POISED FOR GROWTH

BUDGET 2019/2020

Tax proposals

COMPANIES AND CLOSE CORPORATIONS

The rate of normal tax remains unchanged at 28% in respect of years of assessment ending during the 12-month period to 31 March 2020.

Dividends tax remains unchanged at 20%.

INDIVIDUALS

For years of assessment ending 29 February 2020, the tax table has remained unchanged from the previous year. No inflationary adjustments have been made.

Tax brackets will not be amended for the 2020 year of assessment

TAX TABLE FOR THE YEAR OF ASSESSMENT: 2020

All natural persons and special trusts

TAXABLE INCOME	TAX PAYABLE
R0 – R195 850	18% of taxable income
R195 851 – R305 850	R35 253 + 26% of taxable income above R195 850
R305 851 – R423 300	R63 853 + 31% of taxable income above R305 850
R423 301 – R555 600	R100 263 + 36% of taxable income above R423 300
R555 601 – R708 310	R147 891 + 39% of taxable income above R555 600
R708 311 – R1 500 000	R207 448 + 41% of taxable income above R708 310
R1 500 001 and above	R532 041 + 45% of taxable income above R1 500 000

- The primary rebate for all natural persons has been increased to R14 220 (previously R14 067).
- The secondary rebate for persons aged 65 years and older has been increased to R7 794 (previously R7 713).
- The tertiary rebate for persons 75 years and older has been increased to R2 601 (previously R2 574).

Liability for tax commences as follows

Under 65 years	R79 000 (previously R78 150)
65 years and older	R122 300 (previously R121 000)
75 years and older	R136 750 (previously R135 300)

The tax-free portion of interest income remains at R23 800 for taxpayers under 65 years and R34 500 for persons aged 65 years and older.

TRUSTS

The rate of tax for the year of assessment ending 29 February 2020 remains unchanged at 45%.

MEDICAL SCHEME MEMBERSHIP

The monthly tax credits for medical scheme contributions remain unchanged at R310 for each of the first two persons covered and R209 for each additional beneficiary.

Medical scheme credits will not be amended for the 2020 year of assessment

CAPITAL GAINS TAX

For individuals and special trusts the inclusion rate for capital gains remains unchanged at 40%.

In respect of companies and other trusts the inclusion rate remains unchanged at 80%.

Maximum effective rate of tax

Individuals and special trusts	18%
Companies (excl. dividends tax)	22.4%
Other trusts	36%

VALUE-ADDED TAX (VAT)

The standard rate of VAT remains unchanged at 15%.

The zero rating of white bread flour, cake flour and sanitary pads is to become effective 1 April 2019.

Zero rating of white bread flour, cake flour and sanitary pads from 1 April 2019

ESTATE DUTY AND DONATIONS TAX

The first R30 million of the dutiable value of an estate is taxed at a rate of 20%, with the excess attracting estate duty at 25%.

Donations with a cumulative value of R30 million will attract donations tax at 20%, with the excess attracting donations tax 25%.

TRANSFER DUTY

The duty on the purchases of fixed property remains unchanged.

AD VALOREM EXCISE DUTY

The way *ad valorem* excise duty is calculated, results in vehicles produced locally being taxed at a higher rate than imported vehicles. To remove this anomaly, government proposes to align the tax treatment.

FUEL LEVY

The general fuel levy is to be increased by 15c/litre and the Road Accident Fund (RAF) levy by 5c/litre with effect from 3 April 2019. With effect from 5 June 2019, a carbon tax on fuel will be introduced at 9c/litre on petrol and 10c/litre on diesel.

Fuel levy to increase by 29c

ENVIRONMENTAL TAXES AND INCENTIVES

The Carbon Tax will be implemented on 1 June 2019. It gives effect to the polluter-pays principle, prices greenhouse gas emissions and aims to ensure that businesses and households take these costs into account in their production, consumption and investment decisions. The tax will assist in reducing emissions and ensuring South Africa meets its commitments under the 2015 Paris Climate Agreement. It will be reviewed after three years.

SARS and the Department of Environmental Affairs will jointly administer the tax. To ensure a smooth administration, SARS will publish draft rules for consultation by March 2019.

Various environmental levies and taxes remain unchanged:

- the plastic bag levy – 12 cents per bag
- the environmental levy on incandescent light bulbs – R8
- the vehicle emissions tax – R110 for every gram above 120g CO^2/km for passenger vehicles and R150 for every gram above 175g CO^2/km for double cab vehicles.

Energy-efficiency savings tax incentive

The energy-efficiency savings tax incentive, was introduced in November 2013 to offset the tax burden on industry from the introduction of the carbon tax. The incentive expires on 31 December 2019. It provides companies with a tax deduction for energy-efficient investments, contributing to environmental goals while reducing energy costs. To encourage additional investment in energy efficiency, government proposes to extend the incentive to 31 December 2022. During 2019, government will review the design and administration of the incentive to improve its ease of use, effectiveness and economic impact.

Environmental fiscal reform policy

National Treasury will publish a draft Environmental Fiscal Reform Policy Paper in 2019. It will outline options to reform existing environmental taxes to broaden their coverage and strengthen price signals. The paper will also consider the role new taxes can play in addressing air pollution and climate change, promoting efficient water use, reducing waste and encouraging improvements in waste management. Government will also investigate a tax on 'single-use' plastics including straws, caps, beverage cups and lids, as well as containers to curb their use and encourage recycling. It will also review the biodiversity tax incentive.

HEALTH TAXES

The health promotion levy, which taxes sugary beverages, will be increased effective 1 April 2019 to 2.21c/gram of sugar beyond the first 4 grams of sugar per 100ml.

Sugar tax increases to 2.21c/gram of sugar on 1 April 2019

EXCISE DUTIES ON ALCOHOLIC BEVERAGES AND TOBACCO PRODUCTS

Government proposes to increase excise duties on alcohol and tobacco products by between 7.4% and 9%.

Taxation of electronic cigarettes and tobacco heating products

The use of electronic cigarettes and tobacco heating products has increased in recent years. Government intends to start taxing these products. National Treasury and the Department of Health will consult on the appropriate mechanisms, structure and timing of the tax.

Additional tax amendments

INDIVIDUALS, EMPLOYMENT AND SAVINGS

Refining the foreign employment income tax exemption for South African residents

From 1 March 2020, South African residents who spend more than 183 days in employment outside the country will be subject to South African taxation on any foreign employment income that exceeds R1 million. To prevent monthly withholding of income tax both in South Africa and the host country, it is proposed that South African employers be allowed to reduce their monthly local employees' tax (PAYE) withholding by the amount of foreign taxes withheld on the employment income. Before implementation, a workshop will be held to consult taxpayers on their administrative concerns. Any resulting amendments will be processed during the 2019 legislative cycle.

Extending the scope of amounts constituting variable remuneration

In 2013, section 7B was introduced in the Income Tax Act (1962) to match the timing between the accrual and payment dates of some forms of variable cash remuneration. Section 7B deems certain amounts to accrue when they are actually paid. However, because the scope of this section is limited, it is proposed that it be extended to include certain qualifying payments.

Foreign employment tax exemption to change from 1 March 2020

Retirement reforms

Exemption relating to annuities from a provident or provident preservation fund:

Once a member of a retirement fund retires and receives an annuity as a retirement benefit, any contributions to the retirement fund that did not qualify for a deduction when determining the member's taxable income are tax-exempt. This exemption does not apply to annuities received from a provident or provident preservation fund. To encourage annuitisation (regular payments in retirement), it is proposed that this exemption be extended to provident and provident preservation fund members who receive annuities. The exemption would apply for contributions made after 1 March 2016.

Tax treatment of bulk payments to former members of closed funds:

Retirement funds are permitted to make certain extraordinary payments to their members tax free, provided that these payments are approved by the Minister of Finance in a Government Gazette notice. In 2009, the Minister of Finance issued a notice in Government Gazette No. 32005 approving retirement funds to make tax-free payments of 'secret profits', 'surplus calculations' and 'unclaimed benefits'.

When the notice was issued, some deregistered retirement funds had already paid fund administrators, but the amounts were not yet paid to the affected members and/or beneficiaries. It is proposed that these payments currently held by fund administrators on behalf of deregistered retirement funds qualify as tax-free payments, provided they meet the relevant criteria.

Reviewing the tax treatment of surviving spouse pensions:

Pension payments to a surviving spouse are subject to PAYE by the retirement fund. If the surviving spouse also receives a salary or other income, it is added to the spousal pension to determine his or her correct tax liability on assessment.

The result of the assessment is often that the surviving spouse has a tax liability that exceeds the PAYE withheld by the employer and retirement funds during the year of assessment, since the aggregation of income pushes them into a higher tax bracket. In most cases, the surviving spouse does not foresee the additional tax liability and does not save money to settle the liability. This creates a cash flow burden and a tax debt for the surviving spouse.

It is proposed that:

- surviving spouses are provided with effective communication relating to tax and financial issues;
- the monthly spousal pension be subject to PAYE at a specified flat rate; and
- tax rebates should not be taken into account in the calculation of spousal pensions.

Any PAYE excessively withheld as a result of this proposal will be refunded upon assessment.

Reviewing the non-resident employer registration requirement

Every employer who pays remuneration (as defined in the Fourth Schedule to the Income Tax Act) is required to register with the South African Revenue Service (SARS) and submit monthly and bi-annual tax returns for employees' tax to SARS. If the employer is not a resident of South Africa, this requirement applies irrespective of whether the employer is obliged to withhold PAYE.

It is proposed that this requirement be reviewed to determine whether an exclusion from registration is warranted for this type of employer.

It is proposed that the registration of non-residents employers be reviewed

Addressing abusive arrangements aimed at avoiding the anti-dividend stripping provisions

In 2017, the rules governing share buy-backs and dividend stripping were changed to prevent taxpayers from avoiding taxation of share disposals by companies. In 2018, these rules were again adjusted to prevent harm to legitimate corporate reorganisations. However, some taxpayers are now undermining the adjusted rules.

These arrangements involve the target company distributing a substantial dividend to its current company shareholder and subsequently issuing shares to a third party. As a result, the value of the equity interest held by the shareholder in the shares in the target company is diluted and these shares are not immediately disposed of. This differs from the previous avoidance arrangements that involved disposing of the same shares in return for a tax-exempt dividend. To curb this new form of abuse, it is proposed that the rules governing share buy-backs and dividend stripping be amended. These amendments will take effect on 20 February 2019.

It is proposed that the rules governing share buy-backs and dividend stripping be amended from 20 February 2019

Correcting anomalies arising from applying value-shifting rules

Clarifying the effect of deferred tax liability on the market value of issued shares:

Current anti-avoidance provisions target value shifting through asset-for-share transactions that apply when the market value of the assets acquired differs from the market value of the shares issued in exchange. However, the current provisions do not include the effect of a deferred tax liability (related to the acquired asset) on the market value of the shares. It is proposed that the Income Tax Act be amended to clarify that any difference in value due to the deferred tax liability should not be subject to the relevant provisions.

Clarifying the effect of a capital gain from the operation of the anti-avoidance rules on the base cost of shares acquired in exchange for assets:

In 2012, rules were introduced to prevent the transfer of high-value assets to a company in return for shares issued by the company with a different value. These rules trigger a capital gain or a deemed dividend *in specie* for one of the parties. Other rules state that a company issuing shares in exchange for assets is deemed to have acquired the assets for expenditure equal to the market value of the shares.

However, this deemed acquisition value does not include any capital gains previously triggered by the anti-value shifting rules, thereby resulting in possible double taxation when the company disposes of the assets later. It is proposed that the rules be amended to prevent this.

Refining provisions around the special interest deduction for debt-funded share acquisitions

Special interest deduction following company reorganisations after an acquisition:

Current provisions allow a special interest deduction relating to debt-financed acquisitions of controlling shares in an operating company, but require that the acquirer of those shares assess whether they still qualify for the deduction under certain circumstances. It is proposed that this requirement be reconsidered if the acquirer remains a (direct or indirect) controlling shareholder of the specific entity after certain reorganisation transactions.

Anti-avoidance rules targeting shareholders claiming the special interest deduction for start-up companies:

Some taxpayers are claiming the special interest deduction for debt-funded capitalisation of newly established companies. This deduction is intended for debt-funded acquisitions of a controlling interest in companies that already generate income. It is proposed that changes be made to ensure that taxpayers do not claim the deduction for unintended purposes.

Clarifying the interaction between corporate reorganisation rules and other provisions of the Income Tax Act

Clarifying corporate reorganisation rules relating to exchange items and interest-bearing instruments:

The current corporate reorganisation rules allow the tax-neutral transfer of assets between companies that form part of the same group. However, the provisions do not specify how exchange items and interest-bearing assets should be treated during corporate restructuring. It is proposed that the legislation clarify that the transfer of these items and assets is excluded from the rules.

This is because unrealised values on the date of transfer should be triggered in the transfer or companies.

Refining the interaction between the anti-avoidance provisions for intra-group transactions:

The corporate rollover provisions regarding intra-group transactions contain multiple anti-avoidance measures. However, it is not always clear how these measures interact with each other. In particular, separate measures often cause punitive tax consequences that are not taken into account should another measure subsequently apply, which results in potential double taxation. It is proposed that these provisions be refined by clarifying how the measures interact.

Harmonising the de-grouping charge provisions for intra-group transactions and controlled foreign companies:

If a company leaves a group but retains an asset acquired within the last six years through the relief provided in the corporate reorganisation rules, a de-grouping charge applies. This charge is intended to revoke the tax-neutral status of the original transaction and is designed to deem a capital gain to arise in the year of assessment in which the de-grouping takes place. However, provisions relating to controlled foreign companies in sections 9D and 9H of the Income Tax Act, determine that the year of assessment in which the de-grouping takes place starts and ends on the same day.

It is proposed that changes be made to harmonise these provisions across the corporate reorganisation and controlled foreign company rules.

Amending rules to allow company deregistration by operation of law

In some corporate reorganisation rules, to qualify for the tax-neutral transfer of assets, one or more of the companies involved should cease to exist after the transaction. The legislation lists steps that show a taxpayer meeting this requirement. However, the steps do not take into account deregistration by operation of law. It is proposed that the rules be amended to include this option.

BUSINESS (FINANCIAL SECTOR)

Study on the tax treatment of amounts received by portfolios of collective investment schemes

In 2018, amendments were proposed to tax the profits of some collective investment schemes as revenue instead of capital. After reviewing the public comments on this draft, government decided that more time is needed for it to work with industry to find solutions that will not negatively affect the relevant groups. This study is proposed for the 2019 legislative cycle.

Reviewing the Real Estate Investment Trust (REIT) tax regime

Tax treatment of unlisted REITs:

The implementation of the Financial Sector Regulation Act (2017) and the establishment of the Financial Sector Conduct Authority allows for the regulation of unlisted REITs. It is proposed that government consider the regulation and tax treatment of unlisted REITs that are widely held or held by institutional investors, in line with the announcement in the 2013.

Clarifying inconsistencies in the current REIT tax regime:

The current REIT tax regime contains various inconsistencies, including the definition of rental income as applied to foreign exchange differences and the interaction between the REIT tax regime and corporate reorganisation rules. It is proposed that the legislation be amended to clarify these inconsistencies. Government undertakes to review the efficacy of the current REIT regime.

BUSINESS (INCENTIVES)

Refining the special economic zone regime

Reviewing anomalous provisions:

As taxation provisions relating to special economic zones preceded implementation of the programme, there is now some misalignment between the provisions and the stated objectives of the programme. Government proposes to review these provisions to clarify the policy intent and address unintended misalignment with the Special Economic Zone Act (2016).

Reviewing the anti-avoidance measures relating to transactions between a company and connected persons:

Qualifying companies deriving taxable income from within the special economic zone regime can benefit from a reduced corporate tax rate of 15%. To counter potential profit-shifting, a qualifying company cannot claim this benefit if more than 20% of its deductible expenditure or its income arises from transactions with connected persons. This anti-avoidance measure may harm legitimate business transactions as some business models in special economic zones were accepted before the anti-avoidance measure was introduced. It is proposed that the measure be reviewed and clarified to meet its original intent.

Reviewing the venture capital company tax regime

In 2018, changes were made to the venture capital company tax regime to prevent abuse of various aspects of the system. It has come to government's attention that some taxpayers are attempting to undermine other aspects of the regime to benefit from excessive tax deductions. It is proposed that these rules be reviewed to prevent this abuse.

INTERNATIONAL

Reviewing controlled foreign company rules

Reviewing the comparable tax exemption:

As noted in the 2018 Budget, the global trend towards reducing corporate tax rates affects the current controlled foreign company comparable tax exemption. It is proposed that the exemption threshold be reduced from the current percentage, taking into account the sustainability of the tax base.

Addressing circumvention of anti-diversionary rules:

The rules for controlled foreign companies aim to prevent South African taxpayers from shifting income that should be taxed in South Africa to an offshore jurisdiction with a beneficial taxation regime. Government has identified schemes where controlled foreign companies (that are part of a group) are interposed in the supply chain between South African connected parties and independent non-resident customers or suppliers. It is proposed that additional measures be introduced to prevent this circumvention.

Reviewing the definition of permanent establishment

The current definition of permanent establishment in the Income Tax Act is based on the definition developed by the Organisation for Economic Co-operation and Development (OECD). In November 2017, the OECD expanded this definition. When South Africa signed the OECD multilateral convention, it did not expand the permanent establishment definition. As a result, South African tax treaties use the narrow definition of permanent establishment. However, the definition in the Income Tax Act uses the expanded OECD definition. It is proposed that the permanent establishment definition in the Income Tax Act be reviewed to determine whether a limitation is warranted.

Revising tax relief for blocked foreign funds

The Income Tax Act provides tax relief for a South African tax resident when funds are blocked in a foreign country due to currency restrictions or foreign legal limitations. The resident can claim foreign tax credits for foreign taxes paid on foreign income. These credits are lost if the blocked funds are released more than seven years from the tax year in which the foreign income accrued. It is proposed that this seven-year limitation be reconsidered.

It is proposed that the permanent establishment definition in the Income Tax Act be reviewed

Amendments to the definition of 'domestic treasury management company'

The domestic treasury management company regime allows qualifying companies to expand into other African countries. Within this regime, a company is so defined if it is incorporated in South Africa, deemed to be incorporated in South Africa, or effectively managed from South Africa, and is not subject to exchange control restrictions.

In 2017, the Income Tax Act was amended to remove the incorporation requirement. However, the Reserve Bank definition in Circular 5/2013 still includes this requirement. As a result, the 2017 changes are not aligned with the Reserve Bank requirements. It is proposed that the definition of 'domestic treasury management company' is changed in the Income Tax Act to reintroduce the incorporation requirement.

Revising the Income Tax Act criteria for recognised exchanges

The Income Tax Act defines a recognised exchange as a stock exchange licensed under the Financial Markets Act (2012) or a similar exchange in another country that has been recognised by the Minister of Finance in the Government Gazette. Since 2001, the criteria used to recognise foreign exchanges have not been revised. It is proposed that a review of these criteria be considered.

Reviewing the 'affected transaction' definition in the arm's length transfer pricing rules

The 'affected transaction' definition relating to arm's length transfer pricing rules in the Income Tax Act, applies to transactions between connected persons as defined in the Income Tax Act. However, in the OECD Model Tax Convention, the transfer pricing rules apply to transactions between associated enterprises. Government proposes to review the scope of these rules to determine whether the definition in the Income Tax Act should be changed in line with the OECD definition.

Clarifying the interaction of capital gains tax and foreign exchange transaction rules

Assets disposed of or acquired in foreign currency are subject to taxation under both the foreign exchange transaction rules and capital gains tax rules. To prevent double taxation of assets, foreign debt is currently excluded from the specific capital gains tax rules. However, it is unclear how the general rules apply if foreign bonds are disposed of at a capital gain or loss. It is proposed that these rules be reviewed to prevent potential double taxation.

VALUE-ADDED TAX

Reviewing the definition of 'group of companies' for electronic services regulations

From 1 April 2019, regulations prescribing electronic services will expand the scope of electronic services required to pay value-added tax (VAT) in South Africa. These regulations exclude electronic services supplied between companies in a 'group of companies', if a non-resident company supplies such services to a domestic company within the same group. The regulations define 'group of companies' to include two or more companies that hold shares in at least one other company, such that 100% of equity shares in each controlled company are directly held by the controlling company in the group. However, this 100% shareholding requirement may exclude companies because of employee incentives, or other empowerment programmes.

It is proposed that the definition be changed to reflect this understanding. The change will come into effect on 1 April 2019.

Additional tax policy and administrative adjustments

Clarifying financial services to include the transfer of long-term reinsurance policy

The VAT Act (1991) makes provision for the activities of providing or transferring ownership of a long-term insurance policy, or providing reinsurance relating to any such policy, to be deemed to be financial services. However, the VAT Act does not specify how to treat the transfer of a long-term reinsurance policy. It is proposed that the VAT Act be amended to clarify this treatment.

Refining the VAT corporate reorganisation rules

In line with the Income Tax Act, the VAT Act provides relief for companies in the same group by treating the supplier and the recipient of goods or services as the same person during corporate reorganisation transactions. If these transactions take place in terms of sections 42 or 45 of the Income Tax Act, VAT relief is only permitted if the transfer relates to a going concern. However, transfers of fixed property under these sections may not always involve a going concern, especially in sale and lease-back situations. It is proposed that the VAT Act be amended to clarify treatment in these instances.

VAT treatment of rental stock paid in terms of the National Housing Programme

In the VAT Act, a vendor (such as a municipality) is deemed to supply services to any public authority if the vendor is paid or makes a payment in line with the National Housing Programme outlined in the Housing Act (1997). However, it is difficult to interpret the VAT treatment of payments relating to rental stock. It is proposed that the VAT Act be amended to clarify the treatment of rental stock in these instances.

Reviewing section 72 of the VAT Act

Section 72 of the VAT Act gives SARS discretionary powers to apply provisions relating to the calculation or payment of tax or the application of any provision, exemption or zero rate, in cases where 'difficulties, anomalies or incongruities have arisen' due to the business conduct of a particular vendor or vendors. It is proposed that a constitutional review of section 72 of the VAT Act be conducted given the challenges that arose as to its application in respect of mandatory wording of the VAT Act.

Refining the VAT treatment of foreign donor-funded projects

The VAT Act provides relief for foreign donor-funded projects if they meet specified criteria. However, the criteria and the type of projects that qualify are unclear, especially if the project is sub-contracted to different contractors. It is proposed that these provisions be amended to clarify the policy intention.

CUSTOMS AND EXCISE

SARS publication of the excise rewrite discussion document

SARS has compiled an excise rewrite discussion document that will be published for public comment as part of redrafting the excise duty legislative framework. After comments are received, SARS will engage representative industry bodies and responsible government departments on reform proposals that require refinement.

Reviewing the tax treatment of duty-free shops

The legislative framework governing duty-free shops will be reviewed to minimise any abuse and risks that may be occurring. SARS will investigate any alleged abuse and take action if required.

Excluding bulk wine movements from the compulsory tariff determination requirement

Manufacturers and importers of alcoholic beverages must obtain compulsory tariff determinations before these beverages can be removed from the excise manufacturing warehouse or cleared for home consumption upon the first importation. Bulk wine that is removed from one excise manufacturing warehouse to another and used as an input for further manufacturing will be exempted from the obligation.

Extending the fiscal marking, tracking and tracing intervention to include excise and levy goods

The fiscal marking, tracking and tracing intervention for tobacco products to comply with South Africa's obligations under the Illicit Trade Protocol of the World Health Organisation Framework Convention on Tobacco Control will be extended to other excise and levy products that pose similar illicit trade risks causing significant revenue losses.

Ad valorem proposals to consistently apply and extend current items

Expanding the computer category:

Ad valorem taxes apply to televisions and monitors with screens larger than 45 cm, irrespective of their end use. 'Smart' technology items are harder to distinguish and therefore difficult to categorise. To prevent these items from escaping *ad valorem* tax, it is proposed that the computer category be expanded to include any apparatus with a screen larger than 45 cm.

Expanding the gaming category:

Ad valorem taxes on gaming consoles are currently limited to consoles that use a television screen. It is proposed that the provisions be amended to include any external screen or surface on which gaming console images can be reproduced.

Duty rebates and refunds in circumstances of *vis major*

Government will review provisions relating to duty rebates and refunds in circumstances of *vis major* (an unpreventable incident caused by a superior external force) in the Customs and Excise Act and its schedules to align them with international best practice.

Curbing smuggling and illicit financial flows

Government will consider amendments enabling the confidential disclosure of names and associated reference numbers of customs clients, as well as other information necessary to verify legitimate financial flows.

Government will consider measures to curb smuggling and illicit financial flows

Tax administration

Model mandatory disclosure rules and non-compliance penalties

It has emerged internationally that offshore structures and arrangements are being designed in an attempt to circumvent financial account reporting under the OECD's Common Reporting Standard. The standard is used for the exchange of information between countries. It is proposed that the OECD's model mandatory disclosure rules be implemented in South Africa to identify and counter such structures and arrangements, and that similar penalties to those currently in force for non-compliance with the reportable arrangement legislation be imposed for non-compliance with the rules.

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