



Tax & Legal Flash

June 2020

Change to the definition of “qualifying taxpayer” in the Disaster Management Tax Relief Administration Bill

The Disaster Management Tax Relief Administration Bill (“the Tax Relief Administration Bill”) was tabled by the Minister of Finance on 24 June 2020. Whilst the bill tabled is largely aligned with the previous draft, the Tax Relief Administration Bill introduces an important new proviso to the definition of “qualifying taxpayer” i.e. those taxpayers who qualify for the automatic deferral of Pay-as-you-earn (“PAYE”) and provisional tax.

The definition of “qualifying taxpayer” contemplates *inter alia* a taxpayer who conducts a trade during the year of assessment ending on or after 1 April 2020 but before 1 April 2021 and has gross income of R100 million or less during that year of assessment. Taxpayers with a gross income over the R100 million gross threshold do not qualify for automatic relief and must apply to the South African Revenue Service (“SARS”) for relief on a case-by-case basis. Given the uncertainty that the COVID-19 pandemic has created for businesses, some taxpayers are unsure whether gross income for the year will fall above or below the R100 million threshold and are therefore unsure whether or not to automatically apply the PAYE and provisional tax relief.

The newly introduced proviso to the definition of “qualifying taxpayer” states that the requirement in relation to the R100 million gross income limit will be deemed to have been met if the Commissioner for SARS is satisfied that the taxpayer’s estimate of the gross income for that year of assessment, when making a reduced payment under the Tax Relief Administration Bill, was seriously calculated with due regard to

the factors having a bearing thereon and was not deliberately or negligently understated.

The introduction of the proviso is a welcome addition to the definition.

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



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