

TAXTALK

Professional

Powered by:
 South African
 Institute of
 Tax Practitioners

DATES for you diary

2nd Annual Africa Transfer Pricing Summit 2013

Tax implications of corporate restructuring activities with a focus on smaller entities

Tax Risk Management Master Class

[more ...](#)

PUBLICATIONS

SAITs 2013 Compendium of Tax Legislation (Vol. 1 & 2)

2012 SAIT Compendium of Tax Legislation - Volume III

Deceased estates (9th edition)

[more ...](#)

TAX career centre

The pre-eminent recruitment and careers service for tax professionals

Searching for a vacancy?

Advertising a new job? Searching for talent?

THIS MONTH in CPD

Preparing for a SARS Audit - Port Elizabeth

Preparing for a SARS Audit - George

Preparing for a SARS Audit - Bloemfontein

Preparing for a SARS Audit - Pretoria

Preparing for a SARS Audit - Boksburg

[more ...](#)

THIS WEEK in tax

Red flag for tax practitioners

By Fin 24

Cape Town - The SA Revenue Service (Sars) announced last week that it will only recognise five professional tax bodies in terms of an amendment to the 2011 Tax Administration Act (TAA).

This means that nearly 17 000 tax practitioners now have less than two months to meet the registration requirements, such as complying with professional examinations and ultimately register with a recognised controlling body and Sars before 1 July, said Stiaan Klue, chief executive of the South African Institute of Tax Practitioners (SAIT).

[read more ...](#)

Tax Practitioners facing their own deadline

By Moneywebtax

With Sars' official recognition of controlling bodies being announced today, the South African Institute for Tax Practitioners (Sait) is red flagging a potential bottleneck for registration as the July 1 deadline looms.

Sars has made an announcement today, officially recognising five institutes as controlling bodies for the tax profession; namely Sait, Saica, Saipa, CSAA and the IAC. However, time is running out for nearly half of the South African tax practitioners, who now only have until 1 July 2013 to register with one of these recognised bodies, or otherwise run the risk of facing criminal sanctions.

[read more ...](#)

Do you know your taxpayer rights?

By IngÅ© Lamprecht (Moneywebtax)

Despite constructive regulatory changes in the tax administration environment, there are concerns about the lack of cost effective remedies for taxpayers in cases where the South African Revenue Service (Sars) fails to comply with its obligations.

Dr Beric Croome, tax executive at Edward Nathan Sonnenbergs, says the new Tax Administration Act (TAA) that came into effect in October last year, has brought together administrative provisions that were previously scattered in different fiscal statutes.

Although taxpayers' rights have not been extended under the new Act, the changes aim to ensure that the provisions are in line with the rights awarded to individuals and businesses in the Bill of Rights in the Constitution.

[read more ...](#)

Preference shares constituting equity shares

By Andrew Lewis

Binding Private Ruling 143 (BPR 143) dealt with the question of whether preference shares would qualify as 'equity shares' for purposes of applying the definition of 'headquarter company' in s1 of the Income Tax Act, No 58 of 1962 (Act).

The 'equity share' definition thus excludes any share that 'neither as respects dividends nor as respects returns of capital', carries any right to participate beyond a specified amount in a distribution. In other words, any share that both in respect of dividends and returns of capital does not carry a right to participate beyond a specified amount in distribution will not constitute an 'equity share'.

[read more ...](#)

Information-gathering and tax audits by a revenue authority - Could there be an ulterior purpose?

CONTACT DETAILS

The South African Institute of Tax Practitioners (SAIT)

PO Box 73, Featherbrooke, 1746
Tel: +2711 662 2837
E-mail: info@thesait.org.za

By Johan van der Walt

The RBC Life case is important in the context of the powers of the South African Revenue Service (SARS) and the Tax Administration Act, No 28 of 2011 (TAA).

The TAA (in s46(1)-(2)) provides that "SARS may, for the purpose of the administration of a tax Act in relation to a taxpayer, whether identified or objectively identifiable, require the taxpayer or another person to ... submit relevant material ... that SARS requires." The TAA specifically extends SARS's information-gathering powers insofar as SARS can now demand from third parties information in relation to unnamed taxpayers.

[read more ...](#)

Safeguard Against Penalties With A Tax Opinion

By Graeme Palmer

South African Revenue Services (SARS) may raise understatement penalties if prejudice has been caused to them or the fiscus. Penalties can be imposed at 25% or 50% in the case of a 'substantial understatement'. There are however circumstances when, notwithstanding that the taxpayer has erred, SARS will remit the penalty if the taxpayer is in possession of an opinion by a registered tax practitioner.

[read more ...](#)

SARS takes aim at tax exemption for foreign employment

By Dan Foster (Moneywebtax)

One of the biggest surprises in Annexure C of this year's Budget papers, apart perhaps from the reform to taxation of trusts, were two vague sentences on page 190 stating that the foreign employment exemption, universally referred to as 'section 10(1)(o)(ii)', was under review, particularly instances where "a South African employer is involved".

That Sars should seek to close or limit the exemption does not in itself come as a surprise. In recent times, there has been much gnashing of teeth on both sides of the table over this exemption. Sars believes that the tax profession does not understand section 10(1)(o)(ii), and the tax profession feels much the same way about Sars assessors and auditors. South Africans working abroad who have dared to claim the exemption have been met with audits and scrutiny, disallowed objections, requests for all manner of evidence, and ultimately summoned back to South Africa to prove their bank details if, and when, Sars chooses to pay their refund.

[read more ...](#)

How tax can affect your residential property investment

By David Warneke (Moneywebtax)

Tax can make or break the potential returns from an investment in residential property. To benefit from possible tax breaks while avoiding the pitfalls, investors should be aware that different investment vehicles can significantly increase or reduce their tax liability. In this article we focus on the purchase of property for the purpose of earning a return rather than for use as a primary residence.

[read more ...](#)

Unitary tax system to prevent transnational companies 'dodging tax' is probably unachievable

By Louise Vosloo (Deloitte)

"Although a proposed unitary tax system, which was proposed in 2012, would appear to be the solution to international tax problems involving base erosion, profit shifting and tax avoidance by transnational corporations who take advantage of the weak international coordination of tax, it has to be actively determined whether what looks viable on paper can be put into practice," says Louise Vosloo, Director in International Tax at Deloitte.

[read more ...](#)

 SARS news

Release notes: e@syFile Employer

By SARS Legal & Policy

SARS released the new e@syFile Employer Release Notes version 6.30 on Monday 13 May.

The Release Notes contains valuable information regarding the following:

- EMP501 PAYE Reconciliation functionality

- Enhancements to Third Party Appointments
- Previous e@syFile Employer Release Notes

[Please click here to download the new e@syFile Employer Release Notes version 6.30.](#)

Binding Private Ruling 147: Consideration received for the surrender of a right to acquire shares

By SARS Legal & Policy

SARS issued Binding Private Ruling BPR 147 on 14 May 2013.

This ruling deals with the income tax consequences for a taxpayer in respect of consideration to be received for the surrender of a right to acquire shares.

[Please click here to download BPR 147.](#)

Binding Class Ruling BCR 040: Investors acquiring rights in a completed film

By SARS Legal & Policy

SARS issued BCR 040 on 13 May 2013.

This ruling deals with the tax consequences for an investor who will acquire rights in a completed film and has been requested under the provisions of sections 10(1)(zG), 23(n) and 24F.

[Please click here to download BCR 040.](#)

BPR 144: Write-off period in respect of the increase in either cost or value of assets i.r.o. s45(4)

By SARS Legal & Policy

SARS issued Binding Private Ruling BPR No. 144 on 7 May 2013.

This ruling deals with the write-off period to be allowed in respect of the increase in either the cost or the value of assets initially acquired under section 45, as a result of a de-grouping of companies as contemplated in section 45(4).

[Please click here to download BPR 144.](#)

BPR 145: Allowances - Assets forming part of a sale and leaseback arrangement

By SARS Legal & Policy

SARS issued Binding Private Ruling BPR No. 145 on 8 May 2013.

This ruling deals with the write-off period under section 11(e) of assets forming part of a sale and leaseback arrangement and the deductibility thereof.

[Please click here to download BPR 145.](#)

BPR 146: Mining tax - Contract mining agreement

By SARS Legal & Policy

SARS issued BPR 146 on 10 May 2013.

This ruling deals with:

- whether a company appointed as a contractor in terms of a contract mining agreement is conducting mining operations and entitled to deductions under section 11(a), 15 and 36 of the Act during a transition period when the company is awaiting the transfer of mining rights to it; and
- the deductibility of contributions made by such company under section 37A(1)(d)(ii) in respect of environmental obligations.

[Please click here to access BPR 146.](#)

Amendment to rule 59A.03(1)(a) - Risk based use of temporary registration code 70707070

By SARS Legal & Policy

Registration code number 70707070 may be used only if the importer or exporter imports or

exports goods of which the value required to be declared for each consignment is less than R50 000, subject to the limitations of three such consignments during any calendar year; declares those goods for home consumption (codes A11 and A12), temporary export (code A13) or export (codes H60 and H61); is a natural person located in the Republic; and reflects his or her identity number or taxpayer reference number in the field provided in the declaration form.

[read more ...](#)

Amendment to section 76 for the purpose of a refund application contemplated in section 76(4)

By SARS Legal & Policy

SARS issued Notice No. R. 339 in Government Gazette No. 36433 on 10 May 2013 which can be accessed [here](#).

This notice amends the Rules for section 76 for the purpose of a refund application contemplated in section 76(4) of the Act.

Please click here to access form [VOC: CR 001 General Application For Customs Refund: Voucher Of Correction Submission Of Documents In Terms Of Rule 76.04.](#)

Amendment to increase the general rate of customs duty on polytetrafluoroethylene tape

By SARS Legal & Policy

SARS issued Notice R. 338 in Government Gazette No. 36433 on 10 May 2013 which can be accessed [here](#).

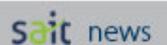
This notice amends Part 1 of Schedule No. 1 by the substitution of subheading 3920.99.25 to increase the general rate of customs duty on polytetrafluoroethylene tape from 10% to 20% as recommended in ITAC report No. 426.

Problems with SARS website and Google Chrome

By SARS Technical

Members experienced problems with the SARS website and Google Chrome. Members aren't able to scroll down on some of the pages with Google Chrome and the links to the RSS feeds are broken if they use Google Chrome.

SARS has however investigated the issue with scrolling in Chrome and have managed to fix the issue. Unfortunately, Google decided to remove the RSS functionality from their browser in favour of 'streamlining' the browser and allowing users to customise their browser to their liking. The only way that Chrome can handle the RSS feeds correctly is to install an add-on which can be found on the Chrome Web Store. Additionally SARS has decided to reinstate the "What's New" page and associated RSS Feed, which should provide more information regarding the changes made on a daily basis.

 SAIT news

Recognition of the controlling bodies of tax practitioners

By SARS Legal & Policy

Following a consultative process with controlling bodies known to be active in the tax field, the release of criteria for recognition and the receipt of applications for recognition, the following five controlling bodies have been recognised by SARS in terms of the Act:

- Institute of Accounting and Commerce - IAC
- South African Institute of Chartered Secretaries and Administrators - ICSA
- South African Institute of Chartered Accountants - SAICA
- South African Institute of Professional Accountants - SAIPA
- South African Institute of Tax Practitioners - SAIT

[read more ...](#)

SAIT Fellowship Awards

By SAIT Communications

SAIT hosted its annual Fellowship Awards at the Holiday Inn Skye Bar on Tuesday the 16th of May to award Honorary Fellowship Awards to five distinctive individuals who have made paramount contributions towards the field of taxation over the past couple of decades.

The prominent individuals who received an Honorary Fellowship Award were:

1. Late Dave Meyerowitz (posthumously)
2. Judge Dennis Davis
3. Professor Michael Katz

3. Professor Michael Katz
4. Late Aubrey Silke (posthumously)
5. Professor Duncan Bentley

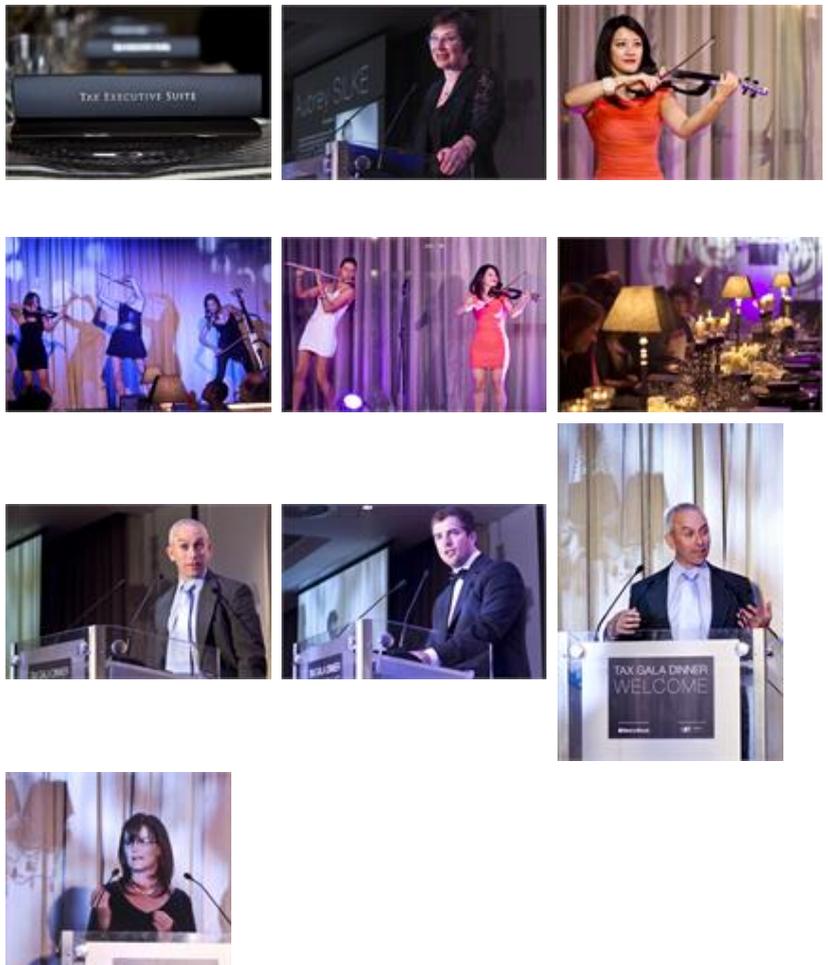
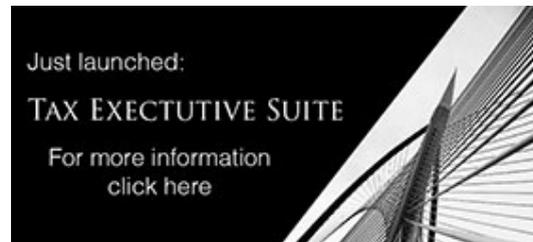


[read more ...](#)

Exclusive Tax Executive Suite Launched

By SAIT Communications

SAIT's new Tax Executive Suite was launched at a Tax gala dinner at the Sandton City Holiday Inn on Tuesday night (14 May). The Tax Executive Suite will provide a home within SAIT for tax directors and tax executives. The suite will further advance the tax executive's insight into best tax practices and will allow for interaction between the National Treasury, SARS and the OECD and tax executives to take place.





[read more ...](#)

INTERNATIONAL tax news

NZ To Address FATCA Compliance Cost Concerns

By Mary Swire (Tax-News.com, Hong Kong)

The New Zealand Government has said that it is aware of compliance concerns regarding the Foreign Account Tax Compliance Act (FATCA) tax information exchange agreement (TIEA) currently being negotiated with the US.

FATCA was enacted by the US Congress in March, 2010. It requires Foreign Financial Institutions (FFIs) to enter into agreements with the US Internal Revenue Service (IRS) and Treasury, to provide details of financial accounts held by US taxpayers, or by overseas entities in which they hold a substantial ownership interest. Failure to disclose such information would result in a requirement to withhold 30 percent tax on US-source income.

[read more ...](#)

Belgium's Geens Eyes End To Savings Tax Perk

By Ulrika Lomas (Tax-News.com, Brussels)

Provoking fierce opposition from both the Flemish Liberals and Socialists, Belgium's Finance Minister Koen Geens has called for an end to a highly popular savings tax break.

Finance Minister Geens insists that savings account investments in Belgium are currently too heavily subsidized by the state. The Minister therefore advocates that the withholding tax exemption applicable to such accounts be abolished and that a withholding tax of 15 percent be imposed on classic savings accounts.

[read more ...](#)

HMRC Welcomes Victory Over VAT Avoidance Scheme

By Robert Lee (Tax-News.com, London)

Å The UK's Supreme Court has ruled against a scheme designed to avoid value-added tax (VAT) on car repairs that could have cost the Exchequer GBP600m (USD920.4m).

According to HM Revenue and Customs (HMRC), the scheme, started in 1998, involved the restructuring of a group engaged in the selling of car warranties. This enabled the VAT on car repair services to be recovered.

[read more ...](#)

Africa Panel Wants Tax Transparency

By Lorys Charlambous (Tax-News.com, Cyprus)

The 2013 Africa Progress Report finds that, while natural resources may have fuelled a decade of rapid economic growth, most Africans have still not seen the benefits, and tax avoidance and evasion represent major challenges.

It therefore welcomes the commitment from the United Kingdom and other Governments to put tax and transparency at the heart of this year's G8 dialogue. It urges all Organization for Economic Co-operation and Development countries to recognize the cost of inaction in this vital area, pointing out that Africa loses twice as much in illicit financial outflows as it receives in international aid.

[read more ...](#)

Germany's CSU Eyes Middle Class Tax Cuts

By Ulrika Lomas (Tax-News.com, Brussels)

In the run up to German elections, the Christian Social Union (CSU) has underlined the need to introduce tax relief for hard-working employees in Germany and to allow the federal states greater fiscal autonomy in the future, to foster tax competition.

In an interview with Focus, Bavaria's Finance Minister Markus Söder (CSU) emphasized the importance of alleviating the effects of fiscal drift in the income tax system to provide

importance of alleviating the effects of fiscal drift in the income tax system, to provide moderate tax relief to employees and to ensure that workers have more net income at the end of the month.

[read more ...](#)

Tax evasion and tax avoidance to dominate G8 summit next month

By Irish Times

Tax evasion and tax avoidance will dominate next month's summit of the Group of Eight leading nations, George Osborne, chancellor, confirmed on Saturday at the end of an informal meeting of finance ministers.

The chancellor said leading countries were now "agreed" that co-ordinated action was needed to counter tax evasion and tax avoidance.

[read more ...](#)

Ireland: Fears over taxes and Budget shake our confidence

By Charlie Weston (Independent.ie)

HOUSEHOLD finances are under pressure due to the property tax and fears about another tough Budget, a new survey has found.

The squeeze on household funds means consumers are also holding back from making major purchases because they do not know how many more tax hikes and charges they face. These fears mean there was a marginal decline in the Consumer Confidence Index in April when compared with the previous month.

[read more ...](#)

Tax avoidance inching up EU agenda as trillion euro may be slipping though

By Suzanne Lynch (Irishtimes.com)

When European finance ministers gather this week in Brussels, discussion won't purely focus on Europe's response to the latest phase of the financial crisis. Tax is expected to dominate tomorrow's meeting of finance ministers. The tax arrangements of companies and individuals has crept on to the European political agenda in recent months, amid growing public concern about tax avoidance.

While the practice has been going on for years, the issue emerged into the public domain in earnest last year, when the tax practices of some of the world's best-known corporate brands, including [Starbucks](#), [Google](#) and [Amazon](#), were exposed. The revelation that Starbucks had paid Â£8.6 million in UK tax on revenues of more than Â£3 billion shocked consumers.

[read more ...](#)

Lawmakers Launch US Tax Reform Website

By Mike Godfrey (Tax-News.com, Washington)

House of Representatives Ways and Means Chairman Dave Camp (R - Michigan) and Senate Finance Committee Chairman Max Baucus (D - Montana) have teamed up to launch TaxReform.gov, a new website dedicated to obtaining input from the American public on United States tax reform.

"The tax code is littered with special interest provisions that Washington has put in over the last 27 years," said Camp. "It is time to go line-by-line through the tax code and clean it up. There is no reason Americans should have to spend over 6bn hours and over USD160bn every year just trying to comply with the tax code."

[read more ...](#)

Zurich Divided Over 'Fat Cat Tax' Initiative

By Ulrika Lomas (Tax-News.com, Brussels)

Opponents of the Young Socialists' "fat cat tax" initiative have warned that the levy will not only affect a small group of multimillionaires, but will also penalize savers, pensioners, and businesses in the Swiss canton of Zurich, if adopted in the upcoming vote.

The Young Socialists have called for a wealth tax of 1 percent to be imposed on individuals with assets in excess of CHF2m (USD2.1m), to ensure a greater contribution from the canton's wealthiest. The cantonal people's initiative entitled "against tax gifts for the super-rich, for a strong canton Zurich," is due to be put to the cantonal vote on June 9.

[read more ...](#)

CBI Makes Case For Corporate Tax Transparency

By Robert Lee (Tax-News.com, London)

The Confederation of British Industry (CBI) has detailed the principles it believes companies should adopt to improve transparency and public understanding of their tax affairs.

The CBI's statement sets out seven tax planning principles it argues will encourage more responsible tax management. It strongly recommends that they are followed by British businesses and all companies operating in the UK.

[read more ...](#)

British Bankers' Association Slams FTT

By Amanda Banks (Tax-News.com, London)

The chairman of the British Bankers' Association, Sir Nigel Wicks, has written to the Governor of the Bank of England warning that the European Commission has "seriously underestimated the cascading effect" of a planned Financial Transaction Tax in part of the European Union, and urging the Bank "to consider whether there may be broader threats to monetary policy, financial stability and the wider economic interests of the EU arising from the introduction of this tax as currently devised."

[read more ...](#)

Germany's NRW Gets Tough On Tax Avoidance

By Ulrika Lomas (Tax-News.com, Brussels)

The German State of North Rhine-Westphalia (NRW) has announced plans to set up a working group within the Finance Ministry tasked with developing effective measures to combat tax avoidance, by closing legal loopholes. NRW already uses stolen tax information to tackle tax evasion.

Defending the plans, NRW's Finance Minister Norbert Walter-Borjans highlighted the fact that over EUR160bn (USD207bn) is lost each year in Germany through tax evasion and tax avoidance. More money is lost by international concerns exploiting specific loopholes in the tax system, than by illegal means, the Minister pointed out.

[read more ...](#)

Swan Unveils Australian Tax System Overhaul

By Mary Swire (Tax-News.com, Hong Kong)

Australia is facing its second largest revenue write-down since the Great Depression, Treasurer Wayne Swan has said, announcing a raft of new tax measures in his latest Budget.

Speaking before parliament, Swan warned that "challenging global conditions and the high Australian dollar have put huge pressure on the Budget." This has resulted in "a significant reduction in expected tax receipts totalling over AUD60bn (USD59.6bn) over the four years to 2015-16." Revenues for the 2012-13 financial year have also been written down since last year's Budget, to the tune of AUD17bn. Australia has now "seen almost AUD170bn wiped off" its tax receipts since the global financial crisis. This year's tax-to-gross domestic product (GDP) ratio is projected at 22.2 percent, 1.8 percent lower than the average seen in the five years prior to the recession.

[read more ...](#)

Austria's Schieder Champions SPÄ- 'Millionaire Tax

By Ulrika Lomas (Tax-News.com, Brussels)

In the run up to the elections, Austria's Financial State Secretary Andreas Schieder has announced Social Democrat (SPÄ-) plans to implement a structural reform of the country's tax system, to reduce the fiscal burden on labor. The proposed tax reform would be financed by a "millionaire's tax" and by an inheritance tax, and would be implemented in the next legislative period, Schieder explained.

According to Financial State Secretary Schieder, the introduction of a tax on wealth in excess of EUR1m (excluding household possessions and corporate assets) and an inheritance tax on inheritances over EUR1m (with the exception of the sale of a business), would serve to yield between EUR2bn and EUR3bn for the state. Schieder maintained that EUR500m would flow from the imposition of an inheritance tax, while between EUR1.5bn and EUR2.5bn would be derived from the millionaire's tax.

[read more ...](#)

