



General Notes - Second Schedule to the Income Tax Act, 1962

General Note 11

GENERAL SUBJECT: SECOND SCHEDULE TO THE INCOME TAX ACT

SPECIFIC ASPECT: RETIREMENT FROM EMPLOYMENT

STATUS: DECISION

BACKGROUND: To confirm the Commissioner for Inland Revenue's acceptance that the day following the date of retirement from employment in terms of the rules of an approved pension or provident fund, or retirement in the case of an approved retirement annuity fund, is the member's first day in retirement.

DECISION: Representations from administrators of pension and provident funds were previously received in which they argued that, subject to the rules of a fund, a member's retirement benefits accrue on the day following the member's date of retirement from service. This argument was accepted on the basis that the member's date of retirement from employment is his or her last day of service or, in the case of a retirement annuity fund, his or her last day of membership and that the first day in retirement will be the following day. If, for example, a member's date of retirement in terms of the rules of such a fund is 31 August, the date of accrual of his or her benefits will, at the earliest, be the following day, viz 1 September.

DISTRIBUTED BY THE OFFICE OF THE COMMISSIONER FOR INLAND REVENUE ON 20 JULY 1995

Reviewed by the

Legal and Policy Division of SARS on

01 March 2007

No changes made

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