



ADVISORY

INVITATION TO SUBMIT TECHNICAL ANNEXURE C TAX PROPOSALS FOR THE 2021 BUDGET; AND ATTEND WORKSHOPS ON (1) TECHNICAL ANNEXURE C PROPOSALS; (2) REVIEWING THE TAX TREATMENT OF EXCESSIVE DEBT FINANCING, INTEREST DEDUCTIONS AND OTHER FINANCIAL PAYMENTS; AND (3) THE VENTURE CAPITAL COMPANY SURVEY

I. Introduction

The Minister of Finance announces new tax proposals in the Budget in February every year. The Budget Review, published with the Budget Speech, provides additional information on the tax proposals made in the Budget as well as proposed changes to tax legislation. More substantive tax policy proposals and rate changes are contained in Chapter 4 of the Budget Review, while the more technical tax proposals are generally contained in Annexure C of the Budget Review.

The National Treasury invites taxpayers, tax practitioners and members of the public to submit technical tax proposals to be considered for possible inclusion in Annexure C of the 2021 Budget Review. The technical tax proposals requested in this invitation must be limited to unintended anomalies, revenue leakages, loopholes and technical matters applicable to the current tax legislation that require correction. More substantive tax policy proposals and rate changes are dealt with through a different process, and hence this request does not apply to major tax policy proposals.

II. Format

To ensure proper assessment, technical tax proposals should be submitted under the following headings:

- (i) Income tax – individuals, employment and savings;
- (ii) Income tax – domestic business;
- (iii) Income tax – international;
- (iv) Other taxes – for example, value added tax, and
- (v) Tax administration legislation.

Each technical tax proposal must be explained in detail with the explanation covering the following areas:

- (i) The legal nature of the problem;
- (ii) A detailed factual description; and
- (iii) The nature of the business / persons impacted.

III. **Deadline and Workshops – Technical Annexure C Tax Proposals**

The requested technical proposals should be submitted by no later than **Monday, 23 November 2020**.

In order to clarify issues raised in the submitted technical proposals, to further assist in the prioritisation of the issues raised and to obtain further information, virtual workshops will be held with stakeholders on **3 and 4 December 2020**. The dates for the workshops will be confirmed by way of an electronic invitation to taxpayers, tax practitioners and members of the public who submitted proposals. Please ensure that correct e-mail addresses and contact information are included in the written submissions.

Following the above process, National Treasury and SARS will submit recommendations to the Minister of Finance for possible inclusion in Annexure C of the 2021 Budget Review. It should be noted that engagement or request for more information on any proposal before the 2021 Budget is no indicator that the proposal will be included in the 2021 Budget Review. The final decision to include any proposal is the sole prerogative of the Minister of Finance and no further correspondence will be entered into regarding the Minister's decision on the proposals received.

Written submissions should be sent to:

National Treasury
2021AnnexCProp@treasury.gov.za

SARS
acollins@sars.gov.za

Any substantive tax proposal relating to a policy change should be addressed, separately from the technical tax proposals requested under this invitation, to Mr Ismail Momoniat (Deputy Director General: Tax and Financial Sector Policy) at Ismail.Momoniat@treasury.gov.za.

IV. **Workshops – Reviewing the Tax Treatment of Excessive Debt Financing, Interest Deductions and other Financial Payments, and Venture Capital Company (VCC) Survey**

The National Treasury wishes to thank all those interested parties who submitted comments in respect of the Discussion Document (*Tax Treatment of Excessive Debt Financing, Interest Deductions and other Financial Payments*) published on 26 February 2020 and the VCC Survey published on 31 July 2020. The aim of the Discussion Document was to start a conversation and obtain as many views as possible before refining proposals to be drafted into legislation. The aim of the VCC Survey was to obtain extensive information following the announcement in Annexure C of the Budget Review 2020 that Government will review the effectiveness, impact and role of the Section 12J Venture Capital Company regime to ascertain whether the incentive should be discontinued.



A virtual workshop on the Discussion Document and VCC survey will be held with stakeholders on **2 December 2020** to go through all the key elements and comments. This will be confirmed by way of an electronic invitation to interested parties who submitted the comment.

Issued by National Treasury
Date: 3 November 2020

