With SARS not having disclosed details on the risk analysis tool that can trigger the auditing of a taxpayer, rumours have been spreading about how the authority goes about choosing individuals for audit.

If your employer or clients have been asking you how SARS selects taxpayers for audits, feel free to share this article with them.

**Myth 1: SARS officials stalk individuals on social media**

Truth: SARS does not have the resources to stalk people on social media, but they will act on tip-offs from the public. SARS will also notice discrepancies and improbabilities on returns compared with those filed in previous tax periods, which might prompt the Receiver to look into the growth of an individual’s asset base over the past five years, or the comparison of answers on a lifestyle questionnaire provided by a taxpayer and other sources of information.

**Myth 2: Certain demographics are more likely to be targeted for verification**

Truth: The verification process isn’t targeted at specific demographic groups, but there are a few areas that seem to trigger the automated system used to identify individuals for verification. These areas, where non-compliance is traditionally highest, include medical expenses, home offices, travel allowances, repairs and maintenance of secondary properties and high-net-worth individuals. In addition to cases being selected for audit on the basis of risk, taxpayers may also be selected for audit on a random or cyclical basis.

**Myth 3: Non-disclosure will protect a taxpayer from being selected for an audit**

Truth: Non-disclosure does not reduce tax liability. The Tax Administration Act makes provision for SARS to access a wider range of information sources. Information provided by these sources can be used during the verification and auditing process, even on information that has not been disclosed to SARS by the taxpayer under investigation. Should any taxpayer be found guilty of non-disclosure they can expect penalties of up to 200%, as well as criminal charges.

**Myth 4: SARS tricks sources into divulging information**

Truth: SARS officials will not lie about their identity during the verification process, but questions might be stated in a way that catches the respondent unawares. The information sources will divulge the information they have on hand, not the information as filed by the taxpayer under suspicion. It remains surprising how much information SARS officials gain from ex-partners, unhappy employees, and wronged family members. It is, therefore, of utmost importance that all tax returns are filed in a compliant and honest manner.

**Myth 5: Misunderstandings and unintentional errors exempt taxpayers from penalties**

Truth: Unintentional errors will be treated the same as intentional non-compliance, but overall tax behaviour will be taken into account by SARS when deciding on penalties. It is, therefore, of utmost importance for taxpayers to make use of qualified and SARS-registered tax practitioners to submit their tax returns. Tax professionals in turn must stay up-to-date with the latest regulations, as any tax practitioner that has filed incorrect or fraudulent information on behalf of a client can become liable for the resulting tax debt.