

ENS tax in brief

Below, please find issue 131 of ENS' Tax in brief, a snapshot of the latest tax developments in South Africa.

SARS publications

- **Interpretation Note 134 | Disposal of assets by deceased persons, deceased estates, and the transfer of assets between spouses**
 - This interpretation note provides general guidance on the application of the deemed disposal of assets by the deceased, a deceased estate, and the transfer of assets between spouses in terms of sections 9HA, 9HB and 25 of the Income Tax Act, No. 58 of 1962 ("ITA").
 - Find Interpretation Note 134 [here](#).
- **Government Connect | Issue 22 (September 2024)**
 - SARS published the latest Government Connect Newsletter which provides information on various tax matters, including the criteria for extension of the period for lodging and objection or appeal; the two-pot retirement system that came into effect on 1 September; verification turn-around times and the prescribed limit for retirement contributions within a 12-month period.
 - Find the Government Connect Newsletter [here](#).
- **SMME Connect | Issue 9 (September 2024)**
 - SARS published the latest SMME Connect Newsletter to give taxpayers information and guidelines to comply with their tax obligations.
 - Find the SMME Connect Newsletter [here](#).

- **Revised Interest Rates Tables**

- Interest rates charged in terms of the legislation administered by SARS are split into three main categories:
 - Table 1: interest charged on outstanding taxes, duties and levies and those payable in respect of refunds of tax on successful appeals and certain delayed refunds;
 - the table with the relevant interest rates under this category can be found [here](#).
 - Table 2: interest payable on credit amounts (overpayment of provisional tax) in terms of section 89quat(4) of the ITA;
 - the table with the relevant interest rates under this category can be found [here](#).
 - Table 3: interest applicable to a loan denominated in the currency of the Republic, as described in paragraph (a) of the definition of 'official rate of interest' in section 1(1) of the ITA;
 - the table with the relevant interest rates under this category can be found [here](#).

- **New Guides**

- SARS issues guides in terms of the Tax Administration Act, No. 28 of 2011 (“TAA”), which are neither “official publications” nor binding on SARS, and are intended to assist taxpayers in the practical interpretation and application of the requirements set by law.
- Two new guides were published by SARS.
 - Find the **Taxation in South Africa 2024 Guide** [here](#).
 - Find the **Tax Guide for Small Business 2023/2024** [here](#).

- **IBIR-006 Tax Directive | Two-Pot Retirement System Update**

- Various enhancements regarding the Two-Pot Retirement System have been incorporated into the IBIR-006 Tax Directive.
- Find the directive interface specification IBIR-006 [here](#).

- **Trust Filing Season | 16 September 2024 to 20 January 2025**

- Trust filing season opened from 16 September 2024 to 20 January 2025 for provisional and non-provisional taxpayers.
- The following enhancements were implemented based on legal and form changes:
 - 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 ITA to encourage greater private investment in renewable energy.
 - Urban Development Zone: 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: A new feature has been introduced to manage requests for reduced assessments for companies under section 93 of the 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 completing information for unnamed beneficiaries.
- Find more information [here](#).

- **Trust Verification Enhancement**

- SARS is in the process of enhancing the letters that it issues to taxpayers relating to the specific supporting documents that are required when they have been selected for verification. For the Revised Estimated Assessment inter alia the following should be noted:
 - If the ITR12T return you submit 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 (i.e. ITA34) will be issued, to notify you of the reduced/additional estimated assessment and the reason for the adjusted assessment.
 - You 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, you may provide SARS with reasonable grounds and request an extension of this period, in terms of section 95(7) of the TAA.

- **Corporate Income Tax Return / Filing Enhancements**

- The Corporate Income Tax return enhancements implemented based on legal and form changes include the following:
 - 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 section 11G of the ITA, 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 section 12BA of the ITA allowance. A container will be created for deduction details and qualifying questions. A validation will ensure that the taxpayers claim their 125% deduction.
 - Request for Reduced Assessment: New functionality has been introduced to manage requests for reduced assessments for companies under section 93 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.
- Find more information [here](#).
- **Employer Interim reconciliation | 16 September 2024 to 31 October 2024**
 - The Employer interim reconciliation opened 16 September 2024 to 31 October 2024 for the 2025 Employer Filing Season.
 - The enhancements implemented for the interim PAYE Filing Season include the following:
 - A new source code has been added to the IRP5/IT3(a) certificate:
 - Source code 3926 was added relating to the savings withdrawal benefit. Specifically, a withdrawal from a Retirement Fund’s Savings Component/Pot.

- Two source codes have been removed on the IRP5/IT3(a) certificate:
 - Source code 2039 was removed (“Employer Contact Person Fax Number”)
 - Source code 3137 was removed (“Employee Fax Number”)
- Enhancements have been made to the financial fields on the IRP5 certificate: A warning message will be displayed if all digits of a financial field are the same e.g. 4444.00
- Updates to the employer statement of account:
 - The employer statement of account has been enhanced to display the status of payroll taxes.
 - The statement will now include Employment Tax Incentive (“ETI”) account balance.
- Enhancements to the EMP501 Reconciliation process:
 - Directive validation module has been enhanced to allow for validation of multiple source codes for one directive number.
 - The employer will be prevented from requesting EMP501 reconciliation prior to the Interim Filing season start date, e.g. the employer requests an interim EMP501 reconciliation on 20 August 2024 before the start date, which is 16 September 2024. The request will be rejected.
 - The employer will also be prevented from submitting the saved interim EMP501 reconciliation on eFiling if the final EMP501 reconciliation has been submitted already.
 - Notification will be issued where an IT3(a) certificate with Income Tax reference number is submitted, and PAYE should have been deducted.
- Enhancements to employer deregistration process:
 - Where amendments were made to the EMP501 reconciliation, which is in the Excessive Liability Change

process, deregistration of payroll taxes will not automatically be re-instated.

- The coding date of de-registration will always be set to a date later than the processed date of the last return. This date will not be considered if the Revised Declaration is submitted
- Enhancements to ETI account: ETI refund and forfeit process has been enhanced.
- Find more information [here](#).
- **Monthly Tax Digest**
 - The Monthly Tax Digest for September 2024 is available now.
 - Find a copy [here](#).
- **Tax Practitioner Connect Issue 56 (September 2024)**
 - This month's edition of Tax Practitioner Connect share's information on various tax matters that may be relevant to tax practitioners, including the criteria for extension of the period for lodging and objection or appeal; the two-pot retirement system that came into effect on 1 September; verification turn-around times and the prescribed limit for retirement contributions within a 12-month period.
 - Find a copy [here](#).

customs and excise

- **Customs and Excise Act, 1964 | Prohibited and Restricted Imports and Exports List**
 - SARS published an updated Prohibited and Restricted Imports and Exports list.
 - Find a copy of the list [here](#).

- **Customs and Excise Act, 1964 | Draft Amendment to Part 1 of Schedule No. 1 has been published for public comment**

- The draft amendment proposes the insertion of Additional Notes 2 and 3, and insertion of tariff subheadings 3004.90.20 and 3004.90.30.
- The due date for comment is 4 October 2024.
- Find a copy of the draft amendment [here](#).

- **Customs and Excise Act, 1964 | Tariff Amendments 2024**

- The tariff amendments notices, scheduled for publication in the Government Gazette, relate to the amendments to:
 - Part 1 of Schedule No. 1, by the substitution of tariff subheading 8404.90 and the insertion of tariff subheadings 8404.90.10 and 8404.90.90 in order to increase the general rate of customs duty on plate-type heat exchange elements for air pre-heaters from free of duty to 5% (ITAC Report 718); and
 - Part 1 of Schedule No. 1, by the substitution of tariff subheading 2833.25 in order to increase the general rate of customs duty on sulphates; alums; peroxosulphates (persulphates) of copper from free of duty to 10% (ITAC Report 675).
- Find more information [here](#).

international

- **OECD | New treaty advances Pillar Two global minimum tax Subject to Tax Rule designed to protect tax bases in developing countries**

- The OECD published a media release which provides that the international community took another concrete step towards ensuring fairer and better international tax arrangements, in particular for developing countries, by further strengthening global minimum taxation with the implementation of the new Pillar Two Subject to Tax Rule
- Find more information [here](#).

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