

2020 DISASTER MANAGEMENT TAX RELIEF BILL, AND 2020 DISASTER MANAGEMENT TAX RELIEF ADMINISTRATION BILL

Select Committee on Finance

Presenters: National Treasury and SARS | 1 September 2020



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Consultation process

- The COVID-19 Tax Bills give effect to the exceptional tax measures outlined by President Cyril Ramaphosa on **23 March 2020** in his speech on the Escalation of Measures to Combat COVID-19, as well as the tax announcements made by the Minister Minister of Finance on **29 March 2020** on tax measures to combat the COVID-19 pandemic.
- **On 1 April 2020**, National Treasury and SARS published for public comment the **first versions** of the draft COVID-19 Tax Bills.
- The first draft COVID-19 Tax Bills give effect to the COVID-19 tax measures that took effect on 1 April 2020 and apply for a limited period of four months, ending on 31 July 2020.
- **On 23 April 2020**, National Treasury and SARS briefed both the Standing Committee on Finance (SCoF) and Select Committee on Finance (SeCoF) on the COVID-19 tax measures that were included in the initial versions of the draft COVID-19 Tax Bills that were published for public comment on 1 April 2020, as well as on the further COVID-19 tax measures announced by the Minister of Finance on 21 April 2020 that were not included in the draft COVID-19 Tax Bills.
- **On 1 May 2020** National Treasury and SARS published for public comment the **revised versions** of the draft COVID-19 Tax Bills.
- The revised draft COVID 19 Tax Bills give effect to the further COVID-19 tax measures announced by the Minister of Finance on 21 April 2020, that took effect on 1 May 2020 and apply for a limited period of four months, ending on 31 August 2020.

Consultation process

- On **19 May 2020**, National Treasury and SARS published the **second revised draft DMTR** Bill and revised draft Notice on Expanding Access to Living Annuity Funds.
- The second revised draft DMTR Bill was published to provide early feedback on issues raised through public comment on the revised draft COVID-19 Tax Bills published on 1 May 2020 that were time critical for payroll and other aspects to be implemented in May 2020.
- On **24 June 2020**, the Minister of Finance tabled the COVID-19 Tax Bills in Parliament.
- On **14 July 2020**, the National Treasury and SARS briefed both the SCoF and SeCof on the COVID-19 Tax Bills .
- On **22 July 2020**, the SCoF and SeCoF convened public hearings on the COVID-19 Tax Bills.
- On **28 July 2020**, National Treasury and SARS presented to both the SCoF and SeCoF the draft Response Document on the COVID-19 Tax Bills.
- On **18 August 2020**, the SCoF considered the proposed changes by the Minister of Finance on the COVID-19 Tax Bills.
- On **19 August 2020**, the SCoF voted on the COVID-19 Tax Bills.
- On **25 August 2020**, the COVID-19 Tax Bills were debated and approved in the National Assembly.

Key tax proposals contained in the COVID-19 Tax Bills

The DMTR Bill

- Expansion of Employment Tax Incentive age eligibility criteria and amount claimable
- Streamlined special tax dispensation for funds established to assist with COVID-19 disaster relief efforts
- Skills Development Levy Holiday
- Increasing the tax deductible donations available for donations to the Solidarity Fund by additional 10 per cent

The DMTRA Bill

- Definition of qualifying taxpayer
- Deferral of the payment of employees' tax liability for tax compliant small to medium sized businesses
- Deferral of the payment of provisional tax and interim payments liability for tax compliant small to medium sized businesses
- Taking donations to Solidarity Fund into account for employees' tax purposes
- Earlier VAT refunds for taxpayers usually making VAT returns every two months
- Extension of time periods

Revised DTMR Bill

- *Streamlined special tax dispensation for funds established to assist with COVID-19 disaster relief efforts*
 - The revised DTMR Bill extends the four month period from 1 April 2020 to 31 July 2020 of the special tax dispensation by two months to six months.
 - As a result of this extension, this relief will cease to apply on 30 September 2020.

Revised DTMRA Bill

- *Deferral of the payment of employees' tax liability for tax compliant small to medium sized businesses*
 - The revised DTMRA extends the four month period from 1 April 2020 to 31 July 2020 of the tax relief permitting tax compliant small to medium sized businesses to defer payment of 35 per cent of the employees' tax they have deducted from their employees by one month to five months.
 - As a result of this extension, 35% may also be deferred for August and repayments of the deferred tax will now only begin in October 2020 and run through until March 2021.

THANK YOU