

Detailed Overview of the Provisional Tax Process on Sky Tax

The Sky Tax Technical Briefing provides a comprehensive guide to managing provisional tax calculations using the Sky Tax system for the 2024 tax year. Here's an expanded summary, including critical steps and practical advice.

1. Preparation and Setup

Connecting to SARS e-Filing:

- Ensure the Sky Tax system is properly connected to SARS e-Filing.
- Synchronize data from the EFREGISTER to avoid registration issues.
- New users should contact support if they encounter problems with synchronization or client registration.

Communication with Clients:

- Establish efficient communication channels (letters, emails, digital signatures) well in advance.
- Digital signatures facilitate a paperless process, enhancing remote work capabilities.
- Test communication methods (emails, SMS) internally before client use to ensure reliability.

System Organization:

- Finalize and lock ledgers for prior years and P1 for 2024 to prevent accidental changes.
- Use Sky Tax's sticky notes as a CRM tool to track and control the provisional tax process.
- Employ filters to manage and review client data efficiently, ensuring accurate calculations.

2. Data Retrieval and Initial Calculations

Initial Data Setup:

- Begin with the P2 REVIEW menu to check that all ledgers are properly created.
- The provisional tax process is managed from a central review screen, enabling bulk operations or individual client handling.
- Conduct a global calculation to create the 2024 P2 ledger page, using ledger data (last assessment figures) initially.

Retrieving SARS Data:

- Retrieve IRP6 data from SARS after ensuring it is available (usually from January 1 for P2).
- Perform the first retrieval to move data to the e-Filing system, then wait a day and conduct a second retrieval to transfer data to Sky Tax.
- Avoid early downloads to prevent incomplete data retrieval.

3. Adjustments and Calculations

Medical Credits and PAYE:

- Update medical credits (section 6A) using the last IT12 tax calculation if Sky Tax was used.
- Obtain accurate PAYE figures from clients, as SARS data may not be up-to-date.
- Manually adjust credits and PAYE figures in the system where necessary.

Difference Reports:

- Generate difference reports to compare SARS figures with your ledger.
- Investigate discrepancies and adjust calculations based on accurate data.
- Use filters and status tags to manage and track differences efficiently.

Additional Income and Capital Gains:

- Ensure capital gains and additional income are correctly included in the current year's calculations.
- Use the system's estimate mode to adjust income figures and recalculate as needed.
- Communicate any significant changes to clients and obtain their approval.

4. Client Communication and Approval

Obtaining Client Approval:

- Send clients detailed communication about their provisional tax obligations.
- Use digital signatures to obtain formal approval of the calculated tax amounts.
- Keep records of all client approvals within the Sky Tax system for compliance and future reference.

Risk Management:

- Highlight the importance of accurate estimates to clients, particularly for high-income individuals.
- Ensure P2 estimates are within 90% accuracy for incomes below R1 million and 80% for incomes above R1 million to avoid penalties.

5. Filing and Follow-Up

Submitting Returns:

- File returns individually or in bulk using Sky Tax's submission tools.
- Monitor the SARS status to confirm successful submission and address any issues promptly.
- Use filters to manage which clients' returns are filed to avoid errors.

Post-Filing Procedures:

- Download payment receipts daily to track client payments.

- Follow up with clients who have not paid their provisional tax to ensure compliance.
- Mark clients as finalized once all steps are complete, and use the calc status to filter out completed records.

Special Considerations

Companies vs. Individuals:

- Differentiate between the treatment of companies and individuals, ensuring the correct handling of turnover figures and PAYE.
- Ensure company classifications (e.g., small business) are accurate to apply the correct tax rules.

Using Filters and Reports:

- Utilize filters to isolate specific groups of clients, such as those with differences or those ready for filing.
- Generate and review reports to ensure all discrepancies are addressed and that the provisional tax process is accurately managed.

Conclusion

The Sky Tax system provides a structured and comprehensive approach to managing provisional tax calculations, ensuring accuracy, compliance, and efficient client communication. By following these detailed steps and utilizing the system's features, tax practitioners can streamline the provisional tax process and minimize the risk of errors or penalties. For any issues or questions, Sky Tax support is readily available to provide assistance.