

New tax Amendment Bill published



The National Treasury published the Taxation Laws Amendment Bill and the Tax Administration Laws Amendment Bill on Thursday for public comment. Picture: Gallo Images

The National Treasury published the Taxation Laws Amendment Bill and the Tax Administration Laws Amendment Bill on Thursday for public comment.

The draft legislation gives tax proposals announced by Finance Minister Pravin Gordhan in his 2013 budget.

The Treasury said certain proposals requiring more consultation, including trust reforms, pre-retirement preservation and taxation of long-term insurers, would be dealt with later this year or as part of the next year's process.

The Taxation Laws Amendment Bill proposes a beneficial tax regime for companies located in special economic zones approved by the finance minister.

It contains proposals to revitalise the maritime sector in South Africa by implementing an attractive shipping tax regime.

This would exempt qualifying shipping companies from income tax, capital gains tax, dividends tax and withholding tax on interest.

The bill also addresses the taxation of dividends received for services rendered under normal income tax rule.

A company paying the dividend would, subject to certain conditions, be entitled to an income tax reduction.

With regard to retirement funds, the new bill provides that most individuals will be able to qualify for a higher reduction in respect to their contributions in South Africa from March 1, 2015.

In addition, employers will, in future, be able to assist their low-income employees to acquire houses below market value without tax being payable by the employee.

The Treasury said housing programmes initiated by employers for the benefit of their employees were hindered by the fringe benefit tax an employee had to pay on the difference between the market value of the property and the amount paid.

To eliminate this obstacle, there would be no tax payable if an employee earning a total salary of not more than R200,000 acquired property with a cost to the employer of not more than R350,000.

Through this, the Treasury aimed to stimulate the provision of affordable housing in South Africa and to help address some of the challenge in the mining sector.

The Tax Administration Laws Amendment Bill addresses the a legislation problem giving customs officials wide powers to search any premises, at any time, without a warrant.

A Western High Court judgment found that this provision was unconstitutional.

The proposed amendment aims to correct this by establishing the broad principle that an officer may enter premises only on the authority of a warrant.

Warrantless search and seizure could occur only on "prescribed narrow circumstances".

The bill will also regulate tax practitioners.