national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Revised Special Voluntary Disclosure Programme in respect of offshore assets and income

The National Treasury and South African Revenue Service (SARS) today publish the revised 2016 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Amendment Bill and 2016 Draft Rates and Monetary Amounts and Amendment of Revenue Laws (Administration) Bill.

The revised draft bills contain a revised Special Voluntary Disclosure Programme (SVDP) to give an opportunity to non-compliant taxpayers to voluntarily disclose offshore assets and income before the new global standard for automatic exchange of information between tax authorities commences in 2017.

The initial draft bills were published for public comment on 24 February 2016 and 12 April 2016. Following public comments received and a consultation meeting in respect of the SVDP held with taxpayers and tax advisors on 10 June 2016, the following changes have been made in the revised draft bills in order to simplify the SVPD:

- Instead of calculating two different amounts (i.e. seed capital and investment returns) to be included in the taxpayer's taxable income, the calculation now consists of one amount. This amount equals 50 per cent of the highest value of the aggregate of all assets situated outside South Africa between 1 March 2010 and 28 February 2015 that were derived from undeclared income, which will be included in taxable income and subject to tax in South Africa.
- The value referred to above is the market value determined in the relevant foreign currency translated to South African Rand at the spot rate at the end of the tax period in which the highest value fell.
- The undeclared income that originally gave rise to the assets mentioned above will be exempt from income tax, donations tax and estate duty liabilities arising in the past. However, future income will be fully taxed and assets declared will remain liable for donations tax and estate duty in the future, should the applicant donate these assets or pass away while holding them.
- Taxpayers who disposed of any foreign held assets prior to 1 March 2010 may also apply for relief under the SVDP. Special deeming provisions will apply in this regard.

- Any non-compliance with respect to Value Added Tax, employees' tax (PAYE), unemployment insurance fund (UIF) contributions and skills development levies (SDL) will not qualify for the SVDP. However, relief for penalties associated with non-compliance of these taxes will continue under the existing voluntary disclosure programme in terms of the Tax Administration Act, 2011.

The Standing Committee of Finance will convene public hearings on the revised draft bills before their formal introduction in Parliament. 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 revised 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

The National Treasury and SARS have already asked and received comments on two previous versions of these Bills. Any additional comments on the revisions included in the latest drafts of the Bills should please be forwarded in writing to Mmule Majola at: mmule.majola@treasury.gov.za and Adele Collins at: acollins@sars.gov.za by close of business on **8 August 2016.**

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