DRAFT
EXPLANATORY MEMORANDUM

TAXATION LAWS **AMENDMENT BILL** 2026

national treasury
Department:
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REPUBLIC OF SOUTH AFRICA

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1. INCOME TAX: INDIVIDUALS, SAVINGS AND EMPLOYMENT

1.1. DETERMINING THE APPLICATION OF THE *DE MINIMIS* LIMIT FOR MULTIPLE LIVING ANNUITIES

[Applicable provision: Paragraph (*c*) of the definition of "living annuity" and par (*b*)(x)(*cc*) of the proviso to the definition of "retirement annuity fund" in section 1(1) of the Income Tax Act, No. 58 of 1962 ("the Act")]

1.1.1. Background

1.1.1.1. Living Annuities

The Act currently allows a living annuity to be commuted and paid out as a lump sum when the value of the underlying assets falls below the prescribed *de minimis* limit.

This limit is currently set at R150,000, as prescribed by the Minister of Finance in Government Gazette No. 54399 dated 23 March 2026, with effect from 1 March 2026.

The underlying policy intent is that the limit applies on a per-insurer or per-fund basis. Accordingly, where an annuitant holds multiple living annuities with the same insurer or fund, the aggregate value of those annuities should be taken into account in determining whether the *de minimis* limit is met.

1.1.1.2. Retirement Annuity Funds

Prior to 1 September 2024, the definition of "retirement annuity fund" allowed a member who had discontinued contributions (i.e. where the policy had effectively become paid up) to access their full interest in the fund before retirement where that interest did not exceed R15,000. In such cases, the amount was treated as a retirement fund lump sum withdrawal benefit and taxed accordingly.

From 1 September 2024, under the two-pot system, a member who has discontinued contributions to a retirement annuity fund may access the full value of their interest in the vested and retirement components before retirement as a retirement fund lump sum withdrawal benefit, where the combined value of these components does not exceed R15,000. This threshold applies at fund level and requires the aggregation of all policy contracts held by the member within the same retirement annuity fund.

1.1.2. Reasons for change

1.1.2.1. Living Annuities

Different interpretations have arisen regarding whether the *de minimis* limit applies on a per-policy basis or cumulatively per insurer or fund.

Application on a per-policy basis may undermine retirement income preservation by allowing the early commutation of multiple small annuities with a total value in excess of the allowable limit and facilitating tax-motivated restructuring of retirement benefits.

1.1.2.2. Retirement Annuity Funds

Notwithstanding the policy intent, uncertainty may arise as to whether the R15,000 threshold applies at policy level or fund level in circumstances where a member has discontinued contributions in respect of multiple policy contracts within the same retirement annuity fund. If applied on a per-policy basis, members could structure their affairs by maintaining multiple paid up policy contracts to access several lump sum payments below the threshold. This would undermine the objective of preserving retirement savings.

1.1.3. Proposal

1.1.3.1. Living Annuities

It is proposed that the definition of "living annuity" in section 1(1) of the Act be amended to expressly provide that the prescribed de minimis limit must be determined on a cumulative basis where an annuitant holds multiple living annuities with the same insurer or fund.

This clarification will ensure consistent application of the law and support the policy objective of preserving retirement savings to provide sustainable income in retirement.

1.1.3.2. Retirement Annuity Funds

It is therefore proposed that the legislation expressly clarify that, where a member has discontinued contributions to a retirement annuity fund, the R15,000 de minimis threshold must be applied at fund level. Accordingly, where a member holds multiple paid up policy contracts within the same retirement annuity fund, the value of the member's interest in the vested and retirement components must be determined on an aggregated basis across all such policy contracts within the same retirement annuity fund to assess whether the threshold is met.

1.1.4. Effective date

The proposed amendment will come into effect on the date of promulgation of the Second Taxation Laws Amendment Act of 2026.

1.2. EXTENDING ELIGIBILITY FOR BOTH THE MEDICAL SCHEME FEES TAX CREDIT AND ADDITIONAL MEDICAL EXPENSES TAX CREDIT TO MEMBERS OF RESTRICTED MEDICAL SCHEMES

[Applicable provisions: New definition of "restricted medical scheme" in section 1(1), paragraphs (*a*) and (*b*)(i)(*aa*) of section 6A(2), subsections (1)(*d*), (2) and (3) of section 6B, section 12M and paragraphs 2 and 12A of the Seventh Schedule of the Act]

1.2.1. Background

Section 6A of the Act provides for a medical scheme fees tax credit in respect of contributions made by taxpayers to a medical scheme or fund. Currently, eligibility for the credit is limited to contributions made to a medical scheme that is registered and regulated under the Medical Schemes Act, No. 131 of 1998 ("the Medical Schemes Act"), and thus subject to the oversight of the Council for Medical Schemes (CMS), or to a fund registered under any similar provision contained in the laws of any other country in which that fund is registered.

1.2.2. Reasons for change

Certain statutory medical schemes fall outside the regulatory oversight of the CMS due to a legislative exclusion. Consequently, members of these schemes do not qualify for the medical scheme fees tax credit under section 6A of the Act. As a result, these taxpayers are excluded from relief that is otherwise available to members of medical schemes registered under the Medical Schemes Act, despite making regular contributions towards healthcare cover. This position arises from the unique statutory framework governing their employer and results in an unintended tax disadvantage for affected members.

1.2.3. Proposal

It is proposed that the Act introduce a definition of “restricted medical scheme” for tax purposes to accommodate certain statutory medical schemes that fall outside the regulatory oversight of the CMS due to legislative exclusion. The term will refer to an arrangement that provides healthcare cover or medical benefits to a defined and limited group of employees, where the arrangement is established under the Intelligence Services Act, No. 65 of 2002, and where benefits offered are no less favourable than the prescribed minimum benefits required under the Medical Schemes Act.

1.2.4. Effective date

The proposed amendment is deemed to have come into operation on 1 March 2026 and applies in respect of years of assessment commencing on or after that date.

1.3. ALLOWING ROLLOVER TREATMENT OF CAPITAL ALLOWANCES ON ALLOWANCE ASSETS TRANSFERRED BETWEEN SPOUSES

[Applicable provision: Section 9HB of the Act]

1.3.1. Background

Section 9HB of the Act governs the tax treatment of assets disposed of between spouses and gives effect to rollover relief intended to ensure that such transfers are tax neutral. Under the current framework, the transferor disregards any capital gain or capital loss on disposal. While the disposal constitutes a capital gains tax (CGT) event, the tax consequences are deferred until the transferee disposes of the asset outside the matrimonial unit.

In relation to trading stock, livestock and produce, the transferor is deemed to have disposed of the asset at an amount equal to deductions previously allowed. The transferee assumes the transferor’s acquisition history, including the original date of acquisition and associated expenditure as contemplated in section 11(*a*) and section 22 of the Act.

For capital assets, the transferee similarly inherits the transferor’s base cost and acquisition date, thereby preserving the CGT position and deferring tax consequences until a subsequent disposal to a third party.

1.3.1.1. Legislative integration and alignment

Historically, inter-spousal asset transfer rules were fragmented across the legislation, including paragraph 67 of the Eighth Schedule to the Act, which was repealed by section 85 of the Taxation Laws Amendment Act, No. 23 of 2018. Section 9HB has since been used to consolidate these rules into a single provision that governs the transfer of all asset classes between spouses.

1.3.1.2. Rollover of the recoupment component for allowance assets

Notwithstanding the above, section 9HB does not currently provide for the rollover of the recoupment component relating to allowance assets. As a result, the transferee does not inherit the transferor's accumulated allowances, and the recoupment provisions of section 8(4)(*k*) of the Act apply.

This results in the transferor being deemed to dispose of the asset at market value, triggering an immediate recoupment of allowances previously claimed. This outcome undermines the policy objective of tax neutrality for inter-spousal transfers, as it accelerates taxation rather than deferring it.

In addition, the current treatment resets the tax profile of the asset in the hands of the transferee, which is inconsistent with section 25(4) of the Act, where both allowances and recoupments roll over to a surviving spouse upon death. Policy alignment is therefore required to extend similar treatment to transfers between living spouses by providing for the deferral of recoupments and the rollover of accumulated allowances

1.3.2. Proposal

It is proposed that section 9HB be amended to provide for the comprehensive, tax-neutral rollover of capital allowances in respect of allowance assets transferred between spouses.

Under the proposed amendment, the transferor spouse must disregard any amount that would otherwise be included in income under section 8(4)(*k*) at the time of disposal. The transferee spouse must be treated as having acquired the asset at the same cost and on the same date as the transferor, and as having been allowed the same allowances or deductions previously allowed for the transferor in respect of that asset.

This approach ensures that the incidence of tax, including any recoupment and capital gain or capital loss, is deferred until the transferee spouse disposes of the asset to a person outside the matrimonial unit.

1.3.3. Effective date

The proposed amendment will come into operation on 1 March 2027 and applies in respect of disposals on or after that date.

1.4. LIMITING THE DONATIONS TAX EXEMPTION RULES WHERE A SPOUSE IS A NON- RESIDENT

[Applicable provision: New proviso to section 56(1)(*a*) and (*b*) of the Act]

1.4.1. Background

Section 56 of the Act provides for various exemptions from donations tax, including a full exemption for donations made by a person to or for the benefit of their spouse. This exemption is based on the policy principle that spouses constitute a single economic unit, thereby allowing the free movement of assets within the matrimonial unit without triggering donations tax.

Section 9H of the Act governs the tax consequences arising when a person ceases to be a South African tax resident. In terms of this provision, a person is deemed to have disposed of their worldwide assets (subject to certain exclusions, including immovable property situated in South Africa) at market value on the day before cessation of residence. This deemed disposal may trigger income tax consequences.

1.4.2. Reasons for change

Government has identified avoidance arrangements that have the effect of circumventing both donations tax and CGT under section 9H. This arrangement relies on the deliberate, staggered cessation of tax residence by spouses.

Under this arrangement, one spouse first ceases to be a South African tax resident. The remaining resident spouse subsequently transfers substantial assets to the now non-resident spouse. As the parties are married, the donation qualifies for a full exemption under section 56(1)(*a*) and (*b*) of the Act, with the result that no donations tax is payable.

Thereafter, the remaining spouse ceases to be a South African tax resident. At that point, the asset base of that spouse has been significantly reduced as a result of the prior tax-free donation. Consequently, the deemed disposal under section 9H gives rise to a substantially reduced, or zero tax liability.

This avoidance arrangement enables the tax-free transfer of wealth offshore, undermining the policy intent of both the inter-spousal exemption and the CGT regime, and resulting in an erosion of the South African tax base.

1.4.3. Proposal

It is proposed that section 56 be amended to introduce a limitation on the inter-spousal donations tax exemption. Specifically, the exemption will apply only to donations made to a spouse who is a South African tax resident.

As a result, donations made to a non-resident spouse will no longer qualify for the exemption and will instead be subject to donations tax in the ordinary course. This will ensure that transfers of wealth to a non-resident spouse prior to cessation of residence give rise to an immediate tax liability, thereby neutralising the identified avoidance arrangement and protecting the integrity of the South African tax base.

1.4.4. Effective date

The proposed amendment is deemed to have come into operation on 25 February 2026 and applies in respect of donations made on or after that date.

2. INCOME TAX: BUSINESS (GENERAL)

2.1. WITHDRAWING THE 2024 ALIGNMENT BETWEEN THE FORMULAE IN SECTION 23N AND SECTION 23M OF THE ACT

[Applicable provision: Section 23N of the Act]

2.1.1. Background

The Act has two sets of interest limitation rules. Section 23M of the Act seeks to limit the deduction of interest expenses when there is a direct or indirect relationship between the debtor and creditor, and the interest income is not fully taxed in the hands of the creditor. Section 23N of the Act restricts the deductibility of interest on loans used to fund reorganisation or acquisition transactions.

The latter aims to prevent “debt push-down transactions” where debt used to acquire a company is loaded onto the target company, creating excessive interest deductions. The restriction applies to the year of the acquisition and the five immediately succeeding years of assessment.

Prior to years of assessment commencing on or after 1 April 2022, both interest limitation rules applied the same formula to determine the extent of tainted interest deductibility.

Following the OECD/G20 Base Erosion and Profit Shifting Project’s recommendations, the rules targeting interest deductions where: (i) a direct/indirect controlling relationship exists between a debtor and creditor, and (ii) the interest income is not taxed, were reviewed and the formula was changed from a flexible to a fixed-rate design to reflect international best practice.

In policy discussions that followed, it was considered that the rules contained in section 23N should follow this design. This led to the amendment in the Taxation Laws Amendment Act, No. 42 of 2024 (the TLAA 2024) to align the formula with section 23M.

2.1.2. Reasons for change

In subsequent policy discussions and upon reviewing this proposal, it is recognised that the two sets of rules are applied in different circumstances, so it is not necessary that the formulae be aligned. Rather, each of the formulae should be tailored to the policy objective of each set of rules.

The section 23N rules pertain to transactions that are funded locally by banks or within a group of companies where the creditor is subject to tax.

2.1.3. Proposal

To ensure the policy objectives of the interest limitation rules remain appropriately targeted (and to ensure stability for existing transactions) – it is proposed that section 23N(3)(*b*) of the Act remain as it was prior to the amendments in section 19(1)(*c*) to (*f*) of the TLAA 2024 taking effect on 1 January 2027.

2.1.4. Effective date

The proposed amendment is deemed to have come into operation on 24 December 2024.

3. INCOME TAX: BUSINESS (FINANCIAL INSTITUTIONS AND PRODUCTS)

3.1. ALIGNMENT OF SHORT-TERM INSURANCE TAXATION WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 17 TERMINOLOGY

[Applicable provision: Section 28(3B) of the Act]

3.1.1. Background

Section 28(3B)(*a*) of the Act currently refers to amounts of insurance liabilities relating to premiums and claims. It does not explicitly refer to the liability for incurred claims (LIC) (section 28(3)(*a*)) or the liability for remaining coverage (LRC) (section 28(3A)).

The LIC component of the liabilities reflects the incurred portion of claims, while the LRC component represents the anticipated future liability that an insurer may have. The absence of explicit reference to these components creates a misalignment with the revised accounting framework under IFRS 17 and may lead to inconsistencies in the determination of allowable deductions.

3.1.2. Reasons for change

While most of section 28 was updated to reflect IFRS 17, section 28(3B)(*a*) was inadvertently omitted from these consequential amendments. Currently, this subsection continues to refer to "insurance liabilities relating to premiums and claims" using outdated terminology.

Since section 28(3B)(*a*) does not explicitly reference the LIC and LRC components, it creates a technical misalignment with the rest of the section. This lack of harmony between the reporting buckets used for general insurance deductions (subsections 3 and 3A) and the specific inclusions or deductions in subsection 3B(*a*) of the Act creates uncertainty for insurers when determining the exact quantum of deductible liabilities.

3.1.3. Proposal

It is proposed that section 28(3B)(*a*) be amended to align the deduction with the amounts deducted under subsections (3)(3A) and included under subsection (4) of the Act. This amendment will ensure that both LIC and LRC components are appropriately recognised, thereby harmonising the tax treatment of insurance liabilities with the requirements of IFRS 17.

3.1.4. Effective date

The proposed amendment will come into operation on 1 January 2027 and will apply in respect of years of assessment commencing on or after that date.

4. INCOME TAX: BUSINESS (INCENTIVES)

4.1. EXTENDING THE REHABILITATION FUND REGIME

[Applicable provision: Section 37A of the Act]

4.1.1. Background

With effect from years of assessment commencing on or after 2 November 2006, government introduced a unified regime for the tax treatment of mining environmental rehabilitation funds with the objective of applying their assets solely for rehabilitation on premature closure, decommissioning, final closure and post-closure coverage of any latent and residual environmental impacts. As a result, under certain conditions, all cash contributions to the mining rehabilitation fund are tax deductible and the growth in the fund is exempt from tax.

4.1.2. Reasons for change

Like mining operations, nuclear operators, including applicants and authorisation holders for the construction or operation of a nuclear facility or for related activities, are subject to strict legislative requirements for environmental rehabilitation and decommissioning, supported by adequate financial provision for the preservation of the relevant nuclear facility.

In 2024, government further enhanced environmental preservation requirements for any nuclear operator through the addition of section 26A of the National Nuclear Regulator Act, No. 47 of 1999 (the NNRA), which specifically requires a nuclear operator to make adequate financial provisions for the rehabilitation or decommissioning of a nuclear facility upon closure.

4.1.3. Proposal

It is proposed that the rehabilitation fund regime, as an environmental preservation mechanism, be extended to nuclear facilities to ensure that licensed nuclear operators, rather than ordinary taxpayers in general, bear the cost of long-term rehabilitation.

4.1.3.1. Scope

The rehabilitation fund regime will be extended to allow for a holder of a nuclear license issued by the National Nuclear Regulator in terms of the NNRA, to deduct for purposes of determining its taxable income, an amount of cash paid to a company or trust whose sole object is to use its property for the rehabilitation and decommissioning of a nuclear facility (i.e. an area covered in terms of a nuclear license).

Similarly, the receipts or accrual of that company or trust whose sole object is to use its property for the rehabilitation and decommissioning of the nuclear facility in terms of section 37A of the Act will be exempt from normal tax.

To ensure that all contributions and withdrawals cater solely for the nuclear facility rehabilitation upon closure, all other aspects of section 37A will also find application. These include administrative responsibilities, holding of permissible financial instruments, allowable distribution or use of property and security, relevant penalty provisions and related reporting responsibilities.

4.1.3.2. Exclusion

Section 26A of the NNRA also includes the management of resulting radio-active waste as part of the cost of safe rehabilitation or decommissioning. The financial provisioning and funding for the short- to long-term management of radio-active waste is regarded as a distinct and separate (i) charge; and (ii) responsibility through the polluter-pays principle, forming part of a wider policy development initiative by government and various relevant stakeholders. As such, the extension of the rehabilitation fund regime for a nuclear facility will exclude any nuclear facility with a nuclear license for the short- to long-term management of radio-active waste produced at any other nuclear facility from the ambit of section 37A.

4.1.4. Effective date

The proposed amendment will come into effect on 1 January 2027 and applies to years of assessment commencing on or after that date.

4.2. SPECIAL ECONOMIC ZONES (SEZ): INTRODUCTION OF DOMESTIC TRANSFER PRICING RULES

[Applicable provisions: Section 12R and new section 31B of the Act]

4.2.1. Background

A reduced corporate income tax (CIT) rate of 15 per cent is available for qualifying companies operating in approved SEZs. In 2016, an anti-avoidance rule was introduced into section 12R of the Act to mitigate the risk of profit shifting from fully taxable connected persons to SEZ qualifying companies. Under this rule, a company is disqualified from benefiting from the 15 per cent reduced CIT rate if more than 20 per cent of its deductible expenditure or income arises from transactions with a connected person that is a resident or has a permanent establishment in South Africa.

4.2.2. Reasons for change

Over the years taxpayers have raised concerns that the anti-avoidance rule is not business friendly, requesting that it be reviewed. It has been raised that the rule is not well-suited to prevailing business models:

(i) It is common for business models to have manufacturing and marketing activities in separate companies and the current anti-avoidance rule makes it hard for these entities to transact without being disqualified.

(ii) It is difficult for large foreign companies to locate their entire operations within an SEZ as they operate in long supply chains – often making it viable to locate only a portion of the supply chain in an SEZ.

As a result, the anti-avoidance rule has the effect of disqualifying investors already operating in SEZs as well as potential investors who buy or sell to related entities in their supply chain.

An international comparison of 14 countries with SEZ regimes that offer generous tax incentives shows that countries generally rely on OECD/UN-aligned transfer pricing frameworks and substance requirements to safeguard their tax base. Profit-shifting risks are addressed through arm's-length pricing adjustments rather than by excluding qualifying companies from the incentives altogether.

4.2.3. Proposal

To safeguard the tax base while supporting investment in SEZs, Government proposes replacing the anti-profit shifting rule in section 12R(4)(c) with a new section 31B. The proposed section 31B seeks to apply the arm's length principle to domestic transactions between a qualifying company operating in an approved SEZ and another company that is not a qualifying company, but which is a connected person, operating outside the SEZ.

4.2.3.1. Who is affected?

The proposed section 31B will apply when the following conditions are met:

- There is a transaction between two resident companies (instances where one party is not tax resident are covered by section 31);
- the companies are connected persons in relation to one another;
- one of the companies is a qualifying company operating within an SEZ approved by the Minister of Finance (SEZ that qualifies for the reduced 15 per cent rate); and
- the other company operates outside the SEZ or is not a qualifying company operating within an approved SEZ.

4.2.3.2. Which transactions will be affected?

The proposed section 31B will apply only to domestic transactions in respect of goods and services. The provision is intended to capture not only transactions in tangible goods, but also intra-group services and other similar arrangements that may result in profits being shifted to the SEZ qualifying company without any physical transfer of goods.

4.2.3.3. Adjustment trigger?

An adjustment will be required where the price or any other term or condition of the transaction differs from those that would have been agreed between independent parties dealing at arm's length, including if neither party had been operating in an approved SEZ. In addition, that difference must result in a tax benefit for any of the companies that is a party to the transaction. This is to ensure that the transaction between a qualifying company operating in an approved SEZ and another company operating outside the SEZ does not erode the corporate tax base.

To ensure that the rules dissuade profit shifting to a qualifying company (located in an approved SEZ) taxed at a lower rate, the company that is not a qualifying company (and taxed at the standard 27 per cent CIT rate) must calculate its taxable income as if the transaction had been entered into on arm's length terms and conditions.

A secondary adjustment mechanism will not be included since inter-company dividends are exempt from dividends tax.

The proposed section 31B is intended to operate in line with the arm's length principle as set out in the OECD Transfer Pricing Guidelines and the United Nations Practical Manual on Transfer Pricing.

4.2.4. Effective date

The proposed amendment will come into effect on 1 January 2027 and applies to years of assessment commencing on or after that date.

5. INCOME TAX: INTERNATIONAL

5.1. ALIGNING THE INTERACTION BETWEEN CONTROLLED FOREIGN COMPANY (CFC) AND DOMESTIC TREASURY MANAGEMENT COMPANY (DTMC) CURRENCY TRANSLATION RULES

[Applicable provisions: Section 9D(6) of the Act]

5.1.1. Background

A CFC is required to determine its net income in its functional currency for the purpose of including a proportional share of this income in the hands of a South African shareholder. Section 9D(6) of the Act requires this amount to be translated into Rand (ZAR) using the average exchange rate for the CFC's foreign tax year.

Furthermore, a DTMC is permitted to use a functional currency other than the Rand (e.g. USD) for tax purposes. Section 25D(5) of the Act provides that any amount received by a DTMC in a currency other than its functional currency must first be determined in that functional currency and subsequently translated into rand using the average exchange rate for the DTMC's year of assessment.

5.1.2. Reasons for change

A technical anomaly arises where a DTMC holds shares in a CFC. In this scenario, the CFC's net income is first translated from its functional currency to rand (per section 9D(6) of the Act). However, because the shareholder is a DTMC with a USD functional currency, section 25D(5) requires this "Rand amount" to be translated back into USD, and then once more into Rand at the DTMC's average exchange rate.

This "circular" translation process creates a currency mismatch. Because the average exchange rate for the CFC's foreign tax year and the DTMC's year of assessment often differ, the resulting rand inclusion in the DTMC's taxable income is distorted by phantom exchange gains or losses that do not reflect the underlying economic reality.

5.1.3. Proposal

To resolve this anomaly, it is proposed that the legislation be amended to ensure that where a DTMC is the shareholder of a CFC, and both entities share the same functional currency, the net income of the CFC should be determined in that functional currency without the intermediate translation to rand. This will align the tax treatment with the economic substance of the transaction and eliminate the administrative burden of multiple currency conversions.

5.1.4. Effective date

The proposed amendment comes into operation on 1 January 2027 and applies in respect of foreign tax years of CFCs ending on or after that date.

6. VALUE-ADDED TAX

6.1. SERVICES RENDERED TO A CUSTOMS CONTROLLED AREA ENTERPRISE OR SPECIAL ECONOMIC ZONE OPERATOR

[Applicable provision: Section 11(2)(*k*) of the Value-Added Tax Act, No. 89 of 1991 ("the VAT Act")]

6.1.1. Background

Section 11(2)(*k*) of the VAT Act provides that VAT must be charged at the rate of zero percent on the supply of services that are physically rendered elsewhere than in the Republic or to a customs controlled area enterprise (CCAE) or a Special Economic Zone (SEZ) operator in a customs controlled area (CCA).

In terms of section 1(1) of the VAT Act, the definition of the "Republic" in the geographical sense, means the territory of the Republic of South Africa and includes the territorial waters, the contiguous zone and the continental shelf referred to respectively in sections 4, 5 and 8 of the Maritime Zones Act, No. 15 of 1994.

SEZ is defined in section 21A of the Customs and Excise Act, No. 91 of 1964 as a geographically designated area of a country set aside for specifically targeted economic activities, which are then supported through special arrangements and support systems to promote industrial development. Categories of SEZs that may be designated as such by the Department of Trade and Industry (DTI) (currently known as the Department of Trade, Industry and Competition (DTIC)) may include:

- Free ports;
- Free Trade Zones (FTZs);
- Industrial Development Zones (IDZs); and
- Sector Development Zones (SDZs).

Section 21A of the Customs and Excise Act defines a SEZ operator as a holder of a valid SEZ operator permit granted by the Minister of Trade and Industry and includes personnel of the SEZ operator who are authorised by the SEZ operator to perform duties and functions specified in that section.

Within the area of the IDZ there will be areas designated by the Commissioner for the South African Revenue Service (SARS) in concurrence with DTIC which will be called Customs Controlled Areas (CCA), and as the name indicates, these areas will be under the control of Customs.

In terms of section 21A of the Customs and Excise Act, CCAE means any person permanently located in a CCA and who is registered or licensed as contemplated in the rules of that section.

Several amendments were made to the VAT Act when the original Industrial Development Zone programme (which was later converted to the SEZ programme) was introduced. As stated in the Explanatory Memorandum of the Revenue Laws Amendment Bill, No. 45 of 2003: "*The supply of goods by a registered vendor in terms of a sale or instalment credit* *agreement to a registered vendor in a CCA will be zero-rated if the supplier consigns or delivers the goods* ***[the goods]*** *to the vendor in that area. It is proposed that services physically rendered to a registered vendor in a CCA will also be zero-rated.*

The effect of the proposed provisions is that a vendor in a CCA is afforded VAT treatment similar to that which is afforded to a vendor operating a bonded warehouse."

6.1.2. Reasons for change

It has come to the Government's attention that there is confusion about whether all services rendered to a CCAE or an SEZ operator in a CCA are required to be physically rendered therein to qualify for the zero-rating. To some extent, the interpretation is that as long as the services are rendered to a CCAE or an SEZ operator situated in a CCA, those services would still qualify for zero-rating irrespective where those services are physically rendered, e.g. auditing and information technology services. Accordingly, taxpayers requested that section 11(2)(*k*) of the VAT Act be amended to clarify the policy position on services rendered in terms of the zero-rating provisions of section 11(2)(*k*).

As indicated above, it has always been the intention of section 11(2)(*k*) to zero-rate the supply of services physically rendered to a CCAE or SEZ operator in a CCA.

6.1.3. Proposal

It is proposed that section 11(2)(*k*) be reformulated for ease of reference. The proposed amendment does not change the policy intent or substantive effect of the provision.

6.1.4. Effective Date

The proposed amendment will come into effect on the date of promulgation of the Second Taxation Laws Amendment Act of 2026.

6.2. ELECTRONIC SERVICES AND INTERMEDIARIES

[Applicable provision: section 54(2B) of the VAT Act]

6.2.1. Background

With effect from 1 April 2025, section 54(2B) of the VAT Act makes provision for an intermediary (who is a vendor) to account for VAT, where the intermediary supplies electronic services on behalf of a foreign electronic services supplier (the principal) who is not a resident of the Republic of South Africa (the Republic), to a person in the Republic, subject to the intermediary and the principal (the parties) agreeing in writing that such supply be treated as if supplied by the intermediary.

Furthermore, the parties shall be held jointly and severally liable in respect of the taxable supplies made under such agreement. Based on the above, the intention is to hold the intermediary liable to account for the VAT on electronic services provided through the intermediary's platform, on behalf of the principal. However, in the absence of a concluded agreement between the parties, the principal remains liable to register and account for the VAT on its taxable supplies.

Section 54(2B) was further amended from 1 April 2026 for the intermediary provisions to be widened to also include supplies facilitated by intermediaries on behalf of local suppliers. This was due to the fact that limiting the application of the intermediary provisions to only apply to non-residents created complexities and administrative burdens for intermediaries who also act as agents on behalf of local suppliers.

6.2.2. Reasons for change

It has come to Government's attention that the required agreement as mentioned above poses compliance risks for SARS in that SARS must engage the principal to recover the VAT, and intermediaries may have difficulty in entering into agreements with smaller foreign electronic suppliers, to account on their behalf.

6.2.3. Proposal

The definition of "intermediary" is defined in section 1(1) of the VAT Act as: "*a person who facilitates the supply of electronic services supplied by the electronic services supplier and who is responsible for issuing the invoices and collecting payment for the supply*". Therefore, there is a specific requirement that the intermediary collects the payment for the supply. The intermediary is thus in control of collecting the VAT, and it thus makes sense to hold the intermediary primarily liable for the accounting of supplies of electronic services by foreign principals.

It is thus proposed that the default situation be rather that the intermediary, being the person in control of the collection of the VAT and the invoicing, accounts for the VAT, unless there is an agreement to the contrary. This will also make it easier for intermediaries to account for all supplies that go through their platform, excluding the exceptions where the principal prefers to account and the parties agree to this in writing.

6.2.4. Effective Date

The proposed amendment will come into operation on 1 April 2027.

6.3. LEASEHOLD IMPROVEMENTS

[Applicable provision: section 18C of the VAT Act]

6.3.1. Background

Prior to 1 April 2018, the VAT Act did not contain specific provisions dealing with the consequences for the parties when a lessee effects leasehold improvements for no consideration to the lessor's property during the period of the lease. In order to address this situation, section 8(29) of the VAT Act was introduced with effect from 1 April 2018, and it provides that where a vendor, being a lessee, supplies leasehold improvements for no consideration, the lessee is deemed to make a taxable supply of goods to the lessor, unless the lessee effects the improvements wholly for non-taxable purposes.

Simultaneously, section 18C of the VAT Act was also introduced with effect from 1 April 2018 and it requires the lessor, being vendor, to account for output tax on the leasehold improvements in section 8(29), to the extent that the lessor, at the time of completion of the leasehold improvements, uses the fixed property otherwise than for purposes of making taxable supplies. Furthermore, section 10(28) of the VAT Act also came into operation from 1 April 2018 whereby it deems the value of the leasehold improvements as contemplated under section 8(29) to be nil and as such, the lessee is not required to account for output tax on effecting the leasehold improvements.

The effect of these provisions is that the lessor is in the same position had the lessor effected the leasehold improvements itself and the use thereof were for purposes other than to make taxable supplies.

6.3.2. Reasons for change

A problem arises where leasehold improvements are supplied for no consideration to a lessor who is not a vendor (e.g. below the VAT registration threshold or only making exempt supplies). The adjustment under section 18C must be made by a lessor who is a vendor where leasehold improvements are applied for non-taxable purposes. Based on the current wording of the provision, if the lessor is not a vendor, section 18C does not find application. This means that the lessor will get the benefit of leasehold improvements in respect of which VAT was effectively not paid to SARS, as the lessee would have been entitled to a full deduction of VAT incurred by him as input tax (section 8(29) read with the definition of “input tax”). Put differently, the claw back mechanism in section 18C will not be triggered where the lessor is not a vendor. There will be no claw back of the input tax claimable by the lessee.

Whilst section 18C refers to the supply contemplated in section 8(29), section 8(29) only addresses the lessee and refers to the lessee being a vendor. This provision does not make any reference to the lessor or that such lessor must be a vendor. Section 18C itself only refers to lessors that are vendors.

It is important to bear in mind the reasons for introducing the leasehold improvements amendments from 1 April 2018. In this regard, the Explanatory Memorandum on the Taxation Laws Amendment Act, No. 17 of 2017 (the 2017 EM) states as follow:

“Currently, the VAT Act does not provide guidelines in respect of the Value Added Tax (VAT) treatment of leasehold improvements effected by the lessee to the leasehold property during the period of a lease agreement. Concerns have been raised that lessee and lessor vendors are uncertain of how to treat these leasehold improvements for VAT purposes. The lack of clarity in the VAT Act has led to inconsistencies in the VAT treatment.”

At the time of the 2017 EM and what it sought to address, the policy intention was that the provisions apply where the lessee and lessor are both vendors. Furthermore, section 8(29) and section 18C must be read together based on the use of words “contemplated in section 8(29)” in section 18C. This means that where a vendor is of the view that section 8(29) applies to the transaction, then concomitantly section 18C must also be applied to the transaction. However, it has now come to government’s attention that there is a VAT leakage where the lessor is not a vendor.

6.3.3. Proposal

It is proposed that the VAT Act be amended so that the claw back mechanism is effectively extended to lessors who are not vendors by means of a specific declaration channel. Vendors will continue to make the adjustment in their VAT 201 returns, whereas non-vendors will do so by way of a self-declaration and payment to SARS.

6.3.4. Effective Date

The proposed amendment will come into operation on 1 April 2027.

7. CARBON TAX ACT

7.1. REFUNDS FOR CARBON BUDGET COMPLIANCE

[Applicable provision: Section 17 of the Carbon Tax Act No. 15 of 2019 ("the Carbon Tax Act")]

7.1.1. Background

The 2025 Taxation Laws Amendment Act contained amendments on the higher tax rate on greenhouse gas emissions above the carbon budgets allocated to a company by the Department of Forestry Fisheries and the Environment (DFFE). The carbon budgets will be annualised and any emissions above the approved annual allocation as approved by the DFFE will be subject to the higher tax.

Where a company complies with the carbon budget allocation over a five-year period, it may claim a refund for the taxes paid. The amendments provide for refunds of taxes paid for the first two tax periods in the third year, and the refund for any taxes paid for tax periods 3, 4 and 5 may be claimed at the end of the carbon budget budgeting period.

7.1.2. Reasons for change

Stakeholders were of the view that the wording in section 17A(2) of the Carbon Tax Act on the carbon budget refund where reference is made to "the first two tax periods and the immediately preceding tax period" is unclear and creates uncertainty on what is meant by the preceding tax period. To provide policy certainty to taxpayers and remove any ambiguity in the legislation, a technical clarification of the tax periods for which a taxpayer may be eligible for a refund and the specific year in which the refund can be claimed is necessary. This will address concerns about inaccuracies in the emissions and tax liability assessments for the first two tax periods and over the 5-year carbon budgeting period.

7.1.3. Proposal

It is proposed to delete the reference to the immediately preceding tax period. Furthermore, it is proposed to clarify that the refund may be claimed in the third year for the first two tax periods; and for the remaining tax periods that is, from year 3 to 5, and, where necessary, to accommodate any technical adjustments for the first two tax periods, a refund may be claimed in the sixth year.

7.1.4. Effective date

The proposed amendments will come into effect on a date to be determined by the Minister of Finance.

7.2. CARBON TAX THRESHOLD FOR 1A4a ACTIVITIES

[Applicable provision: Schedule 2 to the Carbon Tax Act]

7.2.1. Background

The carbon tax applies to emissions from activities that either meet or exceed the threshold provided in Schedule 2 of the Carbon Tax Act. The threshold for fuel combustion emissions from Commercial / Institutional activity (Intergovernmental Panel on Climate Change code 1A4a) is 10 megawatt thermal capacity.

Businesses have had to invest in back-up diesel generators to address concerns about loadshedding and electricity supply shortages. These generators are mainly used during supply disruptions for short periods of time and the additional capacity is not fully utilised within a tax period. Stakeholders are of the view that the cost of compliance with the carbon tax is significantly higher than the tax liability of companies falling within this sector.

7.2.2. Reasons for change

To ease the compliance burden on companies, it is necessary to replace the capacity-based threshold for the "Commercial/Institutional" activity (IPCC Code 1A4a) with an emissions threshold of 25 000 tonnes carbon dioxide equivalent (tCO_2e).

7.2.3. Proposal

It is proposed to substitute the capacity-based threshold for the "Commercial/Institutional" activity with an emissions threshold of 25 000 tCO_2e.

7.2.4. Effective date

The proposed amendments are deemed to have come into operation on 1 January 2026.

8. CLAUSE BY CLAUSE

CLAUSE 1

Income Tax Act: Amendment to section 1(1)

Subclause (1)(*a*): See notes on **DETERMINING THE APPLICATION OF THE DE MINIMIS LIMIT FOR MULTIPLE LIVING ANNUITIES**

Subclause (1)(*b*): See notes on **EXTENDING ELIGIBILITY FOR BOTH THE MEDICAL SCHEME FEES TAX CREDIT AND ADDITIONAL MEDICAL EXPENSES TAX CREDIT TO MEMBERS OF RESTRICTED MEDICAL SCHEMES**

Subclause 1(*c*): See notes on **DETERMINING THE APPLICATION OF THE DE MINIMIS LIMIT FOR MULTIPLE LIVING ANNUITIES**

CLAUSE 2

Income Tax Act: Amendment to section 6A

Subclause (*a*): The proposed amendment to subsection (2)*(a)* seeks to update the wording in section 6A(2) to refer to a foreign entity as a 'fund' rather than a 'medical scheme'. By aligning the terminology with the opening of the subparagraph, it ensures a clear distinction is kept between domestic medical schemes and foreign medical funds of a similar nature.

Subclause (*b*): See notes on **EXTENDING ELIGIBILITY FOR BOTH THE MEDICAL SCHEME FEES TAX CREDIT AND ADDITIONAL MEDICAL EXPENSES TAX CREDIT TO MEMBERS OF RESTRICTED MEDICAL SCHEMES**

CLAUSE 3

Income Tax Act: Amendment to section 6B

Subclause (*a*): See notes on **EXTENDING ELIGIBILITY FOR BOTH THE MEDICAL SCHEME FEES TAX CREDIT AND ADDITIONAL MEDICAL EXPENSES TAX CREDIT TO MEMBERS OF RESTRICTED MEDICAL SCHEMES**

Subclause (*b*): The proposed amendment to subsection 2 seeks to align the terminology of the subsection with the heading and the rest of the section.

Subclause (*c*): See notes on **EXTENDING ELIGIBILITY FOR BOTH THE MEDICAL SCHEME FEES TAX CREDIT AND ADDITIONAL MEDICAL EXPENSES TAX CREDIT TO MEMBERS OF RESTRICTED MEDICAL SCHEMES**

CLAUSE 4

Income Tax Act: Amendment to section 6*quat*

The proposed amendment to paragraph (iB) of the proviso to subsection (1B)(*a*) seeks to clarify that the taxable capital gain referred to in the proviso specifically applies only to taxable capital gains from a source outside of South Africa.

CLAUSE 5

Income Tax Act: Amendment to section 9D

Subclause (*a*): The proposed amendment to subsection (1)*(b)* of the definition of "foreign company" seeks to correct the cross-referencing in the definition of "foreign company." Specifically, it deletes the reference to paragraph *(a)* and replaces it with a reference to paragraph (*b*)(i). In addition, it updates the reference in paragraph (b)(ii) so that it correctly points to paragraph (*b*)(ii) of the definition of "protected cell company."

Subclause (b): See notes on **ALIGNING THE INTERACTION BETWEEN CONTROLLED FOREIGN COMPANY (CFC) AND DOMESTIC TREASURY MANAGEMENT COMPANY (DTMC) CURRENCY TRANSLATION RULES**

CLAUSE 6

Income Tax Act: Amendment to section 9HB

See notes on **ALLOWING ROLLOVER TREATMENT OF CAPITAL ALLOWANCES ON ALLOWANCE ASSETS TRANSFERRED BETWEEN SPOUSES**

CLAUSE 7

Income Tax Act: Amendment to section 11

The proposed amendment to paragraph (*e*) is a consequential amendment and seeks to extend the exclusions from the operation of that paragraph through the addition of the assets referred to in section 12V.

CLAUSE 8

Income Tax Act: Amendment to section 12M

See notes on **EXTENDING ELIGIBILITY FOR BOTH THE MEDICAL SCHEME FEES TAX CREDIT AND ADDITIONAL MEDICAL EXPENSES TAX CREDIT TO MEMBERS OF RESTRICTED MEDICAL SCHEMES**

CLAUSE 9

Income Tax Act: Amendments to section 12R

Subclause (*a*): The proposed amendment seeks to insert the "or" at the end of subsection 4(*a*)(v) as a matter of style and consistency.

Subclause (*b*): The proposed amendment seeks to insert the "or" at the end of subsection (4)(*a*)(vi) as matter of style and consistency.

Subclause (*c*): The proposed amendment seeks to remove the "or" at the end of subsection (4)(*b*) which is necessitated by the deletion of subsection 4(*c*).

Subclause (*d*): See notes on **SPECIAL ECONOMIC ZONES (SEZ): INTRODUCTION OF DOMESTIC TRANSFER PRICING RULES**

CLAUSE 10

Income Tax Act: Amendment to section 15

The proposed amendment seeks to allow expenditure in respect of roads and fences in respect of the production of renewable energy as contemplated in section 12U to be included in the capital expenditure of a mine.

CLAUSE 11

Income Tax Act: Amendment to section 17A

The proposed amendment seeks to align the limitation of the deduction with the approach recently adopted in section 18A. This amendment clarifies that the deduction must be limited to taxable income calculated before taking into account any deduction under section 17A(1) and before setting off any balance of assessed loss under section 20(1)(*a*).

CLAUSE 12

Income Tax Act: Amendment to section 22B

The proposed amendment to paragraph (*b*) of the definition of "extraordinary dividend" seeks to provide clarity on the aggregation of dividends during the 18-month period.

CLAUSE 13

Income Tax Act: Amendment to section 28

See notes on **ALIGNMENT OF SHORT-TERM INSURANCE TAXATION WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 17 TERMINOLOGY**

CLAUSE 14

Income Tax Act: Amendment to section 31B

See notes on **SPECIAL ECONOMIC ZONES (SEZ): INTRODUCTION OF DOMESTIC TRANSFER PRICING RULES**

CLAUSE 15

Income Tax Act: Amendment to section 36

The proposed amendment seeks to allow expenditure in respect of roads and fences in respect of the production of renewable energy as contemplated in section 12U to be included in the capital expenditure of a mine.

CLAUSE 16

Income Tax Act: Amendment to section 37A

See notes on **EXTENDING THE REHABILITATION FUND REGIME**

CLAUSE 17

Income Tax Act: Amendment to section 56

See notes on **LIMITING THE DONATIONS TAX EXEMPTION RULES WHERE A SPOUSE IS A NON-RESIDENT**

CLAUSE 18

Income Tax Act: Amendment to section 62

The proposed amendment seeks to provide clarity on the annual value to be taken into account in determining the value of the right of enjoyment of a property for purposes of donations tax by clarifying that the limited interest must be determined with reference to the fair market value of the full ownership of the property.

CLAUSE 19

Income Tax Act: Amendment to paragraph 2 of the Second Schedule to the Act

The proposed amendment seeks to clarify the timing of accrual for retirement fund benefits that are transferred between retirement funds, including transfers involving the vested, savings, and retirement components under the two-pot retirement system. The amendment ensures certainty regarding when amounts are deemed to accrue for tax purposes in cases of member transfers upon termination of membership, as well as transfers to former spouses pursuant to divorce orders. It aligns the accrual rules applicable to transfers under paragraphs 2(1)(*b*)(iA), 2(1)(*b*)(iB), and 2(1)(*d*), thereby facilitating the correct application of the corresponding tax deduction provisions and reducing uncertainty arising from the interaction between transfer provisions relating to different retirement fund components.

CLAUSE 20

Income Tax Act: Amendment to paragraph 3 of the Sixth Schedule to the Act

The proposed amendment seeks to delete the requirement that a qualifying micro business company must have a year of assessment ending on the last day of February in order to ensure that otherwise eligible companies are not excluded from turnover tax solely based on their year-end.

CLAUSE 21

Income Tax Act: Amendment to paragraph 8 of the Sixth Schedule to the Act

The proposed amendment seeks to ease the registration timeframe restriction applicable to a person registering as a micro business.

CLAUSE 22

Income Tax Act: Amendment to paragraph 2 of the Seventh Schedule to the Act

See notes on **EXTENDING ELIGIBILITY FOR BOTH THE MEDICAL SCHEME FEES TAX CREDIT AND ADDITIONAL MEDICAL EXPENSES TAX CREDIT TO MEMBERS OF RESTRICTED MEDICAL SCHEMES**

CLAUSE 23

Income Tax Act: Amendment to paragraph 11 of the Seventh Schedule to the Act

The proposed amendment is consequential in nature and seeks to align the provision with current wording that is currently used in the Act.

CLAUSE 24

Income Tax Act: Amendment to paragraph 12 of the Seventh Schedule to the Act

The proposed amendment seeks to delete an obsolete reference to paragraph 2(gA), which has been repealed.

CLAUSE 25

Income Tax Act: Amendment to paragraph 12A of the Seventh Schedule to the Act

See notes on **EXTENDING ELIGIBILITY FOR BOTH THE MEDICAL SCHEME FEES TAX CREDIT AND ADDITIONAL MEDICAL EXPENSES TAX CREDIT TO MEMBERS OF RESTRICTED MEDICAL SCHEMES**

CLAUSE 26

Income Tax Act: Amendment to paragraph 43A of the Eighth Schedule to the Act

The proposed amendment to paragraph (*b*) of the definition of "extraordinary dividend" seeks to provide clarity on the aggregation of dividends during the 18-month period.

CLAUSE 27

Income Tax Act: Amendment to paragraph 3 of Part I of the Ninth Schedule to the Act

The proposed amendment seeks to correct the outdated household income threshold in the relevant public benefit activities by replacing the R15 000 monthly limit with the revised R22 000 limit, in line with the threshold determined for the First Home Finance programme.

CLAUSE 28

Income Tax Act: Amendment to paragraph 5 of Part II of the Ninth Schedule to the Act

The proposed amendment seeks to correct the outdated household income threshold in the relevant public benefit activities by replacing the R15 000 monthly limit with the revised R22 000 limit, in line with the threshold determined for the First Home Finance programme.

CLAUSE 29

Customs and Excise Act & Value-Added Tax Act: Continuation of certain amendments of Schedules

The proposed clause makes provision for the continuation of certain amendments to the Schedules to the Customs and Excise Act and the VAT Act, effected by notices in the government *Gazette* during the period of 1 November 2025 up to and including 31 October 2026.

CLAUSE 30

Customs and Excise Act: Amendment to section 58

The proposed amendment relates to an announcement in Budget Review 2025 expressing the intention to make excise duties effective from 1 April in future years to ease the administrative burden of implementing adjustments on Budget Day.

Section 58 currently provides that a taxation proposal imposing a new duty or increasing the rate of duty on goods specified in such proposal becomes effective from the time when the proposal was tabled. The proposed amendment creates more flexibility and makes provision for taxation proposals imposing a new duty or increasing or reducing a rate of duty, tabled in the national annual budget, to become effective either on tabling or on the date specified in the proposal

CLAUSE 31

Value-Added Tax: Amendment to section 7

The proposed amendment seeks to rectify a reference mistake in the naming of the Public Finance Management Act, where the word “Act” was previously omitted from the legislation.

CLAUSE 32

Value-Added Tax: Amendment to section 11

See notes on **SERVICES RENDERED TO A CUSTOMS CONTROLLED AREA ENTERPRISE OR SPECIAL ECONOMIC ZONE OPERATOR**

CLAUSE 33

Value-Added Tax: Amendment to section 12

The proposed amendment seeks to rectify a spelling mistake in the Afrikaans version of the VAT Act.

CLAUSE 34

Value-Added Tax: Amendment to section 18C

See notes on **LEASEHOLD IMPROVEMENTS**

CLAUSE 35

Value-Added Tax: Amendment to section 54

See notes on **ELECTRONIC SERVICES AND INTERMEDIARIES**

CLAUSE 36

Taxation Laws Amendment Act of 2015: Amendment to section 18

The proposed amendment seeks to update the amendment of 2015 with subsequent amendments to section 11(*e*) of the Act.

CLAUSE 37

Taxation Laws Amendment Act of 2016: Amendment to section 25

See notes on **SERVICES RENDERED TO A CUSTOMS CONTROLLED AREA ENTERPRISE OR SPECIAL ECONOMIC ZONE OPERATOR**

CLAUSE 38

Taxation Laws Amendment Act of 2026: Amendment to section 27

The proposed amendment seeks to correct the application instructions of the two distinct and separate effective dates, respectively for the amendments made regarding (1) the clarification of the rollover relief for listed shares in an asset-for-share transaction and (2) the review of asset-for share- and amalgamation transactions involving collective investment schemes to section 42 of the Act.

CLAUSE 39

Carbon Tax Act: Amendments to section 17A

See notes on **REFUNDS FOR CARBON BUDGET COMPLIANCE**

CLAUSE 40

Carbon Tax Act: Amendments to schedule 2 to the Act

See notes on **CARBON TAX THRESHOLD FOR 1A4a ACTIVITIES**

CLAUSE 41

Taxation Laws Amendment Act of 2024: Amendment to section 19

See notes on **WITHDRAWING THE 2024 ALIGNMENT BETWEEN THE FORMULAE IN SECTION 23N AND SECTION 23M OF THE ACT**

CLAUSE 42

Short title and commencement.

DRAFT
EXPLANATORY MEMORANDUM

TAXATION LAWS AMENDMENT BILL 2026

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