

## South Africa publishes initial list of proposed corporate tax law amendments, focusing on anti-tax avoidance measures

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On 10 June 2019, the South African National Treasury (NT) published an initial list of proposed corporate tax amendments in the Draft Taxation Laws Amendment Bill, 2019 (Initial Batch), referred to below as "initial 2019 TLAB."

The initial 2019 TLAB includes two specific proposed amendments that, per the media statement released by NT, are "more urgent and require further consultation." These relate to:

- ▶ Clarification of the interaction between the anti-avoidance rules dealing with dividend stripping and the corporate reorganization rules.
- ▶ Alignment of the effective date of tax neutral transfers between retirement funds with the effective date of retirement reforms (1 March 2021).

The 2019 Budget noted changes to combat dividend stripping schemes (effective 20 February 2019). The past few years have brought the introduction of a number of anti-avoidance legislative amendments (on an annual basis) and businesses have had to keep up with the ever-changing tax rules. The new proposed rules cast the net wider than simply looking at the company distributing dividends and take into account changes in market valuation of shares held by shareholders and third parties.

EY will be actively participating in these consultations with NT to monitor that normal business practices should not be inadvertently caught in the latest round of proposed tax law amendments. Future Alerts will address developments in this regard.

Written comments on the proposed amendments included in the initial 2019 TLAB are due on or before 25 June 2019.

NT will also issue additional draft legislation during July 2019.

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For additional information with respect to this Alert, please contact the following:

**Ernst & Young Advisory Services (Pty) Ltd., Johannesburg**

- ▶ Mohammed Jada                      mohammed.y.jada@za.ey.com

**Ernst & Young Advisory Services (Pty) Ltd., Durban**

- ▶ Candice Van Den Berg              candice.vandenberg@za.ey.com

**Ernst & Young LLP (United Kingdom), Pan African Tax Desk, London**

- ▶ Rendani Neluvhalani              rendani.mabel.neluvhalani@uk.ey.com
- ▶ Byron Thomas                      bthomas4@uk.ey.com

**Ernst & Young LLP (United States), Pan African Tax Desk, New York**

- ▶ Dele A. Olaogun                      dele.olaogun@ey.com

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