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PUBLICATION OF THE 2025 DRAFT TAX BILLS AND DRAFT REGULATIONS FOR COMMENT

- **2025 Draft Taxation Laws Amendment Bill (2025 draft TLAB)**
- **2025 Draft Tax Administration Laws Amendment Bill (2025 draft TALAB)**
- **Draft regulations on the domestic reverse charge issued in terms of section 74(2) of the Value-Added Tax Act, 1991**
- **Draft regulations prescribing the application of paragraph (d) of the definition of "exported" in section 1(1) read with section 11(1)(a) of the Value-Added Tax Act, 1991**

The National Treasury and the South African Revenue Service (SARS) today publish, for public comment, the 2025 draft Taxation Laws Amendment Bill (2025 draft TLAB), the 2025 draft Tax Administration Laws Amendment Bill (2025 draft TALAB), draft regulations on the domestic reverse charge relating to valuable metal in terms of section 74(2) of the Value-Added Tax Act, 1991 and draft "export regulations". These draft tax bills and draft regulations contain tax proposals made in the 2025 Budget on 12 March 2025 and updated on 21 May 2025.

- **2025 Draft TLAB**

The 2025 draft TLAB provides the necessary legislative amendments required to implement the tax announcements made in Chapter 4 and Annexure C of the 2025 Budget Review as well as technical corrections. Key tax proposals contained in the 2025 draft TLAB include the following:

- Reducing the threshold for ring-fencing of assessed losses
 - To close abuse and ensure fairness, government is proposing to lower the income threshold for the ring-fencing rule to ensure that losses from non-commercial trades cannot be used to avoid paying taxes.
- Tax treatment of foreign retirement benefits
 - It is proposed that an exemption be removed so that all foreign retirement benefits received by South African residents will be taxed in line with the country's residence-based tax system subject to applicable double taxation agreements.



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- Refining the definition of “hybrid equity instrument” in section 8E to strengthen the anti-avoidance measures
 - It is proposed that if an instrument is recognised as a debt liability for accounting purposes under International Financial Reporting Standards (IFRS), it will also be treated as debt for tax purposes.
- Reviewing asset-for-share and amalgamation transactions involving collective investment schemes to close loopholes
 - It is proposed that the corporate re-organisation rules afforded to collective investments schemes (CISs) be removed to stop the deferral or avoidance of tax that happens when shares are transferred to a CIS and later sold.
- Reviewing the VAT treatment of airtime vouchers supplied in South Africa for exclusive use in an export country
 - It is proposed that clarity be provided in law that the supply of the telecommunications service by the foreign supplier, is out of scope, resulting in only the distribution services by the South African distributors being subject to VAT at the standard rate.
- Low value importation of goods
 - It is proposed that the current tax-free limit on imported goods be removed, meaning that from now on low-value imports will be subject to VAT.
- Phase 2 of the carbon tax
 - The main amendments include extending the energy efficiency tax incentive, extending the commitment to electricity price neutrality until 2030, increasing the carbon offset allowance by 5 percentage points and extending the carbon budget allowance for another year. The Department of Forestry Fisheries and the Environment recently published carbon budget and mitigation plan regulations for public comment. To promote compliance with the mandatory



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budgeting system of the DFFE, the draft amendments provide for the application of a higher tax rate on emissions above the carbon budgets.

• 2025 Draft TALAB

The 2025 draft TALAB provides legislative amendments dealing with tax administration announcements made in Annexure C of the 2025 Budget Review as well as technical corrections. Key tax proposals contained in the 2025 draft TALAB include the following:

- Clarifying the meaning of audit certificate to be issued by public benefit organisations
 - Some uncertainty exists about how the term “audit certificate” must be interpreted and whether it should bear reference to terminology contained in the Auditing Profession Act (2005). It is proposed that the term be clarified in the context of this section.
- Providing for a simplified customs entry regime for the entry of goods imported or exported for purposes of express delivery on a door-to-door basis
 - It is proposed that express goods below an upper limit may be entered in accordance with simplified procedures which are to be determined by the Commissioner by rule.
 - The deletion of section 38(1)(a)(v) is proposed, which will have the effect that goods described in this category must in future be formally entered even though the value for duty purposes is below R500 and no duty is payable. The entry will be done on a simplified bill of entry in the case of qualifying express delivery parcels.
- Dutiability of waste derived from processing imported goods in manufacturing plants
 - It is proposed that the use of waste or scrap remaining after the manufacturing from any goods entered for processing under the provisions of any rebate item specified in Schedule No.3 or 4 for certain purposes, including the transfer under rebate of customs duty for subsequent manufacture by another Schedule No. 3 rebate registrant be authorised. This paves the way for a



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rebate item to enable the use of such waste or scrap under rebate of customs duty subject to specified conditions.

- Providing for a customs and excise voluntary disclosure programme
 - It is proposed that the Customs and Excise Act be amended to provide for a customs and excise voluntary disclosure programme
- Enabling the VAT Modernisation Project
 - This project forms part of a broader effort to transform tax processes, improve customer service and engagement, reduce the VAT gap and streamline tax administration for VAT traders, businesses, and the SARS.
- Inspecting the business premises of a taxpayer applying for registration or approval
 - It is proposed that the provisions of the Tax Administration Act be expanded to include inspections for this purpose.
- Clarifying “*bona fide* inadvertent error” for purposes of understatement penalties
 - To clarify the scope of “*bona fide* inadvertent error”, it is proposed that “*bona fide* inadvertent error” be explicitly linked with “substantial understatement”.
- **Draft regulations on the domestic reverse charge issued in terms of section 74(2) of the Value-Added Tax Act, 1991**

The draft regulations on the domestic reverse charge contain proposals to amend the definitions of “residue” and “valuable metal” to resolve practical difficulties.

- Due to concerns that the previous rules for taxing gold were too broad, a new rule was introduced on January 1, 2024. This change limited the definition of “residue” to only waste from mining and created a 1% threshold for what counts as a “valuable metal.” It has become difficult to distinguish between mining waste and other types of gold-bearing waste. This proposed amendment seeks to address these issues.



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- **Draft regulations prescribing the application of paragraph (d) of the definition of "exported" in section 1(1) read with section 11(1)(a) of the Value-Added Tax Act, 1991**

The delivery of coal at Richards Bay Coal Terminal (RBCT) by registered vendors for exportation from the Republic does not meet the requirements of regulation 8(2)(e)(ii) of the Export Regulation as RBCT is not the "port authority" but licensed by the "port authority". Therefore, the zero-rating will not find application. The draft Regulations on "exported" propose that the wording of regulation 8(2)(e)(ii) be broadened to include any terminal operators operating under a license of the port authority in terms of section 65 of the National Ports Act, 2005.

After receipt of written comments, National Treasury and SARS normally engage with stakeholders through public workshops to discuss the written comments on the draft tax bills and draft regulations.

With regard to the 2025 draft tax bills, the Standing Committee on Finance (SCoF) and the Select Committee on Finance (SeCoF) in Parliament will be requested to make a similar call for public comments and convene public hearings on the 2025 draft TLAB and 2025 draft TALAB, before their formal introduction in Parliament. The 2025 Rates and Monetary Amounts and Amendment of Revenue Laws Bill (the Rates Bill) was published for comment on 12 March 2025 and introduced in Parliament on 24 April 2025 (B14-2025). SCoF and SeCoF are to conduct public participation in respect of the Rates Bill.

Thereafter, a response document on the comments received will be presented at the parliamentary committee meetings, after which the draft Bills will then be revised, taking into account public comments and recommendations made during committee hearings, before they are tabled formally in Parliament for its consideration. For legal reasons, the tax amendments continue to be split into two types of bills, namely a money bill (section 77 of the Constitution) dealing with money bill issues and an ordinary bill (section 75 of the Constitution) dealing with issues relating to tax administration.

With regard to the draft regulations, after National Treasury and SARS have engaged with stakeholders through public workshops to discuss the written comments, the notices on regulations on domestic reverse charge relating to valuable metal in terms of section 74(2) of the Value-Added Tax Act, 1991 and regulations prescribing the application of paragraph (d) of



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the definition of "exported" in section 1(1) read with section 11(1)(a) of the Value-Added Tax Act, 1991 will be published in the Government *Gazette* after considering public comments.

The 2025 draft tax bills, the accompanying draft explanatory memoranda containing a comprehensive description of the proposed tax amendments contained in the draft tax Bills, the draft regulations on the domestic reverse charge and draft "export" regulations can be found on the National Treasury (www.treasury.gov.za) and SARS (www.sars.gov.za) websites.

More general information underlying the changes in rates, thresholds or any other tax amendments can be found in the 2025 Budget Review and Budget Overview, available on the National Treasury website.

Due date for public comments on the 2025 draft tax bills and draft Regulations

National Treasury and SARS hereby invite comments in writing on the 2025 draft TLAB, 2025 draft TALAB, the draft regulations on the domestic reverse charge and draft "export" regulations. Please forward written comments to the National Treasury's tax policy depository at 2025AnnexCProp@treasury.gov.za and SARS at 2025legislationcomments@sars.gov.za by close of business on **12 September 2025**.

For any enquiries please contact Media@treasury.gov.za.

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