

Your small business is doomed to fail without proper tax compliance

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South Africa's youth remains a vital part of growing South Africa's economy. The country's youth still face many challenges including unemployment. Recently, Statistics SA published South Africa's unemployment figures, which recorded a staggering unemployment rate of 32,6%. Added to this is of course the challenges that Covid-19 has brought alongside it to our youth.



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Every year, June marks a very important month in the lives of South African young people. 16 June is a reminder of the sacrifices made by the youth in 1976 during the Soweto uprising protesting against the use of Afrikaans as a medium of instruction under the Apartheid Regime.

South Africa's youth remains a vital and integral part of growing South Africa's economy. Almost 25 years later, South Africa's youth still face many challenges including unemployment. Recently, Statistics SA published South Africa's unemployment figures, which recorded a staggering unemployment rate of 32.6%. Added to this is of course the challenges that Covid-19 has brought alongside it to our youth.

But it's not all doom and gloom for all. Many young people have embraced their entrepreneurial thinking and ideas and have chosen to embark on opening their own businesses and entrepreneurial pursuits in the form of companies and small, micro, and medium enterprises (SMMEs).

Why tax compliance is important

Starting a new business comes with its tax requirements as prescribed by the various tax laws. One of the biggest challenges that our youth face when setting up their own business is taxpayer education and compliance, which can negatively impact the cost of doing business.

For most businesses, getting to a fully tax compliant status can be time-consuming and burdensome. However, this is vital for SMMEs as non-compliance may lead to loss of revenue, penalties, and interest being imposed by the South African Revenue Services.

Tax compliance is important for a number of reasons especially when dealing with government and business entities that require a Tax Compliance Certificate for purposes of letters of good standing for tenders in the private and public sector.

To be tax compliant, SMMEs must ensure that there is proper accounting in the business relating to expenses and disbursements. income and receipts, preparation and submission of tax returns.

Each type of business is subject to different tax requirements and understanding each [tax type](#) is important to understand the underlying compliance requirements. Lastly, taxpayer awareness is important, especially the understanding when each tax return is due.

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