Standing Committee on Finance: Public Hearings 14 September 2022



DRAFT TLAB/TALAB 2022

PRESENTED BY:

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# **POLICY MATTERS**



Carbon tax policy

#### Recognised Controlling Bodies (RCBs)

### Carbon tax policy

### **CONCERNS**:



- 1. Rate increases in US\$?
- 2. Structure/design of tax-free allowances/Phase 2?

# RECOMMENDATION

1. Provide rationale for US\$ rate.

2. Hold *consultation workshops* to discuss design of *inter alia* second phase, future of credits for renewable energy premium & electricity levy to avoid "pass-through" of costs.

#### **Recognised Controlling Bodies**



### **CONCERNS**:

- 1. IRBA removed as RCB members to 'transfer'
- 2. "Statutory" vs "Legislative" Controlling Bodies discriminatory effects!

# RECOMMENDATION

- IRBA tax practitioners (TP) *to apply* for registration as TP with new RCB – <u>before</u> legislation become effective!
  - 2. Distinction between RCBs should be removed all should be treated the same.

# **TECHNICAL CHANGES**



Contributed Tax Capital (CTC)

Section 20 – Assessed losses

Section 72 - VAT ruling changes

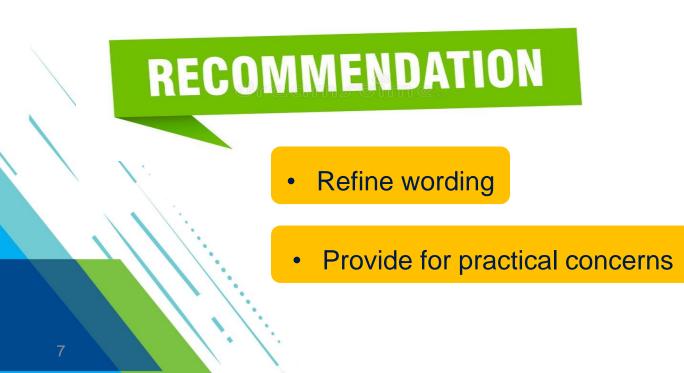
Section 11D – R&D Incentive

Tax compliance status



### **CONCERNS**:

- 1. Current wording needs refinement
- 2. Practical implications need consideration



#### Section 20 – Assessed losses



### **CONCERNS**:

- 1. Many amounts included in 'taxable income'
- 2. Ordering rule iro assessed losses not clear

## RECOMMENDATION

 Act to clearly provide order in which amounts are to be included in taxable income

#### Section 72 VAT ruling changes

### **CONCERNS**:

- 1. Effective date of changes = 1 Jan 2023
- 2. Rulings withdrawn = 1 Jan 2022
- 3. Taxpayer non-compliant for in-between period

# RECOMMENDATION

Effective date should be 1 Jan 2022

#### Section 11D – R&D Incentive





- 1. Extension until 31 Dec 2023 welcomed
- 2. Further improvements from NT still forthcoming

# RECOMMENDATION

- Innovation (funded by research) drives value
- Role of government in funding innovation is critical
- See SAICA's pre-2023 budget submission for more

#### Tax compliance status (TCS)

RECOMMENDATION

TAX COMPLIANCE STATUS SERVICE ACTIVATION	DIN
Texpayer Name	
Trading As Name	
Registration No / ID No	
SERVICES	
Tax Compliance Status (Grant access to My Compliance Profile)	
Tax Reference Number	Status: Successfully Activated

**CONCERNS**:

SI Disclaimer – The Tax Compliance status system display tax information for all the registered tax types of the taxpayer. By activating the TCS services for this entity you declare that you are duly authorised to view tax information for all registered tax types of the taxpayer.

De-activate Continue

- 1. SARS has right to revoke third party access to
- TCS if the status is "questioned" by SARS.
- 2. Taxpayers given 10 days to respond to SARS' concerns.



- Right of SARS to "question" is subjective
- SARS should prove concerns before providing taxpayer with 10 days to respond

## **MATTERS NOT IN BILL**

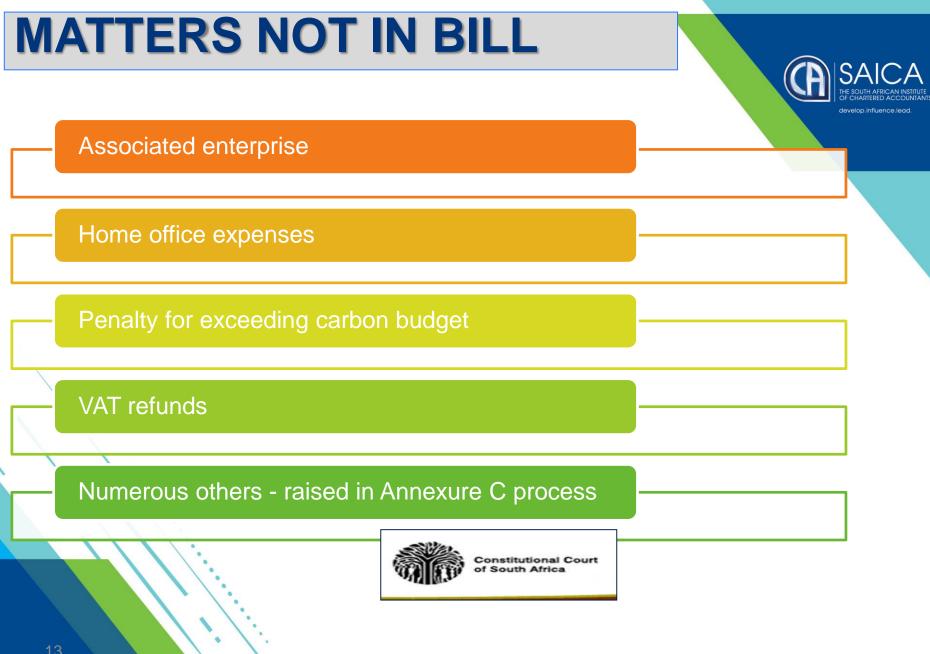
## **CONCERNS**:



- 1. Numerous Annexure C issues (big & small) not included in the Budget/legislation.
- 2. Are these issues considered by NT?
- 3. Are these issues considered by the Minister?

# RECOMMENDATION

- NT/Minister to provide stakeholders with **reasons** why matters are not included in Budget/legislation.
- That is, are the proposals submitted by stakeholders not current policy or legislative imperative or not within relevant policy at all.





### **CONCERNS**:

1. Effective date is 1 Jan 2023

RECOMMENDATION

2. No clear guidance provided by SARS on interpretation of meaning (only 4 months left)





## **CONCERNS**:



- 1. Strict requirements of section 23(b) remain
- 2. Interest on bond disallowed as a deduction

RECOMMENDATION

3. Inequitable treatment compared to someone renting!

Urgent legislative clarity needed on this matter

· Various other sections in Act impacted

Penalty for exceeding carbon budget

### **CONCERNS**:

1. Penalty not included in Bill



 To be introduced when Climate Change Bill enacted (not yet the case)

# RECOMMENDATION

 Include penalty in legislation from 1 Jan 2023 (date when mandatory carbon budgeting system is effective)

• If Climate Change Bill not enacted by then, extend expiry date of current carbon budgeting process

#### VAT refunds





#### 1. Payment of refunds still problematic



• Urgent legislative changes needed



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# Thank you