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05 November 2015

Mr Y Carrim, MP

Chairperson

Standing Committee on Finance

CAPE TOWN

Email: awicomb@parliament.gov.za

BUSA SUBMISSION TO NATIONAL TREASURY ON UNIFORM TAXATION AND ANNUITIZATION FOR RETIREMENT FUNDS

Dear Hon. Carrim

Please find below the submission from Business Unity South Africa (BUSA) regarding uniform taxation and annuitisation for retirement funds.

About Business Unity South Africa

BUSA is a confederation of business organisations including chambers of commerce and industry, professional associations, corporate associations and unisectoral organisations. It represents South African business on macro-economic and high-level issues that affect it at the national and international levels. BUSA's function is to ensure that business plays a constructive role in the country's economic growth, development and transformation and to create an environment in which businesses of all sizes and in all sectors can thrive, expand and be competitive.



As the principal representative of business in South Africa, BUSA represents the views of its members in a number of national structures and bodies, both statutory and non-statutory. BUSA also represents businesses' interests in the National Economic Development and Labour Council (NEDLAC). Internationally, BUSA is a member of the International Organisation of Employers (IOE), The Pan-African Employers' Confederation (PEC) the Africa Employers' Group and the Southern Africa Development Community (SADC) Private Sector Forum. BUSA is also the official representative of business at the International Labour Organisation (ILO), the African Union (AU) Social Affairs Commission, and the B-20, the Organisation for Economic Cooperation and Development (OECD) and World Trade Organisation.

BUSA welcomes the opportunity to submit its comments. Our contact person regarding this matter is Ms Vanessa Phala: Executive Director Social and Transformation Policy. Ms Phala can be contacted on vanessa.phala@busa.org.za / 071 382 7788

Looking forward to hearing from you.

Kind regards,

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KHANYISILE KWEYAMA
CHIEF EXECUTIVE OFFICER



BUS A SUBMISSION TO NATIONAL TREASURY ON UNIFORM TAXATION AND ANNUITIZATION FOR RETIREMENT FUNDS

We refer to the Taxation Laws Amendment Bill, 2015 ("TLAB") tabled in Parliament on 24 October 2015, the Memorandum and the Media Statement, and the update meeting called by National Treasury on 30 October 2015.

Having considered all the four options presented at the meeting on 30 November 2015, BUS A is supportive of Option 1 as presented, and strongly opposes Options 2a, 2b and 2c. BUS A supports the simplification and harmonization of the different types of retirement funds and believes this will facilitate a better understanding of, and therefore buy-in to, the proposed enhancements to retirement savings. Central to this position is the need to provide both information and certainty on the implementation of the proposed retirement reforms.

The process to date has unfortunately resulted in much confusion with businesses not within the retirement funds industry being able to respond properly to the proposed changes due to come into effect in March 2016. Accordingly, Options 2a, 2b and 2c are not supported as they will result in continuous changes to the treatment of retirement savings, creating a heightened degree of uncertainty and a level of mistrust amongst retirement fund members.

BUS A holds the view that proposed reforms need to be introduced in an orderly and timely manner so that measures can be put in place and the impact of the proposed reforms appropriately communicated to all relevant stakeholders in particular fund members, fund trustees, advisers, consultants and staff.