

# SARS is coming after taxpayers with a new weapon, leaving nowhere to hide



The South African Revenue Service (SARS) wants to introduce new laws that will enable wide-reaching lifestyle audits, helping it clamp down on taxpayers whose lifestyles don't match their means.

The legislative changes are contained in the new draft General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill, published on 14 January 2026.

The proposals aim to grant the Financial Intelligence Centre (FIC) statutory power to conduct lifestyle audits.

The draft Bill defines a lifestyle audit as “an audit to determine if a person's living standards are consistent with the income from legitimate sources that can be attributed to that person”.

According to Tax Consulting SA, once unexplained wealth is identified and reported to SARS, the taxman will pursue “individuals with unexplained wealth”, who may also come under the National Prosecuting Authority's gaze.

One of the reasons the proposed change is so significant is because of how widely the lifestyle audit powers could spread.

The FIC is mandated to assist in identifying the proceeds of crime and safeguarding the country's financial system—but it is also obligated to share the information it collects with numerous bodies.

As outlined in the draft Bill, the FIC is tasked with making the information it collects and produces available to:

- An investigating authority;
- The National Prosecuting Authority;
- An intelligence service;
- The South African Revenue Service
- The Independent Police Investigative Directorate;
- The Intelligence Division of the National Defence Force;
- A Special Investigating Unit;
- The office of the Public Protector;
- An investigative division of a national department
- A supervisory body;
- The investigative division of the Auditor-General
- The Border Management Authority or
- The Public Procurement Office

“This means that detecting tax non-compliance will not remain within SARS’ ambit alone,” Tax Consulting said.

“The tax authority may now effectively have a broad range of state bodies reporting potential non-compliance to it.”

On the strength of information received from the FIC, **all these organs of state can come after you, triggering SARS scrutiny.**

The Draft Bill also makes clear that the FIC can conduct lifestyle audits on persons prescribed by the Minister at the request of an organ of state, public entity, or municipality, if it reasonably believes the entity is affected by, or has an interest in, the information it obtains through such an audit.

“With this widening of powers, the wolf is at the door for individuals who have been living an extravagant lifestyle they cannot justify by their declared income,” Tax Consulting said.

## How you could get flagged



Tax Consulted said that lifestyle audits look at whether a person's standard of living is consistent with income from legitimate sources and formally declared to SARS.

Importantly, it is not a voluntary process and is driven by intelligence, making the wider net in the draft Bill crucial for sniffing out discrepancies.

The FIC Act requires a person who carries on a business or an employee who suspects money laundering, terrorist financing, or an unusual transaction to report it to the FIC.

The FIC stipulates that all citizens have a responsibility to report suspicious and unusual transactions and behaviour.

So a taxpayer may get flagged by an anonymous report from a national department, or by a colleague or neighbour who suspects something untoward.

Flags may pop up in other instances too—such as owners of multi-million-rand supercars having their tax returns checked, or even when people post their exorbitant lifestyles on social media.

Once intelligence exists and is shared, the scope for remedial action narrows significantly.

“When an audit is underway, the state is no longer asking questions in the abstract. It is actively testing explanations against data already in its possession,” Tax Consulting said.

Once unexplained wealth is identified and reported, the group warned that the downstream risks for taxpayers escalate quickly.

“These include potentially significant additional tax assessments, understatement penalties of up to 200% of the tax outstanding, and even criminal prosecution,” it said.

“The only way to avoid this is by making use of SARS’ Voluntary Disclosure Programme, which guarantees waiver of all penalties and amnesty from criminal prosecution by the Commissioner of SARS.”

However, this won’t apply in instances of gross negligence or intentional tax evasion, it said.

Comment on the draft Bill closes on 13 February 2026.