



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Revenue Laws Amendment Bills, 2008: Miscellaneous Additions

20 August 2008

This media statement is being released as a final part of the package relating to the Revenue Laws Amendment Bills, 2008, which were released on 31 July 2008. The miscellaneous issues attached still needed further deliberation as at that date and are accordingly the subject of this release.

The final set of legislative issues attached, are as follows:

1. *Pension Death Benefits:* The proposed legislation eliminates the tax on pension fund benefits on death if these benefits are dedicated to remain within retirement and other funds such as beneficiary funds for minor beneficiaries or are utilised to provide an annuity to beneficiaries (even if a momentary withdrawal exists for recontribution to purchase an annuity).
2. *Unbundlings with an Exempt Shareholder:* Under current law, tax relief for unbundlings does not apply if the unbundling distribution is made to an exempt shareholder that receives 20 per cent or more of the unbundling distribution. The 20 per cent rule will be shifted so that unbundling relief will not apply if an exempt shareholder holds 20 per cent or more of the unbundling company.
3. *South African Funding for Foreign Public Benefit Organisations:* The proposed legislation adds a public benefit activity exemption for South African public benefit organisations funding foreign public benefit organisations engaged in public benefit activities.
4. *Mutual Assistance in Collections:* Modern tax treaties provide for mutual assistance collection procedures so that one country can collect outstanding tax debts on behalf of the other. The proposed legislation

updates the domestic legislative framework in support of these procedures.

5. *Accelerated Payment/Return Date:* The proposed legislation provides the Minister with the authority to accelerate payment/return dates by up to two days for income tax and value-added tax due on Government's financial year-end (i.e. 31 March).

In view of comments already received, it was further decided that the proposed legislation dealing with passive holding companies should be re-released in revised form.

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The National Treasury requests public comments on this final set of legislative issues so that the Revenue Laws Amendment Bills, 2008 can be introduced in a timely fashion. Comments should be sent to Greg Smith by email at greg.smith@treasury.gov.za or by fax to 012 315 5516. Please ensure that the comments reach us by 5 September 2008.