

# ENS tax in brief

Below, please find issue 123 of ENS' tax in brief, a snapshot of the latest tax developments in South Africa.

## SARS publications

- Tax Directives process | Software update for the Two Pot Retirement system
  - To facilitate the upcoming two-pot retirement system changes, SARS will enhance the Tax Directives process.
    - The changes are detailed in [IBIR-006 Tax Directives interim Interface Specification Version 6.702](#).
    - A revised version of the specification will be published once the law is promulgated. SARS will also communicate trade testing dates in due course.
- Filing season 2024 dates
  - Individual taxpayers (non-provisional): 15 July 2024 to 21 October 2024.
    - Auto-assessment notices: 1 July 2024 to 14 July 2024.
  - Provisional taxpayers: 15 July 2024 to 20 January 2025.
  - Trusts: 16 September 2024 to 20 January 2025.
  - More information available [here](#).
- Auto-assessments | Check your bank details on SARS' system before 1 July 2024
  - Taxpayers are reminded that from 1 July 2024 SARS will again issue auto-assessments to taxpayers whose tax affairs are less complicated.
  - If taxpayers are in agreement with the auto-assessment, then there is no need to "accept" the assessment. If a refund is due to taxpayers, it will automatically be paid into their bank account.
  - Thus, taxpayers need to confirm that their banking and registered details are correct on SARS' system.
  - More information on ensuring that taxpayers' details are correct can be found [here](#).
- Air Passenger Manifest
  - Air Passenger Manifest submissions can now be submitted on the SARS Online Query System [here](#).
- Section 18A donations deductible on eFiling
  - Third Parties (banks, medical schemes, fund administrators, section 18A approved institutions, among others) must, by law, send third-party data to SARS. They must include information such as:
    - Savings account interest;
    - Medical scheme contributions;
    - Withholding tax on interest;
    - Dividends tax;

- Medical scheme contributions, and insurance payments; and
    - IT3 data submissions: IT3(b), IT3(c), IT3(d), IT3(e), IT3(s) and, IT3(t).
  - IT3(d) third-party refers to the information contained in the section 18A tax deductible receipts issued to donors (e.g. if you have donated to a Section 18A approved charity).
  - For more information see the [Tax Exempt Institution](#) webpage.
  - For guidance see SARS' [How to activate the IT3 for third-party data on eFiling](#) and [How to Complete and Submit IT3\(d\) on eFiling](#).
- Average Exchange Rates
  - The ITA provides specifically that certain amounts expressed in a foreign currency must be translated into Rand by the application of an applicable average exchange rate.
  - The term “average exchange rate” is defined in section 1(1) of the ITA and means, in relation to a year of assessment, the average exchange rate determined by using the closing spot rates at the end of daily or monthly intervals during a year of assessment. This rate must be applied consistently within that year of assessment.
  - The South African Reserve Bank (“SARB”) determines weighted average exchange rates, based on the foreign exchange transactions of commercial banks. SARS publishes these rates on a quarterly basis, which may be used by taxpayers in the determination of the average exchange rate when required in the ITA. The Average Exchange Rate tables are as follows:
    - [Table A](#) – A list of the average exchange rates of selected currencies for a year of assessment as from December 2003; and
    - [Table B](#) – A list of the monthly average exchange rates to assist a person whose year of assessment is shorter or longer than 12 months.
  - The next update can be expected in September 2024.
- Dispute Resolution for Trusts | Enhancements
  - A reminder of the automated process for Trust taxpayers that was introduced on eFiling during April 2024 to electronically submit documentation to lodge a dispute via a fully guided process. This applies to the following transactions:
    - Submission for Request for Reasons;
    - Request for Remission;
    - Notice of Objection; and
    - Notice of Appeal.
  - A request for suspension of payment currently remains a manual process using the below process:
    - Submission of uploading a formal request letter (requesting the suspension of payment) when lodging a dispute on eFiling, together with other supporting documentation;
    - Submission of a formal request letter at a SARS branch.
  - Prior to this enhancement, the Trust dispute process was a fully manual process, using the ADR1 and ADR2 forms (Alternative Dispute Resolution forms).
  - Trusts that submitted any of the processes mentioned above before 20 April 2024 should still conclude their dispute through the manual process.
- Changes in SARS medical aid reporting

- SARS has made changes in respect of the data required from medical aid schemes.
- These changes are aimed to reduce audit interventions, and enable speedy assessment of tax returns, and assist in allocating medical tax credits to the correct taxpayers. **Effective September 2024**, medical aids are expected to provide the requested data in line with the conditions outlined in the [external Medical Scheme Contributions Business Requirement Specification \(BRS\)](#).
- The Medical Aid updated solution will be available via Connect: Direct and Secured File Gateway [HTTPS] for Trade Testing from 12 August to 06 September 2024.
- Trade testing queries must be submitted to [Bus\\_Sys\\_CDsupport@sars.gov.za](mailto:Bus_Sys_CDsupport@sars.gov.za) with the subject “Medical Trade Testing”.
- To allow for a smooth transition, SARS will grant a grace period of **6 months** for partial submission of the requested data while stakeholders attain resources that consent to full compliance. Where such cases of partial compliance occur, reasons and a commitment date for full compliance will be required.
- For more information, please see the [Third Party Data Submission Platform](#) webpage.
- ITA and Value-Added Tax Act 89 of 1991 (“**VAT Act**”) | [Notice 4793](#) as published in *Government Gazette 50642* on 10 May 2024, amending regulations in terms of –
  - paragraph (d) of the Definition of “Scientific or Technological Research and Development” in section 11D(1) of the ITA on Additional Criteria for Multisource Pharmaceutical Products.
  - paragraph (e) of the Definition of “Scientific or Technological Research and Development” in section 11D(1) of the ITA on Criteria for Clinical Trials in respect of Deduction for Scientific or Technological Research and Development; and
  - Domestic Reverse Charge Relating to Valuable Metal, issued in terms of section 74(2) of the VAT Act.
  - Find more information [here](#).

## customs and excise

- Updated Policy - Staged Consignment
  - The Policy document related to staged consignments has been revised to include timelines of the application process. This will assist traders in submitting staged consignment applications on time, thus preventing delays.
  - The following updates have been made:
    - The period granted from the date of issue of the staged consignment approval letter
    - The application for an extension
    - Handling of damaged goods
    - Goods that are not covered
  - A copy of the updated Staged Consignment policy can be found [here](#).
- Customs and Excise Act, 91 of 1964 (“**Customs & Excise Act**”) | Tariff amendment notices

- [Notice R.4955](#) – Amendment to Schedule No. 5 by the substitution of Note 8 to insert the reference to refund item 541.01.
- Customs and Excise Act 91 of 1964 | Registration, Licensing and Accreditation
  - The facility codes used in Box 30 on the Customs Clearance Declaration have been updated to include the details of the new approved container depots.
    - Johannesburg – OR Tambo International Airport: ISS Global Forwarding South Africa (Pty) Ltd.
    - Johannesburg – OR Tambo International Airport: Allport Cargo Services (Pty) Ltd.
    - Durban: AMG Freight Logistics (Pty) Ltd.
- Find the Facility Code List [here](#).

## legislation and draft legislation

- Tax Administration Act, 28 of 2011 (“TAA”) | Public notices 2024
  - [Public Notice 4918](#) of Government Gazette 50741 dated 31 May 2024 relating to returns to be submitted by a person in terms of section 25 of the TAA, read with section 66(1) of the Income Tax Act, 58 of 1962 (“ITA”), is corrected by [Public Notice 4948](#) of Government Gazette 50770 dated 7 June 2024, by—
    - replacing the reference to “R91 250” in paragraph 2(f)(vii)(aa) with “R95 750”;
    - replacing the reference to “R141 250” in paragraph 2(f)(vii)(bb) with “R148 217”; and
    - replacing the reference to “R157 900” in paragraph 2(f)(vii)(cc) with “R165 689”.
  - The submission dates of Public Notice 4918 remain in force.
- Revenue Laws Amendment Act, 12 of 2024
  - The President has signed into law the Revenue Laws Amendment Act, 2024 which establishes the two-pot system that gives members of retirement funds access to retirement savings without having to retire or cash out entire pension funds.
  - Access the Revenue Amendment Act, 12 of 2024 [here](#).

## international

- Organisation for Economic Co-Operation and Development (“OECD”)
  - Fiji and Moldova join the Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”) and participate in the agreement to address the tax challenges arising from the digitalisation of the economy.
    - Find more information in relation to Fiji [here](#).
    - Find more information in relation to Moldova [here](#).
- 16th meeting of the Inclusive Framework on BEPS

- Negotiations on a final package on Pillar One (which includes a text of the Multilateral Convention (“**MLC**”) for Amount A and a framework for Amount B) nearing completion, intending to reach a final agreement in time to open the MLC for signature by the end of June this year.
  - Find the statement by the OECD Secretary-General Mathias Cormann [here](#).
  - Find the statement by the Co-Chairs of the OECD/G20 Inclusive Framework on BEPS [here](#).

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