

# Government Invites Public Comments on Draft Taxation Laws Amendment Bill 2023

3 August 2023

Report from our correspondent Lutando Mvovo, South Africa

The government has invited the public to comment on the Draft Taxation Laws Amendment Bill 2023 (draft TLAB), which proposes to amend various tax laws to give effect to the Budget 2023/24 proposals (see [Budget 2023-24: South Africa Announces Various Tax Proposals Aimed at Raising Revenue and Increasing Compliance \(27 February 2023\)](#)).

The draft 2023 TLAB contains various proposals relating to direct taxes, indirect taxes and other taxes including carbon taxes, as highlighted below.

Proposals in relation to direct taxation include the following:

- clarifying the foreign business establishment exemption for controlled foreign companies (CFCs);
- refinement of research and development tax incentives;
- clarifying anti-avoidance rules dealing with third party backed shares;
- refinement to the royalty rate for oil and gas companies;
- translating contributed tax capital from foreign currency to ZAR;
- refining rules applicable to unbundling transactions;
- clarifying the interest limitation rules;
- refining the participation exemption for the foreign return of capital from a CFC;
- clarifying anti-avoidance rules for low-interest or interest-free loans to trusts;
- clarifying the interaction of provisions on the acquisition of assets in exchange for shares;
- extension of anti-avoidance rules to cover foreign dividends from listed shares;
- taxation of non-resident beneficiaries of trusts; and
- refining the participation exemption for the sale of shares in foreign companies.

Proposals in relation to indirect taxation include the following:

- reviewing the VAT treatment of specific supplies in the short-term insurance industry;
- clarifying the VAT treatment of prepaid vouchers in the telecommunications industry; and
- clarifying VAT rules dealing with documentary requirements for gold exports.

Other tax proposals include the following:

- extending the utilization period for regulations on carbon offsets; and
- aligning fuel emission factors with methodological guidelines and regulations.

The invitation was made on 31 July 2023 and the public is required to submit written comments to [2023AnnexCProp@treasury.gov.za](mailto:2023AnnexCProp@treasury.gov.za) and [acollins@sars.gov.za](mailto:acollins@sars.gov.za) before the end of 31 August 2023.

The draft TLAB 2023 will become law upon approval by Parliament and assent by the President.

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