**TAX DIRECTIVES SYSTEM – MONDAY 26 FEBRUARY 2024**

Dear Stakeholders

With reference to our previous communication, SARS has enhanced the Tax Directives system in line with the IBIR-006 Tax Directives Interface Specification Version 6.601.

 The scope of the enhancements covers:

1. Taxation of local and foreign income, which will cater for South African citizens who earned income both locally and abroad in one Year of Assessment, but who do not qualify for 10(i)(o)(ii).
2. Free portability between funds, such as with transfers to unclaimed benefit funds:

* The provisions of the Income Tax Act confirm that a deduction equal to the value of the amount transferred will be allowed as a deduction for any transfer from a pension fund and pension preservation fund (including an unclaimed-benefit pension preservation fund).
* This means that the transfer will be tax neutral.
* The update to the directives system will allow the “Transfer – Unclaimed Benefits” (code 48) to account for transfers between pension, preservation, and provident funds, and unclaimed-benefit funds of each type.

1. Free portability between funds: the following fund types will be added to the eFiling RT01 screen drop-down menu:

* Unclaimed Pension Preservation Fund.
* Unclaimed Provident Preservation Fund.

We appreciate your support in our mission to provide clarity and certainty, and to make it easy for taxpayers and traders to fulfil their obligations securely.

Thank you to those who assisted us with the trade testing for this solution. We value your participation and cooperation.

Sincerely

**THE SOUTH AFRICAN REVENUE SERVICE**