

Financial Emigration

and related matters





Outline

- > Brief history
- > Emigration – the current process
- > What amounts become payable when you leave
- > Impact on retirement funds
- > Citizenship issues
- > #2020ExpatTax – what was the big fuss?

Brief History

- > Budget Speech – February 2020
- > Abolition of the concept of “emigration”
- > October 2010 watershed exchange control reforms
- > Con Court Mark Shuttleworth judgement
- > SA Reserve Bank Circulars 6/2021, 8/2021, 10/2021
- > Demise of the MP 336(b)



A woman in silhouette is standing in a high-rise office, looking at a tablet. The background shows a city skyline with many skyscrapers. A yellow rectangular box is overlaid on the image, containing the text "Financial Emigration VS Tax Emigration".

Financial Emigration VS Tax Emigration



Financial Emigration

BACKGROUND :

what did the process look like before 1 March 2021?

CHANGES FROM 1 MARCH 2021:

move to SARS tax compliance process

- Income tax return – tick the box(es)
- Changes in the 2021 tax return
- RAV01
- SARS tax clearance – emigration (TCR01 form)



Impact on Citizenship

- > **Dual nationality** – Citizenship Act 88 of 1995 (section 6 requirements)
- > Dept of Home Affairs requirements
- > Kollapen judgement of the High Court (August 2021)

“Exit tax – Section 9H”

- > Ceasing to be resident – deemed disposal for CGT
- > Which assets are subject to CGT
- > Which assets are NOT subject to CGT
- > Fixed properties held through companies
- > When is the CGT payable?



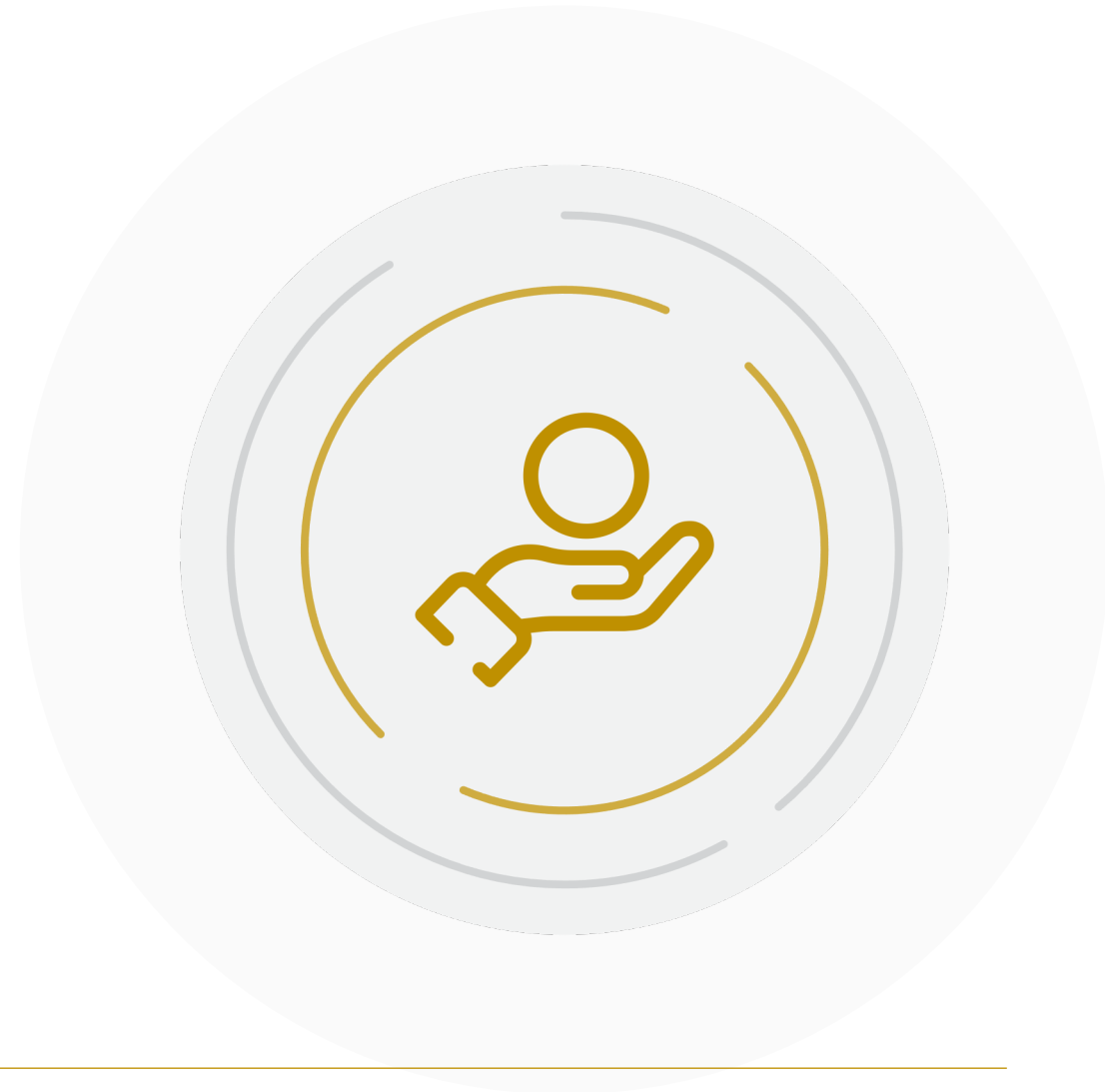


Retirement Annuities

- > MP336(b) attested prior to 1 March 2021?
- > 3 year lock-up
- > New proposed amendment to TLAB

Expat Tax

- > Exemption contained in section 10(1)(o)
- > Background to the exemption
- > Threatened total withdrawal of the exemption
- > Exemption capped at R1,25m wef 1 March 2020
- > Applies only to RESIDENTS
- > 60 day continuous / 183 day aggregate / 12 month period

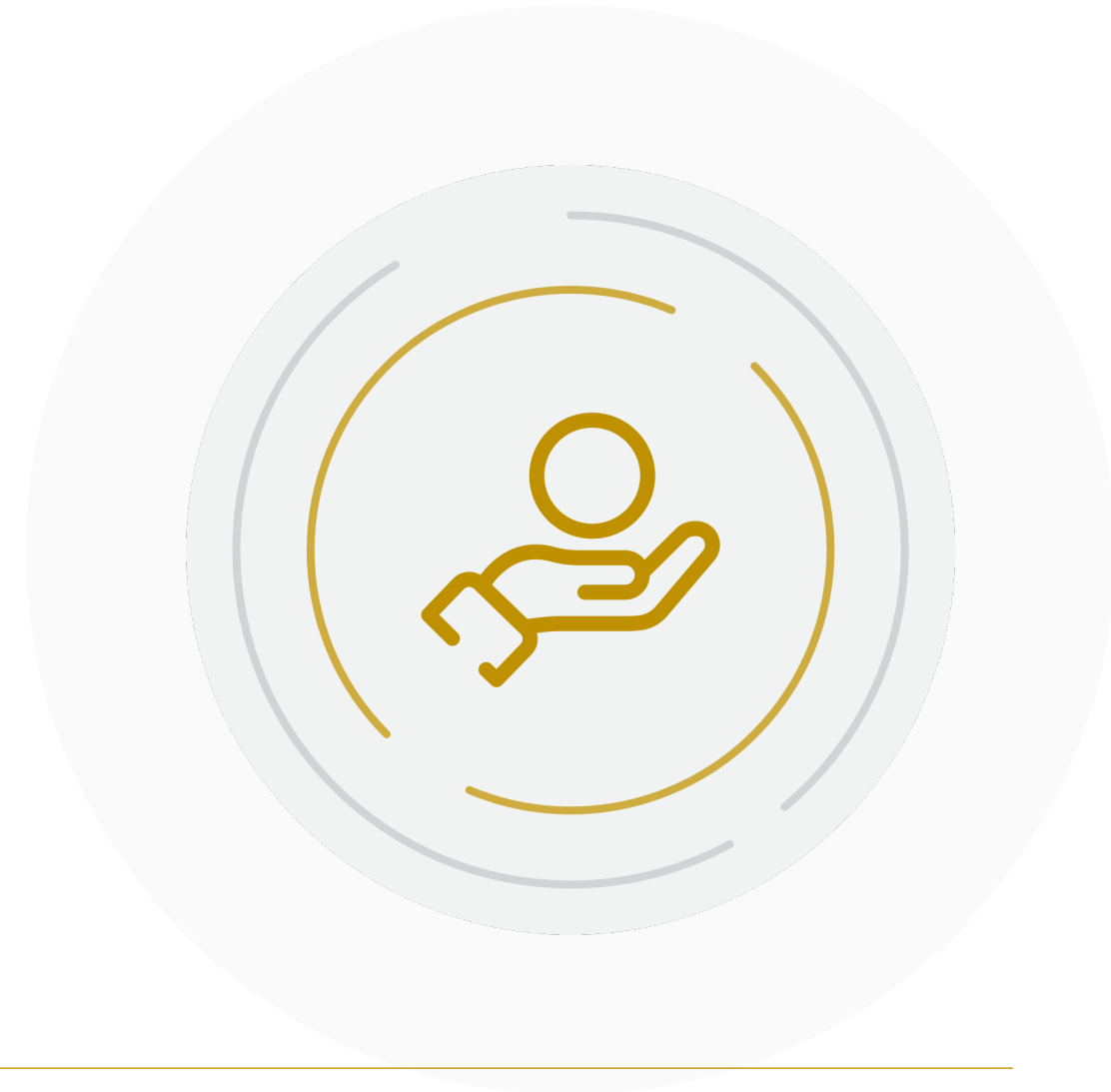


Expatriate Tax continued

SO WHY WAS THERE ALL THE FUSS?

Here's the real reason

- > Exemption only applies to tax residents
- > False presumption – SARS could tax all persons abroad who were technically still resident
- > Individuals living permanently abroad panicked, fueled by the media hype/frenzy
- > The DTA provisions of tax residence were totally ignored



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