

## **Addendum B to RF 1/98 (Preservation Funds)**

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#### **Funds for the preservation of the retirement interests of employees**

The purpose of this addendum is to clarify the meaning of the term “approved pension and provident fund” in the second paragraph of RF1/98.

While the term would normally only refer to retirement funds that were approved by the South African Revenue Service, the term in this context includes public sector retirement funds. This means that retirement funds that are recognised as such in accordance with paragraph (a) or (b) of the definition of “pension fund” in section 1 of the Income Tax Act are included in the term “approved pension and provident fund” for purposes of this Note.

Where the rules of a public sector fund prescribe the transfer of a resignation benefit to another fund but deem a certain portion of the resignation benefit to accrue in the hands of the member, the gross resignation benefit will not be available for translocation as is required by RF1/98 and a translocation to a preservation fund may therefore not be permitted.

ISSUED BY THE SOUTH AFRICAN REVENUE SERVICE

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