

Tax Alert To the point...



Latest tax developments in South Africa and beyond

Welcome to our Tax Alert newsletter which highlights some of the latest tax developments in Africa.

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Issue 8/2014
13 August 2014

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Recent tax developments in South Africa

South Africa

Interpretation Note No. 78 – section 24C allowance for future expenditure on contracts

This Interpretation Note, now issued by SARS in final form, provides guidance on the interpretation and application of section 24C of the Income Tax Act when income is received in advance while expenditure under the contract will only be incurred in a subsequent year of assessment.

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Customs Control Act 2014 and Customs & Excise Amendment Act 2014

The Acts were published in the Government Gazette (GG) on 23 July 2014 as follows:

- Customs Control Act, 2014 (Act No. 31 of 2014) published in GG 37862
- Customs & Excise Amendment Act, 2014 (Act No. 32 of 2014) published in GG 37863

These Acts will come into operation on a date(s) to be proclaimed.

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Second batch of draft customs control rules under Customs Control Act 2014

The second batch of draft customs control rules has been published, comprising the draft rules proposed under Chapters 11 to 20 and Chapter 24 of the Customs Control Act, 2014 (Act No. 31 of 2014). Comments on the draft rules are to be submitted by no later than 26 September 2014.

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Draft Taxation Laws Amendment Bill 2014 – proposed transfer pricing and interest deduction rules

In our previous edition of Tax Alert (see Issue 7/2014), we indicated that the draft Taxation Laws Amendment Bill 2014 (TLAB) and draft Tax Administration Laws Amendment Bill 2014 (TALAB) had been released for public comment. A number of important changes are proposed in these two Bills. Two important proposed changes comprise the following:

- **Transfer pricing secondary adjustments**

It is proposed that the present transfer pricing secondary adjustment rule will be changed. The secondary adjustment is currently deemed to be a loan. This constitutes an “affected transaction” on which taxpayers have to calculate and account for interest at an arm's length rate. In a proposal contained in the draft TLAB, it is proposed that the secondary adjustment will be deemed to be a dividend in specie paid. The proposed change will enter into force on 1 January 2015.

