

I'M HERE TO CONFESS MY SINS, MR TAXMAN! By Jonathan Hore

There are instances where one simply needs to bite the bullet and confess to the taxman that their tax affairs are a mess. It is those instances where you do not know how you got to owe so much in unpaid taxes, why you never checked your tax return filings or why you ducked the proposal from a tax consultant to fix your taxes. But how does one find themselves in such tax mess? I will elaborate on that below. In this article, words importing the masculine shall be deemed to include the feminine.

People ignore tax

Entrepreneurs and other taxpayers are worried about winning the next client, making it for the next crucial meeting and crossing the next milestone. In the process, not all of them think of tax. This is very common, especially with SMMEs as they are usually owner managed. The businesses may grow and the bigger they grow, the more the tax mess if appropriate tax controls are not put in place. What then happens is that a taxpayer will get a wake-up call when the taxman knocks on their door or when they have to obtain a tax clearance certificate. So, as you focus on running your business, do not forget that any contract or deal you enter into may have possible tax consequences.

But don't be fooled to think that tax compliance is a problem only with SMMEs; it is common in every sector as some of the matters are very technical. In fact, unless an entity keeps their Tax advisor close to them, chances that they will not be tax compliant are very high.

Underestimating tax ignorance

Tax lingo has so much of technical jargon that may at time only be understood by tax-literate persons. What makes tax a complex subject is that it is law and it changes from time to time due to legislative amendments as well as court rulings. So, the simple fact that one is a lawyer or an accountant who did one or so courses in Taxation does not make them a Tax consultant. They still have a lot that they may need to learn. Of course, they may do the basic things such as tax computation preparation and filings but when it gets to deep tax matters, they fall short. This explains why every business should have a Tax specialist by their side, regardless of the fact that they have an accountant or external auditors.

Now, imagine that if an entity with a lawyer or a qualified accountant may still find itself in a tax mess, what about other guys who want to run their stuff by their own without any clue of the tax laws? They are most likely to find themselves sitting on millions of tax debts.

Confess your sins!

So, this is what happens in practice; if tax matters are ignored for some time, they grow exponentially until they are onerous. Remember that in addition to principal tax, the taxman charges interest for late-payment of tax as well as tax penalties for late-submission of tax returns. So, your business may literally choke if your tax exposures are laid down before you. If you can fix the matters and come clean, then go for it. However, if the tax burden is so heavy such that you just can't bear it, then it may be time to plead for amnesty from the taxman. Confession-time.

Forgive me, Mr Taxman!

When your tax burden is so huge that you can't fix it, then you may be left with no option but to confess your tax sins to the taxman and see if an amnesty or waiver of tax or interest may be granted. This involves unreservedly laying your affairs bare before the taxman with the intention of resolving the past and complying going forwards. That's not an easy process though but you will be relieved should you get the amnesty or penalties waived. The taxman becomes lenient when taxpayers voluntarily confess tax sins than when

he finds them out. So, is your tax burden so heavy you just can't bear it? Maybe it's time for confession; spill the beans and come clean. But don't try this alone. Get a Tax consultant to walk with you, lest you get your hands burnt!

Before Yours Truly says goodbye, remember to pay to Caesar what belongs to him If you want to join our Tax whatsapp group, send me a text on the cell below.