

Sars changes tax compliance status reporting for transferring funds abroad

The South African Revenue Service (Sars) has published the changes in tax compliance status reporting for transferring funds abroad in an attempt to improve turnaround times for taxpayers and traders that are compliant.



Image source: Nataliya Vaitkevich from [Pexels](#)

In a statement on Wednesday, Sars said that as the previous Tax Clearance Status (TCS) solution has been operational since April 2016, it has processed substantial and growing volumes of taxpayers requesting third party verification requests, including Foreign Investment Allowance and Emigration. Sars said it has seen a need to enhance the system to rationalise and speed it up.

In addition, following the announcement of the abolition of emigration as an exchange control concept in 2020, the South African Reserve Bank (SARB) announced that it has removed the requirement to apply to emigrate financially (the MP336 application). This has necessitated changes to Sars' processes and forms.

Sars said the enhanced TCS system was introduced on 24 April 2023 following consultations with authorised dealers and the SARB.

“The TCS system supports the strategic objectives of Sars to make it easier for taxpayers to comply. It also entrenches TCS verifications in government, private sector, and individual taxpayer space, either voluntarily or via legislation.”

Whilst the changes make it easy for compliant taxpayers, Sars warned it will be harder for taxpayers who are unwilling to comply.

“The additional information requested on the Approval for International Transfer (AIT) Application allows Sars to ensure that all required tax payable has been accounted for and, if required, address any non-compliance that is detected through a verification and/or an audit.

“This forms part of the Sars modernisation journey that aligns to our strategic intent of voluntary compliance,” Sars said.



Sars partially lifts prohibition on distributions from resident trusts to offshore trusts

Joon Chong 24 Oct 2022



Sars added that no Tax Clearance Status is required for yearly transfers of up to R1m.

“Sars is of the view that taxpayers applying for more than the yearly R1m single discretionary allowance are sophisticated taxpayers, who should reasonably have records of the cost price of major assets they own.

“This includes their local and foreign fixed properties, listed/unlisted investments, crypto assets and cash in the bank, to name a few. If the taxpayer does not own a particular type of asset, that should be captured as zero on the asset and liability part of the application form,” Sars explained.

Sars has published a comprehensive external guide to the changes that can be accessed on the [Sars external website here](#).

Sars has also published an updated guide on the documentary requirements for AIT applications for individual taxpayers. It can be accessed [here](#).

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