



*South African Revenue Service*

Dear Fund Administrator / Insurer

## **SARS TAX DIRECTIVES IMPLEMENTATION**

The South African Revenue Service (SARS) will be implementing enhancements to the Tax Directives system during September 2023.

Please familiarise yourself with the following anticipated changes:

### **Paragraph (b)(xii)(bb) of the definition of “retirement annuity fund” in section 1(1):**

A member with more than one contract / policy in a retirement annuity fund can transfer one or more of these contracts / policies to another approved retirement annuity fund, subject to certain conditions. When transferring a contract / policy, the Fund Administrator must ensure that the value of the individual contract / policy in the retirement annuity fund being transferred to another retirement annuity fund is R371 250 and above, and that if an amount remains in the fund, the remaining value in the retirement annuity fund after the transfer, is at least R371 250. If the member's total interest (all contracts / policies combined) in the retirement annuity fund is being transferred to **one** other retirement annuity fund, the monetary restriction on the value per transferring contract or policy is not applicable, and the member's total interest can be transferred from one retirement annuity fund to another. Please note that this change is only applicable to **transfers** prior to retirement that take place from one retirement annuity fund to another retirement annuity fund.

### **Deemed retirement from a Provident Fund Par4(3) of the 2nd Schedule:**

Fund administrators must note that the reason “**Provident Fund deemed retirement**” cannot be used if the date of accrual is on or after 1 March 2023.

### **Paragraph 2(1)(c) of the Second Schedule:**

A retirement benefit, in respect of a member who has reached retirement age, that was transferred to a **Preservation Fund**, cannot be accessed as a once-off withdrawal benefit, prior to retirement.

## **Recognition of Transfer**

To assist the Fund Administrators / Long-Term Insurers to understand the Recognition of Transfer (ROT) decline reasons, SARS has enhanced the response messages to be more meaningful to ensure that the recipients understand what needs to be corrected before attempting to resubmit the ROT.

Fund administrators / Long-term Insurers are reminded that when a retirement benefit is successfully transferred or there was a purchase of annuity on retirement, the receiving fund / Long-term Insurer must, submit a ROT to SARS. This is to confirm that the member's benefit, as indicated on the tax directive, was received. SARS sends a notification to the receiving fund if the ROT has not been submitted to SARS after 21 working days. Where an ROT remains outstanding after 21 working days, the taxpayer will receive a notification. Should the ROT not be received from either the fund or the taxpayer after 21 working days may result in the taxpayer's return being rejected and the transfer / POA will be treated as a withdrawal benefit and will be subject to tax as such.

**Sincerely,**

**ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE**

**August 2023**