



# Tax & Legal - News Alert



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## **Transferring funds from South Africa? Enhancements to the Tax Compliance Status Process**

On 21 April 2023, The South African Revenue Service (SARS) introduced a new enhanced Tax Compliance Status (TCS) application form to facilitate the consolidation of the Foreign Investment Allowance (FIA) and Emigration TCS applications into a single application, referred to as “Approval International Transfer (AIT)”. The system became effective on 24 April 2023.

### **Why is this important?**

Historically, this process required different application for different purposes and was rather cumbersome. This new streamlined approach demonstrates SARS is listening to tax practitioners and tax regulatory bodies who have been lobbying for a more simplified and “easy-to-understand” approach. This is very relevant for taxpayers wanting to extract funds from South Africa.

### **What to expect now?**

- South African residents who want to transfer funds offshore require a pin from SARS which allows third parties to view the taxpayer’s current tax compliance status online.
- The new TCS system makes it easier for taxpayers to request their TCS via SARS [eFiling](#) or the [SARS Online Query System \(SOQS\)](#) to receive a PIN that can be used to authorise and enable third parties to verify their tax compliance status – in particular, when transferring funds abroad.
- The Tax Compliance Request form (TCR01) has been amended to align to the required changes.
- No TCS is required for transfers up to ZAR 1 million per calendar year.
- In relation to non-tax residents wishing to transfer funds abroad, they should have completed the process of notifying SARS of their cessation of tax residence and

completed the RAV01 declaration on efiling. See our previous Tax Alerts issued in July 2021 ([click here](#)) and August 2022 ([click here](#)) for more details.

- As an aside, the “Tender” option was removed and the “Good Standing” TCS should be used going forward, for all other scenarios where a third party wants to verify a taxpayer’s Tax Compliance Status.

### What documentation is required for the new Approval International Transfer (AIT) application?

When taxpayers apply for a TCS in respect of international transfers, they are required to submit the following supporting documentation:

- Specific documents showing the sources of the capital to be invested;
- Statement of assets and liabilities (local and foreign) for the previous three tax years;
- If the taxpayer is a non-resident for tax purposes in South Africa, relevant proof that the taxpayer ceased to be a resident for tax purposes, including the date on which the taxpayer ceased to be a resident;
- Details of any locally listed securities that the taxpayer will be transferring to an Exchange that is outside South Africa; and
- Applicable power of attorney where the TCS application is submitted by a person other than the taxpayer.

### How can we assist?

- KPMG can assist with the completion and submission of the AIT application form where the taxpayer is transferring funds from South Africa abroad.
- If a taxpayer is non-compliant and has any outstanding tax returns or tax debt, KPMG can assist with remedying the non-compliance, to enable the approval of the TCS request.



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