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Tax Update

Proposed Amendment's

July 2016

083-627-4777

RA Deduction Against Passive Income

- Proposed 1st March 2016
- 27,5 % or R 350 000
- Taxable Income
- No Capital Gains
- Roll over

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Roll over Contributions

- Proposed 1st March 2016
- RA & Pension Fund excess contributions
- No Provident since no requirement to purchase an annuity before 1st March 2016
- Limited to pre-1st March 2016 contributions

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Source Rules for Retirement Annuity Funds

- Section 9(2)(i) & 9(3)
- Lumpsum and annuity payments from pension and provident fund to be a source outside if services rendered outside
- RA not linked to services rendered
- Change 9(2)(i) and repeal 9(3)

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Employer Provided Bursaries

- 1st March 2016
- Relative of employee – From R 250K to R 400K
- Grade R to 12 – From R10K to R 15K
- NQF 5 to 10- From R 30 K to R 40K

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Share Scheme -8C

- 1st March 2017
- A return of capital or foreign return of capital by distribution of an equity instrument;
- Subject to the provisions of the Act with respect to a dividend in respect of that restricted equity instrument;
- Taken into account in terms of 8C in determining the gain or loss in respect of that equity instrument

Share Scheme 10(1)(k)(i)

- Para (dd) of the proviso to section 10(1)(k)(i) will be deleted in relation to dividends related to restricted equity instruments;
- Para (ii) of the proviso to section 10(1)(k)(i) will be made to clarify that dividends will only be exempt after restrictions have been lifted and the equity instrument vests with the employee

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Disallowing Exemption of Lumpsum from Fund located within RSA

- 1st March 2017
- Section 10(1)(gC) allows a SA tax resident to receive retirement benefits free of tax for periods employed out of RSA
- Only foreign funds will fall within section 10(1)(gC)