

## 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 1/2015  
23 January 2015

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- Update on key resources and events across Africa

## Recent tax developments in South Africa

### South Africa

#### Promulgation of Tax Acts

The following Acts were promulgated in the Government Gazette (GG) on 20 January 2015:

- Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2014 (Act No. 42 of 2014 – GG 38404)
- Taxation Laws Amendment Act, 2014 (Act No.43 of 2014) – GG 38405
- Tax Administration Laws Amendment Act, 2014 (Act No.44 of 2014) – GG 38406

These Acts contain the annual amendments to tax legislation, including tax rates and monetary amounts. For further information (including a copy of the explanatory memoranda to the legislation), refer to the November 2014 issue of Tax Alert using the Archive button above.

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#### Employment Tax Incentive Act – Reimbursement provisions effective from 19 December 2014

Notice has been by way of Government Gazette No. 38346 dated 18 December 2014 that section 10 of the Employment Tax Incentive Act comes into operation on 19 December 2014. Section 10 of the Act permits an employer to claim a reimbursement from SARS comprising the amount by which its employment tax incentive exceeds the employees' tax payable by the employer.

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#### SARS processes with respect to changes in taxpayer banking details and verification of information

SARS has introduced various changes to the processes whereby taxpayer banking details may be changed and other information is verified. Included in these changes, with effect from 15 December 2014, tax practitioners authorized by a taxpayer are now able to change their clients' banking details.

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#### **Interpretation Note 48 (Issue 2) – Instalment Credit Agreements: Debtors Allowance**

This updated Interpretation Note provides guidance on the application and determination of a debtors' allowance granted under section 24(2) of the Income Tax Act as it applies to instalment credit agreements.

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#### **Updated SARS Guide: Tax Exemption Guide for Public Benefit Organisations (PBOs) in South Africa**

This Guide provides general guidance on the taxation of public benefit organisations in South Africa.

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#### **Draft (updated) Comprehensive Guide to Capital Gains Tax (Issue 5)**

An update to the Comprehensive Guide to CGT has been released by SARS in draft form. Comments on the draft Guide may be submitted to SARS by 31 May 2015.

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#### **Tax Court Judgment - IT 13132**

This case dealt with the provisions of paragraphs 2, 3(1) and 9 of the First Schedule to the Income Tax Act, and the question whether an amount should have been included in the appellant's gross income relating to value of harvested grapes, wine-in-process and how such amount ought to be computed.

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#### **Tax Court Judgment - VAT Case 1005**

This case dealt with section 11(2) and (5) of the VAT Act and whether an amount in respect of building houses ought to be zero-rated or standard-rated for VAT purposes.

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#### **Bilateral Tax Information Exchange Agreement (TIEA) with Cook Islands**

Notification has been given in Government Gazette No. 38378 (dated 8 January 2015) that the TIEA between South Africa and the Cook Islands is effective from 8 January 2015.

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## Recent tax developments in the rest of Africa

### Algeria

#### **Social security agreement between Algeria and Germany – Negotiations ongoing**

Negotiations for a social security agreement between Algeria and Germany, as well as with Portugal, Spain and Turkey, are ongoing. The agreements are expected to be signed soon.

### Gambia

#### **Budget for 2015/16**

The Budget for 2015/16 was presented to the National Assembly by the Minister for Finance and Economic Affairs on 19 December 2014. The Budget introduced the following tax measures from 1 January 2015: increase of the GSM levy (from 1.25% to 2.5%), introduction of a fuel levy of GMD 1 per litre, introduction of a 35% levy on imported poultry products, increase of import levies on premix oil (from GMD 4.76 per litre to GMD 11.42 per litre), increase in excise tax on cigarettes (from GMD 9 per pack to GMD 12 per pack), increase in the environment tax on cigarettes (from GMD 2 per pack to GMD 2.20 per pack), increase in excise tax on other tobacco products (from GMD 150 per kg to GMD 200 per kg), and an increase in environment tax on other tobacco products (from GMD 100 per kg to GMD 110 per kg). Tax administration developments include: reforms and modernization of tax administration, the continued use of the Single Window Business Registration for start-up processes and new business registrations, and expanding the use of commercial banks for tax collection to minimize cost of compliance for taxpayers.

### Ghana

#### **Suspension of VAT on financial services lifted**

On 2 January 2015, the Ghana Revenue Authority announced the lifting of the suspension of VAT on financial services with effect from 5 January 2015. VAT on financial services was suspended in July 2014 in order to allow banks more time to prepare for its implementation.

### Kenya

#### **Treaty between Belgium and Kenya – Negotiations update**

On 8 January 2015, the Government of Belgium published an update of Belgium's tax treaty negotiations priorities for the year 2015. According to this update, a second round of negotiations for a tax treaty between Belgium and Kenya is scheduled to take place in mid-2015. A first round of negotiations took place from 20 October 2014 to 24 October 2014.

### Madagascar

#### **New tax on irregular income derived by unregistered persons**

Decision No. 010MFB/SG/DGI of 18 December 2014, which introduces a new tax on irregular income (TII) derived by unregistered persons, has been made available. The Decision was issued to complete the legal provisions of the new tax following Finance Law 2015 (see below).

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#### **Finance Law 2015 enacted**

On 19 December 2014, Law No.2014/30 (Finance Law 2015) was enacted. Details are summarized in below.

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## Mauritius

### Treaty between Mauritius and Swaziland signed

On 11 November 2014, Mauritius and Swaziland signed a tax treaty in Port Louis. Once in force and effective, the new treaty will replace the Mauritius - Swaziland Income Tax Treaty of 1994.

## Nigeria

### Taxes on transfer of property reduced – Lagos State

The Lagos State Governor has issued Executive Order No. EO/BRF/001 of 2015, which reduces taxes on the transfer of property in Lagos. The Executive Order reduces the fees and charges payable in respect of any transaction in land for which the Governor's consent is required under the Land Use Act. The new approved charges for subleases, assignments and powers of attorney will be as follows:

Consent fees	1.5%
Capital Gains Tax (local)	0.5%
Stamp duty	0.5%
Registration fees	0.5%
Total	3.0%*

\* Reduced from approximately 15%.

The rates are applicable to the fair market value of the property as adopted by the State Government and published from time to time in the Official Government Gazette. Additionally, consent fees for all mortgage transactions are now 0.25% of the consideration going forward until directed otherwise by the Governor. The Order takes effect immediately.

## Senegal

### Treaty between Iraq and Senegal – Authorisation for signature by Iraq

The Iraqi Council of Ministers has authorised the Minister of Finance to negotiate and sign an income and capital tax treaty with Senegal.

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# Update on key resources and events across Africa

## Resources

### Summary of all Tax Information Exchange Agreements (TIEAs) \*\* [South Africa](#)

SARS' Summary of all TIEAs has been updated. Important developments include recent TIEAs with Grenada and Cook Islands.

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### SARS Summary of All Interpretation Notes \*\* [South Africa](#)

SARS' Summary of all Interpretation Notes has been updated.

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## Events

### Tax Annual Tax Updates \*\* [South Africa](#)

Deloitte School of Tax is hosting "Tax Annual Updates" workshops in the following venues:

- Johannesburg - 26 January 2015
- Pretoria - 28 January 2015

### Basics of Tax Accounting\*\* [South Africa](#)

Deloitte School of Tax is hosting "Basics of Tax Accounting" workshops in the following venues:

- Cape Town - 16 February 2015
- Durban - 12 February 2015
- Port Elizabeth - 23 February 2015
- Johannesburg - 17 February 2015
- Pretoria - 19 February 2015

For further details and dates regarding events/training, please refer to the Deloitte School of Tax (DSOT) calendar which can be accessed at: <http://www.schooloftax.co.za/>

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Should you require further information regarding this newsletter, kindly contact Moray Wilson on +27 (021) 427 5515 or [morwilson@deloitte.co.za](mailto:morwilson@deloitte.co.za). Should you wish to share your stories, please send your submissions to [za tax publications](#).

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