

# ADDITIONAL TAX PROPOSALS AIMED AT MITIGATING COVID-19 PANDEMIC



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# Additional Proposals: still under consideration

- **Additional tax proposals raised during public hearing and not included in the COVID-19 Tax Bills and 2020 Draft TLAB/TALAB**
  - Introduction of a Solidarity Tax, Wealth Tax
  - Access to retirement funds
  - Home Office allowances during lock-down
  - Travel allowances of employees' during lockdown
  - Fringe benefit on COVID-19 packages
  - Tax residency test
  - Section 12I Incentive
  - Essential Service Relief
  - Globally Mobile Employees (outbound & inbound)
  - Place of Effective Management, Permanent Establishment & Residents Status
  - Contributions directly to communities should be deemed to be tax deductible donations
  - Special remuneration as defined in section 5(9) of the Income Tax Act
  - Relief as provided in terms of section 7B of the Income Tax Act.

# Approach for additional tax proposals

- National Treasury needs to carefully consider the additional tax proposals and submit them to the Minister for approval.
- In considering these proposals there are many objectives we need to balance in terms of their potential impact on the fiscal framework, revenue and distributional impacts.
- Some of these additional tax proposals would lead to a reduction in tax revenue in 2020/21 and have an impact on the fiscal framework. The fiscal framework from the Supplementary Budget has already been approved and it would be difficult to put in new tax measures to amend.
- With regard to proposals on the introduction of a Solidarity Tax or Wealth Tax, these relate to new taxes and increase in rates and taxes and can only be done during the Budget process.
- In relation to proposals that will have an impact due to application of tax laws in both South Africa as well as other country, for example, Tax residency test, Globally Mobile Employees (outbound & inbound), Place of Effective Management, Permanent Establishment & Residents Status, there is an argument or motivation for consideration but the challenge is around the calculation and the test in respect to the number of days.

# Approach for additional tax proposals

- With regard to other additional tax measures in the list, there is not enough motivation or argument but the Minister makes the final decision. We request that further motivations or argument in favour of these proposals should be submitted to us before 31 August 2020.
- Once the Minister has made his final decision, and in view of the fact that most of these proposals are not urgent as the impact will be realised when taxpayers file their tax returns at the end of the year of assessment, tax amendments effecting these proposals will be potentially included in the second batch of the 2020 draft TLAB, which may be published for a shorter period of public comment around mid-September 2020.

# Thank you

## QUESTIONS ?