
MEDIA STATEMENT: 2016 BUDGET TAX BILLS

National Treasury and the South African Revenue Service (SARS) today publish for public comment the last two bills to give effect to the tax proposals announced by the Minister in the 2016 Budget. One of the bills also contains amendments not announced in the Budget which deal with improving the effectiveness of the Office of the Tax Ombud.

The two bills published are the 2016 Draft Taxation Laws Amendment Bill (TLAB) and the 2016 Draft Taxation Laws Amendment Bill (TALAB). These bills give effect to most of the tax proposals announced in the 2016 Budget Speech and the 2016 Budget Review. Other legislative amendments to give effect to the 2016 Budget tax proposals have already been published, namely the 2016 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill, Rates and Monetary Amounts and Amendment of Revenue Laws (Administration) Bill the now enacted Revenue Laws Amendment Act No 2 of 2016.

The 2016 Draft TLAB deals with the more substantive changes to the tax laws, excluding the rates and monetary thresholds and Special VDP, which are dealt with in the earlier tax bill already published for comment. The 2016 Draft TALAB deals with changes to the administrative provisions of tax legislation. The draft tax amendments are split into two bills due to Constitutional requirements, namely a money bill (section 77 of the Constitution) dealing with charging provisions and an ordinary bill (section 75 of the Constitution) dealing with issues relating to tax administration.

The 2016 Draft TLAB and Draft TALAB are published for public comment prior to formal introduction in Parliament. The Standing Committee of Finance will convene public hearings on these draft bills before their formal introduction in Parliament.

The National Treasury and SARS hereby invite written comments on these draft bills, and will engage stakeholders through workshops to be held in the first half of August 2016. Thereafter, a response document on the comments received will be presented to the Standing Committee on Finance (SCOF) in the National Assembly, after which the draft bills will be revised, taking into account public comments, and tabled formally in the SCOF for its consideration.

Given the truncated parliamentary programme due to the local government elections, the first parliamentary hearings on the draft bills are only expected to be convened in the second half of August 2016.

The 2016 draft TLAB gives effect to the following key proposals announced in the 2016 Budget Review:

- Introducing measures to prevent tax avoidance through the use of trusts
- Refinement of the taxation of retirement savings
- Addressing the circumvention of rules dealing with employee share incentive schemes
- Refinement of the anti-avoidance rules dealing with cross border hybrid debt instruments rules
- Extending the renewable energy incentive to include supporting infrastructure used in producing renewable energy
- Repeal of the withholding tax on services regime
- Revision of a previous VAT amendment relating to notional input tax on goods containing gold

The 2016 Draft TALAB gives effect to the following key proposals:

- Enhancing the independence and effectiveness of the office of Tax Ombud
- Extension of objection and condonation periods
- Commercial member to assist presiding officer in tax court
- Clarification of pending audit or investigation for purposes of the voluntary disclosure relief
- Confirmation that an audit unrelated to the default being disclosed will not disqualify an applicant for full voluntary disclosure relief
- Imposition of understatement penalty in General anti-avoidance rule (GAAR) matters

The current bills do not deal with the youth employment tax incentive (ETI) and the learnership tax incentive, which are currently being reviewed through a separate but parallel process. The two incentives will cease to continue if no further amendments are enacted this year – further amendments will be incorporated in the revised draft to be published in September 2016 should the reviews warrant the continuation or amendment of these incentives in one form or another.

The draft bills and draft explanatory memorandum containing a comprehensive description of the draft amendments can be found on the National Treasury (www.treasury.gov.za) and SARS (www.sars.gov.za) websites.

Due date for comments

Please forward written comments to Mmule Majola at: mmule.majola@treasury.gov.za and Adele Collins at: acollins@sars.gov.za by the close of business on 08 August 2016.

Issued by: National Treasury

Date: 8 July 2016