

General Note 24 - 6 October 2000

GENERAL SUBJECT: SECOND SCHEDULE TO THE INCOME TAX ACT

SPECIFIC ASPECT: RETIREMENT FROM EMPLOYMENT

STATUS: REMINDER

BACKGROUND: Prior to 1 March 2000 paragraph 4(3) of the Second Schedule to the Income Tax Act distinguished between the age of a male and the age of a female member of a provident fund. The relevant ages were described as fifty years (50) in the case of a female and fifty-five (55) in the case of a male.

REMINDER: This distinction was removed with effect from 1 March 2000. Paragraph 4(3) of the Second Schedule now applies where a lump sum benefit was paid to a member who is under the age of fifty-five (55) years, regardless of whether the member is male or female.

If, therefore, a member (male or female) of a provident fund retires before he or she reaches the age of fifty-five (55) years on grounds other than ill-health, any lump sum benefit received by or accrued to the member in consequence of or following upon such retirement shall, unless the Commissioner having regard to the circumstances of the case otherwise directs, be assessed to tax as a withdrawal benefit and not as a retirement benefit.

ISSUED BY THE SOUTH AFRICAN REVENUE SERVICE

06 October 2000