

# What Sars 3.0 means for you

## TAX DEBT: DIGITAL ENFORCEMENT IS OVERHAULING THE RULES OF THE COLLECTION GAME

» Streams of 3<sup>rd</sup>-party data pulled into compliance ecosystem.

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The South African Revenue Service (Sars) is not merely collecting more tax; they are fundamentally changing the administration and enforcement of tax laws.

Beneath the headline figures of the 2026 fiscal framework lies a deeper structural shift that will shape taxpayer engagement for years to come in what is widely known as Sars 3.0.

For taxpayers, this strategic transformation may not be as evident as a new rate of tax or a policy change, however, its implications are far more significant.

Per Sars's recent media release, it is working towards a system where "tax just happens" – in the context of Sars's legal mandate to collect tax revenue, this alludes to more streamlined and efficient tax debt collections.

With the undisputed tax debt book sitting at a staggering R518.2 billion, these system changes will allow for Sars to precisely detect any "risk", and eradicate tax non-compliance through the use of AI, sophisticated data analytics and refined algorithms.

### The problem remains significant

The 2026 Budget Speech updates served as a reminder that the tax debt book remains firmly on Sars's radar.

As at 31 January, 2026, South Africa's total outstanding tax debt stood at R646 billion, of which R518.2 billion is undisputed and legally recoverable.

Despite intensified enforcement efforts, at the time of reporting, Sars had collected only R79.4 billion.

This leaves the revenue author-



**COLLECTION DRIVE.** Sars 3.0 can be seen as the digital brain, while Project AmaBillions is the muscle, and together they make a formidable tax enforcement engine. Picture: Moneyweb

ity roughly R15 billion short of its collection target for the period.

Recognising the magnitude of the tax debt collection challenge, government has allocated an additional R7 billion to strengthen Sars's debt recovery capabilities.

This funding has already enabled the recruitment of approximately 1 500 additional debt collectors, forming part of a targeted enforcement drive widely referred to as Project AmaBillions.

The initiative is aimed at systematically reducing the country's growing tax debt backlog and increasing recovered debt from R95 billion to at least R120 billion during the 2025-26 fiscal year.

Beyond recovery are Sars's finely tuned audit capabilities, uncovering additional tax debt due, and imposing understatement penalties of up to 200%.

The expanding use of third-party financial data

Under the leadership of Commissioner Edward Kieswetter, Sars has been steadily rebuilding its institutional capacity and in-

vesting heavily in digital modernisation. In practical terms, this means Sars is increasingly integrating vast streams of third-party financial data into its compliance ecosystem.

Financial institutions, employers, medical schemes, investment platforms and other reporting entities provide structured data to Sars, enabling the revenue authority to compare taxpayer declarations against independently sourced financial information.

Through the use of integrated data analytics tools, Sars can flag inconsistencies between declared income and actual financial activity, identify undeclared revenue streams and highlight taxpayers carrying outstanding liabilities.

Risk profiling models can identify taxpayers who may have understated income or claimed inappropriate deductions.

Once flagged, these cases can move quickly from automated engagement to enforcement through robust historical audits, or directly to civil judgment against the offending taxpayer where more amicable collection attempts have been ignored.

of a deliberate strategy to ensure taxpayers cannot plausibly claim to have missed important compliance notifications.

### Consequences of the 'head in the sand' approach

Where taxpayers fail to engage with Sars after receiving a letter of final demand, and Sars is aware of funds that could be used to settle in full or a portion of a tax debt, Sars may issue third-party appointment notices to institutions such as banks or employers, allowing funds to be deducted directly from the taxpayer.

The revenue authority, where third-party data indicates a significant asset portfolio, may also pursue civil judgments to attach assets and sell assets in recovery of the debt, or initiate broader recovery or criminal proceedings where necessary for non-compliance with a Tax Act.

### The choice is yours – comply or be made to comply

These data-driven system implementations are here to stay. With hundreds of billions of rand in outstanding tax debt and growing pressure on the national fiscus, strengthening tax administration remains one of the most effective ways for government to increase revenue without raising taxes elsewhere.

The additional funding from the government, expanded enforcement teams and growing use of financial data should therefore be viewed as parts of a single strategy where Sars 3.0 provides the digital infrastructure and Project AmaBillions provides the enforcement engine.

For taxpayers with unresolved liabilities, the message is clear. Ignoring a tax debt is a risky strategy. Proactive tax management and engagement with Sars is the only solution. Where the path to compliance may not be clear, taxpayers are urged to engage with professionals to guide them to a mutually favourable outcome.

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# 518.2bn

the amount of the tax debt book.

### Where data, debt collection meet

The connection between these developments and Project AmaBillions is clear. A modern, data integrated revenue authority does not rely on chance discovery. It relies on information.

Identifying undisputed tax debts begets Sars identifying taxpayer assets (local and offshore), verifying financial activity through supplied data and coordinating enforcement action across both civil judgments and third-party appointments.

Collectively, this forms part of Sars's modern debt collection, reshaping how Sars engages with taxpayers.

The revenue authority now engages taxpayers through digital platforms, including SMS notifications, online portal alerts and WhatsApp. While these messages may feel informal, they form part