



## Tax and Legal News

# Provisional Tax Relief proposed in the Draft Disaster Management Tax Relief Administration Bill

National Treasury released the Draft Disaster Management Tax Relief Bill and Draft Disaster Management Tax Relief Administration Bill for comment on 1 April 2020. Included in the Draft Disaster Management Tax Relief Administration Bill are measures to provide for the deferral of provisional tax by qualifying taxpayers and qualifying micro businesses.

A “qualifying taxpayer” is defined as:

- A company, trust, partnership or individual;
- That is a taxpayer as contemplated in the Tax Administration Act;
- That is tax compliant as contemplated in the Tax Administration Act;
- That has gross income of R50 million or less during the year of assessment ending on or after 1 April 2020 but before 1 April 2021; and
- Whose gross income for the year of assessment does not include more than 10% income derived from interest, dividends, foreign dividends, rental from the letting of fixed property and remuneration received from any employer.

For “qualifying taxpayers” the Draft Disaster Management Tax Relief Administration Bill provides:

- For first provisional tax payments, due between 1 April 2020 and ending on 30 September, to be reduced to 15% (normally 50%) of estimated total tax liability without incurring any penalties and or interest as a result of the reduced payment.

- For second provisional tax payments, due between 1 April 2020 and 31 March 2021, to be based on 65% (normally 80% or 90%) of estimated total tax liability. No interest or penalties will be levied as a result of the reduced payment; and
- The balance (being 35%) would need to be paid in full when making the third provisional tax payment i.e. the top up payment made within 6 months after year end failing which interest will be charged.

Micro businesses that are tax compliant qualify for similar relief in respect of interim payments. "First" interim payments due between 1 April 2020 and 30 September 2020 will be based on 15% of tax on estimated taxable turnover whilst year-end payments due between 1 April 2020 and 28 February 2021 will be based on 65% of tax on estimated taxable turnover. No interest and penalties will be levied as a result of the reduced payments. The balance of tax estimated turnover must be paid on the payment date specified in the notice of assessment.

The proposed amendments will be effective from 1 April 2020.

Comments on the Draft Bills are due by 15 April 2020.

KPMG Tax and Legal has a wide range of skills to assist taxpayers in ensuring that they are tax compliant including assistance with dispute resolution matters which may be affecting the taxpayer's compliance status.

If you have any queries, require assistance or need more information, please contact us:

#### Contact us



**Lesley Bosman**

Associate Director: Corporate Tax

Email:

[lesley.bosman@kpmg.co.za](mailto:lesley.bosman@kpmg.co.za)

M: +27827195523



**Pravir Jeaven**

Associate Director: Corporate Tax

Email: [pravir.jeaven@kpmg.co.za](mailto:pravir.jeaven@kpmg.co.za)

Tel: +27827175003

Regards  
KPMG Tax and Legal

---

[Privacy](#) | [Legal](#)

[kpmg.co.za](http://kpmg.co.za)

© 2020 KPMG Services Proprietary Limited, a South African company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity. All rights reserved.

