



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



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## **MEDIA STATEMENT**

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### **PUBLICATION OF A DRAFT NOTICE ON TAX EXEMPTION OF BULKING PAYMENTS TO FORMER MEMBERS OF CLOSED RETIREMENT FUNDS IN TERMS OF PARAGRAPH 2D OF THE SECOND SCHEDULE TO THE INCOME TAX ACT, 1962 (ACT NO. 58 OF 1962)**

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The National Treasury and South African Revenue Service (SARS) have today published the Draft Notice on tax exemption of bulk payments to former members of closed retirement funds in terms of Paragraph 2D of the Second Schedule to the Income Tax Act, 1962 (Act No. 58 of 1962, "the Act") ("the Draft Notice") for public comment.

The Draft Notice aims to ensure that there is a consistent tax treatment in respect of all bulk payments by providing a tax exemption in terms of Paragraph 2D of the Second Schedule to the Act in respect of bulk payments made by the fund administrators to former members of closed retirement funds, provided that they meet all the requirements listed below:

- Bulking settlement payments relate to amounts that became due and payable by the administrator of retirement funds to the retirement funds before 1 January 2009; and
- Such bulk payments have not been allocated due to the fact that the funds have been deregistered; and
- The administrator of retirement funds has entered into an agreement with the Financial Sector Conduct Authority to make such bulk payments directly to the former members of the deregistered funds.

In view of the fact that the government does not wish to condone non-compliance, this will be the last opportunity availed in this regard to rectify the error. The proposed exemption will come into effect on the date of publication of the final notice in the Government Gazette.

The Draft Notice and the accompanying Draft Explanatory Memorandum, which contain a comprehensive description of the proposed amendments, can be found on the National Treasury ([www.treasury.gov.za](http://www.treasury.gov.za)) and SARS ([www.sars.gov.za](http://www.sars.gov.za)) websites.



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### ***Due date for public comments***

National Treasury and SARS hereby invite comments in writing on the Draft Notice and Draft explanatory memorandum on the tax exemption of bulk payments to former members of closed retirement funds in terms of Paragraph 2D of the Second Schedule to the Act. Please forward written comments to the National Treasury's tax policy depository at [2022AnnexCProp@treasury.gov.za](mailto:2022AnnexCProp@treasury.gov.za) and SARS at [acollins@sars.gov.za](mailto:acollins@sars.gov.za) by the close of business on **6 April 2023**.

### ***Jointly issued by National Treasury and SARS***

**DATE:** 06 March 2023