national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Publication of the 2017 Draft Taxation Laws Amendment Bill and the 2017 Draft Tax Administration Laws Amendment Bill for public comment

National Treasury and the South African Revenue Service (SARS) publish for public comment the 2017 Draft Taxation Laws Amendment Bill (TLAB) and the 2017 Draft Tax Administration Laws Amendment Bill (TALAB).

Together with the 2017 Draft Rates and Monetary Amounts and Amendment of Revenues Laws Bill (Rates Bill) published on 22 February 2017, these three draft Bills give effect to the tax proposals announced on Budget Day (22 February 2017), as published in the Budget Review. The two draft Bills released today include most of the more complex and administrative tax proposals but exclude the proposals dealt with in the 2017 Draft Rates Bill, such as changes to the personal income tax brackets and rates and excise duties, and the introduction of the Health Promotion Levy (the proposed sugary beverage tax).

The main tax proposals contained in the 2017 Draft TLAB are:

- A levy on bargaining councils to address non-compliance
- A higher fringe benefit exemption for bursaries to learners with disabilities
- Removing the foreign employment income tax exemption in respect of South African residents
- Addressing the circumvention of anti-avoidance rules dealing with share buy backs, dividend stripping and contributed tax capital
- Strengthening anti-avoidance rules relating to mining environmental rehabilitation funds
- Extending the application of controlled foreign company rules to interposed foreign trusts and foreign foundations
- Changes in the tax treatment of banks due to IFRS9
- Tax amendments due to the SAM framework for long term insurers

The main tax administration proposals contained in the 2017 Draft TALAB relate to:

- Assisting micro businesses transitioning into the small business corporation system
- Employees' tax and reimbursement of travel expenses
- Application of the cap on deductible retirement fund contributions
- Taxation of interest payable in respect of normal tax by SARS
- Phased implementation of Tax Administration Act, 2011, interest rules by tax type
- Transitional arrangements regarding processes before commencement of the new Customs Acts

Due to constitutional requirements related to the definition of a money Bill, the draft tax amendments are split into two separate Bills, namely, a money Bill as required in terms of section 77 of the Constitution, dealing with national taxes, levies, duties and surcharges (the 2017 Draft Rates Bill and 2017 Draft TLAB), and an ordinary Bill as required in terms of section 75 of the Constitution, dealing with tax administration issues (the 2017 Draft TALAB).

The 2017 Draft TLAB and 2017 Draft TALAB are published for public comment prior to their formal introduction in Parliament. The Standing Committee on Finance will convene public hearings on the draft Bills before their formal introduction in Parliament. National Treasury and SARS hereby invite written comments on these draft Bills. Subsequently, National Treasury and SARS will engage stakeholders submitting comments through workshops to be held in late August 2017, where the written comments require greater detail or more information. Afterwards, around the end of September 2017, a response document providing written responses on comments received will be presented to the Standing Committee on Finance. The Bills will then be revised, taking into account public comments, before they are introduced in the National Assembly and formally considered by the Standing Committee on Finance and thereafter the Select Committee on Finance in the National Council of Provinces. .

The draft legislation and the draft explanatory memorandum containing a comprehensive description of the draft amendments can be found on the National Treasury (www.treasury.gov.za) and SARS (www.sars.gov.za) websites.

Due date for comments

Please forward written comments to Nombasa Langeni at:
Nombasa.Langeni@treasury.gov.za and Adele Collins at acollins@sars.gov.za by close of business on 18 August 2017

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