

# ENSafrica tax renewals

Below, please find issue 19 of ENSafrica's tax renewals, a snapshot of the latest tax developments in South Africa.

## case law

- **Tax Court, Cape Town | VAT 1558**
  - the Appellant, a local beverage manufacturer and distributor, provided certain advertising and promotion services to the foreign brand owner. The fee invoiced to the foreign brand owner was zero-rated in its entirety, despite including certain costs incurred locally.
  - the court considered whether the local supply of promotional materials should properly have been deemed to constitute a separate supply of goods in terms of section 8(15) of the Value-Added Tax Act, 1991.

## legislation and draft legislation

- the Taxation Laws Amendment Act, 2018 was promulgated on 17 January 2019 (the "**TLAA, 2018**").
  - find a copy of the TLAA, 2018 [here](#).
  - find a copy of the Explanatory Memorandum on the Taxation Laws Amendment Bill, 2018 [here](#).
- the Tax Administration Laws Amendment Act, 2018 was promulgated on 17 January 2019 (the "**TALAA, 2018**").
  - find a copy of the TALAA, 2018 [here](#).
  - find a copy of the Memorandum on the Object of the Tax Administration Laws Amendment Bill, 2018 [here](#).
- the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2018 was promulgated on 17 January 2019 (the "**Rates and Monetary Amounts Act**").
  - find a copy of the Rates and Monetary Amounts Act [here](#).

## advance tax rulings

- **binding private ruling 315 | future expenditure**
  - section 24C of the Income Tax Act, 1962 (the "**Act**")

- this ruling determines the application of the definition of “future expenditure” in section 24C(1) to a precious metals purchase contract.
- find a copy of this ruling [here](#).
- **draft binding general ruling | transitional rules for the taxation of interest payable by SARS under section 7E**
  - section 7E of the Act.
  - this ruling sets out transitional rules to avoid double taxation when a deemed accrual of interest occurs under section 7E of the Act, and in a prior year of assessment, either the whole or a part of that interest was included in the taxpayer’s income on the accrual basis.
  - the due date for comments on this draft ruling is 15 March 2019.
  - find a copy of this draft ruling [here](#).
- **SARS publishes a register and overview of all binding general rulings**
  - find a copy of this register and overview [here](#).

## SARS publications

- SARS publishes updated tables of interest rates
  - find a copy of the updated *Interest rates charged on outstanding taxes, duties and levies and interest rates payable in respect of refunds of tax on successful appeals and certain delayed refunds* [here](#).
  - find a copy of *Interest rates payable on credit amounts (overpayment of provisional tax) under section 89quat(4) of the Income Tax Act 58 of 1962* [here](#).
- SARS publishes *Taxation in South Africa (2018)*, a general guide providing an overview of the most significant tax legislation administered by SARS for the 2018 year of assessment of certain persons
  - find a copy of this general guide [here](#).
- SARS publishes the 7th *issue of the Guide to the Urban Development Zone (UDZ) Allowance*
  - find a copy of this guide [here](#).
- SARS publishes *Tax Guide for Small Businesses (2017/18)*, a general guide dealing with the taxation of small businesses
  - find a copy of this guide [here](#).
- **interpretation note 95 (issue 2) | deduction for energy-efficiency savings**
  - section 12L of the Act.
  - this interpretation note provides guidance on the deduction for energy-efficiency savings under section 12L read with the Regulations published under section 12L(5) by the Minister of Finance in Government Notice R971 in *Government Gazette* 37136 of 9 December 2013 and amended by Government Notice R186 in *Government Gazette* 38541 of 6 March 2015.
  - find a copy of this updated interpretation note [here](#).
- **interpretation note 93 (issue 2) | the taxation of foreign dividends**
  - section 1(1) – definition of “foreign dividend” – and section 10B of the Act.
  - this interpretation note provides guidance on the interpretation and application of various provisions of the Act relating to foreign dividends. The

note does not deal with the income tax consequences of a dividend paid by a headquarter company, since this topic is addressed in interpretation note 87 | headquarter companies.

- find a copy of this updated interpretation note [here](#).
- **interpretation note 108 | meaning of “bulk” in schedule 2**
  - schedule 2 of the Mineral and Petroleum Resources Royalty Act, 2008.
  - this interpretation note provides clarity on the interpretation and application of the word “bulk” as contained in schedule 2.
  - find a copy of this interpretation note [here](#).
- SARS publishes an updated register of interpretation notes

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## exchange control

- **exchange control circular no. 1/2019**

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## customs and excise

- International Trade Administration Commission of South Africa publishes *Guidelines pertaining to a temporary rebate provision which provides for rebate of the full anti-dumping duty on bone-in cuts of the species Gallus Domesticus, frozen, classifiable in tariff subheading 0207.14.9 and imported from or originating in the United States of America in terms of the Customs and Excise Act*
  - notice number 54 in Government Gazette 42203 (1 February 2019).
  - a copy of this notice will be made available on request.

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## international

- the Organisation for Economic Co-operation and Development (the “**OECD**”), SARS and National Treasury sign a memorandum of cooperation, agreeing to continue to work together in the area of taxation until December 2023
  - find the media statement [here](#).
- the OECD releases a new report and database, *Corporate Tax Statistics*, providing internationally comparable statistics and analysis from around 100 countries worldwide on four main categories of data: corporate tax revenues, statutory corporate income tax rates, corporate effective tax rates, and tax incentives related to innovation. The report notes that taxes paid by companies remain a key source of government revenues, especially in developing countries, despite the worldwide trend of falling corporate tax rates over the past two decades.
  - find the media statement [here](#) and find the *Corporate Tax Statistics* report and database [here](#).
- Ireland deposits its instrument of ratification for the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting*

- (the “**MLI**”), underlining its strong commitment to prevent the abuse of tax treaties and Base Erosion and Profit Shifting (“**BEPS**”) by multinational enterprises
- find the list of signatories and parties to the MLI [here](#).
  - the OECD releases *Harmful Tax Practices – 2018 Progress Report on Preferential Regimes*, containing results demonstrating that jurisdictions have delivered on their commitment to comply with the standard on harmful tax practices (BEPS action 5), including ensuring that preferential regimes align taxation with substance
    - find the media statement [here](#) and a copy of the report [here](#).
  - countries and jurisdictions participating in the OECD/G20 Inclusive Framework on BEPS commit to stepping up efforts toward reaching a global solution to the growing debate over how to best tax multinational enterprises in a rapidly digitalising economy
    - find the media release [here](#) and the policy note [here](#).

## other important developments

- the Intergovernmental FinTech Working Group’s (the “**IFWG**”) Crypto Assets Regulatory Working Group, comprised of members of the IFWG and SARS, release the *Consultation Paper on Policy Proposals for Crypto Assets*
- find a copy of the consultation paper [here](#).

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