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### In this Issue

Customer Service Is King

Employers: Do You Face A Double Penalty If You Contravene Two Acts?

Could We Be Headed For A Tax Revolt

Your Tax Deadlines For December

Enjoy the Break!

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### Customer Service Is King

*"The goal as a company is to have customer service that is not just the best but legendary"*  
*(Sam Walton, founder of Walmart)*

In an increasingly competitive environment, keeping your customer base is a given for business survival. We also live in a world of increasing self-absorption – witness the "selfie" phenomenon – so giving good customer service becomes crucial.



#### **Good service or bad – how word spreads**

Research shows that customers who experience poor customer service tell between nine to ten other people of this experience. Conversely, when they experience good customer service they tell five people. This is magnified in the age of social media.

*So how do you ensure good customer service?*

Let's start with where many of us find ourselves today – the call centre telling us in a computerised voice that “your call is important to us”, it then gives you several options none of which is appropriate to your concerns and finally leaves you holding on for what seems a lifetime. If you do get through, the voice at the other end invariably puts you through to someone else until finally the phone goes dead. A few days later you receive an sms or email asking you how you rated the customer service. Technology such as a call centre can be an aid to improving customer service but it needs to be put within a framework. You need to set up a system whereby customer complaints will be effectively dealt with. Then you need to train the staff who will handle complaints. This staff needs to:

- Understand your business so they have insight into complaints.A
- Communicate with the customer. If solving the problem takes time, go back to the customer frequently so they feel you are taking their complaint seriously and are dealing with it.
- Have listening skills so they can grasp what they are being told. It is frustrating to feel that you have not been understood.
- Have empathy, understand the customer's mindset (is he or she angry for example). Remember a self-absorbed person wants to feel that you take their complaint seriously and they want to feel they are dealing with a person and not a computer.
- Be persistent so that the customer's problem is resolved.

### ***Customer retention v customer acquisition***

This may seem like a large undertaking but it is worth it. Businesses with good customer service stay close to their clients, learn from their interaction with them and ultimately improve the organisation. **It costs 5 times more to acquire new customers than it does to retain existing ones - so invest in keeping the customers you already have.**

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## **Employers: Do You Face A Double Penalty If You Contravene Two Acts?**

***“Will you still need me.....when I'm sixty four?” (Beatles)***

A recent Labour Appeal Court case highlighted the need, when planning to terminate an employee's services, to ensure that the correct legal procedure is followed. More interestingly, it answered the question of whether, if the termination transgresses two Acts, the employer is separately liable for each transgression.



### ***“When I'm Sixty Four” – a case of age discrimination***

A senior employee who was a founding shareholder of a business left the business after twelve years and continued to render his services through a labour broker.

At the age of 56 he rejoined the business which set up a pension fund that the employee choose not to join due to his age. Retirement in terms of the pension fund was set at 60 but the company could elect to allow selected employees to continue working until they turned 65.

Subsequently, the employee's performance proved unsatisfactory and management informed him that he would retire at the age of 64.

The employee resisted this and the matter ended up in the Labour Court and from there in the Labour Appeal Court.

As there was no evidence that the employee had agreed to this early retirement, the Court found in his favour that he had been dismissed simply because he attained the age of 64. That meant, held the Court, that he had been both automatically dismissed unfairly in terms of the Labour Relations Act and unfairly discriminated against on the basis of his age in terms of the Employment Equity Act. Critically however, both breaches arose from only one wrongful action.

### ***Could the judgment have been different?***

Undoubtedly it could have been. The employer was deferential in its treatment of the employee because he was a founder of the organisation and was one of its senior employees. Thus, the performance issues were skirted around and the employer attempted to save face all round by getting the employee to retire. Had the employer correctly followed the law in terms of taking corrective action to address the employee's poor performance, it is very possible the issue could have been settled without the unpleasantness and court cases that followed.

### ***Did the company have to pay twice?***

No. The Court found that there is nothing unusual in an employee claiming compensation under two separate Acts and that the employee was entitled to compensation for the attack on his dignity under both Acts. However it would be unfair to penalise the employer twice for the same wrongful act and accordingly a court will not award compensation separately under each Act. In the end result the Labour Appeal Court confirmed a "just and equitable" total compensation award of R420,000 (12 months earnings).

It is always worthwhile seeking expert advice when cases like this occur. **Good advice early on would have saved both parties costs and time.**

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## **Could We Be Headed For A Tax Revolt**

***"The greater the level of corruption, the less we will have tax integrity and the greater the possibility of a tax revolt" (Judge Davis, Chairperson of the Davis Tax Committee)***

There is no doubt the mood in the country has soured in recent times. Whilst we have become used to numerous service delivery protests, the rise of middle class protests such as those around the Gauteng e-tolls and more recently the student #FeesMustFall, has been seen as a milestone in post-1994 South Africa. This is because the government is seemingly under the impression that it will not lose many votes with service delivery protests as the bulk of the protesters receive grants. With e-tolls and #FeesMustFall however, the protesters have resources, are well organised and are independent of the ruling party.



### ***What would cause it?***

There is a social contract between taxpayers and government – taxpayers are willing to pay tax if it is spent correctly. As Judge Davis says this bargain breaks down when corruption increases. In addition, spend at parastatals, such as the SABC, is viewed as wasteful and misallocated.

Whilst tax revolts go way back to when civilisations first emerged, we should remember that SARS are in a strong position – for example, it is unlawful to hold back taxes owed. The emergence of another mass protest movement is possible but certainly cannot be viewed as a given.

***Revolts don't have to be mass movements***

Taxpayers have resources and can start shifting their assets and income to jurisdictions outside of South Africa. We are particularly vulnerable to this as the top 10% of the country's earners pay 87% of personal income tax.

This is the bigger threat to the fiscus and explains why so much attention is being given by SARS to "base erosion" or the shifting of income to lower tax entities.

So even if there is no open tax revolt, it is entirely possible that it is happening under the radar as people shift their assets and income off-shore. The continuing weakness in the Rand lends credence to this possibility.

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**Your Tax Deadlines For December**

There are only run-of-the-mill deadlines for December.



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**Enjoy the Break!**

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