax administration and was tasked with revamping the tax system to increase tax revenues and ensuring that the tax system is equitable. The policies at the time, however, avoided increasing tax rates as South Africa was already heavily taxed compared to international standards (Public Affairs Research Institute, 2017:27). In order to revamp the South African tax system, the government established the first enquiry into the tax structure of South Africa, known as the Katz Commission, which was in place from 1994 to 1999. The Katz Commission was tasked with improving tax administration in South Africa, modernising the tax system to be in line with changing international tax practices, and assessing the

efficiency and equity aspects of the different taxes (Public Affairs Research Institute, 2017:27).

One of the recommendations of the Katz Commission included an institutional reform of the South African tax administration office (Katz Commission, 1994). This resulted in the establishment of the South African Revenue Service (SARS) in 1997 as a semi-autonomous national tax collection agency under the South African Revenue Service Act 34 of 1997 (SARS Act) (South African Revenue Services , 2022). The Organisation for Economic Co-operation and Development (OECD) (2021a) defines a semi-autonomous public organisation as, “one that operates at arm’s length from the government, usually reporting to a ministry and mandated to carry out public tasks (e.g., regulation, service delivery, policy implementation) in a relatively autonomous manner (i.e., with less hierarchy and political influence in daily operations and with more managerial freedom)”.

Taliercio (2004:46) also defines semi-autonomous tax collecting agencies as, “tax administrations that have a greater than usual level of autonomy or self- governance including but not limited to: legal character, corporate governance, financing and budgeting, personnel policy, procurement policy, and accountability relationships”. Autonomy ensures administrative effectiveness and minimal interference by other departments and parties of the government (Taliercio, 2004:5). The pattern identified in most countries is that the tax collection agency is being separated from the Ministry of Finance and thereby granted a legal status of ‘semi-autonomous authority’ (Taliercio, 2004:1).

After incorporation as a semi-autonomous tax collection agency, SARS released its four- and five-year strategic plans to improve tax administration and ensure better compliance and improved enforcement (Oberholzer, 2007:5). SARS aims to make it easier for taxpayers to fulfil their tax obligations (Jacobs, 2021). The core outcomes of the strategic plans were adopted to ensure that SARS is able to achieve its mandate of ensuring optimal compliance with tax legislation and ensuring that they are able to maintain a sustainable revenue collection for the South African government (South African Revenue Services, 2016:19).

The 2009/10–2011/12 and 2007/8–2009/10 were three-year strategic plans aimed to achieve the following outcomes:

- Optimising revenue and compliance;
- Creating better taxpayer experience;

- Increasing compliance and reducing risk and ensuring that taxpayers meet their legal obligations;
- Ensuring operational efficiency; and
- Ensuring good governance (South African Revenue Services, 2008:7).

In the 2013/14–2017/18 and 2015/16–2019/20 strategic plans, SARS aimed to achieve the following four core outcomes:

- Increase customs compliance;
- Increase tax compliance;
- Increase ease and fairness of doing business with SARS; and
- Increase cost effectiveness and institutional respectability (South African Revenue Services, 2012:21).

In the 2016/17–2020/21 strategic plan, SARS aimed to achieve the following five core outcomes:

- Increased customs and excise compliance;
- Increased tax compliance;
- Increased ease and fairness of doing business with SARS;
- Increased cost effectiveness and internal efficiencies; and
- Increased public trust and credibility (South African Revenue Services, 2016:30).

The last strategic plan is the 2020/21–2024/25 strategic plan which aims to encourage voluntary compliance. This strategic plan includes the following as some of the strategic objectives:

- Build public trust and confidence in the tax administration system;
- Provide clarity and certainty for taxpayers and traders of their obligation;
- Detect taxpayers and traders who do not comply, and make non-compliance hard and costly; and
- Increase and expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes (South African Revenue Services, 2020:5).

SARS was able to achieve the following outcomes from the above-mentioned strategic plans:

Service Enhancements

- Growth in electronic interaction – SARS achieved a significant increase in the use of electronic channels for filing income tax returns. Electronic processing of Personal Income Tax, Corporate Income Tax, VAT, Pay-As-You-Earn, and Provisional Tax increased by more than 85%. This increase resulted in a significant improvement in turnaround times, customer service and convenience. SARS saw significant improvements in the processing turnaround time of Personal Income Tax returns, the processing time reduced from +55 working days in 2006 to an average of 1.8 working days in 2011, with 96% of returns processed within 24 hours, compared to less than 2.6% processed in 24 hours in 2006/7 (South African Revenue Services, 2012:30).
- The introduction of real time tax assessments in 2012 (South African Revenue Services, 2012:30).

Improved Access

SARS made progress in being easily accessible to taxpayers:

- Over 80% of interactions with taxpayers and traders result in their resolution;
- An increase in the number of calls answered in SARS Contact Centre by 1.2 million between 2006/7 and 2010/11 (South African Revenue Services, 2012:30); and
- Use of smart phones and tablets to ensure a broader reach (South African Revenue Services, 2012:30).

General

- Increase in registered taxpayers by 6.9 million from 2006–2015 (5.6 million being individuals and 1.3 million being companies) (South African Revenue Services, 2016:12);
- Personal Income Tax assessment turnaround time decreased from 180 days in 2006 filing season to 5 seconds in 2015 filing season (South African Revenue Services, 2016:12);
- The automation of Tax Clearance Certificates (South African Revenue Services, 2016:12);
- Personal Income Tax refunds processed in 72 hours (South African Revenue Services, 2016:12); and

- Reduction of 71.996 million pieces of paper because of automation (South African Revenue Services, 2016:12).

According to the SARS Act, the mandate of the organisation is to collect all tax revenues due and ensure compliance with tax and customs legislation. The Tax Administration Act (TAA) was introduced on 1 October 2012 to regulate any administrative requirements and procedures relating to the performance of any duties or the exercising of any rights in terms of the tax laws (Stiglingh, Koekemoer, Van Heerden, Willocks & Van der Zwan, 2022:12). For SARS to fulfil its responsibility, the public has an obligation to comply with the requirements of the TAA (Stiglingh *et al.*, 2022:1189). James and Alley (2002:28) argue that convincing taxpayers to act in accordance with the requirements of a tax system is challenging and tax compliance may become a crucial characteristic of tax policy. James and Alley (2002:28) defined tax compliance as the level in which taxpayers act in accordance with the tax code. The OECD (2019a) acknowledges that the effectiveness of tax compliance is impacted by external factors such as the state of the economy, public support for government projects and a willingness of taxpayers to adhere to tax laws. Furthermore, tax compliance can also be influenced by how strong taxpayers perceive their Revenue Authority's ability to detect and punish those who do not comply with tax laws (Wahl, Kastlunger & Kirchler, 2010:384).

The issue of taxpayer perception dates back to 1994, even before SARS implemented the above-mentioned strategic plans. In 1994, the Katz Commission recommended that people's perceptions of tax should be improved and that taxes should not be seen as damaging to the economy but should rather be seen as a vehicle to assist in economic growth and development (Katz Commission, 1994). Lumsden and Lumsden (2000:382) define perception as: "The process by which people sense, select, and interpret stimuli". The willingness of taxpayers to comply is often influenced by how much taxpayers trust their respective governments (Wahl *et al.*, 2010:385).

SARS is continually addressing the above-mentioned recommendation of focusing on improving peoples' perceptions towards taxes which has led to a moderate increase in registered taxpayers over the years (Public Affairs Research Institute, 2017:30). The number of registered taxpayers increased from 19 980 110 in March 2017 to 22 919 701 in March

2020, it is, however, not clear whether taxpayer perception is a contributing factor (National Treasury & South African Revenue Services, 2022:43).

It is important to note that despite all the efforts and strategies noted above, a gap remains between taxes that can be collected, and taxes actually collected by SARS (commonly known as the “tax gap”) (Oberholzer, 2007:7), an assessment of taxpayers’ perceptions towards SARS must therefore be made.

1.2 RESEARCH PROBLEM

The significant tax gap is caused mainly by non-compliance by taxpayers (Oberholzer, 2007:7). Perception and attitudes of people have been identified as one of the reasons for non-compliance (Oberholzer, 2007:7). Therefore, the perception needs to be identified first in order to influence change amongst the taxpayers (Oberholzer, 2007:7).

The Davis Tax Committee was established in 2013 as an advisory committee that is responsible for making recommendations to the Minister of Finance on tax matters. Its main objective is to assess South Africa’s tax policy framework. The committee highlighted that research has shown that the taxpayer’s attitude towards tax compliance is largely influenced by how the government utilises the tax revenues (Davis Tax Committee, 2017:49). The Davis Tax Committee (2017:50) further argued that concerns of corruption and service delivery remain an issue which may affect tax compliance and is due to public confidence in the government.

Therefore, determining taxpayers’ perceptions with regard to taxation is essential in order to influence government tax policy and also enable the government to market itself and its services more successfully to its citizens (Oberholzer & Stack, 2009:747). Oberholzer (2007:30) stated that in 2007, only one accredited study had investigated and analysed taxpayer perception in South Africa. The study was performed by Oberholzer in 2005 and was limited as it focused solely on the perception of the previously disadvantaged taxpayers. Research has also been conducted indicating that SARS is implementing measures to improve taxpayer’s perception as per the Katz recommendation (Oberholzer, 2007:4). However, there is limited research which indicates the perception of taxpayers.

This study aims to determine taxpayers’ perceptions towards SARS during the post-apartheid era. Limited research has been conducted on taxpayers’ perception; as such,

there is a limited understanding of what the taxpayers' perception towards SARS is in this era. It will therefore provide policymakers with insight on taxpayers' perception, resulting in tax policy changes and improved tax administration by SARS.

1.3 RATIONALE OF THE STUDY

As noted above, despite all the strategies and efforts made by SARS, there is still a significant tax gap (Oberholzer, 2007:7). An assessment of taxpayers' perceptions towards SARS must therefore be made in order to influence government policy and also protect South Africa's tax base. The significance of this research is also further emphasised by the fact that only limited research has been conducted on taxpayers' perceptions in South Africa (Oberholzer, 2007:30). By 2007 only two peer reviewed studies had investigated and analysed taxpayer perception in South Africa. The study performed by Oberholzer in 2005 focused only on the perception of the previously disadvantaged taxpayers in South Africa and the study performed by Oberholzer in 2007 focused only on taxpayers residing in the Tshwane Metropolitan Area (Oberholzer, 2007:30). No other peer-reviewed study on taxpayer perception in South Africa was found.

1.4 RESEARCH QUESTION

The research question pertaining to the present study is: What is the taxpayers' perception towards SARS during the post-apartheid era: 2018–2022 period?

1.5 RESEARCH OBJECTIVES

The research objectives of the study are as follows:

- To determine taxpayers' perceptions towards SARS during the 2018–present period (2022) by distributing a questionnaire and analysing the responses;
- To determine factors that influence taxpayer perception with regards to taxation; and
- To conclude and provide recommendations.

1.6 STRUCTURE OF MINI-DISSERTATION

The main outcomes of the present study are presented in the format of a mini-dissertation. The structure of the mini-dissertation is summarised below.

Chapter 1 provides an introduction, background, and clarifies the rationale and purpose of this study. It also highlights the problem statement associated with the title as well as sets out the research question and objectives.

Chapter 2 provides a detailed description of the research design and methodology used in this study. This chapter starts with the research design and further clarifies the methodology as well as discusses the data collection process.

Chapter 3 analyses prior research on various aspects relating to tax administration and taxpayer perception to establish the theoretical basis.

Chapter 4 analyses responses from the questionnaire and findings presented with the purpose of addressing research objectives.

Chapter 5 concludes on the study, summarises the findings of the study and provides an answer to the research question as well as recommendations for future research.

CHAPTER 2: RESEARCH DESIGN AND METHODOLOGY

2.1 INTRODUCTION

The purpose of this study is to determine taxpayers' perceptions towards SARS during the 2018 to 2022 period. This chapter provides a detailed description of the research design and methodology used in this study. This chapter starts with the research design and further clarifies the methodology as well as discusses the data collection process.

2.2 RESEARCH DESIGN

Akhtar (2016:68) defines the research design as the structure of the research because it holds all the elements of the research together. "It constitutes the blueprint for the collection, measurement, and analysis of data" (Akhtar, 2016:68). The design also ensures that the evidence obtained for the research enables the researcher to address the research problem logically and as unambiguously as possible (Akhtar, 2016:68).

This section sets out the research design and the elements of the research design are discussed below:

- Philosophical stance of the study;
- The nature of the study;
- Reasoning methods;
- Units of analysis;
- Time horizon of the study;
- Types of data; and
- Sources of data.

2.2.1 Philosophical stance of the study

A research philosophy is a set of beliefs and practices that regulate how one goes about exploring the development of knowledge (NursingAnswers.net, 2018). The philosophy lends structure and will guide the researcher on how to formulate research questions, select research design as well as identifying the methods used for the collection, analysis, and interpretation of data (NursingAnswers.net, 2018).

There are numerous philosophical stances that can be used to better guide researchers. The four philosophical stances in determining which research philosophy to adopt, are discussed below:

Interpretivism

In this research paradigm, philosophers believe that using scientific methods of analysis often only describes complex ideas in terms of their simple or fundamental components. (Guest, MacQueen & Namey, 2012:13). Interpretivism looks at a deeper meaning in discussions and understanding multiple realities which are represented in a collection of personal narratives (i.e., questionnaires, or observed behaviours and activities) (Guest *et al.*, 2012:13). This philosophy in data collection is oftentimes more focused on highlighting the social and personal interpretation of the discussion of various topics, rather than a more structured measurement and collection. (Guest *et al.*, 2012:13). Interpretivism as a theory, can therefore be subjective in nature (Potrac, Jones & Nelson, 2014) and is inherently, intrinsically incomplete and thus, always opens data analysis conducted in this methodology to debates (Geertz, 1973:29). This makes the philosophy of data analysis strictly suited to qualitative research (Guest *et al.*, 2012:13).

Positivism

Guest *et al.* (2012:13) states that this philosophical stance is often placed in direct opposition to Interpretivism as it is embedded in scientific methods. The fundamental ideas that positivism is based on are two-fold:

- Interpretations of data analysis should always be derived directly from the data observed; therefore, no realities of society or individuals should be considered as interpretivism.
- Data collection and analysis methods should be systematic and transparent. This is further echoed by Dudovskiy (2008), who argued that data is only trustworthy when gained through observation where the role of the researcher is limited to data collection and interpretation in an objective manner and that the finding of the study is observable and quantifiable.

The criticism that positivists have against interpretivism is that it is often too subjective and politicised, as positivists seek to ascertain as close a picture as possible to objective reality, within the limitation of the scope of any given study (Guest *et al.*, 2012:13). In analysing

qualitative data, positivists employ systematic analytical procedures and identification of structure within the data (Guest *et al.*, 2012:13).

Pragmatism

This philosophy accepts that there may be varying methods in analysing data, however, to accomplish the analysis, the most practical methods must be used (Legg & Hookway, 2019). In this philosophical paradigm, not all pragmatist philosophers can subscribe to a single philosophical claim (Talissee & Aikin, 2008:1). Arguments on what pragmatism is vary and some philosophers argue that pragmatism is a method of doing philosophy; while other philosophers argue that it is a stance that one might take against traditional philosophical problems. The many definitions of pragmatism are testament to the liveliness of pragmatism. The effect of this is that the principal contentions, major themes, and central arguments all remain open questions, questions that pragmatists are continuously trying to figure out (Talissee & Aikin, 2008:3). Pragmatists view the world as living and thus will have different layers or elements, some being subjective, objective or a combination of the two, since both subjective and objective research attempts to produce research that best represent reality (Feilzer, 2010:8). The distinction between objective and subjective exists only because of the division social science (Hanson, 2008:103).

Feilzer (2010:8) states that pragmatists value antirepresentational views of knowledge, thus their research does not seek to represent the most accurate view on reality or provide an accurate explanation for how things are in themselves, however, research must be useful in order for it to benefit us all.

Pragmatists see an ever-growing overlap between qualitative analysis and quantitative analysis particularly in how the data is systemised, quantified, and generalised (Hanson, 2008:100–102). Hanson (2008:103) argues that there may no longer be a practical or theoretical reason to focus specifically on whether research should be qualitative or quantitative.

As such, pragmatists do not require a particular method or method mix. Pragmatists do not expect to find causal links or truths but aims to interrogate a particular question or theory with the most appropriate research method (Feilzer, 2010:13).

Realism

In this philosophy, the stance is that phenomena are perceived with one's senses on the characteristics of the world. It can thus be said that human beings' views and experiences are independent of one another (Hale, 2020). Realists' research endeavours to take the view of trying to minimise error, bias, and subjectivity (Shabangu, 2020:10). However, as realism has continued to become a popular research philosophy, realists in all their aspects have continuously agreed that human beings cannot have an objective or certain knowledge of the world and must accept the possibility of alternative valid accounts of any event that may occur (Maxwell, 2012:5). Realism in qualitative research has surprisingly not been noticed, and when it has been noticed it has generally only been seen as an extension of positivism (Maxwell, 2012:9).

Pragmatism is the most applicable research philosophy for this study because it acknowledges that any knowledge obtained through research is relative and not absolute (Feilzer, 2010:14). Although the questionnaire is set up in such a way as to help the researchers find out what they want to know (i.e., what are taxpayers' perceptions towards SARS in the post-apartheid era) the pragmatic approach is flexible enough to accept that the questionnaire may not answer the question of the researcher which allows pragmatic researchers to enjoy the complexity and messiness of social life (Feilzer, 2010:14).

2.2.2 The nature of the study

Once the research question is determined, it is important to consider the classification of the particular design (Marczyk, DeMatteo & Festinger, 2010:123). The classification of the design is also aligned to the purpose of the research study (Saunders, Lewis & Thornhill, 2009:139) and can either be an:

- Exploratory study;
- Descriptive study; or
- Explanatory/ Causal study (Akhtar, 2016:73).

These studies are discussed below:

Exploratory study

Exploratory research "is the primary stage of research and the purpose of this research is to achieve new insights into a phenomenon" (Akhtar, 2016:73). Swedberg (2020:17) defines

exploratory research as the soul of good research and further states that research would be halted without the desire to say something new. Akhtar (2016:73) states that exploratory studies are generally more suitable in studies whereby minimal research knowledge is available. Saunders *et al.* (2009:139) state that exploratory studies are important to find out what is happening, explore fresh insights, to question and evaluate developments in a fresh light and are especially advantageous when one would like to explain their understanding of an issue. Saunders *et al.* (2009:139) further state that there are three techniques of administering exploratory research:

- Exploring literature;
- Interviewing experts in the subject; and
- Organising focus group interviews.

Descriptive study

Descriptive research aims to detail a situation and its attributes (Nassaji, 2015:129). It is objective and neutral and does not aim to form a hypothesis or the development of a theory (Lans & Van der Voordt, 2002:53). “Descriptive research cannot be used to create a causal relationship, where one variable affects another; in other words, description research can be said to have a low requirement for internal validity” (Akhtar, 2016:77). Saunders *et al.* (2009:140) state that the purpose of this type of research is to describe people, events, or circumstances precisely. This may be an addition of a piece of explanatory research and less frequently, exploratory research (Saunders *et al.*, 2009:140).

Explanatory study

Explanatory studies demonstrate causal relationships linking variables and are aimed at explaining the relationships connecting the variables (Saunders *et al.*, 2009:140). Creswell and Creswell (2017:15) state that the perceptions of causal relationships do not need to be complete positions and tend to differ in degree depending on prior experiences and situational complexities.

This study falls within the ambit of an exploratory study because the purpose of this research aims to achieve new insights and there is minimal research knowledge available on taxpayer perception towards SARS during the post-apartheid era.

2.2.3 Reasoning methods

Reasoning is the process of using existing knowledge to draw conclusions or build explanations (Butte College, 2005). The reasoning method determines how the research question is formulated and the theory applicable to it (Shabangu, 2020:11). The three methods of reasoning are deductive, inductive, and abductive and are discussed below.

Deductive method

Soiferman (2010:3) defines this method as a 'top down' approach; it begins with a theory and then moves to observations to test the theory. Saunders, Lewis and Thornhill (2019:153) acknowledge that the deductive method involves the development of theories which are then subject to a rigorous test. This method follows the following approach:

- The process starts with an idea or hypothesis to form a theory.
- Deduce the research problem or proposition by using existing literature.
- Examine the premise and logic of the argument that produced the theories and compare it to existing theories. Continue with the premise only if it offers advance in understanding.
- The premise is then tested by collecting data and analysing concepts. If the results of the analysis are not consistent with the premises, the theory is false and can either be rejected or modified and the process is restarted. If the results are consistent with the premises, then the theory is supported.

This method of reasoning results in a highly structured methodology and researchers are more likely to use quantitative data (Saunders *et al.*, 2019:154). This method therefore begins with the general and ends with the specific (Soiferman, 2010:3).

Inductive method

Inductive reasoning begins with observations and ends with formulating a theory based on the accumulated evidence. This method moves from 'specific to general'. Data that is relevant to the topic of interest is collected and observed to identify patterns which are used in forming a theory (Soiferman, 2010:3).

The following steps are followed in an inductive approach of reasoning (Saunders *et al.*, 2019:155):

- The process starts with an observation;
- Collecting and analysing data to understand the nature of the problem and further identify patterns; and
- Formulate a theory based on the analysis.

Researchers using this method are more likely to use qualitative data in order to establish the different views. A smaller sample size might be appropriate as the researcher is more concerned with the context in which events identified take place (Saunders *et al.*, 2019:155).

Abductive method

Saunders *et al.* (2019:155) state that an abductive approach combines the inductive and abductive approach of reasoning by moving back and forth.

This method chooses the hypothesis that best fits the given facts. It begins with an incomplete set of observations and then proceeds to the likeliest possible explanation. It therefore makes and tests hypotheses based on the best information available (Butte College, 2005).

The following steps are followed in an inductive approach of reasoning (Saunders *et al.*, 2019:155):

- Observation of a surprising fact;
- Collecting and analysing data to identify and explain themes and patterns;
- Mapping the themes against a conceptual framework and changing and modifying the framework in the process; and
- Integrate explanations obtained in an overall framework.

This study falls within the ambit of inductive reasoning as data is collected from questionnaires and analysed to reach a conclusion on taxpayers' perceptions towards SARS. The research study will contribute towards building a theory about taxpayers' perceptions.

2.2.4 Units of analysis

Kumar (2018:70) defines the unit of analysis as the entity or people that the researcher collects data on and analyses in the study. It is therefore the focus of the study and answers the question of 'who' or 'what' the study is analysing.

Shabangu (2020:14) further states that the units of analysis define the direction of the research as the data collected and analysed is based on the units of analysis. Kumar (2018:72) groups units of analysis into the following categories:

- Individuals or groups of people;
- Organisations;
- Social artifacts — these are human made objects such as books, newspapers, and machines; and
- Social interactions.

Kumar (2018:72) further states that individuals as units of analysis, are used when the researcher is investigating attitudes, perceptions, opinions, or attitudes. This study aims to investigate and assess taxpayers' perceptions; the units of analysis are therefore individuals (natural taxpayers).

2.2.5 Time horizon of the study

The research time horizon defines the period for the research study and can be either classified as cross-sectional or longitudinal. These are determined by the nature of the research question (Shabangu, 2020:13). These two methods are discussed below:

- A cross-sectional study involves different population groups at one specific point in time. The researcher therefore measures the outcome and the exposures in the study participants at the same time (At Work, 2015).
- A longitudinal study in contrast conducts several observations of the same population or subjects over an extended period. The benefit of a longitudinal study is that researchers can detect developments and changes in the characteristics of the target population (At Work, 2015).

The time horizon used for this study is cross-sectional as data is collected and analysed at a point in time.

2.2.6 Types of data

Researchers make use of either qualitative or quantitative data to support research study and answer the research question. Quantitative and qualitative data are discussed below.

Quantitative data

Hox and Boeije (2005:593) describe quantitative data as, “data that can be described numerically in terms of objects and variables and their values”. Quantitative data makes use of a statistical analysis to make the connection between what is known and what can be learned through research. It therefore requires an understanding of the relationships among variables using either descriptive or inferential statistics.

Qualitative data

Hox and Boeije (2005:593) describe qualitative data as, “data involving the understanding of the complexity, detail, and context of the research subject, often consisting of texts, such as interview transcripts and field notes, or audio-visual material”. Soiferman (2010:3) further states that qualitative research is a rigorous approach to finding the answers to questions. “It involves spending an extensive amount of time in the field, working in the often complex, time consuming process of data analysis, writing long passages, and participating in a form of social and human science research that does not have firm guidelines or specific procedures”.

This study aims to understand the perception of taxpayers during the different periods of the democratic South Africa through a questionnaire. The questionnaire makes use of both open and close-ended questions. This study therefore makes use of both qualitative (for open-ended questions) and quantitative data (for close-ended questions).

2.2.7 Sources of data

Data collected by researchers to support a research study can be classified as either primary and/or secondary data (Shabangu, 2020:16). Primary and secondary data is discussed below.

Primary data source

Hox and Boeije (2005:593) define primary data as data that is collected first hand by the researcher. Shabangu (2020:24) further states that primary data provides a first-hand account on a research topic. Primary data sources can include datasets, survey data, and original research.

Secondary data source

Hox and Boeije (2005:593) define secondary data as data collected for one research purpose and reused for another research purpose. Shabangu (2020:24) further states that secondary data evaluates work that has already been performed by someone else.

This study makes use of primary data which is in the form of questionnaires to assess taxpayers' perceptions towards SARS during the post-apartheid era.

2.3 RESEARCH METHODOLOGY

Goundar (2012:10) defines the research methodology as, "the study of methods by which knowledge is gained. Its aim is to give the work plan of research". It therefore answers the following questions: How was the data collected? How was the data analysed? The nature of the research methodology depends on the nature of the research problem Goundar (2012:10). This section provides information on the research methodology followed in this study.

2.3.1 Data collection

This section details the process followed to identify, collect, and analyse the data used in this study. The data was collected through an online questionnaire, which allowed a large population of taxpayers to respond as the study is not limited to a specific region/ area within South Africa. A questionnaire is a research instrument consisting of a series of questions used to collect data from respondents and provides a way in which the data can be summarised and discussed (Taylor-Powell & Marshall, 1998:2).

The questionnaire consists of 16 questions; with fewer questions the respondents will spend less time completing the questionnaire. The participants are individual taxpayers as the study analyses taxpayer perception over time. Taxpayers were identified as the units of analysis for this research study.

The questionnaire includes a combination of Likert and open-ended questions. Likert questions will produce more consistent answers and data that is easy to analyse as the study has a large sample size. Open-ended questions are included to allow the respondents

to express their own thoughts, however, these will be limited to two questions as written questions can be difficult to analyse especially with a large sample size (Taylor-Powell & Marshall, 1998:5).

2.3.2 Data analysis and interpretation of data

The research data will firstly be broken into three main categories, which are the different periods (i.e., Period 1, Period 2, and Period 3) for each researcher to be able to analyse data for their respective period of study. The results of the data gathered will be analysed electronically, using the computer program Microsoft Excel and responses will be in percentages. Bar charts will be used to further help with making the interpretation of the data more understandable.

Questions 1–13 are close-ended questions; responses from the close-ended questions will be analysed using a descriptive analysis approach.

A descriptive analysis approach summarises characteristics of responses or observations from either a sample or the entire population. After data collection, the first step is to describe characteristics of the responses such as the age or the relation between two variables (e.g., age and creativity) (Laerd Statistics, 2018).

Questions 14–16 are open-ended questions; responses will be analysed using a content analysis approach.

The aim of content analysis is to sort and obtain meaning from the data collected and produce reasonable conclusions from it (Bengtsson, 2016:10). Lavrakas (2008) further defines content analysis as a research method that is applied to the verbatim responses given to open-ended questions in order to code those answers into a meaningful set of categories. By coding these verbatim responses into a relatively small set of meaningful categories, survey researchers can create new variables in their survey data sets to use in their analyses.

It is worth noting that this method of analysis is special in that it has both a quantitative and qualitative methodology which can be used in a deductive and inductive manner. Quantitative content analysis has its origin in media research, while qualitative content analysis has its roots originally in social research. For the purpose of this study, a

quantitative approach was used; results from the questionnaires are set forth in the form of prevalence conveyed as a percentage and actual numbers per category (Bengtsson, 2016:10).

The following considers the manner in which the data will be coded for the study:

Coding the data

Oberholzer (2007:73) defines coding as the process of assigning numbers or symbols to responses, for the responses to be grouped into limited classes or categories.

Responses from the close-ended questions (questions 1–13) will be grouped into categories such as age, gender, population group, income, and geographic location. The purpose of this is to determine how age, gender, population group, income, and geographic location influence participants answers in questions 8–13 of the questionnaire. If data is being grouped in age categories for an example, each age bracket will be assigned a code (for example, age 18–35 years will be coded ‘1’ and 36–45 years will be coded ‘2’).

Similar responses will be grouped into specific categories of responses, this will be based on recurring phrases, words, and expressions. This process is known as generating themes. Auerbach and Silverstein (2003:38) define a theme as, “an implicit topic that organizes a group of repeating ideas”. Themes are generated from the key words and phrases the researcher identified.

Once coding of the data has been completed and the themes identified and summarised, each researcher will draw a conclusion on the perception towards SARS for the respective time periods.

CHAPTER 3: LITERATURE REVIEW

3.1 INTRODUCTION

The purpose of this study is to determine taxpayers' perceptions towards SARS during the 2018 to 2022 period. This chapter provides a literature review of the research topic. A literature review summarises and evaluates a body of writing regarding a specific topic. It summarises the findings or claims from previous research on the topic and reaches a conclusion on whether the knowledge is complete and accurate and identifies whether there is anything missing in the existing literature (Knopf, 2006:127).

This literature review provides an analysis of tax administration in general, tax administration in the South African context, and factors affecting taxpayers' perceptions towards SARS.

3.2 Tax administration

Taxation is the main source of revenue for governments (Szarowská, 2014:662). Tax revenue is collected to fund government expenditure (Burgess & Stern, 1993:762). Taxation is therefore transferred from the taxpayers to the State and then to those citizens who are in need (Ramsey, 1927:1). The government makes use of tax collection agencies to administer tax law and collect revenue for expenditure incurred by the State.

Tax collection agencies can either be organised as separate agencies or can be integrated into the Ministry of Finance. A pattern identified in most countries is that the tax collection agency is being separated from the Ministry of Finance and thereby granted a legal status of 'semi-autonomous authority' (Taliercio, 2004:1).

The OECD (2021a) defines a semi-autonomous public organisation as, "one that operates at arm's length from the government, usually reporting to a ministry and mandated to carry out public tasks (e.g., regulation, service delivery, policy implementation) in a relatively autonomous manner (i.e., with less hierarchy and political influence in daily operations and with more managerial freedom)".

Taliercio (2004:46) also defines semi-autonomous tax collecting agencies as tax administrations that have a greater than usual level of autonomy or self-governance

including but not limited to corporate governance, financing and budgeting, and accountability relationships. Autonomy ensures administrative effectiveness and minimal interference by other departments and parties of the government (Taliercio, 2004:5).

The OECD (2021b:38) states that the main purpose of tax administration is to collect tax revenue to fund public services. Alink and Van Kommer (2011:163) state that the main purpose of tax administration is to execute tax legislation and regulations. In addition, tax administration seeks to cultivate a culture of tax compliance that fosters maximum tax collection in the most effective and efficient manner (Moosa, 2018:3). The European Commission (2021) also confirms that tax administrations implement tax law. Their main task is to collect the right amount of tax.

Tax administrations in different jurisdictions have over time, been tasked with other responsibilities. This includes collecting loans owed to the government, providing financial benefits to taxpayers and the most recent is, the provision of support services to taxpayers during the Covid-19 pandemic (OECD, 2021b:38).

The functions of tax administrations include, inter alia:

- Registration of taxpayers, including detection of non-registration and false registration;
- Processing of tax returns, withholdings and third-party information;
- Verification or examination of the correctness and completeness of received information (including audit activities);
- Assessment of taxes due;
- Process of enforced debt collection;
- Handling of administrative appeals and complaints;
- Provision of service and assistance to taxpayers;
- Detection and prosecution of tax fraud; and
- Imposition penalties and interest payments (Moosa, 2018:3).

Three major tasks of tax administration are:

- Facilitating tax compliance by ensuring that people who should be paying taxes are doing so and making compliance easier for taxpayers;
- Enforcing compliance and reducing tax evasion; and
- Improving governance (The World Bank, 2010:2).

It is important to note that taxpayers cannot be expected to comply willingly if they believe that the tax system is unfair, or the tax revenue collected is not used effectively.

Tax administration is deemed to be successful when taxpayers voluntarily comply and are not forced to, “carry out every aspect of their obligations” (James & Alley, 2002:30). It is therefore imperative that tax administrators are equipped with sufficient powers to collect taxes from those taxpayers’ who are unwilling to comply voluntarily, in order to collect enough tax revenue to fund government expenditure (Moosa, 2018:2).

The OECD (2019b:36) acknowledges that, “tax administrators rely heavily on the positive compliance attitudes of taxpayers in reporting and paying their taxes. This is often termed ‘voluntary compliance’”. Satisfaction surveys are used to provide information to tax administrators on taxpayer compliance attitudes.

The following areas are identified by the OECD as areas where tax administrators can act to support voluntary compliance in the long term:

- Educating taxpayers for them to understand their tax obligation. This includes providing online materials, information campaigns and conferences;
- Providing effective and easy to use taxpayer services; and
- Use of behavioural insights and nudges.

Wahl *et al.* (2010:384) identify two means in which tax administration can be enhanced:

- Increase taxpayers’ trust in the tax authority because trust in tax authorities and procedural fairness affects the payment of taxes; and/or
- Increase the power of authority of the tax administrator and capacity to detect and punish tax crimes.

According to The World Bank (2010:3), countries show a variety of tax compliance levels which do not only reflect the effectiveness of the country’s tax administration but also taxpayer attitudes towards taxation and government. “Attitudes affect intentions and intentions affect behaviour” (The World Bank, 2010:3). Attitudes are influenced by perceived levels of tax evasion, perceived fairness of the tax system, the complexity and stability of the tax structure, how the tax structure is administered, value attached to government activities, and the legitimacy of government. Tax administration can be improved by simplifying the tax system so that it can be applied effectively, not viewing taxpayers as

potential criminals but rather as clients and modernising information technology (The World Bank, 2010:3).

All tax administrators are faced with challenges which include changing relationships with taxpayers, complex tax systems, emerging digitalisation, data and technology, and COVID-19 being the most recent (European Commission, 2021). It is therefore important for tax administrators to measure their performance so they can identify any areas of improvement.

The following key functions of tax administration can be used to measure performance of tax administrators (OECD, 2019b:76):

- Integrated registration process;
- Processing of tax returns and payments;
- Services and support available to assist taxpayers to fulfil their tax obligations;
- Interventions employed to collect overdue returns and tax payments;
- Verification interventions employed to confirm the accuracy of the information reported by taxpayers; and
- Access to tax disputes processes — this is very important as it safeguards the rights of taxpayers and ensures that appropriate balance exists when tax administrators exercise their powers. Most tax administrators are working on improving this area.

The European Commission (2021) also confirms that there are number of tools available which tax administrators can use to evaluate their performance such as the Tax Administration Diagnostic Assessment Tool (TADAT). The TADAT is designed to provide an assessment of the soundness of the elements of a country's tax administration. The results from TADAT will reveal areas in which the tax administrators need to improve on through reforms. The World Bank (2010:3) however, argues that based on international experience, there is no single method that once introduced will result in an improved tax administration.

3.2.1 Tax Administration in South Africa

The 27th of April 1994 marked South Africa's first post-apartheid elections. This was a momentous occasion for South Africa as it marked the end of the apartheid rule and introduced a new Constitutional order. This also meant that several of South Africa's laws and administrative functions needed to change to reflect a new and inclusive democratic

South Africa. The new South African government was cognisant of the dire need to modernise the tax administration. It was tasked with revamping the tax system by increasing tax revenues and ensuring that the tax system was equitable. The policies at the time, however, avoided increasing tax rates as South Africa was already heavily taxed compared to international standards (Public Affairs Research Institute, 2017:27).

In response, in 1994 the new South African government established the first enquiry into the tax structure of South Africa by establishing the Katz Commission. This commission was tasked with improving tax administration and modernising the tax system to be in line with changing international tax practices (Public Affairs Research Institute, 2017:27).

One of the recommendations of the Katz Commission included an institutional reform of the South African tax administration office (Katz Commission, 1994). This resulted in the establishment of SARS in 1997 as a semi-autonomous national tax collection agency under the South African Revenue Service Act 34 of 1997 (SARS, 2022). According to the SARS Act, the mandate of the organisation is to collect all tax revenues due and ensure compliance with tax and customs legislation (South African Government, 2012).

For SARS to fulfil its mandate, the public has an obligation to comply with the requirements of the TAA and other relevant tax legislation (Stiglingh *et al.*, 2022:1189). In addition to the TAA, SARS administers the following primary legislation (SARS, 2020a:7):

- Income Tax Act, 1962;
- Customs and Excise Act, 1964;
- Value- Added Tax, 1991; and
- Employment Tax Incentive, 2013.

3.2.2 Tax Legislation in South Africa

Tax legislation influences tax compliance and collection, the effectiveness of tax administration therefore depends on the quality of the country's tax legislation (The World Bank, 2010:4). The World Bank (2010:4) acknowledges that tax administration can be improved by giving tax administrators simpler and enforceable laws to administer. Once the tax laws are simplified, tax administrators can focus on their main tasks of facilitating compliance and monitoring non-compliance. PWC (2019:5) also acknowledges that complex tax legislation can overwhelm taxpayers, making it more difficult for them to pay their taxes.

Post 1994, the South African tax administration legislation was complex due to wide legislative infrastructure. Each tax law dealt with their own procedures, duties, and remedies which often resulted in duplication across all laws applicable. Although some provisions were identical, others differed to varying degrees. This caused confusion in how to interpret and apply legislation resulting in increased tax related disputes between taxpayers and SARS (Moosa, 2018:1). To remove duplicate administrative requirements from all the different tax acts, simplify requirements, provide consistency in tax administration law, and provide a single piece of legislation where all administration requirements for tax administration in South Africa are contained, Trevor Manuel (the Minister of Finance at the time) announced in his 2005 Budget Review that SARS would begin drafting a TAA (SARS, 2021). The TAA came into effect on 1 October 2012, it established various new concepts and changes in terms of tax administration from the previous provisions set out in the various tax acts. The TAA applies to everyone who is subject to the provisions of a tax act as per section 4(1) of the TAA. It is also binding to SARS (Stiglingh *et al.*, 2022:1183).

The TAA ensures effective and efficient tax collection by:

- Aligning the administration of the different Tax Acts;
- Stipulating the rights and responsibilities of all taxpayers;
- Stipulating the powers and duties of all people engaged in the administration of tax acts; and
- Providing the objective and purpose of tax administration (Stiglingh *et al.*, 2022:1183).

One of the main purposes stated in the TAA is the desire to enhance the balance between the powers of SARS and the rights of taxpayers in order to ensure a fair, efficient, and cost-effective tax system. The question arises whether these objectives have been achieved, considering the extent of the powers granted to SARS in terms of the TAA (Klopper, 2015:ix).

Klopper (2015:5), however, argues that an imbalance exists in the TAA between the powers granted to SARS and the rights of the taxpayers. The power remains with SARS and in most instances, leaving taxpayers unprotected from the abuse of power by SARS officials. A survey conducted in 2013 by Gilfer (in Klopper, 2015:3), indicated that 82.19% of the respondents believed that SARS does not act fairly when conducting audits and they do not provide reasons as to why the audit is conducted.

Klopper (2015:5) further argues that the TAA is also not easily understood by general taxpayers which brings about the question of whether it is able to lessen the administrative burden on taxpayers as it aims. A good risk management tool to reduce the risk of non-compliance with the TAA is obtaining the services of a tax specialist. However, a survey conducted in 2013 by Gilfer (in Klopper, 2015:3), indicated that 90.28% of the respondents could not afford R4.70 per hour excluding VAT to obtain tax specialist advice during a SARS audit (Klopper, 2015:3).

This was further emphasised by the SARS public opinion survey in 2019 which indicated that the complexity of the TAA can overwhelm taxpayers, making it more difficult for them to pay their taxes. More than three quarters of survey respondents indicated that it takes them some time to figure out the TAA and SARS' processes. This suggests that there might be too much complexity in the tax system and insufficient knowledge among taxpayers (PWC, 2019:5). In the 2020/21 Annual Performance Plan, SARS introduced a new survey that will be conducted to identify whether taxpayers perceive the guidance received from SARS to be unambiguous and easy to follow. This will ensure that SARS is able to achieve its strategic plan of providing "clarity and certainty for taxpayers and traders of their obligations" (SARS, 2020a:17).

South Africa has seen several examples of what happens when good tax administration principles are not adhered to. Nugent (2018:163) argues that the integrity of SARS declined over the years. The removal of the Large Business Centre in 2014 which was established to service large corporations and the departure of skilled workers at SARS meant that the tax authority was unable to service and monitor the tax affairs of large corporations which led to a decrease in tax compliance. High-net-worth individuals also managed to escape the tax net due to insufficient internal controls which are designed to monitor and detect non-compliance. In addition, the Davis Tax Committee (2017:53) highlighted that South Africa lost 980 high-net-worth individuals in 2015 (8 000 since 2000) through emigration. This may be due to taxes, personal and financial security, and the quality of education.

The OECD (2019b:53) also emphasises the importance of tax administrators creating units that look into the tax affairs of high-net-worth individuals and large business taxpayers. This is due to:

- Significant tax compliance risk due to the complexity of the transactions, offshore activities and the strategies employed by these groups to minimise their tax liability.

- Even though these taxpayers are small in volume, they are usually responsible for a disproportionate share of the total tax revenue collected. Data collected indicated that for most jurisdictions, these groups contribute between 35%–60% of the total tax revenue collected (OECD, 2019b:53).

Furthermore, the dismantling of the illicit trade team hindered SARS' capacity to investigate illicit trade (Nugent, 2018:122). As a result, SARS lost out on significant revenue by not being able to collect all these monies.

The Large Business Centre was re-established in October 2019 which resulted in an increase in revenue collection by half-a-trillion rand, a third of SARS' total tax revenue and an overall increase in compliance by 3%. Edward Kieswetter (SARS Commissioner) has acknowledged that,

tax legitimacy and perceptions of fairness in the distribution of tax burden are crucial to the willingness of citizens to pay taxes. Therefore, it is of utmost importance to adhere to the principles of a good tax system namely efficiency, equity, simplicity, transparency, certainty as well as ensuring a tax system that responds to the business cycle of the economy (Ngcobo, 2022).

As part of the administrative reform, SARS has also re-implemented measures to detect and prevent illicit trade and other tax crimes (Ngcobo, 2022).

Klopper (2015:3) states that SARS has to maintain its integrity in order for the taxpayers to perceive the system to be fair. PWC (2019:13) argues that framing the collection of taxes in a transparent manner and emphasising the fact that the fairness approach taken is key to establish trust in the tax system. The more respectfully taxpayers are treated by the tax administration, the less likely they are to evade taxes and this contributes to the desire to 'do the right thing'.

The World Bank (2009:4) further argued that tax revenue increases with high levels of reinforcement, however, it declines as the probability of being caught and punishment declines. Compliance levels also increase as the availability of public goods and services increases, meaning that compliance is affected by how well the government spends tax revenue.

Tax compliance levels in the United States of America, South Africa, and Botswana appear to be influenced by the fairness of tax administration, the perceived fiscal exchange, and the overall attitude towards the respective governments (The World Bank, 2009:4).

A study conducted by Fjeldstad (2004:556), indicated that the trustworthiness of the revenue enforcement mechanisms and the penalties imposed on defaulters, affected citizens' compliance behaviour in South Africa. The way the law is enforced and the severity of the sanction also appeared to have contributed to undermining trust in local authorities.

Kennedy, McGuinness and Shirran (2015:93) conducted a study which focused on the perception of tax administration on the PAYE population in Ireland. The study indicated that 85% of the respondents strongly agreed, agreed, or somewhat agreed that the tax system is fair and 14% broadly disagreed. Of the respondents (79%) strongly agreed or somewhat agreed that the tax authority is able to detect taxpayers who are not paying the right amount of taxes. Only 6% of the respondents strongly agreed that if they wanted to report fraud or illegal activity to the tax authority, they would know how to do so; 41% reported that they would not know how to do so.

A study by Belay and Viswanadham (2014:1176), conducted in Ethiopia indicated that there is a significant relationship between the perception of tax fairness and compliance behaviour. Another study by Farra (2015:77), conducted in Canada which explored the Bill of Rights found that the perception of tax fairness is associated with the level of compliance.

The above discussion highlights the following as factors which influence tax compliance and the effectiveness of a country's tax administration:

- Fairness;
- Trustworthiness of the revenue enforcement mechanisms;
- Penalties imposed;
- Transparency in government;
- The ability to detect and act against non-compliant taxpayers; and
- Complexity in the tax system.

Performance against some of the above-mentioned factors are measured in 2020/21 Annual Performance Plan, this is to ensure that SARS is able to achieve its mandate of ultimate tax compliance (SARS, 2020a:17).

There also appears to be a link between the perception of tax fairness and the level of tax compliance (i.e., tax fairness drives tax compliance).

3.3 Taxpayer perception

The biggest contributor in the tax gap between actual tax collection and theoretical tax collection in South Africa is non-compliance; and one of the causes of this has been shown to be the perceptions of citizens (Oberholzer, 2007:46).

Lumsden and Lumsden (2000:382) define perception as: “The process by which people sense, select, and interpret stimuli”. Perception is the way things seem and it analyses the awareness of the items or situations around people (Oberholzer & Stack, 2009:739). The willingness of taxpayers to comply is often influenced by how much taxpayers trust their respective governments (Wahl *et al.*, 2010:384).

After the establishment of the Katz Commission in 1994, it was recommended that the perception of tax needs to be addressed. Taxes should not be seen as damaging to the economy but should rather be seen as a vehicle to assist in economic growth and development (Katz Commission, 1994:4).

The literature review below highlights the following factors that influence taxpayers’ perceptions, namely fairness, level of trust in the government, level of trust in the tax authority, and tax evasion.

3.3.1 Fairness

Fairness means that every taxpayer pays their fair share of taxes (Walsh, 2012:455). The OECD (2010:28) identifies three types of fairness in taxation, namely distributive fairness (perception that the government spends tax revenue efficiently), procedural fairness (perception that tax administrators comply with procedures that are fair when dealing with taxpayers), and retributive fairness (perception that the tax administrators are fair when punishing a non-compliant taxpayer).

The OECD (2010:28) argues that fairness is perceived to be the driver of voluntary tax compliance. A perception of fairness and trust is therefore of the utmost importance for tax

authorities as it increases voluntary compliance. When citizens believe that they are treated fairly, they have more trust in tax authorities and will comply voluntarily. Fairness and trust are therefore interlinked, and one cannot exist without the other. Non-compliance therefore increases when taxpayers do not trust the tax administration (Walsh, 2012:455).

Walsh (2012:455) further argues that a perception of fairness is key in reducing tax evasion. The OECD (2010:28) also argues that perception of fairness and trust in tax authorities provides an explanation as to why some people comply with tax laws and why others evade them.

Studies have shown that the perception of distributive fairness affects tax compliance. When people believe that they pay more tax than others, they comply less with tax legislation. People also do not comply if they believe that the government does not utilise tax revenue appropriately (OECD, 2010:29).

Studies have further shown that the perception of procedural fairness builds trust in the tax authorities and makes it easy for people to accept decisions by the tax authorities (OECD, 2010:29). Niesiobędzka (2014:3) further states that there is a positive relationship between voluntary compliance and the level of trust in tax authorities. Voluntary compliance is increased by fair procedures which helps in building and maintaining the trust in tax authorities. "If people believe that the authority is supportive and respectful, they will trust the authority's motive and thus, work towards a common goal" (Niesiobędzka, 2014:3).

Procedures are considered to be fair if they are consistent, free from error, accurate, ethical, and correctable. The perception of procedural fairness is affected by non-transparency, complexity of tax legislation and the treatment of taxpayers during audits (OECD, 2010:29).

The perception of fairness mostly depends on how taxpayers perceive the actions of tax authorities. Tax authorities may be perceived as fair and just even when the outcome is not for the benefit of the taxpayer. An increased perception of fairness in turn, leads to fewer complaints about the action of tax authorities (OECD, 2010:29).

The perception of retributive unfairness occurs when taxpayers perceive the sanctions to be severe or too mild. Studies have shown that aggressive audits and severe penalties result in negative attitudes towards paying taxes and tax authorities (OECD, 2010:30). Mahangila and Holland (2015:115) state that redistributive justice is of the utmost importance for all

taxpayers. As much as it is unfair when non-compliant taxpayers go unpunished, both the compliant and non-compliant expect fair tax penalties. Mahangila and Holland (2015:115) further argue that it is difficult to set appropriate tax penalties; mild penalties may be fair but not reduce non-compliance and on the other hand severe penalties may be perceived unfair by the courts of law but reduce non-compliance.

The OECD (2010:30) concludes that fairness and trust are important drivers of tax compliance. Procedural fairness is of great importance for tax authorities as it builds trust and results in voluntary compliance.

3.3.2 Level of trust in the government

“Trust is defined as a person’s belief that another person or institution will act consistently with their expectations of positive behaviour” (OECD, 2019a). Trust plays a very tangible role in the effectiveness of government and is a key measure of government performance. The OECD acknowledges that public trust is eroding over the years, the perception of government corruption in OECD countries has resulted in low levels of trust in government. The OECD further acknowledges that trust influences the relationship between citizens and governments and impacts public policy (OECD, 2019a).

Ratnawati, Sari and Sanusi (2019:423) argue that good service quality positively impacts the taxpayer’s inclination towards fulfilling their tax commitments resulting in improved tax compliance.

According to OECD (2019a), countries with sustained and better economic performance in comparative terms such as Germany, Poland, Switzerland, and Israel have experienced increases in levels of trust in government during the same period.

Trust levels amongst age groups showed that young people (aged 15–29) indicated higher trust levels in government than people 50 years and older in the Netherlands, Finland, Lithuania, Italy, and Belgium. The reason for the differences could be diverse and country specific, a plausible reason is that younger people trust the government more as students because they are or have recently benefited from public education. On the contrary, those aged 50 and over report higher trust levels than their younger cohorts in countries such as Hungary, Turkey, Chile, France, and Poland. Similarly, explanations for these differences are diverse but could be related to youth perceptions regarding lack of opportunity and/or

perceptions of not being able to reach a life standard similar to that of older generations (OECD, 2019a).

As per the results of the study performed by Oberholzer and Stack (2009:747):

- 58.64% of the respondents believed that a large proportion of taxes is used by the government for meaningless purposes.
- The majority of the respondents (87,69%) believed that waste and corruption in government is high.
- In addition, more than half of the respondents (51,92%) agreed that the government does not provide enough information on how they use taxpayers' money.
- Further investigations showed that 24,23% of the respondents are of the opinion that the amount of tax that they have to pay is reasonable considering the benefits received, 38,46% do not agree with this and 37,31% have no opinion. Only 37,69% of the respondents believe that tax is not complicated and that they know how to calculate their own tax liability. Nevertheless, the same percentage of respondents indicated the opposite, while 24,62% have no opinion.

It was further found in the study by Oberholzer and Stack (2009:747) that South Africa is a diverse nation and citizens may have contrasting perceptions towards tax. To bridge the negative perception, the government could concentrate on educating citizens on the significance of taxes and the payment thereof which will in turn result in a positive perception towards tax compliance.

SARS also acknowledged that, “unfavourable public perception of poor state delivery and corruption” is a risk that needs to be managed (Davis Tax Committee, 2017:49). Research has shown that the taxpayer’s attitude towards tax compliance is largely influenced by how the government utilises the tax revenues (Davis Tax Committee, 2017:49). Concerns of corruption, poor and in some instances lack of service delivery complaints remain an issue which may affect tax compliance and is due to the public confidence in government (Davis Tax Committee, 2017:50). SARS (2014:21) further acknowledged that the taxpayer perception of government inefficiency encourages the culture of non-compliance.

The World Bank (2009:4) further indicated that tax compliance is affected by the following variables:

- Trust in the local government to use tax revenue effectively; and

- Trust in the authorities to establish fair procedures to collect tax revenue and distribute services.
- Trust in other citizens to pay their share of taxes.

3.3.3 Level of trust in the tax authority

Borman (2015:774) states that trust in the tax authority implies that, “taxpayers trust the tax authorities to care about the interest of the social collective and refrain from self-interest”. Trust by tax authorities is demonstrated by how they treat the taxpayers (i.e., not immediately suspected of cheating when a mistake has been committed).

The Davis Tax Committee researched the principle of fiscal citizenship which views taxation as a “fundamental part of the social contract between the State and its citizens” (Davis Tax Committee, 2017:48). The level of fiscal citizenship declines as the level of trust in the government and tax authorities decline (Davis Tax Committee, 2017:48).

The research indicated that the following issues reduced trust between SARS and taxpayers which reduced fiscal citizenship:

- Compliant taxpayers feel targeted because of those taxpayers who do not comply;
- Delay of taxpayer refunds;
- Decisions not made in a timely manner and/or inconsistency in the decisions made; and
- Withdrawal of funds from taxpayer accounts before SARS engages the taxpayers on the merits of the tax matters (Davis Tax Committee, 2017:49).

This was further emphasised by a recent newspaper article which highlighted the experience of South African taxpayers which were shared online and on social media platforms. Taxpayers are complaining of:

- A delay in refunds and in some instances, refunds are reversed without any justification; and
- Repeat audits even though previous audits showed no irregularities, with repetitive demands for documents that increase administrative burdens of taxpayers.

Taxpayers are questioning the approach which SARS follows: ‘taxpayers are guilty unless they prove otherwise’. This approach is likely to erode compliance and public goodwill in coming months and years (Merten, 2022).

Edward Kieswetter (SARS Commissioner) has acknowledged that SARS is still working on rebuilding public trust following years of maladministration. SARS does not only want to detect and punish non-compliance but aims to also increase voluntary compliance. Kieswetter has further acknowledged that concerns regarding corruption in the public sector and poor service delivery might make it difficult for SARS to increase voluntary compliance (Staff Writers, 2022).

SARS aims to restore public trust by showing taxpayers that it is autonomous and acts without favour towards tax related transgressions and corruption. This includes going after high-profile tax evaders. SARS also intends to engage and encourage the government in the prudent use of taxes collected (Staff Writers, 2022).

SARS (2014:21) further acknowledge that social norms and values affect tax compliance. The tax authority must design a system that:

- Increases the perception of fairness (i.e., every taxpayer pays their share of tax);
- Reduces the burden in the administrative system; and
- Acts against non-compliance speedily.

3.3.4 Tax evasion

Oberholzer and Stack (2014:2) argue that the amount of taxes collected is influenced by the honesty of taxpayers. Taxes being too high and a complex tax system drive taxpayer dishonesty.

Tax resistance takes two major forms, namely tax evasion and tax avoidance:

- Tax evasion involves using illegal means to reduce tax liability through either non-disclosure of income and/or exaggerating expenses claimed as deductions.
- Tax avoidance is *prima facie* lawful, and it involves using legitimate means to minimise one's tax liability legally. This involves structuring affairs in a manner that will result in paying less taxes.

Both the above forms reduce tax revenue collected by the tax administrators (Oberholzer & Stack, 2014:2).

The World Bank (2010:2) acknowledged that taxpayer attitudes are influenced by the perceived level of tax evasion and perceived fairness of the tax system. One of the major

tasks of tax administration include reducing tax evasion and ensuring that people who should be paying taxes are doing so.

Corporate tax avoidance is directly impacted by low confidence in the government as well as in the justice system and by a higher perception of corruption and higher compliance costs (Amin & Mispa, 2020:29). Amin and Mispa (2020:31) further argue that for a government to minimise tax evasion, tax systems and implications for tax evasion need to be enhanced. Amin and Mispa (2020:31) conclude that the taxation system, taxation sanctions, justice, discrimination, and probability of cheat detect are very important factors in reducing tax evasion and it is therefore necessary to do a more in-depth analysis of these factors.

As previously mentioned in section 1.3 of this study, by 2007 only two accredited studies had investigated and analysed taxpayer perception in South Africa, both studies were limited (Oberholzer, 2007:30). The study performed by Oberholzer in 2005 focused only on the perception of the previously disadvantaged taxpayers in South Africa and the study performed by Oberholzer in 2007 focused only on taxpayers residing in the Tshwane Metropolitan Area (Oberholzer, 2007:30). The study performed by Oberholzer in 2005 found that taxpayers are willing to pay taxes if the government is transparent and utilises tax revenue appropriately for the benefit of the public (Oberholzer, 2007:30). The study further found that there is a need for increased education regarding taxes amongst the previously disadvantaged group.

This research contributes to existing research due to the fact that limited research on taxpayers' perceptions towards SARS has been conducted post-apartheid.

CHAPTER 4: DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 INTRODUCTION

The purpose of this study is to determine taxpayers' perceptions towards SARS during the 2018–present period (2022). Section 4.1.1 of this study provides the demographic background of the respondents by analysing their demographic characteristics. Section 4.2 provides an analysis of the respondents' perception towards SARS.

Questions 1–13 are close-ended questions; responses will be analysed using a descriptive analysis approach. Questions 14–16 are open-ended questions and responses will be analysed using a content analysis approach.

4.1.1 Demographic background

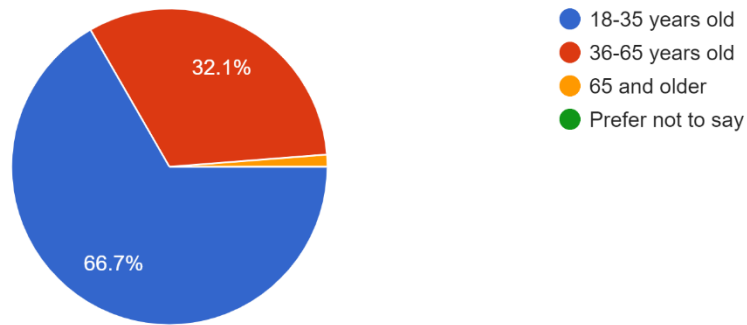
A total of 99 respondents took part in the study, 17 of which were below the age of 18 and could not continue with the rest of the questionnaire. Of the respondents who continued with the questionnaire (86.4%) are registered taxpayers.

Of the respondents who participated in the study (66.7%) were between the ages of 18–35 years, with 32.1% between the ages of 36 and 65 and 1.2% are 65 and older as seen in Figure 1 below.

Figure 1: Age distribution

Please indicate your age group

81 responses

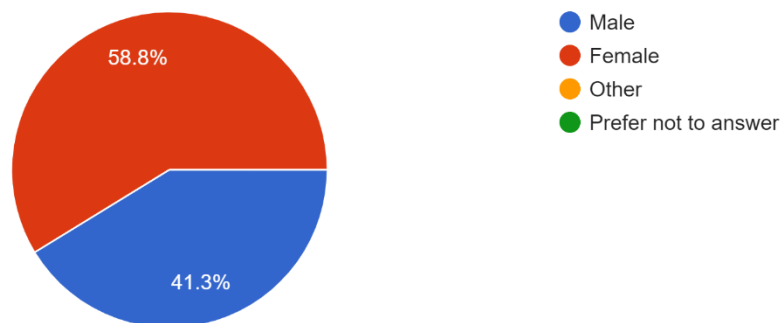


The gender composition, as seen in Figure 2 below, of the respondents is 58.8% female and 41.3% male.

Figure 2: Gender composition

Please indicate your gender

80 responses



The population group of the respondents comprised of 70% African black, 21.3% white, 6.3% Indian/Asian, and 2.5% coloured as shown in Figure 3 below.

Figure 3: Population group

Please indicate your population group

80 responses

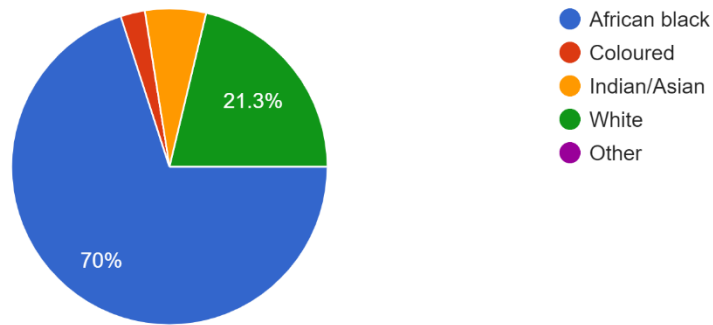


Figure 4 below, shows that the majority of the respondents (93.8%) reside in urban areas while 6.2% are in rural areas.

Figure 4: Urban and rural setting

Indicate which type of settlement your house is situated in

80 responses

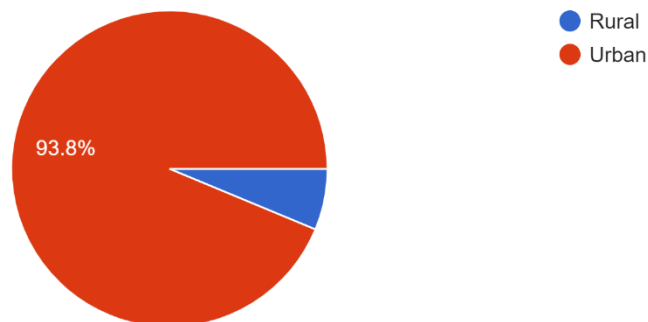
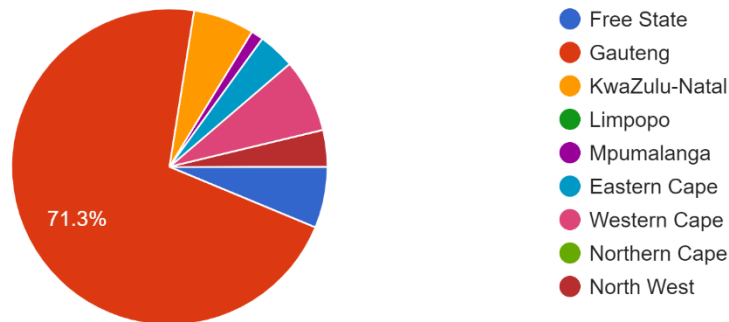


Figure 5 below, sets out the number of respondents from each province in South Africa of which 71.3% are located in the Gauteng province, 6.3% in KwaZulu-Natal, 1.2% in Mpumalanga, 3.7% in the Eastern Cape, 7.5% in the Western Cape, 3.7% in North West and 6.3% in the Free State.

Figure 5: Province

Indicate which province is your house situated

80 responses

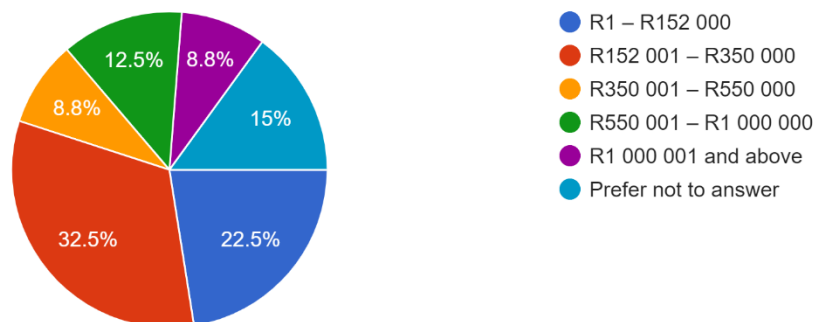


The percentage of respondents with a net income (after deductions) of R1 000 001.00 and above per annum was 8.8%, 12.5% earn between R550 001.00 and R1 000 000.00, 8.8% earn between R350 001.00 and R550 000.00, 32.5% earn between R152 001.00 and R350 000.00, 22.5% earn between R1 and R152 000.00, while 15% preferred not to answer (see Figure 6 below).

Figure 6: Net income

Please indicate your net income per annum; i.e., after any deductions

80 responses



4.1.2 Respondent's perception

The respondents were asked to indicate whether they strongly agree; agree; are neutral; disagree; strongly disagree; or not applicable with six statements that relate to the perception of taxpayers towards tax. Table 2 below sets out the statements and responses from the respondents.

Table 2 : Responses regarding the respondents' perception towards SARS

Questions	Responses					
	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Not Applicable
I see the benefit of paying tax	7.5%	11.3%	18.8%	46.3%	15%	1.3%
I think that tax revenues are used for the benefit of the general public	6.1%	9.8%	12.2%	47.6%	21.9%	2.4%
I consider SARS an institution that collects tax effectively and is managed well	13.8%	23.8%	21.3%	28.8%	11.2%	1.3%
I am truthful in my tax declarations to SARS	55%	32.5%	2.5%	2.5%	1.25%	6.25%
SARS has achieved its strategy of building public trust and confidence in the tax administration system	7.5%	17.5%	25%	35%	15%	
I perceive the South African tax system to be fair and contributing to the broad government objectives of reducing unemployment, poverty and inequality?	6.25%	16.3%	11.3%	47.5%	18.8%	

4.2 ANALYSIS OF RESULTS

The results from Table 2 above indicate:

- In response to Question 1, 61.3% of the respondents (46.3% disagree and 15% strongly disagree) do not see the benefit of paying taxes. The number of respondents who reside in rural areas amounts to 6%, while 94% reside in urban areas. The majority of these respondents (68%) are African black, 20% are white, 10% are Asian, and 2% are Coloured.
- The majority of the respondents (69.5%) do not think that tax revenues are used for the benefit of the general public. Of these respondents, 25% earn between R1.00 – R152

000.00 per annum, 32% earn between R152 001.00 – R350 000.00, 11% earn between R350 001.00 – R550 000.00, 12% earn between R550 001.00 – R1 000 000.00, 9% earn between R1 000 001.00 and above and 12% did not specify their annual income group.

- The results also indicate that 66.3% of the respondents do not perceive the tax system to be fair and do not contribute to the broad government objectives of reducing unemployment, poverty, and inequality. The number of respondents residing in the Eastern Cape was 4%, 7% in the Free State, 6% in KwaZulu Natal, 13% reside in the Western Cape, 4% in North West, and the biggest percentage residing in the Gauteng Province (66%).
- The number of respondents found to be truthful in their tax declarations to SARS amounts to 87.5%, while 3,75% are not truthful and 2.5% of the respondents are neutral.
- A total of 37.6% of the respondents consider SARS an institution that collects tax effectively and is managed well, while 21.3% of the respondents are neutral and 40% of the respondents disagree with the statement.
- Half of the respondents (50%) disagree (35% disagree and 15% strongly disagree) that SARS has achieved its strategy of building public trust and confidence in the tax administration system, 25% agree with the statement and 25% are neutral. The respondents who disagree (78%) are between the ages of 18–35 and 12% are 36–65 years old.

Responses from the open-ended questions (14–16) indicated the following common themes:

Corruption – The increase in corruption over the years has impacted the taxpayer perception negatively. Corruption and mismanagement of funds has eroded public trust and confidence within SARS over the years.

Fiscal exchange – The respondents believe that tax revenue is not being spent for the benefit of the citizens, there is poor service delivery.

One of the respondents noted the following: *“SARS was a reputable institution, however, over the last 2 decades it has been mismanaged and one of the institutions involved in state capture and corruption. The citizens have lost faith in SARS and only pay tax because they have to. They hardly see any benefit”*.

Studies have concluded that concerns of corruption and service delivery remain an issue which may affect tax compliance and is due to lack of public confidence in the government

(Davis Tax Committee, 2017:50). SARS Commissioner Edward Kieswetter has also acknowledged that concerns surrounding corruption in the public sector and poor service delivery might make it difficult for SARS to increase voluntary compliance (Staff Writers, 2022). Literature in section 3.1.2 further highlighted that the level of trust in the government is a factor that affects taxpayer perception, this is supported by the responses from the questionnaire.

SARS administration – The administration has improved over the years especially with the introduction of e-filing, however, there is room for improvement. Information Technology issues that are escalated are rarely resolved.

One respondent noted that SARS rarely adheres to their timelines, there is lack of consistency in information received from call centre consultants and a limit in email attachments makes it extremely difficult for taxpayers to send all documents required for audits in one email.

Responses from the close-ended questions also supports that ‘the level of trust in the tax authority’ is a factor that affects taxpayer perception as highlighted in the literature in section 3.1.2 of this study. The responses indicated that the majority of the respondents believe that SARS does not collect tax effectively and is not well-managed. There is also a balance in responses on whether SARS has achieved its strategy of re-building public trust and confidence.

Tax evasion – The literature in section 3.1.2 highlights tax evasion as one of the factors that influence a taxpayer’s perception. The World Bank (2010:2) also acknowledged that one of the major tasks of tax administration include reducing tax evasion and ensuring that people who should be paying taxes are doing so. Oberholzer and Stack (2014 :2) argue that the amount of taxes collected is influenced by the honesty of the taxpayer. Tax evasion involves using illegal means to reduce tax liability through either non-disclosure of income and/or exaggerating expenses claimed as deductions (Oberholzer & Stack, 2014 :2).

Responses from the questionnaire, however, indicate that 87.5% of the respondents are truthful in their tax declarations to SARS, 3.75% are not truthful and 2.5% of the respondents are neutral. The issue of tax evasion was also not highlighted strongly in the responses from the open-ended questions. One respondent mentioned the following: “SARS feels more like

the police and actually doing their job by preventing tax evasion". Based on the study, tax evasion does not seem to strongly influence taxpayer perception in South Africa.

Fairness – The results from the close-ended questions indicate that 66.3% of the respondents do not perceive the tax system to be fair and do not contribute to the broad government objectives of reducing unemployment, poverty, and inequality. The issue of fairness was, however, not strongly highlighted in the responses from the open-ended questions.

4.3 CONCLUSION

The purpose of this study was to determine perceptions of taxpayers towards SARS during the 2018–2022 period. The analysis above highlights that fairness in the tax system, corruption, and poor service delivery contributes largely to the negative perception towards SARS and taxation.

The following factors are highlighted in the literature:

- Fairness;
- Level of trust in the government;
- Level of trust in the tax authority; and
- Tax evasion.

However, tax evasion is not prevalent in South Africa. The majority of taxpayers do not perceive the tax system to be fair and do not contribute to the broad government objectives of reducing unemployment, poverty, and inequality.

CHAPTER 5: CONCLUSION

5.1 INTRODUCTION

The purpose of this study is to determine taxpayers' perceptions towards SARS during the 2018–present period (2022). This is the concluding chapter and will provide an answer to the research question and show how the research objectives were addressed.

5.2 ADDRESSING THE RESEARCH OBJECTIVES

The first research objective of the study is to determine taxpayers' perceptions towards SARS during the 2018–present period (2022).

A questionnaire was distributed to participants, and the results were as follows:

- Ninety-nine people attempted the questionnaire;
- Of the 99 people, 17 were under the age of 18 and could not continue with the rest of the questionnaire; and
- A large percentage (86.4%) of the respondents who continued with the questionnaire were registered taxpayers.

The responses from the close-ended questions were analysed using a descriptive analysis approach and the content analysis approach was used for analysing the open-ended questions.

Responses from the close-ended questions on the questionnaire indicated that:

- More than half (61.3%) of the respondents (46.3% disagree and 15% strongly disagree) do not see the benefit of paying taxes. The majority of the respondents (69.5%) also do not think that tax revenues are used for the benefit of the general public.
- The results further indicate that 66.3% of the respondents do not perceive the tax system to be fair and do not contribute to the broad government objectives of reducing unemployment, poverty, and inequality.
- Half (50%) of the respondents disagree (35% disagree and 15% strongly disagree) that SARS has achieved its strategy of building public trust and confidence in the tax administration system, 25% agree with the statement, and 25% are neutral.

Responses from the open-ended questions were analysed using the content analysis approach indicated the following common themes:

- Corruption;
- Fiscal Exchange; and
- SARS Administration.

These themes are in line with the literature in Chapter 3, fiscal exchange indicated the level of trust in government and SARS administration indicated the level of trust in the tax authority. Corruption indicated the level of trust in both the government and the tax authority.

In addressing the first research objective, the study found that the surveyed South Africa taxpayers' perceive the tax system to be unfair and that the tax revenue collected is not used for the benefit of the general public.

The increase in corruption over the years has resulted in a negative taxpayer perception towards SARS and taxation and has reduced the level of trust in the tax authority, the taxpayers do not see SARS as an institution that is well managed and that collects tax effectively. Furthermore, the majority of the taxpayers do not think that SARS has achieved its strategy of building public trust and confidence in the tax administration system.

Fairness in the tax system, corruption, and poor service delivery have therefore contributed largely to the negative perception towards SARS and taxation.

The second research objective was to determine factors that influence taxpayers' perceptions with regards to taxation.

An extensive literature review was conducted in section 3.1.2 and highlights the following factors as those which influence a taxpayer's perception with regards to taxation:

- fairness;
- Level of trust in the government;
- Level of trust in the tax authority; and
- Tax evasion.

From the above-mentioned factors have been identified to influence taxpayer's perception in South Africa:

- **Fairness** – Responses from the close-ended questions indicated that 66.3% of the respondents do not perceive the tax system to be fair and do not contribute to the broad government objectives of reducing unemployment, poverty, and inequality.
- **Level of trust in the tax authorities** – The respondents do not think that SARS collects tax effectively nor is it well-managed. The taxpayers further highlighted that SARS was also one of the institutions involved in state capture and corruption.
- **Level of trust in government** – The respondents do not see the benefit of paying taxes due to poor service delivery and corruption.

The last objective was to conclude and provide recommendations.

The research question of this study was: What is the taxpayers' perception towards SARS during the post-apartheid era: 2018–2022 period?

Based on the responses from the questionnaire and in light with the literature review, the surveyed South African taxpayers have highlighted the low level of trust in the tax authority; they believe that the institution is not well-managed and does not collect taxes effectively. The taxpayers also believe that the tax revenues are not utilised for the benefit of the general public. It is recommended that SARS and the National Treasury consider engaging the South African government in ensuring that tax revenue is spent according to what it was budgeted for. SARS should also continue working on its strategic plan of building public trust.

5.3 LIMITATIONS TO THE STUDY

The following limitations are applicable for the study:

- Time constraints – the mini-dissertation was completed within a period of six months.
- Limited responses were received, only 69 registered taxpayers out of 23 million taxpayers in South Africa took part in the present study. This is due to the time limitation of the study.
- The study focused on general taxes and not a specific tax type.

5.4 RECOMMENDATIONS FOR FUTURE RESEARCH

Further studies that can contribute to the body of literature on the research topic are:

- Rebuilding public trust in the tax authority; and
- The perception of tax administration in South Africa.

The majority of the respondents believe that SARS does not collect tax effectively and is not well-managed. There is also a balance in responses on whether SARS has achieved its strategy of re-building public trust and confidence. Future research can therefore investigate these two areas further in order to ensure that SARS is able to achieve its strategic objective of, 'building public trust and confidence in the tax administration system'.

5.5 CONCLUDING REMARK

The above analysis has indicated how taxpayer perception is largely influenced by how the government utilises tax revenue collected. The South African government should therefore work on service delivery and eradicating corruption. Improving the perceptions of taxpayers in South Africa will assist SARS in increasing voluntary compliance levels.

LIST OF REFERENCES

- Akhtar, I. 2016. Research design. *ResearchGate*. [Online]. Available from: https://www.researchgate.net/publication/308915548_Research_Design [Accessed: 2022-02-28].
- Alink, M. & Van Kommer, V. 2011. *Handbook on tax administration*. IBFD.
- Amin, A. & Mispa, S. 2020. Dimension of taxpayer perception regarding tax evasion actions. *Point of View Research Accounting and Auditing*, 1(3):25-32.
- At Work. 2015. *Cross-sectional vs. longitudinal studies*. [Online] Available from: <https://www.iwh.on.ca/what-researchers-mean-by/cross-sectional-vs-longitudinal-studies> [Accessed: 2022-02-27].
- Auerbach, C. & Silverstein, L. 2003. *Qualitative data: An introduction to coding and analysis*. New York: NYU Press. [Online] Available from: [https://search-ebscohostcom.uplib.idm.oclc.org/login.aspx?direct=true&db=nlebk&AN=124905&site=ehost-live&scope=site](https://search.ebscohostcom.uplib.idm.oclc.org/login.aspx?direct=true&db=nlebk&AN=124905&site=ehost-live&scope=site). [Accessed: 2022-03-21].
- Belay, S.A. & Viswanadham, P. 2014. Tax fairness perceptions and compliance behavior: Evidence from the metropolitan cities of the Amhara Regional State of Ethiopia. *International Journal of Science and Research*, 5(4):1173–1183.
- Bengtsson, M. 2016. How to plan and perform a qualitative study using content analysis. *NursingPlus open*, 2:8-14.
- Borman, M. 2015. The determinants and measurement of trust in tax authorities as a factor influencing tax compliance behaviour. *Journal of Economic and Financial Sciences*, 8(3): 773-790.
- Burgess, R. & Stern, N. 1993. Taxation and development. *Journal of Economic Literature*, 31(2):762-830.

Butte College. 2005. *Deductive, inductive and abductive reasoning*. [Online] Available from: <http://www.butte.edu/departments/cas/tipsheets/thinking/reasoning.html> [Accessed: 2022-03-02].

Creswell, J.W. & Creswell, J.D., 2017. *Research design: Qualitative, Quantitative, and mixed methods approaches*. 5th ed. North America: Sage Publications, pp.1-246.

Davis Tax Committee. 2017. *Report on tax administration for the minister of finance*. [Online] Available from: <https://www.taxcom.org.za/docs/20180605%20Tax%20Admin%20Report%20-%20on%20website.pdf> [Accessed: 2022-02-11].

Dudovskiy, J. 2008. Positivism research philosophy. *Business Research Methodology*. [Online] Available from: <https://research-methodology.net/research-philosophy/positivism/> [Accessed 28 February 2022].

European Commission. 2021. *Tax administration*. [Online] Available from: https://ec.europa.eu/taxation_customs/taxation-1/tax-co-operation-and-control/general-overview/tax-administration_en [Accessed: 2022-06-14].

Farrar, J. 2015. An empirical analysis of taxpayers' fairness preferences from Canada's Taxpayer Bill of rights. *Journal of Accounting and Taxation*, 7(5):71-79.

Feilzer, M.Y. 2010. Doing mixed methods research pragmatically: Implications for the rediscovery of pragmatism as a research paradigm. *Journal of Mixed Methods Research*, 4(1):6-16.

Fjeldstad, O.H. 2004. What's trust got to do with it? Non-payment of service charges in local authorities in South Africa. *The Journal of Modern African Studies*, 42:539-562.

Geertz, C. 1973. *The interpretation of cultures: Selected essays*. New York: Basic Books.

Goundar, S. 2012. *Cloud computing: Understanding the technology before getting "clouded"*. ResearchGate. [Online] Available from:

https://www.researchgate.net/publication/291621270_Cloud_Computing_Understanding_the_Technology_before_Getting_Clouded [Accessed: 2022-02-27].

Guest, G., MacQueen, K.M. & Namey, E.E. 2012. *Applied thematic analysis*. Los Angeles: Sage. DOI:10.4135/9781483384436. [Online] Available from: http://antle.iat.sfu.ca/wpcontent/uploads/Guest_2012_AppliedThematicAnlalysis_Ch1.pdf [Accessed: 2022-03-21].

Hale, B. 2020. Realism. *Encyclopedia Britannica*. [Online] Available from: <https://www.britannica.com/topic/realism-philosophy> [Accessed: 2022-02-27].

Hanson, B., 2008. Wither qualitative/quantitative?: Grounds for methodological convergence. *Quality & Quantity*, 42(1):97-111.

Hox, J. & Boeije, H.R. 2005. Data collection, primary versus secondary. *Encyclopedia of Social Movement*. Elsevier. [Online] Available from: http://joophox.net/publist/ESM_DC0L05.pdf [Accessed: 2022-02-27].

Jacobs, G. 2021. Hope for SARS rejuvenation. *TaxTalk, South African Institute of Taxation*, 6 May. [Online] Available from: <https://www.thesait.org.za/news/564283/Hope-for-SARS-Rejuvenation.htm> [Accessed: 2022-02-12].

James, S. & Alley, C. 2002. *Tax compliance, self-assessment and tax administration*. 27-42.

Katz Commission. 1994. *Katz Commission report into taxation*. [Online] Available from: <http://www.treasury.gov.za/publications/other/katz/> [Accessed: 2022-02-18].

Kennedy, S., McGuinness, G & Shirran, M. 2015. *Survey of PAYE taxpayers*, 64:93-116. ResearchGate.

Klopper, P., 2015. *An evaluation of the Tax Administration Act 28 of 2011 with reference to its objectives*. Doctoral dissertation. North West: North West University [Online] Available from:

http://repository.nwu.ac.za/bitstream/handle/10394/15336/Klopper_P_2015.pdf;sequence=1 [Accessed: 2022-03-21].

Knopf, JW. 2006. Doing a Literature Review. *Political Science and Politics*, JSTOR, 39(1):127-132. [Online] Available from: <http://www.jstor.org/stable/pdf/20451692.pdf> [Accessed: 2022-06-14].

Kumar, S. 2018. Understanding different issues of unit of analysis in a business research. *Journal of General Management Research*, 5(2):70-82.

Laerd Statistics. 2018. *Descriptive and inferential statistics*. [Online] Available from: <https://statistics.laerd.com/statistical-guides/descriptive-inferential-statistics.php> [Accessed: 2022-06-14].

Lans, W. & Van der Voordt, T.J.M., 2002. Descriptive research. In: T.M. de Jong & D.J.M. van der Voordt (eds). *Ways to study architectural, urban and technical design*, p.53-60. [Online] Available from: https://www.researchgate.net/publication/236007566_Ways_to_study_-_Descriptive_research [Accessed: 2022-06-14].

Lavrakas, P.J. 2008. In: *Encyclopedia of Survey Research Methods*. Sage Research Methods. [Online] Available from: <https://methods.sagepub.com/reference/encyclopedia-of-survey-research-methods/n97.xml> [Accessed: 2022-05-01].

Legg, C. & Hookway, C. 2019. Pragmatism. In: Zalta, E.N. (ed.). *Pragmatism*. Spring 2019 ed: *Metaphysics Research Lab, Stanford University*. *Stanford Encyclopedia of Philosophy Archive*. [Online] Available from: <https://stanford.library.sydney.edu.au/archives/spr2019/entries/pragmatism/> [Accessed: 2022-02-28].

Lumsden, G. & Lumsden, D. 2000. *Communicating in groups and teams*. 3rd ed. USA: Wadsworth Thomson Learning.

Mahangila, D. & Holland, K.M. 2015. Analysis of procedural and retributive justice in tax compliance. *ORSEA Journal*, 5(1):113-160.

Marczyk, G.R., DeMatteo, D. & Festinger, D., 2010. *Essentials of research design and methodology*, (2). John Wiley & Sons.

Maxwell, J.A. 2012. *A realist approach for qualitative research*. Thousand Oaks: SAGE Publications.

Merten, M. 2022. Groundswell of disgruntlement as ordinary taxpayers badgered by SA Revenue Service. *Daily Maverick*, 02 March. [Online] Available from: <https://www.dailymaverick.co.za/article/2022-03-02-groundswell-of-disgruntlement-as-ordinary-taxpayers-badgered-by-sa-revenue-service/> . [Accessed: 2022-05-01].

Miti, K., 2012. South Africa and conflict resolution in Africa: From Mandela to Zuma. *Southern African Peace and Security Studies*, 1(1):26-42.

Moosa, F. 2018. Tax Administration Act: Fulfilling human rights through efficient and effective tax administration. *De Jure*, 51(1):1-16.

Nassaji, H., 2015. Qualitative and descriptive research: Data type versus data analysis. *Language Teaching Research*, 19(2):129-132.

National Treasury and South African Revenue Services. 2022. *2021 Tax Statistics*. [Online] Available from: <https://www.sars.gov.za/about/sas-tax-and-customs-system/tax-statistics/> [Accessed: 2022-08-02].

Ngcobo, N. 2022. Re-establishment of Large Business Unit at SARS significantly boosted revenue collection. *SABC News*, 01 April. [Online] Available from: <https://www.sabcnews.com/sabcnews/re-establishment-of-large-business-unit-at-sars-significantly-boosted-revenue-collections/#:~:text=The%20relaunch%20of%20the%20Large%20Business%20Unit%20at, mining%20companies%2C%20multinationals%20and%20high%20net%20worth%20individuals> . [Accessed: 2022-06-05].

Niesiobędzka, M. 2014. Relations between procedural fairness, tax morale, institutional trust and tax evasion. *Journal of Social Research & Policy*, 5(1):1-12.

Nugent, R. 2018. *Commission of Inquiry into tax administration and governance by SARS. Final Report*. [Online] Available from: <https://www.thepresidency.gov.za/sites/default/files/SARS%20Commission%20Final%20Report.pdf> . [Accessed: 2022-02-04].

NursingAnswers.net. 2018. *Philosophy of quantitative and qualitative research*. [Online]. Available from: <https://nursinganswers.net/essays/philosophy-of-quantitative-and-qualitative-nursing-essay.php?vref=1> [Accessed: 2022-02-28].

Oberholzer, R. 2007. *Perceptions of taxation: A comparative study of different population groups in South Africa*. Doctoral dissertation. Pretoria: University of Pretoria. [Online] Available from: <https://repository.up.ac.za/bitstream/handle/2263/24820/00front.pdf?sequence=1&isAllowed=y> . [Accessed: 2022-03-01].

Oberholzer, R. & Stack, E.M. 2009. Perceptions of taxation: A comparative study of different individual taxpayers in South Africa. *Journal of Public Administration*, 44(3.1):737-755.

Oberholzer, R. & Stack, E.M. 2014. Possible reasons for tax resistance in South Africa: a customised scale to measure and compare perceptions with previous research. *Public Relations Review*, 40(2):251-266.

OECD. 2010. *Understanding and influencing taxpayers' compliance behaviour*. [Online] Available from: <https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/46274793.pdf> [Accessed: 2022-07-18].

OECD. 2019a. *Government at a glance 2019*. [Online] Available from: [https://www.oecd-ilibrary.org/sites/7c8e6ca7-en/index.html?itemId=/content/component/7c8e6ca7-en#:~:text=Trust%20levels%20vary%20widely%20across,\(pre%2Dcrisis\)%20levels.](https://www.oecd-ilibrary.org/sites/7c8e6ca7-en/index.html?itemId=/content/component/7c8e6ca7-en#:~:text=Trust%20levels%20vary%20widely%20across,(pre%2Dcrisis)%20levels.) [Accessed: 2022-06-20].

OECD. 2019b. *Tax Administration 2019: Comparative information on OECD and other advanced and emerging economies*. [Online] Available from: https://read.oecd-ilibrary.org/taxation/tax-administration-2019_74d162b6-en#page1 [Accessed: 2022-06-14].

OECD. 2021a. *A to Z of public governance terms*. [Online] Available from: <https://www.oecd.org/gov/a-to-z-public-governance.htm> [Accessed: 2022-06-14].

OECD. 2021b. *Tax Administration 2021: Comparative information on OECD and other advanced and emerging economies*. [Online] Available from: https://read.oecd-ilibrary.org/taxation/tax-administration-2021_cef472b9-en#page110 [Accessed: 2022-06-14].

Peters, B.G. 1991. The politics of taxation. *A Comparative Perspective*, Cambridge:58-64.

Potrac, P., Jones, R.L. & Nelson, L. 2014. Interpretivism. *In: Research methods in sports coaching*, pp.31-41.

Public Affairs Research Institute. 2017. Fiscal histories of Sub-Saharan Africa: The case of South Africa. [Online] Available from: <https://pari.org.za/fiscal-histories-sub-saharan-africa-case-south-africa-2/> [Accessed: 2022-02-18].

PWC. 2019. *Taxing Times 2019. A survey of corporate taxpayers' experiences with SARS*. [Online] Available from: <https://www.pwc.co.za/en/assets/pdf/tax-dispute-survey-2019.pdf> [Accessed: 2022-03-16].

Ramsey, F.P. 1927. A contribution to the theory of taxation. *The Economic Journal*, 37(145):47-61.

Ratnawati, V., Sari, R.N. & Sanusi, Z.M. 2019. Education, service quality, accountability, awareness, and taxpayer compliance: Individual taxpayer perception. *International Journal of Financial Research*, 10(5):420-429.

Saunders, M.N.K., Lewis, P. & Thornhill, A. 2009. *Research Methods for Business Students*. 5th ed. England: Pearson Education, pp.2-685. Prentice Hall.

Saunders, M.N.K., Lewis, P. & Thornhill, A. 2019. *Research methods for business students*. 8th ed. England: Pearson Education:128-170. Prentice Hall.

Shabangu, T., 2020. *A systematised review of the literature related to digitalisation and tax administration*. Doctoral dissertation. Pretoria: University of Pretoria. [Online] Available from: https://repository.up.ac.za/bitstream/handle/2263/80518/Shabangu_Systematised_2020.pdf?sequence=1 [Accessed: 2022-03-21].

Soiferman, L.K. 2010. *Compare and contrast inductive and deductive research approaches*. [Online] Available from: <https://files.eric.ed.gov/fulltext/ED542066.pdf> [Accessed: 2022-02-27].

South Africa. 2012. Tax Administration Act, No. 28 of 2011. *Government Gazette* 565 (35491):1-193 [Online] Available from: https://www.gov.za/sites/default/files/gcis_document/201409/a282011.pdf [Accessed: 2022-03-21].

South African Government. 2012. Promulgation of Tax Administration Act, 2011. [Online] Available from: <https://www.gov.za/promulgation-tax-administration-act-2011> [Accessed: 2022-03-06].

South African Revenue Services. 2008. *Strategic Plan 2009/10 – 2011/12 - South African Revenue Services*. [Online] Available from: <https://www.sars.gov.za/wp-content/uploads/Enterprise/Strat/SARS-Strat-03-SARS-Strategic-Plan-2009-2010-to-2011-2012.pdf> [Accessed: 2022-03-05].

South African Revenue Services. 2012. *Strategic Plan 2013/14 - 2017/18 - South African Revenue Services*. [Online] Available from: <https://www.sars.gov.za/wp-content/uploads/Enterprise/Strat/SARS-Strat-10-SARS-Strategic-Plan-2013-14-to-2017-18.pdf> [Accessed: 2022-03-05].

South African Revenue Services. 2014. *Strategic Plan 2015/16 - 2019/20 - South African Revenue Services*. [Online] Available from: <https://www.sars.gov.za/wp-content/uploads/Enterprise/Strat/SARS-Strat-14-Strategic-Plan-2015-2016-2019-2020.pdf> [Accessed: 2022-03-05].

South African Revenue Services. 2016. *Strategic Plan 2016/17 - 2020/21 - South African Revenue Services*. [Online] Available from: <https://www.sars.gov.za/wp-content/uploads/Enterprise/Strat/SARS-Strat-18-Strategic-Plan-2016-2017-to-2020-2021-5-September-2016.pdf> [Accessed: 2022-03-05].

South African Revenue Services. 2020a. *Annual Performance Plan South African Revenue Services 220/21*. [Online] Available from: <https://www.sars.gov.za/sars-strat-23-sars-annual-performance-plan-2020-2021-11-may-2020/> [Accessed: 2022-08-02].

South African Revenue Services. 2021. *Tax Administration*. [Online] Available from: <https://www.sars.gov.za/legal-counsel/tax-administration/> [Accessed: 2022-02-15].

South African Revenue Services. 2022. About SARS. [Online] Available from: <https://www.sars.gov.za/About/> [Accessed: 2022-02-15].

Staff Writer. 2022. SARS has a plan to increase tax collection in South Africa. *BusinessTech*, 13 May 2022. [Online] Available from: <https://businesstech.co.za/news/finance/586112/sars-has-a-plan-to-increase-tax-collection-in-south-africa/amp/> [Accessed: 2022-06-05].

Stiglingh, M., Koekemoer, A.D., Van Heerden, L., Willocks, J.S. & Van der Zwan, P. 2022. *Silke: South African Income Tax*. South Africa: LexisNexis (Pty) Ltd.

Swedberg, R., 2020. *Exploratory research. The production of knowledge: Enhancing progress in social science*. 1st ed. United Kingdom: TJ International Ltd. [Online] Available from: https://books.google.co.za/books?hl=en&lr=&id=vITMDwAAQBAJ&oi=fnd&pg=PA17&dq=exploratory+researches+swedberg&ots=ITqGIYWdWs&sig=hkSHDS2LDM3EAprQtTBJ_ek

[Me8U&redir_esc=y#v=onepage&q=exploratory%20researches%20swedberg&f=false](#)

[Accessed: 2022-17-03].

Szarowská, I. 2014. Personal income taxation in a context of a tax structure. *Procedia Economics and Finance*, 12:662-669.

Taliercio, R. 2004. Designing performance: The semi-autonomous revenue authority model. In: *Africa and Latin America*. [Online] Available from: <https://openknowledge.worldbank.org/bitstream/handle/10986/14224/wps3423.pdf?sequence=1&isAllowed=y> [Accessed: 2022-03-22].

Talisse, R.B. & Aikin, S. 2008. *Pragmatism: A guide for the perplexed*. Bloomsbury Publishing Plc.

Taylor-Powell, E. & Marshall, M.G. 1998. *Questionnaire design: Asking questions with a purpose*. Cooperative Extension Service, University of Wisconsin-Extension.

The World Bank. 2009. *Tax compliance perceptions and formalization of small businesses in South Africa*. [Online] Available from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1434025 [Accessed: 2022-06-14].

The World Bank. 2010. *Smart tax administration*. [Online] Available from: <https://openknowledge.worldbank.org/bitstream/handle/10986/10152/573980BRI0EP360Box353747B01PUBLIC1.pdf?sequence=1> [Accessed: 2022-06-14].

Wahl, I., Kastlunger, B. & Kirchler, E. 2010. Trust in authorities and power to enforce tax compliance: An empirical analysis of the “slippery slope framework”. *Law & Policy*. 32(4):383-406.

Walsh, K. 2012. Understanding taxpayer behaviour – New opportunities for tax administration. *The Economic and Social Review*, 43(3):451-475.

**APPENDIX A:
Questionnaire**

Background to the questionnaire

The questionnaire is part of the project to determine taxpayers' perceptions towards SARS during the post-apartheid era. This questionnaire will form part of a mini dissertation for an MCom degree at the University of Pretoria. The questionnaire will be sent out using Microsoft Forms.

This questionnaire is anonymous, confidential and your participation is voluntary. Your answers provided will be used for research purposes only and will be aggregated with other responses. There are no right or wrong answers. The questionnaire should not take more than 15 minutes to complete.

Thank you for your participation in this questionnaire.

If you are willing to participate, please complete the below questions.

Background

This study focuses on the post-apartheid era broken down as follows:

Period 1: 1994–2008

The dawn of the democratic South Africa. The first time in history where democratic elections were held, and Nelson Mandela was elected as the first democratic president of South Africa in 1994. Mandela was succeeded by Thabo Mbeki in 1999 (Miti, 2012:30).

SARS was established as a public institution outside of the Minister of Finance's office in terms of the SARS Act and Pravin Gordhan was appointed as the first post-apartheid Commissioner.

Period 2: 2009–2017

Mbeki's reign came to an end and was succeeded by Kgalema Motlanthe as interim president until the elections in 2009 which brought Jacob Zuma to power (Miti, 2012:36). Gordhan was succeeded by Oupa Magashula as SARS Commissioner, who resigned in May 2009.

Period 3: 2018–present (2022)

Cyril Ramaphosa was elected as president after Jacob Zuma resigned in 2018 (Nkosi, 2018). After the resignation of Oupa Magashula, Ivan Pillay acted as Commissioner until the appointment of Tom Moyane in September 2014. President Cyril Ramaphosa terminated Tom Moyane's contract in May 2018 (Nugent, 2018:22). Mark Kingon acted as Commissioner until the appointment of Edward Kieswette in May 2019 (Mjo, 2021).

Understanding the taxpayer:

1. Please indicate your age group

Younger than 18 years	
18 – 35 years	
36 – 45 years	
46 – 64 years	
65 and older	
Prefer not to answer	

2. Please indicate your gender

Male	
Female	
Other	
Prefer not to answer	

3. Please indicate your population group:

African Black	
---------------	--

Coloured	
Indian/Asian	
White	
Other, please specify	

4. Indicate which type of settlement your house is situated in

Rural	
Urban	

5. Indicate which province is your house situated

Free State	
Gauteng	
KwaZulu-Natal	
Limpopo	
Mpumalanga	
Eastern Cape	
Western Cape	

Northern Cape	
North West	

6. Are you a registered taxpayer?

Yes	
No	
Prefer not to answer	

7. Please indicate your net income per annum; **i.e., after any deductions**

R1 – R152 000	
R152 001 – R350 000	
R350 001 – R550 000	
R550 001 – R1 000 000	
R1 000 001 and above	
Prefer not to answer	

Assessing the taxpayer perception:

Based on your understanding of tax and the functioning of the government since 1994, choose the appropriate response to the following statements for all Periods:

8. I see the benefit in paying taxes.

Options	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N/A
Period 1: 1994 – 2008						
Period 2: 2009 – 2017						
Period 3: 2018 – present						
Prefer not to say						

9. I think that tax revenues are used for the benefit of the general public.

Options	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N/A
Period 1: 1994 – 2008						
Period 2: 2009 – 2017						
Period 3: 2018 – present						
Prefer not to say						

10. I consider SARS an institution that collects tax effectively and is managed well.

Options	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N/A
Period 1: 1994 – 2008						
Period 2: 2009 – 2017						
Period 3: 2018 – present						
Prefer not to say						

11. I was/am truthful in my tax declarations to SARS.

Options	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N/A
Period 1: 1994 – 2008						
Period 2: 2009 – 2017						
Period 3: 2018 – present						
Prefer not to say						

12. SARS has achieved its strategy of building public trust and confidence in the tax administration system

Options	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N/A
Period 1: 1994 – 2008						
Period 2: 2009 – 2017						
Period 3: 2018 – present						
Prefer not to say						

13. I perceive the South African tax system to be fair and contributing to the broad government objectives of reducing unemployment, poverty and inequality?

Options	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	N/A
Period 1: 1994 – 2008						
Period 2: 2009 – 2017						
Period 3: 2018 – present						

Prefer not to say						
-------------------	--	--	--	--	--	--

14. What was your initial perception towards SARS from 1994 until today? Has your perception changed throughout this period?

Period 1: 1994 – 2008	
Period 2: 2009 – 2017	
Period 3: 2018 – present	

15. What do you think of the administration of taxes by SARS?

16. What are your perceptions towards SARS?

APPENDIX B:
Declaration of plagiarism



DEPARTMENT OF TAXATION

Declaration Regarding Plagiarism

The Department of Taxation emphasises integrity and ethical behaviour with regard to the preparation of all written assignments. Although the lecturer will provide you with information regarding reference techniques, as well as ways to avoid plagiarism (see the "Guidelines on Referencing" document), you also have a responsibility to fulfil in this regard. Should you at any time feel unsure about the requirements, you must consult the lecturer concerned before submitting an assignment.

You are guilty of plagiarism when you extract information from a book, article, web page or any other information source without acknowledging the source and pretend that it is your own work. This does not only apply to cases where you quote the source directly, but also when you present someone else's work in a somewhat amended (paraphrased) format or when you use someone else's arguments or ideas without the necessary acknowledgement. You are also guilty of plagiarism if you copy and paste information directly from an electronic source (e.g., a web site, e-mail message, electronic journal article or CD-ROM) without paraphrasing it or placing it in quotation marks, even if you acknowledge the source.

You are not allowed to submit another student's previous work as your own. You are furthermore not allowed to let anyone copy or use your work with the intention of presenting it as his/her own.

Students who are guilty of plagiarism will forfeit all credits for the work concerned. In addition, the matter will be referred to the Committee for Discipline (Students) for a ruling. Plagiarism is considered a serious violation of the University's regulations and may lead to your suspension from the University. The University's policy regarding plagiarism is available on the Internet at <http://www.library.up.ac.za/plagiarism/index.htm>.

For the period that you are a student at the Department of Taxation, the following declaration must accompany all written work that is submitted for evaluation. No written work will be accepted unless the declaration has been completed and is included in the particular assignment.

	Student
I (full names & surname):	Thina Dlepu
Student number:	22729722

Declare the following:

1. I understand what plagiarism entails and am aware of the University's policy in this regard.
2. I declare that this assignment is my own, original work. Where someone else's work was used (whether from a printed source, the Internet or any other source) due acknowledgement was given and reference was made according to departmental requirements.
3. I did not copy and paste any information directly from an electronic source (e.g., a web page, electronic journal article or CD ROM) into this document.
4. I did not make use of another student's previous work and submitted it as my own.
5. I did not allow and will not allow anyone to copy my work with the intention of presenting it as his/her own work.

Thina Dlepu

Signature