

ENS tax in brief

Below, please find issue 125 of ENS' tax in brief, a snapshot of the latest tax developments in South Africa.

case law

- ***Poulter v Commissioner for the South African Revenue Service (A88/2023) [2024] ZAWCHC 178***
 - Ms Poulter sought to be represented before the Tax Court by a representative who was not an admitted legal practitioner. The Tax court declined to recognise the appearance of a lay representative.
 - Ms Poulter appealed the Tax Court decision and the High Court, in upholding the appeal (i.e. permitting the representation of Ms Poulter by a non-legal practitioner), held that Tax Courts are courts of **revision**, not courts of **law**.
 - The South African Revenue Service (“**SARS**”) applied for leave to appeal to the Supreme Court of Appeal (“**SCA**”) from the High Court.
 - The High Court struck SARS’ application for leave to appeal from the roll with costs, finding that any appeal from its judgment may only be prosecuted subject to section 16(1)(b) of the Superior Courts Act, 10 of 2013, and accordingly any application for leave to appeal should have been directed to the SCA.
 - Find a copy of the judgment [here](#).

advance tax rulings

- **Binding General Ruling 20 (Issue 4) | Meaning of the expression “substantially the whole”**
 - This ruling provides clarity on the interpretation of the expression “substantially the whole” as referred to in sections 10(1)(cN), 10(1)(cO), 10(1)(cQ), 30B and 30C, and paragraphs 63A and 63B of the Eighth Schedule to the Income Tax Act, 58 of 1962 (“**ITA**”); and in section 9(1)(c) of the Transfer Duty Act, 40 of 1949.
 - Issue 4 replaces issue 3 on **3 July 2024** and applies until it is withdrawn.
 - Find a copy of the ruling [here](#).

SARS publications

- **Interpretation note 95 (Issue 3) | Deduction for energy efficiency savings**
 - This note provides guidance on the deduction for energy efficiency savings under section 12L of the ITA read with the Regulations.
 - Issue 3 replaces issue 2 on **4 July 2024** and applies until it is withdrawn.
 - Find a copy of the note [here](#).
- **Updated Guides for Filing Season 2024**
 - Guide to the Individual ITR12 return for Deceased and Insolvent Estates
 - The purpose of this document is to assist to complete an income tax return for individuals where there is income received or accrued to a deceased or insolvent estate.
 - Find copy of the guide [here](#).
 - How to submit your Individual Income Tax return (ITR12) via the SARS MobiApp
 - This guide demonstrates how taxpayers can navigate the SARS MobiApp for the purpose of submitting their income tax return to SARS.
 - Find copy of the guide [here](#).
 - Guide to submit your Individual Income Tax Return via eFiling
 - This guide is to assist taxpayers / tax practitioners in filing an income tax return for individuals via eFiling.
 - Find copy of the guide [here](#).
 - Comprehensive Guide to the ITR12 Income Tax Return for Individual
 - The purpose of this document is to provide guidance for the completion of the ITR12 return and to briefly explain the various sections of the ITA that will be applied during the assessment process.
 - Find copy of the guide [here](#).
 - Submit Request for Reduced Assessment (RRA01) via eFiling
 - This guide provides the steps on how to complete and submit an RRA01 form via eFiling if a taxpayer wants to request SARS to reduce an existing assessment. The guide applies to personal income tax ("PIT") assessments only.
 - Find copy of the guide [here](#).
 - Guide to help-you-eFile
 - The purpose of this guide is to assist taxpayers with the Help-You-eFile ("HYEF") function on eFiling.
 - This service allows the SARS Service Consultant to identify the problems taxpayers are experiencing and to help taxpayers resolve these.
 - Find a copy of the guide [here](#).
 - Guide for Provisional Tax 2025
 - The purpose of this guide is to assist provisional taxpayers with the following:
 - Completion and submission of the Provisional Tax Return (IRP6);
 - Calculation of the estimated taxable income for provisional tax payments; and

- Calculation of penalties and interest payable on late or incorrect payments of provisional tax.
 - Find a copy of the guide [here](#).
- **Other Guides**
 - Guide on Income Tax and the Individual (2023/24)
 - The purpose of this guide is to inform individuals who are South African residents of their income tax commitments under the ITA.
 - Find a copy of the guide [here](#).
 - Guide on the Determination of Medical Tax Credits (Issue 16)
 - This guide provides general guidelines regarding the medical scheme fees tax credit and additional medical expenses tax credit for income tax purposes.
 - Find a copy of the guide [here](#).
 - Tax Exemption Guide for Small Business Funding Entities
 - This guide provides general guidance on the approval of small business funding entities under section 30C of the ITA and partial taxation of its receipts and accruals under section 10(1)(cQ) of the ITA.
 - Find a copy of the guide [here](#).
 - Draft Guide on Income Tax Benefits in Special Economic Zones | For public comment
 - This draft guide provides a general overview of the income tax benefits available to a qualifying company that carries on a trade in a special economic zone, and a discussion on the qualifying criteria under sections 12R and 12S of the ITA.
 - Due date for comments is **30 August 2024**.
 - Find a copy of the draft guide [here](#).
- **Auto-assessment notices**
 - This year from 1 July 2024 SARS will again issue auto-assessments to taxpayers whose tax affairs are less complicated. The first thing to do is to log into [eFiling](#) or the SARS MobiApp and view your assessment. Taxpayer's will see all the data SARS used to calculate your assessment.
 - If you do not agree with the assessment, you can access your tax return via eFiling or SARS MobiApp, complete the return, and file it on or before the normal due date for non-provisional taxpayers of 21 October 2024. If your auto-assessment was issued after 21 October 2024, file within 40 business days after the notice of assessment.
 - See all the [frequently asked questions on auto-assessments here](#).
- **The solar rebate**
 - The tax credit will only apply to new and unused solar PV panels acquired and brought into use for the first time during the 2024 year of assessment (i.e. 1 March 2023 – 29 February 2024) and that have a minimum generation capacity of not less than 275W each.
 - The solar energy tax credit allowed as a deduction will be 25% of the cost of the above solar PV panels up to a maximum of R15 000.
 - Note: batteries, inverters, fittings or diesel generators, installation costs and portable panels do not qualify.
 - Examples of supporting documents required:

- A VAT invoice that indicates the cost of the solar PV panels separately from other items that do not qualify.
 - Proof of payment.
 - Electrical certificate of compliance.
 - For more information, see the [Comprehensive Guide to the ITR12 Income Tax Return for Individuals](#).
- **Trade testing dates | Tax Directives for the Two Pot Retirement system**
 - To facilitate the upcoming two-pot retirement system changes, SARS will be making enhancements to the Tax Directives process.
 - The changes are detailed in [IBIR-006 Tax Directives interim Interface Specification Version 6.703](#).
 - Trade testing will commence on **1 July 2024** and run until **16 August 2024**.
- **Verification of Banking Details**
 - The external guide and webpage have been updated to clarify the identification requirements for the process to verify banking details. The updated wording now reads as follows “A copy of your valid identity document, drivers licence, passport, temporary identity document, asylum seeker’s certificate or permit. For online submission, attach a copy. If you are visiting a SARS office, bring a copy and the original identification document”.
 - The updated guides can be found below:
 - [GEN-GEN-41-G01 – Change of Banking Details – External Guide](#)
 - [Relevant Material or Supporting Documents](#)
- **Trade statistics for May 2024**
 - South Africa recorded a preliminary trade balance surplus of ZAR20.1 billion in May 2024 attributable to exports of ZAR178.4 billion and imports of R158.3 billion.
 - Find the full media release [here](#).

customs and excise

- **SARS Customs Tariff Determination enhancements**
 - The SARS Tariff Determination enhancement project, which includes the publication of Tariff Determinations is divided into two phases:
 - The first phase involves the online processing, issuing and publication of new applications by relevant internal users only, the publication will exclude old cases which were finalised before the implementation of the new system in May 2024. Traders will not be able to submit applications electronically as yet.
 - Electronic submission of new applications by traders will follow in the second phase of the project which is planned for around September 2024.
 - The abridged version of the finalised tariff determinations can be viewed [here](#) via the SARS search engine from 1 July 2024.
- **Tariff Amendments 2024**
 - The tariff amendments notices, scheduled for publication in the Government Gazette, relate to the amendments to:

- Part 2 of Schedule No. 4, by the insertion of rebate item 460.16/8541.43/01.06, in order to provide for a temporary rebate provision for the importation of photovoltaic cells, assembled in modules or made up into panels (ITAC Report 723);
 - Part 1 of Schedule No. 3, by the deletion of rebate item 316.01/8415.90/02.06 and the insertion of rebate item 316.01/8415.20/01.06, to provide for a rebate provision for manufacturing of air conditioning machines identifiable for use in heavy motor vehicles (ITAC Report 627); and
 - Part 1 of Schedule No. 1 by the substitution of tariff subheading 8541.43 in order to increase the rate of customs duty on crystalline silicone photovoltaic modules or solar panels from free to 10% (ITAC Report 613).
 - [Notice R.5026](#) published in Government Gazette 50904 of 5 July 2024
 - Imposition of provisional payments in relation to safeguard duties against the increased imports of hot-rolled steel products, classifiable in tariff subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.51, 7208.52, 7208.53, 7208.54, 7208.90, 7211.14, 7225.30, 7225.40, 7225.99, 7226.99, 7211.13, 7211.19, and 7226.91 (ITAC Report 730).
- **Wine and Vermouth Policy**
 - The published Excise - Wine and Vermouth policy has been updated to indicate the following:
 - Exclusions in terms of rebate item 624.50.
 - Clarification in terms of Schedule 6 Part 1 C of rebate items 620.22 and 620.33.
 - Requirements for licensing an excise OS warehouse.
 - Requirements when applying for an extension of a licensed Special Manufacturing Warehouse ("SVM")
 - Find the updated version of the Excise - Wine and Vermouth policy [here](#).
- **World Customs Organisation ("WCO") re-elects SARS Commissioner by Acclamation**
 - The WCO Council has re-elected SARS Commissioner Mr Edward Kieswetter as the WCO Chairperson for a second term, 2024 – 2025.
- **Traditional African Beer & Alcohol Powder Products**
 - The Traditional African Beer and Alcohol Powder Products policies have been revised as follows:
 - Amended to include alcohol powders in the production of TAB products, resulting in the name change of the documents from Traditional African Beer to Traditional African Beer and Alcohol Powder Products.
 - Updated *Vis Major* losses and its exclusionary items.
 - The Accounting Period and Submission Rules external annexure has been revised to include alcohol powder products into the Traditional African Beer naming convention.
 - The following documents have been updated:
 - [SE-TAB-02 – Traditional African Beer and Alcohol Powder Products – External Policy](#)

- [SE-ACC-04-A01 – Accounting Period and Submission Rules – External Annexure](#)

international

- **OECD Algeria signs the MLI**
 - Algeria signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the BEPS Convention) at a signing ceremony held in Paris.
 - Algeria has become the 103rd jurisdiction to join the BEPS Convention, which now covers around 1950 bilateral tax treaties.
 - Find the report [here](#).

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