

ENSafrica tax renewals

Below, please find issue 21 of ENSafrica's tax renewals, a snapshot of the latest tax developments in South Africa.

case law

- **Supreme Court of Appeal: *Purlish Holdings (Pty) Ltd v CSARS***
 - appeal against the decision of the tax court concerning SARS' entitlement to payment of understatement penalties in accordance with section 222(1) of the Tax Administration Act, 2011 (the "TAA").
 - whether SARS had proven that it was entitled to impose "understatement" penalties in terms of section 222 of the TAA, considered.
 - dual elements of the definition of "understatement" in section 221 of the TAA, being conduct in terms of paragraphs (a) to (e) as well as prejudice to SARS or the fiscus, considered.
 - evidence of prejudice to SARS, considered.
 - competence of the court a quo, in terms of section 129(3) of the TAA read with Rule 34 of the Tax Court Rules, to increase understatement penalties levied by SARS where that issue was not properly raised for adjudication, considered.
 - find a copy of this judgment [here](#).

legislation and draft legislation

- Tax Administration Act, 2011
 - the draft revised notice lists reportable and excluded arrangements in terms of sections 35(2) and 36(4).
 - in particular, it is proposed that certain arrangements involving distributions by a closure rehabilitation company or trust referred to in section 37A of the Income Tax Act, 1962, prior to approval of a final closure plan, will qualify as reportable arrangements.
 - due date for comments is 8 March 2019.
 - find a copy of the draft revised note [here](#).
- draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill, 2019
 - National Treasury published the draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill, 2019 as announced in the National Assembly on 20 February 2019.
 - find a copy of the draft bill [here](#).

- determination of the daily amount in respect of meals and incidental costs for the purposes of section 8(1) of the Income Tax Act, 1962 | notice 268 in *Government Gazette* 42258
 - the amounts in the notice apply in respect of the year of assessment commencing 1 March 2019.
 - find a copy of the notice [here](#).

SARS publications

- SARS releases the *Discussion Document on the Rewrite of the Excise Legislation* (1 March 2019)
 - inputs and comments must be made by 31 May 2019.
 - find a copy of the discussion document [here](#) and a copy of the accompanying note [here](#).
- SARS publishes an updated *Guide for Tax Rates/Duties/Levies* (issue 14)
 - this guide provides a current and historical view of rates of various taxes, duties and levies collected by SARS.
 - find a copy of the updated guide [here](#).
- **interpretation note 1 (issue 3) | provisional tax estimates**
 - paragraphs 17 to 27 of the Fourth Schedule to the Income Tax Act, 1964.
 - this note provides guidance on the interpretation of the law relating to provisional tax and considers:
 - who is a provisional taxpayer;
 - the calculation of provisional tax including how estimates of taxable income must be made;
 - the consequences of an incorrect or late submission of estimates;
 - the consequences of a late payment of provisional tax; and
 - the consequences of failure to submit an estimate on time.
 - find a copy of the interpretation note [here](#).
- SARS publishes an updated register of all interpretation notes
 - find a copy of the updated register [here](#).

customs and excise

- taxation proposals as tabled by the Minister of Finance in his Budget Review 2019
 - find a copy of the taxation proposals [here](#).
- tariff amendment notice R.237 in *Government Gazette* 42241 (22 February 2019)
 - amendment to Part 3 of Schedule No. 2, by the insertion of safeguard item 260.03/7318.15.39/01.08 to implement safeguard duty of 48.01% on other screws fully threaded with hexagon heads – ITAC Report 596.
 - 3 August 2019 up to and including 2 August 2020.
 - find a copy of the notice [here](#).
- tariff amendment notice R.238 in *Government Gazette* 42241 (22 February 2019)

- amendment to Part 3 of Schedule No. 2, by the insertion of safeguard item 260.03/7318.15.39/01.08 to implement safeguard duty of 45.61% on other screws fully threaded with hexagon heads – ITAC Report 596.
- 3 August 2020 up to and including 2 August 2021.
- find a copy of the notice [here](#).

international

- Finland deposits its instrument of acceptance of the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting* (the “MLI”)
 - find a list of the signatories and parties to the MLI, as of 25 February 2019, [here](#).

other important developments

- ENSafrica releases a *Tax News Update* dealing with the most notable proposals in the Minister of Finance’s 2019 budget speech
 - find a copy of the summary [here](#).

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