

# South Africa announces new tax amnesty

## Introduction

As part of the tax proposals for the 2010/2011 fiscal year that are introduced by the Minister of Finance's in his Budget Speech, a "voluntary disclosure programme" was announced, which will operate from 1 November 2010 to 31 October 2011.

It is envisaged that this programme will take the form of a South African tax and Exchange Control amnesty for those individuals and companies that have undeclared taxes or unauthorised foreign assets. Although the specifics have not yet been announced, it has been discussed that the tax element of the amnesty will only allow for relief on penalties and interest (ie the full amount of any undeclared tax will remain payable). This will apply to local tax contraventions as well and will not be limited to those taxpayers with offshore structures/assets.

The details of the Exchange Control relief to be given have not been announced but it is expected that the penalties for regularising unauthorised foreign assets will be significantly reduced.

Unlike previous amnesties, the application to the authorities will not be submitted by means of a form that has to be completed. Rather, it has been stated that "full disclosure" will be required and this may have to take the form of an affidavit.

SARS has further stated that relief will not be granted if it was aware of the default. Those taxpayers who are considering taking advantage of the voluntary relief programme will therefore be well advised to start collating the necessary information sooner rather than later

## Double Tax Treaty?

The BVI has recently signed double tax treaties with some 14 countries including the United States and the United Kingdom. The South African finance minister announced today that they are in negotiations with a number of tax havens to conclude similar treaties. Whilst we do not know for sure, this could well include the BVI, and if not is likely to do so somewhere in the future.

## Conclusion

We have always supported our clients being tax compliant, and at the time of the previous tax amnesty assisted a number of clients in claiming under the amnesty, and then structuring their affairs post amnesty.

We remain available to assist should clients wish to avail themselves of this new amnesty, and we will send through further information as it becomes available.

Key Contact:

If you require advice or assistance in regard to any of the matters raised in this brochure,

please contact your usual contact or

Miles Walton

+1 284 494 9820

Or Peter Todd

+44 207 078 7581

Osiris

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