

SPECIAL VOLUNTARY DISCLOSURE PROGRAMME IN RESPECT OF OFFSHORE ASSETS AND INCOME

In the 2016 Budget Speech, the Minister of Finance announced a Special Voluntary Disclosure Programme to give opportunity for non-complaint taxpayers to Voluntary disclosure offshore assets and income. With a new global standard for the automatic exchange of information between taxpayers providing SARS with additional information from 2017, time is now running out for taxpayers who still have undisclosed assets abroad. To encourage compliance, Government proposes a Special Voluntary Disclosure Programme for individuals and companies to regularise both their tax and exchange control affairs for a limited window period described below.

The South African Revenue Service (SARS) and the South African Reserve Bank(SARB) are working jointly to ensure that applications for the Special Voluntary Disclosure Programme are assessed through one joint process for both tax non-compliance and exchange control contraventions.

Window period of Special Voluntary Disclosure Application

- Applications for relief under the Special Voluntary Disclosure Programme will apply for a limited window period for six months starting on 1 October 2016 and closing on 31 March 2017.

What information to start preparing of the Special Voluntary Disclosure Programme

- While exact details of the Special Voluntary Disclosure Programme are still to be finalized, we recommend that people start obtaining their information in order to be able start the application as soon as possible.

The following information would be needed and we recommend you start collecting.

1. Income from Overseas investments, interest dividends, rentals and capital gains for period.

1.3.2010	to 28.2.2011
1.3.2011	to 28.2.2012
1.3.2012	to 28.2.2013
1.3.2013	to 28.2.2014
1.3.2014	to 28.2.2015
1.3.2015	to 28.2.2016

2. Obtaining Valuations for all investments as at 28 February 2016, this should include independent valuations on any fixed property or other assets.

The following are the main Provisional Proposals of the special Voluntary disclosure program

1. Taxation of income not previously disclosed

Tax is due on dividends, interest, rentals and other investments for period 1.3.2010 to 28 February 2015 i.e. 5 year period. No penalties will be charged.

If tax had not been paid on funds that were illegally transferred offshore “seed money” a tax charge of 50% of tax rate is payable. i.e. at full marginal tax rate of 41% the max charge will be 20.5%

2. Funds offshore without Exchange Control approval is subject to a levy as follows:

1.1 If funds are repatriated to South Africa the levy will be 5%

1.2 If funds are retained offshore the levy is 10%

Yours faithfully

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