
GOVERNMENT NOTICES

SOUTH AFRICAN REVENUE SERVICE

No. 787

1 October 2012

**ELECTRONIC FORM OF RECORD KEEPING IN TERMS OF SECTION 30(1)(b) OF
THE TAX ADMINISTRATION ACT, 2011 (ACT NO. 28 OF 2011)**

In terms of section 30(1)(b) of the Tax Administration Act, 2011, I, George Ngakane Virgil Magashula, Commissioner for the South African Revenue Service, hereby prescribe, in the Schedule hereto, the electronic form in which records, books of account and documents that are required to be kept or retained in terms of section 29 of the Tax Administration Act, 2011, must be held.


G N V MAGASHULA**COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE**

SCHEDULE

1. General

- 1.1. Any word or expression contained in this notice to which a meaning has been assigned in a tax Act as defined in section 1 of the Tax Administration Act, 2011 (Act No. 28 of 2011) (“the Act”) has the meaning so assigned, unless the context indicates otherwise.
- 1.2. In this notice, the following terms, if in single quotation marks, have the following meanings—
- ‘**an acceptable electronic form**’ has the meaning contained in rule 3.2;
 - ‘**the Electronic Communications and Transactions Act**’ means the Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002);
 - ‘**electronic records**’ means ‘records’ that are kept or stored in electronic form on a computer or on another electronic storage device and are either originally created in an electronic form or are converted from any non-electronic form into an electronic form; and
 - ‘**records**’ mean the records, books of account or documents that a person is required to keep or retain in terms of section 29 of the Act.

2. Authority to keep records in electronic form

A person who is required to keep ‘records’ in terms of section 29 of the Act may keep those ‘records’, or part of those ‘records’, in an electronic form as provided in the rules set out in this notice.

3. Acceptable electronic form

- 3.1. In addition to the other requirements contained in these rules, the ‘electronic records’ must be kept in an ‘acceptable electronic form’.
- 3.2. An ‘acceptable electronic form’ is a form in which—

- (a) the integrity of the electronic record satisfies the standard contained in section 14 of the Electronic Communications and Transactions Act;
- (b) the person required to keep 'records' are able to, within a reasonable period when required by SARS—
 - (i) provide SARS with an electronic copy of the 'records' in a format that SARS is able to readily access, read and correctly analyse;
 - (ii) send the 'records' to SARS in an electronic form that is readily accessible by SARS; or
 - (iii) provide SARS with a paper copy of the 'records'; and
- (c) the 'records' kept in an electronic form may be accessed by SARS for the purpose of performing a function referred to in section 3 of the Act.

4. Location of records

- 4.1. 'Records' retained in an electronic form must be kept and maintained at a place physically located in South Africa.
- 4.2. A senior SARS official may authorise a person to keep 'records' in an electronic form at a location outside South Africa if the official is satisfied that—
 - (a) the electronic system used by the person will be accessible from the person's physical address in South Africa for the duration of the period that the person is obliged to keep and retain 'records';
 - (b) the locality where the 'records' are proposed to be kept will not affect access to the electronic records;
 - (c) there is an international tax agreement for reciprocal assistance in the administration of taxes in place between South Africa and the country in which the person proposes to keep the electronic 'records';
 - (d) the form in which the 'records' are maintained satisfies all the requirements of these rules apart from the issue of physical locality of the storage; and
 - (e) the person will be able to provide an 'acceptable electronic form' of the 'records' to SARS on request within a reasonable period.

5. System documentation explanation

- 5.1. A person who uses computer software or an electronic platform that is commonly recognised in South Africa, to keep 'records' in an electronic form, need not keep the documentation described in this rule.
- 5.2. If a person keeps 'records' in an electronic form and uses computer software or an electronic platform that is altered or adapted for that person's environment, is created or designed for the person or is not commonly recognised in South Africa, then the person must keep the documentation described in this rule.
- 5.3. A person referred to in rule 5.2. must—
- (a) keep any computer and software manuals that are relevant to accessing and understanding the person's method of electronic recordkeeping; and
 - (b) if the documents referred to in rule 5.3.(a) do not adequately describe the person's system of electronic record keeping, then the person must prepare and keep a written document that accurately describes the person's system of electronic record keeping.
- 5.4. The written document referred to in rule 5.3.(b) must contain a description of the following—
- (a) how transactions are created, processed and stored;
 - (b) how and what reports are generated;
 - (c) how often electronic records are stored;
 - (d) the format used to store and archive the 'records', that includes a description of the media, software and hardware used;
 - (e) the physical locality where 'records' are stored or archived;
 - (f) a data dictionary that explains how 'records' are indexed when created, processed, stored or backed-up; and
 - (g) the procedures and protocols in place to prevent the unauthorised deletion, alteration and destruction of 'records' and reports.

- 5.5. If the 'electronic record' consists of any non-electronic 'record' that is converted to an electronic form, or of any 'electronic record' that is converted to another electronic form, a separate record must be kept of the following—
- (a) a chronological record and explanation of all changes or upgrades to the software and hardware used, including explanations of how the new system can recreate an 'acceptable electronic form';
 - (b) where applicable, explanations of migrations of data that may have taken place across either software or hardware;
 - (c) a detailed record of the controls which maintain the integrity of an old system together with a record of the 'records' processed to an electronic or another electronic format as applicable; and
 - (d) an explanation of archival and back-up facilities for any electronic systems that are no longer used by the person.
- 5.6. If a person carries out internet-based transactions, the written document or record referred to in rule 5.3. and 5.5. must also contain a description of the—
- (a) log files created to identify individual transactions; and
 - (b) security measures used to maintain the identity, integrity and authenticity of transactions.

6. Storage, back-up and conversion

A person who keeps 'records' in an electronic form must ensure that measures are in place for the adequate storage of the 'electronic records' for the duration of the period referred to in section 29 of the Act, which include—

- (a) the appropriate storage of the media on which the 'electronic records' are recorded;
- (b) the storage of all electronic signatures, log-in codes, keys, passwords or certificates required to access the 'electronic records'; and
- (c) procedures to obtain full access to any 'electronic records' that are encrypted.

7. Inspection of electronic system by SARS

- 7.1 A person who keeps or retains 'electronic records' must have the 'electronic records' available for inspection by SARS in terms of section 31 of the Act—
- (a) at all reasonable times; and
 - (b) at premises physically located in South Africa, or accessible from such premises if authority in terms of rule 4.2. has been granted.
- 7.2. In the course of an inspection carried out in terms of section 31 of the Act, the electronic system used by the person who keeps 'records' in an electronic format, must be capable of demonstrating positively that the provisions of these rules are complied with, including, but not limited to, validating that—
- (a) the electronic records meet the standard of integrity referred to in rule 3.2.(a); and
 - (b) an 'acceptable electronic form' can be displayed or produced.
- 7.3. Any electronic signatures, log-in codes, keys, passwords or certificates required to access the 'electronic records' must be available at all reasonable times to enable an inspection in terms of section 31 of the Act to be carried out.
- 7.4. The written document and records required to be maintained in terms of rule 5 must be available at all reasonable times to enable an inspection in terms of section 31 of the Act to be carried out.

8. Making electronic records available for audit or investigation

'Electronic records' must be able to be made available for the purpose of an audit or investigation in terms of section 48 of the Act, which includes having the following available on the date and at the time that the audit or investigation is scheduled to start—

- (a) any electronic signatures, log-in codes, keys, passwords or certificates required to access the 'electronic records' for the purpose of audit or investigation; and
- (b) the written document and records required to be maintained in terms of rule 5.

9. Duration of keeping or retaining electronic records

A person who keeps 'records' in an electronic form must be able to comply with the provisions of these rules throughout the period that the person is required to keep 'records' in terms of section 29 of the Act.