

Public comment sought on 2021 Draft Tax Bills

The National Treasury and the South African Revenue Service (Sars) are inviting the public to comment on the 2021 Draft Tax Bills.



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Treasury on Wednesday published for public comment the 2021 draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill (2021 draft Rates Bill), the 2021 draft Taxation Laws Amendment Bill (2021 draft TLAB) and the 2021 draft Tax Administration Laws Amendment Bill (2021 draft TALAB).

These draft tax bills contain tax proposals made in the 2021 Budget on 24 February 2021. The 2021 tax bills will be introduced in Parliament later this year.

“For legal reasons, the draft tax amendments continue to be split into two bills, namely a money bill (section 77 of the Constitution) dealing with money bill issues and an ordinary bill (section 75 of the Constitution) dealing with issues relating to tax administration,” said Treasury in a statement.

The National Treasury and Sars solicit written comments on tax proposals contained in the 2021 draft tax bills.

“After receipt of the written comments, National Treasury and Sars normally engage with stakeholders through public workshops to discuss the written comments on the draft tax bills.

“However, due to the national lockdown regulations as a result of the Covid-19 pandemic, further information will be provided on the manner and platform of public engagement for purposes of discussing the written comments.

“The Standing Committee on Finance and the Select Committee on Finance in Parliament are expected to make a similar call for public comment, and convene public hearings on these draft tax bills before their formal introduction in Parliament.”

Thereafter, a response document on the comments received will be presented at the parliamentary committee hearings, after which the bills will then be revised, taking into account public comments and recommendations made during committee hearings, before they are tabled formally in Parliament for its consideration.

“The 2021 draft Rates Bill, which was first published on Budget Day (24 February 2021), contains tax announcements made in Chapter 4 and Annexure C of the 2021 Budget Review that deal with changes to the rates and monetary thresholds and increases of the excise duties.”

The 2021 draft TLAB and the 2021 draft TALAB provide the necessary legislative amendments required to implement the more complex tax announcements made in Chapter 4 and Annexure C of the 2021 Budget Review that will require greater consultation with the public.

Key tax proposals contained in the 2021 draft Rates Bill include changes in rates and monetary thresholds to the personal income tax tables, and increases of the excise duties on alcohol and tobacco.

Key tax proposals contained in the 2021 draft TLAB include the following:

- Strengthening the rules dealing with limitation of interest deductions in respect of debt owed to persons not subject to tax
- Restricting the set-off of the balance of assessed losses in determining taxable income
- Refining the timeframes of compliance requirements of the industrial policy projects tax incentive
- Curbing the abuse of the Employment Tax Incentive
- Applying tax on retirement fund interest when an individual ceases to be a tax resident
- Strengthening anti-avoidance rules in respect of loans between trusts
- Refinements to the corporate reorganisation rules
- Clarifying the scope and definition of carbon sequestration

Key tax proposals contained in the 2021 draft TALAB include the following:

- Administrative non-compliance penalties based on estimates for non-submission of six-monthly employees' tax returns
- Removal of double-penalty for the same incidence of non-compliance relating to employees' tax
- Expanding the purposes for which air cargo may be removed to degrouping depots
- Amendments related to changes in the accreditation system
- Increasing the caps for refunds and underpayments of duties

The 2021 draft tax bills and the accompanying draft explanatory memoranda containing a comprehensive description of the proposed tax amendments contained in the 2021 draft TLAB and the draft TALAB, can be found on the National Treasury (www.treasury.gov.za) and Sars (www.sars.gov.za) websites.

General information underlying the changes in rates, thresholds or any other tax amendments can be found in the 2021 Budget Review, available on the treasury website.

Comments in writing can be emailed to 2020AnnexCProp@treasury.gov.za and Sars at acollins@sars.gov.za by close of business on 28 August 2021.

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