

Standing Committee on Finance: Public Hearings

13-14 September 2022



DRAFT TLAB/TALAB/RLAB 2022

PRESENTED BY:

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POLICY MATTERS

Two pot retirement system

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Two pot retirement system



CONCERNS:

1. Date of implementation – 1 Mar 2023
2. “Savings pot” – starts with R0
3. Growth (returns) allocation?
4. Employees’ tax – directives?
5. Emigration – only access after 3 years + “savings pot” taxed as gross income at that stage

RECOMMENDATION



1. Effective date to be agreed with retirement industry/SARS – *the sooner the better!*

2. Transfer current vested balance to “Savings pot” or grandfather those >55 yrs or with > 10 yrs membership

3. Growth – clarify to which “pot” returns will be allocated

4. Employees’ tax – amend legislation to cater for new retirement pots

5. Emigration – revisit 3-year rule (double taxation) & restricted access to “savings pot” should be removed

Carbon tax policy



CONCERNS:

1. Rate increases in US\$?
2. Structure/design of tax-free allowances/Phase 2?

RECOMMENDATION

1. Provide rationale for US\$ rate.
2. Hold **consultation workshops** to discuss design of *inter alia* second phase, future of credits for renewable energy premium & electricity levy to avoid “pass-through” of costs.

Recognised Controlling Bodies (RCB)

CONCERNS:

1. IRBA removed as RCB – members to ***‘transfer’***
2. “Statutory” vs “Legislative” Controlling Bodies – discriminatory effects!

RECOMMENDATION

1. IRBA tax practitioners (TP) ***to apply*** for registration as TP with new RCB – **before** legislation become effective!
2. Distinction between RCBs should be removed - all should be treated the same.

TECHNICAL CHANGES

Contributed Tax Capital (CTC)

Section 20 – Assessed losses

Section 72 - VAT ruling changes

Section 11D – R&D Incentive

Tax compliance status

CONCERNS:

1. Current wording needs refinement
2. Practical implications need consideration

RECOMMENDATION

- Refine wording
- Provide for practical concerns

CONCERNS:

1. Many amounts included in ‘taxable income’
2. Ordering rule iro assessed losses not clear

RECOMMENDATION

- Act to clearly provide order in which amounts are to be included in taxable income

CONCERNS:

1. Effective date of changes = 1 Jan 2023
2. Rulings withdrawn = 1 Jan 2022
3. Taxpayer non-compliant for in-between period

RECOMMENDATION

- Effective date should be 1 Jan 2022

Section 11D – R&D Incentive



CONCERNS:

1. Extension until 31 Dec 2023 welcomed
2. Further improvements from NT still forthcoming

RECOMMENDATION

- Innovation (funded by research) drives value
- Role of government in funding innovation is critical
- See SAICA's [pre-2023 budget submission](#) for more

Tax compliance status (TCS)

TAX COMPLIANCE STATUS SERVICE ACTIVATION

Taxpayer Name
Trading As Name
Registration No / ID No

SERVICES

Tax Compliance Status
(Grant access to My Compliance Profile)

Tax Reference Number

Status: **Successfully Activated**

Disclaimer – The Tax Compliance status system display tax information for all the registered tax types of the taxpayer. By activating the TCS services for this entity you declare that you are duly authorised to view tax information for all registered tax types of the taxpayer.

CONCERNS:

1. SARS has right to revoke third party access to TCS if the status is “questioned” by SARS.
2. Taxpayers given 10 days to respond to SARS’ concerns.

RECOMMENDATION

- Agree with proposal **BUT:**
- Right of SARS to “question” is subjective
- SARS should prove concerns before providing taxpayer with 10 days to respond

MATTERS NOT IN BILL

Associated enterprise

Home office expenses

Penalty for exceeding carbon budget

VAT refunds

Numerous others - raised in Annexure C process



Constitutional Court
of South Africa

CONCERNS:

1. Effective date is 1 Jan 2023
2. No clear guidance provided by SARS on interpretation of meaning (only 4 months left)

RECOMMENDATION

- Provide guidance ASAP otherwise postpone to 1 Jan 2024





CONCERNS:

1. Strict requirements of section 23(b) remain
2. Interest on bond disallowed as a deduction
3. Inequitable treatment compared to someone renting!

RECOMMENDATION

- Urgent legislative clarity needed on this matter
- Various other sections in Act impacted

Penalty for exceeding carbon budget

CONCERNS:

1. Penalty not included in Bill
2. To be introduced when Climate Change Bill enacted (not yet the case)



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RECOMMENDATION

- Include penalty in legislation from 1 Jan 2023 (date when mandatory carbon budgeting system is effective)
- If Climate Change Bill not enacted by then, extend expiry date of current carbon budgeting process

VAT refunds



CONCERNS:

1. Payment of refunds still problematic

RECOMMENDATION

- Urgent legislative changes needed



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CONCERNS:

1. Numerous Annexure C issues (big & small) not included in the Budget/legislation.
2. Are these issues considered by NT?
3. Are these issues considered by the Minister?

RECOMMENDATION

- NT/Minister to provide stakeholders with **reasons** why matters are not included in Budget/legislation.
- That is, are the proposals submitted by stakeholders not current policy or legislative imperative or not within relevant policy at all.

Thank you