

No cause for concern: a look at the changes to the tax compliance status process at SARS

11 May 2023

A recent article about the changes made by SARS concerning its Tax Compliance Status process, and which impacts the tax clearance application process, has received a lot of attention.

Andrew Brotchie, managing director at Glacier International, examines the changes and their implications for clients.

The changes

Financial emigration and using the R10m allowance are to be treated the same in future, as an Approved International Transfer (AIT), and the same application process will apply. This approval process applies to all funds leaving South Africa – in the case of tax residents, it applies to amounts greater than R1m, and in the case of SA residents who ceased their SA tax residency, it broadly applies to any amount at all. South Africans who are non-SA tax residents also have to supply a Notice of Non-Resident Tax Status.

Where, previously, applicants for emigration or foreign investment allowance had to disclose local assets and liabilities, it is now required that applicants also disclose their foreign assets and liabilities. The disclosure process is considered by some to be an arduous one, with a number of mandatory fields to cover – including the value at cost and the source of funds – all of which SARS is entitled to verify, which may of course lead to a more delayed process than expected.

Glacier's view

The changes should be viewed in a positive light. Andrew explains that the clarity on the “non-resident for tax purposes” is a good thing, as so many people don’t realise that they need to get this certificate when they leave the country. Furthermore, the requirement to disclose income or gains on local and international assets is part of normal tax filing requirements, so those who are compliant shouldn’t have an issue. SARS is merely getting their house in order.

Anton Maskowitz, fiduciary and tax specialist at Sanlam Private Wealth (SPW) agrees with

Andrew's view that SARS is indeed just applying enhanced compliance – as they consistently warned in the Budget Speech over the last three or four years – with the specific purpose of reducing the number of non-compliant taxpayers. According to Anton, it is common knowledge that SARS is focusing on high-net-worth individuals and that enhanced compliance is currently a major driver for them, so these changes are not as unexpected as some may view them to be.

In conclusion therefore, while the changes do require a bit more administration, they should be nothing to worry about for compliant taxpayers.

Also see this article: [Experts welcome alignment of tax clearance approvals in new SARS process](#)

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