

REPUBLIC OF SOUTH AFRICA

REVENUE LAWS AMENDMENT BILL

*(As introduced in the National Assembly (proposed section 77))
(The English text is the official text of the Bill)*

(MINISTER OF FINANCE)

[B 5—2025]

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GENERAL EXPLANATORY NOTE:

[] Words in bold type in square brackets indicate omissions from existing enactments.

_____ Words underlined with a solid line indicate insertions in existing enactments.

BILL

To amend the Income Tax Act, 1962, so as to amend certain definitions; to amend certain provisions of the Revenue Laws Amendment Act, 2024; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 1 of Act 58 of 1962, as amended by section 3 of Act 90 of 1962, section 1 of Act 6 of 1963, section 4 of Act 72 of 1963, section 4 of Act 90 of 1964, section 5 of Act 88 of 1965, section 5 of Act 55 of 1966, section 5 of Act 76 of 1968, section 6 of Act 89 of 1969, section 6 of Act 52 of 1970, section 4 of Act 88 of 1971, section 4 of Act 90 of 1972, section 4 of Act 65 of 1973, section 4 of Act 85 of 1974, section 4 of Act 69 of 1975, section 4 of Act 103 of 1976, section 4 of Act 113 of 1977, section 3 of Act 101 of 1978, section 3 of Act 104 of 1979, section 2 of Act 104 of 1980, section 2 of Act 96 of 1981, section 3 of Act 91 of 1982, section 2 of Act 94 of 1983, section 1 of Act 30 of 1984, section 2 of Act 121 of 1984, section 2 of Act 96 of 1985, section 2 of Act 65 of 1986, section 1 of Act 108 of 1986, section 2 of Act 85 of 1987, section 2 of Act 90 of 1988, section of Act 99 of 1988, Government Notice R780 of 1989, section 2 of Act 70 of 1989, section 2 of Act 101 of 1990, section 2 of Act 129 of 1991, section 2 of Act 141 of 1992, section 2 of Act 113 of 1993, section 2 of Act 21 of 1994, section 2 of Act 21 of 1995, section 2 of Act 36 of 1996, section 2 of Act 28 of 1997, section 19 of Act 30 of 1998, Government Notice 1503 of 1998, section 10 of Act 53 of 1999, section 13 of Act 30 of 2000, section 2 of Act 59 of 2000, section 5 of Act 5 of 2001, section 3 of Act 19 of 2001, section 17 of Act 60 of 2001, section 9 of Act 30 of 2002, section 6 of Act 74 of 2002, section 33 of Act 12 of 2003, section 12 of Act 45 of 2003, section 3 of Act 16 of 2004, section 3 of Act 32 of 2004, section 3 of Act 32 of 2005, section 19 of Act 9 of 2006, section 3 of Act 20 of 2006, section 3 of Act 8 of 2007, section 5 of Act 35 of 2007, section 2 of Act 3 of 2008, section 4 of Act 60 of 2008, section 7 of Act 17 of 2009, section 6 of Act 7 of 2010, section 7 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 23 of Schedule 1 to that Act, section 2 of Act 22 of 2012, section 4 of Act 31 of 2013, section 1 of Act 43 of 2014, section 3 of Act 25 of 2015, section 5 of Act 15 of 2016, section 2 of Act 17 of 2017, section 1 of Act 23 of 2018, section 34 of Act 34 of 2019, section 2 of Act 23 of 2020, section 4 of Act 20 of 2021, section 1 of Act 20 of 2022, section 1 of Act 12 of 2024, section 1 of Act 42 of 2024 and section 1 of Act 44 of 2024

1. (1) Section 1(1) of the Income Tax Act, 1962, is hereby amended—
 - (a) by the substitution in the definition of “member’s interest in the retirement component” for the words following paragraph (c) of the following words:

- “as determined in terms of the rules of the fund, which amount or fund return is reduced proportionally by any amount deducted from a member’s benefit or minimum individual reserve in terms of section 37D(1)(a), (b), (c), (d)(i), (d)(iA), (d)(iB) or (e) of the Pension Funds Act or a similar provision in the Government Employees Pension Law, 1996 (Proclamation No. 21 of 1996), the Post and Telecommunication-Related Matters Act, 1958 (Act No. 44 of 1958), or the Transnet Pension Fund Act, 1990 (Act No. 62 of 1990), that is a retirement fund lump sum withdrawal benefit and in respect of **[a]** the section 37D(1)(d)(iA), (d)(iB) or (e) deduction, that is an amount contemplated in section 7(11);”;
- (b) by the substitution in the definition of “member’s interest in the savings component” for paragraph (ii) of the following paragraph:
- “(ii) reduced proportionally by any amount deducted from a member’s benefit or minimum individual reserve in terms of section 37D(1)(a), (b), (c), (d)(i), **[or]** (d)(iA), (d)(iB) or (e) of the Pension Funds Act or a similar provision in the Government Employees Pension Law, 1996 (Proclamation No. 21 of 1996), the Post and Telecommunication-Related Matters Act, 1958 (Act No. 44 of 1958), or the Transnet Pension Fund Act, 1990 (Act No. 62 of 1990), that is a retirement fund lump sum withdrawal benefit and in respect of the section 37D(1)(d)(iA), (d)(iB) or (e) deduction, that is an amount contemplated in section 7(11);”;
- (c) by the substitution in the definition of “member’s interest in the vested component” for paragraph (ii) of the following paragraph:
- “(ii) reduced proportionally by any amount deducted from a member’s benefit or minimum individual reserve in terms of section 37D(1)(a), (b), (c), (d)(i), **[or]** (d)(iA), (d)(iB) or (e) of the Pension Funds Act or a similar provision in the Government Employees Pension Law, 1996 (Proclamation No. 21 of 1996), the Post and Telecommunication-Related Matters Act, 1958 (Act No. 44 of 1958), or the Transnet Pension Fund Act, 1990 (Act No. 62 of 1990), that is a retirement fund lump sum withdrawal benefit and in respect of the section 37D(1)(d)(iA), (d)(iB) or (e) deduction, that is an amount contemplated in section 7(11);”;
- (d) by the substitution in paragraph (c) of the proviso to the definition of “provident preservation fund” for paragraph (iii) of the proviso of the following paragraph:
- “(iii) a member who has transferred a retirement interest in terms of paragraph 2(1)(c) of the Second Schedule to this fund shall not be entitled to payment of a withdrawal benefit from the vested component as contemplated in paragraph 2(1)(b)(ii) of the Second Schedule in respect of that transferred amount, except to the extent that it is an amount contemplated in paragraph (ii) **[or a savings withdrawal benefit];**”;
- (e) by the substitution in paragraph (b)(ii) of the proviso to the definition of “retirement annuity fund” for the words preceding the proviso of the following words:
- “that on retirement not more than one-third of the member’s interest in the vested component may be commuted for a single payment, and that the remainder, calculated together with the total value of the member’s **[share standing to the credit of]** interest in the retirement component, must be paid in the form of an annuity (including a living annuity), a combination of annuities (including a combination of methods of paying the annuity) or a combination of types of annuities except where two-thirds of the total **[value of the]** member’s interest in the vested component, **[plus]** calculated together with the total member’s interest in the retirement component does not exceed R165 000, or where the member is deceased or **[where the member elects to transfer the vested component to a retirement annuity fund or]** where a member of this retirement annuity fund elects to have a lump sum benefit contemplated in paragraph 2(1)(c) of the Second Schedule transferred to another retirement annuity fund and who made the election while being a member of this retirement annuity fund.”;

- (f) by the substitution in subparagraph (ii) of paragraph (b) of the proviso to the definition of “retirement annuity fund” for the proviso of the following proviso:

“: Provided that in determining the value of two-thirds of the member’s retirement interest in the vested component an amount calculated as follows must not be taken into account:”;

- (g) by the deletion in the definition of “retirement component” of “and” at the end of paragraph (c) and the insertion in that definition after paragraph (c) of the following paragraph:

“(cA) any amounts transferred from a savings component or vested component of any other pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund on or after 1 September 2024 may be allocated to this component; and”;

- (h) by the substitution for paragraph (iii) of the proviso to paragraph (a) of the definition of “retirement component” of the following paragraph:

“(iii) any person who is or was a member of a provident fund [**or provident preservation fund**] and who was 55 years of age or older on 1 March 2021 and is still a member of the same provident fund [**or provident preservation fund**], or any person who is a member of a provident preservation fund and who was 55 years of age or older on 1 March 2021, unless such person has elected to contribute to this component within 12 months of 1 September 2024;”;

- (i) by the substitution for paragraph (g) of the proviso to the definition of “savings component” of the following paragraph:

“(g) [**on retirement of the member—**

(i) the member’s interest in this component may, on election of the member or nominee—

(i) on the death of the member, be paid to a nominee or dependant of the deceased member [the retired member] and is deemed to be a lump sum benefit contemplated in paragraph 2(1)(a) of the Second Schedule; **[and]** or

(ii) on retirement, be paid to the retired member and is deemed to be a lump sum benefit contemplated in paragraph 2(1)(a) of the Second Schedule and any portion of the member’s interest in this component not paid [as contemplated in subparagraph (i)] as a lump sum benefit must be added to the amount available to be paid in the form of an annuity, a combination of annuities or a combination of types of annuities as contemplated in paragraph (d) of the definition of ‘retirement component’;”;

- (j) by the substitution for paragraph (iii) of the further proviso to paragraph (b) of the proviso to the definition of “savings component” of the following paragraph:

“(iii) any person who is or was a member of a provident fund [**or provident preservation fund**] and who was 55 years of age or older on 1 March 2021 and is still a member of the same provident fund [**or provident preservation fund**], or any person who is a member of a provident preservation fund and who was 55 years of age or older on 1 March 2021, unless such person has elected to contribute to this component within 12 months of 1 September 2024, in which case a one-off amount of 10 per cent of the value of the member’s vested component as at 31 August 2024 or the last day of the month in which the election was made, or as may be determined by the rules of the fund, [is] limited to R30 000, **[and]** must be allocated to this component with effect from the last day of the month in which the election was made;”.

(2) Subsection (1)(a) to (d) and (f) to (j) is deemed to have come into operation on 1 September 2024.

(3) Subsection (1)(e) is deemed to have come into operation on 1 March 2025 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 1 of Act 12 of 2024

2. Section 1 of the Revenue Laws Amendment Act, 2024, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 September 2024 **[and applies in respect of years of assessment commencing on or after that date]**.

5

Amendment of section 2 of Act 12 of 2024

3. Section 2 of the Revenue Laws Amendment Act, 2024, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 September 2024 **[and applies in respect of years of assessment commencing on or after that date]**.

10

Amendment of section 3 of Act 12 of 2024

4. Section 3 of the Revenue Laws Amendment Act, 2024, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 September 2024 **[and applies in respect of years of assessment commencing on or after that date]**.

15

Amendment of section 4 of Act 12 of 2024

5. Section 4 of the Revenue Laws Amendment Act, 2024, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 September 2024 **[and applies in respect of years of assessment commencing on or after that date]**.

20

Amendment of section 5 of Act 12 of 2024

6. Section 5 of the Revenue Laws Amendment Act, 2024, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 September 2024 **[and applies in respect of years of assessment commencing on or after that date]**.

25

Amendment of section 6 of Act 12 of 2024

7. Section 6 of the Revenue Laws Amendment Act, 2024, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 September 2024 **[and applies in respect of years of assessment commencing on or after that date]**.

30

Amendment of section 7 of Act 12 of 2024

8. Section 7 of the Revenue Laws Amendment Act, 2024, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 September 2024 **[and applies in respect of years of assessment commencing on or after that date]**.

35

Short title

9. This Act is called the Revenue Laws Amendment Act, 2025.

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