



DAVEY'S Locker



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The Special Voluntary Disclosure Programme

Extend the deadline!

by Tony Davey

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A group of tax practitioners (me included) is lobbying the National Treasury, requesting the Minister of Finance to grant an extension to the SVDP.

Complexity

During the 2002/2003 forex and tax amnesty process there was one valuation date for the purposes of determining both the SARS and the SARB levies.

By contrast, the current SVDP process requires six valuation dates, namely 28 February 2011 to 28 February 2015 for SARS, and 29 February 2016 for the SARB.

To further complicate matters, for clients with post-tax money abroad, it is a tax practitioner's professional duty also to advise clients of the ordinary VDP, which did not exist at the time of the 2002/2003 amnesty. Such advice necessitates a comparison between the SVDP and the VDP processes, requiring information from 2002 onwards, categorized into interest income, dividend

income, realized capital gains and foreign tax credits. This information is not always readily available, since offshore financial systems do not usually correlate with the SA tax system in terms of timing nor the distinction between income and capital.

Timing

The previous amnesty, thanks to an extension granted, endured for a twelve-month period. Despite its announcement in the 2016 Budget speech, the reality is that the current SVDP legislative process has undergone four major amendments, and was signed into law only in February 2017. Applicants were left with only a six-month period to carry out what is a complex process.

Given the experience of the previous amnesty, tax practitioners anticipate a flood of clients during the last couple of weeks of the deadline, 31 August 2017. It follows that tax practitioners

cannot wait for any last-minute extension, since they have a professional duty of care to existing clients, and, given an average lead time of about two months, they will have to close their books to new business shortly.

Co-operation

Effectively, tax practitioners are assisting the regulators (SARS and the SARB) in a *bona-fide* manner, since SARS will probably take years to process the bulk of the information received via Common Reporting Standards (CRS).

It is in the interest of all parties to provide an extension of the SVDP, since it will translate into a greater uptake of clients and a massive saving in time and resources for regulators, not to mention the corresponding administrative benefits and a potentially significant in collections of the SVDP levies.

