



**AITKEN LAMBERT
ELSWORTH**
CHARTERED ACCOUNTANTS (S.A.)

With Compliments

Office 1. Ground Floor. Building 2
The Glades Office Park
70 to 78 Armstrong Avenue
La Lucia Ridge
4051

Tel: 031 202 7601
Tel: 031 277 2740
Fax: 031 202 7663
Email: info@aitkenlambert.co.za
Website: www.aitkenlambert.co.za

Directors: CC Elsworth, A King and AG Wiggill




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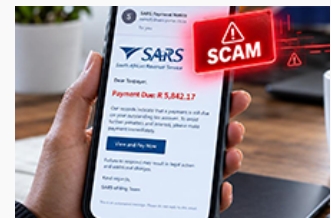
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SARS Scams and eFiling Profile Hijacking: Taxpayers Beware

"All role players must play their part to prevent criminals from accessing taxpayers' information." (SARS)

Every day, too many taxpayers fall victim to convincing scams that use SARS' name to steal personal information and money.

Cybersecurity Awareness Month (every October) raises awareness about digital security, empowering South Africans to protect their personal data from digital forms of crime. It's a good time to revisit the growing threat of SARS scams and eFiling profile hijackings.



Common SARS scam types

- **Phishing emails:** Members of the public randomly receive false 'spoofed' emails, made to look as if they were sent from SARS, but which are fraudulent. Examples include emails appearing to be from returns@sars.co.za or refunds@sars.co.za, indicating that taxpayers are eligible to receive tax refunds. These emails contain links to false forms and fake websites designed to look like SARS sites, with the aim of fooling taxpayers into entering personal information such as bank account details, which criminals then extract and use fraudulently.
- **Fake SMS messages:** SARS does not send *.htm or *.html attachments. Any SMS claiming to be from SARS with such attachments is fraudulent.
- **Fake WhatsApp messages:** SARS will not provide links to be opened or SARS bank account details for payments on a WhatsApp message.
- **eFiling profile hijacking:** Criminals gain access to taxpayers' eFiling profiles, change banking details, and divert refunds.

What SARS will and won't do

SARS will:

- ✓ Verify your personal details for telephonic engagement and authentication purposes
- ✓ Communicate through official SARS channels only
- ✓ Direct you to check your SARS profile on eFiling or the SARS MobiApp for legitimate debts

SARS won't:

X	Request passwords, one-time pins (OTPs), banking PINs or eFiling login credentials through email, SMS, social media or telephone
X	Request your banking details in any communication via post, email or SMS (but SARS will verify your personal details for telephonic authentication)
X	Send hyperlinks to other websites, even those of banks
X	Ask for your credit card details
X	Send *.htm or *.html attachments
X	Provide a SARS bank account number for payments
X	Ask you to click any link to access its website or services

What to do if you suspect a scam

Do not respond to communications that you suspect to be a scam. Simply contact us and let us provide certainty.

We will check whether the message is part of an official SARS communication campaign or if it's a known scam message currently in circulation. If it's a new scam, we can report it to the right authorities.

Before you share personal information or make any payments, we can verify the communication through official SARS channels. For example, if the communication pertains to outstanding debt, we can verify this directly on SARS platforms, as any legitimate debt will reflect on your SARS profile.

How to stay safe beyond Cybersecurity Month

- Do not open or respond to emails from unknown sources
- Be suspicious if a message asks for personal information or creates urgency
- Never share confidential details with unauthorised individuals
- Never click on any link to access SARS' website or SARS services or to verify an account
- Only use secure internet platforms to access electronic services such as eFiling
- Enable two-factor authentication on eFiling profiles
- Use strong, unique passwords and change these regularly

SARS scams are becoming more sophisticated, but the rules for spotting them remain unchanged. **When in doubt, and before taking any action, contact us.**

Win the War for Talent Without Paying Enterprise-Level Salaries

"Recognise flexibility as a selling point. Generally speaking, top talent wants the option to crunch numbers at a coffee shop or stay in their slippers at home." (Kevin Kuske)

Every small business owner knows the feeling: a promising candidate sails through the interview process, everyone loves them ... And then a bigger company swoops in with a salary offer that simply can't be matched.

It's easy to assume the fight for talent is over before it starts. But compensation is only one variable in a much larger equation. In addition to cold hard cash, candidates today are looking for flexibility, growth potential, purpose, and how much their work actually matters. These are all areas where lean, close-knit companies often outperform corporate giants.

Business advisors, HR experts, and small-business owners increasingly agree: the "war for talent" isn't only won with bigger paychecks. It's won by understanding what employees genuinely value and building an offer around it. Here are our 8 tips.



1. Lead with flexibility

Flexible work arrangements have become one of the most powerful, low-cost tools available to small employers. Staffing firm Spherion notes that many candidates weigh flexibility and growth opportunities just as heavily as salary, and that smaller companies tend to have far more room to build compelling offers around said flexibility. Data backs this up: research from the Harvard Business School found that a significant proportion of employees would accept a pay cut just to keep their remote work arrangement.

2. Make company culture your differentiator

Culture is a genuine competitive advantage for small teams. As staffing firm Beacon Hill notes, many professionals actually prefer working at smaller companies where they can see the direct impact of their work. Business owners who can't win on salary may still win by offering something large employers structurally can't: proximity to leadership, visibility, and a relaxed work-life balance. Small companies should lean into this rather than apologise for their size. Job postings, interviews, and onboarding should all reflect the authentic, non-corporate environment.

3. Prioritise cultural fit as much as skill

Hiring for the right personality can matter more than choosing the candidate with the most impressive CV. PureWow CEO Ryan Harwood has said he'd rather bring on someone slightly less talented who fits the culture perfectly than someone highly talented who doesn't mesh with the team. For small businesses, where every hire has an outsized impact on daily operations, getting the right fit is doubly important.

4. Invest in growth and development

Career growth is one of the most persuasive, and least expensive, tools a small business has. The Small Business Association of Michigan points to LinkedIn's Workplace Learning Report, which found that 94% of employees said they would stay at a company longer if it invested in their career development. Mentorship, cross-training, and covering the cost of a certification or course all send the same message: this company is invested in where you're headed, not just what you can do for it today.

5. Recognise and reward often, informally and formally

Recognition costs a little and matters a lot. The Small Business Association of Michigan also recommends building in low- or no-cost perks. A relaxed dress code, team activities, a pet-friendly workplace, alongside regular recognition programs and small rewards to boost morale are all great ideas. Because small teams are more visible to leadership day-to-day, recognition can be personal and immediate rather than buried in an annual review cycle. A spontaneous gesture from the boss is often more meaningful to employees than the corporate version of the same action.

6. Move fast and communicate clearly during hiring

Large companies are often slowed down by layers of approval. Small businesses can turn speed into a selling point. Business.com points out that while a small business likely can't offer the highest salaries in its market, it can offer the fastest hiring process. On top of speed, simple communication matters. Said Eastman, of JobsInTheUS.com, highlights how something as small as an automatic application confirmation, or a real phone number candidates can call with questions, signals respect for applicants' time, and sets a small business apart.

7. Build the whole compensation picture, not just the base salary

Salary is only one line item in total compensation. HireHive's guidance for small employers stresses looking at the entire compensation package, including health insurance, retirement contributions, flexible time off, and remote-work stipends. This can meaningfully close the gap between a small business's offer and a larger competitor's, without requiring the same payroll spend. That's not to say salary isn't important: the number you offer has to be realistic, of course.

8. Treat staffing as flexible, not fixed

Not every role needs to be a full-time hire on day one. Robert Half's research into small-business staffing points back to management theorist Charles Handy's "shamrock organization" model, blending core full-time staff with contractors and outsourced specialists, as a way to access skilled talent without committing to enterprise-level headcount costs. This approach lets small businesses bring in specialised expertise for a project or busy season, then scale back down, all while keeping the core team lean and well cared for.

The Exit You Might Not Have Considered: Selling Your Company to Your Employees

"I've never been a guy who's just about getting a check, so I thought: is there a way we can keep this going, and bring others along for the ride?" (Dan Kenary, founder Harpoon Brewery, on introducing an employee ownership arrangement)

When entrepreneurs imagine an exit, they usually picture three doors: a trade sale, a private-equity deal, or a family handover. Yet there is a fourth route that is often less discussed and, for the right company, more emotionally and strategically satisfying: selling the business to the people who already know it best. When properly structured, employee ownership is a succession strategy that can deliver liquidity to the founders, stability to the staff and continuity to the customers.



Beyond the obvious buyer

For many owners, employee sales may work because they offer benefits more traditional sales do not. External bidders may promise a premium, but they can also bring integration risks, redundancies, culture changes and potentially even the wholesale dismantling of what made the company valuable in the first place. Selling to your employees, on the other hand, may offer a route towards preserving the enterprise, rewarding the workforce and allowing you to retire without feeling like you've sold the soul of the business.

Is it even possible?

In a conventional business sale, accountants are commonly responsible for preparing financial statements, supporting due diligence and calculating the tax implications of the transaction. An employee ownership transaction requires a much broader advisory role.

The first question your accountant (that's us) must help you answer is the vital question of what the company is worth, and just how employees might be able to purchase it. Valuation may draw on normalising earnings, cash flow forecasts, comparable market multiples, the asset base and the particular risks of the business and ensuring accurate financial reporting. This will give you a clearer understanding of what the business is worth and whether the proposed transaction is financially sustainable.

Where employees do not have the capital to purchase a business outright, it becomes important to evaluate the options available to finance the purchase as this will impact the viability of the transaction.

How to make it happen

Once you've established that selling to your employees is *possible*, you need to decide which route to take. In South Africa, there are many different ways of doing it. Employees may acquire shares directly, either individually or through an acquisition vehicle. Some employee ownership arrangements may be structured to hold shares collectively on behalf of employees, often through a trust or another ownership vehicle. B-BBEE objectives can also be incorporated into an employee ownership arrangement.

There are many different ways to skin this cat. Each option carries different tax, governance and funding implications that change based on your company's unique situation. Taking into account your wishes, and the financial landscape of the business, your accountant can determine exactly which of these methods is most viable.

Other considerations

Another thing which may impact the decision-making process is how taxation could be applied. Depending on how the deal is structured, founders may become liable for Capital Gains Tax on the disposal of their shares, while employees could face income tax implications if shares are acquired below market value or through certain incentive arrangements.

Trusts, debt-funded acquisitions and phased ownership transfers can all influence the overall tax outcome, making early advice essential. As your accountants, we can model different scenarios, identify potential tax efficiencies and ensure the transaction complies with the requirements of the Income Tax Act while avoiding costly surprises for both buyer and seller.

The bottom line

Selling to employees is rarely the quickest or simplest exit. It demands careful structuring, realistic valuations, appropriate funding arrangements and ongoing governance. But for founders who value continuity as much as financial return, it can provide one of the most meaningful succession strategies out there.

Can Business Entertainment Expenses Be Claimed Against Tax?

"To be deductible the expenditure must be: actually incurred, in the production of income, expended for the purposes of trade, and not of a capital nature." (SARS)

Business entertainment expenses occupy a unique space in South African tax law. While they may or may not be deductible for income tax purposes under strict rules, a deduction of input VAT on these expenses is generally **not** allowed.



Income tax deduction? What the law says...

Under Section 11(a) of the Income Tax Act, an expense must satisfy four conditions to be deductible. It must be:

1. actually incurred
2. in the production of income
3. expended for the purposes of trade; and
4. not of a capital nature

As Judge Watermeyer explained in the landmark Port Elizabeth Electric Tramway Co v CIR case, expenses are deductible when they are "so closely linked to such acts as to be regarded as part of the cost of performing them." In other words, you must be able to show that the entertainment was genuinely incurred for an income-producing business purpose and was sufficiently closely connected with your trade.

The "production of income" test is the key battleground in entertainment expense disputes. Expenses such as meals, venue hire, and live entertainment may be deductible if the event has a genuine business purpose, for example, entertaining clients or suppliers.

The purpose of the entertainment must be demonstrably commercial. You are required to retain sufficient records to demonstrate compliance with tax law. This might be in the form of a documented agenda or meeting notes, or a comprehensive function schedule including the date, venue, attendees, and the specific business objective.

VAT? Almost never...

Even if an entertainment expense qualifies for an income tax deduction, you generally cannot deduct input VAT on entertainment such as client meals, beverages, or hospitality. That's because Section 17(2)(a) of the VAT Act explicitly prohibits input tax deductions on entertainment.

Entertainment is broadly defined in the VAT Act as "the provision of any food, beverages, accommodation, entertainment, amusement, recreation or hospitality of any kind." This covers:

- staff refreshments (tea, coffee, snacks)
- business lunches and dinners
- catering for staff canteens
- annual functions (venue hire, entertainment, staff costs)
- marketing promotions and events
- entertaining clients at restaurants, bars and nightclubs

The exceptions

There are nine express exceptions to the prohibition on input VAT recovery for business entertainment expenses, of which two are especially important.

1. Where the vendor is in the business of supplying entertainment (to either customers or employees), the vendor may generally claim VAT on inputs used to make its taxable supplies, provided the statutory requirements are met. SARS explains that the entertainment must generally be supplied for consideration intended to cover the direct and indirect costs, or meet the relevant open-market-value rules.
2. Input VAT may generally be claimed on an employee's qualifying meals and accommodation where the employee is required by their duties to spend at least one night away from both their usual residence and usual workplace, and the trip relates to making taxable supplies on behalf of the vendor.

Ducks in a row

The Tax Administration Act places the burden of proof on the taxpayer. To satisfy SARS during an audit, you must maintain contemporaneous records for every entertainment claim and retain these for at least five years from the submission date of the return in which the expense was claimed. It's a good idea to include the following:

1. Date and location of the event
2. Full names and company details of clients and staff present
3. A specific description of the business purpose or commercial discussion
4. Itemised tax invoices and proof of payment

Mind the audit

Professional advice is strongly recommended before claiming entertainment expenses, because a claim for entertainment expenses is likely to be flagged for investigation by SARS.

Our expert oversight before claiming will ensure your tax position is verified, that you have adequate proof that the claims are for legitimate business expenses, and that the cost, time and risk of a SARS audit is justified by the tax savings claimed.

Your Tax Deadlines for October 2026

- **07 October:** PAYE submissions and payments
- **23 October:**
 - End of Personal Income Tax Filing Season 2026 for non-provisional taxpayers
 - VAT manual submissions and payments
- **29 October:** Excise duty payments
- **30 October:**
 - VAT electronic submissions and payments
 - CIT Provisional Tax payments where applicable



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