



DAVEY'S Locker



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The post-SVDP era

Regularization of foreign assets

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SVDP deadline passed

The Special Voluntary Disclosure Program (svdp) deadline has now passed, on 31 August 2017.

Taxpayers holding foreign assets in breach of either the exchange control or tax laws and regulations nevertheless enjoy options to regularize their situations.

SARB relief

The South African Reserve Bank has issued a brief statement dated 1 September 2017.

In essence, administrative breaches (monies always abroad but not previously reported to the SARB, such as pre-immigration funds, qualifying foreign inheritances from a foreign source, and foreign earnings) will probably incur no levy but must be placed on record, unless exempted.

For other unauthorized foreign assets, the levy, based on the market value of the

property, is likely to range from 10% to 40%, depending upon the circumstances.

Those who do not voluntarily approach the SARB could face both prosecution and a full forfeiture of unauthorized foreign assets.

Normal voluntary disclosure program (VDP)

VDP applies to local or foreign tax contraventions.

An applicant is required to establish taxable income for each of the past tax years since 1 March 2001 (the 2002 tax year), as opposed to the simpler remedy, which was available under the svdp.

The reported taxable investment income will be included in normal income, re-assessed, and taxed for each year of assessment concerned.

There is no penalty, but a simple-interest, late-payment levy is payable.

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