Budget & Tax Update
March / April 2017

2017 Budget
Where is most of our tax collected?*

*Figures per Budget Review 2017

- Persons and individuals: 37%
- Companies income tax: 26%
- Dividends tax: 5%
- Taxes on property: 4%
- Value added tax: 5%
- Specific excise duties: 1%
- General fuel levy: 2%
- Other domestic taxes: 2%
- Taxes on international trade: 1%

Impact of tax proposals on 2017/18 revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross tax revenue (before tax proposals)</td>
<td>1,237,464</td>
</tr>
<tr>
<td>Budget 2017/18 proposals</td>
<td>28,024</td>
</tr>
<tr>
<td>Tax on individuals and companies</td>
<td></td>
</tr>
<tr>
<td>Personal income tax</td>
<td>16,516</td>
</tr>
<tr>
<td>Revenue from not fully adjusting for inflation</td>
<td>12,148</td>
</tr>
<tr>
<td>Revenue if no adjustment is made</td>
<td>14,028</td>
</tr>
<tr>
<td>Bracket creep adjustment</td>
<td>-2,480</td>
</tr>
<tr>
<td>New top marginal income tax bracket</td>
<td>4,369</td>
</tr>
<tr>
<td>Increase in dividend withholding tax rate</td>
<td>6,822</td>
</tr>
<tr>
<td>Transfer duty decrease</td>
<td>-448</td>
</tr>
<tr>
<td>Increase in general fuel levy</td>
<td>3,197</td>
</tr>
<tr>
<td>Increase in excise duties on tobacco products</td>
<td>657</td>
</tr>
<tr>
<td>Increase in excise duties on alcoholic beverages</td>
<td>1,280</td>
</tr>
<tr>
<td>Gross tax revenue (after tax proposals)</td>
<td>1,265,488</td>
</tr>
</tbody>
</table>
2017 Budget Highlights

• A new top personal income tax rate of 45% for individuals with a taxable income above R1.5 million
• The tax rate on trusts (other than special trusts which are taxed at rates applicable to individuals) will increase from 41% to 45%
• An increase in the dividend withholding tax rate from 15% to 20%, effective from 22 February 2017
• The general fuel levy will increase by 30 cents per litre on 5 April 2017 and 9 cents per litre on the road accident fund levy
• A 6% to 10% increase in excise duties on alcoholic beverages and tobacco products

Tax Tables – Individuals

<table>
<thead>
<tr>
<th>Taxable Income (R)</th>
<th>Rate of Tax (R)</th>
<th>Taxable Income (R)</th>
<th>Rate of Tax (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 189 880</td>
<td>18%</td>
<td>0 – 188 000</td>
<td>18%</td>
</tr>
<tr>
<td>189 881 – 296 540</td>
<td>34 178 + 26%</td>
<td>188 001 – 293 600</td>
<td>33 840 + 26%</td>
</tr>
<tr>
<td>296 541 – 410 460</td>
<td>61 910 + 31%</td>
<td>293 601 – 406 400</td>
<td>61 296 + 31%</td>
</tr>
<tr>
<td>410 461 – 555 600</td>
<td>97 225 + 36%</td>
<td>406 401 – 550 100</td>
<td>96 264 + 36%</td>
</tr>
<tr>
<td>555 601 – 708 310</td>
<td>149 475 + 39%</td>
<td>550 101 – 701 300</td>
<td>147 996 + 39%</td>
</tr>
<tr>
<td>708 311 – 1 500 000</td>
<td>209 032 + 41%</td>
<td>701 301 and above</td>
<td>206 964 + 41%</td>
</tr>
<tr>
<td>1 500 000 and above</td>
<td>533 625 + 45%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Rebates

<table>
<thead>
<tr>
<th>Rebates for natural persons</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 65 – Primary</td>
<td>13 635</td>
<td>13 500</td>
</tr>
<tr>
<td>65 and over – Secondary</td>
<td>7 479</td>
<td>7 407</td>
</tr>
<tr>
<td>75 and over - Tertiary</td>
<td>2 493</td>
<td>2 466</td>
</tr>
</tbody>
</table>

## Tax Thresholds

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 65</td>
<td>75 750</td>
<td>75 000</td>
</tr>
<tr>
<td>65 to 74</td>
<td>117 300</td>
<td>116 150</td>
</tr>
<tr>
<td>75 and over</td>
<td>131 150</td>
<td>129 850</td>
</tr>
</tbody>
</table>
### Monthly Medical Scheme Contribution Tax Credits

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(R)</td>
<td>(R)</td>
<td></td>
</tr>
<tr>
<td>Taxpayer and first dependant, each</td>
<td>303</td>
<td>286</td>
</tr>
<tr>
<td>Each additional dependant</td>
<td>204</td>
<td>192</td>
</tr>
</tbody>
</table>

### Local Interest Exemption & Tax Free Investments

<table>
<thead>
<tr>
<th>Local Interest Exemption</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(R)</td>
<td>(R)</td>
<td></td>
</tr>
<tr>
<td>Under 65</td>
<td>23 800</td>
<td>23 800</td>
</tr>
<tr>
<td>Over 65</td>
<td>34 500</td>
<td>34 500</td>
</tr>
</tbody>
</table>

**Tax Free Investments**

- The annual limit on contributions is increased from R30 000 to R33 000. The lifetime limit remains at R500 000
### Capital Gains Tax Exclusions

<table>
<thead>
<tr>
<th>Exclusion</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual exclusion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual exclusion in year of death – gains and losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary residence exclusion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal of small business by natural person if over age 55 or due to ill-health or death</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Max market value of assets to qualify as a small business</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Capital Gains Tax Effective Rates – YOA commencing 1 Mar 2017

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Inclusion Rate (%)</th>
<th>Statutory Rate (%)</th>
<th>Effective Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individuals</strong></td>
<td>40</td>
<td>0 – 45</td>
<td>0 – 18</td>
</tr>
<tr>
<td><strong>Trusts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special</td>
<td>40</td>
<td>18 – 45</td>
<td>7.2 – 18</td>
</tr>
<tr>
<td>Other</td>
<td>80</td>
<td>45</td>
<td>36</td>
</tr>
<tr>
<td><strong>Companies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary</td>
<td>80</td>
<td>28</td>
<td>22.4</td>
</tr>
<tr>
<td>Small business corporation</td>
<td>80</td>
<td>0 – 28</td>
<td>0 – 22.4</td>
</tr>
<tr>
<td>Employment company (personal service provider)</td>
<td>80</td>
<td>28</td>
<td>22.4</td>
</tr>
<tr>
<td>Foreign company (Permanent establishment)</td>
<td>80</td>
<td>28</td>
<td>22.4</td>
</tr>
<tr>
<td>Micro-business subject to turnover tax</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
**Travelling Allowance**

- Deemed expenditure table has changed with effect from 1 March 2017
  - See revised table in notes
  - Each value band is increased by 6.25%
  - Fixed cost, 6.8% increase
  - Fuel cost, 10.6% increase
  - Maintenance cost, 6.8% increase
  - Limit on cost of R595 000 up from R560 000

- Reimbursive travel allowance where business km’s less than 12 000 p/a (previously 8 000) p/a increased from R3.29/km to R3.55/km (7.9%)
### Retirement fund lump sum benefits or severance benefits

<table>
<thead>
<tr>
<th>Taxable Income (R)</th>
<th>Rate of Tax (R)</th>
<th>Taxable Income (R)</th>
<th>Rate of Tax (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 500 000</td>
<td>0%</td>
<td>0 – 500 000</td>
<td>0%</td>
</tr>
<tr>
<td>500 001 – 700 000</td>
<td>18%</td>
<td>500 001 – 700 000</td>
<td>18%</td>
</tr>
<tr>
<td>700 001 – 1 050 000</td>
<td>36 000 + 27%</td>
<td>700 001 – 1 050 000</td>
<td>36 000 + 27%</td>
</tr>
<tr>
<td>1 050 001 and above</td>
<td>130 500 + 36%</td>
<td>1 050 001 and above</td>
<td>130 500 + 36%</td>
</tr>
</tbody>
</table>

### Corporate Tax Rates – YOA ending between 1 April and 31 March

<table>
<thead>
<tr>
<th>Company Type</th>
<th>2016/17</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-mining companies</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Close corporations</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Employment companies</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Non-resident companies (SA sourced income)</td>
<td>28%</td>
<td>28%</td>
</tr>
</tbody>
</table>
Withholding Tax

• Dividends Tax (s64C – N)
  – 20% (previously 15%) with effect from 22 February 2017
• Disposal of immovable property by non-residents
  – 7.5% (previously 5%) individual, 10% (previously 7.5%) company, 15% (previously 10%) trust
• Interest paid to non-residents (s50A – H)
  – Exempt if paid by any sphere of SA government, a bank or debt is listed
  – All other at 15% with effect from 1 March 2015

Withholding Tax

• Royalties (s49B)
  – 15% from 1 January 2015
• Foreign entertainers and sportspersons
  – 15%
• Service fees
  – No withholding tax but qualifying fees may fall into the provisions of reportable arrangements
Foreign Dividends

- Foreign dividends are taxable subject to the participation exemption of 10%
- Maximum rate of tax payable was 15%
- No deduction is allowed for expenditure incurred
- To align with the DWT the 15% will be adjusted to 20% effective for years of assessment commencing on or after 1 March 2017

Small Business Corporations – YOA ending between 1 Apr and 31 Mar

<table>
<thead>
<tr>
<th>Taxable income (R)</th>
<th>Rate of Tax (R)</th>
<th>Taxable income (R)</th>
<th>Rate of Tax (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 75 750</td>
<td>0%</td>
<td>0 – 75 000</td>
<td>0%</td>
</tr>
<tr>
<td>75 751 – 365 000</td>
<td>7%</td>
<td>75 001 – 365 000</td>
<td>7%</td>
</tr>
<tr>
<td>365 001 – 550 000</td>
<td>20 248 + 21%</td>
<td>365 001 – 550 000</td>
<td>20 300 + 21%</td>
</tr>
<tr>
<td>550 001 and above</td>
<td>59 098 + 28%</td>
<td>550 001 and above</td>
<td>59 150 + 28%</td>
</tr>
</tbody>
</table>

Still no mention of the Davis Tax Review Committee recommendation to replace the reduced tax regime with an annual refundable tax compliance rebate
**Micro Businesses – YOA ending between 1 Mar and 28 Feb**

<table>
<thead>
<tr>
<th>Taxable turnover (R)</th>
<th>Rate of Tax (R)</th>
<th>Taxable turnover (R)</th>
<th>Rate of Tax (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 335 000</td>
<td>0%</td>
<td>0 – 335 000</td>
<td>0%</td>
</tr>
<tr>
<td>335 001 – 500 000</td>
<td>1%</td>
<td>335 001 – 500 000</td>
<td>1%</td>
</tr>
<tr>
<td>500 001 – 750 000</td>
<td>1 650 + 2%</td>
<td>500 001 – 750 000</td>
<td>1 650 + 2%</td>
</tr>
<tr>
<td>750 001 – 1000 000</td>
<td>6 650 + 3%</td>
<td>750 001 – 1 000 000</td>
<td>6 650 + 3%</td>
</tr>
</tbody>
</table>

**Subsistence Allowances**

- Travel in the Republic
  - meals and incidental costs: R397 (was R372) per day
  - incidental costs only: R122 (was R115) per day
- Travel outside the Republic
  - daily amount for a few countries changed from 1 March 2017
Transfer duty – Natural and juristic persons

<table>
<thead>
<tr>
<th>Taxable income (R)</th>
<th>Rate of Tax (R)</th>
<th>Taxable income (R)</th>
<th>Rate of Tax (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 900 000</td>
<td>0%</td>
<td>0 – 750 000</td>
<td>0%</td>
</tr>
<tr>
<td>900 001 – 1 250 000</td>
<td>3%</td>
<td>750 001 – 1 250 000</td>
<td>3%</td>
</tr>
<tr>
<td>1 250 001 – 1 750 000</td>
<td>10 500 + 6%</td>
<td>1 250 001 – 1 750 000</td>
<td>15 000 + 6%</td>
</tr>
<tr>
<td>1 750 001 – 2 250 000</td>
<td>40 500 + 8%</td>
<td>1 750 001 – 2 250 000</td>
<td>45 000 + 8%</td>
</tr>
<tr>
<td>2 250 001 – 10 000 000</td>
<td>80 500 + 11%</td>
<td>2 250 001 – 10 000 000</td>
<td>85 000 + 11%</td>
</tr>
<tr>
<td>10 000 001 and above</td>
<td>933 000 + 13%</td>
<td>10 000 001 and above</td>
<td>937 500 + 13%</td>
</tr>
</tbody>
</table>

Still no mention of any change to the definition of “date of acquisition” and “property” to align the terms with other legislative provisions

Fuel Levies

- To be increased by 30.0c/l on 5 April 2017 (2016 – 30.0c/l)
  - General fuel levy on petrol and diesel increases by 30.0c/l (2016 – 30.0c/l)
  - Road Accident Fund levy on petrol and diesel increases by 9.0c/l (2016 – no increase)
- Total = 482c/l on petrol; 467c/l on diesel
- Percentage of pump price at Feb 2017 – Petrol 36%; Diesel 40%
**Sin Taxes**

- Excise duties increases on 22 February 2017:
  - Cigarettes from R13.24 per pack of 20 cigarettes to R14.30 (8%)
  - Cigars from R69.28 to R75.86 per 23g (9.5%)
  - Traditional African beer no increase
  - Malt beer from 135c to 146.9c on a 340ml can (9%)
  - Wine from R3.31 to R3.61 a litre (8.8%)
  - Sparkling wine from R10.53 to R11.46 a litre (8.8%)
  - Spirits from R52.07 to R56.50 on a 750ml bottle (8.5%)

**Tax on Sugar-Sweetened Beverages**

- Pushing ahead pending legislation being passed
- Administered through the Customs and Excise Act
- Design of the tax has been changed
  - Covers both intrinsic and added sugars
  - Sugar will remain the base on which tax is applied
  - Tax rate 2.1c/gram for sugar content in excess of 4g/100ml
  - Of the proposed rate, 50% will apply to concentrated beverages
- Some of the revenue will be used to support health-promotion interventions
**Measures To Protect The Income Tax Base**

- November 2015 G20 endorsed BEPS
- Project is now being implemented
- Preventative measures are being incorporated into domestic legislation
- More than 100 countries subscribed to the multilateral instrument to swiftly implement tax treaty measures without the need to negotiate each treaty bilaterally. Adopted 24 November 2016 and expected to be signed on 7 June 2017
- Automatic exchange of financial account information from 1 September 2017
- Large multinationals required to file country-by-country transfer pricing reports with SARS from 31 December 2017

**Foreign Employment Income – S 10(1)(o)(ii) exemption**

- Measures proposed to curb double non-taxation
- A further condition to be added
- Exemption will only apply if the income is subject to tax in the foreign country
**Anti-Avoidance Measures for Trusts – S 7C**

- The new S 7C was introduced to curb the tax-free transfer of wealth to trusts through the use of low-interest or interest free loans
- Taxpayers are attempting to circumvent the provisions by moving the loans to a company owned by the trust
- Treasury are looking to extend the scope of the anti-avoidance measures to cover these avoidance schemes
- In addition a proposal to extend the exclusion provisions to trusts that are not used for estate planning. E.g. Employee share trusts and certain trading trusts

**CFC’s and Offshore Trusts**

- In the 2015 Budget Review it was proposed to introduce measures to deal with the treatment of foreign companies owned by foreign trusts
- No action was taken
- Same proposal again this year
- Specific countermeasures to be introduced to curb abuses
Exemption for Employer-Provided Bursaries

- Proposal to increase the income eligibility threshold for employees from R400 000 to R600 000
- Increase the monetary limits for bursaries
  - NQF level 6 and below from R15 000 to R20 000
  - NQF level 7 and above from R40 000 to R60 000
- A higher limit may apply to learners with disabilities

Avoidance Scheme in respect of Share Sales

- Proposal in the 2016 Budget Review
- No action taken
- Same proposal again this year
- Mechanism using a share buy-back to avoid the tax consequences of shares sold by a company
  - Seller receives payment in the form of a dividend, exempt from income tax and/or dividends tax
  - Buyer subscribes for new shares and price constitutes CTC
- Such a transaction is in substance a share sale and should be subject to tax
- Countermeasures will be introduced
**VAT**

- Prospect of expanding the VAT base in 2018/19 by removing the zero-rating on fuel is being considered while at the same time counter-adjusting the fuel levy.
- Electronic services
  - Taxable services to include cloud computing and services provided using online applications.

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**TAA - Decisions by SARS**

- Proposal that all decisions of SARS that are not subject to objection and appeal should be subject to the remedies under section 9 of the TAA.
- Section 9 allows a SARS official to withdraw or amend a decision or notice.
Accrual of interest payable by SARS

- Interest payable by SARS can accrue over a number of years
- Proposal to avoid complications in taxing that interest
- Interest payable by SARS should be deemed to accrue on date of payment

2016 Amendments
2016 Amendment Acts

- The Rates and Monetary Amounts and Amendment of Revenue Laws Act No. 13 of 2016 – 19 January 2017
- The Rates and Monetary Amounts and Amendment of Revenue Laws (Administration) Act No. 14 of 2016 – 18 January 2017
- Tax Administration Laws Amendment Act No. 16 of 2016 - 19 January 2017

Taxation Laws Amendment Act No. 15 of 2016
19 January 2017
Deceased estates – S 25

- The amendment clarifies that in addition to the surviving spouse stepping into the shoes of the deceased spouse in regard to the asset inherited, the surviving spouse must be deemed to have claimed the deductions and allowances that the deceased spouse and the deceased estate claimed.
- This will have an effect on the allowances claimed by the surviving spouse from the time that the asset is transferred and the recoupments arising, if the asset is sold.
- Effective 1 March 2016.
Fringe Benefits – Para 2A of the 7th Schedule

- A new paragraph inserted to clarify that for the purposes of the application of fringe benefit tax, a partner is deemed to be an employee of a partnership.

Retirement fund contribution deduction – S 11(k)

- Previously the limitation on contributions was based on taxable income which included taxable capital gains.
- This has now been amended and for the purpose of the section 11(k) deductions.
- When calculating the maximum amount deductible, the calculation of taxable income includes passive income and taxable capital gains.
- However, when computing the final tax payable the maximum amount deductible is limited to the amount of taxable income excluding capital gains and deductible donations.
Retirement fund contribution deduction – S 11(k)

• Retirement contribution deduction (maximum allowable deduction) is now the lesser of:
  o R350 000; or
  o 27.5% of the higher of a person’s
    a) Remuneration, excluding retirement lump sum benefits and severance benefits as defined in the Fourth Schedule; or
    b) Taxable income (excl. retirement lump sum benefits and severance benefits) as determined before any deduction under section 18A or section 11(k), i.e. this means capital gains are included

• Once the maximum allowable deduction is determined it may be further limited to the amount of taxable income before capital gains and the section 18A deduction (deductible RAF contribution)

• Effective 1 March 2016

Example

• Mr Thrift received the following during the 2017 year of assessment:
  o Remuneration of R75 000
  o Interest of R33 800
  o Taxable capital gain on disposal of shares of R300 000

• He contributes R100 000 to his RAF before the end of the yoa

• He makes a donation to a PBO of R10 000 for which he receives a section 18A receipt

• Calculate the following:
  – his maximum allowable deduction
  – the deductible RAF contribution
  – his taxable income upon which tax is payable
**Retirement fund contribution deduction – S 11(k)**

**Result**

- **Maximum allowable deduction**
  
  Remuneration = R75 000  
  Taxable income = R75 000 + R33 800 − R23 800 + R300 000 = R385 000  
  R385 000 x 27.5% = R105 875

- **Deductible RAF contribution**
  
  Taxable income excluding capital gains and deductible donations =  
  R75 000 + R33 800 − R23 800 = R85 000  
  R15 000 will be carried forward to the 2018 yoa

- **Taxable income upon which tax is payable**

  R75 000 + R33 800 − R23 800 − R85 000 + R300 000 − R10 000 = R290 000

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**Clarifying source rules for Retirement Annuity Funds - S 9(2)(i) & S 9(3)**

- Sections 9(2)(i) and 9(3) deems the portion of the lump sum and annuity payments from a retirement fund to be from a source outside SA, if the amounts received are in respect of services rendered outside SA

- There is a view that the exclusion from South African source rule referred to in section 9(2)(i) and 9(3) also includes payments made from retirement annuity funds

- Contributions to retirement annuity funds are not linked to employment and should not be associated with any type of services rendered, whether they are within SA or outside of SA

- The section has been changed to remove the ambiguity

- Deemed to be effective 1 March 2017
Disallowing the exemption for a lump sum, pension or annuity from a retirement fund located within the Republic – S 10(1)(gC)(ii)

- Section 10(1)(gC) allows a SA resident who is employed outside SA to receive those retirement benefits that they earned while outside of the country, free from tax
- The consequence is that SA residents who work outside SA can receive a tax deduction on contributions made to a retirement fund that is located in SA
- The deduction can either be made in the same tax year if they have other forms of taxable income or the amounts can be rolled over to be deducted in a future year of assessment
- However upon receipt of the retirement benefits the amount that accrued while the SA tax resident was employed outside SA will be free from tax

Disallowing the exemption for a lump sum, pension or annuity from a retirement fund located within the Republic – S 10(1)(gC)(ii)

- To ensure an equitable treatment of retirement benefits received by SA residents, the section has been amended
- The exemption now only applies to a lump sum, pension or annuity from a foreign retirement fund or amounts relating to foreign retirement funds that were transferred to a local retirement fund
- Effective 1 March 2017
**Increased exemption threshold for employer provided bursaries – S 10(1)(q)**

- Bursaries awarded to relatives of employees were only exempt if employees’ remuneration is R250 000 or less
- Exempt amount was R10 000 for NQF 1 – 4 qualifications and R30 000 for NQF 5 – 10
- The monetary limit in respect of remuneration for qualifying employees will be increased from R250 000 to R400 000
- The monetary limits in respect of exempt bursary or scholarship will be increased from R10 000 to R15 000 and from R30 000 to R40 000 respectively
- Effective 1 March 2016 and applies in respect of years of assessment commencing on or after that date

**Trusts and interest free or low interest loans – S 7C**

**Background**

- Avoidance of estate duty and donations tax arises when a person transfers wealth through the use of an interest free loan or a loan with interest below market rates
- These loans are either used to facilitate the transfer of assets or assist the trust to acquire an asset
- This is done to avoid donations tax as no donation arises on the sale of an asset or on advancing loan funding to a trust
- In addition, in some instances the lender reduces or waives the loan capital which is supposed to be paid back to him/her
- This further avoids estate duty through the reduction or waiver of the asset base of the lender in respect of the loan capital
Trusts and interest free or low interest loans – S 7C

• Due to the fact that the loan is an interest free loan or a loan with interest below market rates, no interest is paid to the seller or interest paid is less than market rates
• The seller will not be liable for income tax on the interest that is forgone
• This results in a further reduction of the tax base

Amendment

• In order to limit taxpayer’s ability to transfer wealth to a trust without being subject to tax, rules focusing on affected loans have been introduced in section 7C

Affected loans

• Affected loans will encompass interest free loans or loans with interest below market rates that are made to a trust directly or indirectly by:
  – A natural person, or
  – A company that is a connected person in relation to that natural person
• The anti-avoidance measure under the new section 7C will with effect from 1 March 2017 apply to all loans, including loans currently in existence
• This will include loans or credit provided directly to a trust as well as loans or credit routed through other persons or companies
Trusts and interest free or low interest loans – S 7C

Example - Facts
• Mr Planner’s spouse and 3 children are beneficiaries of the Q Trust. The Q Trust is the only beneficiary of the T Trust.
• Mr Planner advances a loan of R5m to a business associate, Mr G, that is not a connected person in relation to any of the trusts.
• The loan is non-interest bearing, payable on demand and is subject to an arrangement in terms of which Mr G will in turn advance an interest-free loan of R5m that is repayable on demand to the T Trust and cede the claim for repayment thereof to Mr Planner as security for the repayment of the amount owed by Mr G. The T Trust utilises those funds to acquire a range of shares and interest-bearing assets.

Example - Result
• The loan used by the T Trust was advanced indirectly by Mr Planner.
• The section applies to the loan to the T Trust and Mr Planner is subject to donations tax.

Trusts and interest free or low interest loans – S 7C

• The rules will apply only in respect of loans advances or provided by a natural person or, at that person’s instance, by a connected company.
• An amount that is vested irrevocably by a trustee in a trust beneficiary and that is used or administered for the benefit of that beneficiary without distributing or paying it to that beneficiary will not qualify as a loan or credit provided by that beneficiary to that trust if:
  o The vested amount may in terms of the trust deed governing that trust not be distributed to that beneficiary, e.g. before that beneficiary reaches a specific age; or
  o That trustee has the sole discretion in terms of that trust deed regarding the timing of and the extent of any distribution to that beneficiary of such vested amount.
Trusts and interest free or low interest loans – S 7C

- An amount vested by a trust in a trust beneficiary that is not distributed to that beneficiary will, however qualify as a loan or credit provided by that beneficiary to that trust if that non-distribution results from an election exercised by that beneficiary or a request by that beneficiary that the amount not be distributed or paid over, e.g. if the beneficiary has reached the age at which a vested amount must be paid over or distributed to him or her and
  - The trustee accedes to a request by that beneficiary that this not be done; or
  - The beneficiary enters into an arrangement with the trustee in terms of which the amount may be retained in the trust

Trusts and interest free or low interest loans – S 7C

Treatment of interest forgone as a donation

- Interest foregone in respect of low interest loans or interest free loans that are made to a trust will be treated as an ongoing and annual donation made by the natural person to the trust on the last day of the year of assessment of that trust
- For purposes of this anti-avoidance measure, interest foregone will be determined as the difference between the interest charged by the lender or holder of the loan and the interest that would have been payable by the trust had the interest been charged at the official rate of interest as defined in the Seventh Schedule to the Act (currently 8%)
- This means that the natural person is exposed to a donations tax liability
- The annual donations tax exclusion of R100 000 is still available
Trusts and interest free or low interest loans – S 7C

Multiple natural persons as shareholders

- It is acknowledged that in some instances, an affected loan under these rules may be advanced by a company to a trust at the instance of more than one natural person who are shareholders in that company.
- To address such scenarios, each person will be treated as having made a donation in proportion to their equity interests in the company during the year of assessment that the deemed donation arose.

Trusts and interest free or low interest loans – S 7C

Denial of tax deduction or losses

- Where lenders that advance low interest or interest free loans cancel or waive the loan, it results in the reduction of the asset base of the lender for estate duty purposes resulting in a decreased estate duty liability.
- Section 7C denies a deduction, loss, allowance or capital loss from being claimed in respect of interest free loans or low interest loans made to trusts.
**Trusts and interest free or low interest loans – S 7C**

**The interaction between section 7C and section 31**

- This anti-avoidance measure seeks to curb the unfair advantage of using loans that are not subject to interest at market rates.
- Similarly, the transfer pricing rules in Section 31 of the Act also apply to counter the mispricing of cross-border loan arrangements.
- In order to ensure that there is no overlap or double taxation in respect to low or no interest loans made to foreign trusts, the anti-avoidance measure under section 7C will not apply to a loan that is subject to the transfer pricing rules in section 31 of the Act.

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**Exclusions from the application of section 7C**

**Vesting trusts**

- Loans by trust beneficiaries to vesting trusts that comply with the requirements listed in subsection (5)(b) is excluded from the rules.
- The vested interest of a beneficiary in the assets and receipts or accruals of such a trust will form part of that beneficiary's estate during his or her life and upon death or when ceasing to be a resident.
- The interest that remains subject to normal tax as well as estate duty represents, in effect, a fixed stake in the assets disposed of to or acquired by that trust and in the gains made by that trust.
- An interest-free or a low-interest loan made to that trust by a beneficiary should therefore not result in estate duty avoidance if that beneficiary's vested stake in the trust assets is proportionate to that beneficiary's contributions, including that loan, to that trust.
Trusts and interest free or low interest loans – S 7C

Exclusions from the application of section 7C

• Trusts that hold a primary residence
  – A loan made by or at the instance of a natural person to a trust will be
    excluded to the extent to which that loan was used by that trust to fund the
    acquisition of a residence that is used by that person or that person’s
    spouse as a primary residence

Trusts and interest free or low interest loans – S 7C

Exclusions from the application of section 7C

• Other exclusions include the following:
  i. Special trusts that are created solely for the benefit of minors with disability
     as defined in paragraph (a) of the definition of “special trust” in section 1 of
     the Act;
  ii. Trusts that fall under public benefit organisations as contemplated in
      section 30 of the Act;
  iii. Small Business Funding entities contemplated in section 30C of the Act;
  iv. Loans provided to the trust in terms of a sharia compliant financing
      arrangement and
  v. Loans that are subject to the anti-value extraction provisions of section
     64E(4)
Addressing the circumvention of rules dealing with employee based share incentive schemes - S 8C and S 10(1)(k)

- Taxation under section 8C is as a general rule triggered when the restrictions in respect of the interest in the underlying equity shares fall away, i.e. when the employee can, in broad terms, freely dispose of or deal with those shares on the same basis as any shareholder who is not an employee, or is entitled to an amount equal to their value.
- The amount subject to section 8C is determined with reference to the value of those shares at that time, thus treating the growth in value of that payment in kind as revenue.
- Section 8C is based on the implicit assumption that the full value of the equity shares underlying a restricted equity instrument will vest in the employee when the restrictions fall away.

Targeted measures to deal with some schemes where restricted shares held by employees are liquidated in return for an amount qualifying as dividends have been introduced as follows:

- Section 8C has been extended to include in income any amount received by or accrued to a taxpayer during a year of assessment if that amount does not constitute:
  - A return of capital or foreign return of capital by way of a distribution of a restricted equity instrument;
  - A dividend or foreign dividend in respect of that restricted equity instrument; or
  - An amount that must be taken into account in determining the gain or loss, in terms of section 8C, in respect of that restricted equity instrument.
Addressing the circumvention of rules dealing with employee based share incentive schemes - S 8C and S 10(1)(k)

- The exemption in section 10(1)(k)(i) has been amended to specifically exclude certain dividends in respect of a restricted equity instrument scheme. Such dividends will be treated as ordinary revenue.

- New paragraph (jj) has been introduced as a proviso to section 10(1)(k)(i) specifically excluding, from the current exemption, any dividend in respect of a restricted equity instrument as defined in section 8C that was acquired in the circumstances contemplated in section 8C if that dividend is derived directly or indirectly from, or constitutes:
  
  a) an amount transferred or applied by a company as consideration for the acquisition or redemption of any share in that company;

  b) an amount received or accrued in anticipation or in the course of the winding up, liquidation, deregistration or final termination of a company; or

  c) an equity instrument that is not a restricted equity instrument as defined in section 8C, that will, on vesting be subject to that section.

Example – Facts

- Mr Eager, an executive director of Last Hope Ltd, holds a restricted equity instrument in the Last Hope Employee Share Trust that will remain restricted for a period of 5 years after that instrument was awarded to Mr Eager.

- It entitles him to dividends derived from 10 000 of the equity shares in Real Hope (Pty) Ltd that are held by the trust while the restrictions governing that equity instrument apply and the transfer of those shares once those restrictions fall away. Real Hope (Pty) Ltd is a subsidiary of Last Hope Ltd.

- Real Hope buys back 90 per cent of the shares held in it by the trust at R200 per share 4 years after the award of that restricted equity instrument.

- The trust distributes an amount of R1 800 000 to Mr Eager as a dividend in respect of his restricted equity instrument.
Addressing the circumvention of rules dealing with employee based share incentive schemes - S 8C and S 10(1)(k)

- Example – Result
  - The dividend of R1 800 000 will not be exempt as it is derived from the consideration paid by Real Hope in respect of the share buy-back
  - This result will apply irrespective of whether the consideration in respect of the share buy-back consists of cash or an asset in kind
- Effective 1 March 2017
Hybrid debt instruments subject to subordination agreements – S 8F

• The anti-avoidance rules were triggered by any arrangement in terms of which the obligation to repay any amount owing in respect of the debt instrument is conditional upon the solvency of the debtor
• Clarification that an instrument will be regarded as a “hybrid debt instrument” if the obligation of a company to pay an amount during a year of assessment has been deferred on the condition that the assets of that company exceed its liabilities
• In addition, that instrument will be regarded as a “hybrid debt instrument” only for that period
• Related party debt that is subordinated in favour of third party creditors have now been excluded from the anti-avoidance rules allowing the company to continue to claim its interest deduction in respect of the debt
• In addition, there will be no re-classification of the interest as dividends in specie, i.e. the company will not suffer the added burden of a dividends withholding tax

Hybrid debt instruments subject to subordination agreements – S 8F

• Relief is only provided in respect of subordination agreements entered into in respect of debt between connected persons as defined in section 1 of the Income Tax Act
• Relief is subject to a registered auditor certifying that the payment by a company of an amount owed in respect of that instrument has been or is to be deferred by reason of the market value of the assets of that company being less than the amount of the liabilities of that company
• Effective 1 January 2016 and applies in respect of years of assessment commencing on or after that date
Extending the SBC regime to personal liability companies – S12E

- The SBC regime was only available to private companies as defined in the Companies Act or a CC
- The definition of a private company does not extend to a personal liability company
- In order to address this anomaly, personal liability companies will be expressly included in the definition of a SBC
- However, these personal liability companies would be subject to the requirement to employ at least three full-time employees who do not have an interest in the entity and are not connected persons in relation to those that have an interest in the entity
- Deemed to have come into operation on 1 May 2011 and applies in respect of years of assessment ending on or after that date

Business Incentives
Extension of learnership tax incentive – S 12H

- The learnership tax incentive has been extended from 1 October 2016 for another 5 years to 31 March 2022.
- The value of the deduction will vary based on the qualification level of the learner when entering into the learnership.
- Effective 1 October 2016.

<table>
<thead>
<tr>
<th>NQF Level</th>
<th>Learners with no disabilities</th>
<th>Learners with disabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual allowance</td>
<td>Completion allowance</td>
</tr>
<tr>
<td>1 – 6</td>
<td>R40 000</td>
<td>R40 000</td>
</tr>
<tr>
<td>7 – 10</td>
<td>R20 000</td>
<td>R20 000</td>
</tr>
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</table>

Extension of learnership tax incentive – S 12H

**NQF Levels**

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>QUALIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Grade 9</td>
</tr>
<tr>
<td>2</td>
<td>Grade 10 and National (vocational) Certificates level 2</td>
</tr>
<tr>
<td>3</td>
<td>Grade 11 and National (vocational) Certificates level 3</td>
</tr>
<tr>
<td>4</td>
<td>Grade 12 (National Senior Certificate) and National (vocational) Certificates level 4</td>
</tr>
<tr>
<td>5</td>
<td>Higher Certificates and Advanced National (vocational) Certificate</td>
</tr>
<tr>
<td>6</td>
<td>National Diploma and Advanced certificates</td>
</tr>
<tr>
<td>7</td>
<td>Bachelor’s degree, Advanced Diplomas and B-Tech</td>
</tr>
<tr>
<td>8</td>
<td>Honours degree, Post Graduate diploma and Professional Qualifications</td>
</tr>
<tr>
<td>9</td>
<td>Master’s degree</td>
</tr>
<tr>
<td>10</td>
<td>Doctor’s degree</td>
</tr>
</tbody>
</table>
**Extension of the Employment Tax Incentive (ETI)**

- The incentive applies to workers
  - Aged between 18 and 29
  - Earn above the minimum wage
  - Earn between R1 000 and R6 000 per month

- **Amendments**
  - Extension of the ETI regime to 28 February 2019
  - Administrative & legislative clean-up of the definitional sections to clarify the value of claims and restriction of back-dated claims and roll-overs

- Effective 1 March 2017

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**International Tax**
Repeal of WHT on service fees regime – S51A to S51H

• The WHT on services has been repealed
• The payment of certain service fees by SA residents to non-residents will now be dealt with under the provisions of Reportable Arrangements in the Tax Administration Act
• On 3 February 2016, SARS issued Notice 140 of the Government Gazette No. 39650 containing a revised list of reportable arrangements

Repeal of WHT on service fees regime – S51A to S51H

• The following is listed as a reportable arrangement:
  o A non-resident (or an employee, agent or representative of that person)
  o Who was, is, or is anticipated to be physically present in SA
  o In connection with, or for the purpose of rendering certain technical and professional services to a resident or SA PE of a non-resident
    – Consultancy, construction, engineering, installation, logistical, managerial, supervisory, technical or training services
  o The amount of the expenditure in respect of those services under that arrangement exceeds or is anticipated to exceed R10m in aggregate, and
  o Does not qualify as remuneration
Tax Administration Laws Amendment Act No. 16 of 2016 - 19 January 2017

**Dividends tax returns – S 64K of IT Act**

- Investors receiving dividends from tax-free investments (section 12T) were required to submit an exempt dividends tax return to SARS following the receipt of every dividend payment
- Amendment relieves investors from this obligation
- Effective 19 January 2017
Provisional taxpayer – para 1 of 4th Schedule to IT Act

- Any person who earns remuneration only is not required to register as a provisional taxpayer
- This is because the remuneration would be subject to PAYE
- Persons who earned remuneration from foreign employers and who were not registered as employers in terms of the Fourth Schedule only paid tax upon assessment
- The definition of “provisional taxpayer” has now been amended to include any person who derives, by way of income, remuneration from an employer that is not registered in terms of the Fourth Schedule
- This means that persons earning remuneration from employers, not registered for PAYE, are now required to pay provisional tax
- Effective 1 March 2017

Provisional taxpayer – para 1 of 4th Schedule to IT Act

- The new definition of “provisional taxpayer” as it relates to a natural person means:
  - Any person who derives income by way of:
    - Any remuneration from an employer that is not registered in terms of paragraph 15 of the 4th Schedule;
    - Any amount that does not constitute remuneration; or
    - An allowance or advance as contemplated in section 8(1)
**Provisional taxpayer – para 1 of 4th Schedule to IT Act**

- But excludes:
  a) Any natural person that does not derive income from the carrying on of any business if:
     - The taxable income of that person does not exceed the tax threshold, or
     - The taxable income of that person derived from interest, dividends, foreign dividends, rental from the letting of fixed property and remuneration from an employer that is not registered in terms of paragraph 15 does not exceed R30 000

**Remuneration – para 1 of 4th Schedule to the ITA**

- Certain dividends received from restricted equity instruments do not qualify for an income tax exemption and are taxable on assessment of the directors and employees
- The definition of “remuneration” for PAYE in paragraph 1 of the Fourth Schedule has been amended to specifically include these taxable dividends
- Effective 1 March 2017
**Employees’ tax payable i.r.o directors of private companies – para 11C of 4th Schedule to ITA**

- Amendment repeals the provision for the payment of employees’ tax (PAYE) by directors of private companies
- The provisions of section 7B would apply to the variable remuneration received by the director in that it is deemed to accrue to the director on the date on which it is paid to the director
- This is also the date on which the amount of the remuneration becomes claimable as expenditure by the private company
- Effective 1 March 2017

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**Provisional Tax Return – Para 19 of 4th Schedule To ITA**

- If an estimate for the second provisional tax period was not submitted before the due date of the subsequent provisional tax payment, the provisional taxpayer was deemed to have submitted an estimate of nil taxable income, thereby triggering a penalty under paragraph 20
- This has been amended – If an estimate for the 2nd provisional tax period is not submitted within four months after the end of the relevant year of assessment, the provisional taxpayer is deemed to have submitted an estimate of nil
- Effective 19 January 2017
**Provisional Tax Estimate, Penalty – Para 20 of 4th Schedule to ITA**

- The penalty for underpaying provisional tax is based on a percentage of normal tax payable after taking into account rebates and tax already paid.
- Certain once-off amounts, such as retirement lump-sum and severance-benefit payments, are excluded from the calculation of the penalty because they are taxed separately in terms of special tables and the tax owed is withheld before payment is made.
- Taxpayers are required to pay provisional tax on the other amounts listed in para (d) of the definition of gross income in section 1, because these other amounts are not taxed under the lump-sum tax tables.
- However, because these amounts are excluded from the penalty calculation, taxpayers are not penalised if they fail to pay the required provisional tax.

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**Provisional Tax Estimate, Penalty – Para 20 of 4th Schedule to ITA**

- To correct this, the penalty calculation’s exclusion of the amounts in para (d) not taxed in terms of the special tables is removed.
**Tax invoices - Alternative documentary proof – S 16(2) of VAT Act**

- Recipient vendors are occasionally issued with defective documents or they are unable to obtain documents from supplying vendors, resulting in an inability to make input tax deductions
- Section 16(2)(g) provides relief to recipient vendors in these situations
- The current amendment provides clarity with regard to the considerations that the Commissioner will take into account for accepting alternative documentary proof
- It is important to note that vendors can only access this relief as a last resort
- Vendors must still be able to demonstrate that a sincere effort has been put into obtaining the proper documents and maintain proof of those efforts

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**Furthermore,** vendors would have to make an application for a ruling no later than 2 months prior to expiry of the 5-year prescription period and only if and when that ruling is issued, may the amount be deducted as input tax at that later stage

- Invoking this provision will not allow vendors to backdate the claim to the past tax period that has already been closed
- Effective 19 January 2017
**Tax Ombud – S 14 of TAA**

- The term of the Tax Ombud is extended from 3 to 5 years, to enhance the independence of the Tax Ombud by extending his or her tenure
- Effective 19 January 2017

**Tax Ombud’s mandate – S 16(1) of TAA**

- The amendment extends the mandate of the Tax Ombud to include the investigation and review, at the request of the Minister or at the initiative of the Tax Ombud with the approval of the Minister, of –
  - Any systemic and emerging issue related to a service matter or the application of the provisions of the TAA; or
  - Procedural or administrative provisions of a tax Act, as defined in the TAA
- Effective 19 January 2017
**Tax Ombud’s recommendations not accepted – S 20(2) of TAA**

- The Tax Ombud’s recommendations are not binding on a taxpayer or SARS
- But if it is not accepted, reasons must be provided within 30 days of notification of the recommendation
- This amendment aims to enhance the effectiveness of the Tax Ombud’s recommendations and will ensure that the Tax Ombud is able to review the reasonableness of reasons to inform future action
- Effective 19 January 2017

**Additional assessment – S 100 of TAA**

- The amendment clarifies that only in exceptional circumstances, i.e. fraud, misrepresentation and non-disclosure, should SARS be allowed to “reopen” the tax period, audit and issue an additional assessment after prescription
- Prior to expiry of the prescription periods, where fraud, misrepresentation and non-disclosure is absent, SARS may still issue an additional assessment to comply with its statutory duties to ensure payment of the correct amount of tax in respect of the tax period that was under dispute within the normal expiry period for that tax period
- Effective 19 January 2017
**Lodging of objection – S 104 of TAA**

- The current period for lodging an objection is 30 business days from the date of assessment.
- The amendment provides that condonation of a late objection not based on exceptional circumstances may be extended by SARS for a period up to 30 business days, previously 21 business days.
- But if there are exceptional circumstances this period may be further extended by SARS.
- The maximum period within which a late objection may be extended remains three years.

**Understatement penalty – S 221 of TAA**

- Impermissible avoidance arrangements (GAAR) are now subject to an understatement penalty.
- A new behavioural category is inserted in the understatement penalty table in section 223 of the TAA to provide clarity as to what would be the appropriate penalty in GAAR matters.
Understatement penalty table – S 223 of TAA

<table>
<thead>
<tr>
<th>Item</th>
<th>Behaviour</th>
<th>Standard case</th>
<th>If obstructive, or if it is a ‘repeat case’</th>
<th>Voluntary disclosure after notification of audit or criminal investigation</th>
<th>Voluntary disclosure before notification of audit or criminal investigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>‘Substantial understatement’</td>
<td>10%</td>
<td>20%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>(ii)</td>
<td>Reasonable care not taken in completing return</td>
<td>25%</td>
<td>50%</td>
<td>15%</td>
<td>0%</td>
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<tr>
<td>(iii)</td>
<td>No reasonable grounds for ‘tax position’ taken</td>
<td>50%</td>
<td>75%</td>
<td>25%</td>
<td>0%</td>
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<tr>
<td>(iv)</td>
<td>‘Impermissible avoidance arrangement’</td>
<td>75%</td>
<td>100%</td>
<td>35%</td>
<td>0%</td>
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<tr>
<td>(v)</td>
<td>Gross negligence</td>
<td>100%</td>
<td>125%</td>
<td>50%</td>
<td>5%</td>
</tr>
<tr>
<td>(vi)</td>
<td>Intentional tax evasion</td>
<td>150%</td>
<td>200%</td>
<td>75%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Voluntary disclosure - S 226 of TAA

- Amended to insert requirement that a person seeking voluntary disclosure relief must be given notice of the commencement of an audit or criminal investigation into the affairs of the person
- As opposed to the requirement that the person has become aware of a pending audit or criminal investigation or that the audit or criminal investigation has commenced
- Effective 19 January 2017
Special Voluntary Disclosure Programme (SVDP)

- The SVDP will be open for applications from 1 October 2016 until 31 August 2017
- Jointly administered by SARS and SARB but separate application forms
- Opportunity for SA residents (individuals and corporates) to regularise their ownership of unauthorised foreign assets
- Excon levy based on the market value of the unauthorised foreign assets declared as at 29 February 2016
- Excon levy 5% on market value of declared unauthorised assets, if assets are repatriated to SA and 10% if assets kept offshore – to be paid from offshore funds via authorised dealer
  - 12% excon levy from SA where no liquid offshore assets exist
SVDP

Eligibility

- Individuals and companies
- Settlers, donors and beneficiaries of foreign discretionary trusts (including deceased estates) may participate in the SVDP if they elect to have the trust’s offshore assets and income deemed to be held by and accrued to them
- Amounts in respect of which SARS obtained information under the terms of any international exchange of information procedure will not be eligible for the SVDP
- Disclosures where it is argued by the applicant that all or part of the seed money / subsequent deposits / funding of foreign assets are not taxable in SA or have already been taxed in SA, are excluded from the tax SVDP

SVDP

Relief granted

- Capital that funded the asset (“seed money”, capitalised returns and subsequent deposits)
  - The undeclared income that originally gave rise to the foreign asset will be exempt from income tax, donations tax and estate duty liabilities arising in the past
  - 40% of the highest value of the aggregate of all assets situated outside SA between 1 March 2010 and 28 February 2015 that were derived from undeclared income will be included in taxable income and subject to tax in SA in the 2015 tax period
  - The value referred to above is the highest market value as at the end of each tax period, in the relevant foreign currency translated to ZAR at the spot rate at the end of the tax period in which the highest value fell
SVDP

Relief granted

• Investment returns & other taxable events
  – Investment earnings and other taxable events prior to 1 March 2015 will be exempt from tax

• Interest on SARS debt
  – Interest on tax debts arising from the disclosure only commence from the 2015 year of assessment

• Understatement penalties
  – No understatement penalties will be levied

SVDP

Required documentation

• A description of the source of the undeclared income that gave rise to the foreign asset

• Documentation in evidence of the existence of the foreign asset

• Confirmation of the date on which the asset was acquired

• The nature of the applicant's connection to the asset

• A description of the structure that was utilised to create the asset

• A power of attorney
SVDP

Application process

• SARS efiling VDP application process
• The current VDP application form (VDP01) has been enhanced to accommodate the SVDP tax related disclosures
• A second form (SVDP01) will be available for exchange control disclosures

Process of the approval / Rejection of applications

• Tax-related disclosures will be approved or rejected on the same basis as the current VDP process

Unemployment Insurance Fund (UIF)
Unemployment Insurance Amendment Act 10 of 2016 – 19 January 2017
Several significant amendments were made to the UIF Act – refer to notes

The amendments provides for a much wider range of people to claim unemployment benefits

The changes will also make it easier to claim benefits

The amendments became effective on 19 January 2017

Thank You

For more information please contact the Fasset Call Centre on 086 101 0001 or visit www.fasset.org.za