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## PROVINCIAL TREASURY CIRCULAR NO. 15 OF 2018

### TO:

THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (MR FS SIBOZA)  
THE MUNICIPAL MANAGER (ACTING): BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR E MASHAVA)  
THE MUNICIPAL MANAGER (ACTING): CITY OF MBOMBELA (MR N DIAMOND)  
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR MD NGWENYA)  
THE MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR TMP KGOALE)  
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR CA HABILE)  
THE MUNICIPAL MANAGER (ACTING): CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR M DLAMINI)  
THE MUNICIPAL MANAGER (ACTING): DIPALESENG LOCAL MUNICIPALITY (MRS TC MAMETJA)  
THE MUNICIPAL MANAGER (ACTING): DR PIXLEY KA SEME (MR P THWALA)  
THE MUNICIPAL MANAGER (ACTING): GOVAN MBEKI LOCAL MUNICIPALITY (MR T MHLANGA)  
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MRS GP MHLONGO - TSHANGASE)  
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR M KUNENE)  
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR M ZUNGU)  
THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MS MM SKHOSANA)  
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MR MJ MAHLANGU)  
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MS EK TSHABALALA)  
THE MUNICIPAL MANAGER (ACTING): EMALAHLENI LOCAL MUNICIPALITY (MR HS MAISELA)  
THE MUNICIPAL MANAGER (ACTING): STEVE TSHWETE LOCAL MUNICIPALITY (MR B KHENISA)  
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR O NKOSI)  
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MR MJ MAHLANGU)

THE DIRECTOR GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA (MR T MDAKANE)  
HEAD: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR P NYONI)

THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT  
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT  
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE

## TAX COMPLIANT SYSTEM

### 1. PURPOSE

The purpose of this Circular is to provide information to Accounting Officers of Municipalities and Municipal Entities in the implementation of a revised tax management system applicable to Supply Chain Management (SCM) processes and introduces a revised Municipal Bidding Document 1 (MBD) to give effect to the new Tax Certificate System (TCS) as a way of verifying the tax compliance status of bidders. This circular also updates the information on tax clearance certificates contained in MFMA Circular 29.

### 2. BACKGROUND

Government is committed to reducing supply chain related fraud and ensuring that the persons conducting business with the State are not afforded any scope to abuse the SCM system. It is therefore essential to ensure that persons conducting business with the State are tax compliant when participating in tenders or other bidding processes.

On the 18<sup>th</sup> of April 2016, the South African Revenue Service (SARS) introduced an enhanced TCS system aimed at improving compliance and making it easier for taxpayers to manage their tax affairs.

Section 112(1)(I)(iii) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) read together with regulation 43 of the Municipal SCM Regulations, prohibits Municipalities or Municipal Entities from awarding bids to persons whose tax matters have not been cleared by SARS.

Therefore, the TCS impacts on SCM processes and documentation that must be submitted as SARS no longer issues tax compliance certificates.

### 3. APPLICABILITY

This Circular applies to all Municipalities and Municipal Entities and are advised to update their current SCM policies to ensure alignment with the new TCS.

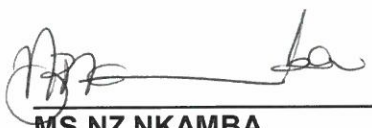
### 4. EFFECTIVE DATE

This Circular takes effect from 30 January 2018 as issued by National Treasury.

### 5. DISSEMINATION OF INFORMATION CONTAINED IN THE ATTACHED SCM CIRCULAR

Accounting Officers of Municipalities and Municipal Entities are hereby requested to disseminate the contents of the attached National Treasury MFMA Circular No. 90 on Tax Compliance Status to their respective Chief Financial Officers and Supply Chain Management Units for implementation in order to enhance compliance.

Regards



**MS NZ NKAMBA**  
**HEAD: PROVINCIAL TREASURY**  
**DATE: 9/03/2018**