

**GENERAL NOTE GN16**

**Addendum A**

**GENERAL SUBJECT: RETIREMENT FROM EMPLOYMENT**

**SPECIFIC ASPECT: COMMUTATION OF SMALL ANNUITIES**

**STATUS: DECISION**

**PURPOSE:** The purpose of this Addendum is to adjust the annuity factor specified in General Note GN16.

**BACKGROUND:** Submissions from representatives of the retirement fund industry in the form of actuarial calculations demonstrated that the annuity factor specified in GN16 needs to be adjusted. These submissions recommended an increase in the annuity rate to 14.

**DECISION:** With effect from 1 July 2006 this annuity factor is increased to 14. This means that full commutation is permitted if the pre-commutation annuity capital does not exceed R25200 (i.e. 14 x R1800).

**ISSUED BY THE SOUTH AFRICAN REVENUE SERVICE**

1 July 2006