
MEDIA STATEMENT

Revised Draft Taxation Laws Amendment Bill, 2014, Revised Draft Tax Administration Laws Amendment Bill, 2014, and Response Document

The National Treasury today publishes the revised draft Taxation Laws Amendment Bill, 2014, (TLAB) revised draft Tax Administration Laws Amendment Bill 2014, (TALAB) and the draft Response Document that was presented to the Standing Committee on Finance (SCOF) in Parliament yesterday (15 October 2014).

The revised draft TLAB and TALAB revise the initial draft Bills published on 17 July 2014 and takes into account the public hearings in Parliament and submissions received by Parliament, National Treasury and SARS. During the hearings in Parliament yesterday, the SCOF made recommendations on the implementation dates for the tax treatment of retirement savings and the removal of VAT zero rating for agricultural goods. The Bill has been updated based on these two recommendations.

With regard to the tax treatment of retirement fund contributions, Government has agreed to delay the implementation of laws which was originally set for 1 March 2015. For now, the delay will be for a year to allow for further consultations at NEDLAC. But should there be no agreement at NEDLAC by end-June 2015, the implementation date may be moved to 1 March 2017. This comes after the labour constituency at NEDLAC requested that the implementation of these laws - enacted last year - be postponed until further consultations between Government and NEDLAC on social security reform.

The draft Response Document and revised draft Bills represent the final proposals put forward by the National Treasury and SARS to the SCOF yesterday for its consideration. The draft Response Document takes into account comments received from 90 organisations and individuals on the content of the initial draft bills, which were published for public comment on 17 July 2014. Workshops were held on 1, 2 and 12 September 2014, to discuss the proposed amendments. Further meetings were held to discuss specific amendments in more detail.

The draft Response Document provides the reasons for the proposals made by the Treasury and SARS and is the version submitted to the SCOF. The draft Response Document therefore deals with the following key issues:

- Amendments to the valuation of defined benefit fund contributions
- Introduction of tax free savings accounts
- Amendments to small business tax regime
- Excessive interest limitation rules
- Removal of VAT zero rating for agricultural goods
- Relevant material and information gathering by SARS

The draft Response Document and the revised draft Bills are released today for information purposes only, and not for further public comment. The final Bills are expected to be tabled in Parliament next week Wednesday.

For more information, please contact Phumza Macanda at Phumza.macanda@treasury.gov.za.

Issued by: National Treasury

Date: 16 October 2014