

28 August 2017

Valued client

Good day

SPECIAL VOLUNTARY DISCLOSURE PROGRAMME

All taxpayers, please read further:

*If you are not a taxpayer, you do not need to read further.
This is not compulsory reading for all taxpayers.
Only relevant to South African circumstances.
No Afrikaans version of this e-mail available.*

Long gone are the good old days when tax planning mainly consisted of exploiting loopholes in the tax legislation to avoid taxes. Today's tax planning mainly consists of (1) using available tax and other incentives and benefits to reduce taxes, and (2) avoiding additional taxes and costs by adhering to the tax administrative requirements.

Referring to the first thereof, it makes obvious sense to always try and use all tax and other incentives and benefits available and relevant to the taxpayer.

Herewith the latest media release by SARS, available at the [SARS-website](#), on the current Special Voluntary Disclosure Programme (SVDP) and the Voluntary Disclosure Programme (VDP), the first thereof closing on 31 August 2017.

PRETORIA, THURSDAY 24 AUGUST 2017 – There are seven days left before the Special Voluntary Disclosure Programme (SVDP) closes on 31 August 2017 and tax authorities set to begin exchanging data on offshore investments automatically.

SARS is appealing to taxpayers with undisclosed offshore assets to use the time available to submit their applications.

So far, SARS has received 606 SVDP applications of which 253 have been processed. The 253 processed thus far revealed offshore assets to the value of R6.5 billion.

There has been an increase in enquiries as a result of SARS widespread communication campaign and the increased use of the communication line it has established with financial institutions and advisors on SVDP matters.

SARS is also aware of applications that are in the process of being finalised via its SARS eFiling application process and would like to remind taxpayers to submit these on time. In line with SARS' experience with previous deadlines, it is anticipated that the number of applications will increase significantly in the closing days of the SVDP window.

SARS is aware that offshore financial institutions are actively assisting their clients to access prior years' financial information. Where, in exceptional circumstances, a taxpayer is struggling to get financial information from an offshore institution or otherwise encountering difficulties in obtaining the relevant values of offshore assets, an estimation of the values of these offshore assets may be submitted for purposes of an SVDP application. In such a case, the application should be accompanied by:

- 1. a description of the efforts to obtain the information;*
- 2. the expected date by which the information will be obtained; and*
- 3. the method used to estimate the values.*

This is not an extension of the 31 August 2017 deadline and will be guided by strict conditions and timeframes, which, if not honoured, will forfeit the application.

A total of 101 tax jurisdictions have committed to automatic exchange of information under the new global Common Reporting Standard (CRS). The availability of this information will expose defaulting taxpayers to full taxation, full interest, no relief from penalties and no relief from potential criminal prosecution. Current lists of jurisdictions that have committed to implementing the CRS are available at the [OECD-website](#).

Taxpayers should note that two SARS-related disclosure programmes are running concurrently, which is one of the reasons why the comparison to the 2003 offshore asset amnesty programme, where only one programme was operational, should be treated with caution.

Taxpayers have the option to choose between the SVDP and the normal Voluntary Disclosure Programme (VDP), depending on which of the two programmes best fits their circumstances. Taxpayers with offshore assets that were funded with money that was already taxed in South Africa typically make use of the normal VDP. In such a case the value of the offshore asset would not form part of the SARS statistics, as with the SVDP.

It is also important to reiterate that the SVDP is a joint effort between SARS and the South African Reserve Bank (SARB). People who do not have an undisclosed tax liability in South Africa but who need to regularise their offshore assets with the Reserve Bank only have to apply to the Reserve Bank.

Thus far, the Reserve Bank has received 943 applications of which 440 have been processed thus far.

As was demonstrated in the 2016 Budget Review, where no revenue was budgeted around the impact of the introduction of the SVDP, it is difficult to anticipate the final number of applications or the final value of disclosures that the SVDP will yield.

SARS will gain a better appreciation of the extent of offshore assets held from 1 September 2017 onwards when the automatic exchange of information under the CRS commences for early adopters and in 2018 when automatic exchange of information commences for additional jurisdictions.

While the normal VDP process can be used to declare undisclosed offshore assets, taxpayers should still aim to submit these applications before the automatic exchange of information under the CRS commences.

Details of both the VDP and the SVDP are available from the [Voluntary Disclosure Programme page on the SARS website](#).

Further available tax and other incentive schemes from SARS and the Department of Trade and Industry are available at the [DTI-website](#).

Please contact us, should you require any further advice or assistance.

Regards

Mr Johan de Kock
at
SUN JOMAR ACCOUNTANTS
johandekock@sunjomar.co.za