

Generative Artificial Intelligence and Professional Ethics

03 June 2025



Solidarity

Equality

Sustainability



South African Revenue Service

Generative Artificial Intelligence and SARS

03 June 2025



Solidarity

Equality

Sustainability



South African Revenue Service

Generative Artificial Intelligence



South African Revenue Service

SARS Strategic Objectives

1. Provide clarity and certainty for taxpayers of their obligations
2. Make it easy for taxpayers to comply with their obligations
3. Detect taxpayers who do not comply and making it hard and costly to not comply
5. Increase and expand the use of data within a comprehensive knowledge management framework to improve integrity, derive insight and improve outcomes
6. Modernize our systems to provide DIGITAL and STREAMLINED online services



South African Revenue Service

SARS takes big step towards building a smart modern revenue authority

SARS embarked on a journey to reimagine a future revenue authority where increasingly its work will be informed by data-driven insights, self-learning computers, artificial intelligence and interconnectivity of people and devices

SARS has begun to lay a firm foundation to achieving the increased revenues through the synthesis of data driven insights, artificial intelligence and technology infrastructure.

More than 3 million taxpayers are being automatically assessed, and an accelerated payment of refunds to 75% of taxpayers within 72 hours.



South African Revenue Service

How Artificial Intelligence and SARS are transforming the tax landscape

In recent years, artificial intelligence (AI) and automation have revolutionized the management of tax compliance, with SARS (South African Revenue Service) leading the charge through innovative initiatives.

From enhanced data collection and integration to the modernization of tax systems, the tax environment is evolving rapidly. For tax practices, adapting to these changes is not just advisable - it is essential.



South African Revenue Service

How SARS uses Generative AI to improve service and encourage compliance

SARS Strategic Objectives

- 2. Make it EASY for taxpayers and traders to comply with their obligations** - Through the use of generative AI, SARS tailor taxpayer segment services according to the different levels of complexity, making it simpler for traders and taxpayers to fulfil their responsibilities.
- 3. DETECT taxpayers & traders who do not comply, making non-compliance HARD & COSTLY** – SARS uses generative AI data and information processing techniques to detect non-compliance.



South African Revenue Service

How SARS uses Generative AI to improve service and encourage compliance

5. Increase and expand the use of DATA within a comprehensive knowledge management framework to improve integrity, derive insight & improve outcomes –

SARS's expansion and increased use of data, data analytics, and artificial intelligence makes it possible for SARS;

- ✓ to comprehend the compliance behavior of traders and taxpayers to provide clarity and certainty where necessary,
- ✓ to offer a straightforward, easy, and seamless service that encourages voluntary compliance,
- ✓ to timely or early detection of risks, trends, and instances of non-compliance that allow SARS to enforce responsibly, and
- ✓ to integrate data into a complete knowledge management system.

6. Modernize our systems to provide **DIGITAL & STREAMLINED** online services

SARS digital platforms provide reliable and secure services to taxpayers and enables data collection that is used to identify trends and service needs.



South African Revenue Service

SARS and Artificial Intelligence Assistant

The Artificial Intelligence Assistant provides responses in real time questions from

1. Taxpayers
2. Traders
3. Travellers

This is based on published information, user guides and other SARS systems which are publicly available on the SARS website.



South African Revenue Service

SARS's Data Driven Revolution

SARS has expanded its focus on collecting and integrating critical data. Key areas of focus include:

- **EMP501 Reconciliations:** Comprehensive records of employee tax submissions, enabling SARS to gain detailed insights into payroll taxes, cross-reference company tax filings, and verify individual returns.
- **IT3T Trust Distributions:** Detailed reporting on trust distributions ensures accurate tax declarations for beneficiaries and trustees, while helping identify undeclared income.
- **ITR14 Shareholder Disclosures:** Capturing data on shareholders and beneficial ownership ensures companies meet reporting requirements and that individuals' personal taxes align with their declared business interests.



South African Revenue Service

SARS's Data Driven Revolution

SARS has expanded its focus on collecting and integrating critical data. Key areas of focus include:

- **Beneficial Ownership Reporting:** Enhancing corporate transparency helps combat tax evasion and money laundering activities.
- **Data from International Sources:** SARS is implementing systems to collect data from overseas accounts and transactions to ensure global compliance and uncover undisclosed income or assets.

By integrating these datasets, SARS is creating a comprehensive compliance ecosystem that enhances its ability to detect non-compliance, enforce tax laws, and reduce evasion. This interconnected approach leaves little room for errors or omissions, increasing the pressure on tax practices to ensure accuracy and transparency.



South African Revenue Service

SARS's Use of Automation

Automation has become a cornerstone of SARS's operations. Leveraging AI-powered tools, SARS is:

- **Automating risk assessments** to swiftly identify potential non-compliance and flag high-risk taxpayers for audits or investigations.
- **Pre-populating tax returns** using existing data, reducing manual input while requiring taxpayers to validate the pre-filled information.
- **Streamlining taxpayer interactions** through modern digital platforms like eFiling and the SARS MobiApp, improving efficiency and accessibility.
- **Analysing large datasets** to detect patterns of tax evasion, such as mismatched employer and employee declarations, unreported trust distributions, and discrepancies in VAT submissions.

Additionally, SARS is focusing on cryptocurrency obligations. Taxpayers are legally required to declare cryptocurrency transactions, and SARS is actively monitoring these activities to ensure compliance, with plans to expand its capabilities in this area.



South African Revenue Service

How SARS uses Generative AI to improve service and encourage compliance

- SARS uses Generative AI to improve accuracy and enforce stronger adherence to regulations.
- SARS investigates taxpayers and initiates audits when there is a suspicion of tax fraud or avoidance using third-party data (cross-referencing of data).
- These algorithms look for strange earnings trends or sudden increases in deductions.
- One example is the compliance program, which uses data, AI, and machine learning algorithms. "Stops" on the excise and customs systems would be another, leading to audits.
- Thus, the application of Generative AI ensures accuracy in the Compliance Program.



How SARS uses Generative AI to improve service and encourage compliance

- To determine tax due, SARS uses information it gets from banks, retirement-annuity funds, medical plans, employers, and other third parties. Once the information collected and the tax calculation are satisfactory, SARS will then automatically issue an assessment through eFiling or the SARS MobiApp.
- Using machine learning to streamline audits reduces audit time and ensures accurate assessments.
- By reducing the chance of human error in tax submissions, automation increases the reliability and accuracy of processed data, allowing SARS to manage enormous volumes of data efficiently.



South African Revenue Service

How SARS uses Generative AI to improve service and encourage compliance

- This benefits the organisation as well as the taxpayers.
- SARS also implemented chatbots with AI capabilities to offer 24/7 assistance. By providing timely responses to often asked enquiries, these virtual assistants help taxpayers navigate the process more efficiently.



South African Revenue Service

Dealing with Cybercrime

Generative Artificial Intelligence ability to create realistic false content has been exploited in numerous types of cybercrime, including phishing scams – SARS

Examples

Whatsapp messages indicating the as a taxpayer you must receive a refund from SARS and you need to supply your banking details

Email send from e-mail addresses indicating that you need to confirm private information to the e-mail address, When you look at the e-mail address, it looks like a legitimate SARS e-mail address



South African Revenue Service

AI Identifies Fraud Faster

Tax fraud has always been a challenge for SARS. With AI, they're now able to identify suspicious activity faster than ever before. **AI systems** scan through vast amounts of data, spotting red flags and trends that human auditors might miss.

For instance:

- A sudden jump in deductions claimed by a business.
- Unusual income patterns or transaction behaviors.

These irregularities are flagged by AI, triggering a deeper look from SARS auditors. This means better fraud detection and a fairer tax system for compliant businesses. The AI tools SARS uses are designed to **prevent tax evasion** and ensure everyone plays by the rules.



South African Revenue Service

Audits Get Quicker and Easier

Getting audited can be a long, painful process. But with SARS now using **machine learning**, the auditing process is much faster and less painful. AI systems can analyze financial statements, review tax filings, and identify discrepancies at lightning speed.

Instead of waiting months for an audit to finish, **AI-assisted audits** provide faster results, meaning quicker resolutions and less downtime for your business. In 2023 alone, **over 60% of audits** conducted by SARS were AI-driven, speeding up the entire process.



South African Revenue Service

AI Chatbots: Tax Help 24/7

One of the coolest features AI brings to SARS is the introduction of **AI-powered chatbots**. These bots are available 24/7 to help with common taxpayer questions. Whether you need to figure out filing deadlines or understand how to make a payment, AI bots offer quick and easy answers without the long wait times you might get on a phone call.

Not only does this improve your overall experience, but it also helps you stay compliant by answering your questions faster. If you're struggling to figure out your tax deductions, these bots will guide you through the process step by step.



South African Revenue Service

How Does This Impact Your Business?

Let's break it down:

- **Faster Audits:** AI speeds up the audit process, so you get results faster and can get back to business sooner.
- **Less Fraud:** AI makes it harder for tax evasion to slip through the cracks, creating a more level playing field.
- **Fewer Penalties:** AI's predictive capabilities help prevent missed deadlines by giving you a heads-up before you make a costly mistake.
- **Better Accuracy:** AI reduces errors in tax filings, meaning less back-and-forth with SARS over discrepancies.

All these benefits add up to a more streamlined, efficient system—helping businesses stay compliant while reducing the pain of dealing with tax issues.



South African Revenue Service

Professional Ethics



South African Revenue Service

What is Professional Ethics?

Professional ethics refers to the ethical principles and standards that govern the behavior and decisions of professionals in their specific fields. These principles and standards are established to ensure that professionals act with integrity, honesty, and accountability while providing services to their clients, customers, or stakeholders.

Objectives of Professional Ethics

Here are some specific objectives of professional ethics:

- Protection of the Public
- Promotion of Professional Values
- Maintenance of Professional Standards
- Prevention of Unethical Behavior
- Accountability



South African Revenue Service

Protection of the Public

Professional ethics aim to protect the public by ensuring that professionals provide services that are safe, competent, and ethical. This includes maintaining confidentiality, avoiding conflicts of interest, and providing services that are in the best interests of the clients.

Promotion of Professional Values

Professional Ethics promotes the values that are important to a profession, such as honesty, integrity, respect, and responsibility. By adhering to these values, professionals can build trust and credibility with their clients and the public.



South African Revenue Service

Maintenance of Professional Standards

Professional Ethics helps to maintain the standards of the profession by establishing guidelines and standards for ethical behavior. These standards are designed to ensure that professionals provide services that meet the required standards of quality and competence.

Prevention of Unethical Behavior

Professional Ethics aims to prevent unethical behavior by providing guidance on how to identify and address ethical issues. By being aware of potential ethical dilemmas, professionals can take steps to prevent unethical behavior before it occurs.



South African Revenue Service

Accountability in Professional Ethics

Professional Ethics promotes accountability by holding professionals responsible for their actions. This helps to ensure that professionals are held accountable for any unethical behavior and that they take steps to prevent such behavior from occurring in the future.



South African Revenue Service

To address the topic of professional ethics, particularly in the context of tax practitioners / government officials in South Africa, several principles and guidelines need to be adhered to, ensuring the provision of high-quality, professional, and ethical services. Here are the key aspects:

1. Professional Competence and Integrity:

- Tax practitioners / government officials are expected to demonstrate honesty and integrity in all professional relationships.
- They must be compliant with taxation laws in their personal affairs and maintain a Tax Compliance Status with their Recognized Controlling Body (RCB).
- Practitioners / government officials should not associate with information that is misleading or false and must cease to represent a taxpayer if inaccuracies are not rectified.

2. Confidentiality and Professional Conduct:

- Tax practitioners / government officials must protect the confidentiality of their client's / employer's information.
- They need to follow codes of ethics and conduct, which include honesty, integrity, confidentiality, and professional competence.

Clients should be advised correctly regarding their rights and obligations under the tax laws.



South African Revenue Service

3. Reporting Unprofessional Conduct:

- Anyone can report the unprofessional conduct of a tax practitioner to SARS if they believe the practitioner is not acting in the taxpayer's interest within the bounds of the law.
- Examples of breaches include non-compliance with tax laws in personal capacity, failure to submit accurate figures, or impersonating clients.



South African Revenue Service

Importance of Professional Ethics

Here are some additional points on the importance of professional ethics:

- Ensures Responsible and Ethical behavior
- Promotes Trust and Credibility
- Encourages Ethical Decision-making
- Fosters a Positive Work Environment
- Promotes Social Responsibility



South African Revenue Service

Advantages of Professional Ethics

Professional ethics offer several advantages for both professionals and the organizations they work for. Here are some of the key advantages:

- Enhances Professional Reputation
- Improves Decision-Making
- Encourages Accountability
- Fosters a Positive Workplace Culture
- Protects the Public Interest



South African Revenue Service

Limitations of Professional Ethics

Here are some of the limitations of professional ethics:

- Limited Enforcement Mechanisms
- Conflicts Between Personal and Professional Values
- Lack of Clarity
- Limited Scope
- Inadequate Training



South African Revenue Service

SARS' approach to integrity

- The SARS integrity model and approach is informed by our Country's Constitution which clearly indicates the kind of public institutions required, to enable us to realise a democratic and developmental state. SARS as part of the Public Administration is thus obliged to provide services in a fair, equitable, transparent and accountable manner. Equally, it calls for high standards of professional ethics, efficient and effective use of the resources it is entrusted with.
- To this end, SARS is consistently true to the higher purpose, which is about championing the mandate of the organisation. Championing the mandate in a consistent and sustained manner requires that the organisation deliberately and purposefully promotes a culture of integrity to strengthen and support an environment that is intolerant of unethical conduct, fraud and corruption.



South African Revenue Service

Thank you
Siyabulela
Siyabonga
Siyathokoza
Dankie
Re a leboga
Re a leboha
Ro livhuwa
Ha khensa



Solidarity Equality Sustainability



South African Revenue Service