MEDIA STATEMENT
19 February 2009

Taxation Laws Amendment Bills, 2009: Rates, thresholds and urgent matters

National Treasury is releasing for public comment initial draft legislation to be contained in the Taxation Laws Amendment Bills, 2009. This document may be obtained from the National Treasury (www.treasury.gov.za) or SARS (www.sars.gov.za) web sites. Together with the rest of the Taxation Laws Amendment Bills, 2009, this legislation will give effect to the tax proposals announced by the Minister of Finance in the 2009 Budget Review as tabled in Parliament on 11 February 2009. This legislation deals with rates, thresholds and urgent matters (mainly relating to retirement savings). Draft legislation containing the remaining tax policy proposals announced in 2009 will be released by no later than the close of May 2009.

Note: Only one set of legislation will be processed this year. There will be no Revenue Laws Amendment Bill in 2009.

The draft legislation released today deals with the following matters:

1. **Rates and thresholds**: The main purpose of this legislation is to give effect to the rates and thresholds so that these items can go into effect as soon as possible in accordance with the mandate provided in the 2009 Budget Review. The list of rates and thresholds mainly entails items relating to the Income Tax Act as well as the Customs and Excise Act.

2. **Mineral royalty delay**: The legislation delays the effective date for liabilities relating to the Mineral and Petroleum Resources Royalty Act from 1 May 2009 until 1 March 2010. Registration for the Act is legislatively set to begin from 1 November 2009 so all administrative systems will be in place by the revised 1 March 2010 effective date.

3. **Tax-sharing of the fuel levy**: As indicated in the Budget Review, the legislation establishes a mechanism for directly earmarking 23 per cent of the revenue from the general fuel levy for metropolitan (Category A) municipalities. On a going forward basis, this allocation will be published annually by notice in the Gazette.

4. **Retirement Savings**: The legislation provides a unified system for taxing pension-related lump sums. The legislation also corrects pension anomalies relating to fund-to-fund transfers, divorce and maintenance.

5. **Medical contributions**: The legislation unifies the system for employer and employee contributions to medical schemes. All employer contributions will as from 1 March 2010 be treated as a fringe benefit with the employee being eligible for deductions to the extent of their medical scheme contributions up to the revised reviewing. This simplification will be effective from 1 March 2010 to provide employers with sufficient time to adjust their systems.
Note: An Explanatory Memorandum is also published to assist in interpreting and understanding the above legislation at a more detailed level.

Public Comments and Parliamentary Hearings

Members of the public are invited to send their comments to the National Treasury before 19 March 2009. Comments in this regard should be sent by email to nomfanelo.mpotulo@treasury.gov.za or by fax to 012 315 5516.