

Dear Members

TAX UPDATE 2/2012

Deceased Estates

1. Processing Centres

Please be advised that all deceased estates will be processed at the following Processing Centres:

- Alberton: Alberton CPO Private Bag X 15 New Redruth 1450
- Bellville: Bellville CPO Private Bag X 11 Bellville 7535
- Doornkloof: Doringkloof CPO P O Box 436 Pretoria 0001
- Durban: Durban CPO PO Box 921 Durban 4000

A list that reflects the areas that will be dealt with by each Processing Centre has been requested from SARS and will be distributed on receipt.

Currently, the following areas are dealt with separately and members are requested to continue to use this channel until further notice:

- Free State: Bloemfontein office PO Box 313 Bloemfontein 9300
- East London: Private Bag X9012 East London 5200
- Port Elizabeth and Uitenhage: PE office PO Box 345 Port Elizabeth 6000

2. Proposed process to be followed when dealing with DECEASED ESTATES

1. ***Coding of estate***

- Currently many members advise SARS of the death of their clients before they receive the Letters of Executorship
- As SARS cannot act until they have received the Letters of Executorship, members are requested not to send any notification to SARS prior to this event
- On receipt of the Letters of Executorship, members have to provide SARS with the following:
 - a) IT77 Form duly completed (document can be obtained from the SARS website)
 - b) Certified copy of the Death Certificate
 - c) Certified copy of the Letters of Executorship
- It is extremely important to write the following words at the top of the IT77:
" PORTFOLIO MAINTENANCE FOR CODING OF ESTATE"
- This will ensure that the documents reach the correct department to change the status of the individual tax payer to an estate
- Documents can be handed in at any SARS branch, BUT it may take time to reach the Processing Centre where it will be processed and it is therefore recommended that the documents are rather handed in or posted to the Processing Centre directly.



2. **Changing of banking details**

- It is suggested that members attend to the 'changing of banking details' process as explained in an earlier email, which is enclosed for ease of convenience, after the documents have been lodged as explained above and time has been allowed for it to be processed
- When the banking details are updated, members can ask SARS to check whether the matter has been coded as an estate

3. **Register the estate on eFiling**

- Members are advised to register under 'organization' on eFiling in order to list all the estates where tax returns have to be lodged
- The estate's tax return can be lodged on eFiling as the system does allow for 'period returns' (1 March to date of death)
- If the estate tax return is lodged without the estate being coded, the assessment will be incorrect and there will be queries from SARS at a later stage
- Members have to ensure that they calculate the capital gain and account for it in the return

4. **Capital Gains Tax**

- If the executor disposes of assets during the administration process (after death), a 'special trust A' has to be registered with SARS
- It is important to note that it is not a special trust, but the 'special trust' is only used as a vehicle to calculate the tax liability
- Please also take note that if assets are disposed of over a few tax years, the return should not reflect all the gain in one return, but in a return for each tax year in order to ensure that the estate receives the benefit of the deductions etc.
- To register a 'special trust A':
 - a) IT77T has to be completed and lodged with the Processing Centre:
 - b) The details of the estate should be reflected as: SURNAME INITIALS (ESTATE LATE) TRUST - Example: VISSER A (ESTATE LATE) TRUST
 - c) Write 'PORTFOLIO MAINTENANCE: REGISTRATION OF SPECIAL TRUST A FOR CGT PURPOSES' at the top of the document
 - d) Also submit the following documents with the completed IT77T:
 - i) Certified copy of the Letters of Executorship,
 - ii) Liquidation and Distribution Account,
 - iii) Redistribution Agreement (if applicable), and
 - iv) Certified copy of the Will

5. **Deregister "special trust" (or any other trust)**

- It is important to deregister the trust once the final tax assessments have been received for all the tax years
- Address a request to deregister the trust to the Processing Centre for attention
- PORTFOLIO MAINTENANCE



- Provide them with a copy of the Final Distribution Statement and request a Clearance Letter

3. Outstanding tax assessments

- Members are requested to submit all tax returns on eFiling
- If tax returns have been lodged manually and the assessments have not yet been received, please submit on eFiling as soon as possible (just make sure that the estate has been coded before submitting)

4. Training

As there may be a need for training, FISA will be liaising with accountants who are members to arrange training sessions in the regions. More information in this regard will be distributed shortly.

5. Estate Duty

Representatives from SARS and the Department of Justice are discussing the estate duty administration process and will advise us of any changes shortly.

6. Valuations for estate duty purposes

Details of the challenges experienced by members, especially in the Cape Town area, have been given to SARS and members will be advised as soon as there is an update in this regard.

Fiduciary regards

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As a member, I am subject to the Code of Conduct of the Fiduciary Institute of South Africa (FISA).