



GUIDE TO COMPLETE THE **LUMP SUM** TAX DIRECTIVE APPLICATION FORMS

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SUMMARY

- a) This guide is to assist Fund Administrators / Long-term Insurers and / or employers on how to complete all of the various tax directive application forms in order to obtain a tax directive (IRP3e) before a lump sum benefit can be paid to a member.
- b) **Should any aspect of this guide be in conflict with the applicable legislation the legislation will take precedence.**
- c) The tax directive application forms that will be addressed in this guide are:
 - i) **Form A&D** - Request for a Tax Deduction Directive - Pension and Provident Funds on Retirement / Death before Retirement (including lump sums from preservation fund);
 - ii) **Form B** - Request for a Tax Deduction Directive - Pension and Provident Funds - Events Before Retirement or Death (including lump sums from preservation fund);
 - iii) **Form C** - Request for a Tax Deduction Directive - Retirement Annuity Funds; and
 - iv) **Form E** - Request for a Tax Deduction Directive - After Retirement and Death - Annuity Commutations.
- d) This Guide **does not** address the following applications:
 - i) Maintenance orders. For more information on Maintenance order refer to **the** Interpretation Note 89 – '*Maintenance orders and the tax-on-tax principle*';
 - A) Maintenance order cannot be deducted from lump sum payments. The steps in Interpretation Note 89 must first be applied. Thereafter, the remaining part of the benefit may be paid as a lump sum or **may** be transferred.
 - B) **The Fund Administrator / Long-term Insurer cannot submit a tax directive application for maintenance orders.**
 - ii) **Directives for lump sums paid by employers. Refer to the '*IT-AE-41-G01 - Completion Guide for IRP3(a) and IRP3(s) Form - External Guide*'.**
 - iii) Hardship directives. The following hardship **tax directive** applications can only be submitted by a taxpayer or the taxpayer's tax practitioner through eFiling:
 - A) '*Application for Tax Directive: Fixed percentage [IRP3(b) for commission / Freelance Artist / Personal Service Provider]*';
 - B) '*Application for Tax Directive: Fixed Amount [IRP3(c)]*'.
 - C) For more information regarding the hardship directive refer to the '*Guide to the Tax Directive functionality on eFiling*'.
 - iv) Submission of ROT's. Refer to the '*Guide to Complete, Submit and Cancel a Recognition of Transfer*'.
 - v) '*Request for a Directive – Variation in the Deduction / Withholding of Employees' Tax*'. Refer to the '*Completion guide for IRP3(q) Directives*';
 - vi) '*Request for a Directive: Provision for Doubtful Debt [IRP3(f)]*';
 - vii) Directive for '*Trust Owner of Living Annuity*';
 - A) **The trustees must submit a written request on a letter head to contactus@sars.gov.za with the following information:**
 - I) **The income tax reference number of the trust;**
 - II) **The trust's PAYE reference number;**
 - III) **The surname, initials, and ID number of each beneficiary of the trust;**
 - IV) **The name of the Insurer paying the annuity;**
 - V) **The postal address of the Insurer;**
 - VI) **The email address of the Insurer, if not provide it must be requested.**
 - viii) Directive for Relief from South African Tax [RST01]. **Not applicable** to Lump sum tax directive applications.

GENERAL INFORMATION

2.1 Who must complete and submit a tax directive application form?

- a) Employers (including an Administrator of a pension fund, pension preservation fund, provident fund, provident preservation fund, retirement annuity fund defined in section 1(1) and Long-term Insurers) are

required, in terms of paragraph 9(3) of the Fourth Schedule, to the Income Tax Act 58 of 1962, as amended ('the Act') to apply for a tax directive in respect of any lump sum benefit payable.

- b) A Fund Administrator or a Long-term Insurer must submit a tax directive application form irrespective of the amount payable.
- c) A tax directive application form must be submitted where the member has requested that the double taxation agreement between SA and the country where the member resides must be taken into account.
 - i) The RST01 application form (Directive for Relief from South African Tax) is completed by a non-resident requesting relief from South African Tax in terms of Double Taxation Agreement **is only applicable** to annuities and / or pensions payable monthly / quarterly / yearly / etc. This '*Directive for Relief from South African Tax*' (RST01) **is not applicable to tax directives on lump sums** and **CANNOT** be accepted as a tax directive for lump sum payments.
- d) A member of a fund / the member's tax representative / a tax practitioner / financial advisor **cannot** complete and submit any tax directive application form that is stated in this guide. **Only the Fund Administrator and / or the Long-term Insurer can submit Lump sum tax directive application forms.**
 - i) If the Fund Administrator / Long-term Insurer receives a tax directive (IRP3e) where the Fund Administrator / Long-term Insurer has not submitted the **tax directive** application and the information on the tax directive does not correspond with the option form completed by the member, **the tax directive must be rejected.**
 - ii) The person who has submitted the tax directive, if not submitted by the Fund Administrator / Long-term Insurer **must** request the cancellation of the tax directive to avoid the rejection of the return due to **duplicate** tax directives.

2.1.1 Tax directive simulator

- a) From the 20th of April 2018, the Fund Administrator / Long-term Insurer can first request a simulation of the tax directive result, before submitting the actual tax directive **application** in order to determine the tax liability on the lump sum benefit. This will assist the member to make an informed decision before an election is made in respect of the benefit.
 - i) Simulations (quoting system) and actual tax directive application forms will be processed frequently throughout the day.
 - ii) The Fund **Administrator / Long-term Insurer** must ensure that the actual tax directive is used when the PAYE is paid over to SARS and the correct tax directive number **and source code** must be reflected on the IRP5/IT3(a) tax certificate.
 - iii) **The simulation is used to provide the member the most accurate estimate of what the tax obligation will be. Fund Administrators/Long-term Insurers are encouraged to make use of the simulation to prevent the unnecessary cancellation of tax directives that can cause hardship to the member.**

NOTE: Simulations / quotes are not stored or reflected on SARS systems, therefore **the** Call Centre / Branch **offices cannot** assist with queries regarding the Simulations / quotes.

2.1.2 Lump sum calculator

- a) The Lump Sum calculator is available from **the 6th of December 2021**, to a **taxpayer** that is registered as an eFiler or the member's tax practitioner, to determine the tax implications before a request / an option form is submitted to the Fund Administrator / Long-term Insurer.
 - i) The member or the member's tax practitioner can also obtain tax directives issued in previous years on eFiling. Refer to **the** section **titled 'Request Previous Years Directives'** in the external guide '*Guide to the Tax Directive Functionality on eFiling - IT-AE-41-G04*' on the SARS website.

2.2 How to obtain a tax directive application form?

- a) The **updated** tax directive application forms can be obtained through any of the following channels:
- i) **eFiling:**
 - A) If a Fund Administrator / Long-term Insurer is not registered as an eFiler, please log on to www.sarsefiling.co.za to register **as an organisation** and refer to the guide: 'How to Register for eFiling and Manage Your User Profile'.
 - B) A tax directive can only be obtained from an organisation's profile not from a taxpayer's or tax practitioner's profile.
 - l) A taxpayer or tax practitioner cannot complete a tax directive application form for lump sums payable by Fund Administrators / Long-term Insurers. Fund Administrators / Long-term Insurers are responsible for submitting the tax directive application forms. On receipt of the tax directive (**IRP3e**) the Fund Administrators / Long-term Insurers are responsible for the payment of the employees' tax as indicated on the tax directive (IRP3e). If an IT88L (Third Party Appointment) was attached to the tax directive, the amount(s) indicated on the IT88L must be paid over to SARS on the taxpayer's account.
 - ii) **Electronically** (via an Interface or eFiling)
 - A) Fund Administrators / Long-term Insurers can **either** be registered as an Interface agent or use established Interface agents to capture the tax directive application forms online.
 - l) The interface specification IBIR-006 and the INF001 form to register to get access to SARS Interface are available on the SARS website.
 - iii) The **SARS website** www.sars.gov.za.
 - A) The latest version of the tax directive application forms is available on SARS website.

2.3 How to submit a tax directive application form?

- a) A completed tax directive application form can be submitted through any of the following channels:

NOTE: It is recommended that the Fund Administrator / Long-term Insurer makes use of either **eFiling** or the **electronic** submission of tax directive application forms through the Interface agencies to obtain a tax directive.

- i) **Electronically:** Through an Interface agent.
- ii) **Electronically: Through eFiling.** Fund Administrators / Long-term Insurers registered on eFiling can complete the forms online and obtain the finalised tax directive online.
 - A) From 9 December 2019 the Fund Administrators / Long term Insurers can submit tax directive applications that requires supporting documents through eFiling only.
 - B) Tax directive applications for non-residents, the 'Emigration Withdrawal', 'Cessation of SA Residence' or 'Visa Expiry' or 'Par.(eA) Living Annuity Commutation Termination of a Trust' tax directive application forms that requires supporting documents must be submitted through eFiling. The Fund Administrator / Long-term Insurer must be registered as an eFiler to submit these tax directive applications through eFiling.
 - C) For more information on the required documents that must be uploaded refer to paragraphs:
 - l) 3.1.5. 'Is the taxpayer a non-resident?'; **and**
 - ll) **The paragraphs addressing the different 'Reason for directive'** and
 - lll) the containers that must be completed will also indicate the required supporting documents to be uploaded / attached to the tax directive application form **to prevent the rejection of the tax directive application form; or**
- iii) **Email:** Manual tax directive application (**hard copy or paper copy**) forms can **only** be submitted **in extreme circumstances**. This includes circumstances where an electronic tax directive application was submitted through the Interface agency or eFiling and was rejected.
 - A) The manual tax directive application (**hard copy or paper copy**) will be returned as unprocessed if:
 - l) There is no rejected / declined tax directive application on the SARS tax directive system that was submitted electronically, or
 - ll) The reason provided for the manual tax directive application form, is not clear and detailed, for the request to capture the tax directive manually on the SARS system.
 - B) The Fund Administrator / Long-term Insurer can email **the hard copy, paper copy or the PDF format of the completed tax directive application form downloaded from eFiling**, to

contactus@sars.gov.za. The manual tax directive application (hard copy or paper copy) must correspond with the latest version on SARS website.

- b) On submission of the tax directive application form for non-residents **on eFiling**, the system will prompt the Fund Administrator / Long-term Insurer to upload the certificate of residence and the other required supporting documents. Ensure that **ONLY** the required documents are uploaded to avoid the rejection of the tax directive application form.
- c) Once the tax directive application form with the correct supporting documents is submitted **through eFiling** a case will be created on the SARS system. A SARS **official will**, within 21 working days, verify the completed application form **and that the correct required** supporting documents were uploaded.
 - i) If incorrect supporting documents were uploaded or the tax directive application form was not completed in full, **a SARS official** will reject the tax directive application.
 - ii) The rejection reasons will be available on eFiling when the Fund Administrator / Long-term Insurer enquires on the progress of the tax directive application submitted.
 - A) The Fund Administrator / Long-term Insurer will only have access to the tax directive applications submitted through eFiling. The Fund Administrator / Long-term Insurer will not be able to access or obtain a tax directive if **the tax directive application form was:**
 - I) emailed (**hard copy or paper copy**) to SARS; or
 - II) **submitted it through an** Interface agency.

COMPLETING THE TAX DIRECTIVE APPLICATION FORM

- a) The format of this completion guide is based on the manual tax directive application forms (hard copy / **paper copy**) available on SARS website and the tax directive application forms on eFiling. The information in this guide is **also** applicable to **information required for** the completion of the electronic tax directive application forms submitted through an Interface agent.

3.1 Taxpayer Details

- a) This part of the form is generic to all the tax directive application forms (Form A&D, Form B, Form C and Form E).

Taxpayer Details										
Taxpayer reference no.	Year of Assessment ended on (CCYY)									
Surname										
First Name(s)										
Initials	Date of Birth (CCYYMMDD)									
Passport/ Permit no.	Identity number									
	Passport Country / Country of Origin (e.g. South Africa = ZAF)									
If the taxpayer/member is not registered for income tax, provide reason(s):					Provide reason(s)					
Annual income R	Employee number									
Is the taxpayer a non-resident? Yes <input type="checkbox"/> No <input type="checkbox"/>					Is the certificate of residency (citizenship certificate only where DTA is not applicable) attached? Yes <input type="checkbox"/> No <input type="checkbox"/>					

- b) Under the 'Taxpayer Details' container provide the personal details of the member / person / taxpayer who will receive the lump sum benefit payment.
 - i) If the tax directive application form is submitted and the directive reason '31 - Divorce – transfer' or '32 - Divorce non-member spouse' is selected on the tax directive application form and the date of accrual is after 1 March 2009, the personal details of the spouse who will receive the lump sum benefit must be completed under this container.
 - ii) The 'Taxpayers Details' in this container must be used to issue an IRP5/IT3(a) tax certificate for the lump sum benefit amount paid.

3.1.1 Taxpayer Reference number

- a) This number is also referred to as income tax reference number (TRN) and is allocated by SARS to the taxpayer when registering for income tax purposes. If a TRN was entered on the tax directive application form, the same TRN must be entered on the IRP5/IT3(a) tax certificate. If a TRN **was not used** in the tax directive application form, the Fund Administrator / Long-term Insurer cannot use a tax reference

number on the tax certificate when the reconciliation is due. The information on the IRP5/IT3(a) tax certificate must correspond with what was completed on the tax directive application form and reflected on the tax directive (IRP3e) to prevent the taxpayer's return being rejected.

- i) In the case of a divorce order a tax directive submitted for divorce orders after 1 March 2009 (regardless of the date of divorce), the income tax reference number of the spouse who will receive the benefit must be provided on the tax directive application form.
- ii) The income tax number can only start with and 0, 1, 2 or 3 and must have 10 digits.
 - A) The taxpayer can provide the Fund Administrator / Long-term Insurer with the top part of the ITA34 - 'Notice of Assessment' or an IT150 - 'Notice of Registration'. The reference number is the number to be entered in the 'Taxpayer reference number' field.
- b) SARS has implemented a new function on eFiling that allows the Fund Administrator / Long-term Insurer to request the income tax reference number. The guide 'How to request your clients Tax Reference Number(TRN) via eFiling - External Guide' on SARS's website will also assist the Fund Administrator / Long-term Insurer to obtain a member's income tax reference number where the member cannot provide an income tax reference number.
- c) The error message '**Invalid reference number for applicant**' or '**Contact SARS - Tax No on application differs from Client DB**' (data base) will be displayed if:
 - i) The member has more than one active income tax reference number according to the SARS's data base; or
 - ii) The Fund Administrator / Long-term Insurer submits the tax directive application without the income tax reference number, indicating that '*the reason taxpayer / member is not registered*' is '*unknown*' or any other reason **was provided, but there is a tax reference number on SARS system**. The taxpayer must provide the Fund Administrator / Employer / Long-term Insurer with the correct income tax reference number.

NOTE: If a member has more than one active income tax reference number, the Fund Administrator / Long-term Insurer can only submit a manual tax directive application (**hard copy / paper copy**) where the taxpayer **cannot** resolve the issue with the duplicate tax reference number or any other error that prevents the **successful** electronic submission of the directives. On receipt of the manual application form with a duplicate number SARS will then select the correct number to be used to capture the tax directive application.

d) **TRN is NOT mandatory if the member:**

- i) Is a domestic worker; or
- ii) Has left SA before 1999 and the number was de-activated and **is no longer on** a SARS system; and
- iii) **According to SARS records** there is **no** active or inactive number on SARS systems.

NOTE: If the TRN has been de-activated (inactive), it must first be reactivated before the directive can be submitted electronically, to prevent the declined error message '**0273 -Taxpayer is inactive**'.

- iv) **If a tax directive was submitted without a TRN and the member provides the Fund Administrator / Long-term Insurer with a TRN once the directive was finalised, the tax directive must be cancelled and submitted with the tax number to prevent the rejection of the taxpayer's annual return.**

3.1.2 Year of assessment ended on (Tax Year):

- a) This is a mandatory field that must be completed.
- b) This is the period commencing on 1 March of a particular year to the end of February of the following year.
 - i) The date of accrual will determine the '*Year of assessment ended on*' or the '*Tax year*'.
 - ii) The date of accrual must fall within the '*Tax year*'.
 - A) For example, if the date of accrual is 25 April 2021 the '*Tax year*' or '*Year of assessment ended on*' will be 2022-02-28. The tax year on the tax directive will be **2022** and the '*Year of assessment*' on the IRP5/IT3(a) tax certificate must be **2022**. **The '*Year of assessment*' is reflected on the directive (IRP3e).**

- B) If the date of accrual is 21 February 2021 on the tax directive application form and the tax directive application form was submitted on the 14th of March 2021 the '*Tax year*' or '*Year of assessment ended on*' will be 2021-02-28 (2021) and the '*Transaction year*' on the IRP5/IT3(a) tax certificate will be 2022 due to the fact that the PAYE indicated on the tax directive was and can only be paid over to SARS after the directive was received on 14 March 2021. The '*Year of Assessment*' on the IRP5/IT3(a) certificate must be **2021** as the date of accrual 21 February 2021 falls within the 2021 year of assessment and the '*Transaction Year*' must be **2022**.
- iii) The Fund Administrator / Long-term Insurer has to provide the member with a manual IRP5/IT3(a) tax certificate **within 14 days** after the payment of the lump sum, to enable the taxpayer to submit the 2021 return. **The certificate will not prepopulate** on the taxpayer's return due to the fact that the certificate will only be submitted to SARS when the Fund Administrator / Long-term Insurer submits the bi-annual reconciliation in October **2021** for the **2022** '*Transaction Year*'.
- iv) Therefore, the taxpayer has to **manually add** the certificate on the tax return to avoid the rejection of the return and to enable SARS to allow the PAYE on the certificate as a PAYE deduction.
- A) If the bi-annual reconciliation was submitted before the taxpayer submits his / her annual return, the IRP5/IT3(a) tax certificate will also not be prepopulated on the return. The taxpayer has to add the certificate by increasing the number of certificates on the return wizard. A blank certificate will be available, and the taxpayer must capture the IRP5/IT3(a) tax certificate detail (**as reflected on the manual / duplicate certificate obtained from the Fund Administrator / Long-term Insurer**), **including** the tax directive number in order to avoid the return being rejected.

3.1.3 Taxpayer's Personal Detail

NOTE: This is the information that must be used on the IRP5/IT3(a) tax certificate.

a) **Surname:**

- i) This is a mandatory field that must be completed.

b) **Name(s):**

- i) This is a mandatory field that must be completed.
- ii) Enter the member's name(s). Use the name(s) as specified on the ID document, ID card or passport document.
- iii) Do not use nicknames to avoid the tax directive from being rejected.
- iv) The names must correspond with the information on the SARS register for taxpayers.
- v) The Initials are mandatory for electronically submitted tax directive application forms and must correspond with the name(s).
- vi) A name must consist of at least two characters. Where the initials are used instead of full names, the tax directive application may be rejected.

c) **Date of birth:**

- i) This is a mandatory field that must be completed.
- ii) The date of birth must correspond with the first six digits of the ID number if the ID number is provided.

d) **Identity number:**

- i) This is a mandatory field that must be completed.
- ii) The identity number must correspond with the latest issued identity document or identity card by the South African Department of Home Affairs.

e) **Passport / Permit no.:**

- i) This field is mandatory if the ID number is not provided.
- A) The '*Passport / Permit no.*' must only be completed if the taxpayer does not have a South African ID number.

- ii) If the taxpayer is registered for income tax purposes the '*Passport / Permit no.*' (other identification) number on the tax directive application form must match the number that the taxpayer has used to register for income tax purposes.
 - A) If the passport number has changed and the current passport number differs from the passport number on SARS's records, the onus is on the taxpayer who must contact SARS to update the passport number.
 - B) If the taxpayer is an Asylum Seeker Refugee, the Asylum Seeker Permit Number must be entered in this field.

f) **Passport Country / Country of Origin**

- i) This field is mandatory if a '*Passport / Permit No.*' is captured.
- ii) May not be captured if a South African Identity number is captured.
- iii) The value will be validated against the information available on SARS website under [Country Codes | South African Revenue Service \(sars.gov.za\)](https://sars.gov.za).
- iv) If a member is an asylum seeker / refugee, the passport country must be 'OTH (Other)', a valid permit number must be provided in the '*Passport / Permit No.*' field.
- v) On the Form E the passport country may not be specified where the application is for a Trust who is an owner of a living annuity.

g) **If the taxpayer / member is not registered for income tax, provide a reason:**

- i) Mandatory if tax reference number is not provided.
- ii) A readable and understandable reason must be provided. The free text cannot be more than 65 characters.

NOTE: If the Fund Administrator / Long-term Insurer submits the tax directive application without the income tax number and indicates that '*the reason taxpayer / member is not registered*' is '*unknown*' or any other reason where a member is registered for income tax purposes and an Income Tax reference number was issued, SARS's tax directive system will decline the tax directive application. The taxpayer must provide the Fund Administrator / Employer / Long-term Insurer with the correct income tax reference number if registered for income tax purposes.

3.1.4 Annual Income

- a) This field is **only** mandatory if:
 - i) The reason on the tax directive application is '*Par (eA) Transfer / Payment*'. Only applicable to public sector funds. Refer to paragraph 3.5.4 '*Par (eA) Transfer / Payment*' for more information [in this guide](#).
 - ii) The tax directive application is for an unapproved fund ('Other' type is selected next to the field '*Indicate whether this fund is*').
 - iii) Form B and Form E is used and where the date of accrual is prior to 1 March 2009; or
 - iv) Form A&D and Form C, where the date of accrual is prior to 1 October 2007.
- b) The annual income **must** reflect all income received by or which accrued to the taxpayer during the year of assessment, e.g. salary, remuneration, earnings, emolument, wages, bonuses, fees, gratuities, commission, pension, overtime payments, royalties, stipend, allowances and benefits, interest, annuities, share of profits, rental income, compensation, honorarium, etc.
- c) If the annual income amount is not correctly completed the tax calculation will be incorrect and this will cause hardship to the taxpayer when the final assessment is processed.
- d) The annual income must exclude the lump sum amount on the tax directive application form.
- e) **Employee number:**
 - i) This field is not mandatory.

3.1.5 Is the taxpayer a non-resident?

NOTE: If the tax directive application is for a non-resident, only the tax directive application forms on SARS eFiling can be used. To access the tax directive application form on eFiling the Fund Administrator / Long-term Insurer must be registered as an organisation. (Refer to the guide: 'How to Register for eFiling and Manage Your User Profile').

- a) This field is only mandatory if the tax directive application is for a non-resident who is a contributing member of an SA retirement fund:
 - i) The non-resident rendered services inside and / or outside SA while being a contributing member of the SA fund container should be completed; or
 - ii) The tax directive application is for 'Emigration Withdrawal' / Cessation of SA residence / 'Visa Expiry'.
 - iii) Select 'Yes' or 'No'.
 - A) On the eFiling form this is a mandatory field and 'Yes' or 'No' must be selected.
 - iv) The Fund Administrator / Long-term Insurer must indicate "Yes" if the taxpayer is not a resident in terms of the definition of 'resident' in section 1(1) of the Income Tax Act.
 - A) A certificate of residence (not older than 12 months) **must be attached** to the tax directive application form. (Refer to paragraph 3.1.6) 'Is the certificate of residence attached?' in this guide for more detail.)
 - v) The detailed history of employment, on the letterhead of the employer, **must** be attached to the tax directive application if:
 - A) the tax directive application is from an occupational fund or a preservation fund; or
 - B) the non-resident wants to transfer from a local fund to a fund registered in a foreign jurisdiction. Refer to subparagraph g) under '3.5.1 – Transfer', in this guide.
 - C) Where section 9(2)(i) of the Act is applicable the questions in the container 'Non-Resident Service Rendered Inside Republic [Section 9(2)(i)]' must be completed.
 - D) The detailed history of employment letter must clearly indicate the start day / month / year and end day / month / year of employment and where the services were rendered while contributing to the fund.
- b) Where the Double Taxation Agreement (DTA) must be taken into account, a letter must be attached indicating that the DTA must be taken into account and the 'Non-Resident Service Rendered Inside Republic [Section 9(2)(i)]' container must be completed.

NOTE: The 'Non- Resident Service Rendered Inside / outside Republic [Section 9(2)(i)]' container **must** always be completed and the history of employment, on the letterhead of the employer, must be attached to the tax directive application form where the tax directive application is submitted by an occupational fund or a preservation fund. On the Form C these fields are not available therefore a manual (hard copy / paper copy) Form C tax directive application form **must** be completed and emailed to SARS with all the relevant supporting documents.

3.1.6 Is the certificate of residence (citizenship certificate only where DTA is not applicable) attached?

- a) This is mandatory if the member is a non-resident.
 - i) Select 'Yes' or 'No'.
 - A) On the eFiling form this is a mandatory field and 'Yes' or 'No' must be selected.
 - B) Select 'Yes' if the application is for a non-resident taxpayer.
 - C) Select 'No' if the application is for a resident taxpayer.
 - ii) The certificate of residence **must be in English**.
 - A) If the certificate of residence is in a foreign language, it must be accompanied by a translated English version.
 - iii) A certificate of residence (not older than 12 months) must be attached to the tax directive application form emailed to SARS, or if the eFiling tax directive application is completed the certificate must be uploaded.
 - iv) A certificate of residence is issued by the Tax Authority where the taxpayer resides and where there is a Double Taxation Agreement (DTA) in place between South Africa and the country of residence (an assessment does not confirm that the taxpayer is a tax resident).
 - v) Only in instances where there is **no DTA** in place can a citizenship document or an immigration certificate from the country of residence be attached as proof of non-residence.

- vi) Where a DTA is in place and the certificate of residence is not issued by the Tax Authority where the taxpayer resides and / or the certificate of residence is not attached to the tax directive application, the tax directive application will be rejected / declined.
 - A) Where a certificate of residence could not be obtained from the **Tax Authority** of the country in which the member resides, a document from the Tax Authority indicating that a certificate of residence cannot be issued should be attached to the application form, and
 - B) A citizenship document or an Immigration certificate must then be attached to the application to prove the taxpayer's residence status.
 - C) If the taxpayer is not registered for tax in the country of residence, then an affidavit must be attached declaring the reasons that the person is not registered for tax purposes in the country of residence. **The DTA will not be taken into account if the taxpayer is not registered for tax in the country of residence.**
- vii) When the tax directive application form on eFiling was completed in full and the <Submit> button is selected, the system will prompt the upload of the certificate of residence and the other relevant supporting documents, if required.

NOTE: Only a certificate of residence issued by the **Tax Authority** of the country, in which the member resides in accordance with the DTA between SA and the country of residence, will be accepted. If there is no DTA in place the member must either **provide** a citizenship document or an Immigration certificate from the country of residence as confirmation of residence in **the** country where the member resides.

3.1.7 Taxpayer's addresses

a) Taxpayer's Residential address and Postal code;

- i) These fields are mandatory.
- ii) Do not use symbols or other characters in the address field. Only use numbers and alphabetical letters.

b) Taxpayer's Postal address and Postal code;

- i) These fields are mandatory and can be the same as the residential address.
- ii) The tax directive (IRP3) will not be issued to the taxpayer but only to the Fund Administrator or Long-term Insurer who requested the tax directive.
- iii) Do not use symbols or other characters (no special characters) in the address field. Only use numbers and alphabets.

3.2 PARTICULARS OF THE FUND

NOTE: Most of the information required in this part of the form is generic to all the tax directive application forms (Form A&D, Form B, Form C and Form E). Where certain information was completed, that is not required on the specific tax directive application form, it will be indicated as such and the application will be rejected.

Particulars of Fund	
Registered Name of Fund	
Contact Person	
E-mail address	
Tel no.	
DATE	
Reference no.	
Membership number	
Fund Approval no. (Applicable to Public Sector Funds)	1 8 2 0 4
PSGA Registration no.	1 2 / 8 / 0 0

Particulars of Fund (continued)	
Participating Employer Name	
Type of fund:	<input type="checkbox"/> Pension <input type="checkbox"/> Provident <input type="checkbox"/> Pension Preservation <input type="checkbox"/> Provident Preservation
Postal Address	
Postal Code	
Indicate whether this fund is:	
<input type="checkbox"/> A public sector fund <input type="checkbox"/> An approved fund <input type="checkbox"/> Other Specify other:	

3.2.1 Registered Name of fund

a) Mandatory field.

- i) Enter the Fund name as reflected in the rules of the Fund that are registered with the Financial Sector Conduct Authority (FSCA) [Previously the Financial Services Board (FSB)].
 - A) Fund Administrators and Long-term Insurers (on Form E) must ensure that the correct registered FSCA number, Fund Name, Participating Employer Name and Long-term Insurer Name as indicated on the FSCA website, are used from mid-September 2022, when completing the tax directive application forms, to avoid the rejection of the tax directive applications.
- ii) The SARS tax directive system will validate that:
 - A) the '*Registered Name of Fund*' entered on the tax directive application form matches the '*FUND NAME*' in the '*Active Fund*' field on the FSCA list. This means that the spelling, special characters etc. must be exactly the same as on the list;
 - B) the '*FSCA Registration No.*' on the tax directive application form matches the '*FUND NAME*' and the '*FUND NO*' as it appears on the FSCA website;
 - C) the status of the fund is active or in a state that allows the fund to transfer a lump sum benefit to another approved fund and pay or receive a lump sum benefit;
 - D) If a lump sum benefit is transferred to another approved fund and the receiving fund name on the FSCA list is in Afrikaans or in any other language or has numbers and / or special characters in the fund name, then the exact spelling in the '*FUND NAME*' field on the FSCA list **MUST** be used.
 - I) The complete FSCA list can be found on www.fsc.co.za. **For Active Funds: - Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund / Registered Active Funds.** Do not use the '*Search*' function to populate this field because the spelling could be different.
 - II) SARS system will validate if the '*Registered Name of fund*' and the FSCA number does correspond, and that the '*Registered Name of fund*' does correspond exactly with the FSCA list, **if not** the directive application will be rejected with the error message 4554 – '*The FSCA Registered Insurer Number not valid as per FSCA*'.
- iii) On the **Form E**, where a **Long-term Insurer** submits the tax directive application form, the Long-term Insurer's name must be provided in the '*Registered Name of Fund / Insurer*' field and must be captured as displayed on the list, for example if limited is only 'limit / li' on the list.
 - A) **The complete FSCA list can be found on www.fsc.co.za .For Long term Insurers list: Home / Regulated Entities / List of Regulated Entities and Persons / Insurance.** Do not use the '*Search*' function to populate this field because the spelling could be different.
- iv) The tax directive system will reject the tax directive application and return the following error messages where the information on the FSCA website was not used to complete the tax directive application form:
 - A) Error message '*4556 - The status of Transferor (From) Fund not valid as per FSCA*' will be returned if:
 - I) the fund status on the FSCA list indicates that the fund is not an '*Active*' fund or
 - II) is in a state that does not allow the fund to transfer a lump sum benefit to another approved fund; or
 - III) to pay a lump sum benefit.
 - B) Error message '*4557 - The status of Transferee (Receiving) Fund not valid as per FSCA*' will be returned if:
 - I) the Receiving fund status on the FSCA list indicates that the fund is not an '*Active*' fund or
 - II) is in a state that does not allow the fund to receive a lump sum benefit, e.g. where the fund is the process of liquidation.
 - C) Error message '*4554 - The FSCA Registered Insurer Number not valid as per FSCA*' will be returned if:
 - I) The Long-term Insurer number 10/10/1/followed by 4 digits on the tax directive application form does not match the name of the registered Long-term Insurer on the FSCA website;
 - II) The Long-term Insurer name provided on the tax directive application does not match the data on the FSCA website, (including special characters, spaces, incomplete words, etc.). Do not use the '*Search*' function to populate this field because the spelling could be different.
- v) Once the errors have been rectified, the tax directive application can be submitted again.

NOTE: Where the Fund Administrator or the Long-term Insurer must submit an ROT01 or ROT02 for tax directive applications submitted **before** mid-September 2022, the SARS ROT system will **ONLY**, on submission of the ROT, validate that **the ROT information corresponds with the tax directive information**. This means, the ROT system **will not validate** that the information corresponds with the FSCA data. Therefore, it is crucial that the Fund Administrator or Long-term Insurer must ensure that the information on the ROT matches one hundred percent with the information that the Transferor fund has completed on the tax directive application form.

b) **Contact person:**

- i) Provide the name of the person to be contacted if more information regarding the tax directive application is required. Please **avoid** providing call centre details.

c) **E-mail address;**

- i) This is the email address of the Fund Administrator. On the Form E the Long-term Insurer's email address must be provided.
- ii) It is a mandatory field and must contain an "@" sign and a domain.

d) **Telephone number:**

- i) Enter the telephone number of the person who must be contacted should more information be required.
- ii) Only capture numeric characters.

e) **Fund PAYE number:**

- i) Mandatory field to be completed.
- ii) This number starts with a 7 and consists of 10 numbers.
- iii) This is the reference number that the Fund uses to pay over the PAYE, indicated on the tax directive to be deducted from the lump sum to SARS.
- iv) This number **must not be used** to pay over the amount indicated on an IT88L (Third Party Appointment) to SARS. For more information regarding the IT88L. Refer to paragraph **5.1. IT88L (Notice attached to the tax directive) in this guide**. The amount on the IT88L refers to **outstanding taxes** on the taxpayer's record(s).

3.2.2 Fund approval number:

- i) The fund approval number must be **blank** if the Fund is **an approved fund**.
- ii) Only **public sector funds** that **are not registered** with the FSCA must use the Fund approval number.
 - A) Where the Public Sector Fund completes the approval number, the FSCA registration number field must be blank.
- iii) The **Fund approval number format** is 18204 (followed by 6 digits) e.g. 18204000909.
- iv) If the public sector fund is registered with the FSCA, the FSCA registration number (previously FSB) must be used. **Refer to paragraph 3.2.3 'FSCA registration number' in this guide below.**

NOTE: The Commissioner of SARS has delegated the function to approve the rules of funds to the FSCA (previously the FSB) from 1 April 2012. New Funds approved from this date will not have a SARS approval number and therefore approved funds can **only** enter the FSCA registration number on the tax directive application form and the 'Fund approval number' field must be left blank.

3.2.3 FSCA registration number

a) **Mandatory for approved funds.**

- i) To avoid the delay in the issuing of the tax directive ensure that the correct FSCA number is used, that the number is in the correct format and corresponds with the name of the fund provided (Refer to the '**Active Fund**' list on the FSCA website. **For Active Funds: - Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund / Registered Active Funds. Do not use the 'Search' function to populate this field because the spelling could be different.**
- ii) This is the registration number, as allocated by the FSCA. **The number** must be provided in the correct format **12/8/0000000/999999**, where 0000000 is the registered umbrella fund number and

- must consist of 7 digits. **The 999999 represents the participating employer number and must be replaced with the correct participating employer number.**
- iii) In cases where the 'FUND NO.', **on the FSCA list**, is less than 7 digits, populate the rest of the field with '0' **before** the number, e.g. where the FSCA registration number is 12/8/123 capture the registration number as 12/8/**0000**123/000000. (Refer to the 'Registered Active Funds' list on the FSCA website. **Do not use the 'Search' function to populate this field because the spelling could be different.**)
 - iv) If the Fund is a free-standing fund (not a type-A umbrella fund or a retirement annuity fund) the last 6 digits must be zeroes and the participating employer name must be blank. The number must be entered with the 'I'.
 - v) The last 6 digits of a retirement annuity fund will **always** be 6 zeroes e.g., 12/8/0000222/000000.
 - vi) An error message '4187 - Invalid format of FSCA registration number' and or 'Participating employer name must be provided' will be displayed where:
 - A) The FSCA number is not in the correct format;
 - B) Where the last 6 digits are greater than '0' and **no 'Participating employer name' was entered** the error message '4555 -The Fund Name provided does not match the FSCA database' will be returned if:
 - l) The name entered in the 'Registered Name of Fund' field or the name of the 'Participating Employer' submitting the tax directive application does not match the FSCA list, (including special characters, spaces, numbers, etc.);
 - C) The name of the receiving fund or the name of the participating employer receiving the benefit does not matching the FSCA list, (including special characters, spaces, numbers, etc.); or
 - D) The FSCA registered number provided does not match the fund name on the FSCA list.

NOTE: The Fund Administrator / Long-term Insurer submitting the tax directive application must ensure that the FSCA registration number completed on the tax directive application is correct (aligned with the number obtained from the FSCA website) to avoid the **ROT being declined**, if the tax directive application is for a transfer of or purchase of an annuity.

3.2.4 Participating employer name.

- a) **ONLY Mandatory** if any of the last six digits of the FSCA registration number is greater than zero e.g. 12/8/0012345/**000006**) the participating employer name must be provided.
 - i) The name of the employer who participates in a registered type-A umbrella fund. The participating employer name must correspond with the name as registered by the FSCA. (Refer to the 'Registered Active Participating Employers' list on the FSCA website. **For Active Participating Employers: - Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund/ Registered Active Participating Employers.** Do not use the 'Search' function to populate this field because the spelling could be different.

3.2.5 Membership number (on Form A&D and Form B) / Policy number (on Form C and Form E).

- a) Mandatory field to be completed.
 - i) The number which the Fund Administrator / Long-term Insurer has allocated to the member of the Fund.
 - ii) Where an additional amount is payable an 'A' can be added to the membership number to avoid the tax directive application being declined as a duplicate tax directive application.

3.2.6 Type of fund.

- a) Mandatory field to be completed.
 - i) On the Form A&D and Form B the Fund Administrator can select one of the following types:
 - A) Pension **fund**;
 - B) Provident fund;
 - C) Pension preservation fund; or
 - D) Provident preservation fund.
 - ii) On Form C only 'Retirement Annuity' fund **type** can be selected, **and this fund type cannot be used on the Form A&D and Form B.**

3.2.7 Postal address and Postal code.

- a) Mandatory field to be completed.
 - i) This is the address to be used to inform the Fund of the status of the tax directive application.
 - ii) When the tax directive application was successfully captured and processed a tax directive (IRP3) will be sent to the Fund Administrator that requested it as follows:
 - A) Tax directive application that was submitted electronically, the tax directive information will be sent electronically. The interface agent will generate a tax directive as prescribed by SARS.
 - B) If the Fund that submitted the tax directive application electronically has indicated that they require a 'paper response', a printed version will be sent through the post.
 - C) Where the hard copy / **paper copy** of the tax directive application is manually submitted and captured by a SARS official on SARS's tax directive system, a tax directive will be emailed to the applicant.
 - D) If the Fund Administrator / Long-term Insurer has used eFiling to submit the tax directive application form the tax directive will be available on eFiling.

3.2.8 Indicate whether the Fund is.

- a) Mandatory field to be completed.
 - i) On the **Form A&D** and **Form B** the Fund Administrator can select one of the following types:
 - A) **A public sector fund** – established by law and some municipal funds, (paragraphs (a), (b) and (d) of the definition of “*pension fund*” or paragraph (a),(b) and (c) of the definition of “*provident fund*” in section 1(1) of the Act);
 - B) **An approved fund** – also known as private sector funds. The rules of the Fund approved by the Commissioner of SARS and the FSCA are in compliance with the requirements of paragraph (c) of the definition of “*pension fund*”, paragraph (d) of the definition of “*provident fund*”, the definition of “*pension preservation fund*”; the definition of “*provident preservation fund*”, or the definition of “*retirement annuity fund*” in section 1(1) of the Act.

NOTE: The Commissioner of SARS has delegated the function to approve the rules of a fund to the FSCA from 1 April 2012.

- C) **Other:** If ‘*other*’ is selected the Fund Administrator must specify why the reason ‘*other*’ is selected, e.g., the Fund is not yet approved.
 - I) No deduction in terms of the Second Schedule will be allowed and the benefit will be taxed as normal income.
 - II) The source code on the tax directive will be 3907. The amount in ‘*Gross amount of lump sum payment*’ must be reflected in the amount field for source code 3907 and the employees’ tax (PAYE) in the amount field for source code 4102 on the IRP5/IT3(a) tax certificate.
 - ii) On the **Form C** the Fund Administrator can only select:
 - A) **An approved fund.** Refer to **sub-paragraph i)B) under paragraph 3.2.8 Indicate whether the Fund is’ above;** or
 - B) **Other.** Must provide a reason why ‘*other*’ is selected, e.g., the Fund is not yet approved.
 - I) No deduction in terms of the Second Schedule to the Act will be allowed and the lump sum benefit will be taxed as normal income.
 - II) The source code on the tax directive will be 3907. The amount in ‘**Gross amount of lump sum payment**’ must be reflected in the amount field for source code 3907 and the PAYE in the amount field for source code 4102 on the IRP5/IT3(a) tax certificate.
 - iii) On the **Form E** the Fund Administrator / Long-term Insurer can select one of the following types of funds:
 - A) **An approved fund.** Refer to **sub-paragraph i)B) under paragraph 3.2.8 Indicate whether the Fund is’ above;**
 - B) **A public sector fund.** Refer to **sub-paragraph i)A) under paragraph 3.2.8 Indicate whether the Fund is’ above;**
 - C) **Insurer** – The Long-term Insurer **must** be a Long-term Insurer registered with the FSCA. The FSCA Long-term Insurer registered number starting with 10/10/1/xxxx (if only one digit is on the letter from the FSCA, zeros must be entered before the digit, e.g. 10/10/1/0004). (Refer to the ‘*Insurance*’ list on the FSCA website). **Do not use the ‘Search’ function to populate this field because the spelling could be different.**

- D) **Other** – If the Fund Administrator / Long-term Insurer has selected ‘Other’, a reason must be provided for selecting ‘Other’, e.g. the Fund Administrator / Long-term Insurer is not yet approved or registered as a Long-term Insurer at the FSCA.
- I) No deductions in terms of the Second Schedule will be allowed and the benefit will be taxed as normal income.
 - II) The source code on the tax directive will be 3907 and the tax must be reflected in the amount field for source code 4102 on the IRP5/IT3(a) tax certificate.

3.3 PARTICULARS OF THE GROSS LUMP SUM DUE

- a) The information in **this** part of the tax directive application form **is not generic**, although certain fields are generic, but will be dealt with under **each** tax directive application form type.
- b) In this part of the tax directive application form, the Fund Administrator has to indicate the reasons for submitting the tax directive application form. The reason indicates why the lump sum is payable or how the Fund Administrator must deal with the member’s lump sum benefit.
- c) The ‘**Reason for directive**’ selected on a tax directive application will determine the deductions to be allowed in terms of the Second Schedule to the Act, as well as the applicable rate of tax that must be applied to the taxable portion of the lump sum.

3.4 Form A&D

- a) The Form A&D must only be used for the retirement exit events or for death before retirement.
- b) **The Fund Administrator must analyse the nature of the lump sum payment(s) that will be made to the member and select the appropriate reason provided on the tax directive application form.**
- c) The pension, pension preservation, provident, and provident preservation fund administrators or trustees must use the Form A&D if the reason for the tax directive is due to:

Particulars of Gross Lump Sum Due					
Reason for directive:	Retirement	Retirement due to ill-health	Death before Retirement	Provident Fund Deemed Retirement	Transfer on Retirement [Par 2(1)(c)]

3.4.1 Retirement

- a) The reason “**Retirement**” must be used where the member has reached the retirement **age according to the rules of a pension fund or provident fund** and has elected to retire from that Fund. Furthermore, the member has either elected to take **a portion in cash and /** or purchase an annuity or annuities from a Long-term Insurer **and /** or receive a pension from the Fund **and /** or a Long-term Insurer with the remaining balance of the full benefit. The member **cannot** transfer a portion or the two-thirds of the benefit to a retirement annuity fund **if the reason ‘Retirement’ is selected.**
- b) **Only the full benefit can be transferred to the Retirement Annuity Fund / Pension Preservation Fund / Provident Preservation Fund** and then the member can retire from the Retirement Annuity Fund / Pension Preservation Fund / Provident Preservation Fund. Refer to paragraph ‘3.4.5 **Transfer before Retirement [Par 2(1)(c)]**’.
- c) The rules of a pension or provident fund and the profession (line of work) of the member determines the retirement age.
 - i) With effect **from 1 March 2015** where the member reached retirement age in terms of the rules of the Fund, the member **can elect** whether the retirement benefit must be paid as a lump sum, be used to purchase an annuity from a Long-term Insurer or as a combination.
 - ii) From **1 March 2022** the member can elect a **combination** of whether the retirement benefit must be paid as a lump sum and the remaining amount must be used to purchase a living / guaranteed annuity from a Long-term Insurer and / or receive an annuity directly from the fund.
 - A) If more than one annuity (living and / or guaranteed annuity) is purchased then the amount that remains in the fund after commuting a portion into a lump sum payable in cash must be R165 000 or more, but **cannot be less**, except if the **total** value of two-thirds of the retirement interest is less than R165 000.

- d) For **tax purposes**, members of a pension preservation fund and provident preservation fund can only retire from the age of 55 years (minimum). **If a date of accrual is prior to 1 March 2023** a member of provident fund could only retire from the age of 55 years.
- i) From 1 March 2022 when a member of a pension preservation fund or provident preservation fund reaches retirement age (**55 years**), the member can elect to transfer the benefit to another preservation fund. Refer to paragraph '3.4.5 Transfer on Retirement [Par 2(1)(c)]'.
- e) Where the Fund type is **pension** or pension preservation fund, only one-third of the total value of the benefit can be taken as a lump sum, subject to certain exceptions.
- i) **If the total value of the benefit is less than R247 500, the full benefit can be taken as a lump sum or any other amount can be taken as a lump sum in cash.**
- ii) From 1 March 2021 **contributions to a provident fund**, on or after 1 March 2021 and the non-vested benefits in a provident preservation fund, will be treated the same **as a pension fund**.
- iii) If a portion of the total benefit relates to an amount transferred **from** a provident or provident preservation fund of which the member was a member on 1 March 2021, the **following** value of **the transferred amount will not be** subject to compulsory annuitisation:
- A) **If the member was younger than 55 on 1 March 2021, only the pre-1 March 2021 contributions to a provident fund and / or the value of the benefit in the provident preservation fund, including growth thereon; or**
- B) **If the member was 55 years or older on 1 March 2021, all contributions and growth (that is, both pre- and post-1 March 2021) to a provident fund or transfers to a provident preservation fund (relating to vested benefits in a provident fund) up to the date of transfer and growth thereon.**
- f) Where the Fund type is provident or provident preservation fund, with effect from 1 March 2021, provident and provident preservation funds is aligned to pension, pension preservation and retirement annuity funds, in that, on retirement the member of a provident or provident preservation fund must purchase an annuity (this is, the two-thirds to be annuitised and one-third still available as a cash lump sum). However, note that all contributions to a provident fund pre-1 March 2021 and the value of the benefit in a provident preservation fund relating to pre-1 March 2021 transfers, including any growth thereon, are protected and can still be taken as a lump sum. Pre-1 March 2021 contributions to a provident fund and the value of the benefit in the provident preservation fund on 1 March 2021 relating to pre-1 March 2021 transfers are regarded as vested and are protected in the following manner –
- i) Where the member is or was a member of a provident or provident preservation fund on 1 March 2021 and is or was 55 years or older on 1 March 2021, all contributions and growth (that is, both pre- and post-1 March 2021) to a provident fund or transfers to a provident preservation fund (relating to vested benefits in a provident fund) and growth thereon are protected and is not subject to compulsory annuitisation. The member can take the full retirement interest as a lump sum in cash.
- A) However, if the member transfers to another provident fund after 1 March 2021, he / she loses this full protection and any contribution and growth after the date of transfer to any other fund will be subject to the compulsory annuitisation requirements on retirement.
- ii) Where the member is or was a member of a provident or provident preservation fund and is or was younger than 55 years on 1 March 2021, only the pre-1 March 2021 contributions to a provident fund and / or the value of the benefit in the provident preservation fund, including growth thereon is protected. These vested benefits are protected and not subject to compulsory annuitisation. All contributions to a provident fund from 1 March 2021, and transfers to provident preservation fund after 1 March 2021 not relating to vested benefits, including any growth thereon, will be subject to compulsory annuitisation.
- A) If the member decides to transfer to another provident fund after 1 March 2021, the portion of the amount transferred that relates to contributions and growth after 1 March 2021 as well as any new contributions and growth from the date of transfer to the new fund will be subject to compulsory annuitisation.
- g) Where the total value of provident fund contributions or the total value in a provident preservation fund, after 1 March 2021, including any growth thereon, is R247 500 or less when the member reaches retirement, irrespective of his / her age, the entire retirement interest in the fund that a member has accumulated can be taken as a lump sum in cash when that member retires.

- h) For more information refer to paragraph 3.4.9 - *Gross amount of lump sum payment* and paragraph 3.4.12 *'Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth'*, in this guide.
- i) **For the completion of the IRP5/IT3(a) tax certificate refer to subparagraph j) under paragraph 3.4.9 - Gross amount of lump sum payment' in this guide.**

3.4.2 Retirement due to ill-health

- a) The rules of a pension fund, provident fund, pension preservation fund or provident preservation fund will indicate when a member can retire due to ill-health.
- b) **The same rules that is applicable for the reason 'Retirement' applies if the reason 'Retirement due to ill health' is selected. The only difference is that the rules of the fund must provide for 'Retirement due to ill health' and SARS' system will not validate that the member has reached retirement age. For more information refer to paragraph 3.4.1 'Retirement' in this guide above.**
- c) For more information refer to paragraph 3.4.9 - *Gross amount of lump sum payment* and paragraph 3.4.12 *'Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth'*, in this guide.
- d) **For the completion of the IRP5/IT3(a) tax certificate refer to subparagraph j) under 3.4.9 - Gross amount of lump sum payment', in this guide.**

3.4.3 Death before retirement

- a) From January 2008 the total value of the benefit can be commuted for a lump sum where the reason for the tax directive is *'Death before retirement'*.
- b) The date of accrual cannot be after the date of death.
 - i) The error message *'Date of accrual cannot be greater than the date of estate'* indicates the date of death on the tax directive application form does not correspond with the date of death on SARS's records.
 - ii) The executor of the estate must **make an eBooking to visit a SARS branch** with the executor's letter and a certified copy of the death certificate and update the date of death in the branch.
- c) If the member died **after retirement**, please refer to the *'Directive reason' on Form E – '3.7.4 Death Member / Former Member after retirement'*.
- d) Where the beneficiaries or nominees elect to purchase an annuity with their portion of the benefit, the beneficiary or nominees' details must be entered in the *'Death prior to retirement, the following fields are also mandatory for this purchase'* field.
 - i) The Form A&D makes provision for the purchase of 4 annuities. Where there are more than 4 beneficiaries or nominees electing to purchase an annuity, a second Form A&D must be completed. The *'Gross amount of total benefit'* must be split accordingly.
 - ii) Ensure that the beneficiaries or nominees' information is correct as SARS validates that the ID number and the tax reference number of the beneficiary or nominee is valid and belongs to the ID number. If the beneficiary or nominee is not registered the income tax reference number must be obtained before the tax directive application is submitted. The income tax reference number is mandatory to submit the IRP5/IT3(a) tax certificate for the annuity payable to the beneficiary.
 - iii) The beneficiaries or nominees **cannot** transfer their portion of the death benefit to a retirement annuity fund. The beneficiary or nominee can either take their portion in cash or purchase an annuity from a Long-term Insurer.
- e) From 1 March 2022 the beneficiaries or nominees can elect a **combination** of whether the retirement benefit must be paid as a lump sum **and / or be** used to purchase a living / guaranteed annuity from a Long-term Insurer.
- f) **For the completion of the IRP5/IT3(a) tax certificate refer to subparagraph j) under 3.4.9 - Gross amount of lump sum payment', in this guide.**

3.4.4 Provident fund deemed retirement.

- a) With effect from 1 March 2023, paragraph 4(3) of the Second Schedule to the Act was deleted. This reason cannot be used if the date of accrual is on or after 1 March 2023.
- b) If the date of accrual is **before 1 March 2023**, paragraph 4(3) of the Second Schedule to the Act makes provision that the Fund Administrators can request the Commissioner to allow members of a provident fund, to retire before the age of 55 years on grounds **other** than ill-health. The Commissioner's office will **issue** a letter confirming that the member or members of the specific **provident** fund can retire before reaching the age of 55.
 - i) Where approval was obtained, the reason '*Provident fund deemed retirement*' must be selected. When the taxpayer has to provide SARS with supporting documents, this approval letter must be part of the supporting documents in order to avoid the lump sum being taxed as a withdrawal benefit.
 - ii) The Fund Administrator must send the request to retirementfunds@sars.gov.za. The email must clearly indicate that it is a request for early retirement from a provident fund and must include the reason / motivation why the request should be considered for approval.
- c) If the date of accrual is before 1 March 2023 the same rules applicable for the reason '*Retirement*' applies if the reason '*Provident Fund Deemed Retirement*' is selected. The only difference is that this reason can only be selected if the approval from SARS was obtained.
- d) For more information refer to paragraph 3.4.9 - *Gross amount of lump sum payment*' and paragraph 3.4.12 '*Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth*', in this guide.
- e) For the completion of the IRP5/IT3(a) tax certificate refer to subparagraph j) under 3.4.9 - *Gross amount of lump sum payment*', in this guide.

3.4.5 Transfer before Retirement [Par 2(1)(c)]

- a) With effect from 1 March 2018 paragraph 2(1)(c) of the Second Schedule to the Act provides that a member's retirement interest in his or her pension fund or provident fund, can be transferred on or after the member attains normal retirement age, as defined in the rules of the Fund, but before retirement date (**before the election to retire**) to a retirement annuity fund.
 - i) From 1 March 2019 the member of a pension fund can also transfer to a pension preservation fund. Furthermore, a member of a provident fund can also transfer to a provident preservation fund, a pension preservation fund, or a retirement annuity fund.
 - A) From 1 March 2021 a member of a pension fund can also transfer to a provident preservation on a tax neutral basis.
 - ii) A member of a pension preservation or provident preservation fund, who is 55 years and older, can transfer the retirement benefit **to another** pension **preservation** or provident preservation fund or a retirement annuity fund **from 1 March 2022**.
- b) Paragraph 6A states that an amount equal to the value of that lump sum benefit transferred for the benefit of a member from a pension fund or provident fund to a retirement annuity fund / preservation fund in terms of paragraph 2(1)(c), can be allowed as a deduction.
 - i) This means that a member of an approved pension fund or provident fund who reaches the retirement age, as stipulated in the rules of the Fund, may transfer the retirement benefit to a pension preservation fund / a provident preservation fund / a retirement annuity fund and does not have to retire from the employer's approved pension fund / provident fund when the member retires from employment.
 - ii) The member **must not** be allowed to take the once-off withdrawal when the retirement benefit is transferred to a preservation fund. The member can only retire from the preservation fund.
 - iii) The **full retirement benefit must be transferred** to the retirement annuity fund or preservation fund, which means that the member cannot take a portion in cash and transfer the balance.
 - A) This means that the '*Gross amount of lump sum payment*', the '*Gross amount of total benefit*' and '*The amount transferred to the transferee fund*' must be the same.
 - B) The transfer fields cannot be used if the reason for the tax directive is:
 - i) Retirement;
 - ii) Retirement due to ill-health;

- III) Death before retirement; or
- IV) Provident fund deemed retirement.
- iv) The Fund must complete the '*Particulars of transfer on Retirement*' container. Refer to '3.4.21. *Particulars of transfer on Retirement*', in this guide.
- v) Error message '*Invalid accrual date*' will be displayed if:
 - A) the reason '*Transfer on Retirement [Par 2(1) (c)]*' is used and the date of accrual (date of transfer) is before 1 March 2018 for a transfer to an RA Fund; or
 - B) the transfer to a preservation fund is before 1 March 2019.

NOTE: If any amount must be deducted from the benefit in terms of section 37D(1)(a), (b) or (c) of the Pension Funds Act, refer to paragraph 3.5.12 – '*Security of mortgage bond order/ housing loan*' in this guide. When the Fund becomes liable for the guarantee or the loan before there is an exit event, the Fund must deduct the amount from the member's minimum individual reserve. This amount will be deemed to accrue to the member and is taxable in the hands of the member as a **withdrawal benefit**. The employees' tax to be deducted or withheld on the loan amount will not reduce the amount payable to the third party. Section 37D(1)(e) of the Pension Funds Act makes provision for the deduction of employees' tax from the member's minimum individual reserve to prevent hardship to the member. The payment of employees' tax is also deemed to be a lump sum benefit for purposes of the Second Schedule to the Act and is thus taxable in the hands of the member. A second tax directive application for the tax-on-tax must be submitted. Only after the two directives are submitted, may the tax directive application for the '*Transfer on Retirement [Par 2(1)(c)]*' be submitted.

- vi) For more information and information required on the IRP5/IT3(a) tax certificate refer to subparagraph k) under '3.4.9 Gross amount of lump sum payment', in this guide.

3.4.6 Unclaimed death benefits

- a) A lump sum does not accrue to the deceased member the day before death if the entire lump sum benefit of a deceased member, was classified as an unclaimed benefit and was subsequently transferred to the relevant preservation fund for unclaimed benefits. These death benefits will only accrue to the deceased on the date that the unclaimed benefit preservation fund pays the death benefit to the deceased's beneficiaries or dependants as a lump sum under the rules of that fund. Therefore, the date of accrual can be after the date of death of the deceased member.
- b) The '*Unclaimed death benefit*' reason can **only** be used if a '*Transfer Unclaimed Benefits*' was done to an '*Unclaimed Preservation Fund*' **prior to 30 March 2020**. A tax directive should have been issued with the reason '*Transfer Unclaimed Benefits*' for a pension fund to an '*Unclaimed Pension Preservation Fund*' or if the Fund is a provident fund there must be a directive for '*Transfer Unclaimed Benefits*' to an '*Unclaimed Provident Preservation Fund*'. If a '*Transfer Unclaimed Benefits*' directive does not exist for the deceased member the directive application will be rejected.
 - i) With effect from 1 March 2021, pension preservation and provident preservation funds may accept members and transfers in respect of former members of a pension, pension preservation, provident or provident preservation fund or nominees or dependants of that former member in respect of whom an "*unclaimed benefit*" as defined in the Pension Funds Act is due or payable by that fund.
- c) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code **3924** on the **IRP5/IT3(a) tax certificate** and the tax in the amount field for source code 4115.

3.4.7 Date of accrual

- a) Mandatory field.
- b) The date of accrual must fall within the '*Year of assessment ended on*'. For example, if the date of accrual is 25 April 2022 the '*Tax year*' or '*Year of assessment ended on*' will be 2023-02-28. The '*Tax year*' on the tax directive will be **2023** and the '*Year of assessment*' on the IRP5/IT3(a) tax certificate must be **2023**. Refer to '*Year of assessment ended on (Tax Year)*', in paragraph 3.1.2., in this guide.
- c) For retirement or retirement due to ill-health - Before 1 March 2015, the date of accrual for income tax purposes was the last working day or the day after the last working day depending on the rules of the Fund.

- d) From 1 March 2015 the date of accrual will be the date that the person **elects** to have the retirement benefit paid to him or her in terms of paragraph 4(1) of the Second Schedule to the Act or to purchase an annuity / annuities with the full benefit.
- e) The **accrual date for death** will be one day before the date of death. SARS's tax directive system will allow the date of death to be the accrual date but will decline the tax directive application if the date of accrual is after the date of death, but only if SARS system was updated with the date of death. The error messages '*Date of accrual does not match the date of death*' and '*Date of accrual not valid for fields completed*' will be provided **where** the tax directive application was declined.
 - i) The date of accrual **cannot** be after the date of death. The error messages '*1452-Directive Tax Year is greater than Estate Tax Year*' and '*5910-Date of accrual cannot be greater than estate date*' will be displayed if the date of accrual is after the date of death, according to the SARS system.
 - ii) If the Fund Administrator is certain that the correct date of accrual was used, the Executor of the Estate must contact SARS to correct the date of death to correspond with the date of death on the death certificate.
 - iii) If the member is not deceased, the member must provide the fund with the correct tax number as the current number used by the Fund Administrator on the application form is incorrect.

NOTE: Where additional amounts are payable due to an '*agterskot*' or any other **additional** payment, one day must be added or subtracted from the original date of accrual to avoid the error message '*Duplicate application*'. (Refer to 6.3. '*Additional amount payable*' in this guide, for more information.) Employees' tax payable on lump sum benefits is calculated, based on the tax directive information on SARS system, **the date the tax directive applications are submitted**, and **not according** to the **order of** the date of accrual **for that tax year / year of assessment**. **The date of accrual and the reason for the current tax directive are used to determine which tax rate is applicable for the tax year on the tax directive application. ONLY** when the taxpayer's return is filed **for the year of assessment**, SARS **recalculates** the tax on all lump sum benefits received during that year of assessment, **according to the date of accrual** provided in each tax directive application form **and previous finalised lump sum tax directives on the SARS system**. An adjustment to employees' tax, if any, will be done on assessment.

3.4.8 Date on which the member became a member of the Fund.

- a) Mandatory field.
 - i) This is the date the member became a member (**joined date**) of the Fund that **is now applying** for a tax directive.
 - A) The Fund must ensure that the correct date is entered as SARS's system uses these dates to determine if certain deductions maybe allowed or not.
 - B) **If the commencement date is before the person has reached the age of 15, the system will reject the application.**
 - C) **The commencement date cannot be before the transferred benefit was received. SARS system validates that the commencement date is on or after the date the tax directive was issued for the transferred benefit.**
 - D) **Where there was a change in the administration of a fund, the commencement date is not the date the Fund took over the Administration. It must be the date the member became a member of the Fund.**
 - E) **Where the member of a public sector fund transferred from another public sector fund, the part 'Was a period consisting of a number of completed years used to determine the quantum of the benefit in terms of a formula prescribed in terms of the rules of the fund?' must be completed. Refer to paragraph 3.4.19 - Number of completed years used to determine the quantum of the benefit', in this guide. The total period of membership or employment, whichever is applicable, of both public sector funds will then be taken into account when the paragraph 2A formula is calculated.**

3.4.9 Gross amount of lump sum payment

- a) **Mandatory field if a portion of the lump sum is taken in cash. This field 'Gross amount of lump sum payment (Including the amount deemed to accrue in respect of par 2B of the Second Schedule and amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth)' must be completed.**
 - i) The amount entered in this field is:

- A) The amount that the member of the Fund has elected to **take in cash** in accordance with the rules of the Fund; **and / or**
 - B) **The full value of the provident and / or provident preservation fund vested benefits, plus the growth, if the full value may be taken in cash;** or
 - C) If the member elected to transfer the retirement benefit to a retirement annuity fund / pension preservation fund / provident preservation fund the '*Gross amount of lump sum payment*', the '*Gross amount of total benefit*' and '*The amount transferred to the transferee fund*' **must be the same amount** to avoid the rejection of the tax directive application.
- b) SARS's tax directive system will validate that the '*Gross amount of lump sum payment*' amount is not more than one-third of the amount in the '*Gross amount of the full benefit*' field where the tax directive application is for a pension / pension preservation fund **(including any amount transferred into the current fund from a provident / provident preservation fund benefit without any vested rights).**
- i) At retirement, **only one-third of the total benefit, at retirement,** can be taken as a lump sum, if the reason for directive is '*Retirement*' / '*Retirement due to ill-health*' **except:**
 - A) **Before 1 March 2016**, where the two-thirds of the total value of the annuity or annuities in a fund did not exceed R50 000 (R75 000 in total) the annuity or annuities could be commuted for a single lump sum payment.
 - B) **From 1 March 2016**, where the two-thirds of the total value of the annuity or annuities in a fund does not exceed R165 000 (R247 500 in total) the annuity or annuities may be commuted for a single lump sum payment **or for any amount the member elects.**
 - C) Where a provident fund benefit was transferred on or after 1 March 2021 refer to paragraph 3.4.12 *Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth*, in this guide.
- c) **Provident and provident preservation funds:** From **1 March 2021** the '*Gross lump sum payment amount*' will include:
- i) the **divorce** amount deemed to have accrued in respect of (previous provisions) paragraph 2B of the Second Schedule; **and**
 - ii) an amount attributed to **pre-1 March 2021 provident or provident preservation fund vested benefit plus growth.**
 - A) On retirement the '*Gross lump sum payment amount*' is the value that the member can take in cash. This amount cannot be more than a third of:
 - I) '*Gross amount of total benefit*' **less** '*Amount attributed to a non-member spouse in respect of a divorce order*', **less** '*Amount attributed to pre-1 March 2021 provident fund vested benefit plus growth*';
 - II) **plus** the '*Amount attributed to a non-member spouse in respect of a divorce order*' **plus** the '*amount attributed to pre-1 March 2021 provident fund vested benefit plus growth*'. **Refer to the example below.**

NOTE: The field '*Amount attributed to pre-1 March 2021 Provident fund vested right plus growth*' **must** also be used for amounts credited to pre-1 March 2021 provident preservation fund vested benefit plus growth.

- iii) **For example**, if the '*Gross amount of total benefit*' is R1 590 000, the divorce order amount is R0 and the '*Pre-1 March 2021 Provident fund vested rights plus growth*' is R600 000.

<i>Gross amount of total benefit</i>	1 590 000.00
Less: ' <i>Amount attributed to a non-member spouse in respect of a divorce order</i> '	0.00
Less: ' <i>Amount attributed to Pre-1 March 2021 Provident fund vested rights plus growth</i> '	600 000.00
	<u>990 000.00</u>
One-third of 990 000.00 =	330 000.00
Plus: ' <i>Amount attributed to a non-member spouse in respect of a divorce order</i> '	0.00
Plus: ' <i>Amount attributed to Pre-1 March 2021 Provident fund vested rights plus growth</i> '	600 000.00
'Gross lump sum payment' cannot be more than	<u>930 000.00</u>

- A) According to the information in the example, the '*Gross lump sum payment*' can be less or equal to R930 000 but cannot be more than R930 000.

- B) Where the total value of provident fund contributions plus growth or the total value in a provident preservation fund, post-1 March 2021, is determined to be less than R247 500, the '*Gross lump sum payment amount*' can be equal to the '*Gross amount of total benefit*'. This means **that** the full benefit can be taken in cash **or any amount that he member elects**.
- d) SARS's tax directive system uses the '**Gross amount of lump sum payment**' amount to:
- i) Apply the **formula in paragraph 2A** (Old Formula C) of the Second Schedule to the Act if the Fund is a 'public sector' fund.
 - ii) Determine the amount to be included as income in terms of section 9(2)(i) if the taxpayer is a non-resident; and
 - A) There is no DTA in place between SA and the country of residence; or
 - B) There is a DTA in place, but South Africa has the taxing right.
- e) An error message '**Gross amount incorrect**' will be displayed if:
- i) the '*Gross amount of lump sum payment*' on the tax directive is more than one-third of the '*Gross amount of total benefit*' in the case of a pension / pension preservation fund; or
 - ii) More than one tax directive application is submitted **per fund** and the total of the '*Gross amount of lump sum payment*' per fund is more than R247 500 or R75 000 for applications with a date of accrual before 1 March 2016.
 - A) The validation is per tax directive application. If there are two policies (or more) in a fund and the total value of both (or more) policies is more than R247 500, only **one-third per benefit in a fund** can be taken in cash.
 - iii) **Surplus amounts** payable after retirement and payable before 1 March 2009 must be taxed as normal income and source code 3605 must be used on the IRP5/IT3(a) certificate (Refer to the paragraph 4.3.2 in Interpretation Note 113 - *Apportionment of Surplus and Minimum Benefit Requirements – Pension Funds Second Amendment Act*).
 - iv) **Any future surplus** amount determined under section 15C and distributed to former members or pensioners as a lump sum in terms of section 15D(1)(b) or 15E(1)(d) of the Pension Funds Act is a lump sum benefit that accrues to or is received by the former member or pensioner in consequence of past membership.
 - v) However, **any** lump sum benefit is not payable in consequence of or following retirement, death, withdrawal, or resignation from the Fund, and therefore no deduction under the Second Schedule is allowed against the lump sum benefit.
 - A) The lump sum benefits payable after 1 March 2009 to former members or pensioners as retirement fund lump sum withdrawal benefits (**Form B** must be used) are subject to the tax table applicable to retirement fund lump sum **withdrawal** benefits, and not as a bonus.
- f) From 1 March 2021, SARS's tax directive system will reject the tax directive application if the tax directive application is for a provident / provident preservation fund and the total value of the benefit after (post) 1 March 2021 exceeds R247 500. This is because the benefit should be subject to compulsory annuitisation. For example, if a disability value must be included in the benefit payable due to ill health after 1 March 2021, and the disability value (post value) after 1 March 2021 is more than R247 500, the amount will be subject to the compulsory annuitisation.
- g) The allowable deductions in terms of paragraph 5 of the Second Schedule to the Act, will be deducted from the '*Gross amount of lump sum payment*' amount to arrive at the taxable portion of the lump sum. The applicable rate of tax will then be used to indicate the amount of PAYE to be withheld if any taxable portion was derived at.
- h) The '*Gross lump sum payment amount*' can be **zero** where the member elects to utilise the full benefit **to purchase** an annuity or the beneficiary has elected that the full benefit remains in the Fund in order to provide an annuity / pension. This means that no '*Gross lump sum payment amount*' is taken in cash.
- i) Where the member chooses to purchase an annuity / annuities with the full benefit, it is **recommended** that the Fund purchasing the annuity must complete **the** Form A&D tax directive application form. The Form A&D tax directive application **forms** contains most of the information that is found in PART A of the ROT02. The tax directive (IRP3e) will indicate the gross lump sum payable as R0.00 and the tax R0.00.
 - ii) Although there is **no legal basis**, SARS has to mitigate the risk of the retirement benefit not being utilised to purchase an annuity where the Fund is outsourcing the payment of the annuity to an SA Registered Long-term Insurer. It is recommended that a tax directive application be submitted

for purposes of ascertaining the trail of whether a member's retirement interest was utilised to purchase an annuity.

- iii) If a tax directive application was submitted for the purchase of an annuity with the full benefit, the Insurer must submit the ROT02 electronically.
- i) The **source codes to be used on the IRP5/IT3(a) tax certificate** depends on the reason selected on the application form. The tax directive (IRP3e) does indicate the source code to be used when the IRP5/IT3(a) tax certificate is completed.
 - i) The amount opposite the '**Gross amount of lump sum payment**' must be reflected on the IRP5/IT3(a) tax certificate opposite the **code 3915 ONLY** if one the following reasons were selected:
 - A) Retirement;
 - B) Retirement due to ill-health;
 - C) Death before retirement;
 - D) Provident fund deemed retirement; or
 - E) Unclaimed death benefit.
 - ii) On assessment the taxpayer's return will be rejected if an IRP5/IT3(a) tax certificate is not declared / submitted for the same amount.
- j) If the full benefit was used to purchase an annuity and the '**Gross amount of lump sum payment**' was **zero**, **no IRP5/IT3(a) tax certificate** must be issued. If a tax certificate is issued the taxpayer's return will be rejected.
 - i) If the full benefit was used to purchase an annuity and R1.00 (or a lesser amount greater than zero) was entered in the '**Gross amount of lump sum payment**' field on the tax directive application form, an IRP5/IT3(a) tax certificate with code 3915 **must** be issued but the amount on the IRP5/IT3(a) tax certificate must be R1.00, even if a lesser amount was on the tax directive, to avoid the rejection of the tax certificate.
- k) When the reason '**Transfer before Retirement [Par 2(1)(c)]**' was selected, the amount in the '**Gross amount of lump sum payment**' field (amount transferred) on the tax directive application must be entered in the amount field for source **code 3924** on the IRP5/IT3(a) tax certificate, and reason code 04 must be used in the '**Reason for no tax deducted**' field.

3.4.10 Gross amount of total benefit

- a) This is a mandatory field.
- b) The '**Gross amount of total benefit**' must always be provided even if the Fund type is provident or provident preservation fund.
- c) This is the total amount available to the Fund Administrator to pay the one-third commutation (in case of a pension fund or pension preservation fund); **and from 1 March 2021 applicable to provident / provident preservation funds.**
- d) The two-thirds of a pension fund or pension preservation fund must be used to provide the member with a pension or must be used to purchase a compulsory annuity from a Long-term Insurer.
 - i) Before 1 March 2016, if two-thirds of the total value of the annuity or annuities in a pension fund or pension preservation fund did not exceed R50 000 (R75 000 in total) the annuity or annuities could be commuted for a single payment.
 - ii) From 1 March 2016, if two-thirds of the total value of the annuity or annuities in a pension fund or pension preservation fund does not exceed R165 000 (R247 500 in total) the annuity or annuities may be commuted **at retirement** for a single payment **or any amount may be commuted and the amount remaining must be utilised to purchase an annuity.**
- e) Contributions to a **provident fund** after 1 March 2021 as well as any transfer values (**of any fund**) to a provident fund or provident preservation fund, consisting of amounts relating to a period after 1 March 2021 (not vested benefits) will also be subject to compulsory annuitisation. **Refer to subparagraph f) of 3.4.1 'Retirement' in this guide for more information.**
 - i) Only one-third of the contributions (member and employer's contributions) to a provident fund or

the value in the Provident Preservation Fund plus growth can be taken as a cash lump sum on retirement or retirement due to ill-health. This means that the two-thirds must be used to provide an annuity similar to pension, pension preservation and retirement annuity funds.

- ii) The '*Gross amount of total benefit*' must reflect;
 - A) the full value of the benefit on retirement (pre-1 March 2021 plus post-1 March 2021 employer and member's contributions; or
 - B) **if the member transfers before retirement, the amount transferred** plus the related growth must be contained in this field.
- f) This amount '*Gross amount of total benefit*' **must not** be reflected on an IRP5/IT3(a) tax certificate. Only the amount in '*Gross amount of lump sum payment*' field must be reflected on the IRP5/IT3(a) tax certificate.

3.4.11 Amount attributed to a non-member spouse in respect of divorce order.

- a) This field must **only** be used in the following scenarios:
 - i) Where a divorce order was granted before 13 September 2007 and the member's exit event was before 1 March 2012.
 - ii) The rules of the Fund were not amended to allow the Fund to pay the divorce order before an exit event occurs.
 - iii) Enter the amount that was allocated to the non-member spouse in accordance with the court order in this field.
 - iv) This amount must be added to the one-third of the remainder of the member's benefit after the divorce portion was deducted and entered in the '*Gross amount of lump sum payment*' field.
 - A) **For example**, the value of the full benefit before the divorce order was taken into account was R963 000. The amount allocated to the non-member spouse is R300 000. The remainder is R663 000. One-third of R663 000 is R221 000. Therefore the '*Gross amount of lump sum payment*' will be R521 000 (the R300 000 of the non-member's spouse plus the member's one-third of R221 000).
- b) For divorce orders granted on or after 13 September 2007 the Fund Administrators **must** use the Form B and tax-on-tax is applicable. Refer to the completion of Form B for more information.

3.4.12 Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth.

- a) This amount is **ONLY** the value of the benefit in a provident fund pre-1 March 2021 plus the related growth. This benefit value in the Fund on retirement is vested and will not be subject to compulsory annuitisation on retirement.
 - i) This field **must only** be completed if the member was younger than 55 years on 1 March 2021.
 - ii) If the member was 55 years or older on 1 March 2021 and did not transfer the benefit, the field **must be blank** to avoid getting the error message '*4509 - PRE PROV FUND VALUE NOT APPLICABLE*'.
 - iii) If a provident fund benefit has been transferred **to another provident / provident preservation fund / pension / pension preservation fund** on or after 1 March 2021, this field, **regardless of the age** of the member on 1 March 2021, **must always be completed**.
 - A) **A tax directive for the transfer must be on the SARS system to prevent the error message '*4509 - PRE PROV FUND VALUE NOT APPLICABLE*'.**
 - iv) **If the member of a provident / provident preservation fund has transferred the benefit on or after 1 March 2021 to a pension / pension preservation fund and the member exits that pension / pension preservation this field must be completed. A tax directive for the transfer from a provident / provident preservation fund, must be on the SARS system to prevent the error message '*Gross amount incorrect*'.**
 - v) **If the date of accrual is before 1 March 2021 the above-mentioned field is not applicable and must be blank to avoid the rejection message '*2849 - Invalid accrual date*'.**
 - vi) **This field must not be completed if the person was never a member of a provident / provident preservation fund.**
- b) Pre-1 March 2021 contributions to a provident fund or transfer to a provident preservation fund and any growth thereon are regarded as vested benefits and are protected in the following manner –
 - i) Where the member was a member of a provident or provident preservation fund on 1 March 2021

and was **55 years or older** on 1 March 2021, all contributions (that is, both pre- and post- 1 March 2021) to a provident fund or the value of the benefit in the provident preservation fund on 1 March 2021 (including any transfers of vested benefits from a provident fund) and growth thereon are protected and it is not subject to compulsory annuitisation. The member can take the full retirement interest as a full cash lump sum.

- A) **However**, if the member decides to **transfer to another fund after 1 March 2021**, he / she **loses this full protection**. Any contribution and growth from the date of transfer to the new fund will be subject to the compulsory annuitisation.
- ii) Where the member was a member of a provident or provident preservation fund on 1 March 2021 and was **younger than 55 years** on 1 March 2021, all contributions to a provident fund and / or the value of the benefit in the provident preservation fund, including growth thereon are protected. These protected values are not subject to compulsory annuitisation. All contributions to a provident fund from 1 March 2021 and transfers to a provident preservation fund not relating to vested benefits, will be subject to compulsory annuitisation.
- A) If the member decides to transfer to another fund after 1 March 2021, the portion of the amount transferred that relates to contributions and growth after 1 March 2021, as well as any contribution and growth from the date of transfer to the new provident fund, will be subject to compulsory annuitisation.

3.4.13 Provident fund contributions before 1 March 2016.

- a) The total **contributions** by the member to the Provident Fund up to 1 March 2016 must be entered in the field '*In the case of provident fund, total contributions by the member to the Fund up to 1 March 2016 (excluding profit and interest)*':
- b) **Only** enter the **member's contributions** up to 28 February 2016.
 - i) **Do not add** the employer's contributions.
 - ii) **Do not add** the **contributions** from 1 March 2016. The contributions must be entered in the field referring to contribution from 1 February 2016.
 - iii) If **the member** did not contribute and only the employer has contributed to the Fund, this field **must be blank**.
- c) Member's own contributions and the employer's contributions from 1 March 2016 **must not** be included in this field.

NOTE: Preservation funds **must reduce** the contributions with the contributions claimed where the member exercises the one withdrawal prior to retirement from **any** preservation fund **or where the full benefit was not transferred to the preservation fund**. If the amount was entered on the application form, it would have been allowed as a deduction on the partial transfer and cannot be entered again.

- d) Where the member has transferred a pension fund benefit to a provident fund / provident preservation fund **before 1 March 2021**, the after-tax amount (amount the Fund received) can be added to the pre- 1 March 2016 contributions and entered in the '*total contributions by the member to the Fund up to 1 March 2016*' field as a member's own contributions. If the member only became a member of the current fund (**joined date**) submitting the tax directive application form **after 1 March 2016**, the '*Transfer from Pension Fund (after tax amount)*' field **must** be used, refer to paragraph 3.4.15. *Transfer from Pension Fund (after tax amount)*, in this guide. **If the transfer from the pension fund was done after 1 March 2021, on a tax neutral basis (no tax was deducted) the transferred amount must not be completed in this field.**
- e) Where the member's provident fund contributions are more than the '*Gross amount of lump sum payment*' enter the actual member's contribution. The system will limit the deduction to an amount equal to the '*Gross amount of lump sum payment*' amount.
- f) Provident fund contribution fields **must be completed** where the member contributed to the fund and **transfers** the retirement benefit to a **retirement annuity fund**. If the fields are not completed on the Form A&D tax directive application form for the transfer, and the contribution amounts only shows on the ROT01, the Form C from the Retirement Annuity Fund will be rejected with the error message '**5898 – Provident fund contributions not allowed**'. SARS system validates that the amounts on the Form A&D tax directive corresponds with the contribution amounts the Retirement Annuity Fund completes on the Form C tax directive application form.

3.4.14 Provident fund contributions from 1 March 2016.

- a) The amount field '*In the case of provident fund, total contributions by the member to the Fund from 1 March 2016 (excluding profit and interest)*' is for contributions after 1 March 2016.
- b) **Mandatory** if the commencement date (joined date) is on or after 1 April 2016 and / or if an amount was entered in the '*up to 1 March 2016 contribution*' field and the date of accrual is after 1 March 2016.
- c) Enter the member's contributions **and** the employer's contributions from 1 March 2016.
 - i) If **the member** did not contribute, enter **only** the employer's contribution (fringe benefit amount deemed contributions).
- d) **From 1 March 2016, the contributions to any retirement fund not allowed** as a deduction in terms of section 11F on assessment will be displayed in the '*Amount carried forward to next year*' field for code 4029 on the ITA34.
 - i) This amount on the ITA34 will automatically be included as excess fund **contributions** and allowed as a deduction in terms of the Second Schedule to the Act, when the tax on any tax directive is determined. **No manual** application (*hard copy / paper copy*) is required once the returns for the 2017 year of assessment **and subsequent years** have been assessed.
 - A) The amount will be displayed as '*Contributions not previous allowed as deduction*' on the tax directive (IRP3e).
- e) Where the tax directive application was submitted before the taxpayer's assessment was finalised, the excess contributions will, once the taxpayer's assessment is finalised, be allowed either:
 - i) As the opening balance for section 11F in the next year of assessment; or
 - ii) A Second Schedule deduction when another lump sum tax directive application form is submitted before the assessment for the next year is processed (**The obligation is on the member to ensure that he / she is aware of the income tax implications BEFORE an instruction is submitted to the Fund**); or
 - iii) If no tax directive applications are submitted, the excess fund contributions will be granted as a section 10C exemption against the pension or qualifying annuity when the member submits the return for the following year of assessment with pension or qualifying annuity income source code. The value of the exemption is limited to the taxpayer's total qualifying pension / annuity income. No tax directive will be issued for section 10C exemptions - **it will only be allowed on assessment**.
 - A) **Example:** The member elects to retire in August 2017. When the Fund submits the tax directive application, the member's 2017 tax return is not yet filed or assessed. Therefore, the member's excess contributions towards the retirement funds have not yet been determined. The excess contributions will **not** be reflected on the tax directive as '*Excess retirement fund contribution*'.
 - B) Once the return is submitted (from 2017 and onward) and an excess amount is determined (refer to '*Amount carried forward to next year*' field for source code 4029 on the ITA34), the excess amount will automatically be allowed as a Second Schedule deduction on the subsequent tax directive(s). The amount will be reflected as '*Excess retirement fund contribution*' on the tax directive (IRP3e); or
 - C) If the next return is submitted before a tax directive application is submitted, and the member receives an annuity or pension, the amount will be granted as a section 10C exemption on the assessment in the following tax year. The value of the exemption is limited to the taxpayer's total compulsory annuity income reflected on the IRP5/IT3(a) certificate next to source codes 3603, 3610, 3611 or 3618.

3.4.15 Transfer from Pension Fund (after tax amount)

Taxable from Pension Fund (after tax amount)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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Directive number for pension transfer

[illegible]

- a) **THIS FIELD MUST NOT** be completed if the pension fund / pension preservation fund benefit was transferred to a provident fund / provident preservation fund **after 1 March 2021** with a date of accrual after 1 March 2021 as no tax was levied on the transfer.

- i) This field **must ONLY be completed** where employees tax was **deducted** from the pension fund / pension preservation fund benefit in order to prevent double taxation.
 - ii) The tax directive application form will be rejected with the message '*4452 – Original Transfer from Pension Fund details incorrect*' if the date of accrual on the transfer tax directive was after 1 March 2021.
 - iii) To prevent the rejection of the tax directive application, this field **must be blank** if the date of accrual for the transfer of the pension fund / pension preservation fund to a provident / provident preservation fund is after 1 March 2021.
- b) Where the member has transferred a benefit from a pension fund / pension preservation fund, to a provident fund / provident preservation fund before 1 March 2021, the after tax-amount **must be entered** in this field (the amount the provident fund / provident preservation fund has received).
- c) This field **must only** be used if the amount was not entered as provident fund own contributions in the above-mentioned field, refer to '*3.4.13 In the case of provident fund, total contributions by the member to the Fund up to 1 March 2016 (excluding profit and interest)*'.
- i) Where the commencement date in the current Fund is **after** 1 March 2016, the pension benefit transferred (after tax amount) cannot be entered in the Provident fund contributions field as deemed own contributions. This field, instead of the provident fund own contribution amount field, must be completed to avoid the tax directive application being declined.
- d) If the amount field is completed the '*directive number for pension transfer*' field is mandatory. Enter the directive number that was provided on the ROT01 when the pension benefit was transferred to a provident fund / provident preservation fund.

3.4.16 Excess contributions previously not allowed as a deduction.

- a) This field '*Where member contributions to the Fund have exceeded such amounts as allowed for deduction against income, state total amount of excess contributions*' is only available on a manual tax directive application (hard copy / paper copy) form.
- b) Where a member's pre-1 March 2016 contributions should be allowed as a deduction, after a member has transferred from a provident fund to a pension fund / pension preservation fund and the following supporting documents are not attached to the tax directive application form, the '*excess contributions*' will **not be allowed** as a deduction:
- i) **A schedule or a document that clearly indicates what the members contributions were (excluding the employer's contribution) per year: or**
 - ii) **A copy of the ROT01 where the member has transferred from a provident fund to pension / pension preservation fund; and**
 - iii) **The application for the transfer under section 14 of the Pension Funds Act, as well as the FSCA approval certificate for the transfer from a provident fund to a pension fund / pension preservation fund.**
 - A) The tax directive application with the schedule / letter / copy of ITA34 / copy of the ROT01 will be forwarded to the relevant division to ensure that the amount claimed as an excess fund contribution is correct. Where the schedule / letter / copy of ROT01 is not attached to the application form, the amount claimed as excess fund contributions will be disallowed or limited to the amount on SARS' records or the amount reflected on the taxpayer's ITA34 as provident fund contributions.
- c) Where **the member's pre-1 March 2016 contributions** were not captured **or allowed** as excess fund contributions on the tax directive, the excess fund contributions will not be taken into account on the taxpayer's assessment. Excess fund contributions **will only be** allowed as a deduction on the taxpayer's assessment if the excess fund contributions were captured **and allowed as a deduction** on the tax directive application.
- i) Reduce the **value of the excess fund contribution** with any amount previously claimed on a withdrawal from any fund prior to retirement.

NOTE: Excess fund contributions will **automatically** be allowed as a deduction on a tax directive application in terms of paragraph 5 of the Second Schedule to the Act where the '**Amount carried forward to next year**' on the taxpayer's ITA34 were verified and correct. From the 2017 year of assessment and onwards, any amount in the '**Amount carried forward to next year**' field for **code 4029** on a taxpayer's ITA34 will

automatically be allowed as a deduction on the tax directive application submitted.

Please note that if the taxpayer submits the return for the current year of assessment (e.g. 2023) and the return is assessed and thereafter the Fund Administrators submits a tax directive application with a date of accrual in the following year of assessment (2024), the excess contribution on the last assessed return (2023) will be taken into account against the current lump sum (2024) for which the tax directive application was submitted.

If a tax directive is submitted for the 2024 year of assessment and the last year assessed is 2020 the excess contributions (4029) **in the 'Amount carried forward to next year' on the 'ITA34'** on the 2020 assessed return will be taken into account against the current lump sum (2024) for which the tax directive application was submitted. Therefore, the 4029 on the 2020 return **will not be available** for the section 10C exemption or for **the opening balance** for the section 11F deduction on the 2021 return when the taxpayer submits the 2021 return **if there are no remaining excess contributions (4029)**.

The obligation is therefore on the member to ensure that the member is aware of the income tax implications flowing from his / her election BEFORE an instruction is submitted to the Fund. A tax directive cannot be cancelled where the 'Amount carried forward to next year' (4029) has been allowed as a deduction on the tax directive instead of being the opening balance for the section 11F deduction or the section 10C exemption in the subsequent assessment. Rather, the taxpayer must postpone the request for the lump sum payment until such assessment has been finalised.

- d) The amount or the portion of the amount **reflected** in the '**Amount carried forward to next year**' field for **code 4029** on a taxpayer's ITA34, that was **automatically** taken into account on the tax directive will be displayed as '*Contributions not previous allowed as deduction*' on the tax directive (IRP3e).

3.4.17 Former AIPF member's contributions transferred to the Fund.

- a) Only former members of the Associated Institution Pension Fund (AIPF) who had transferred **the value of the benefit determined on or before December 1994** to an approved fund, can claim the contributions. **The AIPF contributions will not be on SARS system.**
- i) The tax directives can be submitted electronically.
- ii) If the FSCA number **on the tax directive application form** **does not** correspond with the FSCA numbers on SARS' system that can claim AIPF contributions, the amount claimed will not be allowed as a deduction. **The tax directive application will be declined with the message '4220 – AIPF members contributions not allowed'.**
- iii) If the electronic tax directive **was declined**, a manual tax directive application (hard copy / **paper copy**) form must be submitted.
- A) The AIPF amount must be reflected as '*excess contributions*' on the manual **tax directive** application form and **either** the letter issued by SARS indicating the amount will be '*deemed as excess contributions*', or any other **document** confirming that the member was a member of an AIPF, must be attached to the tax directive application form.
- B) If the documents **are not attached**, the contributions will not be allowed as a deduction on the tax directive or on assessment.

3.4.18 Transfer by non-member spouse previously taxed.

- a) A non-member spouse who has transferred the divorce award before 1 March 2009 to an approved fund and tax was levied on the amount transferred has to complete this field.
- b) Enter the amount that was transferred. **The after tax-amount must be entered.**
- c) The Fund Administrator must provide the non-member spouse with a copy of the Recognition of Transfer Form (ROT01) to be submitted as supporting documentation on request from SARS.
- d) Where the ROT01 is not provided, the transferred amount will not be taken into account and the benefit will be taxed in full.

3.4.19 Number of completed years used to determine the quantum of the benefit.

- a) **The field 'Was a period consisting of a number of completed years used to determine the quantum of the benefit in terms of a formula prescribed in terms of the rules of the fund?' is mandatory if:**
- i) Where the date of **accrual is before 1 October 2007**, the Fund Administrator / Trustees **must** answer the question on the application form, to indicate if the calculation of the benefit is in terms

of employment or membership:

- A) If 'YES' provide the period of **employment** taken into account in terms of the rules of the fund.
- B) If 'NO' provide the period of membership of this fund during which **contributions** were made.
 - I) If the date of accrual is before 1 October 2007 and there was a break in service, the period should be deducted from the "Date from" to establish the completed years.
 - II) Where the taxpayer is a member of a Public Sector Fund who has purchased years of service prior to and after 1 March 1998. The years purchased **after** 1 March 1998 must be added to the 'Date To'. Therefore, the 'Date To' can be in the future and differs from the 'Date of accrual'.

- b) **Public Sector funds must complete these fields to** enable SARS to calculate the correct taxable portion of the lump sum benefit with the formula in paragraph 2A of the Second Schedule to the Act **where:**
 - i) **There was a break in service, the period should be deducted from the "Date from" to establish the completed years.**
 - ii) **The member that was a member of another public sector fund before joining the current public sector fund submitting the tax directive application form.**
 - A) The 'Date from' can be before 'Date on which the member became a member of the fund' if years of service was bought before 1 March 1998 **but must not before the member has reached the age of 15;** and
 - B) The 'Date to' can be after 'Date of accrual' if years of service were bought after 1 March 1998. Therefore the 'Date to' can be a date in the future.
 - C) The 'commencement date' and 'date of accrual' **will not be** used for the formula in paragraph 2A (old Formula C) of the Second Schedule to the Act if the date of accrual is after 1 October 2007, these dates will be used if provided.

3.4.20 Partial withdrawal prior to retirement or death.

- a) **The field 'Was there a partial withdrawal taken from this benefit in the previous or current fund prior to this payment?' is mandatory if the member has taken a withdrawal benefit prior to retirement.**
- b) **Where a member has transferred from a public sector fund and the member has withdrawn part or all of the pre-1998 vested right, the amount withdrawn must be included in this field to ensure that the pre-1998 portion is correctly calculated, when the member now retires from the approved fund. If this information is not provided on the tax directive application form, the fund can be held liable for a loss to the fiscus where the pre-1998 vested amount is calculated incorrectly, as a result of the omission of the information.**
- c) If 'Yes' is selected, the Fund must provide the following additional information:
 - i) **'Date of the partial withdrawal'.** The Fund must use the date of accrual on the tax directive application submitted for the partial withdrawal.
 - ii) **'Amount of partial withdrawal'.** Enter the amount of the withdrawal benefit from the Preservation Fund before reaching the retirement age.
 - iii) **'Directive number'.** The tax directive number issued by SARS, when the member withdrew a portion of the amount from the Preservation Fund.
- d) The form provides for two withdrawals **where more than one benefit was transferred to the preservation fund.**

3.4.21 Particulars of transfer **before** Retirement

- a) From 1 March 2018 paragraph 2(1)(c) provides that a member's retirement interest in the pension or provident fund, can be transferred for the benefit of a person on or after normal retirement age to a retirement annuity fund / preservation fund, as defined in the rules of the Fund, but **before** the member elects to retire from that pension or provident fund.

Particulars of Transfer before Retirement									
Did the fund transfer the retirement benefit to another fund before retirement? Yes <input type="checkbox"/> No <input type="checkbox"/>					Transferee fund type: Retirement Annuity Fund <input type="checkbox"/> Pension Preservation Fund <input type="checkbox"/> Provident Preservation Fund <input type="checkbox"/>				
The amount transferred to the transferee fund: R									
Name of transferee fund									
E-mail address of transferee fund									
Tel no. of transferee fund					Cell no. of transferee fund				
FSCA Registration no. of transferee fund					Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth				
1 2 1 8 1 0 0 1 0 0 0 0 0 0					R				
					Amount attributed to Post-1 March 2021 Provident Fund value				
					R				

- b) The fields below are mandatory if the reason 'Transfer **before** Retirement [Par 2(1)(c)]' on the tax directive application form is selected.
- Answer the question – 'Did the fund transfer the retirement benefit to another fund before retirement?' – by selecting 'Yes / No'. If 'No' is selected the system will not allow you to complete the below fields and the application form will be rejected.
 - Select the correct 'Transferee fund type': Retirement annuity fund / Pension preservation fund / Provident preservation fund;
 - Enter – 'The amount transferred to the transferee fund';
 - Provide the :
 - 'Name of the transferee fund'. The name must correspond with the Fund name as indicated on the FSCA webpage. (Refer to the 'Active Fund' list on the FSCA website www.fscs.co.za: Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund / Registered Active Funds) Do not use the 'Search' function to populate this field because the spelling could be different.
 - 'E-mail address of transferee fund'. It is a mandatory field and must contain an "@" sign and a domain. Ensure the correct email address is provided. SARS uses this email on the tax directive to inform the Receiving Fund of the ROT01 to be submitted.
 - 'Tel no. of transferee fund';
 - 'Cell no. of transferee fund'; and
 - 'FSCA Registration no. of transferee fund'.
 - Ensure that the correct FSCA number and the Fund name, as indicated on the FSCA webpage [www.fscs.co.za: Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund / Registered Active Funds] is captured to prevent the rejection of the tax directive application form, due to the incorrect spelling of the name or the name and FSCA number does not correspond.
 - Receiving funds will not be able to submit the ROT01 if incorrect numbers are used, as that will cause hardship to the member when the ROT01 is outstanding, when the member's return is submitted.
 - 'Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth.'
 - This amount field relates to contributions to a provident fund before 1 March 2021 including the growth on the date of transfer to the new Fund. This is the vested portion to be transferred.
 - 'Amount attributed to Post-1 March 2021 Provident Fund value'.
 - This amount field relating to the period where contributions to a provident fund was received after 1 March 2021.
 - This field is the total of the non-vested benefit value being transferred.
 - The total of the two provident fund amounts (vested and non-vested) must correspond with the amount in the field 'The amount transferred to the transferee fund' and these fields **must** be provided if the date of accrual is on or after 1 March 2021.
- c) The 'Gross amount of lump sum payment', the 'Gross amount of total benefit' and 'The amount transferred to the transferee fund' **must** be the same amount.

3.4.22 Did the fund purchase an annuity?

Pension/Annuity Purchase Details									
Did the fund purchase a pension / annuity? Yes <input type="checkbox"/> No <input type="checkbox"/> If "YES", state the particulars per pension / annuity purchase:									
Pension / annuity Policy number					Amount utilised to purchase a pension / annuity R				
Indicate the type of annuity purchased: <input type="checkbox"/> Living Annuity <input type="checkbox"/> Guaranteed Annuity									
Name of the registered long-term insurer where the pension/annuity was purchased									
E-mail address of insurer									
FSCA Registered Insurer no.					Tel no.		Cell no.		
Death prior to retirement, the following fields are also mandatory for this purchase:									
Surname									
Name(s)									
Identity Number					Date of Birth (DD/MM/YY)		Passport / Permit no.		
Taxpayer reference no.									

- a) Mandatory fields if the 'Gross amount of lump sum payment'; the 'Gross amount of total benefit' is **not** equal to each other, and the field 'Is the fund paying the annuity' were not completed.
- b) The Fund Administrator must indicate if there are funds available in the fund which will be used to:
 - i) Provide the member with an annuity / pension (remain in the fund);
 - ii) if the funds are used to purchase an annuity / annuities (a living annuity / guaranteed annuity) at a Long-term Insurer(s) to provide a living annuity / guaranteed annuity; or
 - iii) in the case of death before retirement and the beneficiary opts to purchase a living annuity / guaranteed annuity, the fields below must be completed:
 - A) Did the fund purchase a pension / annuity? 'If yes, state the particulars per pension / annuity purchase'.
 - I) Where the member purchased more than one annuity (a living annuity / guaranteed annuity), a container per Long-term Insurer, must be completed for each annuity purchased.
- c) The following details are **mandatory** (per container) and must be provided if the member purchases an annuity from a Long-term Insurer:
 - i) '**Pension / annuity Policy number**'. The policy number allocated by the registered Long-term Insurer. The system will not validate whether this number corresponds with the ROT02 the Long-term Insurer provided to complete the tax directive application form.
 - ii) '**Amount utilised to purchase a pension / annuity**.' This amount is essential and must be provided to the Long-term Insurer to ensure the ROT02 can be submitted successfully. Refer to the below NOTE for the validations applicable to this field.
 - iii) '**Indicate the type of annuity purchased**.' Select either 'Living Annuity' or 'Guaranteed Annuity'.

NOTE: From 1 March 2022, with the remaining two-thirds or more of the retirement benefit exceeding R165 000, the member may use a combination of methods to pay the annuity, or a combination of types of annuities. This means that a portion may be used to receive a pension or annuity directly from the fund, and / or a portion may be used to purchase a living annuity and / or guaranteed annuity, **as long as the value of each of the annuities is R165 000** or more except for tax directive application forms with the directive reason 'Death before Retirement', this validation is not applicable.

- iv) '**Name of the registered Long-term Insurer where the pension / annuity was purchased**'. Ensure that the name corresponds with the name on the FSCA register. (Refer to the 'Insurance' list on the FSCA website, www.fsca.co.za: Home / Regulated Entities / List of Regulated Entities and Persons / Insurance.) Do not use the 'Search' function to populate this field because the spelling could be different.
 - A) The tax directive application will be rejected due to incorrect spelling of the FSCA Insurer name.
- v) '**E-mail address of Insurer**'. – It is a mandatory field and must contain an "@" sign and a domain.
 - A) This email address will enable SARS to contact the Long-term Insurer in order to obtain the ROT02 where it was not submitted electronically by the Long-term Insurer.
- vi) '**FSCA Registered Insurer no.**' – Capture the FSCA Registered Long-term Insurer number in the correct format. Incorrect capturing of this number will result in the tax directive being declined. The format of this number should be 10/10/1/xxxx (followed by four digits, e.g. 10/10/1/0004). Ensure that the correct number is obtained from the Long-term Insurer before the tax directive

application form is captured. (Refer to the '**Insurance**' list on the FSCA www.fsc.co.za: Home / Regulated Entities / List of Regulated Entities and Persons / Insurance.)

- A) Incorrect FSCA Insurer number **that does not correspond with the FSCA Insurer name will cause the rejection of the tax directive application form.**
 - vii) **'Tel no.'** – Enter the telephone number of the person that must be contacted when more information is required.
 - B) Only use numbers.
 - viii) **'Cell no.'**
 - C) Only use numbers.
 - ix) **'Death prior to retirement, the following fields are also mandatory for this purchase'** where a beneficiary or nominee elects to purchase an annuity with his or her portion of the benefit. Enter the details of the beneficiary or nominee who has elected to purchase an annuity from a Long-term Insurer in the following fields:
 - D) *Surname*;
 - E) *Name(s)*;
 - F) *Identity number or other Identity number*;
 - I) The error **'ID number invalid'** indicates the beneficiary's ID number provided on the application form does not correspond with the ID number on SARS's records; or
 - II) the ID number and tax reference number does not match SARS's records. The beneficiary must visit a SARS branch, with their ID document, to update the personal details **or obtain the correct tax reference number.**
 - G) *Date of birth*; and
 - H) *Taxpayer reference number*. This is the income tax reference number of the beneficiary or nominee. The member's tax reference number **cannot** be used. SARS's system will validate that the ID number and tax number corresponds with SARS's data.
 - x) In cases where there **are more than 4 beneficiaries** or nominees who have elected to purchase an annuity (a living annuity / guaranteed annuity) from a Long-term Insurer, the Fund must submit more than one tax directive application and split the **'Gross amount of total benefit'** to ensure the amount(s) utilised to purchase the annuities are equal to the **'Gross amount of total benefit'** on the tax directive application.
- An error message **'Purchase annuities amount incorrect'** or **'Gross amount incorrect'** will be displayed if the total (the sum) of **'Amount utilised to purchase a pension / annuity'** (in each container) does not add up to the **'Gross amount of total benefit'** minus **'Gross amount of lump sum payment'**.

3.4.23'Is the fund paying the annuity?

[illegible]

- a) This field is only mandatory if the *Gross amount of lump sum payment* and *Gross amount of total benefit* are not equal to each other, and the purchase annuity fields are blank or the purchase indicator is 'No'.
 - i) If the Fund did not purchase an annuity the answer must be 'Yes' and the amount remaining in the Fund must be provided.
 - A) This amount must be equal to the answer "*Gross amount of total benefit*" minus '*Gross amount of lump sum payment*' to avoid the tax directive being declined with the message '*Remaining amount incorrect*'; or
 - B) If a portion was used to purchase an annuity, then this remaining amount must be equal to the answer "*Gross amount of total benefit*" minus '*Gross amount of lump sum payment*' minus *the amount(s) used to purchase an annuity / annuities*'.
 - ii) Enter the amount remaining in the Fund in the field '*If 'YES', state the amount remaining in the fund to pay the annuity*'.

NOTE: From 1 March 2022, with the remaining two-thirds or more of the retirement benefit **exceeding R165 000**, the member may use a combination of methods to pay the annuity or a combination of types of annuities. This means that a portion may be used to receive a pension / annuity directly from the fund and / or a portion may be used to purchase a living annuity and / or guaranteed annuity, as long as the value of each of the annuities is R165 000 or more except for tax directive application forms with the directive reason '*Death before Retirement*'.

Non Resident Service Rendered inside the Republic [Section 9(2)(i)]

- a) This container is only available on SARS eFiling and can only be completed if the member of the Fund is a non-resident. The non-resident indicator must be 'Yes'. Refer to **paragraph 3.1.5 'Is the taxpayer a non-resident?',** in this guide.
- b) This container must be completed even if the non-resident did not render any services outside SA, **but the DTA must be taken into account.** Select 'Yes' to the question '*Were any service rendered inside / outside the Republic during the period of membership of the fund?*' The following fields **must also be completed:**
 - i) Total number of months services were rendered while contributing to the Fund;
 - ii) Total number of months services were rendered inside the Republic while contributing to the Fund; and
 - iii) Total number of months services were rendered outside the Republic while contributing to the Fund.
- c) A detailed **history of employment, on the letterhead of the employer must be attached** to the tax directive application form as well as the certificate of residence. **The detailed history of employment letter must clearly indicate the start day / month / year and an end day / month / year of employment and where the services were rendered while contributing to the fund.**
- d) Where no services were rendered inside SA and **the non-resident is a member of an SA fund** (e.g. Eswatini (Swaziland), Lesotho, Botswana, etc.), the container must also be completed.
 - i) Select 'Yes' to the question '*Were any services rendered inside / outside the Republic during the period of membership of the fund?*'.
 - ii) Provide the months of service rendered inside and outside SA according to the history of employment.

[illegible]

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- the member exited from the public sector fund);
- v) If the taxpayer **was not a member** of a public sector fund prior to 1 March 1998;
 - vi) **The member of a public sector fund transferred the benefit before 1 March 2006 to an approved fund;**
 - vii) The Fund submitting the tax directive application form **is a public sector fund**. For more information refer to '3.4.19 Was a period consisting of a number of completed years used to determine the quantum of the benefit in terms of a formula prescribed in terms of the rules of the fund? These fields will be used to determine the pre-1998 vested right portion; or
 - viii) **The member transferred from the Associated Institutions Pension Fund (AIPF) to this current approved fund. The field in paragraph '3.4.17 - Former AIPF member's contributions transferred to the Fund' must be used.**
- c) Paragraph 5 of the Second Schedule to the Act specifically provides for a deduction in circumstances where the amount has not previously been allowed as a deduction to a member. Therefore, where a member of a public sector fund has opted to transfer the taxable portion of a withdrawal benefit to another fund and has elected to take the tax-free portion as a lump sum, a deduction in terms of paragraph 6 of the Second Schedule to the Act will be allowed.
- d) All the fields in this container must be completed where the member of a public sector fund has transferred the **full benefit** to an approved fund and is retiring from this transferee fund or has transferred for a second time after 1 March 2018 to another approved fund, and is now retiring from the second approved fund. The fields to be completed:
- i) *'Period of employment in public sector fund.'*
 - A) The Fund Administrator / Trustees must only provide the 'From date' and 'To date' in terms of the period **employed** in the Public Sector Fund.
 - ii) Provide *'The original amount attributed to the above period of membership in the Public Sector Fund (full benefit)'*;
 - iii) This is the amount that was transferred from the Public Sector Fund when the member exited the Public Sector Fund.
 - A) If the benefit was transferred from GEPP, the amount in the 'Member's gross benefit' / 'Benefits Resignation' field on the ROT from GEPP must be used.
 - B) If the ROT indicates that a debt was deducted, the above field must be reduced with the debt amounts. GEPP must be contacted if there is any uncertainty regarding the amount the GEPP has used on the tax directive.
 - l) **The taxpayer can also obtain a copy of the tax directive** on eFiling when selecting 'Request Previous Years Directive' and provide it to the fund to ensure that the correct **directive amount** is used on the tax directive application form. **SARS cannot / will not provide the information received from the transferring fund to the receiving fund. The required information must be on the ROT01.**
 - iv) Enter the *'Public Sector fund directive number for the original transfer'*.
 - A) If the directive number provided does not exist or the directive number provided is not for a transfer from a public sector fund to an approved fund, the tax directive application will be declined.
 - l) **The taxpayer can also obtain a copy of the tax directive** on eFiling when selecting 'Request Previous Years Directive' and provide it to the fund to ensure the correct **directive number** is used on the tax directive application form. **SARS cannot / will not provide the information received from the transferring fund to the retirement annuity fund. The required information must be on the ROT01.**
 - v) Enter the *'Date the amount was transferred from a public sector fund (CCYYMMDD)'*;
 - vi) Enter the *'Date of transfer from first approved fund (CCYYMMDD)'*;
 - A) Leave blank if the benefit was received **directly** from a public sector fund and **was not** transferred to another approved fund.
 - vii) Both the following questions **must be answered**:
 - A) **Answer the question – 'Was the benefit received directly from a Public Sector Fund?'** Selecting 'Yes / No';.
 - l) The answer must be 'Yes' if the current fund paying the benefit received the benefit directly from the Public Sector Fund.
 - ll) The answer must be 'No' if the current fund paying the benefit now, did not receive the benefit directly from the Public Sector Fund.
 - B) **Answer the question – 'Did the previous Fund indicate the benefit was from a Public Sector Fund?'** Selecting 'Yes / No'.
 - l) The answer must be 'Yes' if the current Fund paying the benefit did not receive it

- directly from a public sector fund, but from an approved fund indicating on the ROT that there was service rendered in the public sector fund.
- II) The answer must be 'No' if the benefit was received directly from a public sector fund.

- e) The above information will determine if the member can get the deduction in terms of paragraph 5 of the Second Schedule:
- i) Therefore, if the information is captured incorrectly the pre-1998 vested rights will not be taken into account.
 - ii) **If the reason for the directive number captured in this container was not '05- Transfer' / '31 - Divorce transfer' / '52 - Transfer before Retirement [Par 2(1)(c)]' the pre- 1998 vested right amount, will not be allowed as a deduction.**
 - iii) **The Transferring Fund did not indicate on the tax directive application that the fund transferring the benefit is a public sector fund.**
- f) To avoid the cancellation of tax directives, the Fund Administrator can use the simulation option before submitting the final tax directive application, to ensure that the pre-1998 vested rights are taken into account.

3.4.26Details of Salary earned (only applicable for date of accrual prior to 1 October 2007))

- a) These fields are mandatory **ONLY** if the date of accrual is before 1 October 2007. These fields are only on the Form A&D tax directive application form.
- b) The highest average salary earned by the member during any 5 consecutive years, in the service of the employer, during his membership of the Fund;
- i) The highest average salary earned by the member during any 5 consecutive years in the service of the employer during his membership of the Fund must be provided where the date of accrual is before 1 October 2007.
 - ii) Where the Fund Administrator / Trustee has less than 5 consecutive years of information, the available information must be entered, and the average salary will be determined according to the information supplied.
- c) **Average for 5 years or lesser period if employee employed for lesser period: (only on Form A&D)**
- i) **Only** mandatory if the date of accrual is before 1 October 2007.
- d) **The members' salary during 12 months immediately preceding death. (Only on Form A&D)**
- i) **Only** mandatory if the date of accrual is before 1 October 2007.
- e) **Particulars of employer**
- i) **Only** mandatory if the date of accrual is before 1 October 2007.

3.4.27Declaration

- a) Refer to paragraph 3.8 DECLARATION AND SIGNATURE.

3.5 Form B

- a) This form must be used for payments before the member reaches retirement age.
- b) **The Fund Administrator must analyse the nature of the lump sum payment(s) that will be made to the member and select the appropriate reason provided on the tax directive application form.**
- c) The following reasons for the tax directive are on the Form B application form:

Particulars of Gross Lump Sum Due						
Reason for directive:	Transfer	Divorce - Transfer	Transfer Undeclared Benefit	Per (eA) Transfer Payment	Divorce - Member Spouse	Divorce - Non-Member Spouse
	Resignation	Withdrawal	Termination of Employment (Retrenchment)	Future Surplus	Undeclared Benefit	Security of Mortgage Bond Order / Housing Loan
	Emigration Withdrawal	Withdrawal due to Visa Expiry	Cessation of SA Residence			

3.5.1 Transfer

- a) If the member indicates that the total benefit must be transferred to another approved fund, the reason for the tax directive must be 'Transfer' and the 'Gross lump sum payable' must be equal to the amount transferred to enable SARS's tax directive system to finalise the tax directive application. **The 'Transfer' container must also be completed. Refer to paragraph 3.5.29 'Did the Fund pay any portion of the lump sum payment into another fund?' in this guide.**
 - i) Where the Fund has to pay the housing loan **before** the amount can be transferred or the Fund has to pay any debt on behalf of the member, the Fund **must** first submit a tax directive application for the housing loan using the reason 'Security of mortgage bond order / housing loan'. If the Fund has to pay an employee's debt the reason 'Withdrawal' must be used. After the tax-on-tax directive (second directive) has been submitted, the **balance** of the benefit can be transferred using the reason 'Transfer'.
 - ii) The reason **must be 'Transfer'** to ensure that SARS's tax directive system does not issue a 'Third Party Appointment' (IT88L) or decline the tax directive where the taxpayer's tax affairs are not in order.
- b) If the reason 'Transfer' is used, the Transferring Fund **type cannot be 'Unclaimed Pension Preservation' (08) or 'Unclaimed Provident Preservation' (07) fund type.** Therefore, if the reason 'Transfer' is used the Transferring Fund **type** can only be pension, provident, pension preservation or provident preservation fund **but the name of the receiving fund can still reflect it is an 'Unclaimed Preservation Fund.'**
- c) No deductions will be reflected on the tax directive (IRP3e) or simulation when the reason 'Transfer' is selected and the transfer is tax neutral.
- d) The Transferee Fund will confirm the receipt of the benefit electronically (ROT01) and will therefore require the tax directive number.
- e) With effect of 1 March 2017 paragraph 9(3)(b) was deleted and therefore tax directive applications must be submitted for all transfers of a benefit from one fund to another, **and an IT3(a) tax certificate must be issued to enable the member to include the transfer in the annual return and to avoid a rejection of the annual return.**
- f) Where a member elects to transfer the benefit to more than one fund, the Fund Administrator must split the amount and submit **a tax directive for each transfer separately.** Remember the date of accrual cannot be the same date as SARS's system will decline the tax directive application as a duplicate submission. **For each application one day must be added or subtracted from the original date of accrual to avoid the error message 'Duplicate application'.**
- g) The reason 'Transfer' **cannot** be used for **transfers from a local fund to a fund registered in a foreign jurisdiction** (unapproved fund) and the member is a non-resident. The member can only withdraw from the Fund. Therefore, the reason 'Withdrawal' must be used and the tax directive application form on eFiling must be completed. The following must be done regarding the tax directive application form:
 - i) Complete the **history of employment** on the tax directive application form in the container 'Non-Resident Service Rendered Inside / outside Republic [Section 9(2)(i)]'. Attach the letter reflecting the **history of the member's employment** on the employer's letterhead (For detailed information refer to 3.5.31 – 'Non-Resident Service Rendered Inside / outside Republic [Section 9(2)(i)]');
 - ii) Indicate on the applicable field of the tax directive application whether the member / taxpayer is a non-resident. (For detailed information refer to 3.1.5 - *Is the taxpayer a non-resident?* in this guide.);
 - iii) Indicate on the applicable field whether there is a certificate of residence and attach a copy to the tax directive application (citizenship certificate only where a DTA is not applicable) (For detailed information refer to 3.1.6 *Is the certificate of residence attached?* in this guide).

NOTE: If the history of employment document, on the letterhead of the employer is not attached to the tax directive application form and the relevant fields are not completed, the tax directive will be rejected. **The**

detailed history of employment letter must clearly indicate the start day / month / year and an end day / month / year of employment and where the services were rendered while contributing to the fund.

- h) From 1 March 2021, provident and provident preservation funds will be aligned to pension, pension preservation and retirement annuity funds, in that, on retirement the member of a provident and / or provident preservation fund must purchase an annuity (this is, the two-thirds to be annuitised and one-third still available as a cash lump sum).
- i) Therefore, if the member of a provident or provident preservation fund, **transfers** between funds, the transferring fund must **clearly** indicate the 'Amount attributed to pre-1 March 2021 provident fund vested benefits plus growth', and the 'Amount attributed to post-1 March 2021 provident fund value'. The field 'Amount attributed to Pre-1 March 2021 Provident fund vested right plus growth' must also be used for if the fund type is provident preservation fund. Refer to paragraph 3.5.29 'Did the Fund pay any portion of the lump sum payment into another fund?' in this guide.
- i) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115. If no tax was reflected on the IRP3e, reason code 04 must be used in the 'Reason for no tax deducted' field.

3.5.2 Divorce – Transfer

- a) If the non-member spouse indicates that the total benefit awarded by the court must be transferred to another approved fund, the reason for the tax directive must be '*Divorce - Transfer*' and the gross lump sum payable must be equal to the amount transferred to enable SARS's tax directive system to finalise the tax directive application.
- b) The same rules are applicable as indicated above if the reason is '*Transfer*'. **The '*Transfer*' container must also be completed. Refer to paragraph 3.5.29 'Did the Fund pay any portion of the lump sum payment into another fund?' in this guide.**
- c) Please note that details of the person **receiving** the benefit (i.e., the non-member spouse) must be entered as '*Taxpayer details*' for tax directive applications with a date of accrual on or after 1 March 2009.
- d) The divorce benefit can either be transferred or be taken in cash. The non-members spouse **cannot split** the benefit and take a portion in cash and transfer a portion.
- e) The amount in the '*Gross amount of lump sum payment*' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115. If no tax was reflected on the IRP3e, reason code 04 must be used in the 'Reason for no tax deducted' field.

3.5.3 Transfer Unclaimed benefit.

- a) This reason must **only** be used where:
 - i) the Fund is **liquidated or is in the process of winding-up** and only unclaimed benefits **is remaining** in the Fund because some of the members cannot be traced; **or**
 - ii) where the Fund **does not have** an ID number and / or an income tax reference number for a member whose benefit must be transferred to an unclaimed preservation fund.
 - A) **if the fund has either the ID number or an income tax reference number this tax directive reason must not be used.**
- b) **The '*Transfer*' container must also be completed. Refer to paragraph 3.5.29 'Did the Fund pay any portion of the lump sum payment into another fund?' in this guide.**
- c) If the reason '*Transfer unclaimed benefit*' is selected:
 - i) This reason can only be used from 1 March 2017.
 - ii) An ROT01 is required **and must be submitted.**
 - iii) **Before 1 March 2021 the following transfers were allowed:**
 - A) Only a '*Pension fund*' can transfer to an '*Unclaimed Pension Preservation fund (08)*'; and

- B) Only a 'Provident fund' can transfer to an 'Unclaimed Provident Preservation fund (07)'.
- C) Only the receiving fund type can be 'Unclaimed Pension Preservation (08)' or 'Unclaimed Provident Preservation (07)'.
- iv) The simulation **cannot** be submitted where the reason is 'Transfer Unclaimed benefit'.
- d) From 1 March 2021 the transfer of unclaimed benefits is no longer limited to the same type of fund, i.e. pension funds can be transferred to provident preservation funds on a tax neutral basis.
- e) **No IRP5/IT3(a) tax certificate** should be issued.
 - i) If the Interface system is developed in such a manner that an IRP5/IT3(a) tax certificate is issued when a tax directive was received, **the tax certificate must only reflect the information that was captured on the tax directive application form**, and the amount in the 'Gross amount of lump sum payment' field on the tax directive application must be entered in the amount field for source code 3923 on the IRP5/IT3(a) tax certificate. If no tax was reflected, then reason code 04 must be used in the 'Reason for no tax deducted' field.
 - ii) **To avoid hardship to the taxpayer when submitting the annual return, these tax certificates should not be issued and / or be included in the reconciliation.**

3.5.4 Par (eA) – Transfer / payment

- a) This reason must only be used by public sector funds where:
 - i) A member of a public sector fund transfers from a pension fund to a provident fund; or
 - ii) The Fund redeems a taxpayer's debt to an employer or any other debt (GEPF), such as a housing loan in accordance with the rules of the Fund, while still in the employment of the same employer. Paragraph (eA) of the definition of 'gross income' in section 1(1) of the Act is applicable.
- b) The special tax rates applicable to retirement fund lump sum **benefits** and retirement fund lump sum withdrawal benefits are **not** applicable. The taxable two-thirds portion will be included in 'gross income' and taxed at marginal rates.
- c) The **annual income** must be provided on the tax directive application to ensure that the tax calculation is correct. If the annual income is not provided the tax rate will only be 18% and this will cause the taxpayer to pay large amounts, when the final assessment is issued.
- d) A second tax directive application for the tax-on-tax **must** be submitted where the reason is not used for the transfer but the payment of the member's debt i.e. housing loans.
- e) **The 'Transfer' container must also be completed. Refer to paragraph 3.5.29 'Did the Fund pay any portion of the lump sum payment into another fund?' in this guide.**
- f) The amount in the '**Gross amount of lump sum payment**' field must be entered in the amount field for **source code 3614** on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4102.
- g)
- h) The amount in the '**Gross amount of lump sum payment**' field must be entered in the amount field for **source code 3614** on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4102.

3.5.5 Divorce – Member spouse

- a) This reason **should only be used if the date of accrual (date of election) is** before 1 March 2009 where the court has awarded a portion of the member's benefit to the non-member spouse.
- b) The divorce award was included in the member's income. The member was liable for the tax even if the benefit was transferred. Therefore, the Pension Funds Act allowed a fund to deduct from a member's individual reserve the PAYE that was due on the tax directive for the divorce award.
- c) A second tax directive application must be submitted for the PAYE **that** the Fund had to deduct from a member's individual reserve. Refer to the General Note 33 – 'Divorce Award' on SARS website

www.sars.gov.za for the formula to be used to submit a second tax directive instead of several tax directive applications.

- d) The divorce benefit can only be transferred or taken in cash.
- e) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3902 / 3904 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4102.

3.5.6 Divorce – Non-member spouse

- a) From 1 March 2009 the tax directive application must be submitted in the name of the non-member spouse as the member is **not** liable for the tax on the amount awarded by the court.
- b) The withdrawal rates will be applicable if the non-member spouse takes the benefit in cash.
- c) The divorce benefit can either be transferred or be taken in cash. The non-member spouse cannot split the benefit and take a portion in cash and transfer a portion.
- d) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.5.7 Resignation

- a) The reason must be used where the member resigned from employment and takes the full benefit in cash, or
- b) Where the member takes a portion in cash and transfers a portion to another approved fund. **For more information on transfers refer to paragraphs 3.5.1 'Transfers' and refer to 3.5.29 'Did the Fund pay any portion of the lump sum payment into another fund?', in this guide.**
- c) The Fund type on the tax directive application form cannot be '*Unclaimed Pension Preservation (08)*' or '*Unclaimed Provident Preservation (07)*' when a tax directive application is submitted for an '*Unclaimed Benefit*' payable from the Unclaimed Preservation Fund. Therefore, the Fund type on the tax directive application form **can only** be '*Pension Preservation Fund (05)*' or '*Provident Preservation Fund (04)*'.
 - i) Fund type '*(08) Unclaimed Pension Preservation*' or '*(07) Unclaimed Provident Preservation*' can only be used **when** a fund **receives** an '*Unclaimed Benefit*'.
- d) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.5.8 Withdrawal / winding up.

- a) The reason must be used where the member withdraws from the preservation fund prior to retirement; or where the Fund is being wound-up.
 - i) **The member must not be allowed** to take the once-off withdrawal benefit from the preservation fund if the amount was received from a pension or provident fund where the member was older than 55 years and the tax directive reason was '**Transfer before Retirement [Par 2(1)(c)]**' on a Form A&D. The member can only retire from the preservation fund and a **withdrawal is not allowed**.
 - ii) **Where the Fund is being wound-up and a member has reached retirement age the fund cannot use the reason 'retirement' if the rules of the fund does not make provision for retirement on winding-up of the fund. The member has to transfer the benefit to a preservation fund and retire from the preservation fund.**
- b) The Fund type on the tax directive application form cannot be '*Unclaimed Pension Preservation*' (08) or '*Unclaimed Provident Preservation*' (07) when a tax directive application is submitted for an '*Unclaimed Benefit*' payable from the Unclaimed Preservation Fund. Therefore, the '*Fund type*' on the tax directive application form **can only** be '*Pension Preservation Fund (05)*' or '*Provident Preservation Fund (04)*'.

- i) Fund type '(08) Unclaimed Pension Preservation' or '(07) Unclaimed Provident Preservation' can only be used **when** a fund **receives** an 'Unclaimed Benefit'.
- c) The amount in the 'Gross amount of lump sum payment' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.5.9 Termination of employment (Retrenchment)

- a) 'Termination of Employment - Retrenchment' is applicable where a member has to exit the employer's pension fund or provident fund due:
 - i) to the employer ceasing to continue trade;
 - ii) intending to cease carrying on the trade in respect of which the person was employed; or
 - iii) a person becoming redundant due to an employer reducing personnel.
- b) Therefore, the 'Termination of Employment (Retrenchment)' is only applicable to the employer's fund **not** to a preservation fund.
- c) **The error message '4008-Date of accrual cannot be less than 2009/03/01' will appear if the date of accrual is before 1 March 2009 and the tax directive reason 'Termination of Employment - Retrenchment' is used.**
- d) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source **code 3915** on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115. If no tax was indicated on the IRP3e (directive) reason code 04 must be used in the 'Reason for no tax deducted' field.

3.5.10 Future surplus

- a) Future surplus determined in terms of Section 15C and distributed to former members or pensioners as a lump sum in terms of section 15D(1)(b) or 15E(1)(d) of the Pension Funds Act is taxable in terms of paragraph 2(1)(b) of the Second Schedule, and the paragraph 6 deductions of the Second Schedule to the Act are **not** applicable as the payment is not as a result of death, retirement or resignation.
- b) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code **3921** on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.5.11 Unclaimed benefit

- a) Can only be used if the date of accrual is before 1 March 2009.
- b) An unclaimed benefit as described in Interpretation Note 99 - '*Unclaimed benefits*' (previously General Note 35) is recognised as a benefit that accrued to a beneficiary who failed to claim it.
- c) GN 35 was only applicable to benefits that have accrued to the member before 1 March 2009 and was replaced with Interpretation Note 99 – '*Unclaimed benefits*' on SARS's website.
- d) The reason '*Unclaimed benefit*' cannot be used if the date of accrual is after 1 March 2009.
- e) As soon as the taxpayer or beneficiary claims the benefit the Fund Administrator must **NOT CANCEL** the unclaimed benefit tax directive, but a second tax directive application form must be submitted, quoting **the exact reason** for the exit from the Fund.
 - i) Such tax directives must be dealt with in the normal manner applicable to a tax directive application with reference to the reason for exit from the Fund.
 - ii) The original date of accrual (the actual date of exit from the Fund) remains unchanged and cannot change to the date **that** the member claims the benefit.
 - iii) For more detailed information regarding unclaimed benefits refer to Interpretation Note 99 – '*Unclaimed benefits*' on SARS's website.

- f) The amount in the '*Gross amount of lump sum payment*' field must be entered in the amount field for source code 3902 / 3904 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4102.

3.5.12 Security of mortgage bond order / housing loan

- a) Public Sector Funds **must use** the reason paragraph (eA) if the Fund is liable for a housing loan. **The above reason must not be used if the Public Sector Fund is obliged to pay the housing loan.**
- b) Retirement funds can provide housing loans and / or secure guarantees in terms of section 19(5) of the Pension Funds Act.
- c) When the **approved** Fund becomes liable for the guarantee or the loan before there is an exit event, the Fund must deduct the amount from the member's minimum individual reserve. This amount will be deemed to accrue to the member and is taxable in the hands of the member.
- d) The employees' tax to be deducted or withheld on the loan amount will not reduce the amount payable to the third party.
- e) Section 37D(1)(e) of the Pension Funds Act makes provision for the deduction of employees' tax from the member's minimum individual reserve to avoid hardship for the member.
- f) The payment of employees' tax is also deemed to be a lump sum benefit for purposes of the Second Schedule to the Act and is thus taxable in the hands of the member. A second tax directive application for the tax-on-tax must be submitted **where the member is still in employment or transfers the resignation benefit to another fund.**
- g) The following formula must be used to determine the tax-on-tax effect that the deduction of the employees' tax from the minimum individual reserve creates:
- $X = A / C \times B$
 - X = represents the amount for which the additional tax directive **(the second application / tax-on-tax)** must be applied for.
 - A = the tax deductible as per the first tax directive.
 - B = 100
 - C = 100 minus the member's effective rate of tax as determined by the first tax directive, e.g., C will be $100 - 18 = 82$. The effective rate of 18% must be used where the rate is less than 18%. Therefore, the effective rate cannot be less than 18%. Where the effective rate is between:
 - 18% and 26.99% use 27%;
 - 27% and above use 36% as the effective rate to ensure no hardship is caused on assessment.
 - (Effective rate = PAYE as per first tax directive **divided** by the amount of the loan amount).
- h) To prevent a '*duplicate application*' error on the second tax directive application for the tax-on-tax directive, the letter 'H' must be added to the membership number or the original date of accrual must be increased by one day or less one day, but must be in the same year of assessment.
- i) If the tax directive reason '*Security of Mortgage Bond Order / Housing Loan*' is used for paying the housing loan, SARS's tax directive system will not issue an IT88L where there are outstanding taxes on the member's income tax account.
- j) If any other reason is used, SARS's tax directive system will issue and attach an IT88L to the tax directive. The Fund must then pay the outstanding taxes over to SARS.
- k) The amount in the '*Gross amount of lump sum payment*' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.5.13 Transfer – Inactive Member with Insufficient Information

NOTE: This reason must **ONLY** be used for **inactive members** for bulk transfers where the Fund Administrator does not have contact details of the inactive member.

- a) From 7 December 2018 this reason is available **ONLY** for electronic tax directive application forms

submitted through eFiling or an Interface agency. The date of accrual on the tax directive application **cannot** be before 1 March 2017.

- b) Due to insufficient information of the **inactive members** the Fund Administrators cannot obtain a tax directive for section 14 transfers. This reason will assist the Fund Administrator to obtain a tax directive and to transfer the **inactive** members' benefits in terms of section 14 of the Pension Funds Act successfully where the fund administrator does not have an ID number / passport number and TRN.
 - i) Where the fund has an ID number but not a tax reference number (TRN), the fund **must** first **obtain the TRN from the employer or** search for the TRN on eFiling. Refer to the external guide 'Tax Reference Number (TRN) Enquiry Services on eFiling - GEN-ENR-01-G08' to obtain the TRN of the member(s).
- c) Where the reason '54 - Transfer – Inactive Member with Insufficient Information' is used on the Form B, the application number of the declined tax directive with the reason '05 - Transfer' as well as the Surname, Initial and the date of birth is mandatory. The Fund Administrator must first submit a tax directive application with the reason '05 – Transfer', and only once the original tax directive with the reason '05 - Transfer' was declined / rejected, can the Fund use the above-mentioned tax directive reason.
 - i) The system will validate that the '*application number*' of the original transfer tax directive **application**, which was declined due to insufficient information, used. The '*application number*' of any other tax directive application form may not be used and the status of the original tax directive must be '*Application Declined*'.
 - ii) If the taxpayers details differ from the details completed on the tax directive application with the reason '05 – Transfer' the tax directive application will be declined.
 - iii) If the status of the tax directive is '*Finalised*' the application will be rejected.
 - iv) The Fund transfer combination **before 1 March 2021** can only be one of the following:
 - A) Provident Fund to Provident Fund;
 - B) Provident Fund to Pension Fund;
 - C) Pension Fund to Pension Fund; or
 - D) Pension Fund to Provident fund – only with effect from 1 March 2021.
 - v) Any other combination of transfers will result in the system rejecting the tax directive application.
- d) The ROT01 is required, and the Transferring Fund must **provide** the information used on the tax directive application to the Receiving Fund, **to ensure that** the ROT01 is successfully **submitted**. **If the Receiving fund cannot submit the ROT01, where the Transferring Fund uses this reason for active members, the Receiving fund should request the Transferring Fund to cancel the tax directive and use the reason '05 – Transfer' with the correct TRN and ID number to prevent the rejection of the taxpayer's return.**
- e) **No IRP5/IT3 (a) tax certificate** can be issued as the Fund does not have the **ID number or passport number** of the member / taxpayer.

3.5.14 Emigration Withdrawal (only on SARS (Only on SARS eFiling))

- a) **'Emigration withdrawal' tax directive applications can only be submitted through SARS eFiling.**
- b) The definitions of '*pension preservation fund*' and '*provident preservation fund*' have been amended with effect from 1 March 2019, to allow a member who **has previously used the once-off withdrawal** from the Fund to **withdraw the full benefit** prior to his / her retirement date, where a member emigrated from the Republic and that emigration is recognised by the South African Reserve Bank for purposes of exchange control. Countries which form part of the Common Monetary Area (CMA) SA, Namibia, Lesotho and Eswatini (Swaziland) cannot use the reason emigration withdrawal.

NOTE: The TRN is not mandatory if the person **has no** active number or has an inactive tax reference number on SARS system. If the person **has an inactive number on the SARS system**, to prevent the rejection error '**273 – Taxpayer is inactive**', the inactive number **must be reactivated BEFORE** a tax directive application can be submitted.

- c) The Fund **must** also complete the questions in the **below 'Emigration withdrawal'** container on the Form B application form.

Emigration Withdrawal	
Was an application for emigration recognised by the Reserve Bank?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Is proof of a valid Tax Clearance certificate attached?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Is the certificate of residence of the new country of residence attached?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Please state date of emigration. (CCYYMMDD)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Please note: if the answer to any of the above questions is "Yes", copies of the said documentation must be submitted as supporting documents to verify the validity of this request.

- d) Mandatory and must only be completed if the reason '*Emigration withdrawal*' is **selected**.
- i) On eFiling when the **Fund Administrator** submits the application form the system will prompt the upload of the following compulsory supporting documentation before the tax directive application form can be submitted:
- A) A letter from the Authorised dealer to confirm **that the emigration was recognised** by the South African Reserve Bank for purposes of exchange control.
 - I) For tax directive applications with a **date of accrual after 1 March 2022**, if the date on the letter is after 1 March 2022, the application will be rejected.
 - II) If the letter from the Authorised dealer does not indicate that it recognised the emigration, the application will also be rejected.
 - B) A copy of the Tax Compliance Status (TCS) letter or an affidavit indicating **when** the TCC was issued by SARS and the reasons **why** the TCC cannot be provided.
 - I) Where the taxpayer has a tax reference number (TRN), the TCC / TCS must be in the name of the taxpayer.
 - II) For tax directive applications with a date of accrual after 1 March 2022, a copy of the MP336(b) form must also be attached. If the MP336(b) form is not stamped and signed by SARB before 1 March **2021** the application will be rejected.
 - C) The member's certificate of residence obtained from the relevant **Tax Authority** of the country in which the member **resides**.
 - I) Where the DTA must be taken into account, a letter must be included indicating that the DTA must be taken into account **and the container in paragraph 3.5.31 'Non Resident Service Rendered Inside / outside Republic' in this guide must be completed.**
 - D) The date of emigration must be provided.
 - I) This date must correspond with the date on the MP336 and the date on the letter from the Authorised Dealers confirming the emigration was recognised by the South African Reserve Bank for purposes of exchange control.
- ii) For more information refer to the external guide '*Tax Directive for Emigration and cessation of visas*' on SARS website www.sars.gov.za.
- e) Where the response to the question is '**Yes**', the Fund Administrator **must** ensure that the relevant documentation is attached to the tax directive application form. Where the certificate of residence and the relevant documents are not attached to the tax directive application, the tax directive will not be issued.
- f) On submission of the tax directive application form on eFiling a case will be created where a SARS **official** has to verify that the correct supporting documents were uploaded and that the tax directive application form was completed in full and correctly. **The turnaround time to review the documents is 21 working days.**
- i) If the incorrect supporting documents were uploaded or the application form was not completed in full, the SARS **official** will reject the tax directive application. The Fund has to resubmit the tax directive application form and ensure that **ONLY** the **correct** required supporting documents are uploaded / attached.
 - ii) **The person submitting the application must ensure that the status on eFiling is 'Submitted to SARS'. If the status is 'Upload documents', the application has not been submitted to SARS and only once the relevant supporting documents have been uploaded and submitted, will a case be created to be reviewed. The below status indicates that the documents were not uploaded and submitted to SARS.**

The screenshot shows a web interface with a blue header bar containing the word "STATUS". Below this is a yellow bar with a red button labeled "UPLOAD DOCUMENTS". Underneath is another blue bar labeled "ACTION REQUIRED". The main content area is white and contains the following text:

You have not yet uploaded required supporting documents.
This cancellation request will not be processed until you do the following:-

- Click **UPLOAD DOCUMENTS**
- Once you have uploaded all the documents, click the **SUBMIT DOCUMENTS** button.

- iii) If the application form was completed in full and the **correct** supporting documents were uploaded the SARS official will approve the tax directive application form and the application form will be processed on SARS system. Once approved, the tax directive will be issued.
- A) If the validations on SARS's system are not met **i.e. the FSCA name or number is incorrect**, the tax directive application will be declined. In order to find out the reason for it being declined a list of errors can be viewed on eFiling.
- g) The reason 'Cessation of SA Residence' must be used from 1 March 2021. Refer to paragraph 3.5.15 'Cessation of SA Residence' **below** for more information. If the taxpayer was in the process of emigrating and has submitted the MP336(b) to the Authorised dealer (bank) before 1 March 2021, the reason emigration withdrawal can be used. This reason '*Emigration withdrawal*' is **ONLY** for taxpayers who are in the process of formally emigrating and where the emigration is accepted by SARB (stamped and signed) on or before 28 February 2021. All the relevant supporting documents for '*Emigration withdrawal*' (including a copy of the stamped and signed MP336(b) form) must be attached to the application form.
- h) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.5.15 Cessation of SA Residence (Only on SARS eFiling)

- a) '**Cessation of SA Residence**' tax directive applications can only be submitted through SARS eFiling.
- b) The definitions of '*pension preservation fund*' and '*provident preservation fund*' have been amended with effect from 1 March 2021, to allow a member **who has previously used the once-off withdrawal** from the Preservation Fund to withdraw **the full benefit before** the member elects to retire where a member has not been a resident for an uninterrupted period of three years or longer, **prior to the date that the member elected to withdraw the benefit**.
- c) '*Cessation of SA Residence*' reason can be used from 1 March 2021 for a member who ceased to be an SA resident before 1 March 2021. A non-resident who has previously used the once-off withdrawal and wants to withdraw the full benefit before reaching the age of 55 must meet the following requirements:
- informed SARS that he / she ceased to be a resident (**completed the RAV01**);
 - must be out of the country for an uninterrupted period of three years or longer, **prior to the date that the member elected to withdraw the benefit**; and
 - must provide the Fund Administrator with evidence confirming that he / she was out of the country for an uninterrupted period of three years or longer **prior to** the date on which the member **elected to withdraw the benefit**.
- d) **The below 'Cessation of SA Residence' container on the Form B application form must also be completed:**

Cessation of SA Residence	
Certificate of residence Y/N	Y <input type="checkbox"/> N <input type="checkbox"/>
Document confirming cessation of residence Y/N	Y <input type="checkbox"/> N <input type="checkbox"/>
Date of Cessation of SA Residence (CCYYMMDD)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

- e) Mandatory and must only be completed if the reason for the tax directive is 'Cessation of SA Residence.'
- f) The Fund Administrator must indicate if the following supporting documents are attached to the tax directive application form with an 'Y' or a 'N':
- i) 'Certificate of residence'
 - A) If 'Y', the certificate of residence from the Tax Authority of the new country of residence must be attached and this certificate must not be older than 12 months.
 - ii) 'Documentation confirming cessation of residence'.
 - A) If 'Y', the Fund Administrator must ensure that the member was not a resident for an uninterrupted period of three years or longer prior to the date on which the member elected to withdraw the benefit. The documents that the Fund has obtained to confirm the cessation of residence must be attached to the tax directive application, for example, assessments issued by the country of residence, and / or a clearly legible copy of the member's passport as well as a travel diary that corresponds to the date stamps in the passport, indicating the reason for the visits to SA, and / or any other relevant supporting documents, etc. to confirm the taxpayer ceased to be resident.
 - B) The taxpayer with a tax reference number must have informed SARS that he / she has ceased to be an SA resident. If SARS's system does not reflect the taxpayer as a 'non-resident', the directive application will be rejected.
 - I) The taxpayer must complete the RAV01 on eFiling or make an appointment for the RAV01 to be completed at a SARS Office if the taxpayer did not inform SARS previously.
 - II) Where SARS has issued an 'Update Tax Residency Status' notice a copy should be attached to the tax directive application.
 - C) If the taxpayer is not registered for income tax purposes, a letter of compliance will be issued on a SARS letterhead. A copy of this letter must be attached to the tax directive application form, as proof that the member has informed SARS of the cessation.
 - I) The tax directive application can be submitted without a tax reference number. However, then all the supporting documents to confirm the person has ceased to be an SA resident must be attached.
 - II) The error message '117 – Tax ref no. already exist, please correct' will be displayed if the taxpayer has a tax reference number on SARS's system. If the tax reference number is inactive it must first be re-activated before the tax directive application can be submitted.
 - iii) 'Date of cessation of SA Residence (CCYYMMDD)'.
 - A) This date can be before 1 March 2021.
 - B) This is the date when the taxpayer ceased to be an SA resident.
 - C) The member can only withdraw the benefit if the member was outside SA for 3 or more uninterrupted years, prior to the member exercising the choice to withdraw the benefit.
 - D) The error message '4544 – Invalid date of cessation of SA residence' will be returned if the person is not out of the country for more than 3 uninterrupted years according to the information on the tax directive application form.

NOTE: The TRN is not mandatory if the person has no active number or inactive tax reference number on SARS system. If the person has an inactive number on the SARS system, and to prevent the rejection '273 – Taxpayer is inactive', the inactive number must be re-activated BEFORE a tax directive application can be submitted.

- g) On submission of the tax directive application form on eFiling a case will be created where a SARS official will verify that the correct supporting documents were uploaded and that the tax directive application form was completed in full and correctly. The turnaround time to review the documents is 21 working days.
- i) If the incorrect supporting documents were uploaded or the application form was not completed in full, the SARS official will reject the tax directive application. The Fund has to resubmit the tax

directive application form and ensure, once again, that **ONLY** the correct required supporting documents are uploaded / attached.

- ii) The person submitting the application must ensure that the status on eFiling is '*Submitted to SARS*'. If the status is '*Upload documents*', the application has not been submitted to SARS and only once the relevant supporting documents have been uploaded and submitted, will a case be created to be reviewed. The below status indicates that the supporting documents were not uploaded and submitted to SARS:

- iii) If the application form was completed in full and the **correct** supporting documents were uploaded the SARS official will approve the tax directive application form and the application form will be processed on SARS system. Once approved, the tax directive will be issued.
- A) If the validations on SARS's system are not met, i.e. the FSCA name or number is incorrect, the tax directive application will be declined. In order to find out the reason for it being declined a list of errors can be viewed on eFiling.

- h) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.5.16 Withdrawal due to visa expiry (Only on SARS eFiling)

- a) '*Withdrawal due to visa expiry*' tax directive applications can only be submitted through SARS eFiling.
- b) With effect from 1 March 2019 the definitions of '*pension preservation fund*' and '*provident preservation fund*' were amended to allow a member prior to his / her retirement date to access the lump sum benefit at the expiry of the visa issued in terms of paragraph (b) or (i) of the definition of '*visa*' in section 1 of the Immigration Act 13 of 2002.

NOTE: Only on the expiry of the visa or the cancellation of a visa can the member apply for the withdrawal. If the visa **has not yet expired** or the member cannot provide a letter from the **Department of Home Affairs** that the visa has been cancelled, the tax directive application **cannot** and will not be processed by SARS.

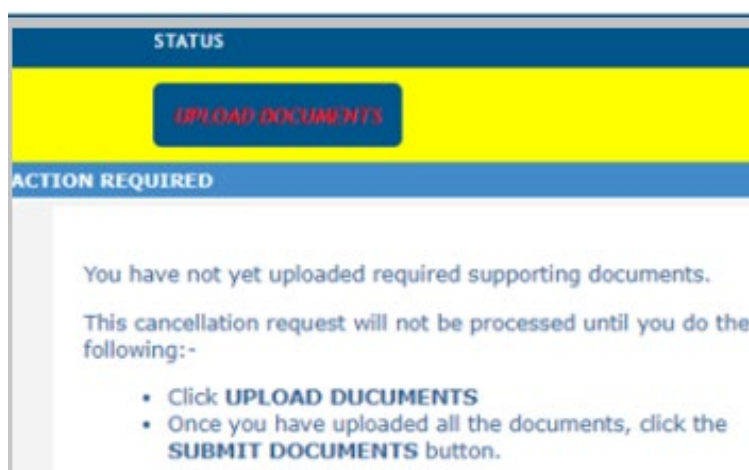
- c) The Fund Administrator **must** also complete the questions in the **below** '*Expiry of Working Visa*' container on the Form B.

Expiry of Working Visa		
Was the visa issued in terms of paragraph (b) or (i) of the definition of visa in section 1 of the Immigration Act, no. 13 of 2002?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Did the visa expire?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Did the member exit South Africa?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Please note: if the answer to any of the above questions is "Yes", copies of the said documentation must be submitted as supporting documents to verify the validity of this request.

- d) The container must only be completed if the reason for the tax directive is '*Withdrawal due to visa expiry*'.
- i) If one of the answers is '*No*' and the listed documents are not attached to the tax directive application, the tax directive application will be declined.

- ii) For more information refer to the external guide 'Tax Directive for Emigration and cessation of visas' on SARS website www.sars.gov.za.
- e) The following supporting documents must be attached and submitted to SARS:
 - i) A copy of the Certificate of residence obtained from the relevant **Tax Authority** of the country in which the member **resides and must not be older than 12 months**;
 - ii) A copy of the passport indicating the exit from South Africa;
 - iii) A copy of the Visa indicating the expiry date and the applicable paragraph in the definition of "Visa" in Section 1 of the Immigration Act in terms of which the visa was issued or a 'Visa / Permit Compliance and Cancellation of Visa' letter from the **Department of Home Affairs** that is issued or obtained in terms of paragraph (c)(ii)(bb)(A) of the definition of "*pension preservation fund*" / "*provident preservation fund*" in section 1(1) of the Act will be treated the same as the expiry of a work visa.
 - A) Ensure that only the required **supporting** documents are uploaded when the system prompts the Fund Administrator to upload. If the required **correct supporting** documents are not uploaded, the tax directive application will be rejected.
- f) **The person submitting the application must ensure that the status on eFiling is 'Submitted to SARS'. If the status is 'Upload documents', the application has not been submitted to SARS and only once the relevant supporting documents have been uploaded and submitted, will a case be created to be reviewed.**



- g) On submission of the tax directive application form on eFiling a case will be created where a SARS official has to verify that the correct supporting documents were uploaded and that the tax directive application form was completed in full and correctly.
 - i) If the incorrect supporting documents were uploaded, the tax directive application form was not completed in full or the visa has not expired, the SARS official will reject the tax directive application. The Fund has to resubmit the tax directive application form again once the visa has expired and **must** ensure that **ONLY** the **correct** required supporting documents are uploaded / attached and that the form is completed in full.
 - ii) If the tax directive application form was completed in full and the correct supporting documents were uploaded the SARS official will approve the tax directive application and the tax directive application form will be processed on SARS's system. Once approved the tax directive will be issued.
 - A) If the SARS system validations are not met, the tax directive application will be declined. In order to find out the reason for it being declined a list of errors can be viewed on eFiling.

NOTE: The TRN is not mandatory if the person **has no** active number or has an inactive tax reference number on SARS system. If the person **has an inactive number on the SARS system**, to prevent the rejection error '**273 – Taxpayer is inactive**', the inactive number **must be reactivated** before a tax directive application can be submitted.

- h) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.5.17Gross amount of lump sum payment

- a) The full benefit value, determined by the Fund in accordance with the rules of the Fund, must be entered.
 - i) SARS's system uses this amount to:
 - A) Apply the formula in paragraph 2A (old Formula C) of the Second Schedule to the Act if the Fund is a 'public sector' fund.
 - B) Determine the amount to be included as income in terms of section 9(2)(i) if the taxpayer is a non-resident, and there is no DTA in place between SA and the country of residence.
- b) **To determine the taxable portion** the 'Gross amount of lump sum payment' amount will be reduced by the allowable deductions in terms of paragraph 6 of the Second Schedule to the Act. For example:
 - i) The **amount in the 'Amount transferred to the transferee fund'** field will be **allowed as a deduction** from this amount where there is a partial withdrawal and partial transfer **even if the reason is not 'Transfer'**,
 - ii) The **excess fund contribution** (code 4029) on the **last assessed return**, issued before this tax directive application is received, will be taken into account on **this** tax directive application.
 - A) **For example**, where the 2021 return has been assessed and the '**Amount carried forward to next year**' field for code 4029 on a taxpayer's ITA34 is R15 000. If the 2022 return has not yet been **received or assessed**, the R15 000, **on the ITA34 (for 2021) as the 'Amount carried forward to next year'** will be taken into account as a deduction, limited to the '**Gross amount of lump sum payment**' **amount on the tax directive application form received, with a date of accrual in the 2023 year of assessment.**
 - B) The obligation is therefore on the member to ensure that he / she is aware of the income tax implications flowing from his / her election **BEFORE** an instruction is submitted to the Fund;
 - iii) **The provident fund contributions the fund administrator entered in the field 'Provident fund, total contributions by the member to the Fund up to 1 March 2016 (excluding profit and interest)'.**
 - A) **This field must be left blank where the full benefit has not been transferred from the previous provident fund (partial withdrawal). The contributions would have been allowed as a deduction on the partial withdrawal.**
- c) The information (**allowable deductions**) on the tax directive will be used on assessment to reduce the '**Gross amount of lump sum payment**' amount **in order** to determine the taxable portion of the lump sum.
 - i) If the deduction in terms of the Second Schedule is not displayed on the tax directive it will not be allowed as a deduction on assessment.
 - ii) List of deductions on the IRP3e (tax directive) that will reduce the '**Gross amount of lump sum payment**' on assessment **is displayed as follows:**

Deductions allowed in terms of the 2nd Schedule to the Act:

Vested right pre-1 March 1998:	R {Amount}
Amount transferred:	R {Amount}
Own contribution to a provident fund:	R {Amount}
Contributions not previously allowed as deduction	R {Amount}
Transferred divorce benefit previously taxed:	R {Amount}
Amount exempt based on services outside the Republic:	R {Amount}
AIPF member transfer contributions:	R {Amount}
Exempt amount of the gain under section 10(1)(o)(ii)	R {Amount}
Full benefit use to purchase an annuity	R {Amount}
Deemed provident fund contributions (After tax pension benefit)	R {Amount}

NOTE: '**Vested right pre-1 March 1998**' will only reflect an amount if an approved fund has submitted the current tax directive application and where the member has previously transferred from a public sector fund to this approved fund.

- d) The amount in the '**Gross amount of lump sum payment**' field **on the tax directive application form** must be reflected on the IRP5/IT3(a) tax certificate opposite the relevant source code. **The source code provided on the issued tax directive (IRP3e) must be used, to ensure that the taxpayer's return is not rejected due to an incorrect source code.**

3.5.18 Date of accrual

- a) Mandatory field.
- b) This date will determine the 'Year of assessment ended on' or 'Tax Year' on the tax directive application form as well as the 'Year of Assessment' on the IRP5/IT3(a) tax certificate.
- c) The date of payment of the PAYE will indicate the 'Transaction year' on the IRP5/IT3(a) tax certificate. Refer to paragraph 3.1.2 - 'Year of Assessment (Tax Year)' in this guide.
- d) From 1 March 2009 the date of accrual will be the date that the person elects to have the withdrawal benefit paid to him or her in terms of paragraph 4(1)(a) of the Second Schedule to the Act.
 - i) From 1 March 2009 the benefit cannot be unclaimed as the member can now elect the date on which the benefit becomes recoverable.
 - ii) Before 1 March 2009 the original date of accrual (i.e. the actual date of exit from the Fund) remains unchanged and cannot change to the date that the member claims the benefit previously identified as an unclaimed benefit.
- e) If any of the divorce reasons (except divorce – transfer) are used it is the date the amount is deducted from the benefit in terms of section 37D(1)(a),(b) or (c) of the Pension Funds Act 24 of 1956 (Pension Funds Act).
- f) If the reason is '05 -Transfer' then the date of accrual is the date of transfer.
- g) If error messages '1452-Directive Tax Year is greater than Estate Tax Year' and '5910-Date of accrual cannot be greater than estate date' are displayed and the member is not deceased, the member must provide the fund with the correct tax reference number as the current number used by the fund on the tax directive application form cannot be used because, it is not a valid tax number for the taxpayer.
 - i) If any of the reasons on the form is used and the member has died before this benefit is determined, but still payable, the date of accrual cannot be before the date of death.

NOTE: Employees' tax payable on lump sum benefits is calculated based on the tax directive information on SARS system **and the date the tax directive applications are submitted, but not according** to the order of the date of accrual for that tax year / year of assessment. The date of accrual and the reason for the current tax directive are used to determine which tax rate is applicable for the tax year on the tax directive application. **ONLY** when the taxpayer's return is filed for the year of assessment, SARS **recalculates** the tax on all lump sum benefits received during that year of assessment, **according to the date of accrual** provided in each tax directive application form and previous finalised lump sum tax directives on the SARS system. An adjustment to employees' tax, if any, will be done on assessment.

- h) The error message '**0368 - Duplicate directive application**' is displayed where more than one tax directive application has been submitted with the same 'Date of accrual'. The SARS system regards the tax directive application as a duplicate, if the taxpayer's demographic information and the fund submitting the second application, as well as the 'Date of accrual' are the same, even if the amounts differ.
 - i) Where more than one tax directive application has to be submitted per taxpayer, add or subtract one day from the 'date of accrual' used in the original submitted tax directive application to avoid the application being declined as a duplicate tax directive application.

3.5.19 Date on which membership commenced.

- a) Mandatory field.
 - i) This is the date on which the member became a member of the current Fund (i.e. joined the Fund) that is now applying for a tax directive.
 - ii) This date is not the date the Fund took over the administration. It must be the date that the member became a member of the Fund.
 - A) This date is especially important to determine the full years to apply the formula in paragraph 2A (old Formula C) of the Second Schedule to the Act.
 - B) The commencement date and date of accrual are not used where the fields 'If a public

sector fund, the period, if any, during which the member was a member of another public sector fund' are provided.

- iii) If the commencement date is before the person has reached the age of 15, the system will reject the application.
- b) If any of the divorce reasons are used, it remains the date the member became a member of the Fund. The non-member spouse is not a member of the Fund; the Fund is only paying the divorce order amount to the non-member's spouse, subject to the rules of the Fund.

3.5.20 Date of divorce order

- a) Only mandatory if any of the divorce reasons are used and to ensure that the divorce order granted before 13 September 2007 is not taxed.

3.5.21The member was a member of another public sector fund.

If a public sector fund, the period, if any, during which the member was a member of another public sector fund:

Date From (CCYYMMDD)

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 Date To (CCYYMMDD)

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 Completed years

- a) *If a public sector fund, the period, if any, during which the member was a member of another public sector fund: date fields must be provided:*
- i) Where the member was a member of **another public sector fund** and the benefit **was transferred** to the current public sector fund, the period of membership must be completed in this field.
 - ii) The 'Date From' and 'Date To' must be before the commencement date on the **current** tax directive application form.
 - A) The commencement date in the current fund must follow the 'Date To'. The difference between the 'Commencement Date' and 'Date From' should not be more than a month.
 - B) The SARS system will use the 'Date From' and the 'Date To' to apply the formula in paragraph 2A (Formula C) of the Second Schedule to the Act.

3.5.22 Period of employment taken into account in terms of the rules of the Fund

Period of employment taken into account in terms of the rules of the fund: (only applicable to Public Sector funds)

Date From (CCYYMMDD) Date To (CCYYMMDD) = Completed years

- a) These fields '*Period of employment taken into account in terms of the rules of the Fund: (only applicable to Public Sector funds)*' must **only** be completed **by a Public Sector Fund** where the member has joined the Public Sector Fund before 1 March 1998 and has purchased years of service **before** or **after** 1 March 1998.
 - i) The '*Date from*' can be before '*Date on which the member became a member of the Fund*' where years of service was bought **before** 1 March 1998; and
 - ii) The '*Date to*' can be **after** '*Date of accrual*' or in the future where **additional** years of service was bought **after** 1 March 1998.
- b) If these fields are completed SARS's tax directive system will use the '*Date From*' and '*Date To*' to determine the full years to apply the formula in paragraph 2A (Formula C) of the Second Schedule to the Act to determine the taxable portion of the lump sum.
- c) The commencement date and date of accrual will not be used for the formula in paragraph 2A (old Formula C) of the Second Schedule to the Act.

3.5.23 Provident fund contributions

In the case of a Provident fund:

Total contributions by member to the fund up to 1 March 2016 (excluding profit and interest)

Total contributions to the fund after 1 March 2016 (excluding profit and interest)

[illegible]

- a) **In the case of a Provident fund, total contributions by the member to the Fund up to 1 March 2016 (excluding profit and interest):**
 - i) Only enter the member's contributions up to 28 February 2016.
 - A) **Do not add** the employer's contributions.
 - B) **Do not add** the contributions from 1 March 2016. The contributions must be entered in the field referring to contributions from 1 February 2016.
 - C) If the member did not contribute and **only the employer has contributed** to the Fund this field must be **blank**.
- b) Preservation funds **must** reduce the member's contribution with the contributions claimed where the member exercises the one withdrawal prior to retirement from **any** preservation fund **or where the full benefit was not transferred to the preservation fund**.
- c) Where the member has transferred a pension fund benefit to a provident fund / provident preservation fund before 1 March 2021, the after-tax amount (amount the Fund has received) must be added to the pre-1 March 2016 contributions and entered in the '*Total contributions by the member to the Fund up to 1 March 2016*' field as the member's own contributions.
 - i) If the member only became a member of the current fund submitting the tax directive application, after 1 March 2016 the '*Transfer from Pension Fund (after tax amount)*' field **must** be used, refer to **paragraph 3.5.24. - Transfer from Pension Fund (after tax amount) in this guide**. If the transfer from the pension fund was done after 1 March 2021 the transfer **took place on a tax neutral basis** (no tax was levied) **then** the transfer amount **must not** be completed in this field **and will not be allowed as a deduction**.
- d) Where a provident fund benefit was transferred to a pension fund refer to paragraph 3.5.27 - **Excess contributions previously not allowed as a deduction** in this guide.
- e) Where the member's provident fund contributions are more than the '*Gross amount of lump sum payment*' limit the contributions to be equal to the '*Gross amount of lump sum payment*' amount.
- f) **In the case of a provident fund, total contributions by the member to the Fund from 1 March 2016 (excluding profit and interest):**
 - i) **Mandatory** if the commencement date is on or after 1 April 2016 **or** if an amount was entered in the '*up to 1 March 2016 contribution*' field.
 - ii) Enter the member's contributions **and** the employer's contributions from 1 March 2016.
 - A) If **the** member did not contribute, enter only the employer's contribution (fringe benefit amount).
 - iii) From 1 March 2016 the excess contributions to any retirement funds not allowed as a deduction in terms of section 11F on assessment, will be displayed in the '*Amount carried forward to next year*' field for code 4029 on the ITA34.
 - A) This amount on the ITA34 will **automatically** be included as excess fund contributions and allowed as a deduction in terms of the Second Schedule to the Act when the tax on **any** tax directive is determined, no manual tax directive application (**hard copy / paper copy**) form is required once the returns from the 2017 year of assessment has been submitted and assessed.
 - iv) Where the tax directive application was submitted before the assessment was finalised, the excess contributions will, once the assessment is finalised, be allowed either as:
 - A) The opening balance for section 11F in the following year of assessment;
 - B) A Second Schedule deduction, where another lump sum tax directive application is submitted before the next year's assessment is processed; or
 - C) If no tax directive **application** is submitted, the excess fund contributions will be granted as a **section 10C exemption** against the pension or compulsory annuity when the member submits his / her **next** return with pension or compulsory annuity income **source code**. The value of the exemption is limited to the value of the total compulsory annuity income of the taxpayer **for that year of assessment**. (**No tax directive will be issued for section 10C exemptions** - it will only be allowed on assessment.)
 - l) **Example:** The member elects to retire in August 2021. When the Fund submits the tax directive application, the member's 2021 return is not yet filed or assessed. Therefore, the member's excess contributions towards the retirement funds have not yet been determined because the 2021 return was not yet submitted and assessed.

The excess contributions will **therefore** not be reflected on the tax directive as *'Excess retirement fund contribution'*.

- II) Once the return is submitted (from 2021 and onwards) and an excess amount is determined this excess amount will be allowed automatically as a Second Schedule deduction on the **subsequent** tax directive application(s) submitted. The obligation is therefore on the member to ensure that he / she is aware of the income tax implications flowing from his / her election **BEFORE** an instruction is submitted to the Fund. The amount will be reflected as '*Excess retirement fund contribution*' on the tax directive (IRP3e); or
- III) If the next return (e.g. 2021 return) is submitted before a tax directive application is submitted and the member receives an annuity or pension during the 2021 year of assessment (the IRP5/IT3(a) tax certificate with source codes 3603, 3610, 3611 or 3618), the 4029 amount on the previous year's assessment (2020) will be allowed as a section 10C exemption on the next assessment (i.e. 2021 assessment).

3.5.24 Transfer from Pension Fund (after tax amount)

Transfer from Pension Fund (after tax amount)

[illegible]

Directive number for pension transfer

[illegible]

- a) **THIS FIELD must NOT** be completed if the pension fund / pension preservation fund benefit was transferred to a provident fund / provident **preservation** fund **after 1 March 2021**, with a date of accrual after 1 March 2021 as no tax was levied on the transfer.
 - i) This field must **ONLY** be completed where employees, tax was deducted from the pension fund / pension preservation fund benefit in order to prevent double taxation.
 - ii) **The tax directive application form will be rejected with the message '4452 – Original Transfer from Pension Fund details incorrect'. To prevent the rejection of the application this field must be left blank if the date of accrual for the transfer of the pension fund to a provident / provident preservation fund is after 1 March 2021.**
- b) Where the member has transferred a benefit from a pension fund or a pension preservation fund, to a provident fund or provident preservation fund **before 1 March 2021**, enter the after-tax amount (amount the Fund actually received) in this field.
- c) This field **must only** be used if the amount **was not** entered in the field '*In the case of provident fund, total contributions by the member to the Fund up to 1 March 2016 (excluding profit and interest)*' and the member became a member of the Fund submitting the tax directive application after 1 March 2016. **Refer to paragraph 3.5.23 'Provident fund contributions' in this guide.**
 - i) Where the commencement date in the current fund is **after** 1 March 2016, the '*Pension benefit transferred (after tax amount)*' cannot be entered in '*The Provident Fund contributions*' field as deemed own contributions. This field, instead of '*The Provident Fund own contribution amount*' field, must be completed to avoid the decline of the tax directive application.
- d) If **an** amount is completed **in this field**, then the **directive number field is mandatory**. Enter the tax directive number that was provided on the ROT01 (or tax directive) when the pension benefit was transferred to the Provident Fund or Provident Preservation Fund **before 1 March 2021**.

3.5.25 Transferred by non-member spouse previously taxed.

- a) Non-member spouses who have transferred the divorce awards **before** 1 March 2009 to an approved fund and tax was levied on the amount transferred has to complete this field.
- b) The Fund Administrator must provide the non-member spouse with a copy of the ROT01 form to be submitted as supporting documentation upon request from SARS.

3.5.26 If a policy of insurance is ceded to the member, state the surrender value as at date of cession (for the purpose of paragraph 4(2)*bis* of the Second Schedule):

- a) This field is **only** available on a manual (hard copy / paper copy) tax directive application form.
- b) Only enter the amount of the value of the policy on the date of cession.

- c) Attach the documentation of the cession to the manual (hard copy / paper copy) tax directive application form.

3.5.27 Excess contributions previously not allowed as a deduction.

- a) This field *'Where member contributions to the Fund have exceeded such amounts as allowed for deduction against income, state total amount of excess contributions'* is **only** available on a manual (hardcopy / paper copy) tax directive application form. **Proof of the amount to be considered as an allowable deduction must be provided.**

NOTE: Excess fund contributions will **automatically** be allowed as a deduction on a tax directive application in terms of paragraph 6 of the Second Schedule to the Act where the **'Amount carried forward to next year'** on the taxpayer's ITA34 **was** verified **as** correct. **From the 2017** year of assessment and onwards, any amount in the **'Amount carried forward to next year'** field for **code 4029** on a taxpayer's ITA34 will **automatically** be allowed as a deduction on the tax directive application submitted.

Please note that if the taxpayer submits the return for the current year of assessment (e.g. 2023) and the return is assessed and thereafter the Fund Administrator submits a tax directive application with a date of accrual in the following year of assessment (2024), the excess contribution on the last assessed return (2023) will be taken into account against the current lump sum (2024) for which the tax directive application was submitted. If a tax directive **application** is submitted for the 2024 year of assessment and the last year assessed is 2020, the excess contributions (4029) **in the 'Amount carried forward to next year' on the taxpayer's ITA34** on the 2020 assessed return will be taken into account against the current lump sum (2024) for which the tax directive application was submitted. Therefore, the **'Amount carried forward to next year' field for code 4029** on the 2020 return will not be available for the section 10C exemption or **for the opening balance** for the section 11F deduction on the 2021 return when the taxpayer submits the 2021 return **if there are no remaining excess contributions (4029).**

The obligation is therefore on the member to ensure that the member is aware of the income tax implications flowing from his / her election BEFORE an instruction is submitted to the Fund. A tax directive **cannot be cancelled where the **'Amount carried forward to next year'** (4029) has been allowed as a deduction on the tax directive instead of being the opening balance for a section 11F deduction or a section 10C exemption in the subsequent assessment. Rather, the taxpayer must postpone the request for the lump sum payment until such assessment has been finalised.**

- b) This field can only be used if the *'Type of fund'* is pension or pension preservation fund.
- i) This field must be used **where the excess contributions was not allowed automatically** and to claim **excess fund contributions** not previously allowed as a deduction on assessment in terms of section 11F [previous section 11(k) this amount can also include section 11(n)] amounts previously not allowed, **as well as provident fund contributions** where the member has transferred from a provident fund to a pension / pension preservation fund.
 - ii) If the Fund Administrator has submitted an electronic tax directive application the Fund must first cancel the tax directive application **electronically**.
 - A) Complete a manual (hardcopy / **paper copy**) tax directive application form and email it to SARS with the supporting documents. The SARS assessment centre will ensure the amount claimed as an excess fund contribution is correct **and sufficient proof is provided** before capturing the tax directive application **on SARS system**.
 - iii) Where the provident fund benefit was transferred to a pension fund attach the contributions schedule per year of assessment. The **employer's** contribution must be reflected separately from the employee's contributions for each year of assessment; or **the following supporting documentation must be provided:**
 - A) The ROT01 where the member has transferred from a provident fund to pension / pension preservation fund. **If the date of accrual of the transfer is after 1 March 2016 the ROT01 must clearly indicate the member's contributions prior to 1 March 2016 and the provident contributions after 1 March 2016' to prevent the rejection of the tax directive application form; or**
 - B) A copy of the ITA34 for the last year of assessment reflecting the 4003 and 4029 codes.
 - C) **If the reason for the tax directive application, when the benefit was transferred from a provident fund to a pension / pension preservation fund, was not 'Transfer,' the provident fund contributions will not be allowed as a deduction as the amount would have been allowed as a deduction on the withdrawal benefit.**
 - iv) Where the member has made additional **voluntary contributions** to the Fund and these contributions were not reflected on the employees IRP5/IT3(a) tax certificate during any year of

assessment, the voluntary contributions must be reflected separately on the schedule of contributions: or

- A) The Fund must attach a letter with the following information:
- I) The amount voluntarily contributed and the date the contribution was received;
 - II) The Fund name and FSCA registration number;
 - III) The name and contact details of a person SARS can contact and confirm that he contribution is correct.

- v) The tax directive application with the schedule / letter / copy of ITA34 / copy of the ROT01 will be forwarded to the relevant division to ensure that the amount claimed as excess fund contributions are correct.
- vi) Where the schedule and / or relevant supporting documents are not attached to the tax directive application form, the amount claimed as excess fund contributions will be limited to the amount on SARS' records.
- vii) Reduce the excess amount with any amount previously claimed on a withdrawal from any fund prior to retirement.

- c) The amount or the portion of the amount in the '*Amount carried forward to next year*' field for **code 4029** on a taxpayer's ITA34 that was taken into account on the tax directive will be displayed as '*Contributions not previous allowed as deduction*' on the tax directive (IRP3e).

3.5.28 Former AIPF member's contributions transferred to the Fund.

- a) Only former members of the Associated Institution Pension Fund (AIPF) who had transferred their contributions to an approved fund before December 1994 can claim the contributions. **The AIPF contributions will not reflect on any carry-over folders on SARS' system.**
 - i) The tax directives can be submitted electronically.
 - ii) If the FSCA number on the tax directive application form does not correspond with the FSCA numbers on SARS' system that can claim AIPF contributions, the amount claimed will not be allowed as a deduction. **The tax directive application will be declined with the message '4220 – AIPF members contributions not allowed'.**
 - iii) If the electronic tax directive was declined a manual tax directive application (hard copy / paper copy) form must be submitted.
 - A) The AIPF amount must be reflected as '*excess contributions*' on the manual application and either the letter issued by SARS indicating the amount will be '*deemed as excess contributions*' or any other document confirming that the member was a member of the AIPF must be attached to the tax directive application form.
 - B) If the documents are not attached the contributions will not be allowed as a deduction on the tax directive or on assessment.

3.5.29 Did the Fund pay any portion of the lump sum payment into another fund?

Particulars of Transfer	
Did the fund pay any portion of the lump sum payment into another fund? Yes <input type="checkbox"/> No <input type="checkbox"/>	
If 'YES', state the registered name of the transferee fund	
The transferee fund type:	<input type="checkbox"/> Pension Fund <input type="checkbox"/> Provident Fund <input type="checkbox"/> Retirement Annuity Fund <input type="checkbox"/> Pension Preservation Fund <input type="checkbox"/> Provident Preservation Fund <input type="checkbox"/> Unclaimed Pension Preservation <input type="checkbox"/> Unclaimed Provident Preservation
Fund Approval no. (Applicable to Public Sector Funds)	1 8 2 0 4
Participating Employer Name	FSCA Registration no. 1 2 / 8 / 0 0
E-mail address of transferee fund	
Tel no. of transferee fund	Cell no. of transferee fund
Is the transferee fund a Public Sector Fund? Yes <input type="checkbox"/> No <input type="checkbox"/>	Amount transferred to the transferee fund R
	Amount attributed to Pre – 1 March 2021 R
	Provident Fund vested rights plus growth R
	Amount attributed to Post – March 2021 R
	Provident Fund value R
State if the transfer of the benefit is subject to special conditions. If yes, confirm the applicable provision in the fund rules.	

- a) The above container must be completed in full if any of the '*Transfer*' reasons were selected or where the member selected a partial transfer.
- b) If 'YES' is selected, enter the registered name of the Transferee Fund (the Fund who will receive the amount):
 - i) In this field enter the name of the Fund as registered with the FSCA. (Refer to the '*Active Fund*' list and in the case where the transferee fund is a participating employer refer to the '*Registered*'

Active Participating Employers' list on the FSCA website.) **Do not use the 'Search' function to populate this field because the spelling could be different.**

c) The following fields are mandatory if the 'Yes' indicator was selected :

i) **Select one of the following fund types:**

- A) Pension Fund;
- B) Provident Fund;
- C) Retirement Annuity Fund;
- D) Pension Preservation Fund;
- E) Provident Preservation Fund;
- F) Unclaimed Pension Preservation Fund (*can only be used if the reason is 'Transfer' and the receiving fund is an 'Unclaimed Benefit Preservation Fund'*); or
- G) Unclaimed Provident Preservation Fund (*can only be used if the reason is 'Transfer' and the receiving fund is an 'Unclaimed Benefit Preservation Fund'*). Refer to paragraphs 3.5.1 'Transfer' and 3.5.3 'Transfer Unclaimed benefit' in this guide for more information..

ii) **Fund approval number:**

- A) This field must be blank if the Fund transfer is to an approved fund.
- B) **Only** public sector funds can use the Fund approval number. *For more information refer to paragraph 3.2.2 'Fund approval number' in this guide.*
- C) If the benefit is paid to a public sector fund the indicator '**Is the transferee fund a public sector fund?**' must be 'Yes'.

iii) **FSCA registration number:**

- A) This field is mandatory if the Fund transfer is to an approved fund. *For more information refer to paragraph 3.2.3 'FSCA registration number' in this guide*
- B) This is the registration number, as allocated by the FSCA (and must be provided in the correct format 12/8/7-digits/6-digits. (Refer to the 'Active Fund' list and in the case if the transferee fund is a participating employer refer to the 'Registered Active Participating Employers' list on the FSCA website.)
- C) Ensure that the correct FSCA number and the Fund name as indicated on the FSCA webpage [*Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund / Registered Active Funds*] are captured.
- D) Receiving funds will not be able to submit the ROT01 if incorrect numbers are used and that will cause hardship to the member when the ROT01 is **still** outstanding when the taxpayer's return is submitted.
- E) An error message '*Invalid format of FSCA registration number*' and / or '*Participating employer name must be provided*' will be displayed where:
 - I) The FSCA number is not in the correct format 12/8/7-digits/6-digits;
 - II) Where the last 6 digits are greater than '0' and **no** '*Participating employer name*' was entered (Refer to the 'Registered Active Participating Employers' list on the FSCA website.);
 - III) Where the last 6 digits are zeroes and the '*Participating employer name*' was entered;
 - IV) The Fund type selected is a '*Retirement annuity fund*' and the last 6 digits is greater than zero and a '*Participating employer name*' was entered.

iv) **Participating employer name:**

- A) The name of the employer participating in a registered type-A umbrella fund. The name must correspond with the name as registered by the FSCA.
- B) If any of the last six digits of the FSCA registration number is greater than zero e.g. 12/8/0012345/000006) the name must be provided.
- C) If the last six digits of the FSCA registration number are only zeroes or the transfer is to a retirement annuity fund this field must be left blank. *Refer to paragraph 3.2.3 'FSCA registration number' in this guide for more detailed information and to prevent the rejection of the tax directive application form. Do not use the 'Search' function to populate this field because the spelling could be different.*

v) **Email address of transferee fund:**

- A) It is a mandatory field and must contain an "@" sign and a domain **to be a valid** email address. *Please ensure the correct email of the receiving fund (transferee fund) is provided. SARS is using this email address to inform the receiving fund that the ROT01 must be submitted.*

vi) **Tel no. of transferee fund**

- A) Enter the telephone number of the person that must be contacted when more information is required.

- B) Only use numbers.
- vii) **Is the transferee fund a public sector fund?**
 - A) Select 'Yes' or 'No'.
- viii) **The amount transferred to the transferee fund:**
 - A) If **any of the transfer reasons are selected**, this amount must be equal to the amount in the 'Gross amount of lump sum payment' field. If not, SARS's tax directive system will decline the tax directive application.
 - B) If the taxpayer wants to take a portion in cash and transfer a portion to an approved fund the reason must either be withdrawal or resignation. The amount in this field will then be deducted from the 'Gross amount of lump sum payment' before the tax is calculated.
- ix) **Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth.**
 - A) This amount field relates to the contributions to a provident fund before 1 March 2021 including the growth on the date of transfer to the new fund.
 - B) This field is also applicable to contributions to a provident fund before and after 1 March 2021 including the growth until the date of transfer to the new fund for members who **were 55 or older** and **were** members of that provident fund on 1 March 2021.
 - C) This field is also applicable where there is a transfer of vested benefits **from** a provident preservation fund.
 - D) This field must also be used for an amount attributed to pre-1 March 2021 provident preservation fund vested benefits plus growth.
- x) **Amount attributed to Post-1 March 2021 Provident Fund value.**
 - A) This amount field relates to the period where contributions to a provident fund were received after 1 March 2021 by members of the provident fund who were younger than 55 on 1 March 2021, or to the value in the provident preservation fund that is not regarded as a vested benefit.
 - B) This field is also applicable to the total non-vested benefit value being transferred or where the member joined the fund after 1 March 2021.
 - C) **This amount relates to contributions to a provident fund, including growth, for a member who transferred from a previous provident fund in which the member was 55 years or older on 1 March 2021.**
- xi) **The total** of the two amounts (vested and non-vested) must correspond with the amount in the field '*The amount transferred to the transferee fund*'.
- xii) State if the transfer of the benefit is subject to special conditions. If 'Yes', confirm the applicable provision in the Fund rules.

3.5.30 Partial withdrawal

- a) **The field 'Was there a partial withdrawal taken from this benefit in the previous or current fund prior to this payment?' is mandatory if the member has withdrawn a portion of the benefit in the preservation fund before retirement.**
- b) **Where a member has transferred from a public sector fund and the member has withdrawn part or all of the pre-1998 vested right, this amount must be provided to ensure that the pre-1998 vested portion is correctly calculated, when the member now takes the full benefit in cash. If this information is not provided on the application form, the fund can be liable for a loss to the *fiscus*.**
- c) If 'Yes' is selected, the Fund must provide the following additional information:
 - i) '*Date of the partial withdrawal*'. The Fund must use the date of accrual on the tax directive application submitted for the partial withdrawal.
 - ii) '*Amount of partial withdrawal*'. Enter the amount the member withdrew from the *preservation* fund before reaching the retirement age or before submitting current tax directive application.
 - iii) '*Directive number*'. The tax directive number that was issued by SARS when the member withdrew a portion of the amount from the preservation fund.
- d) The form provides for two withdrawals.

3.5.31 Non Resident Service Rendered Inside / outside Republic.

Non Resident Service Rendered inside the Republic [Section 9(2)(i)]

Were any services rendered inside / outside the Republic during the period of membership of the fund? Yes ☐ No ☐

Total number of months services were rendered while contributing to fund

Total number of months services were rendered inside the Republic while contributing to fund

Total number of months services were rendered outside the Republic while contributing to fund

- a) This container 'Non Resident Service Rendered Inside / outside Republic [Section 9(2)(i)]' is only available on the tax directive application forms on eFiling. This information can only be completed if the member of the Fund is a non-resident. Refer to paragraph 3.1.5 'Is the taxpayer a non-resident?' in this guide.
- b) This container **must be completed** even if the non-resident did not render any services inside SA or if the **DTA must be taken into account**.
- c) Select 'Yes' to the question 'Were any service rendered inside / outside the Republic during the period of membership of the Fund?' the following fields **must be completed**:
 - i) Total number of months during which services were rendered while contributing to the Fund;
 - ii) Total number of months during which services were rendered inside the Republic while contributing to the Fund; and
 - iii) Total number of months' services were rendered outside the Republic while contributing to the Fund.
- d) A detailed **history of employment, on the letterhead of the employer, must be attached** to the tax directive application form, as well as the certificate of residence. **The detailed history of employment letter must clearly indicate the start day / month / year and an end day / month / year of employment and where the services were rendered while contributing to the fund.**
- e) Where no services were rendered inside SA and the non-resident is a member of an SA fund (e.g. Eswatini (Swaziland), Lesotho, Botswana etc.), the container **must also be** completed.
 - i) Select 'Yes' to the question 'Were any service rendered inside / outside the Republic during the period of membership of the fund?'.
 - ii) Provide the months of service rendered inside and outside SA according to the history of employment letter.

3.5.32 Period of employment in Public Sector fund (excluding AIPF)

Period of Employment in Public Sector Fund (excluding AIPF)									
Date From (CCYYMMDD)	<input type="text"/>	Date To (CCYYMMDD)	<input type="text"/>	=	<input type="text"/>	Completed years			
The original amount attributed to the above period of membership in the public sector fund (full benefit): R							<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of transfer from first approved fund (CCYYMMDD)	<input type="text"/>	Was the benefit received directly from a Public Sector Fund?		Yes <input type="checkbox"/>	No <input type="checkbox"/>	Date the amount was transferred from public sector fund (CCYYMMDD) <input type="text"/>			
Did the previous Fund indicate the benefit was from a Public Sector Fund?		Yes <input type="checkbox"/>	No <input type="checkbox"/>	Public Sector fund directive number for the original transfer <input type="text"/>					

- a) This container **must only be completed** if:
 - i) the member had pre-1 March 1998 years of service (pre-1998 vested right) in a public sector fund where Paragraph 2A of the Second Schedule must be applied and the full benefit was transferred, on or **after 1 March 2006** to the approved fund that is paying the lump sum; **or**
 - ii) the member transferred the public sector fund benefit for **a second time** to another approved fund on or after 1 March 2018.
 - A) **If the benefit was transferred for a second time before 1 March 2018 the vested right amount will not be taken into account when calculating the tax liability.**
- b) The container **must not** be completed if:
 - i) the **full benefit** was **not** transferred (i.e. the exempt portion was taken in cash on transfer of the benefit);
 - A) a portion of the benefit was withdrawn (i.e. the exempt portion was withdrawn from the

- Fund); or
- B) the reason on the tax directive from the Public Sector Fund was not '05 - *Transfer*'.
- ii) the benefit was transferred before 1 March 2018 to another approved Fund (a second fund after the exit from the **original** public sector fund before 1 March 2018).
 - iii) the member's years of service in the public sector fund only commenced after 1 March 1998.
 - iv) The Fund submitting the tax directive application form is a public sector fund. For more information refer to paragraph '3.5.21 *If a public sector fund, the period, if any, during which the member was a member of another public sector fund*' in this guide, for previous years **or service** in a public sector fund.
 - v) **The member transferred from the Associated Institutions Pension Fund (AIPF) to this current fund. The field in paragraph '3.4.17 - Former AIPF member's contributions transferred to the Fund' must be used.**
 - vi) **If the container is completed where the above scenarios are applicable, the tax directive system will either decline the application with an error message or will not take the information into account when the taxable portion is calculated.**
- c) Paragraph 6 of the Second Schedule to the Act specifically provides for a deduction in circumstances where the **pre-1998 vested right** amount has not **previously** been allowed as a deduction to a member. Therefore, where a member of a public sector fund has chosen to **transfer** only the taxable portion of a withdrawal benefit to another fund, and has taken the tax-free portion as a lump sum (in cash), a deduction in terms of paragraph 6 of the Second Schedule to the Act **will not be allowed, because the reason on the original tax directive, from the Public Sector Fund, was not 'Transfer'**.
- d) All the fields in this container must be completed where the member of a public sector fund has **transferred the full benefit** to an approved fund and is exiting or withdrawing from the first Receiving Fund (transferee fund) or has transferred the Public Sector Fund benefit for a second time after 1 March 2018 to another approved fund and is now withdrawing or exiting from the second approved fund. The fields to be completed:
- i) *'Period of employment in public sector fund.'*
 - A) The Fund Administrator / Trustees must only provide the 'From date' and 'To date' in terms of the period **employed or the period of membership** in the Public Sector Fund.
 - ii) Provide *'The original amount attributed to the above period of membership in the Public Sector Fund (full benefit)'*;
 - A) This is the amount that was transferred from the Public Sector Fund when the member exited the Public Sector Fund.
 - I) If the benefit was transferred from the GEPPF, the amount in the 'Member's gross benefit' / 'Benefit Resignation' field on the ROT from the GEPPF must be used.
 - II) If the ROT indicates that debt was deducted, the above field must be reduced with the debt amounts. GEPPF **must** be contacted if there is any uncertainty regarding the amount that the GEPPF has used on the tax directive.
 - III) **The taxpayer can obtain a copy of the tax directive on eFiling when selecting 'Request Previous Years Directive' and provide a copy of the directive to that Fund to ensure the correct transferred amount is used on the tax directive application form. SARS cannot provide the information received from the Transferring Fund to the receiving fund. The required information **MUST** be on the ROT01, or the transferring public sector fund must be contacted to obtain the correct information.**
 - iii) Enter the 'Date the amount was transferred from a public sector fund (CCYYMMDD);
 - iv) Enter the 'Date of transfer from first approved fund (CCYYMMDD);
 - A) This field must be blank if the benefit was transferred **directly** from the public sector fund.
 - v) Both the following questions **must be answered**:
 - A) **Answer the question – 'Was the benefit received directly from a Public Sector Fund?'. Selecting 'Yes / No';.**
 - I) The answer must be 'Yes' if the member only transferred from a public sector fund once.
 - II) If the member transferred to another approved fund the answer must be 'No' since the Fund paying the benefit **did not receive it directly** from the public sector fund.
 - B) **Answer the question – 'Did the previous Fund indicate the benefit was from a Public Sector Fund?'. Selecting 'Yes / No'.**
 - I) The answer must be 'Yes' if the current Fund paying the benefit did not receive it directly from a public sector fund but from an approved fund indicating on the ROT that there was service rendered in the public sector fund.

- II) The answer must be 'No' if the benefit was received directly from a public sector fund.
- vi) Enter the 'Public Sector Fund directive number for the original transfer'.
 - A) If the tax directive number provided does not exist or the tax directive number provided is not for a transfer from a public sector fund to an approved fund, the tax directive application will be declined.
 - I) **The taxpayer can obtain a copy of the tax directive on eFiling when selecting 'Request Previous Years Directive' and provide a copy of the directive to that Fund to ensure the correct transferred amount is used on the tax directive application form.** SARS cannot provide the information received from the transferring fund to the receiving fund. The required information **MUST** be on the ROT01 or the transferring public sector fund must be contacted to obtain the correct information.
- e) The above information will determine if the member can get the deduction in terms of paragraph 6 of the Second Schedule to the Act.
 - i) Therefore, if the information is captured incorrectly the pre-1998 vested right will not be taken into account.
 - ii) **The reason on the directive number provided, in this container, must be '05- Transfer' / '31 - Divorce transfer' to enable the system to allow the pre- 1998 vested right amount as a deduction.**
 - iii) **The Transferring Fund did not indicate on the tax directive application that the Fund (transferring the benefit) is a public sector fund.**
 - iv) To avoid the cancellation of tax directives the Fund Administrator can use the simulation option before submitting the final tax directive application to ensure that the pre-1998 vested right is taken into account.

3.5.33 Declaration

- a) Refer to paragraph 3.8 DECLARATION AND SIGNATURE.

3.6 Form C

- a) The form can **and must only** be used by a retirement annuity fund(RAF).
- b) **The Fund Administrator must analyse the nature of the lump sum payment(s) that will be made to the member and select the appropriate reason provided on the tax directive application form.**
- c) The following reasons for the tax directive are on the Form C application form:

Particulars of Gross Lump Sum Due						
Reason for directive:	Retirement	Retirement due to ill health	Death prior to Retirement	Transfer prior to Retirement	Discontinued Contributions	Future Surplus
	Divorce - Member Spouse	Divorce - Non-Member Spouse	Divorce Transfer	Emigration Withdrawal	Withdrawal due to Visa Expiry	Cessation of SA Residence

3.6.1 Retirement

- a) The retirement age is determined by the rules of an RAF and the **contract / policy** or **contracts / policies**.
- b) From 1 March 2015 a member of the Fund can now elect when to retire from the Fund. Refer to **paragraph '3.6.13 Date of accrual' in this guide**, for more information.
- c) Where the Fund type is 'Retirement Annuity Fund' only one-third of the benefit can be taken as a lump sum. For more information on **the amount** that can be taken as a lump sum in cash, refer to paragraph 3.6.16 'Gross amount of lump sum payment' in this guide.
- d) The amount in the 'Gross amount of lump sum payment' field on the tax directive application must be entered in the amount field for source code 3915 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.
 - i) If the amount in the field '**Gross amount of lump sum payment**' is zero, **no** IRP5/IT3(a) tax certificate is required if the full benefit was used to purchase an annuity / annuities. If an IRP5/IT3(a) tax certificate for the full benefit is issued, **the return will be rejected.**
 - ii) If the '**Gross amount of lump sum payment**' is greater than zero **but less than R1**, an

IRP5/IT3(a) tax certificate **must** be issued but **the amount** cannot be less than R1 on **the IRP5/IT3(a) tax certificate, to prevent the rejection of the annual return**. The member will **not** be able to submit the annual return.

3.6.2 Retirement due to ill-health

- a) The rules of a RAF will indicate when a member can retire due to ill-health.
- b) Where the Fund type is '*Retirement Annuity Fund*' only one-third of the benefit can be taken as a lump sum. For more information on the one-third that can be taken as a lump sum in cash refer to paragraph 3.6.16 '*Gross amount of lump sum payment*' in this guide.
- c) The amount in the '*Gross amount of lump sum payment*' field on the tax directive application must be entered in the amount field for source code 3915 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.
 - i) If the amount in the field '**Gross amount of lump sum payment**' is zero, **no IRP5/IT3(a) tax certificate is required** if the full benefit was used to purchase an annuity / annuities. If an IRP5/IT3(a) tax certificate for the full benefit is issued, the return will be rejected.
 - ii) If the '**Gross amount of lump sum payment**' is greater than zero an IRP5/IT3(a) tax certificate **must** be issued but cannot be less than R1. to enable the member to submit the annual return.

3.6.3 Death prior to retirement

- a) From 1 January 2008 the total value of the benefit can be commuted as a lump sum where the reason for the tax directive is '*Death before retirement*'.
- b) If the date of death is before 1 January 2008 a formula was used to determine the allowable amount that the beneficiaries or nominees could take as a lump sum. The following two fields must be completed if the date of accrual / date of death is before 1 October 2007:
 - i) 'On death of member prior to retirement from the Fund: What amount would the taxpayer have derived in respect of the commutation of one-third of the annuity if he had retired the day preceding his death?'
 - A) To prevent the error '*5737 – One third commutation must be entered if the reason is death*', the correct one-third amount that the member could take in cash if the member retired a day before the date of death.
 - ii) 'On death of member prior to retirement from the Fund: State total contributions by member to the Fund, accumulated at 7% compound interest to the date of death'.
 - A) If the above field is not completed the error message '*2950 – The member's total contributions to the fund must be supplied*' will be returned when the tax directive application is declined.

On death of member prior to retirement from the fund before 1 October 2007: What amount would the taxpayer have derived in respect of the commutation of one-third of the annuity if he had retired the day preceding his death?

[illegible]

On death of member prior to retirement from the fund before 1 October 2007: State total contributions by member to the fund, accumulated at 7% compound interest to the date of death.

[illegible]

NOTE: Refer to paragraphs 3.6.13 '*Date of accrual*' and 3.6.15 '*Date of Death of member*' in this guide.

- c) If the member **died after retirement**, please refer to the Form E **and the reason '3.7.4 Death Member / Former Member after retirement' must be used.**
- d) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3915 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.
 - i) If the amount in the field '**Gross amount of lump sum payment**' is zero, **no IRP5/IT3(a) tax certificate is required** if the full benefit was used to purchase an annuity / annuities for the beneficiaries. If an IRP5/IT3(a) tax certificate for the full benefit is issued, the return will be rejected.
 - ii) If the '**Gross amount of lump sum payment**' is greater than zero an IRP5/IT3(a) tax certificate **must** be issued but cannot be less than R1, to enable the member to submit the annual return.
 - iii) **If the date of accrual is before 1 October 2007 source code 3905 must be used on the IRP5/IT3(a)**

tax certificate and the tax in the amount field for source code 4102.

3.6.4 Transfer prior to retirement.

- a) This reason can only be used where a member of a RAF transfers the full benefit to another RAF.
- b) A member of a RAF can only transfer to another RAF before the member retires from the Fund. Refer to the definition of 'retirement annuity fund' in the **Income Tax Act**
- c) **On retirement** the member **cannot transfer** the two-thirds or more to another RAF. The portion **that** the member does not take in cash must be used to **purchase** an annuity or must remain in the Fund and be used to provide an annuity.
- d) The **transfer container must be completed** in order to avoid the decline of the tax directive application. Refer to paragraph 3.6.25 – '**Did the Fund transfer the benefit to another fund before retirement?**' in this guide.
- e) From 1 March 2023 a member with more than one contract / policy in a RAF can now transfer one or more of these contracts / policies to another approved RAF, subject to the following conditions:
 - i) The transfer value of the member's interest must exceed R371 250 per contract / policy.
 - A) The transfer value of the member's interest must exceed R371 250 per contract / policy. This means that the value of each contract / policy must be equal or more than R371 250 to be able to split the transfer to multiple RA approved funds.
 - ii) Where the total member's interest ('Total value of full annuity') is not transferred, the amount remaining in the RAF must exceed the amount of R371 250.
 - iii) The tax directive system will validate that the amount in the 'Gross amount of lump sum payment' field is equal to the total of the amounts transferred. To avoid the rejection of the tax directive application form ensure that the **remaining** amount (amount not transferred) is equal to the '**Total value of full annuity**' **less** '**Gross amount of lump sum payment**'.
- f) The above conditions are not applicable where the member transfers **the total member's interest** ('Total value of full annuity') to another approved RAF. A single transfer container on the tax directive application form must be completed when the member's full interest is transferred to another fund, regardless of the amount to be transferred.
- g) The amount in the 'Gross amount of lump sum payment' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate. If no tax was reflected on the IRP3e, reason code 04 must be used in the '**Reason for no tax deducted**' field.
 - i) An IRP5/IT3(a) tax certificate must be issued. **If a tax certificate is not issued it will cause hardship to the taxpayer when a taxpayer has to file the annual return. The annual return will be rejected until the certificate is included in the return.**

3.6.5 Discontinued Contributions

- a) Where a member of a RAF stopped contributing to the Fund the member can withdraw the benefit before retirement if the benefit **is less** than the amount determined by the Minister of Finance. In Government Gazette 29913 No. 467 dated 1 June 2007 the Minister determined the amount to be R7 000. The R7 000 limitation applies per fund. Therefore, the total of **all the contracts / policies** in the Fund cannot be more than R7 000.
- b) During the 2021 Budget Speech the Minister of Finance Budget increased the amount of R7 000 to R15 000. If **the sum of all the contracts / policies, per fund**, is more than R15 000 the system will reject the application.
 - i) Once a member has stopped contributing to a fund and has withdrawn his / her benefit and then becomes a member of the Fund again, the previous discontinued contribution will be taken into account once the member stops contributing again and wants to withdraw his / her contributions.
- c) The benefit is regarded as a withdrawal benefit from an RAF prior to retirement and is therefore taxable as a withdrawal benefit.

- d) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.6.6 Future surplus

- a) Future surplus payable in terms of Section 15C of the Pension Funds Act is taxable in terms of paragraph 2(1)(b) of the Second Schedule and the paragraph 5 or 6 deductions of the Second Schedule of the Act are not applicable as payment is not as a result of death, retirement, or resignation (Refer to Interpretation Note 113 - *Apportionment of surplus and minimum benefit requirements: Pension Funds Second Amendment Act*).
- b) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3921 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.6.7 Divorce – Member spouse

- a) This reason refers to the period **before** 1 March 2009 where the court has awarded a portion of the member's benefit to the non-member spouse.
 - i) '**Date of divorce order**' field must also be completed.
- b) The divorce award was included in the member's income. The member was liable for the tax. Therefore, the Pension Funds Act allowed a fund to deduct from a member's individual reserve the PAYE that was due on the tax directive for the divorce award of the non- member spouse.
- c) **A second tax directive** is therefore required to be submitted for the PAYE the Fund had to deduct from a member's minimum individual reserve. Refer to the General Note 33 on SARS website www.sars.gov.za for the formula to be used to submit one tax directive **application** instead of several tax directive applications.
- d) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3902 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4102.

3.6.8 Divorce – Non-member spouse

- a) From 1 March 2009 the tax directive application must be submitted in the name of the non-member spouse as the **non-member** is liable for the tax on the amount awarded by the court.
 - i) '**Date of divorce order**' field must also be completed.
- b) The withdrawal rates will be applicable if the non-member spouse did not transfer the benefit to another approved fund.
- c) The divorce benefit can either be taken in cash or transferred in full. The non-member spouse **cannot** split the benefit to take a portion in cash and transfer a portion.
- d) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.6.9 Divorce – Transfer

- a) On a Form C the non-member spouse can only transfer from the member's RAF to another RAF of the non-member spouse's choice.
- b) The **transfer container must be completed**, and the full benefit must be transferred. **Refer to paragraph 3.6.25 – 'Did the Fund transfer the benefit to another fund before retirement?' in this guide.**
- c) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application form must

be entered on the field for source code 3920 on the IRP5/IT3(a) tax certificate. If no tax was reflected on the IRP3, reason code 04 must be used in the 'Reason for no tax deducted' field.

- i) An IRP5/IT3(a) tax certificate must be issued.
- ii)

3.6.10 Emigration Withdrawal

- a) The '**Emigration Withdrawal**' reason can only be used on SARS eFiling application forms.
- b) The definition of '*retirement annuity fund*' has been amended with effect from 1 March 2008, to allow a member who discontinues his / her contributions prior to his / her retirement date to be entitled to the payment of a lump sum benefit where a member emigrated from the Republic and that emigration is recognised by the South African Reserve Bank for purposes of exchange control. Countries which form part of the Common Monetary Area (CMA) SA, Namibia, Lesotho and Eswatini (Swaziland) cannot use the reason emigration withdrawal.

NOTE: The TRN is not mandatory if the member has no income tax reference (active / inactive) on SARS's system. If the person / member has an **inactive number on the SARS** system, to prevent the rejection error '273 – Taxpayer is inactive', the inactive number **must be reactivated** before a tax directive application can be submitted.

- c) The Fund Administrator **must** submit the tax directive application form on eFiling and **must** also complete the **following information in the 'Emigration withdrawal' container on a Form C.**

Emigration withdrawal	
Was an application for emigration recognised by the Reserve Bank?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Is proof of a valid Tax Clearance certificate attached?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Is the certificate of residency of the new country of residence attached?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Please state date of emigration. (CCYYMMDD)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Please note: if the answer to any of the above questions is "Yes", copies of the said documentation must be submitted as supporting documents to verify the validity of this request	

- d) The fields are mandatory if the reason '*Emigration withdrawal*' is elected. **eFiling will prompt the upload of the following compulsory documents:**

- i) A **letter from the Authorised Dealer** to confirm that the emigration was recognised by the South African Reserve Bank for purposes of exchange control.
 - A) For tax directive applications with a date of accrual after 1 March 2022, if the letter from the Authorised Dealer does not indicate that it recognised the emigration, the application will be rejected.
 - B) **Letters from Authorised Dealers indicating only that the taxpayer ceased to be resident will not be accepted for emigration withdrawal. The reason 'Cessation of SA residence' must be used.**
- ii) A copy of the **Tax Clearance Certificate (TCC)** in respect of emigrations issued by SARS; or
 - A) A copy of the '*Tax Compliance Status - Pin issued*' letter;
 - B) The TCC / TCS must be **in the name of the taxpayer** if the taxpayer has a tax reference number (TRN); or
 - C) An affidavit indicating when the TCC was issued by SARS and the reason why that TCC cannot be provided;

NOTE: For tax directive applications with a date of accrual **after** 1 March 2022 the SARS TCC or TCS pin, a copy of the MP336(b) form **must also be attached**. If the MP336(b) form is not stamped and signed by SARB with a date before 1 March 2021 **or is not attached**, the application will be rejected. The reason '*Cessation of SA residence*' must be used.

- iii) The **member's certificate of residence** obtained from the relevant **Tax Authority** of the country in which the member **resides**.
 - A) Where the DTA must be taken into account a letter must be included indicating that the DTA must be taken into account and **a manual (hard copy / paper copy) tax directive application form must be completed.**
- iv) The **date of emigration** must be provided.

- A) This date must correspond with the date on the MP336(b) and the date on the letter from the Authorised Dealers confirming the emigration was recognised by the South African Reserve Bank for purposes of exchange control.
- v) For more information refer to the external guide 'Tax Directive for Emigration and cessation of visas' on SARS website www.sars.gov.za.
- vi) Ensure that **only the required** documents are uploaded when the system prompt the user. Do not upload the member's option forms or emails that could clutter the SARS system.
- vii) The Fund Administrator submitting the application must ensure that the status on eFiling is 'Submitted to SARS'. If the status is 'Upload documents', the application has not been submitted to SARS and only once the relevant supporting documents have been uploaded and submitted will a case be created to be reviewed. The below status indicates that the documents were not uploaded and submitted to SARS.

- e) On submission of the tax directive application form on eFiling a case will be created where a SARS official has to verify that the correct supporting documents were uploaded and that the tax directive application form was completed in full and correctly within 21 working days.
 - i) If the incorrect supporting documents were uploaded or the tax directive application form was not completed in full the SARS official will reject the tax directive application. The Fund has to resubmit the tax directive application form and ensure that **ONLY** the required supporting documents listed above, are uploaded / attached.
 - ii) If the tax directive application form was completed in full and the correct supporting documents were uploaded, the SARS official will approve the tax directive application form and the tax directive application form will be processed on SARS system to issue a tax directive if all the validations (correct ID number, tax reference number, **FSCA name and number**, etc.) are met.
 - iii) If the SARS system validations are not met, the tax directive application will be declined. In order to find out the reason for it being declined a list of errors can be viewed on eFiling.
- f) The reason 'Cessation of SA Residence' should be used from 1 March 2021. Refer to paragraph 3.6.11 'Cessation of SA Residence' in this guide. If the taxpayer was in the process of emigrating and has submitted the MP336(b) to the Authorised Dealer (Bank) before 1 March 2021, the reason emigration withdrawal can be used. This reason 'Emigration Withdrawal' is only for those taxpayers in the process of formally emigrating and where the emigration is accepted by SARB (stamped and signed) on or before 28 February 2021. All the relevant supporting documents for 'Emigration withdrawal' (including a copy of the stamp and signed MP336(b) form) must be attached to the application form.
- g) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115.

3.6.11 Cessation of SA Residence

- a) The '**Cessation of SA Residence**' reason can only be used on SARS eFiling application forms.
- b) The definition of 'retirement annuity fund' has been amended with effect from 1 March 2021, to allow a member who discontinues his / her contributions prior to his / her retirement date to be entitled to the payment of a lump sum benefit where a member was not an SA resident for an uninterrupted period of

three years or longer **prior to the date of election to withdraw the benefit.**

- c) 'Cessation of SA Residence' reason can be used with effect from 1 March 2021. A non-resident who has previously used the once-off withdrawal **benefit** and wants to withdraw the full benefit before reaching the age of 55, must have informed SARS that he / she ceased to be a resident and was out of the country for an uninterrupted period of three years or longer **prior to the date of election to withdraw the benefit** and provide such **proof** to the Fund Administrator.
- d) The Fund Administrator must ensure that the member has not been a resident for an uninterrupted period of three years or longer **prior to** the date on which the **member elected to withdraw the benefit**. The **Fund Administrator must** also complete the **following information in the 'Cessation of SA Residence' container:**

Cessation of SA Residence	
Certificate of residence Y/N	Y <input type="checkbox"/> N <input type="checkbox"/>
Document confirming cessation of residence Y/N	Y <input type="checkbox"/> N <input type="checkbox"/>
Date of Cessation of SA Residence (CCYYMMDD)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

- e) These fields are mandatory if the reason 'Cessation of SA Residence' is selected and must only be completed if the reason for the tax directive is 'Cessation of SA Residence'.
- f) The fund must indicate with an 'Y' or a 'N' if the **following supporting documents** are attached to the application form:
- i) **'Certificate of residence'**
 - A) If 'Y', the certificate of residence from the Tax Authority of the new country of residence must be attached and must not be older than **12** months.
 - ii) **'Documentation confirming cessation of residence'.**
 - A) The Fund Administrator must ensure that the member was not a resident for an uninterrupted period of three years or longer **prior to the date of election to withdraw the benefit**. The documents that the Fund have obtained to confirm cessation of residence must be attached to the tax directive application form. **The following are examples of documents the fund can consider:**
 - I) The passport indicating the entry in and out of SA, **including a travel diary displaying the detailed information and the reason(s) for the visit to SA,**
 - II) assessments issued by the country of residence, or
 - III) any other relevant supporting documents, etc. to confirm that the taxpayer ceased to be resident in SA.
 - B) The taxpayer with a tax reference number must inform SARS as soon as he / she ceased to be a SA resident. **Once the information is received**, SARS system will be updated to reflect the taxpayer's correct resident status. If the taxpayer's status on SARS system does not reflect that the taxpayer is a **'non-resident' as well as the date that the taxpayer ceased to be a resident**, the tax directive application will be rejected.
 - I) The taxpayer must complete the RAV01 on eFiling or by means of making an appointment to complete the RAV01 at a SARS Office if the taxpayer did not inform SARS previously.
 - II) **Where SARS has issued an 'Update Tax Residency Status' notice a copy should be attached to the tax directive application form; or**
 - III) **If the taxpayer is not registered for income tax purposes, a letter of compliance will be issued on a SARS letterhead and a copy thereof should be attached to the tax directive application form.**
 - IV) **The error message '117 – Tax ref no. already exist, please correct' will be displayed if a tax directive application without a tax reference number is submitted and the taxpayer has a tax reference number. If the tax reference number is inactive, it must first be re-activated before the tax directive application can be re-submitted.**

NOTE: The TRN is not mandatory if the member has no income tax reference (active / inactive) on SARS's system. If the person / member has **an inactive number on the SARS** system, to prevent the rejection error '273 – Taxpayer is inactive', the inactive number **must be reactivated** before a tax directive application can be submitted.

- iii) **'Date of cessation of SA Residence (CCYYMMDD)'**.
- This date can be before 1 March 2021.
 - This is the date when the taxpayer ceased to be an SA resident.
 - The date of cessation is the date used to determine if the member is out of the country for 3 or more uninterrupted years up to the date that the tax directive application is received. The error message '4544 – Invalid date of cessation of SA residence' will be returned if the person is not out of the country for more than 3 uninterrupted years according to the information on the tax directive application form.
- g) On submission of the tax directive application form on eFiling a case will be created where a SARS official has to verify that the correct supporting documents were uploaded and that the tax directive application form was completed in full and correctly within 21 working days.
- i) The Fund Administrator submitting the tax directive application must ensure that the status on eFiling is 'Submitted to SARS'. If the status is 'Upload documents', the application has not been submitted to SARS and only once the relevant supporting documents have been uploaded and submitted, will a case be created to be reviewed. The below status indicates that the documents were not uploaded and submitted to SARS.

- ii) If the incorrect supporting documents were uploaded or the tax directive application form was not completed in full, the SARS official will reject the tax directive application. The Fund Administrator has to resubmit the tax directive application form and ensure that **ONLY** the required supporting documents listed above, are uploaded / attached.
- iii) If the tax directive application form was completed in full and the correct supporting documents were uploaded, the SARS official will approve the tax directive application form and the tax directive application form will be processed on SARS system to issue a tax directive, if all the validations (correct ID number, tax reference number, FSCA name and number, etc.) are met.
- If the SARS system validations are not met, the tax directive application will be declined. In order to find out the reason for it being declined, a list of errors can be viewed on eFiling.
- h) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115.

3.6.12 Withdrawal due to visa expiry (Only on SARS eFiling)

- The '**Withdrawal due to visa expiry**' reason can only be used and submitted through SARS eFiling.
- With effect from 1 March 2016 the definition of '*retirement annuity fund*' was amended to allow a member who discontinues his / her contributions prior to his / her retirement date to access the lump sum benefit at the expiry of the visa issued in terms of paragraph (b) or (i) of the definition of 'visa' in section 1 of the Immigration Act of 2002.

NOTE: Only on the expiry of the visa can the member apply for the withdrawal. If the visa has not yet expired the tax directive application form **cannot** and **will not** be processed by SARS.

- The Fund Administrator **must** submit the tax directive application form on eFiling and **must also**

complete the following information in the 'Expiry of Working Visa' container:

Expiry of Working Visa	
Was the visa issued in terms of paragraph (b) or (i) of the definition of visa in section 1 of the Immigration Act, no. 13 of 2002?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Did the visa expire?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Did the member exit South Africa?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Please note: if the answer to any of the above questions is "Yes", copies of the said documentation must be submitted as supporting documents to verify the validity of this request.

- d) Mandatory if the reason 'Expiry of Working Visa' is selected.
- i) If one of the answers is 'No' and the listed documents are not attached to the tax directive application form, the tax directive application will be declined.
- e) The Retirement Annuity Fund Administrators, must attach the following supporting documents to SARS:
- A copy of the Certificate of residence obtained from the relevant **Tax Authority** of the country in which the member **resides**;
 - A copy of the passport indicating the exit from South Africa;
 - A copy of the Visa indicating the expiry date and the applicable paragraph in the definition of "Visa" in Section 1 of the Immigration Act in terms of which the visa was issued or a 'Visa / Permit Compliance and Cancellation of Visa' letter from Department of Home Affairs, that is issued or obtained in terms of paragraph (b)(x)(dd)(B)(AA) of the definition of "retirement annuity fund" in section 1 of the Act, will be treated the same as the expiry of a work visa.
 - Ensure that only the required documents are uploaded where the system prompts the user to upload.
- NOTE:** The TRN is not mandatory if the member has no income tax reference (active / inactive) on SARS's system. If the person / member has an **inactive number on the SARS** system, to prevent the rejection error '273 – Taxpayer is inactive', the inactive number **must be reactivated** before a tax directive application can be submitted.
- f) On submission of the tax directive application form on eFiling a case will be created where a SARS' official has to verify that the correct supporting documents were uploaded and that the tax directive application form was completed in full and correctly, within 21 working days.
- If the incorrect supporting documents were uploaded, the tax directive application form was not completed in full or the visa has not expired. the SARS' official will reject the tax directive application. The Fund has to resubmit the tax directive application form once the visa has expired and ensure that **ONLY** the required supporting documents as listed above, are uploaded / attached and that the form is completed in full.
 - If the tax directive application form was completed in full and the correct supporting documents were uploaded the SARS' official will approve the tax directive application and the tax directive application form will be processed on the SARS' system to issue a tax directive if all the validations (correct ID number, tax reference number, FSCA name and number, etc.) are met.
 - If the SARS' system validations are not met, the tax directive application will be declined. In order to find out the reason for it being declined a list of errors can be viewed on eFiling.
- g) The amount in the '**Gross amount of lump sum payment**' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115.

3.6.13 Date of accrual

- Mandatory field.
- From 1 March 2015 the date of accrual will be the date the person elects to have the retirement benefit paid to him / her in terms of paragraph 4(1) of the Second Schedule to the Act.
- The **accrual date for death** will be one day before the date of death or can be equal to the date of death.

- i) The date of accrual cannot be after the date of death. The error messages '1452 - Directive Tax Year is greater than Estate Tax Year' and '5910 - Date of accrual cannot be greater than estate date' will be displayed if the date of accrual is after the date of death on the SARS' system.
 - ii) If the Fund Administrator is sure the correct date of accrual was used, the Executor of the Estate must contact SARS to correct the date of death to correspond with the date of death on the death certificate.
 - iii) If the member is not deceased, the member must provide the Fund Administrator with the correct tax reference number. The current tax reference number used by the Fund Administrator on the tax directive application form cannot be used and is no longer a valid tax reference number.
- d) The date of accrual for:
- i) Divorce – the date the non-member spouse elected to take the benefit in cash;
 - ii) Transfer – the date the benefit is transferred to another RAF. This is applicable to all transfers;
 - iii) Emigration withdrawal, Cessation of SA residence, Expiry of Working Visa – the date the member elected to take the benefit in cash.

NOTE: Employees' tax payable on lump sum benefits is calculated, based on the tax directive information on SARS' system, **the date that the tax directive applications are submitted**, and **not according** to the **order** of the date of accrual **for that tax year / year of assessment**. **The date of accrual and the reason for the current tax directive are used to determine which tax rate is applicable for the tax year on the tax directive application form. ONLY** when the taxpayer's return is filed **for the year of assessment**, SARS **recalculates** the tax on all lump sum benefits received during that year of assessment, **according to the date of accrual** provided on each tax directive application form **and previous finalised lump sum tax directives on the SARS' system**. An adjustment to employees' tax, if any, will be done on assessment.

3.6.14 Commencement date of policy

- a) Mandatory field.
- b) The date the member became a member of the Fund that is now applying for a tax directive / **submitting the tax directive application**.

3.6.15 Date of death of member

- a) Only mandatory if the reason on the tax directive is '*Death prior to Retirement*'.

3.6.16 Gross amount of lump sum payment

- a) The amount entered in this field is the amount that the member of the Fund has elected to take **in cash** in accordance with the rules of the Fund, **or the amount that the member is transferring out of this RAF**.
- b) SARS's tax directive system will validate that the '*Gross amount of lump sum payment*' amount is not more than one-third of the amount in the '*Total value of the full annuity*' field **where the reason selected is not 'Transfer'**.
- c) Before 1 March 2016 where the two-thirds of the total value of the annuity or annuities in a fund did not exceed R50 000 (R75 000 in total) the annuity or annuities may be commuted for a single payment.
- d) From 1 March 2016 where the two-thirds of the total value of the annuity or annuities in a fund does not exceed R165 000 (R247 500 in total) the annuity or annuities may be commuted for a single payment **or any amount may be commuted if the total value of all annuities does not exceed R247 500 at retirement, the remaining amount must be utilised to purchase an annuity**.
 - i) An error message '**1857 - Gross amount incorrect**' will be displayed if the tax directive application is submitted and the total of the '*Gross amount of lump sum payment*' is more than one-third of the '*Gross amount of total benefit*' (per tax directive application); **or**
 - ii) Where a second tax directive application form is submitted by the **same** Fund and the total of the '*Gross amount of total benefit*' **per fund**, for both tax directive applications are in total more than R247 500 (R75 000 for tax directive applications with a date of accrual before 1 March 2016):
 - A) Where the member has elected on contract / policy one (1) to use the full benefit to purchase an annuity or take less than one-third in cash, the member cannot, **on the tax directive application form, for contract / policy two (2) choose to take the full benefit or the**

- one-third of the two (or more) contracts / policies in cash. The validation on the SARS' system is per contract / policy (**per application form**) that the '*Gross amount of lump sum payment*' is not more than one-third of the '*Gross amount of total benefit*' and
- B) if there are multiple contracts / policies then the total value of the contracts / policies taken in cash is not more than the R247 500.
 - C) **Example one:** A member has two contracts / policies in a fund and elects to receive the total value of R200 000 to purchase an annuity using the total benefit from contract / policy one (1). When policy two (2), with a total value of R60 000 matures, and the member elects to receive the full benefit in cash, the SARS' system will decline the tax directive application with an error message '**1857 - Gross amount incorrect**'. The total value of the two contracts / policies in that fund is R260 000, therefore the member can only receive one-third of R20 000 of the R60 000 in cash.
 - D) **Example two:** A member has two contracts / policies in a fund. In 2021 the first contract / policy with a total value of R162 000 matures and the member elects to take only R50 000 as a cash portion and use the R112 000 to purchase an annuity. The second contract / policy matures in June 2023 and the total value of the contract / policy is R125 000. The member decided to take the full benefit in cash. The tax directive application will be rejected with the error message '**1857 - Gross amount incorrect**' as the '*Gross amount of total benefit*' of the two contract / policies in that fund is R287 000 (R162 000 + R125 000) and is therefore more than R247 500.
 - I) The member can only take one-third (R41 666.67) of the total value of R125 000 of the second contract / policy in cash.
 - II) The R4 000 that the member could have taken in cash when contract / policy one matured cannot now be included in the current lump sum.

3.6.17 Total value of full annuity

- a) The '*Total value of full annuity*' must always be provided.
- b) This is the total amount available to the Fund Administrator to pay the one-third commutation or a lesser amount that the member has elected to take in cash; and
- c) The two-thirds must be used to provide the member with an annuity or must be used to purchase a compulsory annuity from a Long-term Insurer.

3.6.18 Amount distributed to non-members spouse in respect of divorce order.

- a) This field must only be used if the date of accrual is before 13 September 2007.

3.6.19 Date of divorce order

- a) Mandatory if **any of** the divorce reasons are used.

3.6.20 Transfer by non-member spouse previously taxed.

- a) Non-member spouses who have transferred the divorce awards before 1 March 2009 to an approved fund and tax was levied on the amount transferred has to complete this field.
- b) The Fund Administrator must provide the non-member spouse with a copy of the Recognition of Transfer (ROT) form to be submitted as supporting documentation upon request from SARS.

3.6.21 Excess fund contributions not previous allowed as a deduction.

- a) This field '**Where the member contributions to the Fund have exceeded such amounts as allowed for deduction against income, state total amount of excess**' is only available on a manual tax directive application form (hard copy / paper copy), not on eFiling and refer to the excess fund contributions not previously allowed as a deduction on assessment. in terms of section 11F (previously section 11(k) and / or section 11(n) amounts not allowed).

NOTE: Excess fund contributions will **automatically** be allowed as a deduction on a tax directive application in terms of paragraph 5 of the Second Schedule to the Act where the '**Amount carried forward to next year**' on the taxpayer's ITA34 were verified and correct. From the 2017 year of assessment and onwards, any amount in the '**Amount carried forward to next year**' field for **code 4029** on a taxpayer's ITA34 will

automatically be allowed as a deduction on the tax directive application submitted.

Please note that if the taxpayer submits the return for the current year of assessment (e.g. 2023) and the return is assessed and thereafter the Fund Administrators submits a tax directive application with a date of accrual in the following year of assessment (2024), the excess contribution on the last assessed return (2023) will be taken into account against the current lump sum (2024) for which the tax directive application was submitted.

If a tax directive is submitted for the 2024 year of assessment and the last year assessed is 2020 the excess contributions (4029) **in the 'Amount carried forward to next year' on the taxpayer's ITA34** on the 2020 assessed return will be taken into account against the current lump sum (2024) for which the tax directive application was submitted. Therefore, the 4029 on the 2020 return **will not be available** for the section 10C exemption or **for the opening balance** for the section 11F deduction on the 2021 return when the taxpayer submits the 2021 return **if there are no remaining excess contributions (4029).**

The obligation is therefore on the member to ensure that the member is aware of the income tax implications flowing from his / her election **BEFORE** an instruction is submitted to the Fund. A tax directive **cannot be cancelled** where the 'Amount carried forward to next year' (4029) has been allowed as a deduction on the tax directive instead of being the opening balance for the section 11F deduction or the section 10C exemption in the subsequent assessment. Rather, the taxpayer must postpone the request for the lump sum payment until such assessment has been finalised.

- b) The amount or the portion of the amount in the '*Amount carried forward to next year*' field for **code 4029** on a taxpayer's ITA34 will be displayed as '*Contributions not previous allowed as deduction*' on the tax directive (IRP3e)

3.6.22 Provident fund Contributions

If the amount is from a Provident Fund, indicate total provident fund contributions by member up to 1 March 2016

[illegible]

If the amount is from a Provident Fund, indicate total provident fund contributions after 1 March 2016

[illegible]

- a) The fields below can **only** be used where a Form A&D was used to transfer the benefit on retirement (reason '52 - *Transfer before Retirement [Par 2(1)(c)]*' was used on the FORM A&D).
 - i) ***'If the amount is from a provident fund, indicate total provident fund contributions by the member up to 1 March 2016'.***
 - ii) ***'If the amount is from a provident fund, indicate total provident fund contributions by the member after 1 March 2016'.***
 - A) The amount in the *'...provident fund contributions by member up to 1 March 2016'* field must be limited to the value in *'Gross lump sum amount payment'* field to prevent the error message *'2541 – The contributions cannot be greater than the lump sum'.*
 - iii) The error message *'5868 – No Provident Fund Contributions allowed'* will be displayed where the Form A&D with the reason *'Transfer before Retirement [Par 2(1)(c)]'* does not reflect the member's provident fund contributions or the member did not contribute to the provident fund.
- b) A manual form (**hard copy / paper copy**) must be submitted for any transfer prior to 1 March 2018 from a provident fund to a RAF and where the provident fund contributions before 1 March 2016 were previously not allowed as a deduction. Documentation from the Transferring Provident Fund must be attached to reflect the contributions or an ROT01 must be attached to prevent the contribution being disregarded.

3.6.23 Transfer from Pension Fund (after tax amount)

Transfer from Pension Fund (after tax amount)

[illegible]

Directive number for pension transfer

[illegible]

- a) Where the member has transferred a benefit from a pension fund to a provident fund / provident preservation fund and **thereafter** transferred the benefit to a retirement annuity fund, enter the after tax amount (amount the Provident Fund / Provident Preservation Fund has **received before 1 March 2021**) in this field. **If the transfer from the Pension Fund, with a date of accrual after 1 March 2021 to a provident / provident preservation fund occurred, and the transfer was on a tax neutral basis (no tax was levied), the transfer amount must not be completed in this field.**
- i) **To prevent the error message ‘4452 – Original Transfer from Pension Fund details incorrect’, this field must be blank if the date of accrual for the transfer of the Pension Fund to a provident /**

provident preservation fund is after 1 March 2021.

- b) If an amount is completed in this field, the tax directive number field is mandatory. Enter the tax directive number that was provided on the ROT01 when the pension benefit was transferred to the provident fund / provident preservation fund.

3.6.24 Was there a partial withdrawal taken from this benefit in the previous or current fund prior to this payment?

- a) Mandatory if the member has transferred a benefit from a preservation fund to a RAF and prior to the transfer, the member has previously withdrawn a portion of the benefit from the preservation fund:
- i) If 'Yes', the Fund must provide the following additional information:
- 'Date of the partial withdrawal'. The Fund must use the date of accrual on the tax directive application submitted for the partial withdrawal.
 - 'Amount of partial withdrawal'. Enter the amount of the withdrawal from the preservation fund before reaching the retirement age.
 - 'Directive number'. The tax directive number issued by SARS when the member withdrew a portion of the amount from the Preservation Fund.
- b) The form provides for two withdrawals.

3.6.25 Did the Fund transfer the benefit to another fund before retirement?

Particulars of transfer	
Did the fund transfer the benefit to another fund before retirement? Yes <input type="checkbox"/> No <input type="checkbox"/>	Transferee fund type: Retirement fund <input type="checkbox"/> The amount transferred to the transferee fund: R. <input type="text"/>
Name of transferee fund: <input type="text"/>	
E-mail address of transferee fund: <input type="text"/>	
Tel no. of transferee fund: <input type="text"/>	Cell no. of transferee fund: <input type="text"/>
FSCA Registration no. of transferee fund: <input type="text"/>	
Amount attributable to Pre-1 March 2021 Provident Fund vested rights plus growth: R. <input type="text"/>	
Amount attributable to Post-1 March 2021 Provident Fund value: R. <input type="text"/>	
State if the transfer/purchase of the annuity is subject to special conditions. If yes, confirm the applicable provision in the fund rules: <input type="text"/>	

- a) These fields must **only** be completed where the reason is '**05 - Transfer**' or '**31 - Divorce - Transfer**' and the member transfer the **full** benefit **or any of the contracts** from one retirement annuity fund to another retirement annuity fund **before retirement** **or the non-member spouse transfer the divorce portions**:

NOTE: From 1 March 2023 a member who has multiple contracts / policies in an RAF can transfer one or more of these contracts / policies to another approved RAF, **subject** to certain conditions being met. The conditions can be found in subparagraph e) in paragraph '3.6.4 Transfer prior to Retirement' in this guide. There are only four containers on an application form and can only accommodate the transfer of four contracts / policies. The below information is applicable to all four containers.

- i) **The amount transferred to the transferee fund:**
- If the reason is '**05 - Transfer prior to Retirement**' and **only** if the full value of the members interest (or all the contracts / policies) is transferred to another fund, this amount must be equal to the amount in the '**Gross amount of lump sum payment**' to prevent the following error messages '**2547 - The amount transfer must be equal to the gross lump sum amount**'.
 - If the member **only** transfers one contract / policy to another RAF (transfer only one contract / policy and the rest of the contracts / policies remain in the fund), the amount in this field must be equal to R371 250 or more to prevent the error message '**4576 - Transfer amount must be greater than R371 250**' or '**4577 Amount remaining in the fund after the transfer(s) must be greater than R371 250**'.
 - Where more than one contract / policy is transferred, the **total** value of all the amounts in the '**The amount transferred to the transferee fund**' fields must always be equal to the '**Gross amount of lump sum payment**'.
 - The '**Total value of full annuity**' less '**Gross amount of lump sum payment**' must be entered as the amount remaining in the fund. Refer to paragraph 3.6.26 - **Remain in the fund or purchase an annuity**' in this guide.
 - The taxpayer cannot take any portion **in cash** and transfer a portion to another RAF if the reason selected is '**05 - Transfer prior to Retirement**'. **The directive application will be**

declined with the error message '2547– The amount transferred must be equal to the gross lump sum amount'.

- ii) **Name of the transferee fund:**
 - A) In this field enter the name of the Fund as registered with the FSCA. (Refer to the 'Active Fund' list on the FSCA website.) [www.fsc.co.za: Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund / Registered Active Funds]. **Do not use the 'Search' function to populate this field because the spelling could be different.**
- iii) **E-mail address of transferee:** It is a mandatory field and must contain an "@" sign and a domain to be a valid email address. **Please ensure the correct email of the receiving fund (transferee fund) is provided. SARS is using this email address to inform the receiving fund that the ROT01 must be submitted.**
- iv) **Tel no of transferee fund:** Enter the telephone number of the contact person if more information is required.
 - A) Only use numbers.
- v) **Cell no of transferee fund.**
- vi) **FSCA registration number:**
 - A) This field is mandatory.
 - B) The number allocated to the Fund by the Financial Sector Conduct Authority, which consists of 12/8/ plus 7 digits. In cases where the number is less than 7 digits populate the rest of the fields with '0' before the number and the last 6 digits must be zeroes.
 - C) Ensure that the correct FSCA number and the Fund name as indicated on the FSCA webpage [www.fsc.co.za: Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund / Registered Active Funds] is captured.
 - D) Receiving Funds will not be able to submit the ROT01 if the incorrect numbers are used as that will cause hardship to the member when the ROT01 is outstanding when **the member wants to submit** the return.
- vii) If the benefit was previously transferred from a provident fund / provident preservation fund to the Retirement Annuity Fund after 1 March 2021 the following fields must also be completed:
 - A) **'Amount attributed to Pre-1 March 2021 Provident Fund vested rights plus growth'.**
 - I) This amount field relates to the contributions to a provident fund before 1 March 2021 including the growth from the date of transfer to the new Fund.
 - B) **'Amount attributed to Post-1 March 2021 Provident Fund value'.**
 - I) This amount field relating to the period where contributions to a provident fund was received after 1 March 2021.
 - II) This field is also applicable to the total non-vested benefit values being transferred.
 - III) **This amount relates to contributions to a provident fund, including growth, for a member who transferred from a previous provident fund in which the member was 55 or older on 1 March 2021.**
 - C) The total of the two amounts (vested and non-vested) must correspond with the amount on the field **'The amount transferred to the transferee fund'.**

- b) **State if the transfer / purchase of the annuities is subject to special conditions. If yes, confirm the applicable provision in the Fund rules.**

3.6.26 Remain in the fund or purchase an annuity.

- a) In the container below '**Particular of purchase of pension / annuity**' the following questions must be answered:

Particulars of purchase of pension/annuity

Did the fund purchase an annuity? Yes ☐ No ☐ If yes, state the particulars per annuity purchase:

Is the fund paying the annuity? Yes ☐ No ☐ If yes, state the amount remaining in the fund to pay the annuity: R ,

- b) Select 'Yes' or 'No' next to the question, '*Did the fund purchase an annuity?*'
 - i) On retirement, the portion that has to provide a compulsory life annuity may be used to purchase or ensure a living annuity / guaranteed annuity from a South African registered Long-term Insurer and / or must remain in the Fund to provide an annuity.
- c) Select 'Yes' or 'No' next to the question '*Is the fund paying the annuity?*' and state the amount remaining in the Fund.
 - i) This field is **compulsory** if:

- A) The member **does not transfer** all the contracts / policies in an RAF to another RAF and a contract / policy or more remains in the current RAF.
- i) The amount remaining in the fund must be equal to R371 250 or more to prevent the error message '4577 – Amount remaining in the fund after the transfers must be greater than R371 250'.
- B) On **retirement** if the Fund did not purchase a living annuity / guaranteed annuity the answer must be 'Yes' and the amount remaining in the Fund must be provided.
- i) This amount must be equal to the answer 'Gross amount of total benefit' minus 'Gross amount of lump sum payment' **minus 'annuity (ies) purchased'** to avoid the tax directive application being declined with the error message 'Remaining amount incorrect'.
- ii) Enter the amount remaining in the Fund in the field 'If 'YES', **state the amount remaining in the fund to purchase the annuity**'.

NOTE: The indicators above **can** both be 'No' or 'Yes' where the 'Gross amount of lump sum payment' is less than the 'Gross amount of total benefit'. The member must elect to purchase a living annuity and / or a guaranteed annuity (ies) and / or the Fund must utilise the remaining amount to provide an annuity.

3.6.27 Purchase an annuity

- a) On retirement, the portion that has to provide a compulsory life annuity may be used to purchase or ensure a living annuity / guaranteed annuity from a South African registered Long-term Insurer or must remain in the Fund to provide an annuity **if the rule(s) of the Fund makes provision for it**.

Pension/Annuity #1	
Annuity policy number	Amount allocated to purchase an annuity R
Indicate the type of annuity purchased: <input type="button" value="Living Annuity"/> <input type="button" value="Guaranteed Annuity"/>	
Name of the registered long-term insurer where the annuity was purchased	
Email address of insurer	
FSCA Registered insurer no.	Tel no. / Cell no.
Death prior to retirement, the following fields are also mandatory for this purchase:	
Surname	
Name(s)	
Identity Number	Date of Birth (DD/MM/YY)
Passport/Permit no.	Tipster reference no.

- b) **Mandatory** if the member has **purchased an annuity(ies)**.
- c) If the reason is 'Retirement', 'Retirement due to Ill-health' or 'Death before retirement' and the 'Gross amount of lump sum payment' and the 'Gross amount of total benefit' is not equal; and
- i) Where the total benefit is greater than R247 500; or
- ii) The 'Gross amount of lump sum payment' is less than the 'Gross amount of total benefit' and the two-thirds is not remaining in the Fund;
- d) The Fund Administrator must indicate if there are funds available to provide the member with an annuity (remaining in the Fund) or if the funds are used to purchase an annuity / annuities (living and / or guaranteed annuity) at a Long-term Insurer(s) to provide a living annuity / guaranteed annuity (or to the beneficiaries in the case of death before retirement and the beneficiary chooses to purchase a living annuity / guaranteed annuity):
- i) **Did the fund purchase an annuity? 'If yes, state the particulars per annuity purchase'.**
- A) Where the member purchased more than one annuity (a living annuity / guaranteed annuity), a container per Long-term Insurer, must be completed for each annuity purchased.
- ii) The following details are mandatory (per container) and must be provided if the member purchases an annuity from a South African registered Long-term Insurer:
- A) 'Annuity Policy number.' The policy number allocated by the registered Long-term Insurer.
- B) 'Amount utilised to purchase an annuity'.
- C) 'Indicate the type of annuity purchased'. Select either 'Living Annuity' or 'Guaranteed Annuity'.

NOTE: From 1 March 2022, when the remaining two-thirds or more of the retirement benefit exceeds R165 000, the member may use a combination of methods to pay the annuity or a combination of types of annuities. This means that a portion may be used to provide a pension / annuity directly by the Fund and / or a portion may be used to purchase a living annuity and / or guaranteed annuity, as long as the value of each of the annuities is R165 000 or more, **except for tax directive application forms with the directive reason 'Death before Retirement'.**

- D) 'Name of the registered Long-term insurer where the annuity was purchased'. **Home / Regulated Entities / List of Regulated Entities and Persons / Insurance.** Do not use the 'Search' function to populate this field because the spelling could be different.
- B) 'E-mail address of insurer'. It is a mandatory field and must contain an "@" sign and a domain to be a valid email address. **Please ensure the correct email of the Long-term Insurer is provided. SARS is using this email address to inform the Long-term Insurer that the ROT02 must be submitted.**
- E) 'FSCA Registered Insurer no'. To avoid the delay in the issuing of the tax directive or the rejection of the ROT02 ensure that the correct FSCA registered Long-term Insurer number is used and that the number is in the correct format. The FSCA registered Long-term Insurer number starting with 10/10/1/xxxx (follow by four digits, e.g., 10/10/1/0004). **(Refer to the 'Insurance' list on the FSCA website.)**
- F) Tel no. - To enable SARS to contact the Long-term Insurer.
- G) Cell no.
- H) 'Death prior to retirement, the following fields are also mandatory for this purchase:' where a beneficiary or nominee elects to purchase a living annuity and / or a guaranteed annuity with his or her portion of the benefit. In the following fields, enter the details of the beneficiary or nominee who has elected to purchase an annuity from a Long-term Insurer:
 - I) 'Surname';
 - II) 'Name(s)';
 - III) 'Identity number or other Identity number';
 - IV) 'Date of birth'; and
 - V) 'Taxpayer reference number'. This is the income tax reference number where the beneficiary or nominee is registered for income tax purposes.
 - VI)

- e) In circumstances where 4 or more beneficiaries or nominees elected to purchase a living annuity / guaranteed annuity from a Long-term Insurer, the Fund must submit more than one tax directive application form and split the 'Gross amount of total benefit' to ensure the amount(s) utilised to purchase the annuities are equal to the 'Gross amount of total benefit' on the tax directive application.

3.6.28 Period of employment in Public Sector fund (excluding AIPF)

Period of Employment in Public Sector Fund (excluding AIPF)									
Date From (CCYYMMDD)	<input type="text"/>	Date To (CCYYMMDD)	<input type="text"/>	=	<input type="text"/>	Completed years			
The original amount attributed to the above period of membership in the public sector fund (full benefit) R							<input type="text"/>	<input type="text"/>	
Date of transfer from first approved (CCYYMMDD)							<input type="text"/>	<input type="text"/>	
Was the benefit received directly from a Public Sector Fund?							Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Did the previous Fund indicate the benefit was from a Public Sector Fund?							Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Public Sector fund directive number for the original transfer							<input type="text"/>	<input type="text"/>	<input type="text"/>

- a) This container **must only be completed if:**
 - i) the member had pre-1 March 1998 years of service (pre-1998 vested right) in a public sector fund where Paragraph 2A of the Second Schedule must be applied and the full benefit was transferred, on or **after 1 March 2006** to the approved fund that is paying the lump sum; **or**
 - ii) The member transferred for **a second time** the Public Sector Fund benefit to another approved fund after 1 March 2018.
 - A) **If the benefit was transferred for a second time before 1 March 2018 the vested right amount will not be taken into account when calculating the tax liability.**
- b) The container **must not** be completed if:
 - i) the **full benefit** was not transferred (the exempt portion was taken in cash on transfer of the benefit);
 - A) **the reason on the tax directive from the Public Sector Fund is not '05 - Transfer'.**
 - ii) the benefit was transferred before 1 March 2018 to another approved fund (the second Fund after

- the exit from the Public Sector Fund).
- iii) the benefit was transfer before 1 March 2006 form the Public Sector Fund.
- iv) the member's years of service in the public sector fund only commenced after 1 March 1998.
- vii) **If the container is completed where the above scenarios are applicable, the tax directive system will either decline the application with an error message or will not take the information into account when the taxable portion is calculated.**

c) Paragraph 5 of the Second Schedule to the Act specifically provides for a deduction in circumstances where the amount has not previously been allowed as a deduction to a member. Therefore, where a member of a public sector fund has opted to transfer the taxable portion of a withdrawal benefit to another fund, and has elected to take the tax-free portion as a lump sum, a deduction in terms of paragraph 6 of the Second Schedule to the Act will be allowed.

d) **All the fields in this container must be completed** where the member of a public sector fund has transferred the full benefit to an approved fund and is retiring from this transferee fund or has transferred for a second time after 1 March 2018 to another approved fund and is now retiring from the second approved fund. The fields to be completed:

- i) *'Period of employment in public sector fund.'*
 - A) The Fund Administrator / Trustees must only provide the 'From date' and 'To date' in terms of the period **employed** in the Public Sector Fund.
- ii) Provide *'The original amount attributed to the above period of membership in the Public Sector Fund (full benefit)'*;
 - B) This is the amount that was transferred from the Public Sector Fund when the member exited the Public Sector Fund.
 - I) If the benefit was transferred from the GEPF, the amount in the *'Member's gross benefit' / 'Benefits Resignation'* field on the ROT from the GEPF must be used.
 - II) If the ROT indicates that a debt was deducted, the above field must be reduced with the debt amounts. The GEPF must be contacted if there is any uncertainty regarding the amount that the GEPF has used on the tax directive.
 - III) **The taxpayer can obtain a copy of the tax directive on eFiling when selecting 'Request Previous Years Directive' and provide it to the fund to ensure the correct directive amount is used on the tax directive application form. SARS cannot / will not provide the information received from the transferring fund to the retirement annuity fund. The required information must be on the ROT01.**
- iii) Enter the *'Date the amount was transferred from a public sector fund (CCYYMMDD)'*;
 - A) The commencement date in the approved fund cannot be prior to the transfer date.
- iv) Enter the *'Date of transfer from first approved fund (CCYYMMDD)'*;
 - A) Leave blank if the benefit was received directly from a public sector fund and was not transferred to another approved fund.
- v) Both the following questions **must be answered**:
 - A) **Answer the question – 'Was the benefit received directly from a Public Sector Fund?'** Selecting 'Yes / No';
 - I) The answer must be 'Yes' if the member only transferred from a public sector fund once.
 - II) If the member transferred to another approved fund the answer must be 'No' since the Fund paying the benefit did not receive it directly from the Public Sector Fund.
 - B) **Answer the question – 'Did the previous Fund indicate the benefit was from a Public Sector Fund?'** Selecting 'Yes / No'.
 - I) The answer must be 'Yes' if the current Fund paying the benefit did not receive it directly from a public sector fund but from an approved fund, who has indicated on the ROT that there was service rendered in the Public Sector Fund.
 - II) The answer must be 'No' if the benefit was received directly from a public sector fund.
- vi) Enter the *'Public Sector fund directive number for the original transfer'*.
 - A) If the tax directive number provided does not exist or the directive number provided is not for a transfer from a public sector fund to an approved fund the tax directive application will be declined.
 - I) **The taxpayer can obtain a copy of the tax directive on eFiling when selecting 'Request Previous Years Directive' and provide it to the fund to ensure the correct tax directive number is used on the tax directive application form. SARS cannot / will not provide the information received from the transferring fund to the receiving fund. The required information must be on the ROT01.**

- e) The above information will determine if the member can get the deduction in terms of paragraph 5 of the Second Schedule.
- i) Therefore, if the information is captured incorrectly the pre-1998 vested right will not be taken into account.
 - ii) **If the reason on the directive number captured in this container was not '05- Transfer' / '31 - Divorce transfer' / '52 - Transfer before Retirement [Par 2(1)(c)]' the pre- 1998 vested right amount will not be allowed as a deduction.**
 - iii) **The Transferring Fund did not indicate on the tax directive application that the fund transferring the benefit is a public sector fund.**
 - iv) To avoid the cancellation of tax directives the Fund Administrator can use the simulation option before submitting the final tax directive application to ensure that the pre-1998 vested right is taken into account.

3.6.29 Declaration

- a) Refer to paragraph 3.8 DECLARATION AND SIGNATURE.

3.7 Form E

The Form E application form is to be used for commutation of annuities or other exit events **after retirement**. Only the amount of the *'Total value of full annuity'* to be paid in cash to the dependant(s) and / or nominee(s) must be entered in the *'Gross amount of lump sum payment'* field.

3.7.1 Taxpayer details

Taxpayer Details	
Taxpayer Reference no.	Year of Assessment ended on (CCYYMMDD)
Surname / First Name	
Name(s)	
Initials	
Date of Birth / Registration (CCYYMMDD)	Identity number
Passport / Trust Deed No.	Passport Country / Country of Origin (e.g. South Africa = ZAF)
If the taxpayer/member is not registered for income tax, select one of the following reasons: Unemployed <input type="checkbox"/> Other <input type="checkbox"/> Specify other	
Annual income: R	
Is the taxpayer a non-resident? Yes <input type="checkbox"/> No <input type="checkbox"/>	Is the certificate of residency (citizenship certificate where STA is not applicable) attached? Yes <input type="checkbox"/> No <input type="checkbox"/>

- a) This information is mandatory.
- b) **In this part of the** tax directive application the name of the former member or annuitant must be **captured** and not the details of dependants or nominees nominated **to receive the death benefit**.
- c) If a trust is an owner of a living annuity, **and once** the trust is **in the process of terminating**, the Trustees will request the Long-term Insurer to commute the remaining value of the assets of the living annuities.
- i) The **Long-term Insurer must complete** (not the trustees) the Form E on eFiling and provide the trust details **in this part of the application form**:
 - A) *'Trust tax reference number'*;
 - B) *'Trust name'*;
 - C) *'Date of registration'*; and
 - D) *'Trust deed no.'*
 - E) **The passport country may not be specified where the application is for a Trust that is an owner of a living annuity.**
 - ii) Refer to paragraph '3.7.9 Par. (eA) Living Annuity Commutation Termination of a Trust' in this guide for more information.

3.7.2 Particulars of fund

Particulars of Fund/Insurer																								
Registered Name of Fund/Insurer																								
Indicate whether this fund/insurer is:																								
<input type="checkbox"/> An approved fund					<input type="checkbox"/> A public sector fund					<input type="checkbox"/> Insurer					<input type="checkbox"/> Other					Specify other				
FSB Registration no.										Fund Approval no. (Public Sector Funds only)										FSB Registered Insurer no.				
1 2 / 8 / 0 0										1 8 2 0 4										1 0 / 1 0 / 1 /				
Contact Person																								
E-mail address																								

Particulars of Fund/Insurer (continued)																								
Tel no.										Policy No.										PRYE Reference no.				
																				7				
Postal Address																								
Postal Code																								

a) This information is mandatory.

i) **Registered Name of Fund / Long-term Insurer.**

- A) Enter the Fund / Long-term Insurer name as registered with FSCA. (Refer to the 'Active Fund' / 'Registered Active Participating Employers' / 'Insurance' list on the FSCA website.)
- B) Fund Administrators and Long-Term Insurers (on Form E) must ensure that the correct registered FSCA number, Fund Name, Participating Employer Name and Long-Term Insurer Name as indicated on the FSCA website, are used from mid-September 2022, when completing the tax directive application forms, to avoid the rejection of the tax directive applications. *Home / Regulated Entities / List of Regulated Entities and Persons / Insurance. Do not use the 'Search' function to populate this field because the spelling could be different.*
- C) The SARS tax directive system will validate that:
 - I) the 'Registered Name of Fund' entered on the tax directive application form matches the 'FUND NAME' in the 'Active Fund' field on the FSCA list. This means that the spelling, special characters etc. must be exactly the same as on the list;
 - II) the 'FSCA Registration No.' on the tax directive application form must match the 'FUND NAME' and the 'FUND NO' as it appears on the FSCA website;
 - III) the status of the Fund is active or the status allows the Fund to transfer a lump sum benefit to another approved fund and pay / receive a lump sum benefit.
 - IV) If a lump sum benefit is transferred to another approved fund and the Receiving Fund's name on the FSCA list is in Afrikaans or in any other language or has numbers and / or special characters in the fund name, then the exact spelling in the 'FUND NAME' field on the FSCA list **MUST** be used.
 - V) The complete FSCA list can be found on www.fsca.co.za For **Active Funds**: - 'Home / Regulated Entities / List of Regulated Entities and Persons / Retirement Fund / Registered Active Funds'. *Do not use the 'Search' function to populate this field because the spelling could be different.*
 - VI) SARS system will also validate if the 'Registered Name of fund' and the FSCA number does correspond, and that the 'Registered Name of fund' does correspond exactly with the FSCA list, if not, the directive application will be rejected with the error message 4554 – 'The FSCA Registered Insurer Number not valid as per FSCA'.

ii) **Indicate whether this Fund / Long-term Insurer is:** (Select **only** one of the following types):

- A) An approved fund;
- B) A public sector fund; or
- C) Other. If 'Other' is selected the Fund Administrator / Long-term Insurer must specify why the reason 'other' is selected, e.g., the Fund Administrator / Long-term Insurer is not yet approved or registered as a Long-term Insurer at the FSCA.
 - I) The 'Annual Income' field must also be completed.
 - II) No deduction in terms of the Second Schedule will be allowed and the benefit will be taxed as normal income.

iii) FSCA Registration no; (Refer to the 'Active Fund' / 'Registered Active Participating Employers' list on the FSCA website.)

iv) Fund Approval no. (Public Sector Funds only);

v) FSCA Registered Long-term Insurer no; (Refer to the 'Insurance' list on the FSCA website)

- A) **Only one** of the above numbers must be provided. An approved fund must only provide the FSCA registration number, and the Fund approval number **must be blank**.

- vi) Contact Person;
- vii) E-mail address;
- viii) Tel no.;
- ix) Policy No.;
 - A) The member's policy number.
- x) PAYE Reference no.;
 - A) This number starts with a '7' and consists of 10 numbers.
 - B) This is the reference number that the Fund must use to pay over the PAYE, that is indicated on the tax directive (IRP3e), to be deducted from the lump sum.
- xi) Postal Address;
 - A) This is the address to be used to inform the Fund / Long-term Insurer as to the status of the tax directive application.
 - B) Where the hard copy / paper copy of the tax directive application form is manually submitted and captured by a SARS official on SARS's tax directive system, the tax directive will be emailed to the applicant.

3.7.3 Particulars of Gross Lump Sum Due

- a) The Fund Administrator / Long-term Insurer must analyse the nature of the lump sum payment(s) that will be made to the member or beneficiaries and select the appropriate reason provided on the tax directive application form.
- b) The following reasons for the tax directive (to commute annuities) are on the tax directive application form:

- c) From paragraph 3.7.4 to paragraph 3.7.10 the tax directive reasons on Form E will be discussed and will indicate when the reason should be used, and which **additional** fields must be completed.

3.7.4 Death Member / Former Member after retirement

- a) If a member (annuitant) died after retirement and the beneficiaries or nominees elected to convert (commute) the annuities to a lump sum, the Fund Administrator must select the reason '*Death Member / Former Member after Retirement*' on the tax directive application form.
- b) Where a dependant or a nominee elects to receive an annuity that is provided by the Fund or purchased from another fund, no lump sum benefit shall be deemed to have accrued. The '*Gross amount of lump sum payment*' field **must be** zero (0.00).
- c) If the '*Gross amount of lump sum payment*' and the '*Total value of full annuity*' are therefore not equal, the information **under paragraph '3.7.20 Particulars of pension/annuity purchase for a beneficiary/nominee'** must also be completed to indicate the portion that **will not** be paid as a lump sum benefit, and to avoid the rejection of the tax directive application.
 - i) The transfer container cannot be completed because only one of the purchase annuity containers can be completed.
- d) The amount (if greater than zero) in the '*Gross amount of lump sum payment*' field on the tax directive application must be entered in the amount field for source code 3915 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115. If no tax was reflected on the IRP3e, reason code 04 must be used in the '*Reason for no tax deducted*' field.
 - i) If the amount in the field '**Gross amount of lump sum payment**' is zero, and an IRP5/IT3(a) tax certificate for the full benefit is issued, the return will be rejected.
 - ii) If the '**Gross amount of lump sum payment**' is greater than zero an IRP5/IT3(a) tax certificate **must** be issued but cannot be less than R1 to be able to submit the annual return.
- e) If the date of accrual is before 1 March 2011 the amount in the '*Gross amount of lump sum payment*' field on the tax directive application form or the '*Gross lump sum amount*' on the IRP3e (directive) must be entered in the amount field for source code 3921 on the IRP5/IT3(a) tax certificate and the tax in the

amount field for source code 4115. **The correct source code to be used on the IRP5/IT3(a) tax certificate will be reflected on the tax directive (IRP3e) and must be used to prevent the rejection of the annual return. Between 1 March 2009 and before 1 March 2011 the death benefit after retirement was taxed as a withdrawal benefit**

- f) If the date of accrual is before 1 March 2009 the amount in the 'Gross amount of lump sum payment' field on the tax directive application form or the 'Gross lump sum amount' on the IRP3e (directive) must be entered in the amount field for source code 3605 on the IRP5/IT3(a) tax certificate, and that the tax payable in the amount field for source code 4102. **The tax directive number must NOT BE COMPLETED on the IRP5/IT3(a) tax certificate if the date of accrual is before 1 March 2009 and source code 3605 is used to prevent complications with the submission of the IRP5/IT3(a) tax certificates with a 'Transaction Year' after 2009. Prior to 1 March 2009 the commutation of the annuities of a former member is taxed as normal income as the legislation did not provide for the commutation of annuities on the death of that member.**

3.7.5 Par. (c) Living annuity Commutation.

- a) Paragraph (c) of the definition of 'Living annuity' determines that "the full remaining value of the assets contemplated in paragraph (a) may be paid as a lump sum when the value of those assets become at any time less than an amount prescribed by the Minister by notice in the Gazette".
- i) The value prescribed in Notice 1164 in Government Gazette 31554 of 30 October 2008 until 29 February 2020 was:
- R50 000 if an amount was previously commuted at retirement; or
 - R75 000 in any other case.
- b) Notice 1164 was withdrawn by the Minister of Finance. The value, prescribed in Notice 619 in the Government Gazette 43380 of 1 June 2020, is R125 000 with effect from 1 March 2020, irrespective of whether there were any previous commutations on retirement.
- c) The error message 'Lump sum benefit exceeds maximum allowable amount' will be displayed where the taxpayer / member has multiple policies with a Long-term Insurer and the aggregation amount of the multiple policies exceeds R125 000.
- i) The *de minimis* in respect of a living annuity is to apply in circumstances where there are multiple living annuity policies with one Long-term Insurer or one fund. If the retirement interests under all the policies exceeds R125 000, the current retirement interests and past retirement interests have to be aggregated.
- ii) The sum of the values of all the living annuity policies with that insurer or in that fund must be calculated, at any one of the commutation dates, to determine whether or not the amount of R125 000 **will be exceeded in totality before a tax directive application is submitted.**
- d) If the reason for the tax directive application is 'Par C Living Annuity - Commutation' the following fields must also be completed:
- Was any value or part of the retirement interest commuted before? Select either 'Yes' or 'No'; and
 - Benefit payable to Member / Former Member must be 'Yes'.
 - If the tax directive application is submitted electronically the 'Member / Former Member' indicator must be '1'.
- e) The amount in the 'Gross amount of lump sum payment' field on the tax directive application must be entered in the amount field for source code 3915 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115. If no tax was reflected on the IRP3e, reason code 04 must be used in the 'Reason for no tax deducted' field.
- f) If the date of accrual is **before 1 March 2011** the amount in the 'Gross amount of lump sum payment' field on the tax directive application or the 'Gross lump sum amount' on the IRP3e (directive) must be entered in the amount field for source code 3921 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115.

3.7.6 Death- Next Generation Annuitant

NOTE: A 'Next Generation Annuitant' is the dependant(s) or nominee(s) of the original member who has elected to receive an annuity.

- a) 'Death – Next Generation Annuitant' reason must be used where the next generation annuitant dies, and the dependant or nominee elects to commute the annuities for a lump sum.
- b) Wherever the 'Gross amount of lump sum payment' and the 'Total value of full annuity' are not equal, the information under paragraph '3.7.20 Particulars of pension / annuity purchase for a beneficiary/nominee' in this guide, **must** also be completed to indicate the portion that **will not** be paid as a lump sum and to avoid the rejection of the tax directive application.

NOTE: From 1 March 2022, the beneficiaries may use a combination of methods to pay the annuity or a combination of types of annuities, which means that a portion may be used to purchase a living annuity and / or guaranteed annuity.

- c) Where a dependant or a nominee elects to receive a living annuity / guaranteed annuity that is provided by the Fund or purchased from another fund, **no lump sum benefit** shall be deemed to have accrued where the full benefit is used to purchase an annuity. The 'Gross amount of lump sum payment' field must be zero (0.00).
- d) The amount in the 'Gross amount of lump sum payment' field on the tax directive application must be entered in the amount field for source code 3915 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115. If no tax was reflected on the IRP3e, reason code 04 must be used in the 'Reason for no tax deducted' field.
 - i) If the amount in the field 'Gross amount of lump sum payment' is zero, **no** IRP5/IT3(a) tax certificate is required **if** the full benefit was used to purchase an annuity / annuities. If an IRP5/IT3(a) tax certificate for the full benefit is issued, the return will be rejected.
 - ii) If the 'Gross amount of lump sum payment' is greater than zero an IRP5/IT3(a) tax certificate **must** be issued **but the amount on the tax certificate** cannot be less than R1, to enable the member to submit the annual return.
- e) If the date of accrual is **after 1 March 2009 but** before 1 March 2011 the amount in the 'Gross amount of lump sum payment' field on the tax directive application form or the 'Gross lump sum amount' on the IRP3e (directive) must be entered in the amount field for source code 3921 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115.

3.7.7 Next Generation Annuitant Commutation

- a) To be used for a commutation by a person who is not a member or former member of a pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund.
- b) The following fields must also be completed:
 - i) 'Identity number / Passport number of original member', (not both);
 - ii) 'Full name(s) of original member';
 - iii) 'Was any value of the annuity or retirement interest previously commuted for a single payment?'
 - iv) Benefit payable to 'Next Generation Annuitant'. Indicate 'Yes' or 'No'.
- c) The amount in the 'Gross amount of lump sum payment' field on the tax directive application must be entered in the amount field for source code 3915 on the IRP5/IT3(a) tax certificate, and the tax in the amount field for source code 4115. If no tax was reflected on the IRP3e, reason code 04 must be used in the 'Reason for no tax deducted' field.
- d) If the date of accrual is **after 1 March 2009 but before** 1 March 2011 the amount in the 'Gross amount of lump sum payment' field on the tax directive application or the 'Gross lump sum amount' on the IRP3e (directive) must be entered in the amount field for source code 3921 on the IRP5/IT3(a) tax certificate and the tax in the amount field for source code 4115.

3.7.8 Transfer of an annuity

- a) The transfer of an annuity should be used where a **member** transfers the annuity from one registered Long-term Insurer to another registered Long-term Insurer.
- b) This reason **cannot** be used if the beneficiary elects to purchase an annuity.
- c) The amount in the 'Gross amount of lump sum payment' field on the tax directive application must be entered in the amount field for source code 3920 on the IRP5/IT3(a) tax certificate, and the tax on the field for source code 4115. If no tax was reflected on the IRP3 e, reason code 04 must be used in the 'Reason for no tax deducted' field.

3.7.9 Par.(eA) Living Annuity Commutation Termination of a Trust

- a) The above reason is only available on SARS eFiling.

NOTE: This reason can only be used if the trust is terminating. If the trust requires a nil directive where the beneficiaries have vesting rights, **this reason cannot be used.**

- b) Long-term Insurers can from 1 March 2021 submit a tax directive application for the commutation of the remaining assets of the living annuity, where the Trust is the owner of a living annuity, and the Trustees are in the process of **terminating** the trust. The reason '*Par (eA) Living Annuity Commutation Termination of a Trust*' must be used where the Trustees have informed the Long-term Insurer that the trust is in the process of termination.
 - i) The Long-term Insurer **must** obtain a signed and dated resolution from the Trustees and submit it with the directive application.
 - A) **The resolution must clearly indicate that the trust will no longer exist.**
- c) **The Long-term Insurer submitting the application must ensure that the status on eFiling is 'Submitted to SARS'. If the status is 'Upload documents', the application has not been submitted to SARS and only once the relevant supporting documents have been uploaded and submitted, will a case be created to be reviewed.**

- d) On submission of the tax directive application form, a case will be created where a SARS official has to verify that the resolution was uploaded and that the tax directive application form was completed in full and correctly, within 21 working days.
 - i) SARS official will reject the tax directive application if:
 - A) The incorrect supporting document was uploaded;
 - B) The resolution was not signed and / or dated by the Trustee(s);
 - C) The resolution does not indicate that the trust will be terminated **(no longer exist);or**
 - D) The tax directive application form was not completed in full and correctly.
 - ii) The Long-term Insurer has to resubmit the tax directive application form **when the tax directive application was rejected** and ensure that **ONLY** the required resolution is attached, signed, and dated.
 - iii) If the tax directive application form was completed in full and the correct supporting document

was uploaded, the SARS official will approve the tax directive application form, and the tax directive application will be processed on SARS system to issue a tax directive, if all the validations (date of registration, Trust deed number, Long-term Insurer name and number, etc.) are met.

A) If the SARS system validations are not met, the tax directive application will be declined. In order to find out the reason for the tax directive application being declined, a list of errors can be viewed on eFiling.

- e) The Long-term Insurer must issue an IRP5/IT3(a) tax certificate **in the name of the terminating trust**. The amount in the 'Gross amount of lump sum payment' field on the application must be entered next to source code 3915 on the IRP5/IT3(a) tax certificate, and the tax payable next to source code 4115. If no tax was indicated on the IRP3e, then reason code 04 must be used in the 'Reason for no tax deducted' field.

3.7.10 Date of accrual

- a) The date of accrual will be the date:
- i) The annuitant elected to commute the annuities; or
 - ii) The date of death of the member / former member or next generation annuitant. **Refer to paragraph c) below to prevent the rejections of the tax directive application.**
 - iii) The date the annuity is transferred to another Long-term Insurer.
- b) If error messages '1452-Directive Tax Year is greater than Estate Tax Year' and '5910-Date of accrual cannot be greater than estate date' are displayed and the member is not deceased, the member must provide the fund with the correct tax number as the current number used by the fund on the tax directive application form cannot be used and is not a valid tax number for the taxpayer.
- i) **If the member is deceased, then either the date of accrual is incorrect on the tax directive application form, or the date of death is incorrect on the SARS system. The executor of the estate must contact SARS to determine whether the date of death on the SARS system matches the date of death on the death certificate and must be corrected if there is a difference.**
- c) **To prevent a 'duplicate application' error on the second tax directive application, the original date of accrual must be increased by one day or must be reduced by one day but must still be in the same year of assessment.**

NOTE: Employees' tax payable on lump sum benefits is calculated, based on the tax directive information on SARS' system, **the date the tax directive applications are submitted**, and **not according** to the **order of the date of accrual for that tax year / year of assessment**. **The date of accrual and the reason for the current tax directive are used to determine which tax rate is applicable for the tax year on the tax directive application form. ONLY** when the taxpayer's return is filed **for the year of assessment**, SARS **recalculates** the tax on all lump sum benefits received during that year of assessment, **according to the date of accrual** provided in each tax directive application form **and previous finalised lump sum tax directives on the SARS' system**. An adjustment to employees' tax, if any, will be done on assessment.

3.7.11 Gross amount of lump sum payment

- i) The amount that the annuitant, dependant(s) or nominee(s) elected to take in cash or the amount of the annuity that the member transfers to another Long-term Insurer must be equal to the 'Gross amount of lump sum payment' and 'Full value of annuity' and "Amount transferred".
- b) If the 'Gross amount of lump sum payment' and the 'Total value of full annuity' are **not** equal, the question 'If death of member / annuitant please indicate whether any portion of the total value of the annuity was used to purchase an annuity for a nominee(s)' must be answered and at least one set of **the purchase of annuity** container's must be completed. Refer to paragraph '3.7.20 Particulars of pension/annuity purchase for a beneficiary/nominee' in this guide.
- c) If the 'Full value of the annuity' amount is not paid in full to the nominees or beneficiaries, the amounts in the 'Gross amount of lump sum payment' field plus the amount(s) in the fields used to purchase annuities for the nominee(s) / beneficiary(ies) must be equal to the amount in the 'Full value of annuity' field. Refer to paragraph '3.7.20 Particulars of pension/annuity purchase for a beneficiary/nominee' in this guide.

- i) If the amounts are not correct the tax directive application will be declined.
- d) This amount can be zero where the nominees or beneficiaries elects to utilise the full benefit to purchase annuities. This means that no 'Gross amount of lump sum payment' is taken in cash.
 - i) The tax directive (IRP3e) will indicate the 'Gross lump sum payable' as 0.00 and the tax as 0.00.
 - ii) If the full benefit was used to purchase an annuity and the 'Gross amount of lump sum payment' field was zero, **no** IRP5/IT3(a) tax certificate **must** be issued.
- e) This amount opposite the 'Gross amount of lump sum payment' must be reflected on the IRP5/IT3(a) tax certificate next to the source code 3915. On assessment, the taxpayer's return will be rejected if an IRP5/IT3(a) tax certificate is not declared / submitted for the same amount.
 - i) If the full benefit was used to purchase an annuity and the 'Gross amount of lump sum payment' was zero, **no IRP5/IT3(a) tax certificate** must be issued. If an IRP5/IT3(a) tax certificate for the 'Full value of the annuity' is issued, the return will be rejected.
 - ii) The 'Full value of the annuity' must not be reflected on an IRP5/IT3(a) tax certificate.

3.7.12 Full value of annuity

- a) The 'Total value of full annuity' must always be entered.
- b) If there is a difference between the 'Gross amount of lump sum payment' and the 'Total value of full annuity', the fields under paragraph **'3.7.20 Particulars of pension/annuity purchase for a beneficiary / nominee'** in this guide **must** be completed.

3.7.13 Identity number / Passport number of original member

- a) Mandatory if the reason for the tax directive is:
 - i) 'Next Generation Annuitant Commutation'; or
 - ii) 'Death - Next Generation Annuitant'.
- b) Must only be completed if one of the above reasons is used.

3.7.14 Full name(s) of original member

- a) Mandatory if the reason for the tax directive is:
 - i) 'Next Generation Annuitant Commutation'; or
 - ii) 'Death - Next Generation Annuitant'.
- b) Must only be completed if one of the above reasons are used.

3.7.15 Was any value of the annuity or retirement interest previously commuted for a single payment?

- a) Mandatory if the reason for the tax directive is:
 - i) 'Par. (c) Living annuity Commutation'; or
 - ii) 'Next Generation Annuitant Commutation'.
 - iii) **Select 'Yes' if the member previously took one-third in cash on retirement.**

3.7.16 Benefit payable to Member / Former Member

- a) **The 'Benefit payable to Member / Former Member – Note: only applicable to reasons for directive: "Death – Member / Former Member post-retirement" and "Par. (c) Living Annuity Commutation" question must be 'Yes' and mandatory** if the reason for the tax directive is:
 - i) 'Death Member / Former Member after Retirement'; or
 - ii) 'Par. (c) Living annuity Commutation'.
- b) **Select 'No' if one of the above reasons are not selected.**

3.7.17 Benefit payable to Next Generation Annuitant.

- a) The 'Benefit payable to Next Generation Annuitant – Note: only applicable to reasons for directive "Next Generation Annuitant Commutation" or "Death – Next Generation Annuitant" question must be 'Yes' and is mandatory if the reason for the tax directive is:
- i) 'Next Generation Annuitant Commutation'; or
 - ii) 'Death - Next Generation Annuitant'.
- b) Select 'No' if not applicable to the above reasons.

3.7.18 Members own contributions not previously allowed as a deduction.

- a) This field is only available on the manual tax directive application form (hard copy / paper copy) and refer to the excess fund contribution not allowed previously as a deduction on assessment in terms of section 11F previously section 11(k) (this amount includes section 11(n) amounts previously not allowed).
- i) Where a member of the Fund requested that the excess contributions to a retirement fund that was not allowed as a deduction during any year of assessment, in terms of paragraph (k) and (n) of section 11 and section 11F, must be taken into account when a lump sum is payable. The Fund should **not** submit a tax directive application electronically.
 - A) If an electronic tax directive application was submitted and the tax directive was not returned with excess fund contributions and the member can provide proof that the contributions to the RA was never allowed as a deduction, the Fund must first cancel the electronically submitted tax directive; and
 - B) The Fund Administrator must complete a manual Form E application form (hard copy / paper copy) and email the tax directive application form and the supporting documents to SARS contactus@sars.gov.za. SARS assessment centre will first ensure the amount claimed as excess fund contribution is correct and was not previously allowed as a deduction before capturing the tax directive application.
 - ii) The excess fund contribution amount entered will be limited to the lump sum payable amount.

NOTE: Excess fund contributions will **automatically** be allowed as a deduction on a tax directive application in terms of paragraph 5 of the Second Schedule to the Act where the '**Amount carried forward to next year**' on the taxpayer's ITA34 were verified and correct. From the 2017 year of assessment and onwards, any amount in the '**Amount carried forward to next year**' field for **code 4029** on a taxpayer's ITA34 will **automatically** be allowed as a deduction on the tax directive application submitted.

Please note that if the taxpayer submits the return for the current year of assessment (e.g. 2023) and the return is assessed and thereafter the Fund Administrator submits a tax directive application with a date of accrual in the following year of assessment (2024), the excess contribution on the last assessed return (2023) will be taken into account against the current lump sum (2024) for which the tax directive application was submitted.

If a tax directive is submitted for the 2024 year of assessment and the last year assessed is 2020 the excess contributions (4029) in the '**Amount carried forward to next year**' on the taxpayer's ITA34 on the 2020 assessed return will be taken into account against the current lump sum (2024) for which the tax directive application was submitted. Therefore, the 4029 on the 2020 return **will not be available** for the section 10C exemption or for the opening balance for the section 11F deduction on the 2021 return when the taxpayer submits the 2021 return if there are no remaining excess contributions (4029).

The obligation is therefore on the member to ensure that the member is aware of the income tax implications flowing from his / her election BEFORE an instruction is submitted to the Fund. A tax directive cannot be cancelled where the '**Amount carried forward to next year**' (4029) has been allowed as a deduction on the tax directive instead of being the opening balance for the section 11F deduction or the section 10C exemption in the subsequent assessment. Rather, the taxpayer must postpone the request for the lump sum payment until such assessment has been finalised.

- b) The amount or the portion of the amount in the '**Amount carried forward to next year**' field for **code 4029** on a taxpayer's ITA34 that was taken into account on the directive will be displayed as '**Contributions not previous allowed as deduction**' on the tax directive (IRP3e).

Particulars of transfer																																																											
Did the member elect to transfer to another insurer? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, state Insurer details below:																																																											
Registered Name of Insurer																																																											
FSCA Registered Insurer no.																																																											
Amount transferred R																																																											
E-mail address of transferee insurer																																																											
Tel no of transferee insurer																																																											
Cell no. of transferee insurer																																																											

Particulars of pension/annuity purchase for a beneficiary/nominee

If death of member / annuitant, please indicate whether any portion of the total value of the annuity was used to purchase an annuity for a beneficiary / nominee: Yes ☐ No ☐ (If an annuity/pension was purchased from another insurer, state the details below)

Surname / Trust Name:

Name(s):

Identity number: Other identity number / Trust Deed number:

Annuity policy number: Amount utilized to purchase an annuity: R ,

Indicate the type of annuity purchased: ☐ Living Annuity ☐ Guaranteed Annuity

Taxpayer ref. no:

Name of the registered long-term insurer with whom the annuity was purchased:

E-mail address:

PFSA Registration no: Tel no: Cell no:

- iv) 'Other identity number / Trust Deed number';
 - A) 'Other identity number' must be entered if the beneficiary / dependant / nominee does not have an ID number.
 - B) If the trust is the nominee, the 'Trust Deed number' must be provided;
- v) 'Annuity policy number';
- vi) 'Amount utilised to purchase an annuity' (the amount used to provide an annuity to the beneficiary / dependant / nominee).
- vii) 'Indicate the type of annuity purchased'. Select either 'Living Annuity' or 'Guaranteed Annuity'.

NOTE: From 1 March 2022 the beneficiary / dependant / nominee can elect to purchase an annuity, or a combination of whether the death benefit must be paid as a lump sum and / or used to purchase a living annuity / a guaranteed annuity from a Long-term Insurer.

- viii) 'Taxpayers refer no'. If a Trust is the nominee enter the trust's TRN.
 - ix) 'Name of the Long-term Insurer where the annuity was purchased' (Refer to the 'Insurance' list on the FSCA website.) Home / Regulated Entities / List of Regulated Entities and Persons / Insurance. Do not use the 'Search' function to populate this field because the spelling could be different.
 - x) 'E-mail address' of the transferee Long-term Insurers. It is a mandatory field and must contain an "@" sign and a domain.
 - A) Ensure the correct email address is captured to enable SARS to contact the Long-term Insurer in order to obtain the ROT02 where it was not electronically submitted by the Long-term Insurer.
 - xi) 'FSCA Registration no'. The number must correspond with the FSCA name to avoid rejection of the tax directive application.
 - xii) 'Tel. no'. Only enter numbers.
 - xiii) 'Cell no'. Only enter numbers.
- c) Only if the reason on the tax directive application is 'Death Member / Former Member after retirement' can the Long-term Insurer or Fund purchase an Annuity in the name of a Trust. Only one annuity container must be completed. Do not complete a 'purchase annuity container' for each beneficiary of the trust. Only one amount is payable to the trust and the trust will distribute the annuity according to the trust deed.

3.7.21 Non-Resident Service Rendered Inside Republic [Section 9(2)(i)]. (Only on SARS eFiling)

Non Resident Service Rendered Inside the Republic [Section 9(2)(i)]	
Were any services rendered inside the Republic during the period of membership of the fund?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Total number of months services were rendered while contributing to fund	<input type="text"/> <input type="text"/> <input type="text"/>
Total number of months services were rendered inside the Republic while contributing to fund	<input type="text"/> <input type="text"/> <input type="text"/>
Total number of months services were rendered outside the Republic while contributing to fund	<input type="text"/> <input type="text"/> <input type="text"/>

- a) This container is only available on a manual tax directive application form or on the tax directive application forms on eFiling and can only be completed if the member of the Fund is a non-resident. The non-resident indicator must be 'Yes'. Refer to 3.1.5 'Is the taxpayer a non-resident?'
 - i) The service inside the Republic will only be taken into account if the tax directive reason is: (on assessment the taxpayer must be able to provide SARS with the history of employment, on the letterhead of the employer). The detail history of employment letter must clearly indicate the start day / month / year and an end day / month / year of employment and where the services were rendered while contribution to the fund.
 - ii) This container can only be completed if the following reasons are selected:
 - A) Death Member / Former Member after retirement;
 - B) Par. (c) Living annuity Commutation.
 - iii) If the answer is 'Yes' to the question 'Were any service rendered inside the Republic during the period of membership of the fund?' these fields must be completed:
 - A) Total number of months' services were rendered while contributing to the Fund,
 - B) Total number of months' services were rendered inside the Republic while contributing to the Fund; and
 - C) Total number of months' services were rendered outside the Republic while contributing to the Fund.
 - iv) SARS's tax directive system will calculate the exempt portion in terms of section 9(2)(i) on the

amount in the 'Gross amount of lump sum payment' field.

3.8 DECLARATION AND SIGNATURE

- a) The Fund Administrator completing the tax directive application form **confirms** to SARS that the information specified on the tax directive application form **is true and correct**.
- b) This declaration is also applicable to Fund Administrators submitting the tax directive applications electronically.

PROCESS TAX DIRECTIVE APPLICATION

- a) The SARS' tax directive system will validate that:
 - i) the minimum information **on the manual tax directive application form** is captured on SARS's tax directive system; or
 - ii) the minimum information **is** provided on the electronically submitted tax directive application forms; and
 - iii) the information is correct according to the rules built on SARS's tax directive system.
- b) Where the tax directive could not be issued due to errors on the tax directive application form or other validations the Fund Administrator / Long-term Insurer will be notified as follows:
 - i) Tax directive application submitted through an Interface Agency will get the error response electronically in a response file.
 - ii) Where the tax directive application was submitted through eFiling the error will be displayed on eFiling.

TAX DIRECTIVE

- a) A tax directive (IRP3e) **notice** will be issued to the Fund Administrator / Long-term Insurer, who requested the tax directive, if a tax directive application was captured and processed **successfully** on SARS's tax directive system:
 - i) **The tax directive (IRP3e) issued information will be sent electronically for** a tax directive application that was submitted electronically. The **Interface Agent** will generate the tax directive. The tax directive may only be reproduced by a registered Interface Agent in the format prescribed in the IBIR006 – 'Tax Directive Interface Specifications' and only **by an Interface Agent who has** an approved electronic certificate.
 - ii) If the Fund Administrator / Long-term Insurer has used **eFiling** to submit a tax directive application **electronically to SARS**, the tax directive will be available on eFiling if the tax directive application has been approved. If the tax directive application was rejected / declined, the rejected / declined reason(s) can be viewed on eFiling.
 - iii) In extreme circumstances where the employer could not obtain a tax directive through an Interface Agency or through eFiling, and the tax directive application was submitted manually (**hard copy / paper format**) and captured by a SARS official on SARS's tax directive system, the tax directive will be emailed to the Fund Administrator / Long-term Insurer.

5.1 IT88L (Notice attached to the tax directive)

- a) The IT88L attached to the tax directive will contain all outstanding tax amounts to be paid over to SARS (per IT88L). **Taxes outstanding** can be for Assessed Tax, Provisional Tax or Administrative Penalties.
 - i) The 'Tax amount' (PAYE) to be withheld regarding the lump sum will be on the tax directive (IRP3e). If the '**Tax amount**' on the tax directive is greater than R0 the amount must be deducted from the lump sum amount and paid over to SARS with the monthly EMP201 payments. The Fund Administrator / Long-term Insurer has to issue an IT3(a) tax certificate if no tax is to be withheld, and an IRP5/IT3(a) tax certificate where tax (PAYE) is to be withheld from the lump sum.
 - ii) The IT88L is an instruction to the Fund to deduct and pay over **an additional amount** after the

- 'Tax amount' on the tax directive (IRP3e) was deducted. This amount **must not** be reflected on the IRP5/IT3(a) tax certificate.
- iii) The amounts indicated on the IT88L must be paid to SARS under the relevant income tax reference numbers indicated (taxpayers account) on the IT88L. SARS **will provide the PRN for each tax type** that the Fund Administrator / Long-term Insurer has to use to pay over the amounts indicated on the IT88L.
 - iv) Payments to SARS must be itemised per taxpayer reference number. A single payment per group of taxpayers **must not be made electronically**, i.e. through bank transfer, as it is not possible to itemise the tax reference numbers.
 - v) If payment is done electronically then this must be done individually per stop order (IT88L).
- b) IT88L **will not** be attached to the tax directive issued if the reason for the tax directive is "*Death*", "*Death Member / Former Member after retirement*" / "*Security of mortgage bond order / housing loan*" or '*Transfer*' since the benefit is payable to a third party and / or it does not actually accrue to the taxpayer.
 - c) If the taxpayer has an arrangement for outstanding taxes or indicates the amount on the IT88L must not be withheld a letter from SARS Debt collection is required to instruct the Fund of the amount to be paid over to SARS or where debt was settled or reduced to ignore the IT88L. **The cancellation of a tax directive will not cancel an IT88L.**
 - d) An IT88L cannot be cancelled. SARS Debt Collection must **issue a letter** to indicate that the amount to be paid over to SARS or that the debt was settled and the amount on the IT88L can be ignored. This must only be done if the taxpayer indicates to the Fund Administrator / Long-term Insurer that:
 - i) there is an arrangement for any outstanding taxes; and / or
 - ii) there is a settlement agreement in place.
 - e) The amount on the IT88L must not be withheld where the debt was settled, and proof was provided.

ADDITIONAL DETAILS OF TAX DIRECTIVE APPLICATION

6.1 Cancellation of tax directives

- a) Once a tax directive has been issued, it **must not** be cancelled by the Fund / Fund Administrator / Long-term Insurer. Paragraph 4(1) of the Second Schedule to the Income Tax Act provides that **the lump sum benefit accrues** to the member on the date on which an election is made in respect of the benefit. The date of the election by the taxpayer is the date of accrual, and it is very important to note that an accrual date cannot be changed once a person has made an election and that person has become unconditionally entitled to a lump sum benefit. The obligation is on the member to ensure that he / she is aware of the income tax implications and financial impact flowing from his / her election **BEFORE** an instruction is submitted to the Fund / Fund Administrator / Long-term Insurer. Information relating to lump sum benefits previously received is provided by SARS if requested by the member or his / her authorised tax practitioner. **The previously issued tax directives are also available on eFiling.**
- b) The simulation / quoting process can be used to determine the tax implication **BEFORE** the election instruction is submitted.

NOTE: Only the Fund Administrator / Employer / Long-term Insurer can cancel the tax directive **through the same channel that the tax directive application was submitted**. The taxpayer / member **is not allowed** to submit a request to cancel a tax directive.

Any problems with cancelling issued tax directives, submitted through eFiling, must be forwarded to contactus@sars.gov.za **together with the screenshots** of the problem in order to resolve the problem to enable the cancellation to be submitted electronically. **Tax directives submitted electronically cannot be cancelled manually on SARS systems.** This is to avoid data integrity risks.

- c) The cancellation of a tax directive **can only be considered** in the following instances:
 - i) The reason '*Resignation*' instead of '*Termination of employment*' (*Retrenchment*)' was selected on the Form B. This means that a different tax rate is applicable.
 - ii) The reason '*Death before Retirement*' instead of '*Retirement*' or '*Retirement due to ill-health*' was

- selected on the Form A&D. Although the same tax rate is applicable, the SARS system will classify the income tax reference number as a deceased estate, **if the directive reason 'Death before Retirement' is not cancelled.**
- iii) The incorrect date of birth was used in circumstances where the taxpayer does not have a South African (SA) Identity (ID) number and a passport number was used in the 'Other Identification' field. The correct date of birth is required to determine the correct PAYE to be withheld from the lump sum benefit.
 - iv) The **incorrect** income tax reference number was used on the tax directive application.
 - A) This might be in circumstances where the taxpayer's income tax reference number was used instead of the spouse's income tax reference number for the lump sum benefit which accrued to the spouse in a divorce order; or
 - B) The taxpayer provided the fund with the incorrect income tax reference number, etc.
 - v) The tax directive was captured on an income tax reference number before it was classified as an insolvent estate case. The tax directive with a **date of accrual after** the date of insolvency must be cancelled where it was submitted on the taxpayer's income tax reference number that was coded as 'insolvent estate'. **The Fund Administrator / Employer / Long-term Insurer must resubmit** the tax directive application **using** the registration number that was registered **after** insolvency.
 - vi) The tax directive was captured without an income tax reference number. Where the taxpayer registered as a taxpayer and submits a return with the IRP5/IT3(a) tax certificate without an income tax reference number, the return will be rejected. The return can only be finalised if the tax directive is submitted with the correct income tax reference number **and personal details.**
 - A) The tax directive applications without TRN and / or ID numbers for benefits transferred to 'Unclaimed Preservation fund' **should not be cancelled** where the Fund Administrator has issued IRP5/IT3(a) certificates with a TRN and ID number. The IRP5/IT3(a) certificates must be cancelled or **amended to** reflect the same taxpayer details as used in the approved / issued tax directive application, **i.e. without the TRN and ID number.**
 - vii) In circumstances where the second tax directive application is a duplicate of the original tax directive application submitted, **the duplicate tax** directive application must be cancelled, i.e. the membership number and PAYE number is the same; only the date of accrual will differ.
 - viii) The taxpayer requested that the amount on the carry-over folder (**only** for years of assessment **prior to 2017**) must be taken into account as excess fund contributions or voluntary contributions not reflected on the IRP5/IT3(a) tax certificate. Where the Fund Administrator / Long-term Insurer has submitted a tax directive application electronically the Fund Administrator / Long-term Insurer must first cancel the electronically submitted tax directive and complete a manual tax directive application (**hard copy / paper format**).

NOTE: Tax directive applications submitted electronically must be cancelled electronically. Where a directive has been cancelled and resubmitted the **tax** on the directive **may be different** due to other lump sums that was submitted between the cancellation and resubmission. Refer to the below paragraph regarding the **IRP5/IT3(a) tax certificate and how to deal with the additional tax on the tax directive.**

Where a tax directive has to be cancelled to prevent the error message 'Directive may not be cancelled - ROT's have been received' the Fund Administrator / Long-term Insurer that submitted the ROT must first request the cancellation and obtain approval of the cancellation of the ROT before the tax directive can be cancelled..

6.2 IRP5/IT3(a) tax certificates where a tax directive was cancelled.

- a) Where a tax directive has been cancelled and thereafter a new tax directive application was submitted and issued:
 - i) **DO NOT CANCEL the IRP5/IT3(a) tax certificate** if the related reconciliation was submitted to SARS, only **amend** the certificate; and
 - ii) **DO NOT REFUND** the taxpayer. An Employer / Fund Administrator / Long-term Insurer **is not permitted to make refunds of PAYE to a member where** a new tax directive was obtained since the original tax directive has been cancelled or replaced and 'The tax amount' on the tax directive is less or nil, even if the PAYE has been over-deducted. Paragraphs 28 and 29 of the Fourth Schedule to the Income Tax Act 58 of 1962 provides that **no refund of PAYE** shall be made to any employee (including members). Under these provisions, **only SARS** may refund taxes to the deemed employee / member, and this must be done through the income tax assessment process.
 - iii) Where the **tax payable** on the new tax directive **is more than the amount on the original** tax directive, **after** the reconciliation was submitted and the amount **cannot** be collected **or deducted** from the member / employee, the Employer / Fund Administrator / Long-term Insurer must inform SARS (on request from SARS) and provide SARS with a reason or an explanation why the

Employer / Fund Administrator / Long-term Insurer is unable to withhold 'The tax amount' indicated on the new IRP3e tax directive.

- b) The Employer / Fund Administrator / Long-term Insurer **must ensure** that the IRP5/IT3(a) tax certificate **reflects** the correct source code, the correct tax directive number that is active (finalised) on SARS system and the employees' tax (according to the original tax directive) **that was paid over to SARS**.
 - i) Where the Employer / Fund Administrator / Long-term Insurer **could not recover the additional tax** reflected on the new directive (original one was cancelled) from the taxpayer / member, the employees tax paid over to SARS **(the amount on the original directive) must reflect on the tax certificate**.
 - ii) If an additional lump sum amount **is payable** to the member, the employees' tax on the directive must be recovered **from the additional amount payable**. SARS may hold the fund liable for any loss to the *fiscus* if the Employer / Fund Administrator / Long-term Insurer was negligent.
- c) If any IRP5/IT3(a) tax certificate has been amended after the reconciliation was submitted to SARS, the amended certificate **must be resubmitted to SARS** to ensure the correct IRP5/IT3(a) tax certificate is reflecting on SARS PAYE system and to avoid the rejection of the taxpayer's return. The Employer / Fund administrator / Long-term Insurer must ensure that the member / employee has the updated IRP5/IT3(a) tax certificate as well as a letter indicating the reasons for the amendment to the IRP5/IT3(a) tax certificate and cancellation of the tax directive.

6.3 Additional **lump sum** amount payable.

- a) If an additional **lump sum** amount is payable by the Employer / Fund Administrator / Long-term Insurer, the original tax directive must not be cancelled. **A second** tax directive application for the additional amount **received after the original payment has been made**, must be submitted, for example where the amount may have been calculated incorrectly (e.g. '*agterskot*').
- b) Where, **on Form A&D and Form C**, an existing pension / **annuity** was purchased **from a Long-term Insurer** and where the Long-term Insurer cannot, for reasons beyond its control, accept the additional payment as payment for an increase under the existing pension / **annuity** arrangement, **or purchase an additional pension / annuity**, the Fund that originally purchased the pension / **annuity** may pay the '*agterskot*' payment **or any additional amount received after the original payment has been made**, to the member **in the form of a once-off bonus pension**. **The IRP3(a) tax directive application** form must be used. **The Form A&D, Form B, Form C or Form E cannot be used if the member elects to receive the additional lump sum amount in cash.**
 - i) On the IRP3(a) tax directive application form, select the reason '*Other*' and in the description field '*Other (Specify other payment separately)*' enter the description of the additional payment e.g. '*Additional agterskot payment*' / '*Additional lump sum*'. **This amount will be taxed as normal income.**
- c) The submission of a second tax directive application does not allow a member of a pension preservation fund / provident preservation fund to increase the withdrawal instruction where the taxpayer did not take the tax implications into account when the request was submitted to the Fund. The obligation is on the member to ensure that he / she is aware of the income tax implications flowing from his / her election before an instruction for a withdrawal from the pension preservation fund / provident preservation fund is submitted to the Fund.
 - i) A second withdrawal from the same pension preservation fund or provident preservation fund is **not allowed**.
- d) To avoid SARS's tax directive system declining the tax directive application, a day must be added or subtracted from the original date of accrual. It is however important to ensure that the date of accrual remains in the same year of assessment.

STATUTORY RATES OF TAX APPLICABLE TO LUMP SUMS

7.1 RATES

- a) For general guidance on the calculation of the tax payable on the taxable portion of lump sum benefits from retirement funds, refer to the '[LAPD-IT-G03-Guide-on-the-calculation-of-the-tax-payable-on-lump-sum-benefits](#)' on SARS website.
- b) On SARS's [Retirement Lump Sum Benefits](#) webpage is a summary of the different tax rates applicable to Withdrawal Benefits, Retirement Fund Lump Sum Benefits or Severance Benefits, for the various tax years.
- c) For the statutory rates of tax applicable to Lump sums from the 2023 year of assessment refer to '[Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2022](#)' on SARS website.
- d) All tables referred to in this Guide are available on the SARS website at www.sars.gov.za. Unless indicated otherwise, the latest issued tables should be consulted.

CONCLUSION

- a) Should you require any further information which might not be addressed in this guide, visit the SARS website www.sars.gov.za or contact your nearest SARS branch or the Contact Centre on 0800 00 7277 for assistance.

DEFINITIONS, ACRONYMS AND ABBREVIATIONS

[Glossary A-M | South African Revenue Service \(sars.gov.za\)](#)

DISCLAIMER

The information contained in this guide is intended as guidance only and is not considered to be a legal reference, nor is it a binding ruling. The information does not take the place of legislation and readers who are in doubt regarding any aspect of the information displayed in the guide should refer to the relevant legislation or seek a formal opinion from a suitably qualified individual.

For more information about the contents of this publication you may:

- Visit the SARS website at www.sars.gov.za;
- Make a booking to visit the nearest SARS branch;
- Contact your own tax advisor / tax practitioner;
- If calling from within South Africa, contact the SARS Contact Centre on 0800 00 7277; or
- If calling from outside South Africa, contact the SARS Contact Centre on +27 11 602 2093 (only between 8am and 4pm South African time).