TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 30 May - 05 June 2024
(Issue 21 -2024)

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TOP STORIES

Ramaphosa assents into law the 'two-pot' system bill

On 1 June 2024, President Cyril Ramaphosa assented into law the Revenue Laws Amendment Bill, 2023 that permits members of retirement funds access to their retirement savings. The primary objective of the 'two-pot' retirement system is to provide flexibility for fund members to access their retirement savings during financial emergencies without necessitating resignation from employment.

This is to be achieved while striking a balance between long-term retirement security and the immediate need for financial relief for households in financial distress as a result of life's unpredictability.

The 'two-pot' retirement system comprises a savings and retirement component for contributions made after 1 September 2024, while historical retirement benefits will be housed in a vested component. Individuals will have withdrawal access from the seeding capital that will be transferred into the savings component at the implementation of the 'two-pot' retirement system. The amounts in the retirement component will be preserved until retirement.

SARS officially gazettes the Filing Season 2024 dates

On 3 June 2024, SARS published a public notice relating to the notice in terms of section 25 of the Tax Administration Act, No. 28 of 2011 (the TAA), read with section 66(1) of the Income Tax Act, No. 58 of 1962 (the ITA) specifying the persons who must submit income tax returns for the 2024 year of assessment.

Between **1 – 14 July 2024**, SARS will be issuing **auto-assessments** to the qualifying population, and during this time, all other 2024 personal income tax return submissions will be blocked.

Filing Season 2024 will then open on **Monday, 15 July 2024** and the following deadlines will apply to the different categories of taxpayers:

- Any company, 12 months from the date on which the financial year ends.
- All other persons (which include natural persons, trusts and other juristic persons such as institutions, boards or bodies).
- **21 October 2024** if the return is submitted electronically through the assistance of a SARS official **at a SARS branch office or manually**.
- **21 October 2024** if the return does **not relate to a provisional taxpayer** and is submitted by using the SARS eFiling platform.
- **20 January 2025** if the return relates to a **provisional taxpayer** and is submitted by using the **SARS eFiling platform**.
- Unlike previous years, the **Trusts Income Tax** filing season will **open on 16 September 2024 and close on 20 January 2025**.
- Where accounts are accepted by the Commissioner in terms of section 66(13A) of the ITA in respect of the whole or portion of a taxpayer's income, which are drawn to a date after 29 February 2024 but on or before 30 September 2024, within 6 months from the date such accounts are drawn.

#StayAbreastOfTheTaxWave

Are you a tax practitioner with a passion for writing?

Let's feature your article on the **Tax Practice: Weekly Highlights.**

Send your article to taxqueries@thesait.org.za.

Approximately 500 – 1 500 words

MEMBERS' DIGEST

Do you want to pay tax at 45%, no tax or somewhere in between?

Written by: : Kobus Muller, Master Tax Practitioner (SA)™

Transferring real estate to the trust: special considerations

The question of how to plan for a family's wealth is frequently asked, particularly by younger individuals. It is a crucial matter often discussed during casual conversations between friends or neighbours around a braai.

Discussing wealth planning with friends and older and experienced family members about such matters and with relevant consulting professionals is important.

Professional wealth planners

Before making any decisions, seeking assistance from a professional advisor is recommended. Additionally, it is important to involve a specialised professional in the final decision-making process for asset planning, which might be one or more of the following industries:

- Law;
- Accounting or auditing;
- Taxation;
- Registered financial professionals; and
- Real estate brokers.

When seeking advice or guidance from a professional, it is important to ensure that they have experience in your specific field of interest. Do not hesitate to ask the professional if they have the relevant experience. Additionally, it is recommended that you inquire whether the professional belongs to any recognized controlling body and if they are required to complete CPD (continuous professional development) hours each year. This indicates that they stay updated on the latest legislation and court cases. Whereas a young professional may be energetic and knowledgeable, the experience of a seasoned professional is invaluable.

Long-term or short-term planning

When planning their family's wealth, people often consider future generations beyond their children, such as their grandchildren and great-grandchildren. Therefore, it is crucial to think long-term and plan for at least forty years, taking into account the power of compound interest over time to build wealth.

For instance, if you invest R1000 per month with a 10% interest rate for ten years, you will have R204 844 after this period. This amount will increase to R2 260 487 after 30 years and to R6 324 079 after 40 years.

It is vital to consult a professional to determine which investment vehicle will offer the best return. In this article, we will focus on Trusts as an investment option. However, please note that we cannot cover all investment options here, such as public and private company shares, mutual funds, money markets, primary residences, offshore investments, etc.

Types of trusts

Broadly speaking, there are a number of ways in which South African trusts can be classified. This includes the following classifications:

- An 'inter vivos trust': Is a type of trust created during a person's lifetime through an agreement between the founder (usually a father or mother) and trustee(s). The purpose of this trust is to benefit the beneficiaries, who may include children and their descendants, among others. At present, this type of trust is very common in South Africa.
- A 'Testamentary trust': Is created by a person's last will and testament and takes

effect after their death. The trustees' duties are explicitly defined in the document and they must comply with all their obligations.
- In a 'Bewind trust': The founder or settlor transfers ownership of assets or property to the trust's beneficiaries, but control over the assets or property is given to the trustee(s).
- In an 'Ownership trust': The founder or settlor transfers ownership of assets or property to the trustee(s) (in a fiduciary capacity) to be held for the benefit of defined or determinable beneficiaries of the trust.
- Specific application trusts may be classified as the following types of trusts based on the application of a trust, e.g.:
  - Trading (business) Trusts;
  - Asset-protection or realisation Trusts;
  - Charitable Trusts;
  - Land rehabilitation Trusts;
  - Share incentive scheme Trusts;
  - Broad-based Black Economic Empowerment (BEE) Trusts;
  - Collective investment scheme (CIS) Trusts; or
  - Special Trusts.
- For tax purposes, the following types of special trusts are recognised: Special Trust Type A - A trust created solely for the benefit of a person(s) with a mental or physical 'disability' as defined in section 6B(1).
- Special Trust Type B - A trust created solely for the benefit of a person(s) who is a relative of the person who died and who is alive on the date of death of that deceased person (including those conceived but not yet born), and the youngest of the beneficiaries is younger than 18 years on the last day of the year of assessment.
-

Persons involved in a trust

Trusts, as defined by the Trust Property Control Act 57 of 1988, are intended to separate the assets held within them from the personal estates of the founders and trustees. In any trust there must be at least three types of persons:
- The founder;
- The trustees;
- -he beneficiaries.

Can a trustee be a company? Yes, it can be a company or a natural person.

Must all trusts have an independent trustee? Yes, in the court case of the *Land and Agricultural Development Bank of SA vs. Parker and Others*, Case no: 186/2003, the case led to the introduction of an independent trustee.

Any of the following: A company, trust or natural person, can be designated as a trust beneficiary.

This separation is a fundamental principle of trust law intended to safeguard the assets for the benefit of the beneficiaries. It is of the utmost importance to ensure that the assets within a trust are protected and used for their intended purposes. By creating a trust, individuals can ensure that their assets are managed and distributed according to their wishes while protecting any potential legal claim against their personal estate.

The primary reason for transferring assets to a trust is to ensure that they do not fall under the name of the founder's estate, thereby avoiding estate duty. In the 1980s and 1990s, this was the main reason for creating a trust; founders/trustees would register a trust and leave the trust deed in a drawer, thereby not submitting tax returns and opening themselves to possible prosecution. Doing this has also withheld them from obtaining huge benefits from registering a trust. However, over the past few years, the duties of trustees and independent trustees have become increasingly important. This is reflected in the 2022 amendment to the Trust Property Control Act 1988, which states that trustees must fulfil certain obligations to maintain the trust: *"When a new trust is registered, a more comprehensive list of information is required, and we refer you to the Master's Office form J401 to obtain the full list of information"*.

According to the new regulation 3C of the Trust Property Control Act,1988 (Act No. 57 of 1988): amendment regulations, trustees must keep a record of beneficial ownership information.

(1) A trustee must keep a record of the following information relating to each identified beneficial owner of the trust, in the register contemplated in section 11A(1) of the Act:
(a) The full names;
(b) Date of birth;
(c) Nationality;
(d) An official identity document number or passport number, indicating the type of document and the country of issue;
(e) Citizenship;
(f) Residential address;
(g) If different from the residential address, the beneficial owner's address for service of notices;
(h) Other means of contact;
(i) If the person is a registered taxpayer in the Republic, the person's tax number;
(j) The class or category of beneficial ownership under which the person falls;
(k) The date on which the person became a beneficial owner of the trust; and
(l) Where applicable, the date on which the person ceased to be a beneficial owner of the trust.

(2) Where a beneficial owner is a minor, a trustee must also keep a record of the information referred to in sub-regulation (1) in respect of the minor's legal guardian.

(3) A trustee must keep a certified or verified copy of an official identity document or passport of each identified beneficial owner of the trust. The information recorded in terms of sub-regulation (1)(a) to (d) must appear in the same way as it appears on the certified or verified copy of the identity document or passport.

As everyone can observe, there has been a significant transformation in the sharing of information over the past few decades. This change is essential and much needed. Unfortunately, some individuals have taken advantage of this shift in sharing information for their own benefit. The abovementioned adjustments made to the system will help reduce the misuse of information by such individuals.

Taxation

Income tax

When we discuss income tax, the tax rates for the income tax year 2024/ 2025 will be used.

The question always arises about how it could be possible to use a trust as a vehicle and not pay the highest income tax rate if the income tax rate of a trust is 45%, that of an individual is also 45% and that of a company is 27%.

Allow me to provide an example to make the explanation easier. Let us suppose there is Trust A with Founder B, Trustees C and D and an independent Trustee E. C and D are a married couple. The Children of the trustees are the beneficiaries of Trust X, Y and Z.

The trust's founder must have paid the initial trust fund of R1 000 into the trust's bank account.

The trust has bought a commercial property after it obtained a bond from a commercial bank for a purchase price of R10m; a Transfer duty of 10% on the purchase price is payable; therefore, a total cost of R 11m and the bond also R10.99m. There is one exception that The Court held in the *CIR vs. Freddies Consolidated Mines Ltd* case of 1957 that the word 'acquired' (which is required for a 'transaction' to take place under the Transfer Duty Act) means the acquisition of a 'right'.

The trust got a long-term tenant who received the following income and paid the following expenses.

Rent received		R1 000 000
Less expenses: Accounting fees	R3 500	
Bond Interest	R725 000	
Other expenses	R5 000	
Net profit before distributions to Beneficiaries		R266 500
Distributions to beneficiaries		0

If the trustees of Trust A decide not to distribute the profit to the beneficiaries, the tax payable is 45% or R 119 925. However, the trust deed gives the trustees the right to decide how they want to distribute the trust's income. In this case, the three trustees have decided to distribute the profit as follows:
- X: R95 000 (tax payable: Nil)
- Y: R90 000 (tax payable: Nil)
- Z: R81 500 (tax payable: Nil)

The total profit is R266 500. The total tax payable is R nil because they have applied the conduit principle. Therefore, in this case, the tax is much less than 45% of the normal tax of a trust.

It is crucial for the trustees of the trust to decide on the distribution before the year-end and document it in the minutes of the trust meeting. The year-end for all trusts is at the end of February. If the year-end ends in February 2024 and the distribution is made in March or later, the trust will be taxed at 45% on the full amount of R 266 500 for the February 2024 tax year. Additionally, the beneficiaries will be taxed on the mentioned amounts in the 2025 tax year.

Taxation of non-resident beneficiaries of trusts
(Applicable provision: Section 25B of the Act)

This proposal is complete and will take effect from 1 March 2024. If distributions are made before the end of February 2024, they will be taxed in the hands of beneficiaries X, Y and Z, as mentioned above. If beneficiary Z emigrates after February 2025 but before 28 February 2026 (and the same amounts would apply for the 2026 tax year), the taxation of the group will be as follows:
- X: R 95 000 (tax payable: Nil)
- Y: R 90 000 (tax payable: Nil)
- Z: For the 2026 tax year. Due to the change in legislation from 1 March 2024, the amount distributed to this beneficiary for this year will be taxed in the trust at the trust's tax rate of 36%, which amounts to R29 340.

Capital Gains tax
If the same 'Trust A' as the above is used and the property was bought after 1 October 2001, the trustees have made an addition to the property to the amount of R 3m, which brings the total cost price during the 2025 tax year to R 14m (R 11m + R3m), and have decided to sell the property for R20m, the trust has a capital gain of R 6m (20m-14m); the best taxation for the group will be as follows:

Proceed	R20m
Base cost (Purchase price plus additions)	R14m
Capital Gain	**R6m**
Distribution to X	R2m
Distribution to Y	R2m
Distribution to Z	R2m
Capital profit in trust	Nil

Each individual beneficiary will be taxed as follows:

Capital Gain	R2m
The inclusion rate of 40%	R800 000
Taxation on this amount after the primary rebate	**R211 411.61**

Three beneficiaries will receive a total amount due of R 634 324.83, representing 10.57% and not 45% or 36% of the total capital gain of R 6 million.

When discussing trust matters, it is important to consult with a professional and inquire about the implications of section 7(C) on all transactions. Due to time constraints, this article cannot discuss this topic in detail.

It is important to note that if a property is sold after the beneficiary has emigrated, the beneficiary's portion will be taxed at the trust rate, rather than the individual rate.

The source of income, such as capital gains, is declared to the beneficiary. For instance, if a trust receives a capital gain and distributes it to the beneficiary, the beneficiary will be taxed on the capital gain. When the trustee declares a dividend to the beneficiary, the beneficiary will be taxed on the dividend.\
On the other hand, if the trustees choose not to sell the property and pay off the bond, the beneficiaries become the next-generation trustees. This means that the property can continue to grow in value. For example, if it grows at a rate of 10% annually over a period of 50 years, it could be worth up to R 1.1 billion.

Conclusion
To answer the initial question, the important decisions made in conjunction with good, up-to-date planners will determine the lowest rate[1]

1 The information mentioned above has been collected from various sources such as the Trust Property Control Act 57 of 1988, the SARS Guide to Taxation of Special Trusts, the Income Tax Return for Trusts (ITR12T), the Tax Registration of a Trust, and a helpful article by Phia van der Spuy. Additionally, the Income Tax Act 58 of 1962, as amended, De Rebus journal, has also been used as a reference.

Soli Deo Gloria

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

SAIT TaxHelpline – SARS operational queries

Update on SARS changing to eFiling Security Details rules

In recent months, SARS saw an uptick in the number of fraud cases reported, with a specific increase in the number of eFiling profile hijacking cases. As a natural response thereto, there have been multiple implementations by SARS to curb the risk of unauthorised access to eFiling profiles. Top of the list is ensuring the integrity of eFiling security details.

*On Friday, 31 May 2024 SARS started denying access to eFiling profiles where the contact details associated with the profile are linked to more than the maximum number of profiles. This came at a sensitive time as 31 May 2024 fell on the submission deadline for some electronic VAT submissions, employer reconciliation and third-party data.

Through frequent engagement with members, SAIT identified a fundamental misunderstanding on the difference between eFiling security and the taxpayer contact details.

With the recent enhancement by SARS to restrict taxpayers from registering for SARS eFiling if they already have the maximum number of eFiling profiles linked to their security contact details, it has become imperative for practitioners to understand the difference between the eFiling security and the taxpayer contact details.

eFiling security details

The eFiling security details are primarily used with retrieving the eFiling profile where the eFiling user has forgotten the username or password. To update the eFiling security details, the following process must be followed:

1. Select **My Profile** from the eFiling menu on the left and click on **Profile and Preference Setup**.
2. Scroll to the section **Security Contact Details**.
3. Insert your new email address and/or your new cell number.
4. Select your preferred method of communication.
5. Click on **Update & Save**.
6. On the pop-up screen that displays, select your preferred method of communication to receive the One-Time-Pin (OTP).
7. After you have entered the correct OTP, a message will display confirming that your security contact details have been updated successfully.

The latest enhancements by SARS essentially limits the number of profiles which can have the same contact details as eFiling security details. The argument from SARS is that each profile, belonging to a separate individual, should have unique eFiling security details.

If these details have been linked to the maximum number of profiles, the eFiling profile will be locked and the taxpayer will be automatically directed to visit a branch office.

Taxpayer contact details

The taxpayer contact details are used by SARS as the primary contact details when contacting the taxpayer. These contact details are also used when an OPT is sent by SARS for a taxpayer to authorise a tax type transfer. To update the contact details, the following process must be followed:

1. 1Select Home from the eFiling menu at the top and click on SARS registered details.
2. Select Maintain SARS registered details.
3. Select I agree to continue and the RAV01 form will open.
4. Select and scroll down to contact details.
5. Update the contact details accordingly and press submit at the top left corner of the RAV01 form.
6. A message will display confirming that your security contact details have been updated successfully.

SAIT TaxHelpline – escalations

As part of our service to members, SAIT escalates appropriate cases within the SARS structures on behalf of members. Members can submit a query via the TaxHelpline for SAIT to assist with a SARS escalation matter. You can read more on the process and requirements, here.

The most urgent cases escalated this week related to:

1. Delay in the finalisation of VAT objections;
2. SARS issuing final demands for outstanding returns, despite the returns being submitted already;
3. Delay in the finalisation of tax type deregistration; and
4. Delay in the finalisation of requests for reduced assessments.

SARS regional and national operational meetings

SAIT and its Regional Representatives attend the SARS/RCB regional meetings on a quarterly basis (qualifying for CPD points).

Feeback from the RCB/SARS regional and national meetings

Feedback from the North West regional meeting held on 3 June 2024 can be accessed, here.

Feedback from the Western Cape regional meeting held on 5 June 2024 will be available in Issue 22 of the Tax Practice: Weekly Highlights.

Feedback from the previously held RCB/SARS regional meetings can also be accessed:

1. Gauteng North held on 23 May 2024.
2. Mpumalanga held 24 May 2024.

Upcoming RCB/SARS regional and national meetings

The following regional and national meetings have been scheduled:

1. Free State and Northern Cape for 10 June 2024;
2. KwaZulu-Natal for 10 June 2024;
3. Gauteng South for 17 July 2024;
4. Gauteng North for 22 August 2024;
5. Free State and Northern Cape for 9 September 2024;

6. KwaZulu-Natal for 9 September 2024;
7. Free State and Northern Cape for 11 November 2024;
8. Gauteng South for 13 November 2024;
9. 9. Gauteng North for 21 November 2024; and
10. KwaZulu-Natal for 25 November 2024.

<u>Other meetings of interest</u>

1. SARS National Operations meeting scheduled for 25 July 2024;
2. RCB forum meeting scheduled for 10 September 2024;
3. RCB forum meeting scheduled for 12 November 2024; and
4. SARS National Operations meeting scheduled for 21 November 2024.

Members who wish to make themselves available to serve as SAIT Regional Representatives or raise agenda points can send their details (full names, region, and area of speciality), to Lerato Mashigo at taxassist@thesait.org.za.

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: May and June 2024

Month	Date	Tax Type	Notification
May 2024	07/05/2024	Employment Taxes	**EMP201** - Submissions and payments
	24/05/2024	Value-Added Tax	**VAT201** - Manual submissions and payments
	31/05/2024	Value-Added Tax	**VAT201 -** Electronic submissions and payments
	31/05/2024	Employment Taxes	EMP501 - End of the annual employer reconciliation submissions
	31/05/2024	Other	Third-Party Data (IT3) - Close of the annual third-party submissions period
June 2024	07/06/2024	Employment Taxes	**EMP201 -** Submissions and payments
	25/06/2024	Value-Added Tax	**VAT201 -** Manual submissions and payments
	28/06/2024	Value-Added Tax	**VAT201 -** Electronic submissions and payments
	28/06/2024	Income Tax	**ITR14 -** Submission of 2023 returns for companies with a June year-end
	28/06/2024	Income Tax	**1st provisional (2024)** - Submissions and payments for individuals, trusts and companies with a December year-end
	28/06/2024	Income Tax	**2nd provisional (2024)** - Submissions and payments for companies with a June year-end
	28/06/2024	Income Tax	**3rd provisional (2023)** - Payments for companies with a December year-end

SAIT member resources

- SAIT Important tax dates calendar – contains important dates from January 2024 to January 2025 (updated). The SAIT calendar has been updated to include the Filing Season 2024 submission deadlines.
- SAIT SARS contact map – links service requirements to SARS channels (unchanged). or accepted.

Key Operational News

Reminder on updated SARS Online Query System

On 24 May 2024, SARS announced that the SARS Online Query System (SOQS) has been updated to include requests for Penalty Statement of Account and Report SARS Employee Corruption.

The SOQS guide was also updated and can be read for more information.

Other SARS and related operational publications and announcements

No new recurring matters have been identified in the queries submitted to SAIT for the week of 30 May – 5 June 2024.

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

No new recurring matters have been identified in the queries submitted to SAIT for the week of 23 - 29 May 2024.

Key tax practitioner news

Reminder on May 2024 member compliance disciplinary and compliance

One of the key requirements for registration as a Tax Practitioner (as required by the Tax Administration Act) is that members must attend to a prescribed amount of continuous professional development (CPD) per year. Failure to do so may result in a member's registration being revoked. Without registration, a person may not practice as a Tax Practitioner and doing so constitutes a criminal offence.

Technical skills and up-to-date knowledge lie at the core of being a tax professional. Clients and other persons engaging with tax professionals assume that tax professionals understand the technical and practical landscape while keeping up with the latest tax developments. Undertaking CPD assists the professional so that the professional:

- Can maintain knowledge and skills to provide services of the highest quality.
- Can remain up to date in terms of tax interpretation, legislation and policy direction.
- Can properly advise clients of their rights and obligations in terms of the tax system.

CPD is a statutory requirement

Government recognises the importance of lifelong learning in terms of professional recognition. SAIT registration as a professional body requires continued approval from the South African Qualifications Authority (SAQA). This continued approval is based on the expectation that professional bodies will require annual CPD from their members. By operation and virtue of **section 240A(1) of the Tax Administration Act 28 of 2011**, the South African Revenue Services (SARS) additionally requires that registered tax practitioners satisfy a more prescriptive version of annual CPD. These statutory requirements are echoed in SAIT codes, policies as well as terms and conditions for continued membership and registration as a tax practitioner. Members are urged to familiarise themselves with the key requirements encapsulated under SARS Criteria for the Registration of Tax Practitioners and the Recognition of Controlling Bodies, to the extent that this directive relates to CPD, members are encouraged to study section 4.4. It is crucial to maintain lifelong learning efforts in order to remain registered as a tax practitioner and remain in practice.

Key technical competencies

Our CPD policy is an instrument aimed at informing members of the applicable requirements. This, in turn, assists members in remaining compliant by undertaking continued education and development of which SAIT provides in excess of 50 hours annually.

Given the pace of change in the tax practice environment, members should ensure that their CPD activities enhance and further develop competency in taxation and key related technical areas and disciplines. These areas include taxation, accounting, law, and technology.

Ethical values for tax practitioners

Ethics means performing professional duties conscientiously with a principled commitment to the best interests of the client as well as the tax community. Good practice and professional cooperation preserve professional relationships and increases public trust. Members must accordingly comply with SAIT's ethical codes of conduct and commit some of their CPD efforts toward ensuring that they fully understand all ethical standards required. These standards often entail appropriate practice management.

Standard CPD requirements

In order to retain SAIT membership and SARS tax practitioner registration, members in practice or members holding full SAIT designations (exceptions made to Affiliate members) are required to complete a total of thirty (30) hours of CPD:

- 12 hours of non-verifiable CPD
- 18 hours of verifiable CPD

With primary focus on verifiable CPD, the relevant hours required are further broken down as follows:

- 10 hours of tax-related CPD (mandatory)
- 6 hours of profession-specific CPD (optional*)
- 2 hours of ethics and professional standards CPD (mandatory)

**** This option provides more flexibility in allowing members to complete their CPD by engaging with learning material that is more pertinent to their day-to-day work outside of tax, this may include disciplines such as bookkeeping, accounting, auditing, or law. Please note that should a member elect to forego the option to complete 6 of the total 18 required hours of verifiable CPD, they will be required to complete same based on tax-specific learning.***

Setting aside the need for improved compliance with CPD as a general matter among SAIT members, there is a notable statistical disparity between webinar registrants, webinar attendees and entries reflecting quizzes completed for the relevant webinars attended.

It is also noted that members do not fully engage with CPD materials, including webinar recordings, slides provided as well as quizzes available in order to obtain and log CPD points.

The table below will illustrate the discrepancy noted (statistics provided are extracted from 2024 SAIT-only webinar data):

Number of Attendees/ Registrants	Number of Webinar Views	Number of CPD entries Logged
2 987	1 585	822

The statistics provided above give us insight into member behaviour around CPD. As above noted, a large number of members remain non-compliant with CPD which places the member at risk of suspension or deregistration as a failure to maintain statutory, SARS and SAIT obligations for the retention of tax practitioner registration. Members are urged to ensure that they engage fully with CPD material provided and ensure completion of applicable quizzes to claim CPD points reflecting their participation. SAIT issues weekly notices on upcoming CPD events which provide multiple opportunities and varied options for members to maintain their CPD compliance. Should members wish to catch-up on previous recorded webinars, they may access their Member Portal as seen on email communication from SAIT.

Access our member portal here

Catch up on previously recorded webinars

Should points not reflect on a member's profile and/or should a member experience technical or any other challenges with their respective compliance, the necessary support and assistance is available through the SAIT Legal and Compliance Department.

With the above in mind, members are urged to reach out and engage with SAIT for regular compliance checks and to remain compliant.

Government & stakeholder newsletters

Reminder on SARS publishing the 8th edition of the SMME Connect newsletter

On 24 May 2024, SARS published the 8th edition of the SMME Connect newsletter. The latest edition of the newsletter highlights the following topics:

- Accuracy and on-time filing is critical
- Channels to submit EMP501
- Penalties for non-compliance
- Employment Tax Incentive (ETI)
- Debt Management
- Tax Scams
- Useful Information

Reminder that SARS published the 5th edition of the SMME Connect newsletter

On 24 May 2024, SARS published the 5th edition of the Tax Exempt Institutions Connect newsletter. With the 31 May submission date for IT3(d) third-party data looming, SARS would like to thank the approved section 18A entities that have already successfully submitted or are in the process of submitting their third-party data.

To date, most entities have successfully submitted via the HTTPS channel, followed by submissions via eFiling. SARS is most encouraged by the uptake from smaller and medium sized entities.

In preparation for the 31 May 2024 deadline, SARS would like to bring the following resources to your attention to further assist with your submissions:

- Public Notice 3082 on the section 18A enhanced reporting requirements;
- Public Notice 3631 on the submission of IT3(d) third-party data submissions;
- The TEI Segment IT3(d) FAQ webpage – which will be updated twice a week with the key questions and queries submitted by our taxpayers;
- IT3(d) enrolment micro-learning video – which is available on the SARS TV YouTube channel;
- Binding General Ruling 71– Section 18A Receipt: Donation of Property in Kind; and
- Binding General Ruling 70– Issue of a Single Section 18A Receipt to a Donor Taxpayer for Multiple *Bona Fide*.

Other tax practitioner access and functionality publications and announcements

- **3 June 2024**: The SARS Kariega branch was closed on 3 June 2024 due to floods in the area.
- **31 May 2024**: SARS announced that it would be performing planned upgrades to the eFiling platform on Saturday, 1 June 2024 at 20:00 until Sunday, 2 June 2024 at 03:00. During this time, the digital platform will not be available.
- **31 May 2024**: SARS published the Mobile Tax Unit and tax workshop schedules for June 2024 to be hosted in the Limpopo province.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Legislation

No new legislation, international agreements or policy matters were published in the week of 23 –29 May 2024.

Reminder regarding the legislative cycle update

The annual legislative tax amendment cycle which culminates in the promulgation of the Tax Laws Amendment Act and the Tax Administration Laws Amendment Act includes several key events.

During the Finance Minister's presentation of the National Budget Speech, the Minister indicated that National Treasury will be implementing a global minimum tax to limit the negative effects of tax competition. With retrospective effect for years of assessment commencing on or after 1 January 2024, multinational corporations with annual revenue exceeding €750 million will be subject to an effective tax rate of at least 15 per cent, regardless of where their profits are generated.

National Treasury forecasts that the implementation of the global minimum tax will raise an additional R8 billion in corporate tax revenue in 2026/27. Simultaneously, the Minister of Finance released the draft Global Minimum Tax Bill (and associated documentation) for public commentary. All submissions have since been made to National Treasury and are undergoing consideration.

At present, it is expected that the comprehensive annual tax amendments in the form of the draft tax amendment bills (together with the revised draft Global Minimum Tax Bill) will be published towards the end of July 2024. For ease of reference, SAIT has provided a calendar setting out the general dates relevant to the annual legislative tax amendment cycle.

LEGISLATIVE INTERPRETATION

Legislative interpretation calls for comment

No new calls for comment pertaining to legislative interpretation were published in the week of 30 May 2024 – 5 June 2024.

Legislative counsel publications

Reminder on the release of Binding General Ruling 64 (Issue 2) that outlines the VAT treatment pertaining to temporary applications of new dwellings for exempt supplies simultaneously held by developers for taxable purposes

Property developers have in many instances struggled to comply with VAT legislation. This arose as a result of difficulties that are experienced by property developers to comply with VAT legislation in instances when these developers develop residential properties for sale in difficult economic times. The difficulty arises in that there are high holding costs associated with the development, marketing and sale of properties. As a result, developers often let

newly developed dwellings out as residential accommodation to cover some of the holding costs whilst the properties are marketed for sale.

Resultantly, on 21 May 2024, SARS released the updated version of BGR 64 that clarifies the VAT treatment of newly built residential dwellings that have been developed and held for sale under a taxable supply by developers, but that are simultaneously temporarily applied to make exempt supplies of residential accommodation in a dwelling.

The ruling contained herein, addresses the VAT treatment as pertaining to the:

- Adjustment for dwellings temporarily applied for exempt supplies;
- Sale of dwellings whilst being temporarily applied for exempt supplies;
- Adjustment after expiry of the prescribed 12-month period or permanent application for exempt or other non-taxable purposes during that period;
- Claw-back deduction under section 16(3)(o); and
- Effective date and scope of application.

Members are encouraged to study content of BGR 64 for detail relating to the above as well as the application of the provisions of section 18D.

Reminder on the release of issue 4 of BGR 14 which has been expanded to address the VAT treatment of short term (non-life) insurance supplies

On 22 May 2024, SARS released an update to BGR 14 due to the amendments to section 8(8) of the VAT Act and the introduction of section 8(8A) of the VAT Act, which came into effect from 1 January 2024. The amendments were necessary because of earlier amendments to the various section 72 rulings.

BGR 14 sets out the VAT treatment of *inter alia*:

- The time of supply in relation to the supply of insurance and related intermediary services
- International transport insurance including stock throughput, goods in transit and marine insurance policies
- Hull and associated liability insurance
- Insurance cover provided in respect of fixed property and movable property located in an export country
- Excess and indemnity payments
- Third party payments
- Group accident claims

Members are encouraged to study the contents of BGR 14 for comprehensive detail pertaining to the above line items.

Published court cases

No new court cases were published in the week of 30 May 2024 – 5 June 2024.

Other SARS publications and announcements

No other SARS publications and announcements were made in the week of 30 May 2024 – 5 June 2024.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

No other matters of interest for a tax practice were published for the week of 30 May 2024 – 5 June 2024.

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