



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

### General Note 12

GENERAL SUBJECT: DEFINITIONS OF PENSION AND PROVIDENT FUND

SPECIFIC ASPECT: RETIREMENT FROM EMPLOYMENT

STATUS: DECISION

**BACKGROUND:** To confirm the Commissioner for Inland Revenue's requirement that an approved pension, provident or retirement annuity fund may not terminate or relinquish its liability to pay an annuity on a member's retirement from employment.

**DECISION:** Some approved pension, provident and retirement annuity funds are, in terms of the rules of the funds, terminating or relinquishing their liability to pay an annuity on a member's retirement from employment. The rules of the funds provide for the purchase of an annuity at an insurer or other institution after which the funds' liability towards the provision of the annuity is terminated.

With **General Note GN9/95** in mind, and notwithstanding the rules of such funds, it should be noted that no on-going approved retirement fund may terminate the aforementioned liability of paying an annuity, neither by virtue of the provisions of section 14 of the Pension Funds Act nor by virtue of anything else.

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

Reviewed by the

Legal and Policy Division of SARS on

01 March 2007

No changes made

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