TAXPRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 05 - 18 September 2024
(Issue 35 -2024)

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TOP STORIES

SAIT notes the sad passing of former SARS Commissioner and Minister of Finance, Pravin Gordhan

It is with profound sadness that SAIT received the news of the passing of former SARS Commissioner and Minister of Finance, Pravin Gordhan. Gordhan served as the Commissioner of SARS between 1999 - 2009, a period wherein he ushered in and evangelised the notion that SARS exists to serve a higher purpose of enabling government to build a capable democratic state that fosters sustainable economic growth and social development in the interest and wellbeing of all South Africans. It is also during this time that the conceptualisation and foundations were laid for a modern tax and customs administration.

Gordhan will be remembered for his selfless sacrifices and lifelong service. Our thoughts are with his family and friends during this difficult time of mourning.

Trust third-party data submission deadline and challenges

With the submission due date for the third-party data for trusts drawing to a close in less than two weeks, many trustees and tax practitioners remain between a rock and a hard place with the multiple challenges marring the submission of the IT3(t).

Amongst others, the challenge of registered representatives remains an issue for many trusts. Unlike the income tax, VAT and PAYE tax types where the registered representative for the entity is automatically linked to all the active tax types, the IT3 tax types requires a taxpayer to reconfirm the registered representative specifically for IT3 submission purposes. Unfortunately, many trustees and tax practitioners were unaware of this requirement, and with requests taking 21-business days to finalise, a request at this time may see the trust missing the filing deadline of 30 September 2024.

Read more on these challenges, here.

Interim employer reconciliation Filing Season officially opens

The interim employer reconciliation filing season officially kicked off on Monday, 16 September 2024, for the 2025/01 period covering the 1 March – 31 August 2024 reporting period. Employers may utilise the eFiling or e@syFile systems to submit their interim reconciliations with eFiling being limited to 50 or less employees.

For employers submitting on the e@syFile platform, it is important to note that SARS is in the process of moving to a new platform (Replatform). Therefore, for this submission period, both the BETA Flex and Replatform versions will be available, however, for the 2025/02 submissions only the e@syFile Replatform version should be used.

Access more information on the interim reconciliations, here.

#StayAbreastOfTheTaxWave

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

Trust third-party data submission deadline and challenges

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Amongst others, the challenge of registered representatives remains an issue for many trusts. Unlike the income tax, VAT and PAYE tax types where the registered representative for the entity is automatically linked to all the active tax types, the IT3 tax types requires a taxpayer to reconfirm the registered representative specifically for IT3 submission purposes. Unfortunately, many trustees and tax practitioners were unaware of this requirement, and with requests taking 21-business days to finalise, a request at this time may see the trust missing the filing deadline of 30 September 2024.

Additionally, due to inconsistencies between the various Masters Offices when issuing trust registration numbers, the SARS core system often does not correctly match the trust registration number and the trust income tax number. As a result, some entities are unable to utilise the SARS Online Query System to register a representative, nor can they book a virtual appointment to update the representatives.

SARS has publicly acknowledged these challenges in various fora, however, there is no clear or common agreement on the way forward to resolve the issues experienced. At the recently held Western Cape regional meeting on 4 September 2024, SARS representatives indicated that the system was being enhanced to correct the mismatch error for trust registration numbers. Unfortunately, as of 18 September 2024, SAIT had not been advised of the successful resolution of this issue.

SAIT will continue to engage with SARS on this regard and provide all urgent feedback to all members as and when additional feedback is available.

Trust Filing Season 2024 now opened

The 2024 Trust Filing Season opened on 16 September 2024 and will run until 20 January 2025 for both provisional and non-provisional trusts.

The following enhancements were implemented based on legal and form changes:

- **Urban Development Zone (UDZ):** The tax incentive's sunset date has been extended by two years from 31 March 2023 to 31 March 2025.
- **Loans, advances, or credit granted to trusts by connected persons:** The exclusion for acquiring a primary residence has been clarified, including funding for improvements to the residence. The limitations regarding the land on which the primary residence is located now also apply.
- **Public officer:** A new question has been added to the form wizard to confirm that the person appointed as a trustee has not been disqualified.
- **Donations:** The donations questions have been updated to allow the taxpayer to enter up to 20 number of approved organisations that the trust donates to.
- **Request for Reduced Assessment (RRA02):** A new feature has been introduced to manage requests for reduced assessments for companies under section 93 of the Tax Administration Act (TAA). Taxpayers must complete the RRA02 form, which will generate a case to determine whether they qualify for a reduced assessment.

- **Beneficial ownership:** Clarifications have been added to the beneficial ownership section to assist in the completion of information for unnamed beneficiaries.
- Enhanced deduction for certain machinery, plant, implements, utensils, and articles used in renewable energy production to increase the appeal of the tax incentive by temporarily enhancing the current renewable energy tax incentive in section 12B of the Income Tax Act to encourage greater private investment in renewable energy.

Members can also access these updated guides to assist with the submission of the Trust Income Tax Returns:

- IT-AE-37-G02 – Step by Step Guide to complete your Trust Return via eFiling – External Guide
- GEN-GEN-56-G02 – Submit Request for Reduced Assessment RRA02 via eFiling for Company or Trust – External Guide
- IT-AE-36-G02 – Comprehensive Guide to the Income Tax Return for Trusts – External Guide

Status on the two – pot retirement savings withdrawals

On 11 September 2024, SARS published a status update on the two-pot retirement system withdrawals which had been accessed for the first 10 days of September 2024. SARS confirmed that they had received 161 607 tax directive applications of which 98.9% of those applications related to the savings withdrawal benefit from the two-pot retirement system. This would mean that SARS has been receiving an average of over 17 500 tax directive requests per day with a finalisation turnaround time of 48-hours without any human intervention required.

The gross amount of the lumpsums for the applications received in the first 10 days amounted to approximately R4.1 billion with SARS collecting over R6.7 million in revenue per day.

SARS Commissioner, Edward Kieswetter, reminded taxpayers that *"taxpayers who owe SARS money must realise that this tax debt will be added to the tax on withdrawal from the savings benefit. But if there are payment arrangements in place to settle the debt with SARS, this debt will be deducted as per agreement between SARS and the taxpayer. A tax debt that has been deferred will also not be deducted"*.

A tax directive may also be declined if the taxpayer has any outstanding tax returns as SARS considers the overall tax status when approving a tax directive.

SAIT will continue to monitor the reports around the two-pot retirement system and provide updates to all members accordingly.

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. Delays in the finalisation of 2024 income tax verifications;
2. Delays in the finalisation and payment of refunds;
3. Delays in the finalisation of bank verification cases; and
4. Delays in the finalisation of tax type deregistration requests.

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)*.

**For effective and meaningful interactions with SARS, Regional Representatives are urged to provide three specific examples of issues and matters that arise. It should be noted that the regional meetings are not platforms to raise individual escalation, but rather to discuss systemic issues affecting the tax practitioner community at large.*

Feedback from the RCB/SARS regional and national meetings

Feedback from the following regional meeting may be accessed:

- Western Cape held on 4 September 2024;
- Free State and Northern Cape held on 9 September 2024; and
- Eastern Cape held on 12 September 2024.

Feedback from the Limpopo regional meeting held on 17 September 2024 will be made available in issue 36 of the Tax Practice: Weekly Highlights

Upcoming RCB/SARS regional and national meetings

The following regional and national meetings have been scheduled:

1. Mpumalanga for 27 September 2024;
2. Free State and Northern Cape for 11 November 2024;
3. Gauteng South for 13 November 2024;
4. eMalahleni, Mpumalanga for 18 November 2024;
5. Gauteng North for 21 November 2024; and
6. KwaZulu-Natal for 25 November 2024.

Other meetings of interest

1. RCB forum meeting scheduled for 12 November 2024; and
2. 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: September 2024

Month	Date	Tax Type	Notification
September 2024	01/09/2024	Other	**Third-Party Data (IT3)** - Start of third-party bi-annual submissions in the LIVE environment
	06/09/2024	Employment Taxes	**EMP201** - Submissions and payments
	16/09/2024	Employment Taxes	**EMP501** - Start of employer interim reconciliation submissions
	16/09/2024	Income Tax	**ITR14** - 2024 ITR14 with the legislative amendments made available.
	16/09/2024	Income Tax	**ITR12T** - Opening of **Trust Filing Season**
	25/09/2024	Value-Added Tax	**VAT201** - Manual submissions and payments
	30/09/2024	Value-Added Tax	**VAT201** - Electronic submissions and payments
	30/09/2024	Income Tax	**3rd provisional (2024)** payments for individuals, trusts and companies with a February year-end period
	30/09/2024	Other	**Third-Party Data (IT3)** - End of third-party annual submissions for Trusts

SAIT member resources

- SAIT Important tax dates calendar – contains important dates from January 2024 to January 2025 (updated).
- SAIT SARS contact map – links service requirements to SARS channels (unchanged).

Key operational news

Medical aid third-party data reporting changes effective from 5 October 2024

On 6 September 2024, SARS announced that they would be implementing changes to the medical aid data reporting requirements. SARS has recognised the challenges faced by taxpayers in submitting medical aid data accurately and on time. To simplify this process and reduce the burden on taxpayers, SARS is making changes to the data that is required from medical aid schemes.

Medical aid data changes include:

- Provision of data on disabled principal members and their dependents.
- Data of persons making payment on behalf of principal members.
- Separate non-allowable from the allowable expenses, currently reported as claims not paid or covered by medical schemes on the IT3(f) certificate.

For ease of reference, the changes in the latest External Medical Scheme Contributions Business Requirement Specification (BRS) (v1.09-2) are as follows:

- Field 4, file layout version must be 3.
- Updated the medical practitioner HPSCA number fields (**196 and 220**) for the principal member and dependant.

- Updated the end date of disability fields (**195 and 219**) for the principal member and dependant.
- Updated the non-allowable source code (**Appendix A**).
- Updated the Logic validation for third-party payor unique number field (**235**) under the person paying account financial data.

These changes will also allow SARS to reduce audit interventions, enable speedy assessment of tax returns and assist in allocating medical tax credits to the correct taxpayers.

SARS unveils the enhanced and revised ITR14

For companies who opted to wait for the latest ITR14 return before submitting the 2024 corporate income tax return, SARS has officially released the return with all the legislative changes. The return, which was released on 16 September 2024 contains the following enhancements:

- **Tax treatment of an asset acquired as government grant in kind:** If a taxpayer acquires an asset as or with a government grant, wear and tear cannot be claimed on the asset. This also means that even if the taxpayer uses the grant to buy another asset that something cannot be depreciated either (for tax purposes).
- **Credit agreements and debtors allowance:** A new field for 'credit agreement and debtors' allowance (lay-by) (s24)' will be added to the ITR14 return. This is an allowance that can be claimed in the current year but it needs to be reversed in the following year.
- **Additional deduction in respect of learnership agreements:** A deduction for learnership agreements can only be allowed if the agreement was entered into before 1 April 2024 and therefore a new validation question will be added to the ITR14 return asking the taxpayer to declare that the agreement was entered into before 1 April 2024.
- **Refinements to the Research and Development Tax Incentive:** Together with the name change to 'Department of Science and Innovation', a new qualification question will be added to the 'tax allowances / limitations' container to allow taxpayers to indicate that their incentive approval was not withdrawn.
- **Expenses incurred in the production of interest:** In terms of s11G, taxpayers must limit interest expenses to non-trading interest income. An adjustment field will be added to the tax computations for all company types, thereby allowing taxpayers to add back non-allowable interest.
- **Enhanced deduction in respect of certain machinery, plant, implements, utensils and articles used in the production of renewable energy:** The ITR14 will be updated to allow taxpayers to claim s12BA allowance. A container will be created for deduction details and qualifying questions. A validation will ensure that the taxpayers claim their 125% deduction.
- **Extension of the UDZ Tax Incentive sunset date:** The UDZ tax incentive sunset date is extended by another period of two years from 31 March 2023 to 31 March 2025.
- **Request for Reduced Assessment (RRA02):** New functionality has been introduced to manage requests for reduced assessments for companies under s93 of the TAA. Taxpayers are required to complete the RRA02 form. A case will then be created to assess whether the taxpayer qualifies for a reduced assessment.

A prototype of the ITR14 can also be accessed, here. The following guides were also updated in line with the abovementioned enhancements:

- GEN-GEN-56-G02 – Submit Request for Reduced Assessment RRA02 via eFiling for Company or Trust – External Guide
- IT-GEN-04-G01 – How to complete the Income Tax Return ITR14 for Companies – External Guide
- IT-ELEC-03-G01 – Guide to complete the company Income Tax return ITR14 eFiling – External Guide

SARS announced trust verification enhancements

On 16 September 2024, SARS announced that they are in the process of enhancing the letters that are issued to taxpayers relating to the specific supporting documents that are required when they have been selected for verification.

Specifically refer to the revised estimated assessments:

- If the ITR12T return submitted is routed for verification and there is no response to the request for supporting documents within the required period (after delivery of more than one request for such material), SARS may make a revised estimated assessment in terms of section 95(1)(c) of the TAA. A notice of assessment (ITA34) will be issued to notify the taxpayer of the reduced/additional estimated assessment and the reason for the adjusted assessment.
- The taxpayer will have the option of submitting the outstanding supporting documents to SARS within 40 business days from the date of adjusted assessment under section 95(6) of the TAA. However, the taxpayer may provide SARS with reasonable grounds and request an extension of this period in terms of section 95(7) of the TAA.
  - The taxpayer can submit supporting documents via eFiling, the SARS Online Query System (online service), or by booking an appointment at a SARS branch.
  - If the taxpayer does not provide the supporting documents to SARS within the required period, the estimated assessment will become final and not subject to objection or appeal.

Please note that the suspension of payment will be made available later.

Other SARS and related operational publications and announcements

No other SARS and related operational publications and announcements were made for the weeks 5 – 18 September 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 weeks of 5 – 18 September 2024.

Key tax practitioner news

Reminder on tax practitioner compliance: Ethics, engagement letters, and regulatory adherence

The role of tax practitioners is pivotal in ensuring that both individuals and businesses meet their tax obligations. As trusted advisors, you play a critical role in the tax ecosystem, and thus, your compliance with ethical standards and regulatory frameworks is of utmost importance. We highlight the key aspects of tax practitioner compliance, particularly emphasising ethics, the use of engagement letters, and adherence to regulatory requirements as key take-aways warranting reiteration from previous notes issued by the Legal and Compliance office of the Institute.

Ethics in tax practice
Ethics serve as the cornerstone of trust in tax practice. Tax practitioners are expected to uphold the highest standards of integrity, objectivity, professionalism, and confidentiality. Ethical compliance involves:

1. **Integrity:** Practitioners must provide truthful and complete information to their clients and the tax authorities. You should avoid any actions that may mislead stakeholders.
2. **Objectivity:** Practitioners are required to maintain impartiality and avoid conflicts of interest. As a SAIT member you must not allow biases to affect your professional judgment.
3. **Professional competence and due care:** Practitioners must continually develop their professional knowledge and skills to provide competent services and act diligently in accordance with applicable laws.
4. **Confidentiality:** Practitioners should protect the confidentiality of client information and must not disclose it without proper authorisation or legal obligation.

Failure to adhere to these elemental ethical standards can result in serious ramifications, including penalties, loss of licensure, and damage to professional reputation.

Proper use of engagement letters
Engagement letters are essential tools in defining the scope of services provided by tax practitioners. They serve multiple purposes:

1. **Clarity of services:** Engagement letters should clearly outline the specific services to be provided, including tax filing, advisory services, and representation before tax authorities. Clear delineation helps manage client expectations, an important aspect of client engagement.
2. **Basis for accountability:** By formalising the agreement, engagement letters provide a basis for accountability, protecting both the practitioner and the client in the event of a dispute.
3. **Legal protection:** Properly drafted engagement letters can offer legal protection by detailing the responsibilities of each party, including any limitations of liability.
4. **Regulatory compliance:** With the use of engagement letters, tax practitioners can ensure that they operate within defined parameters. Failing to use engagement letters may be viewed as a violation of regulations.

Note: Tax practitioners are encouraged to ensure that engagement letters are updated regularly and reviewed with clients to reflect any changes in services or scope.

Compliance with regulations
In addition to ethical standards and engagement letters, compliance with the regulatory framework established by SARS is critical. Key compliance areas include:

1. **Tax compliance:** Practitioners must ensure that their clients comply with all tax obligations, including timely filings and accurate tax payment. A tax practitioner's role extends to diagnosing and rectifying any compliance issues within their client's affairs.
2. **Continuing professional development:** Tax practitioners are required to engage in ongoing education to maintain their qualifications/credentials. However, current trends indicate a significant challenge in achieving full compliance with continuous professional development (CPD) requirements among practitioners with many citing time constraints, lack of access to relevant courses, and changing regulatory landscapes.
3. **Compliance audits:** The current compliance audit rate for tax practitioners is at a record high, revealing a rigorous approach by the Institute to ensure adherence to specified standards. While this highlights improved oversight and member responsiveness to compliance requirements, it underscores the ongoing need for practitioners to prioritise compliance in their operations.

Ongoing challenges and warnings
Despite the progress in compliance audits, tax practitioners continue to face the persistent challenge of completing required CPD and ensuring consistent tax compliance with SARS. Non-compliance in both areas not only jeopardises the practitioner's standing but may also lead to severe consequences, including a potential deregistration from their professional body (SAIT).

Practitioners are hereby warned that non-compliance with ethical standards, engagement letter protocols, and regulatory requirements could result in disciplinary actions, including deregistration, loss of professional reputation, and significant fines.

Tax practitioners are integral to the functioning of the tax system. Upholding ethical standards, properly utilising engagement letters, and maintaining compliance with regulatory requirements are essential components of their professional responsibilities. The challenges evident in completing CPD and ensuring tax compliance must be addressed proactively.

Note: Practitioners should remain vigilant and uphold high standards to avoid the risk of deregistration and protect the integrity of their profession.

Government & stakeholder newsletters

On 17 September 2024, SARS published the September 2024 edition of the monthly tax digest newsletter.

The latest edition of the newsletter covers the following topics:

- 2024 Trust Filing Season Now Open;
- Filing a Tax Return and Requirements;
- The Deadline for IT3(t) Third-party Data Return is 30 September 2024;
- Two-pot Withdrawals; and
- Individual Filing Season.

Other tax practitioner access and functionality publications and announcements

- **12 September 2024:** SARS announced that it would be performing planned upgrades to the eFiling platform on Friday, 13 September 2024 at 18:00 to 20:30. During that time, the digital platform may have been unavailable.
- **6 September 2024:** SARS identified a new scam where a taxpayer would receive an email claiming that they owe an outstanding amount to SARS. The email prompts the recipient to click a link that leads to a fraudulent website. Taxpayers are cautioned to remain vigilant and report any suspected phishing scams to phishing@sars.gov.za.
- **4 September 2024:** SARS published the Gauteng mobile tax unit schedule for September 2024.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

Legislation

Reminder that SAIT and its work groups made submission concerning the Draft Tax Bill Amendments

On 30 August 2024, SAIT together with the various technical workgroups submitted commentary to National Treasury and SARS in response to the 2024 Draft Tax Bills and Draft Regulations that were issued for public comment on 2 August 2024.

Excerpts from the prepared commentary are set out below:

Corporate tax: Relaxing the assessed loss restriction rule under certain circumstances.
Among others the following clarity is requested:

Section 41(4) pertains to the group relief provisions. Although Section 41(4) is to be amended to say "A company must for the purposes of section 20(1)(a) and this Part, be deemed to have taken steps to liquidate, wind up or deregister, where—" and the preamble to Section 41 states: "For the purposes of this Part, unless the context otherwise indicates, ..." it is unclear whether the intent of this relief is to apply broadly to any company undergoing liquidation or deregistration, or if it is meant to be limited to group relief transactions only. The Explanatory Memorandum implies the amendments are to apply to all liquidations i.e outside the context of group relief (no mention is made of the group relief provisions) and therefore it should be clear that this relaxation should extend to all companies involved in liquidation or deregistration within the scope of their business.

Personal tax: Curbing the abuse of the Employment Tax Incentive scheme

It is difficult to see how the behaviour identified can be considered an abuse if not previously specifically legislated. Having regard to the past three year's amendments, there is also no mention of the newly identified alleged abuse. It is proposed that SARS and National Treasury inter alia initiate an effective engagement session or workshop to address the overall scheme and implementation of the incentive to ensure that there is an holistic approach to achieving the primary purpose of being an effective incentive for the private sector to provide the required experience and learning to address youth unemployment.

This is to be preferred over the current approach of ad hoc 'tweaks' to the legislation which in any event do not seem to properly address the concerns raised.

International tax: Reviewing the interaction of the set-off of assessed loss rules and rules on exchange differences on foreign exchange transactions

The core issue appears to be in the legislative drafting, which fails to account for preexisting losses associated with existing exchange items. Additionally, the provisions seem to apply over-broadly, affecting even trading companies, rather than providing only the intended concession. What was initially meant to be a concession has, in practice, become a penal provision.

We recommend that section 24I be left as is and that Section 20 be amended to refer to exchange losses per 24I, the assessed loss which arises pertaining to which, may then, without limitation, be carried forward despite no trade and set off only against future exchange gains as contemplated in section 24I. We note that a similar approach is already being taken in amending section 20 to deal with companies being wound up, so that a further concession along the lines mentioned above would be easy to introduce.

Tax Administration: Appearance of a natural person on behalf of the taxpayer in the Tax Court

The ambit of the proposed amendment is too wide. Whilst the subsequent implementation of practical procedures or standard operating procedures should be managed by SARS within their jurisdiction, we propose that a clear definition of 'fit and proper' be provided, which should be aligned with the Legal Practice Act, 2014 and the legal practice code. We further propose that the natural person who may appear be registered with a professional body, or at a minimum be a registered tax practitioner with a recognised controlling body. Furthermore, we further propose that SARS considers amplifying the Tax Court Rules to deal with the practical arrangements related to an application by a representative to be deemed a "fit and proper" person.

VAT: Prescription period for input tax claims

This proposed amendment raises several practical concerns regarding the application thereof. Inter alia we recommend that the proposed rule to re-open prior periods is not implemented but rather to require vendors to declare unclaimed input VAT not claimed within six (6) months from when the vendor became entitled to the deduction in a separate field in a current VAT return, with due regard to the 5 year prescription period. This means vendors may include part input claims in a current return provided the claim process will have 6 months from the end of the tax period in which the vendor first became entitled to the deduction.

Members may access the full submissions made by each workgroup, here.

LEGISLATIVE INTERPRETATION

Submissions to SARS and current calls for comment

Reminder on submitted calls for comment

On 30 August 2024, the SAIT Tax Technical team together with select members of the Business Tax Incentive and Grants Technical workgroup made the following submissions to SARS:

SAIT submission Draft Guide on Allowances and deductions re Assets used in the generation of electricity specified sources of renewable _30 August 2024_Final

Amongst others, the submission to SARS addressed the following:

Based on our analysis of section 3 and 4 of the abovementioned draft guide, Section 12BA seems to narrow the scope of cost components to be included for the solar assets to claim. The draft guide implies that a taxpayer cannot include all the associated costs incurred to bring the solar PV asset in use.

When a manufacturing facility's roof requires specific improvements to support the solar structure and panels to operate functionally and optimal, the improvement to the roof is specifically excluded from the tax relief and the useful life and integrated definitions will not be met for this investment.

The same implies to the construction of a parking lot to use for the installation and use of solar PV panels. The useful life of the parking lot is not the same as the solar assets and the integrated definition may not be met if the solar assets are dismantled, as the parking lot may still be used for other activities.

We hereby request SARS to consider the above commentary and intention thereof.

SAIT submission Draft Guide to Income Tax Benefits in Special Economic Zones _30 August 2024_Final

The draft guide is clear and welcome for purposes of interpretation. However, extract wording from section 3 of the draft guide may potentially create a false sense to companies that are located in a Special economic Zone (SEZ) and plan to locate in a SEZ by alluding to the fact that these companies may still apply and potentially qualify for the section 12I additional investment tax incentive.

The above submission contains specific wording request that will aim to mitigate this unintended eventuality.

Members are encouraged to peruse both submissions for additional detail.

Legislative interpretation calls for comment

SARS has issued a call for comment pertaining to the following;

- Draft Guide – Mineral and Petroleum Resources Royalty Act
- Draft Interpretation Note – The meaning of reserve fund under section 23(e)

For more information on the calls for comment, click here.

Legislative counsel publications

Average exchange rates

On 5 September 2024, SARS published updates to the average exchange rates. The Income Tax Act provides specifically that certain amounts expressed in a foreign currency must be translated into rand by the application of an applicable average exchange rate.

- Table A – A list of the average exchange rates of selected currencies for a year of assessment as from December 2003.
- Table B – A list of the monthly average exchange rates to assist a person whose year of assessment is shorter or longer than 12 months.

The next update can be expected in December 2024.

Published court cases

No new court cases were published in the weeks of 5 – 18 September 2024.

Other SARS publications and announcements

No other SARS publications and announcements were published in the weeks of 5 – 18 September 2024.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

No other matters of interest for a tax practice were published in the weeks of 5 – 18 September 2024.

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