

SARS explains 2015 Tax Administration Amendments

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On December 17, the South African Revenue Service (SARS) issued an explanatory memorandum on the 2015 Tax Administration Laws Amendment Bill (TALAB).

In particular, the memorandum looks at the TALAB provisions giving effect to the collection of information from South African financial institutions (FIs), and the associated obligation on the FIs to register with SARS regarding the Foreign Account Tax Compliance Act (FATCA) intergovernmental agreement (IGA) with the United States that was signed in July last year.

The TALAB implements a framework under which SARS may require South African FIs to collect information under an “international tax standard,” such as the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters, which encompasses the Common Reporting Standard (CRS).

Under the new provisions, reporting FIs will be obliged by statute to obtain the information required and provide it to SARS. It has been confirmed that a public notice will subsequently be published indicating the types of FIs required to register and submit a return. This will be in line with the registration process that currently exists for purposes of the FATCA IGA.

In order to implement the standard on a consistent and efficient basis, FIs will report on all foreign-resident account holders and controlling persons, irrespective of whether South Africa has a double taxation agreement (DTA) with their jurisdiction of residence or whether the jurisdiction is a CRS participating jurisdiction.

It is intended that this will ease the compliance burden on reporting FIs, as they would otherwise have to effect system changes and collect historical information each time a jurisdiction adheres to the CRS or South Africa concludes a new DTA.

Within the proposed new definition of an international tax standard, the TALAB also includes the country-by-country reporting standard for multinational enterprises, as introduced by the OECD base erosion and profit shifting project.

In relation to South Africa's permanent Voluntary Disclosure Program, the memorandum specifies that the TALAB further clarifies the persons who qualify for the program, the relaxed requirements for voluntary disclosure, and the broadened ambit of voluntary disclosure relief.

Click links below:

- [LAPD-LPrep-EM-2015-01 – Explanatory Memorandum on the TLA Bill 29 of 2015](#)
- [LAPD-LPrep-EM-2015-02 – Memorandum on the objects of TALA Bill of 2015](#)